The Ontario Securities Commission

OSC Bulletin

January 7, 2011

Volume 34, Issue 1

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

The Ontario Securities Commission
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Suite 1903, Box 55
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Toronto, Ontario
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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

January 7, 2011

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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- -

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Paulette L. Kennedy	—	PLK
Vern Krishna	—	VK
Patrick J. LeSage	—	PJL
Carol S. Perry	—	CSP
Christopher Portner	—	CP
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

January 10, January 12-21, 2011 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: JDC/MCH
January 10, January 12-21, January 26-February 1, 2011 10:00 a.m.	**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 A. Perschy/C. Rossi in attendance for Staff Panel: CP/PLK
January 11, 2011 2:00 p.m.	**Georges Benarroch, Linda Kent, Marjorie Ann Glover and Credifinance Securities Limited** s. 21.7 A. Heydon in attendance for Staff Panel: JDC/CSP
January 11, 2011 2:30 p.m.	**Paul Azeff, Korin Bobrow, Mitchell Finkelstein, Howard Jeffrey Miller and Man Kin Cheng (a.k.a. Francis Cheng)** s. 127 T. Center/D. Campbell in attendance for Staff Panel: JEAT

January 14, 2011
11:00 a.m.

Paladin Capital Markets Inc., John David Culp and Claudio Fernando Maya

s. 127

C. Price in attendance for Staff

Panel: CSP

January 17-21, 2011
10:00 a.m.

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: PJL/SA

January 24, 2011
10:00 a.m.

Shaun Gerard McErlean and Securus Capital Inc.

s. 127

M. Britton in attendance for Staff

Panel: TBA

January 25, 2011
2:00 p.m.

Ciccone Group, Medra Corporation, 990509 Ontario Inc., Tadd Financial Inc., Cachet Wealth Management Inc., Vince Ciccone, Darryl Brubacher, Andrew J. Martin., Steve Haney, Klaudiusz Malinowski and Ben Giangrosso

s. 127

P. Foy in attendance for Staff

Panel: CSP

January 25, 2011
3:00 p.m.

Majestic Supply Co. Inc., Suncastle Developments Corporation, Herbert Adams, Steve Bishop, Mary Kricfalusi, Kevin Loman and CBK Enterprises Inc.

s. 37, 127 and 127.1

D. Ferris in attendance for Staff

Panel: CSP

January 26, 2011
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) & (5)

A. Heydon in attendance for Staff

Panel: CSP

January 26, 2011
11:00 a.m.

Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos (Also Known As Peter Kuti), Jan Chomica, and Lorne Banks

s.127

M. Boswell in attendance for Staff

Panel: CSP

January 26, 2011
12:00 p.m.

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

s.127

H. Craig in attendance for Staff

Panel: CSP

January 27, 2011
2:00 p.m.

Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group

s. 127 & 127.1

H. Craig in attendance for Staff

Panel: MGC

January 27, 2011 2:30 p.m.	**Helen Kuszper and Paul Kuszper** s. 127 & 127.1 U. Sheikh in attendance for Staff Panel: MGC
January 31- February 7, February 9-18, February 23, 2011 10:00 a.m.	**Anthony Ianno and Saverio Manzo** s. 127 & 127.1 A. Clark in attendance for Staff Panel: TBA
January 31, February 1-7, February 9-11, 2011 10:00 a.m.	**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
February 8, 2011 2:30 p.m.	**Ameron Oil and Gas Ltd. and MX-IV, Ltd.** s.127 M. Boswell in attendance for Staff Panel: TBA
February 11, 2011 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
February 14-18, February 23- March 1, 2011 10:00 a.m.	**Nelson Financial Group Ltd., Nelson Investment Group Ltd., Marc D. Boutet, Stephanie Lockman Sobol, Paul Manuel Torres, H.W. Peter Knoll** s. 127 P. Foy in attendance for Staff Panel: TBA
February 16, 2011 2:00 p.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, 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** s. 127 H. Craig in attendance for Staff Panel: TBA
February 16, 2011 2:00 p.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 37, 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
February 25, 2011 10:00 a.m.	**Hillcorp International Services, Hillcorp Wealth Management, Suncorp Holdings, 1621852 Ontario Limited, Steven John Hill, and Danny De Melo** s. 127 A. Clark in attendance for Staff Panel: TBA
March 1-7, March 9-11, March 21 & March 23-31, 2011 10:00 a.m.	**Paul Donald** s. 127 C. Price 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

March 21 & March 23-31, 2011
May 2 & May 4-16, 2011
10:00 a.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

March 30, 2011
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

April 4 & April 6-7, 2011
April 11-18 & April 20, 2011
10:00 a.m.

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

s. 127

M. Boswell in attendance for Staff

Panel: TBA

April 4 & April 6-15, 2011
10:00 a.m.

L. Jeffrey Pogachar, Paola Lombardi, Alan S. Price, New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life Capital Strategies Inc., 1660690 Ontario Ltd., 2126375 Ontario Inc., 2108375 Ontario Inc., 2126533 Ontario Inc., 2152042 Ontario Inc., 2100228 Ontario Inc., and 2173817 Ontario Inc.

s. 127

M. Britton in attendance for Staff

Panel: TBA

April 5, 2011
2:30 p.m.

Lehman Brothers & Associates Corp., Greg Marks, Kent Emerson Lounds and Gregory William Higgins

s. 127

H. Craig in attendance for Staff

Panel: TBA

April 11-18, April 20-21 & April 26-29, 2011
10:00 a.m.

Axcess Automation LLC, Axcess Fund Management, LLC, Axcess Fund, L.P., Gordon Alan Driver, David Rutledge, 6845941 Canada Inc. carrying on business as Anesis Investments, Steven M. Taylor, Berkshire Management Services Inc. carrying on business as International Communication Strategies, 1303066 Ontario Ltd. carrying on business as ACG Graphic Communications, Montecassino Management Corporation, Reynold Mainse, World Class Communications Inc. and Ronald Mainse

s. 127

Y. Chisholm in attendance for Staff

Panel: TBA

April 26-27, 2011
10:00 a.m.

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

s. 127(1) and 127.1

J. Superina, A. Clark in attendance for Staff

Panel: JEAT/PLK/MGC

May 2, May 4-16, 2011 10:00 a.m.	**Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt** s. 127 M. Boswell in attendance for Staff Panel: TBA
May 24-30, 2011 10:00 a.m.	**Sunil Tulsiani, Tulsiani Investments Inc., Private Investment Club Inc., and Gulfland Holdings LLC** s.127 J. Feasby/C. Rossi in attendance for Staff Panel: TBA
June 6-8, 2011 10:00 a.m.	**Lehman Brothers & Associates Corp., Greg Marks, Kent Emerson Lounds and Gregory William Higgins** s. 127 H. Craig in attendance for Staff Panel: TBA
September 12-19 & September 21-30, 2011 10:00 a.m.	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun** s. 127 C. Price 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	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric** s. 127 & 127(1) D. Ferris in attendance for Staff Panel: 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	**Goldbridge Financial Inc., Wesley Wayne Weber and Shawn C. Lesperance** s. 127 C. Johnson 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

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

s.127

H. Craig in attendance for Staff

Panel: TBA

TBA

Lyndz Pharmaceuticals Inc., James Marketing Ltd., Michael Eatch and Rickey McKenzie

s.127(1) & (5)

J. Feasby in attendance for Staff

Panel: TBA

TBA

M P Global Financial Ltd., and Joe Feng Deng

s. 127 (1)

M. Britton in attendance for Staff

Panel: TBA

TBA

Shane Suman and Monie Rahman

s. 127 & 127(1)

C. Price in attendance for Staff

Panel: JEAT/PLK

TBA

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

s.127

H. Craig in attendance for Staff

Panel: JEAT/CSP/SA

TBA

TBS New Media Ltd., TBS New Media PLC, CNF Food Corp., CNF Candy Corp., Ari Jonathan Firestone and Mark Green

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

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

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

Abel Da Silva

s.127

M. Boswell in attendance for Staff

Panel: TBA

TBA

Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, John Colonna, Pasquale Schiavone, and Shafi Khan

s. 127(7) and 127(8)

H. Craig in attendance for Staff

Panel: TBA

TBA

Sextant Capital Management Inc., Sextant Capital GP Inc., Otto Spork, Robert Levack and Natalie Spork

s. 127

T. Center in attendance for Staff

Panel: TBA

TBA

Ameron Oil and Gas Ltd., MX-IV Ltd., Gaye Knowles, Giorgio Knowles, Anthony Howorth, Vadim Tsatskin, Mark Grinshpun, Oded Pasternak, and Allan Walker

s. 37, 127 and 127.1

M. Boswell in attendance for Staff

Panel: TBA

TBA

David M. O'Brien

s. 37, 127 and 127.1

M. Boswell in attendance for Staff

Panel: TBA

TBA

North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti

s. 127

M. Britton in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

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

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 OSC Staff Notice 11-739 (Revised) – Policy Reformulation Table of Concordance and List of New Instruments

OSC STAFF NOTICE 11-739 (REVISED)

POLICY REFORMULATION TABLE OF CONCORDANCE AND LIST OF NEW INSTRUMENTS

The following revisions have been made to the Table of Concordance and List of New Instruments. A full version of the Table of Concordance and List of New Instruments as of December 31, 2010. This has been posted to the OSC Website at www.osc.gov.on.ca.

Table of Concordance

Item Key
The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-CSA Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

Reformulation

Instrument	Title	Status
	None	

New Instruments

Instrument	Title	Status
OSC Policy 51-601	Reporting Issuer Defaults – **IFRS Amendments**	***Commission approval published December 10, 2010***
OSC Policy 51-604	Defence for Misrepresentations in Forward Looking Information – **IFRS Amendments**	***Commission approval published December 10, 2010***
NI 52-107	Acceptable Accounting Principles and Auditing Standards – **IFRS Amendments**	***Commission approval published October 1, 2010***
NP 12-202	Revocation of a Compliance Related Cease Trade Order – **IFRS Amendments**	***Commission approval published December 10, 2010***
NP 12-203	Cease Trade Orders for Continuous Disclosure Defaults – **IFRS Amendments**	***Commission approval published December 10, 2010***
NI 13-101	System for Electronic Document Analysis and Retrieval (SEDAR) – **IFRS Amendments**	***Commission approval published October 1, 2010***
NI 14-101	Definitions – **IFRS Amendments**	***Commission approval published October 1, 2010***
NI 21-101	Marketplace Operation – **IFRS Amendments**	***Commission approval published October 1, 2010***
NI 52-110	Audit Committees – **IFRS Amendments**	***Commission approval published October 1, 2010***
NI 54-101	Communication with Beneficial Owners of Securities of A Reporting Issuer – **IFRS Amendments**	***Commission approval published October 1, 2010***
NI 51-102	Continuous Disclosure Obligations – **IFRS Amendments**	***Commission approval published October 1, 2010***
OSC Rule 13-502	Fees – **IFRS Amendments**	***Commission approval published October 1, 2010***
OSC Rule 13-503	(*Commodity Futures Act*) Fees – **IFRS Amendments**	***Commission approval published October 1, 2010***
OSC Rule 62-504	Take-Over Bids and Issuer Bids – **IFRS Amendments**	***Commission approval published October 1, 2010***
NI 71-102	Continuous Disclosure and Other Exemptions Relating to Foreign Issuers – **IFRS Amendments**	***Commission approval published October 1, 2010***
OSC Rule 71-802	Implementing National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers – **IFRS Amendments**	***Commission approval published October 1, 2010***
OSC Rule 51-801	Implementing National Instrument 51-102 Continuous Disclosure Obligations – **IFRS Amendments**	***Commission approval published October 1, 2010***

NI 41-101	General Prospectus Requirements – **IFRS Amendments**	***Commission approval published October 1, 2010***
NI 44-101	Short Form Prospectus Distributions – **IFRS Amendments**	***Commission approval published October 1, 2010***
NI 44-102	Shelf Distributions – **IFRS Amendments**	***Commission approval published October 1, 2010***
NI 52-109	Certification of Disclosure in Issuers' Annual and Interim Filings – **IFRS Amendments**	***Commission approval published October 1, 2010***
NI 31-103	Registration Requirements and Exemptions – **IFRS Amendments**	***Commission approval published October 1, 2010***
NI 33-109	Registration Information – **IFRS Amendments**	***Commission approval published October 1, 2010***
NI 45-106	Prospectus and Registration Exemptions – **IFRS Amendments**	***Commission approval published October 1, 2010***
NI 81-101	Mutual Fund Prospectus Disclosure – **Point of Sale Amendments**	***Commission approval published October 8, 2010***
NI 81-102	Mutual Funds – **Point of Sale Amendments**	***Commission approval published October 8, 2010***
NI 81-106	Investment Fund Continuous Disclosure – **Point of Sale Amendments**	***Commission approval published October 8, 2010***
NI 13-101	System for Electronic Document Analysis and Retrieval (SEDAR)	***Commission approval published October 8, 2010***
81-320	Update on International Financial Reporting Standards for Investment Funds	***Published October 8, 2010***
11-739	Policy Reformulation Table of Concordance and List of New Instruments	***Published October 8, 2010***
NI 31-103	Registration Requirements and Exemptions – **Amendments - Registration of International and Certain Domestic Investment Fund Managers**	***Proposed amendments published for comment on October 15, 2010***
33-734	2010 Compliance and Registrant Regulation Branch Annual Report	***Published October 15, 2010***
52-327	Certification Compliance Update	***Published October 15, 2010***
81-712	2010 Investment Funds Branch Annual Report	***Published October 15, 2010***
NI 51-101	Standards of Disclosure for Oil and Gas Activities - **Amendments**	***Commission approval published October 15, 2010***
NI 41-101	General Prospectus Requirements – **Amendments** (tied to NI 51-101)	***Commission approval published October 15, 2010***
31-320	Additional Request for Comment by the Ontario Securities Commission and Autorite des Marches Financiers on Proposed Exemptions from Investment Fund Manager Registration Requirement for International and Certain Domestic Investment Fund Managers	***Published for comment October 15, 2010***
51-706	Corporate Finance Branch Report – Fiscal 2010	***Published October 22, 2010***
51-333	Environmental Reporting Guidance – October 27, 2010	***Published October 29, 2010***
81-711	Closed-End Investment Fund Conversions to Open-End Mutual Funds	***Published October 29, 2010***
21-704	Market Regulation Branch Annual Report – 2010	***Published October 29, 2010***
31-321	Further Omnibus /Blanket Orders Exempting Registrants from Certain Provisions of National Instrument 31-103 Registration Requirements and Exemptions	***Published November 5, 2010***
91-401	CSA Consultation Paper on Over-the-Counter Derivatives Regulation in Canada	***Published November 5, 2010 (published on the OSC Website on November 2, 2010)***
52-306	Non-GAAP Financial Measures and Additional GAAP Measures (Revised)	***Published November 12, 2010***

NP 41-201	Income Trust and Other Indirect Offerings – **Amendments**	***Commission approval published November 12, 2010***
NI 51-102	Proposed Amendments to Form 51-102F6 – Statement of Executive Compensation	***Published for comment on November 19, 2010***
23-405	Joint CSA/IIROC – Position paper 23-405 – Dark Liquidity in the Canadian Market	***Published for comment on November 19, 2010***
58-306	2010 Corporate Governance Disclosure Compliance Review	***Published December 3, 2010***
31-322	Extension of Omnibus/Blanket Order Exempting Mortgage Investment Entities from the Requirement to Register as Investment Fund Managers and Advisers	***Published December 3, 2010***
NI 81-101	Mutual Fund Prospectus Disclosure – **Point of Sale Amendments**	***Minister's approval published December 10, 2010***
NI 81-102	Mutual Funds –**Point of Sale Amendments**	***Minister's approval published December 10, 2010***
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NI 33-109	Registration Information – **IFRS Amendments**	***Minister's approval published December 10, 2010***
NI 45-106	Prospectus and Registration Exemptions – **IFRS Amendments**	***Minister's approval published December 10, 2010***

OSC Policy 51-601	Reporting Issuer Defaults – **IFRS Amendments**	***Commission approval published December 10, 2010***
OSC Policy 51-604	Defence for Misrepresentations in Forward Looking Information – **IFRS Amendments**	***Commission approval published December 10, 2010***
OSC Rule 62-504	Take-Over Bids and Issuer Bids – **IFRS Amendments**	***Minister's approval published December 10, 2010***
NP 12-202	Revocation of a Compliance Related Cease Trade Order – **IFRS Amendments**	***Commission approval published December 10, 2010***
NP 12-203	Cease Trade Orders for Continuous Disclosure Defaults – **IFRS Amendments**	***Commission approval published December 10, 2010***
11-742	Securities Advisory Committee (Revised)	***Published December 17, 2010***
52-719	Going Concern Disclosure Review	***Published December 17, 2010***
51-327	Oil and Gas Disclosure: Resources Other Than Reserves Data (Revised)	***Published December 24, 2010***
51-324	Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities (Revised)	***Published December 24, 2010***
NI 51-101	Standards of Disclosure for Oil and Gas Activities – **Amendments**	***Minister's approval published December 24, 2010***

For further information, contact:

Darlene Watson
Project Coordinator
Ontario Securities Commission
416-593-8148

January 7, 2011

1.2 Notices of Hearing

1.2.1 Baffinland Iron Mines Corporation et al. – s. 127

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

AND

BAFFINLAND IRON MINES CORPORATION,
IRON ORE HOLDINGS, LP AND
NUNAVUT IRON ORE ACQUISITION INC.

AND

IN THE MATTER OF
AN APPLICATION BY
NUNAVUT IRON ORE ACQUISITION INC.

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing (the "Hearing") at its offices at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Thursday, January 6, 2011, at 10:00 a.m. or as soon thereafter as the Hearing can be held;

TO CONSIDER whether it is in the public interest to make a cease trade order in respect of the Shareholder Rights Plan of Baffinland Iron Mines Corporation pursuant to an application by Nunavut Iron Ore Acquisition Inc.

Dated at Toronto this 21st day of December, 2010

"John Stevenson"
Secretary to the Commission

1.2.2 Baffinland Iron Mines Corporation et al. – s. 127

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

AND

BAFFINLAND IRON MINES CORPORATION,
IRON ORE HOLDINGS, LP AND
NUNAVUT IRON ORE ACQUISITION INC.

AND

IN THE MATTER OF
AN APPLICATION BY
NUNAVUT IRON ORE ACQUISITION INC.

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing (the "Hearing") at its offices at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Wednesday, December 22, 2010, at 10:00 a.m. or as soon thereafter as the Hearing can be held;

TO CONSIDER whether it is in the public interest to make certain temporary cease trade orders in respect of the Shareholder Rights Plan of Baffinland Iron Mines Corporation as set out in the application by Nunavut Iron Ore Acquisition Inc. dated December 20, 2010.

Dated at Toronto this 21st day of December, 2010

"John Stevenson"
Secretary to the Commission

1.2.3 Deutsche Bank Securities Limited – s. 21.7

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

AND

IN THE MATTER OF
DEUTSCHE BANK SECURITIES LIMITED

AND

IN THE MATTER OF
A DECISION OF THE INVESTMENT INDUSTRY
REGULATORY ORGANIZATION OF CANADA

NOTICE OF HEARING
Section 21.7

TAKE NOTICE THAT the Ontario Securities Commission will hold a hearing pursuant to section 21.7 of the *Securities Act*, R.S.O. 1990, c S-5, as amended, to consider the Application made by Deutsche Bank Securities Limited. for a review of a decision of the Investment Industry Regulatory Organization of Canada made October 13 , 2010;

AND TAKE FURTHER NOTICE THAT the hearing will be held on January 7, 2011 at 10:00 a.m. at the Commission's offices at 20 Queen Street West, 17th Floor, Toronto, Ontario.

Dated at Toronto this 23 day of December, 2010

"Josee Turcotte"
per: John Stevenson
Secretary

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

AND

IN THE MATTER OF
DEUTSCHE BANK SECURITIES LIMITED

AND

IN THE MATTER OF
A DECISION OF A HEARING PANEL OF
THE INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA

NOTICE OF REQUEST FOR HEARING AND REVIEW

The Applicant, Deutsche Bank Securities Limited ("DBSL"), requests a hearing and review by the Ontario Securities Commission (the "Commission") pursuant to s. 21.7 of the *Securities Act* (Ontario), R.S.O. 1990, c. S.5, as amended (the "Act") of the Reasons for Decision of the Hearing Panel of the Investment Industry Regulatory Organization of Canada ("IIROC") dated October 13, 2010 (the "IIROC Decision").

THE APPLICANT ASKS that the Commission make orders:

(a) pursuant to s. 21.7 of the Act setting aside the IIROC Decision;

(b) pursuant to s. 21.7 of the Act setting aside or, in the alternative, staying the IIROC Notice of Hearing against DBSL dated December 9, 2009 (the "Notice of Hearing");

(c) staying further proceedings by the Hearing Panel of the Ontario District Counsel of IIROC (the "Hearing Panel") until DBSL's appeal of the IIROC Decision has been finally concluded; and

(d) such further and other relief as the lawyers may request and the Commission may permit.

THE GROUNDS FOR THE APPLICATION ARE:

(a) By way of the Notice of Hearing, IIROC commenced an enforcement proceeding against DBSL, following a broad-based investigation of the asset-backed commercial paper ("ABCP") market in Canada, conducted jointly by the OSC, the Autorité des Marchés Financiers ("AMF") and IIROC.

(b) DBSL brought a motion to set aside the Notice of Hearing on the basis that IIROC did not have jurisdiction to try DBSL in this case because:

  (i) IIROC exceeded its jurisdiction by taking the benefit of the investigatory powers of the OSC and the AMF;

  (ii) IIROC's inability to compel witnesses to appear and give evidence at DBSL's hearing prevents DBSL from making full answer and defence to the allegations in the Notice of Hearing; and

  (iii) it is an abuse of process for IIROC Staff to rely on evidence obtained through the powers of compulsion of the OSC and AMF, while denying DBSL access to the same powers.

(c) DBSL's motion was heard before the Hearing Panel on September 27, 2010 and October 6 and 7, 2010.

(d) The Hearing Panel dismissed DBSL's motion by Reasons for Decision dated October 13, 2010 and delivered to DBSL on October 15, 2010, holding that "the appropriate course is to allow the case to proceed to a hearing at which time the hearing panel will be able to assess whether prejudice has been demonstrated of such magnitude as to justify a stay."

(e) In dismissing DBSL's motion, the Hearing Panel erred in law and principle by:

(i) holding that the prejudice to DBSL was attributable solely to "missing evidence" and that "the measurement of the extent of the prejudice in the circumstances of this case could not be done without hearing all of the relevant evidence";

(ii) failing to recognize that the unique circumstances of this case prevent IIROC from assuring DBSL of its right to make full answer and defence, thereby creating prejudice of such magnitude as to deprive IIROC of its jurisdiction and require that the proceeding be stayed; and

(iii) determining that the hearing of this matter should proceed before the Hearing Panel determines whether it has jurisdiction to hear this matter.

Hearing not Required to Determine Prejudice to DBSL

(f) Probative and potentially exculpatory evidence in support of DBSL's defences is available and know to Staff and DBSL, but cannot be adduced and tested by DBSL at its hearing because IIROC cannot compel the testimony of witnesses other than IIROC members, their approved persons and employees, and other persons subject to IIROC's jurisdiction.

(g) This is not a case where evidence is missing or otherwise unavailable. Rather evidence is inaccessible to the tribunal because of IIROC's limited jurisdiction.

(h) DBSL adduced clear and compelling evidence before the Hearing Panel of the nature of the evidence that is known to the parties, available to the parties, and supportive of DBSL's defences, but cannot be adduced at DBSL's hearing because of IIROC's limited jurisdiction. This evidence presented to the Hearing Panel is sufficient to assess that prejudice of such magnitude as to justify a stay has been demonstrated.

(i) The Hearing Panel erred in law and principle by holding that the prejudice to DBSL was attributable solely to "missing evidence" and that "the measurement of the extent of the prejudice in the circumstances of this case could not be done without hearing all of the relevant evidence".

Circumstances Require Stay

(j) The circumstances of this case are unique for IIROC. Staff has made broad allegations against DBSL that engage an entire segment of the financial services market, including a number of dealers and other market participants. These allegations are the product of a broad investigation conducted by multiple regulators with varying degrees of investigative power, involving witnesses and evidence from a spectrum of market participants.

(k) Notwithstanding the unique circumstances of this case, IIROC's jurisdiction remains constrained in that it cannot compel witnesses to attend and give evidence at a hearing. Accordingly, there is an absence of procedural safeguards that is irreconcilable with the expansive approach taken to the investigations and allegations in this case.

(l) The Hearing Panel erred in law and principle by failing to recognize that the unique circumstances of this case in conjunction with the limited jurisdiction of IIROC prevents IIROC from assuring DBSL, in advance of its hearing, the ability to make full answer and defence, thereby creating prejudice of such magnitude as to require that the proceeding be stayed.

Jurisdiction Must be Determined Before Hearing

(m) An IIROC hearing should not proceed where the tribunal clearly lacks jurisdiction, or where proceeding would result in an unfair hearing or a breach of natural justice.

(n) A hearing in this matter, with DBSL unable to call the evidence necessary to establish a defence and to challenge the evidence called by Staff, would be so tainted by procedural unfairness and breaches of the principles of natural justice that is should not proceed.

(o) The Hearing Panel erred in law and principle by determining that the hearing of this matter should proceed before the Hearing Panel determines whether it has jurisdiction to hear this matter.

(p) IIROC is a self-regulatory organization which has been recognized by the Commission pursuant to s. 21.1 of the Act. Pursuant to s. 21.7 of the Act, any company such as DBSL that is directly affected by a decision of

IIROC is entitled to a hearing and review of IIROC's decision by the Commission, and pursuant to s. 8(4) of the Act, the Commission is entitled to stay the IIROC Decision until disposition f the hearing and review.

(q) The involvement of the OSC at this juncture will serve to dispose of this matter and prevent the abuse of an improper and unnecessary hearing.

(r) *Securities Act* (Ontario), R.S.O. 1990, c. S.5, as amended, ss. 8, 21.1 and 21.7.

(s) OSC Rules of Procedure, Rules 2.2 and 14.

(t) Dealer Member Rules 19 and 20 of the IIROC Rule Book and Rules 8 and 20 of the IIROC Rules of Practice and Procedure.

(u) Such further and other grounds as the lawyers may advise and the Commission may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing the application:

(a) Notice of Hearing dated December 9, 2009;

(b) the material that was before the Hearing Panel on DBSL's motion;

(c) the reasons of the Hearing Panel dated October 13, 2010;

(d) the transcripts of the evidence at the motion hearing; and

(e) such further and other evidence as the lawyers may advise and the Commission may permit.

November 2, 2010

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John Stevenson
Secretary to the Commission

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AND TO: INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA
121 King Street West, Suite 1600
Toronto, ON M5H 3T9

Elsa Renzella, Director, Litigation
Tamara Brooks, Senior Enforcement Counsel

Tel: (416) 943-5877
Fax: (416) 364-2998

1.4. Notices from the Office of the Secretary

1.4.1 Baffinland Iron Mines Corporation et al.

FOR IMMEDIATE RELEASE
December 21, 2010

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

AND

IN THE MATTER OF
BAFFINLAND IRON MINES CORPORATION,
IRON ORE HOLDINGS, LP AND
NUNAVUT IRON ORE ACQUISITION INC.

AND

IN THE MATTER OF
AN APPLICATION BY
NUNAVUT IRON ORE ACQUISITION INC.
(Section 127)

TORONTO – On December 21, 2010, the Commission issued two Notices of Hearing pursuant to subsection 104(2) and section 127 of the *Securities Act* (the "Act") to consider the Application of Nunavut Iron Ore Acquisition Inc. ("Nunavut") dated December 20, 2010 (the "Application").

The first Notice of Hearing is with respect to a hearing to be held on December 22, 2010, to consider an application by Nunavut for temporary orders pursuant to subsection 127(5) of the Act as set out in the Application.

The second Notice of Hearing is with respect to a hearing to be held on January 6, 2011 to consider the Application.

A copy of the Notices of Hearing dated December 21, 2010 and the Application of Nunavut Iron Ore Acquisition Inc. dated December 20, 2010 are 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

Dylan Rae
Media Relations Specialist
416-595-8934

Theresa Ebden
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416-593-8307

For investor inquiries:

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

1.4.2 Ameron Oil and Gas Ltd. et al.

FOR IMMEDIATE RELEASE
December 21, 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.,
MX-IV LTD., GAYE KNOWLES,
GIORGIO KNOWLES, ANTHONY HOWORTH,
VADIM TSATSKIN, MARK GRINSHPUN,
ODED PASTERNAK, and ALLAN WALKER

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing in this matter is adjourned to February 8, 2011 at 2:30 p.m., at which time a confidential pre-hearing conference will take place.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.3 Maple Leaf Investment Fund Corp. et al.

FOR IMMEDIATE RELEASE
December 21, 2010

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

AND

IN THE MATTER OF
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

TORONTO – Following a hearing held today, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Ravinder Tulsiani.

A copy of the Order dated December 21, 2010 and Settlement Agreement dated December 17, 2010 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1-877-785-1555 (Toll Free)

1.4.4 Locate Technologies Inc. et al.

FOR IMMEDIATE RELEASE
December 21, 2010

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

AND

IN THE MATTER OF
LOCATE TECHNOLOGIES INC., TUBTRON CONTROLS CORP., BRADLEY CORPORATE SERVICES LTD., 706166 ALBERTA LTD., LORNE DREVER, HARRY NILES, MICHAEL CODY AND DONALD NASON

TORONTO – Following an appearance in the above named matter, the Commission issued an Order pursuant to subsections 127(10) and 127(1) of the Act with certain provisions.

A copy of the Order dated December 21, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.5 Baffinland Iron Mines Corporation et al.

FOR IMMEDIATE RELEASE
December 22, 2010

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

AND

IN THE MATTER OF
BAFFINLAND IRON MINES CORPORATION, IRON ORE HOLDINGS, LP AND NUNAVUT IRON ORE ACQUISITION INC.

AND

IN THE MATTER OF
AN APPLICATION BY
NUNAVUT IRON ORE ACQUISITION INC.
(Section 127)

TORONTO – Following an appearance today, the Commission issued an order which provides that The Rights Plan and all securities issued or to be issued under the Rights Plan shall be cease traded at 5:00 p.m. on Wednesday, December 29, 2010, unless waived by Baffinland with respect to all take-over bids prior to that time.

A copy of the Order dated December 22, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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

1.4.6 Global Partners Capital et al.

FOR IMMEDIATE RELEASE
December 22, 2010

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

AND

IN THE MATTER OF
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
Gahuniaor Shawn Miller, BASIL MARCELLINIUS
TOUSSAINTalso known as Peter Beckford, and
RAFIQUE JIWANI also known as Ralph Jay

TORONTO – The Commission issued an Order in the above named matter which provides that (1) the hearing on sanctions and costs in this matter is adjourned to Friday, January 7, 2011 at 3 p.m. at the offices of the Commission on the 17th floor, 20 Queen Street West in Toronto, peremptory to Mr. Gahunia; and (2) the Respondents shall file and serve any written submissions on sanctions and costs by January 4, 2011.

A copy of the Order dated December 16, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

1.4.7 David M. O'Brien

FOR IMMEDIATE RELEASE
December 24, 2010

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

AND

IN THE MATTER OF
DAVID M. O'BRIEN

TORONTO – Following a hearing held on December 20 and 23, 2010, the Commission issued an Order in the above named matter.

A copy of the Order dated December 23, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1-877-785-1555 (Toll Free)

1.4.8 Deutsche Bank Securities Limited

FOR IMMEDIATE RELEASE
December 24, 2010

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

AND

IN THE MATTER OF
DEUTSCHE BANK SECURITIES LIMITED

AND

IN THE MATTER OF
A DECISION OF THE INVESTMENT INDUSTRY
REGULATORY ORGANIZATION OF CANADA

TORONTO – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on January 7, 2011 at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated December 23, 2010 and the Notice of Request for Hearing and Review dated November 2, 2010 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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For investor inquiries:

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1.4.9 Baffinland Iron Mines Corporation et al.

FOR IMMEDIATE RELEASE
January 5, 2011

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

and

IN THE MATTER OF
BAFFINLAND IRON MINES CORPORATION,
IRON ORE HOLDINGS, LP AND NUNAVUT IRON
ORE ACQUISITION INC.

and

IN THE MATTER OF
AN APPLICATION BY
STAFF OF THE
ONTARIO SECURITIES COMMISSION
(Section 127)

TORONTO – Take notice that the Commission will hold a hearing on January 6, 2011 at 10:00 a.m. to consider the application by Staff of the Ontario Securities Commission to cease trade any shares tendered to the take-over bid by Nunavat Iron Ore Acquisition Inc. for the common shares of Baffinland Iron Mines Corporation, which take-over bid currently expires at 11:59 pm (Toronto time) on January 10, 2011.

The hearing will be held in the Large Hearing Room, 17th Floor, 20 Queen Street West, Toronto.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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Director, Communications & Public Affairs
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Dylan Rae
Media Relations Specialist
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Theresa Ebden
Senior Communications Specialist
416-593-8307

For investor inquiries:

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

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Canoe Financial LP and EnerVest Natural Resource Fund Ltd.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 81-101 Mutual Fund Prospectus Disclosure, section 2.5(7) relief granted to extend time limit for the filing of a pro forma prospectus and final simplified prospectus for a mutual fund.

Applicable Legislative Provisions

National Instrument 81-101 Mutual fund Prospectus Disclosure – s. 2.5(7) provisions.

Citation: Canoe Financial LP and EnerVest Natural Resource Fund Ltd., Re, 2010 ABASC 590

December 20, 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
CANOE FINANCIAL LP
(the Investment Fund Manager)

AND

ENERVEST NATURAL RESOURCE FUND LTD.
(The Fund)
(collectively, 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**) to extend the time limit for the filing of the *pro forma* prospectus and the final simplified prospectus for the Fund to the time periods that would be applicable if the lapse date for the distribution of the shares of the Fund (**Shares**) had been January 10, 2011 (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 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, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut; and

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

Interpretation

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

Representations

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

1. The Investment Fund Manager became the investment fund manager of the Fund in November 2010 in conjunction with its registration under National Instrument 31-103 *Registration Requirements and Exemptions* (**NI 31-103**) replacing its affiliate, Enervest Funds Management Inc. The Investment Fund Manager is a limited partnership formed under the laws of Alberta. The general partner of the Investment Fund Manager, Canoe Financial Corporation, is a corporation incorporated under the laws of Alberta. The head office of the Investment Fund Manager is located in Calgary, Alberta. The Investment fund Manager is also the portfolio adviser of the Fund, having taken over such responsibility from its affiliate, RiverStream Asset Management Ltd. effective December 1, 2010.

2. The Fund is a corporation incorporated under the laws of Alberta by articles of incorporation dated September 8, 2000.

3. The Fund is a reporting issuer as defined in the Legislation and is not in default of any of its obligations under the Legislation except for the failure to file a pro forma simplified prospectus and annual information form at least 30 days before its current lapse date of December 21, 2010.

4. The Shares are currently distributed to the public in all of the Jurisdictions pursuant to a Simplified Prospectus and an Annual Information Form dated December 21, 2009 (together, the **Current Prospectus**).

5. The lapse date under the Legislation for the distribution of the Units under the Current Prospectus is December 21, 2010 (the **Lapse Date**).

6. The Investment Fund Manager intended to file a pro forma simplified prospectus and pro forma annual information form of the Fund (together, the **Renewal Prospectus**) on or prior to November 22, 2010 (the ***Pro Forma* Filing Deadline**), being 30 days prior to the Lapse Date (taking into account November 21 being a Sunday), but through inadvertence failed to do so. As soon as the Investment Fund Manager realized that the *Pro Forma* Filing Deadline had passed, it filed the Renewal Prospectus as expeditiously as possible.

7. On December 10, 2010, the Renewal Prospectus was filed under SEDAR project number 01675045 in each of the Jurisdictions.

8. If the Exemption Sought is not granted, the Fund will have to cease distribution of the Shares to investors after December 21, 2010.

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.

Blaine Young
Associate Director, Corporate Finance

2.1.2 Bank of Montreal

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from the insider reporting requirement in respect of the acquisition and disposition of the Filer's holdings in special trust securities of various trust entities – Filer is a significant shareholder and management company of various trusts entities and as such is required to file insider reports in respect of the special trust securities over which it has control or direction – any increases or reductions in the Filer's holdings of such voting securities of these trust entities has not been, and will not be, based on any material undisclosed information regarding the Filer or the applicable trust entity - relief from the insider reporting requirements granted, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 107.
National Instrument 55-104 Insider Reporting Requirements and Exemptions, Parts 3 and 4.

November 9, 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
BANK OF MONTREAL
(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**) that the Filer be exempt from the Primary Insider Reporting Requirement (as defined below) and the Supplemental Insider Reporting Requirement (as defined below) in respect of the acquisition or disposition of each of:

(i) the Special Trust Securities (as defined below) of BMO Capital Trust (**Capital Trust**) (including any Special Trust Securities of the Capital Trust that may be issued, purchased, redeemed or otherwise acquired, from time to time in the future),

(ii) the Voting Trust Units (as defined below) of BMO Capital Trust II (**Capital Trust II**) (including any Voting Trust Units of the Capital Trust II that may be issued, purchased, redeemed or otherwise acquired, from time to time in the future), and

(iii) the BSN Voting Trust Units (as defined below) of BMO Subordinated Notes Trust (**BSN Trust**) (including any BSN Voting Trust Units of the BSN Trust that may be issued, purchased, redeemed or otherwise acquired, from time to time in the future).

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

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

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

Interpretation

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

"Primary Insider Reporting Requirement" means relief from the requirement to file:

i. insider reports under section 107 of the *Securities Act* (Ontario) and Part 3 of NI 55-104 *Insider Reporting Requirements and Exemptions* (**NI 55-104**); and

ii. insider reports under any provisions of Canadian securities legislation substantially similar to section 107 of the *Securities Act* (Ontario) and Part 3 of NI 55-104.

"Supplemental Insider Reporting Requirement" means relief from the requirement to file:

i. insider reports under Part 4 of NI 55-104;

ii. insider reports under any provisions of Canadian securities legislation substantially similar to Part 4 of NI 55-104; and

iii. an insider profile under National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* (**NI 55-102**) in respect of Capital Trust and Capital Trust II.

Representations

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

1. The Filer is a Schedule I bank under the *Bank Act* (Canada), which constitutes its charter. The principal executive offices are located at Bank of Montreal, 100 King Street West, 1 First Canadian Place, Toronto, Ontario, Canada M5X 1A1. The Filer's head office is located at 129 Rue St. Jacques, Montreal, Québec, Canada H2Y 1L6.

The Capital Trust

2. The Capital Trust is a trust established under the laws of the Province of Ontario. The Capital Trust was established solely for the purpose of offering securities to the public in order to provide the Filer with a cost-effective means of raising capital for Canadian bank regulatory purposes. The Capital Trust does not and will not carry on any operating activity other than in connection with the offering of its securities to the public.

3. The beneficial interests of the Capital Trust are divided into units issued in one or more classes and one or more series of each such class, as determined by the trustee of the Capital Trust from time to time, including classes of units designated as Trust Capital Securities (the **BMO BOaTS**) and units designated as Special Trust Securities (collectively, the **Special Trust Securities**).

4. The Capital Trust has previously issued five series of BMO BOaTS (being Series A, Series B, Series C, Series D and Series E). In connection with the issuance of each series of BMO BOaTS and on October 28, 2004, the Capital Trust issued Special Trust Securities to the Filer. On June 30, 2010, the Capital Trust redeemed BMO BOaTS – Series A. In order to ensure that the Capital Trust did not exceed the overcollateralization limit of 40% mandated by the Office of Superintendent of Financial Institutions Canada, the Capital Trust also redeemed $140 million of Special Trust Securities in connection with the redemption of BMO BOaTS – Series A.

5. The Capital Trust may from time to time offer for sale and issue to the public subsequent series of BMO BOaTS and issue additional Special Trust Securities to the Filer.

6. The BMO BOaTS have been distributed pursuant to prospectuses and are held by the public and the Special Trust Securities are held by the Filer. The Filer has covenanted that all of the outstanding Special Trust Securities will be owned at all times by the Filer.

7. The BMO BOaTS are non-voting except in limited circumstances. The Special Trust Securities entitle the Filer to vote with respect to certain matters regarding the Capital Trust.

8. The Special Trust Securities may only be held by the Filer and are not traded securities. Pursuant to agreements entered into by the Filer in connection with the offering of BMO BOaTS, the Filer will maintain 100% ownership of the outstanding Special Trust Securities.

9. Pursuant to an administrative agreement entered into between BNY Trust Company of Canada, as trustee of the Capital Trust (the **Capital Trust Trustee**) and the Filer, the Capital Trust Trustee has delegated to the Filer certain of its obligations in relation to the administration of the Capital Trust. The Filer, as administrative agent, provides advice and counsel with respect to the administration of the day-to-day operations of the Capital Trust and other matters as may be requested by the Capital Trust Trustee from time to time.

10. The Capital Trust has received an exemption (the **Capital Trust CD Relief**) from the requirements contained under the Legislation and under the legislation of other applicable jurisdictions to: (a) file interim financial statements and audited annual financial statements with the applicable securities authorities or regulators and deliver such statements to the security holders of the Capital Trust; (b) make an annual filing in lieu of filing an information circular, where applicable; (c) file an annual report and an information circular and deliver such report or information circular to the security holders of the Capital Trust resident in Quebec; and (d) prepare and file an annual information form, including management's discussion and analysis (**MD&A**) of the financial condition and results of operation of the Capital Trust and send such MD&A to security holders of the Capital Trust.

The Capital Trust II

11. The Capital Trust II is a trust established under the laws of the Province of Ontario. The Capital Trust II was established solely for the purpose of effecting the offering of $450,000,000 principal amount of 10.221% BMO Tier 1 Notes – Series A due December 31, 2107 (the **Tier 1 Notes**) and other offerings of debt securities that the Filer may offer from time to time in order to provide the Filer with a cost-effective means of raising capital for Canadian bank regulatory purposes. The Capital Trust II does not and will not carry on any operating activity other than in connection with the offering of its securities to the public.

12. The capital of Capital Trust II is divided into the Tier 1 Notes and voting trust units (the **Voting Trust Units**). The Tier 1 Notes are debt securities of the Capital Trust II. The Voting Trust Units are voting securities of the Capital Trust II.

13. The Capital Trust II may from time to time offer for sale and issue to the public additional series of debt securities and issue additional Voting Trust Units to the Filer.

14. The Tier 1 Notes have been distributed pursuant to a prospectus and are held by the public and all outstanding Voting Trust Units are held by the Filer. The Filer has covenanted that all of the outstanding Voting Trust Units will be owned at all times by the Filer.

15. The Tier 1 Notes are non-voting. The Voting Trust Units entitle the Filer to vote with respect to certain matters regarding the Capital Trust II.

16. The Voting Trust Units may only be held by the Filer and are not traded securities. Pursuant to agreements entered into by the Filer in connection with the offering of Tier 1 Notes, the Filer will maintain 100% ownership of the outstanding Voting Trust Units.

17. Pursuant to an administration agreement entered into between Montreal Trust Company of Canada, as trustee of the Capital Trust II (the **Capital Trust II Trustee**), and the Filer, the Capital Trust II Trustee has delegated to the Filer certain of its obligations in relation to the administration of the Capital Trust II. The Filer, as administrative agent, provides advice and counsel with respect to the administration of the day-to-day operations of the Capital Trust II and other matters as may be requested by the Capital Trust II Trustee from time to time.

18. The Capital Trust II has received an exemption (the **Capital Trust II CD Relief**) from the requirements contained under the Legislation and under the legislation of other applicable jurisdictions to: (a) file interim financial statements and audited annual financial statements and deliver same to the security holders of the Capital Trust II, pursuant to sections 4.1, 4.3 and 4.6 of National Instrument 51-102 Continuous Disclosure Obligations (**NI 51-102**); (b) file interim and annual MD&A and deliver same to the security holders of the Capital Trust II pursuant to sections 5.1 and 5.6 of NI 51-102; (c) file an annual information form pursuant to section 6.1 of NI 51-102; and (d) comply with any other provisions of NI 51-102. The Capital Trust II also received an exemption from the requirements contained under the Legislation and under the legislation of other applicable jurisdictions to file interim and annual certificates pursuant to Parts 4 and 5 of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (the **Capital Trust II Certification Relief**).

The BSN Trust

19. The BSN Trust is a trust established under the laws of the Province of Ontario. The BSN Trust was established solely for the purpose of effecting an offering of $800,000,000 principal amount of 5.75% trust subordinated notes due September 26, 2022 (the **BMO TSNs**) and other offerings of debt securities in order to provide the Filer with a cost-effective means of raising capital for Canadian regulatory purposes. The BSN Trust does not and will not carry on any operating activity other than in connection with the offering of its securities to the public.

20. The capital of the BSN Trust is divided into the BMO TSNs and voting securities of the Trust (the **BSN Voting Trust Units**).

21. The BSN Trust may from time to time offer for sale and issue to the public additional series of debt securities and issue additional BSN Voting Trust Units to the Filer.

22. The BMO TSNs have been distributed pursuant to a prospectus and are held by the public and all outstanding BSN Voting Trust Units are held by the Filer. The Filer has covenanted that all of the outstanding BSN Voting Trust Units will be owned at all times by the Filer.

23. The BMO TSNs are non-voting. The BSN Voting Trust Units entitle the Filer to vote with respect to certain matters regarding the BSN Trust.

24. The BSN Voting Trust Units may only be held by the Filer and are not traded securities. Pursuant to agreements entered into by the Filer in connection with the offering of Tier 1 Notes, the Filer will maintain 100% ownership of the outstanding BSN Voting Trust Units.

25. Pursuant to an administration agreement entered into between Computershare Trust Company of Canada, as trustee of the BSN Trust (the **BSN Trustee**), and the Filer, the BSN Trustee has delegated to the Filer certain of its obligations in relation to the administration of the BSN Trust. The Filer, as administrative agent, offers advice and counsel with respect to the administration of the day-to-day operations of the BSN Trust and other matters as may be requested by the BSN Trustee from time to time.

26. The BSN Trust has received an exemption (the **BSN CD Relief**) from the requirements contained in the Legislation and under the legislation of other applicable jurisdictions to: (a) file interim financial statements and audited annual financial statements and deliver same to the security holders of the BSN Trust, pursuant to Sections 4.1, 4.3 and 4.6 of NI 51-102; (b) file interim and annual MD&A of the financial conditions and results of operations and deliver same to the security holders of the BSN Trust pursuant to Section 5.1 and 5.6 of NI 51-102; and (c) file an annual information form pursuant to Section 6.1 of NI 51-102. The BSN Trust also received an exemption from the requirements contained under the Legislation and the legislation of other applicable jurisdictions to file interim and annual certificates contained in Sections 2.1 and 3.1 of Multilateral Instrument 52-109 **Certification of Disclosure in Issuer's Annual and Interim Filings** (the **BSN Certification Relief**).

27. Section 107 of the *Securities Act* (Ontario) and Parts 3 and 4 of NI 55-104 impose certain reporting requirements on insiders and “reporting insiders”, respectively, (including management companies that provide significant management or administrative services to a reporting issuer).

28. The Filer holds the Special Trust Securities of the Capital Trust, the Voting Trust Units of the Capital Trust II and the BSN Voting Trust Units of the BSN Trust and therefore, the Filer is considered a “significant shareholder” and a “reporting insider”, of each of the Capital Trust, Capital Trust II and the BSN Trust within the meaning of NI 55-104.

29. Because the Filer, as administrative agent of each of the Capital Trust, Capital Trust II and the BSN Trust provides advice and counsel with respect to the administration of the day-to-day operations of each of the Capital Trust, Capital Trust II and the BSN Trust, and other matters as may be requested by the applicable trustee from time to time, the Filer is considered a “management company” of each of the Capital Trust, Capital Trust II and the BSN Trust within the meaning of NI 55-104.

30. Because the Filer is a “significant shareholder” and a “management company” of each of the Capital Trust, Capital Trust II and the BSN Trust, the insider reporting requirements require the Filer to file insider reports in respect of each of the Special Trust Securities, Voting Trust Units and the BSN Voting Trust Units over which it has control or direction.

31. Prior to NI 55-104 coming into effect, under the predecessor Canadian securities legislation, the Filer, by virtue of holding more than 10% of the voting securities of the Capital Trust, Capital Trust II and the BSN Trust, respectively, was required to file insider reports in respect of each of the Special Trust Securities, Voting Trust Units and the BSN Voting Trust Units.

32. Through inadvertence, the Filer has not filed any insider reports in respect of the Special Trust Securities of the Capital Trust or the Voting Trust Units of the Capital Trust II.

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 Filer is exempt from the Primary Insider Reporting Requirement from and after the date of this decision in respect of the acquisition or disposition of:

a) the Special Trust Securities of the Capital Trust (including any Special Trust Securities of the Capital Trust that may be issued, purchased, redeemed or otherwise acquired, from time to time in the future),

b) the Voting Trust Units of the Capital Trust II (including any Voting Trust Units of the Capital Trust II that may be issued, purchased, redeemed or otherwise acquired, from time to time in the future), and

c) the BSN Voting Trust Units of the BSN Trust (including any BSN Voting Trust Units of the BSN Trust that may be issued, purchased, redeemed or otherwise acquired, from time to time in the future),

provided that:

i. the acquisition or disposition of the Special Trust Securities, Voting Trust Units and BSN Voting Trust Units (A) is incidental to the administration of the Filer or the applicable trust entity or is for the purpose of complying with the applicable Canadian banking regulatory requirements or guidelines, and (B) does not otherwise involve a discrete investment decision;

ii. any increases or reduction in the Filer's holdings of the Special Trust Securities, Voting Trust Units and BSN Voting Trust Units has not been, and will not be, based on any material undisclosed information regarding the Filer or the applicable trust entity, and has not, and will not reflect, any change in the Filer's views of the prospects of the applicable trust entity;

iii. the Capital Trust, the Capital Trust II and the BSN Trust do not and will not carry on any operating activity other than in connection with the offering of its securities to the public;

iv. the Filer continues to comply with all other continuous disclosure and insider reporting requirements under the Legislation and files all other documents required to be filed by the Legislation except if the Filer is otherwise exempted from complying with such requirements;

v. the Filer keeps its insider profile under NI 55-102 accurate and up to date except if the Filer is otherwise exempted from complying with this requirement under NI 55-102;

vi. the relief from the Primary Insider Reporting Requirement only relieves the Filer from its obligations to file insider reports under section 107 of the *Securities Act* (Ontario) and Part 3 of NI 55-104 and any provisions of Canadian securities legislation substantially similar to section 107 of the *Securities Act* (Ontario) and Part 3 of NI 55-104, in each case, in respect of the Special Trust Securities, Voting Trust Units and BSN Voting Trust Units, respectively, of the Capital Trust, the Capital Trust II and the BSN Trust, as applicable, and will not apply to any other insider transactions of the Filer, including any transactions involving the BMO BOaTS, Tier 1 Notes or BMO TSNs;

vii. the relief from the Supplemental Insider Reporting Requirement only relieves the Filer from its obligations (A) to file insider reports under Part 4 of NI 55-104 and any provisions of Canadian securities legislation substantially similar to Part 4 of NI 55-104, and (B) under NI 55-102, in each case, in respect of the Special Trust Securities, Voting Trust Units and BSN Voting Trust Units of the Capital Trust, the Capital Trust II and the BSN Trust, as applicable, and will not apply to any other insider transactions of the Filer, including any transactions involving the BMO BOaTS , Tier 1 Notes or BMO TSNs;

viii. the Filer and the Capital Trust continue to satisfy all of the conditions contained in the Capital Trust CD Relief;

ix. the Filer and the Capital Trust II continue to satisfy all of the conditions contained in the Capital Trust II CD Relief and Capital Trust II Certification Relief; and

x. the Filer and the BSN Trust continue to satisfy all of the conditions contained in the BSN CD Relief and BSN Certification Relief.

"Margot C. Howard"
Commissioner
Ontario Securities Commission

"James Carnwath"
Commissioner
Ontario Securities Commission

It is the further decision of the principal regulator under the Legislation that the Filer is exempt from the Supplemental Insider Reporting Requirement from and after the date of this decision in respect of the entities and securities referred to in paragraphs a), b) and c) above and subject to the same conditions set out in paragraphs (i) to (x) above.

"Michael Brown"
Assistant Manager
Corporate Finance Branch

2.1.3 Canadian Real Estate Investment Trust

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions - Relief granted from the prospectus requirement for distributions that are steps in a proposed reorganization of a fund – proposed reorganization intended to ensure fund will satisfy the definition of "real estate investment trust" for purposes of tax law – proposed reorganization does not require unitholder approval and has been approved by the fund's trustees as being in the best interests of the fund – proposed transaction does not change unitholders' ownership of the fund nor does it change the assets and liabilities of the fund on a consolidated basis – fund unitholders are not making an investment decision in respect of the fund – relief subject to certain conditions,

Applicable Legislative Provisions

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

December 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
CANADIAN REAL ESTATE INVESTMENT TRUST
(the "Filer" or the "Fund")

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"**) that the prospectus requirement shall not apply to the following distributions that are steps in the proposed reorganization (the **"Proposed Transaction"**) of the Filer:

(a) the distribution by the Fund to the Fund Unitholders of Trust B units (**"Trust B Units"**); and

(b) the distribution by Trust B of the units of the Fund (**"Fund Units"**) to the Fund and unitholders of the Fund (the **"Fund Unitholders"**) in satisfaction of the redemption price for the Trust B Units.

(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 each of the provinces and territories other than Ontario.

Interpretation

Terms defined in National Instrument 14-101 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 principal office of the Fund is located at 175 Bloor Street East, North Tower, Suite 500, P.O. Box 25, Toronto ON M4W 3R8.

2. The Fund is a mutual fund trust within the meaning of the Tax Act which has eight trustees who are individuals resident in Canada. The Fund was established in 1984 for the principal purpose of providing investors with an opportunity to participate in a diversified portfolio of primarily income-producing real property investments located principally in Canada.

3. The book value of the assets of the Fund as of September 30, 2010 was $2.2 billion. The assets of the Fund consist primarily of the directly or indirectly held beneficial interests in 158 commercial properties located primarily in Canada.

4. The Fund also owns all of the issued and outstanding CREIT Holding Trust units (**"Holding Trust Units"**); the unsecured subordinate notes (**"Holding Trust Notes"**) of CREIT Holding Trust (**"Holding Trust"**); and all of the issued and outstanding shares of CREIT Management Limited (**"Management GP"**).

5. Under the terms of the amended and restated declaration of trust dated May 20, 2010 governing the Fund, as it may be amended and restated from time to time (**"Declaration of Trust"**), the trustees of the Fund may issue an unlimited number of Fund Units. Each Fund Unit represents an equal interest in the Fund and all Fund Units participate pro rata in any distributions by the Fund. The issued and outstanding Fund Units may be subdivided or consolidated from time to time by the trustees of the Fund.

6. Fund Units are widely held by the public, and to the knowledge of the trustees of the Fund, no person beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the issued and outstanding Fund Units. Fund Units are listed and traded on the Toronto Stock Exchange (**"TSX"**) under the symbol REF.UN. The closing trading price of the Fund Units on the TSX on November 1, 2010 was $32.36, representing a market capitalization for the Fund of approximately $2.2 billion.

7. Holding Trust is an unincorporated open-ended trust established under the laws of the Province of Ontario that qualifies as a "unit trust" pursuant to paragraph 108(2)(a) of the Tax Act. Holding Trust has two individual trustees who are employees of the Fund, both of whom are resident in Canada.

8. Under the terms of the Holding Trust declaration of trust, the trustees of Holding Trust may issue an unlimited number of Holding Trust Units. Each Holding Trust Unit represents an equal undivided beneficial interest in any distribution from Holding Trust.

9. The book value of the assets of Holding Trust as of September 30, 2010 was $63 million. Holding Trust owns a 99.9% limited partnership interest in CREIT Management LP (**"Management LP"**) which together with the general partnership interest held by Management GP, a wholly owned subsidiary of the Fund, represents 100% of such partnership interests and varying interests in six limited partnerships, which own interests in six shopping centers in Canada (the assets of Holding Trust, herein referred to as the **"Holding Trust Assets"**).

10. Management LP provides property management services in respect of properties that are either wholly-owned by the Fund (or an entity in which the Fund holds a share or interest) or which are co-owned by the Fund (or an entity in which the Fund holds a share or interest) with an arm's length person.

11. The Proposed Transaction is intended to modify the current structure of the Fund to ensure that the Fund will satisfy the definition of "real estate investment trust" in the Tax Act before January 1, 2011, such that the Fund will not be subject to the SIFT tax rules in the *Income Tax Act* (Canada) (the **"SIFT Tax Rules"**) after December 31, 2010. The steps of the Proposed Transaction are set out in Paragraphs 12 to 25 below.

12. Holding Trust will issue Holding Trust Units to the Fund in satisfaction of the remaining outstanding principal amount of the Holding Trust Notes.

13. Following the issuance of Holding Trust Units described in Paragraph 12, the Holding Trust Notes will be settled and extinguished.

14. A Canadian resident third party settlor will settle a trust to be formed under the laws of the Province of Ontario (**"Trust B"**) with a nominal cash contribution in exchange for one Trust B Unit.

15. The Fund will also subscribe for Trust B Units for nominal cash consideration. The initial Trust B Unit that will be issued to the third party settlor, as described in Paragraph 14, will be repurchased by Trust B for an amount equal to the cash received from the third party settlor such that the Fund will be the sole unitholder of Trust B.

16. The declaration of trust of Trust B will be substantially the same as the terms of the declaration of trust of Holding Trust such that the rights, privileges and conditions attached to the Trust B Units will be substantially the same as those attached to the Holding Trust Units other than the right of Trust B to redeem the Trust B Units in exchange for Fund Units. The trustee of Trust B will be an individual resident in Canada.

17. Pursuant to an agreement to be entered into between Holding Trust and Trust B, immediately prior to the point in time at which the transfer of assets described in Paragraph 21 will occur (**"Transfer Time"**), Holding Trust will transfer all of the Holding Trust Assets to Trust B.

18. Following the transfer described in Paragraph 17, the Fund will own all of the Holding Trust Units and all of the Trust B Units and will continue to hold an indirect interest in all of the Holding Trust Assets by reason of its ownership of all of the Trust B Units. Holding Trust will then be wound-up.

19. Trust B is expected to represent less than 5% of the total value of the Fund.

20. The Fund will distribute a certain number of the Trust B Units acquired in Paragraph 15 to all of the Fund Unitholders on a pro-rata basis as a distribution of capital so that Trust B can qualify as a mutual fund trust for purposes of the Tax Act. Trust B will remain as a subsidiary of the Fund after such distribution until its winding up described in Paragraph 25 below. It is expected that less than 5% of the Trust B Units will be distributed to the Fund Unitholders and that the Trust B Units distributed per Fund Unit will represent a value of approximately $0.02 per outstanding Fund Unit. There is no available prospectus exemption for such distribution.

21. Also at the Transfer Time:

    a) Trust B will transfer all of the Holding Trust Assets acquired in the transaction described in Paragraph 17 (and any cash received from the Fund on its subscription for Trust B Units as described in Paragraph 14, to the extent such cash will not be required to fund expenses of Trust B) to the Fund; and

    b) as consideration for the transfer, the Fund will assume any outstanding liabilities of Trust B and, pursuant to a prospectus exemption, will issue Fund Units to Trust B having an aggregate fair market value equal to the aggregate fair market value of the assets transferred to the Fund less any assumed liabilities. At the Transfer Time, Trust B will have no material outstanding liabilities and the only material assets of Trust B will be the Holding Trust Assets.

22. Immediately after the Transfer Time, Trust B will redeem all of the issued and outstanding Trust B Units held by the Fund and the Fund Unitholders, except for one Trust B Unit which the Fund will continue to hold until the winding-up of Trust B described in Paragraph 25. Trust B will satisfy the redemption price for such Trust B Units by transferring the Fund Units acquired in Paragraph 21 to the Fund and Fund Unitholders. No consideration other than the Fund Units will be received by the Fund or the Fund Unitholders on the redemption of the Trust B Units. The Fund Units that will be received by the Fund upon the redemption of the Trust B Units will be cancelled upon receipt. There is no applicable prospectus exemption for the distribution to Fund Unitholders by Trust B of the Fund Units on the redemption of the Trust B Units as the transfer of those Fund Units would otherwise be subject to a hold period under NI 45-102.

23. The Trust B Unit and the Fund Units issuable in the Proposed Transaction will not be posted for trading on any stock exchange.

24. Immediately after the transactions described in Paragraph 22, pursuant to the terms of the Declaration of Trust, the Trustees will cause the outstanding Fund Units held by the Fund Unitholders to be consolidated on a basis such that the number of Fund Units outstanding following such consolidation will be equal to the number of Fund Units outstanding immediately before the Proposed Transaction. The Fund Unitholders will not receive, and shall not be entitled to receive, any proceeds as a consequence of the consolidation.

25. Trust B will be subsequently wound up. The one Trust B Unit held by the Fund will be cancelled on the wind up.

26. The Proposed Transaction does not require the approval of Fund Unitholders and complies with the constating documents of the Fund. The Trustees of the Fund have approved the Proposed Transaction as being in the best interests of the Unitholders. No related party of the Fund is receiving, directly or indirectly, any benefits as a result of the Proposed Transaction other than benefits received as a holder of Fund Units received by all Fund Unitholders.

27. The Proposed Transaction does not change in the Fund Unitholders' ownership of the Fund nor does it change the assets or liabilities of the Fund on a consolidated basis.

28. There will not be any Canadian tax payable by Fund Unitholders in respect to the Proposed Transaction other than the immaterial amount of withholding tax that will be payable by non-resident Fund Unitholders on the distribution of Trust B Units. The Fund will pay and remit to the Receiver General, on behalf of each Fund Unitholder that is non-resident, an amount equal to the amount required by the Tax Act to be withheld on behalf of non- resident Fund Unitholders.

29. The Proposed Transaction will be described to Fund Unitholders through a press release but is not anticipated to be reflected in a material change report as the Proposed Transaction does not constitute a material change.

30. The Fund advised its Unitholders in the Fund's most recently filed Management Discussion & Analysis, dated September 30, 2010, that a restructuring may be required for the REIT to ensure it would qualify as a "real estate investment trust" under the SIFT Tax Rules.

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 Trust B Units that are distributed by the Fund to Fund Unitholders in the Proposed Transaction shall be immediately redeemed by Trust B in accordance with the terms of the Trust B Units in exchange for Fund Units then to be held by Trust B.,

(b) The Fund Units that are issued to the Fund Unitholder as a result of the redemption of the Trust B Units are immediately consolidated without payment of consideration such that the number of Fund Units to be held by each Unitholder immediately after the Proposed Transaction will be equal to the number of Fund Units held immediately before the Proposed Transaction.,

(c) The total number of Fund Units outstanding before and after the Proposed Transaction shall be the same so that the Proposed Transaction does not change the Fund Unitholders' ownership of the Fund, and

(d) The Trust B Units and the Fund Units to be issued will not be posted for trading on any stock exchange and each of the Trust B Units and the Fund Units to be issued as part of the Proposed Transaction will only be outstanding for a moment in time, and in any event not beyond one day.

"Carol S. Perry"

"James D. Carnwath"

2.1.4 Invesco Trimark Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to mutual funds subject to NI 81-102 and pooled funds not subject to NI 81-102 to permit applicant funds to purchase long-term debt securities of a related entity under primary offerings of the related entity and on the secondary market – relief granted to pooled funds not subject to NI 81-102 to purchase securities of a related entity on the secondary market - future oriented relief – relief subject to conditions including IRC approval, pricing requirements, and limits on the amount of the primary offering applicant funds can purchase.

Applicable Legislative Provisions

Securities Act (Ontario), sections 111(2)(a), 111(2)(c)(ii), and 111(3).
National Instrument 81-107 Independent Review Committee for Investment Funds – s. 6.2.

December 21, 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**) and on behalf of existing mutual funds and future mutual funds of which the Filer is the manager and to which NI 81-102 does not apply (each, a **Pooled Fund** and collectively, the **Pooled Funds**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the NI 81-102 Funds and Pooled Funds (collectively, the **Funds**) from the prohibition in:

(a) the Legislation that prohibits a mutual fund from making or holding an investment in any person or company who is a substantial security holder of the mutual fund, its management company or distribution company (each, a **Related Shareholder**); and

(b) the Legislation that prohibits a mutual fund from making or holding an investment in an issuer in which a Related Shareholder has a significant interest (each, a **Related Party**),

(items (a) and (b) are, 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 Alberta, Saskatchewan, New Brunswick, Nova Scotia and Newfoundland and Labrador (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.

In this Application, the term "**Related Person**" means a Related Shareholder or a Related Party depending on the provision that is being considered.

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 (a) an adviser in the category of portfolio manager in all provinces of Canada; (b) an adviser in the category of commodity trading manager in the Jurisdiction; and (c) a dealer in the category of exempt market dealer in the Jurisdiction and Newfoundland and Labrador.

3. The Filer is, or will be, the manager of the Funds and the Filer or its affiliates are, or will be, the portfolio adviser or sub-advisor to the Funds.

4. The Filer and the Funds are not in default of securities legislation in any jurisdiction.

5. 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 the Jurisdiction and the Passport Jurisdictions.

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

7. The securities of the Pooled Funds are, or will be, qualified for distribution on a private placement basis pursuant to the Legislation and none of the Pooled Funds are, or will be, reporting issuers.

8. The investment strategies of each of the Funds that relies on the Exemption Sought permit, or will permit, it to invest in the securities purchased.

9. 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) and in the respect of each Pooled Fund (in accordance with section 3.7 of NI 81-107). The IRC shall comply with the standard of care set out in section 3.9 of NI 81-107.

10. The purchase of securities of Related Persons by a Fund will be referred to the IRC of such Fund (in the case of an NI 81-102 Fund under subsection 5.1(1)(b) of NI 81-107).

11. Section 6.2 of NI 81-107 provides NI 81-102 Funds with an exemption from the prohibitions comprising the Exemption Sought in respect of purchasing exchange-traded securities, such as common shares, in the secondary market. It does not permit an NI 81-102 Fund, or the Filer on behalf of a NI 81-102 Fund, to purchase non-exchange-traded securities issued by Related Persons. Some securities, such as debt securities, of Related Persons of the Filer are not listed and traded ("**NET debt securities**").

12. NI 81-107 does not apply to the Pooled Funds as they are not reporting issuers. Accordingly, in the absence of the Exemption Sought, the Pooled Funds may not purchase or hold exchange-traded securities or NET debt securities of a Related Person.

13. The Filer is seeking the Exemption Sought to permit (a) the Funds to purchase and hold NET debt securities and (b) the Pooled Funds to purchase and hold exchange-traded securities of Related Persons.

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

15. Related Persons of the Filer are significant issuers of securities and they are issuers of highly rated commercial paper and other debt instruments. The Filer considers that the Funds should have access to such securities for the following reasons:

(a) there is currently and has been for several years a very limited supply of highly rated corporate debt;

(b) diversification is reduced to the extent that a Fund is limited with respect to investment opportunities; and

(c) to the extent that a Fund is trying to track or outperform a benchmark it is important for the Fund to be able to purchase any securities included in the benchmark. Debt securities of Related Persons of the Filer are included in most of the Canadian debt indices.

16. Where the NET debt security is purchased by a Fund in a primary distribution or treasury offering (**Primary Offering**) pursuant to the Exemption Sought:

(a) the debt security, other than an asset backed commercial paper security, will have a term to maturity of 365 days or more and will be issued by a Related Person that has been given and continues to have, at the time of purchase, an "approved credit rating" by an approved credit rating organization; and

(b) the terms of the Primary Offering, such as the size and the pricing, will be a matter of public record as evidenced in a prospectus, offering memorandum, press release or other public document.

17. Where the NET debt security is purchased by a Fund in the secondary market pursuant to the Exemption Sought and not in a Primary Offering, the debt security has been given and continues to have, at the time of purchase, an "approved credit rating" by an approved credit rating organization.

18. If a Fund's purchase of NET debt securities involves an interfund trade with another Fund, the provisions of the relief received by the Filer on behalf of the Funds dated April 15, 2010 will apply to such transaction.

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 to permit the Filer to purchase and hold NET debt securities on behalf of the Funds on condition that:

(a) the purchase or holding is consistent with, or is necessary to meet, the investment objective of the Fund;

(b) at the time of the purchase the IRC of the Fund has approved the transaction in accordance with Section 5.2(2) of NI 81-107;

(c) the manager of the Fund complies with section 5.1 of NI 81-107 and the manager and the IRC of the Fund comply with section 5.4 of NI 81-107 for any standing instructions the IRC provides in connection with the transactions;

(d) in the case of NET debt securities to be purchased in a Primary Offering:

(i) the size of the Primary Offering is at least $100 million;

(ii) at least 2 purchasers who are independent, arm's length purchasers, which may include "independent underwriters" within the meaning of National Instrument 33-105 - Underwriting Conflicts, collectively purchase at least 20% of the Primary Offering;

(iii) no Fund shall participate in the Primary Offering if following its purchase the Fund would have more than 5% of its net assets invested in NET debt securities of a particular Related Person;

(iv) no Fund shall participate in the Primary Offering if following its purchase the Fund together with related Funds will hold more than 20% of the securities issued in the Primary Offering; and

(v) the price paid for the securities by a Fund in the Primary Offering shall be no higher than the lowest price paid by any of the arm's length purchasers who participate in the Primary Offering;

(e) in the case of NET debt securities to be purchased in the secondary market:

(i) the price payable for the security is not more than the ask price of the security;

(ii) the ask price of the security is determined as follows:

(A) If the purchase occurs on a marketplace, the price payable is determined in accordance with the requirements of that marketplace; or

(B) If the purchase does not occur on a marketplace,

(I) The Fund may pay the price for the security at which an independent, arm's length seller is willing to sell the security, or

(II) If the Fund does not purchase the security from an independent, arm's length seller, the fund must pay the price quoted publicly by an independent marketplace or obtain, immediately before the purchase, at least one quote from an independent, arm's length purchaser or seller and not pay more than that quote;

(f) no later than the time a NI 81-102 Fund files its annual financial statements, or on or before the 90th day after the end of each financial year of a Pooled Fund, the Filer files with the securities regulatory authority or regulator the particulars of any investments made in reliance on this relief;

(g) the IRC of the Fund complies with section 4.5 of NI 81-107 in connection with any instance that it becomes aware that the Filer did not comply with any of the conditions of this Decision; and

(h) the Decision with respect to NET debt securities purchased pursuant to a Primary Offering or in the secondary market will expire on the coming into force of any securities legislation relating to fund purchases of NET debt securities purchased pursuant to a Primary Offering or in the secondary market.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted to permit the Filer to purchase and hold exchange-traded securities on behalf of the Pooled Funds on condition that:

(a) the purchase or holding is consistent with, or is necessary to meet, the investment objective of the Pooled Fund;

(b) at the time of the purchase the IRC of the Pooled Fund has approved the transaction in accordance with Section 5.2(2) of NI 81-107;

(c) the manager of the Pooled Fund complies with section 5.1 of NI 81-107 and the manager and the IRC of the Pooled Fund comply with section 5.4 of NI 81-107 for any standing instructions the IRC provides in connection with the transactions;

(d) the purchase is made on an exchange on which the securities are listed and traded;

(e) on or before the 90th day after the end of each financial year of a Pooled Fund, the Filer files with the securities regulatory authority or regulator the particulars of any investments made in reliance on this relief;

(f) the IRC of the Pooled Fund complies with section 4.5 of NI 81-107 in connection with any instance that it becomes aware that the Filer did not comply with any of the conditions of this Decision; and

(g) the Decision with respect to purchases of exchange-traded securities by the Pooled Funds will expire on the coming into force of any securities legislation relating to purchases of exchange-traded securities of a Related Person by mutual funds not governed by NI 81-102.

"Mary Condon"
Commissioner
Ontario Securities Commission

"James Turner"
Vice-Chair
Ontario Securities Commission

2.1.5 CI Investments Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted to a precious metals fund to permit the fund to invest up to 100% its net assets in gold – to permit the fund to invest up to 20% of its net assets in any combination of silver, platinum, gold or palladium, provided that at no time greater than 10% of the fund's net assets be invested in any one of silver, platinum or palladium – to permit the fund to invest in gold ETFs, silver ETFs, platinum ETFs and palladium ETFs, provided the fund does not invest in leveraged ETFs and inverse ETFs, and subject to certain conditions – to permit the Fund to acquire, store and hold portfolio assets in and outside Canada through Brinks or Via Mat, for purposes other than facilitating portfolio transactions of the Fund.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.3(e), 2.3(f), 2.3(h), 2.5(2)(a), 2.5(2)(c), 6.1(2), 6.1(3)(b), 6.2, 6.3 and 19.1.

December 9, 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
CI INVESTMENTS INC.
(the Manager)

AND

IN THE MATTER OF
SIGNATURE GOLD CORPORATE CLASS
(the Fund)

AND

IN THE MATTER OF
RBC DEXIA INVESTOR SERVICES TRUST
(the Custodian)

AND

IN THE MATTER OF
THE BANK OF NOVA SCOTIA
(the Bullion Custodian)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Manager for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption, pursuant to section 19.1 of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) from the following provisions of NI 81-102:

(a) clause 2.3(e) of NI 81-102 to permit the Fund to invest more than 10% of its net assets, taken at the market value at the time of the purchase, directly or indirectly in gold and/or permitted gold certificates (as such term is defined in NI 81-102) including through investments in derivatives which have an underlying interest in gold;

(b) clauses 2.3(f) and (h) of NI 81-102 to permit the Fund to invest, directly or indirectly, in silver, silver certificates, platinum, platinum certificates, palladium, palladium certificates, including through derivatives which have an underlying interest in silver, platinum or palladium;

(c) clause 2.5(2)(a) and (c) of NI 81-102 to permit the Fund to invest in exchange-traded funds traded on a stock exchange in Canada or the United States, the underlying interest of which is gold (**Gold ETFs**);

(d) clause 2.5(2)(a) and (c) of NI 81-102 to permit the Fund to invest in exchange-traded funds traded on a stock exchange in Canada or the United States, the underlying interest of which is silver, platinum or palladium (**Precious Metals ETFs** and, together with Gold ETFs, **Underlying ETFs**);

(e) clause 6.1(2)(b) of NI 81-102, to permit the physical bullion of the Fund to be held outside of Canada by the Fund's custodian, RBC Dexia Investor Services Trust (the **Custodian**) or The Bank of Nova Scotia (the **Bullion Custodian**), for purposes other than facilitating portfolio transactions of the Fund;

(f) clause 6.1(3)(b) of NI 81-102, to permit Custodian or Bullion Custodian to appoint the Brinks Company, or its subsidiaries or affiliates (**Brinks**) or Via Mat International Ltd., or its subsidiaries or affiliates (**Via Mat**), which are persons or companies that are not described in section 6.2 or 6.3 of NI 81-102, to act as sub-custodians to hold the Fund's physical bullion;

(g) section 6.2 of NI 81-102 to permit Brinks or Via Mat to be appointed as sub-custodians of the Fund to hold the Fund's physical bullion in Canada; and

(h) section 6.3 of NI 81-102 to permit Brinks and Via Mat to be appointed as sub-custodians of the Fund to hold the Fund's physical bullion outside Canada

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

Interpretation

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

Representations

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

The Fund

1. The Manager is a corporation established under the laws of the Province of Ontario with its head office in Toronto, Ontario. The Manager is registered with the Ontario Securities Commission as an investment fund manager, adviser (portfolio manager), exempt market dealer, commodity trading counsel and commodity trading manager. The Manager is also registered as an adviser (portfolio manager) in each of the other provinces of Canada. The Manager may in the future become registered in the territories of Canada.

2. The Manager will act as the manager and portfolio adviser for the Fund.

3. The Fund is an open-end mutual fund. The Fund is a class of CI Corporate Class Limited, a mutual fund corporation existing under the laws of the Province of Ontario.

4. Neither the Manager nor the Fund is in default of securities legislation in any Jurisdiction.

5. A preliminary simplified prospectus in respect of the Fund was filed via SEDAR under project No. 1638580 on September 24, 2010. Once a final prospectus for the Fund is filed and a receipt is obtained for it, the Fund will be a "reporting issuer" or equivalent in each Jurisdiction.

6. The Fund is a precious metals fund. The Fund's investment objective is to provide a secure, convenient alternative for investors seeking to hold gold for long-term capital growth by investing primarily, directly or indirectly, in gold and equity securities that provide exposure to gold. The Fund may also invest, directly or indirectly, in silver, platinum and palladium.

7. The Fund will seek to achieve its investment objectives by investing:

   (i) primarily in gold bullion and or permitted gold certificates, and other instruments including Gold ETFs, derivatives designed to provide exposure to gold and equity securities of companies engaged in the production and supply of gold. The Fund may also invest a portion of its assets in cash, money market instruments and/or treasury bills; and

   (ii) up to 20% of its net asset value at the time of investment, in silver, platinum, palladium, certificates representing those metals, equity securities of companies which produce or supply silver, platinum or palladium and/or other instruments, including permitted derivatives including Precious Metals ETFs, that are designed to achieve exposure to any of the foregoing metals provided that no more than 10% of the Fund's net asset value, taken at market value at the time of investment, will be invested in any one of silver, platinum or palladium (including derivatives or certificates).

Investment in Gold

8. The Fund's investment objectives and investment strategies are designed to offer investors an opportunity to obtain exposure primarily to gold. To fulfill its investment objectives, the Fund requires the ability to invest, directly and indirectly, primarily in gold and/or gold certificates or instruments which provide an exposure to gold, beyond the limits set out in clause 2.3(e) of NI 81-102.

9. The Manager submits that there are no liquidity concerns with permitting the Fund to invest in gold bullion or permitted gold certificates beyond the limits of NI 81-102, since the market for gold bullion and permitted gold certificates is highly liquid.

Investment in Silver, Platinum and Palladium

10. The Manager requests exemptive relief that would permit the Fund, being a precious metals fund, to invest an aggregate of up to 20% of its net asset value, taken at the market value at the time of investment, in silver bullion, platinum bullion, palladium bullion, derivatives of which the underlying interest is silver, platinum or palladium, silver certificates, platinum certificates palladium certificates and/or equity securities of companies which produce or supply silver, platinum and palladium, provided that no more than 10% of the Fund's net asset value, taken at market value at the time of investment, will be invested in any one of silver, platinum or palladium (including derivatives or certificates).

11. Similar to the market for gold bullion and gold certificates, the Manager submits that the markets for silver, platinum and palladium are also highly liquid, and there are no liquidity concerns with permitting the Fund to invest in these precious metals provided that the maximum investment in theses metals is limited to an aggregate amount of 20% of the net assets of the mutual fund, taken at market value at the time of purchase.

12. The Manager submits that permitting the investments in silver, platinum and palladium along with gold, will give the portfolio manager additional flexibility in certain market conditions, which may have otherwise caused the Fund to have significant cash positions and therefore deter from its ability to achieve its investment objective of providing long-term growth of capital.

13. As the aggregate investments in silver, platinum and palladium (or the equivalent in certificates or specified derivatives and Precious Metals ETFs, of which the underlying interest is silver, platinum or palladium) would be 20% or less of the net assets of the Fund, taken at the market value thereof at the time of the investment, the Manager submits that there would be no significant change in the risk profile of the Fund. The final prospectus will state that the Fund will invest in precious metals and the risks associated with such investments and will identify the Fund as a precious metals fund as its fund type.

Investment in Underlying ETFs

14. To obtain exposure to gold, silver, platinum and palladium indirectly, the Fund intends to invest in Underlying ETFs.

15. Each Underlying ETF is a "mutual fund" (as such term is defined under the *Securities Act* (Ontario)) and is listed and traded on a stock exchange;

16. The assets of each Underlying ETF consist primarily of gold, silver, platinum or palladium, as applicable. The objective of each Gold ETF is to reflect the price of gold (less the Gold ETF's expenses and liabilities) on an unlevered basis and the objective of each Precious Metals ETF is to replicate the performance of the underlying metal on an unlevered basis.

17. Gold ETFs include, but are not limited to, iShares COMEX Gold Trust and SPDR Gold Trust.

18. In accordance with the concentration restrictions in NI 81-102, no investment in an Underlying ETF will exceed 10% of the Fund's net asset value, taken at market value at the time of purchase. For that reason, the Manager submits that there are should be no liquidity concerns with permitting the Fund to invest in Underlying ETFs.

19. The Fund will not invest in leveraged Underlying ETFs or inverse Underlying ETFs.

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

21. The Fund will not invest in Underlying ETFs that do not hold physical gold, silver, platinum or palladium bullion, as applicable.

Custody of Bullion Held by the Fund

22. Pursuant to a Second Amended and Restated Custodian Agreement dated July 2, 2006, as amended, the Custodian acts as the custodian for all mutual funds managed by the Manager. The Custodian will hold the property of the Fund other than the Fund's physical gold, silver, platinum and palladium bullion. The terms of the Master Custodian Agreement comply with all requirements in Part 6 of NI 81-102.

23. The Custodian has appointed the Bullion Custodian to be a sub-custodian of the Fund and to hold the Fund's physical gold, silver, platinum and palladium bullion. The custody arrangements with respect to the Fund's physical gold, silver, platinum and palladium bullion are governed by the terms of agreements between the Custodian and the Bullion Custodian (the **Bullion Custodian Agreement**). Except as represented below, the terms of the Bullion Custodian Agreement will comply with all requirements in Part 6 of NI 81-102.

24. The Fund's physical gold, silver, platinum and palladium bullion will be stored and held either on an allocated and segregated basis in the vault facilities of the Bullion Custodian, in Canada, London, England or New York, U.S.A, or will be stored in the vault of a sub-custodian on an allocated and segregated basis in Canada, London, England or New York, U.S.A, where in the latter case it shall be identified as the property of the Bullion Custodian. The Bullion Custodian shall at all times record and identify in the books and records maintained by the Bullion Custodian that such bullion is being held on behalf of the Custodian. The Bullion Custodian is one of the largest providers of physical precious metals trading and custodial services in the world. The Manager has determined that the Bullion Custodian will be the appropriate choice to provide custodial services to the Fund because the Bullion Custodian is experienced in providing gold, silver, platinum and palladium storage and custodial services, and is familiar with the requirements relating to the physical handling and storage of gold, silver, platinum and palladium bullion.

25. The Fund will not insure its physical gold, silver, platinum or palladium bullion. The Bullion Custodian Agreement requires that the Bullion Custodian or any sub-custodian maintain insurance on such terms and conditions as it considers appropriate against all risk of physical loss of, or damage to, bullion stored in the Bullion Custodian's or such sub-custodian's vaults except the risk of war, nuclear incident, terrorism events or government confiscation. Neither the Manager, the Fund nor the Custodian are beneficiaries of any such insurance and none of them have the ability to dictate the existence, nature or amount of coverage.

26. The Manager has discussed such insurance coverage with the Bullion Custodian, and believes that the insurance that the Bullion Custodian or any sub-custodian has obtained will be appropriate for the Fund. The Bullion Custodian Agreement provides that the Bullion Custodian shall not cancel its insurance or permit its sub-custodian to cancel such insurance except upon 30 days prior written notice to the Manager. The Fund will disclose the material details of that insurance arrangement in its final annual information form.

27. The Bullion Custodian has advised the Manager and the Custodian that due to physical storage capacity constraints, having regard to the amount of gold, silver, platinum and palladium bullion which the Fund may acquire, there may not be sufficient space in the vault facilities of the Bullion Custodian to store all of the Fund's physical gold, silver, platinum and palladium bullion.

28. As a result, the Bullion Custodian may be required to use the services of sub-custodians to store some of the Fund's physical gold, silver, platinum and palladium bullion.

29. The Bullion Custodian has advised the Custodian and the Manager that it proposes to use Brinks and Via Mat, as sub-custodians, if necessary, to hold the physical gold, silver, platinum and palladium bullion of the Fund. Brinks and Via Mat are not entities that are currently approved to act as a custodian or sub-custodian for assets held in Canada, or to act as a sub-custodian for assets held outside of Canada as Brinks and Via Mat are not, among other things, a bank listed in Schedule I, II or III of the *Bank Act (*Canada) or a trust company incorporated under the laws of Canada.

30. Brinks and Via Mat are leading providers of secure logistics for valuables, including diamonds, jewellery, precious metals, securities, currency and secure data, serving banks, retailers, governments, mines, refiners and metal traders. Brinks and Via Mat are both authorized depositories for the London Bullion Market Association and have vault facilities that are accepted as warehouses for the London Bullion Market Association. Brinks is also an authorized depository for NYMEX/COMEX.

31. The number of entities in Canada which are eligible to act as sub-custodians for the physical storage of silver bullion is limited. Of these eligible entities, some already have exclusive relationships with other investment funds for storage purposes whereas others simply may not have the excess capacity that the Fund may need to store physical silver bullion. These capacity constraints have been intensified due to the increased demand for physical commodities and the corresponding need to arrange for safe-keeping.

32. The Manager and the Bullion Custodian believe that both Brinks and Via Mat are appropriate sub-custodians for the Fund's physical gold, silver, platinum and palladium bullion. The Bullion Custodian has engaged in a review of the facilities, procedures, records and the level of insurance coverage of Brinks and Via Mat, and will engage in a similar review annually, to satisfy itself as to the continuing appropriateness of using Brinks and Via Mat as sub-custodians of the Fund's physical bullion.

33. The custody arrangements with respect to the holding of the Fund's physical gold, silver, platinum and palladium bullion by Brinks or Via Mat will be governed by the terms of an agreement between the Bullion Custodian and Brinks or Via Mat, as the case may be, (the **Bullion Sub-Custodian Agreements**), the terms of which will comply with Part 6 of NI 81-102, except as represented herein.

34. To the best of the Manager's, the Fund's, the Custodian's and the Bullion Custodian's knowledge, the Custodian Agreement, the Bullion Custodian Agreement and the Bullion Sub-Custodian Agreements are consistent with industry practice.

35. In relation to the Fund, the sub-custodial activities of Brinks and Via Mat will be limited to holding the Fund's physical gold, silver, platinum and palladium bullion. All physical gold, silver, platinum and palladium bullion of the Fund held by Brinks and Via Mat will be held in vault facilities in Canada, London, England or New York, U.S.A, on an allocated and segregated basis. The Bullion Custodian will exercise its audit rights under each Bullion Sub-Custodian Agreement on an on-going basis in order to satisfy itself that Brinks and Via Mat are in substantial compliance with the terms of the relevant Bullion Sub-Custodian Agreement and, in particular, that the bullion of the Fund which the Bullion Custodian has transferred to Brinks and Via Mat on behalf of the Fund (i) is held by Brinks and Via Mat at vault facilities that are accepted as warehouses for the London Bullion Market Association, (ii) is physically segregated and specifically identified, both in the vault facilities in which such bullion is held by Brinks and Via Mat and on the books and records of Brinks and Via Mat, as constituting the property of the Bullion Custodian or the Fund, (iii) has not sustained loss, damage or destruction (but with no obligation on the part of the Bullion Custodian to verify the weight, quality, fineness, assay characteristics, authenticity or composition of such bullion or that such bullion conforms to any good delivery standards for the London Bullion Market Association, NYMEX/COMEX, the London Platinum and Palladium Market Association or any other bullion trading body or that such bullion is otherwise fit for any purpose), and (iv) remains the subject of a subsisting policy of insurance that covers Brinks' and Via Mats' liability for the loss, damage or destruction of such bullion.

36. The Bullion Custodian has advised the Fund and the Manager that each of Brinks and Via Mat have arranged for sufficient insurance coverage in respect of any of the Fund's physical gold, silver, platinum and palladium bullion held by the Bullion Custodian through the vault facilities of Brinks or Via Mat. The Manager has discussed the insurance coverage obtained by Brinks and Via Mat with the Bullion Custodian and believes that the insurance coverage obtained by Brinks and Via Mat is appropriate for the Fund.

37. Pursuant to the Custodian Agreement, in safekeeping the property of the Fund, the Custodian is required to exercise (i) the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances; or (ii) at least the same degree of care as it exercises with respect to its own property of a similar kind, if this is a higher degree of care than the degree of care referred to in (i). In addition, pursuant to the Custodian Agreement, the Custodian is

not entitled to an indemnity from the Fund in the event the Custodian breaches its standard of care. The Bullion Custodian Agreement includes a similar standard of care in respect of the obligations of the Bullion Custodian and a similar provision in respect of the Bullion Custodian's indemnity. The Bullion Custodian has satisfied itself that the degree of care to which Brinks and Via Mat are subject in respect of the Bullion Sub-Custodian Agreement is no less than the degree of care referred to in (i).

38. The Bullion Custodian Agreement provides that the Bullion Custodian shall, at all times, indemnify and save harmless the Custodian from and against any and all losses, charges, damages, actions, demands, costs, expenses, claims and liabilities (except for indirect, incidental, exemplary, punitive, consequential or special damages) arising from the Bullion Custodian's own negligence or willful misconduct in the performance or non-performance of its duties under the Bullion Custodian Agreement.

39. The Custodian Agreement provides that if the Fund suffers a loss as a result of any act or omission of the Custodian or of any other agent appointed by the Custodian (rather than appointed by the Manager), including the Bullion Custodian, and if such loss is directly attributable to the failure of such agent to comply with its standard of care in the provision of any service to be provided by it under the Custodian Agreement, then the Custodian shall assume liability for such loss directly, and shall reimburse the Fund accordingly. The Bullion Custodian Agreement provides that if the Custodian suffers a loss as a result of any act or omission of a sub-custodian (including Brinks or Via Mat) or of any other agent appointed by the Bullion Custodian (rather than appointed by the Custodian) and if such loss is directly attributable to the failure of such agent to comply with its standard of care in the provision of any service to be provided by it under the Bullion Custodian Agreement or the applicable Bullion Sub-Custodian Agreement, then the Bullion Custodian shall assume liability for such loss directly (except for indirect, incidental, exemplary, punitive, consequential or special damages) and shall reimburse the Custodian accordingly.

40. The Fund's auditors will be present during, and will verify, a physical count of all of the Fund's physical gold, silver, platinum and palladium bullion, whether held by the Bullion Custodian, Brinks, or Via Mat, at least once every year. The Fund and its auditors will have the ability, with sufficient advance notice to the Bullion Custodian, who shall make arrangements with Brinks or Via Mat, where required, to attend at the vaults of the Bullion Custodian, Brinks and/or Via Mat as required to verify the gold, silver, platinum and palladium bullion held by the Bullion Custodian, Brinks or Via Mat on behalf of the Fund.

41. The Bullion Custodian shall, to the best of its ability, monitor the most recent audited financial statements of Brinks and Via Mat or their respective affiliates or subsidiaries, in order to ensure that the shareholders' equity of such entities is sufficient with what the Bullion Custodian believes to be appropriate for an entity acting as custodian of physical bullion and, in any event at sufficient levels in order to meet the Bullion Custodian's own internal requirements as though the Bullion Custodian were seeking to deposit its own physical bullion with such sub-custodians.

42. All bullion purchased by the Fund will be certified by the relevant vendor as bullion conforming to the good delivery standards of the London Bullion Market Association, the London Platinum and Palladium Market or another internationally recognized bullion trading body.

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 investment by the Fund in gold, silver, platinum or palladium (including specified derivatives, certificates and Underlying ETFs) is in accordance with the fundamental investment objectives of the Fund;

(b) no more than 20% of the Fund's net assets, taken at the market value thereof at the time of investment, is invested in silver, platinum or palladium in the aggregate (including certificates, Precious Metals ETFs and underlying market exposure of specified derivatives);

(c) no more than 10% of the Fund's net assets, taken at the market value thereof at the time of investment, is invested in any one of silver, platinum or palladium (including certificates, Precious Metals ETFs and underlying market exposure of specified derivatives);

(d) the Fund does not short sell securities of an Underlying ETF;

(e) the securities of the Underlying ETFs are traded on a stock exchange in Canada or the United States;

(f) the securities of the Underlying ETFs are treated as specified derivatives for the purposes of Part 2 or NI 81-102;

(g) the Manager, on behalf of the Fund, ensures that any silver, platinum or palladium certificates purchased by the Fund, represent the underlying precious metal which is:

(i) available for delivery in Canada, free of charge, to or to the order of the holder of the certificate;

(ii) of minimum fineness of 999 parts per 1,000;

(iii) held in Canada;

(iv) in the form of either bars or wafers; and

(v) if not purchased from a bank listed in Schedule I, II or III of the Bank Act (Canada), fully insured against loss and bankruptcy by an insurance company licensed under the laws of Canada or a jurisdiction;

(h) in respect of the relief granted from the requirements of sections 6.1(2)(b), 6.1(3)(b), 6.2 and 6.3, the Fund, the Manager, the Custodian and the Bullion Custodian are limited to using Brinks and Via Mat as sub-custodians for the gold, silver, platinum and palladium bullion of the Fund which will be held only in Canada, London or New York;

(i) in respect of the compliance reports to be prepared by the Custodian pursuant to section 6.7 of NI 81-102, in lieu of including the information required by paragraphs 6.7(1)(a), 6.7(1)(b), 6.7(1)(c) and 6.7(2)(b) and (c) in respect of the Custodian's review of the sub-custodian arrangements involving Brinks and Via Mat, the Custodian shall instead be entitled to rely on a certificate of the Bullion Custodian prepared in respect of the Bullion Custodian's annual review process for Brinks and Via Mat referred to in paragraph 34 above, and whether the Bullion Custodian remains of the view that Brinks and Via Mat continue to be appropriate sub-sub-custodians to hold the Fund's physical gold, silver, platinum and palladium bullion; and

(j) the simplified prospectus of the Fund contains disclosure regarding the unique risks associated with an investment in the Fund including the risk that direct purchases of gold, silver, platinum and palladium by the Fund may generate higher transaction and custody costs than other types of investments, which may impact the performance of the Fund.

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

2.1.6 Talisman Energy Inc.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer exempt from requirements in NI 51-101 that qualified reserves evaluator or auditor be independent from the issuer and that an independent qualified reserves evaluator or auditor execute the required annual filing – the issuer is allowed to file modified Forms 51-101F2 and 51-101F3 as necessary to reflect the relief, all subject to conditions – the issuer internally generates reserves data – the issuer has policies and procedures in place to ensure the integrity of its internally generated reserves data – exemption granted from section 3.2 and limited exemption granted from items 2 and 3 of section 2.1 of NI 51-101.

Applicable Legislative Provisions

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

Citation: Talisman Energy Inc., Re, 2010 ABASC 584

December 17, 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
TALISMAN ENERGY INC.
(the Filer)

DECISION

Background

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

(a) that the qualified reserves evaluators or auditors appointed under section 3.2 of NI 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**) be independent of the Filer and that each of the qualified reserves evaluators or auditors who execute the report required under item 2 of section 2.1 of NI 51-101 (the **Evaluator Report**) be independent of the Filer (collectively, the **Independent Evaluator Requirement**); and

(b) that the Evaluator Report be in accordance with Form 51-101F2 and that the report required under item 3 of section 2.1 of NI 51-101 (the **Management Report**) be in accordance with Form 51-101F3 (the **Related Form Requirements**), to the extent necessary for such reports to reflect changes which are consequential to the exemption from the Independent Evaluator Requirement.

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 section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the provinces and territories of Canada other than Alberta and Ontario; 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*, MI 11-102, NI 51-101 or CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

1. The head office of the Filer is located in Calgary, Alberta.

2. The Filer is a reporting issuer or equivalent in each of the provinces and territories of Canada and is not in default of securities legislation in any of the provinces or territories of Canada.

3. The Filer is an oil and gas issuer that, on a consolidated basis, produced an average of more than 100,000 BOEs of oil and gas (converted in the ratio 6 Mcf of gas to 1 bbl of oil) per day in its most recent financial year.

4. The Filer's internally-generated reserves data are not materially less reliable than independently-generated reserves data for the following reasons:

    (a) the Filer has qualified reserves evaluators and auditors within the meaning of NI 51-101;

    (b) the Filer has a well-established reserves evaluation process that is at least as rigorous as would be the case were it to rely upon independent reserves evaluators or auditors; and

    (c) the Filer has implemented a technical quality assurance program in connection with the preparation of its internally generated reserves data.

5. The Filer has adopted written evaluation practices and procedures consistent with the COGE Handbook.

Decision

Each of the Decision Makers is satisfied that the decision satisfies 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 Filer is exempt from the Independent Evaluator Requirement and the Related Form Requirements:

(a) **Internal Procedures** – for so long as the Filer maintains internal procedures that will permit preparation of the Evaluator Report and the Management Report, modified as contemplated in this decision;

(b) **Form of Reports** – provided that the Evaluator Report and the Management Report filed by the Filer pursuant to section 2.1 of NI 51-101 are modified to reflect that the qualified reserves evaluators or auditors are not independent of the Filer;

(c) **Explanatory and Cautionary Disclosure** – provided that the Filer discloses:

    (i) at least annually, the Filer's reasons for considering the reliability of internally-generated reserves data to be not materially less than would be afforded by strict adherence to the requirements of NI 51-101, including a discussion of:

        A. factors supporting the involvement of independent qualified evaluators or auditors and why such factors are not considered compelling in the case of the Filer; and

        B. the manner in which the Filer's internally-generated reserves data are determined, reviewed and approved, its relevant disclosure control procedures and the related role, responsibilities and composition of responsible management, the board of directors of the Filer and (if applicable) the reserves committee of the board of directors of the Filer; and

(ii) in each document that discloses any information derived from internally-generated reserves data and reasonably proximate to that disclosure, the fact that the reserves data was internally-generated; and

(d) **Disclosure of Conflicting Independent Reports** – provided that the Filer discloses and updates its public disclosure if, despite this decision, it obtains a final report on reserves data from an independent qualified reserves evaluator or auditor that contains information that is materially different from the Filer's public disclosure record in respect of such reserves data.

This decision:

(a) takes effect immediately and supersedes the decision dated 29 September 2008 issued in respect of the Filer under the Process for Exemptive Relief Applications in Multiple Jurisdictions as it relates to the Independent Evaluator Requirement; and

(b) will terminate one year after the effective date of any change to the Independent Evaluator Requirement unless:

(i) the principal regulator otherwise agrees in writing; or

(ii) the change is a clerical or other minor amendment.

For the Commission:

Glenda A. Campbell, QC
Vice-Chair

Stephen R. Murison
Vice-Chair

2.1.7 Broadridge Financial Solutions, Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions - Intermediary, registrant and custodian clients of a service provider granted exemptive relief from requirements in securities legislation (i) to give beneficial owner a proxy, and (ii) relating to requests for and delivery of legal proxies - Condition of relief is that service provider implements on behalf of its clients an alternate process (appointee process) for beneficial owners to be able to attend and vote at securityholder meetings - List of clients provided part of application will be kept confidential and not made public as client list is of commercially sensitive nature and publication could have serious adverse competitive consequences - Relief (other than confidentiality of client list) will terminate when amendments to National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer that effect the exemption provided come into effect.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 49(5), 147.
National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer, ss. 1.1, 4.5, 9.2, Form 54-101F7 Request for Voting Instructions Made by Intermediary, Form 54-101F7 Legal Proxy

December 20, 2010

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ONTARIO
(the Jurisdiction)

AND

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

AND

IN THE MATTER OF
BROADRIDGE FINANCIAL SOLUTIONS, INC.
(the "Filer")
AND INTERMEDIARY, REGISTRANT AND
CUSTODIAN CLIENTS OF THE FILER

DECISION

Background

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

1. the intermediary, registrant and custodian clients (the "Clients") of the Filer specified in a list of clients dated as of December 31, 2010 and included with the Application (the "Client List") be exempted from the requirement under applicable securities legislation that a registrant or custodian (or in the case of Québec, a dealer) (each a "Subject Person"), if requested by a beneficial owner, give to the beneficial owner or his, her or its nominee a proxy enabling the beneficial owner or the nominee to vote any voting securities of an issuer registered in the name of the Subject Person's nominee or the Subject Person (the "Subject Person Exemption"); and

2. the Clients as specified in the Client List be exempted from the requirements under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101") that:

   (a) an intermediary deliver a legal proxy to any beneficial owner that requests such legal proxy;

   (b) an intermediary include instructions in Form 54-101F7 *Request for Voting Instructions Made by Intermediary* regarding requesting and obtaining a legal proxy; and

   (c) a legal proxy be in the form prescribed by Form 54-101F8 Legal Proxy

(the relief from the requirements in paragraphs (a), (b) and (c) collectively, the "NI 54-101 Exemption", and collectively with the Subject Person Exemption, the "Exemption Sought").

Furthermore, the principal regulator in the Jurisdiction received a request from the Filer for a decision that the Client List be kept confidential and not be made public (the "Confidentiality 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 British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Nunavut, the Northwest Territories and the Yukon.

Interpretation

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

Representations

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

1. The Filer is a service provider whose services include delivery of securityholder communications on behalf of corporate issuers, mutual fund managers and banks, brokers and trust companies, and delivery of other documents in compliance with applicable securities laws.

2. The Filer's head office is located in Ontario.

3. Under NI 54-101, if a beneficial owner wishes to attend a securityholder meeting in person, or appoint a nominee to attend such meeting in his, her or its place, such securityholder must request his, her or its intermediary to issue the securityholder a legal proxy.

4. There are four separate communications that must occur under these circumstances: (i) the intermediary prepares and sends a voting instruction form ("VIF") in Form 54-101F7 to each beneficial owner; (ii) a beneficial owner who wishes to attend a securityholder meeting in person, or appoint another person to attend such a meeting in his, her or its place, must request a legal proxy on his, her or its VIF; (iii) the intermediary sends a legal proxy to each beneficial owner who has requested a legal proxy; and (iv) the beneficial owner who has requested a legal proxy must complete and return such proxy to the issuer or its agent prior to the established proxy cut-off time (these communications collectively the "Legal Proxy System").

5. Pursuant to National Policy Statement 41 – *Shareholder Communication* ("NP41"), the predecessor to NI 54-101, the "appointee system" (the "Appointee System") had been developed. Under the Appointee System, a beneficial owner wishing to attend a meeting inserts his, her or its own name, or that of his, her or its appointee, on the VIF submitted to an intermediary in response to a request for voting instructions. The intermediary then issues a "cumulative proxy" to the issuer's proxy tabulator or meeting scrutineer, which includes the names of all such requesting beneficial owners or their appointees, the respective numbers of securities held by them and any instructions indicated on the VIF as to how such securities are to be voted. The cumulative proxy is delivered in advance of any voting or proxy deposit deadline prescribed by corporate law or provided for by the issuer.

6. The Appointee System has been in use for a substantial period of time, and is accepted by intermediaries, beneficial owners and transfer agents. The use of the Appointee System has been incorporated into the Proxy Protocol prepared by the Securities Transfer Association of Canada.

7. The Filer performs the actions described in paragraphs 4 and 5 as agent for its Clients.

8. On behalf of its Clients, the Filer has, since the replacement of NP 41 by NI 54-101, continued to make available to beneficial owners the Appointee System as an alternative to the Legal Proxy System.

9. If the Subject Person Exemption and the NI 54-101 Exemption are granted, the Filer will implement the Appointee System as described in paragraph 5 in lieu of the Legal Proxy System currently mandated under NI 54-101 and the provisions of applicable securities legislation referred to in paragraph 1 under "Background".

10. Specifically, a VIF prepared and sent by the Filer to beneficial owners on behalf of its Clients will not include instructions regarding requesting and obtaining a legal proxy, and will give a beneficial owner that wishes to attend, vote and act at the relevant meeting (or designate an appointee do so) the option to fill in a provided line or space, naming the beneficial owner (or his, her or its appointee) as the relevant Client's proxy to attend, vote and act on the beneficial owner's behalf at the meeting.

11. On April 9, 2010, the Canadian Securities Administrators (the "CSA") published a Notice and Request for Comments – Proposed Amendments to NI 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer and Companion Policy 54-101CP Communication with Beneficial Owners of Securities of a Reporting Issuer – Proposed Amendments to NI 51-102 Continuous Disclosure Obligations and Companion Policy 51-102CP Continuous Disclosure Obligations – Proposed Amendments to NP 11-201 Delivery of Documents by Electronic Means (the "Proposed Amendments").

12. The comment period for the Proposed Amendments expired on August 31, 2010.

13. During the comment period for the Proposed Amendments, the CSA received a submission concerning the Appointee System, as to whether a beneficial owner would be assured of the authority to instruct that an appointee who attends a shareholder meeting shall have discretionary authority to act on matters that are not set out in the meeting notice or voting instruction form, but that may properly come before the meeting. The Filer, to provide greater certainty in respect of such circumstances, is proceeding to add language to the form of the proxy documentation that it delivers to an issuer's transfer agent or other tabulator to confirm that an appointee will have such discretionary authority and such changes will be effective no later than December 31, 2010

14. The principal regulator in the Jurisdiction previously granted the Filer by way of a decision dated February 19, 2010, exemptive relief identical in scope to the current Exemption Sought (the "Original Relief"). The Original Relief expires on December 31, 2010.

15. The Client List is of a commercially sensitive nature, and disclosure of the Client List could have serious adverse competitive consequences to the Filer.

Decision

The principal regulator is satisfied that the decision meets the tests 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 Subject Person Exemption is granted to the Filer and its Clients provided that:

(a) The Filer implements the Appointee System on behalf of its Clients in lieu of the Legal Proxy System; and

(b) the Subject Person Exemption will terminate at such time that the Proposed Amendments, in so far as such amendments relate to NI 54-101 and effect the subject matter of the Subject Person Exemption, come into force.

The further decision of the principal regulator is that the Confidentiality Sought is granted.

"James Turner"

"James D. Carnwath"

The decision of the principal regulator under the Legislation is that the NI 54-101 Exemption is granted to the Filer and its Clients provided that:

(a) the Filer implements the Appointee System on behalf of its Clients in lieu of the Legal Proxy System; and

(b) the NI 54-101 Exemption will terminate at such time that the Proposed Amendments, in so far as such amendments relate to NI 54-101 and effect the subject matter of the NI 54-101 Exemption, come into force.

The further decision of the principal regulator is that the Confidentiality Sought is granted.

"Michael Brown"

2.1.8 Nexen Inc.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdiction - Issuer exempt from requirements in NI 51-101 that qualified reserves evaluator or auditor be independent from the issuer, that an independent qualified reserves evaluator or auditor execute the required annual filing - the issuer is allowed to file modified Forms 51-101F2 and 51-101F3 as necessary to reflect the relief, all subject to conditions – the issuer internally generates reserves data – the issuer has policies and procedures in place to ensure the integrity of its internally generated reserves data – exemption granted from section 3.2 and limited exemption granted from items 2 and 3 of section 2.1 of NI 51-101.

Applicable Legislative Provisions

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

Citation: Nexen Inc., Re, 2010 ABASC 585

December 17, 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
NEXEN INC. (the Filer)

DECISION

Background

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

(a) that the qualified reserves evaluators or auditors appointed under section 3.2 of NI 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**) be independent of the Filer and that each of the qualified reserves evaluators or auditors who execute the report required under item 2 of section 2.1 of NI 51-101 (the **Evaluator Report**) be independent of the Filer (collectively, the **Independent Evaluator Requirement**); and

(b) that the Evaluator Report be in accordance with Form 51-101F2 and that the report required under item 3 of section 2.1 of NI 51-101 (the **Management Report**) be in accordance with Form 51-101F3 (the **Related Form Requirements**), to the extent necessary for such reports to reflect changes which are consequential to the exemption from the Independent Evaluator Requirement.

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 section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the provinces and territories of Canada other than Alberta and Ontario; 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*, MI 11-102, NI 51-101 or CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

1. The head office of the Filer is located in Calgary, Alberta.

2. The Filer is a reporting issuer or equivalent in each of the provinces and territories of Canada and is not in default of securities legislation in any of the provinces or territories of Canada.

3. The Filer is an oil and gas issuer that, on a consolidated basis, produced an average of more than 100,000 BOEs of oil and gas (converted in the ratio 6 Mcf of gas to 1 bbl of oil) per day in its most recent financial year.

4. The Filer's internally-generated reserves data are not materially less reliable than independently-generated reserves data for the following reasons:

    (a) the Filer has qualified reserves evaluators and auditors within the meaning of NI 51-101;

    (b) the Filer has a well-established reserves evaluation process that is at least as rigorous as would be the case were it to rely upon independent reserves evaluators or auditors; and

    (c) the Filer has implemented a technical quality assurance program in connection with the preparation of its internally generated reserves data.

5. The Filer has adopted written evaluation practices and procedures consistent with the COGE Handbook.

Decision

Each of the Decision Makers is satisfied that the decision satisfies 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 Filer is exempt from the Independent Evaluator Requirement and the Related Form Requirements:

(a) **Internal Procedures** – for so long as the Filer maintains internal procedures that will permit preparation of the Evaluator Report and the Management Report, modified as contemplated in this decision;

(b) **Form of Reports** – provided that the Evaluator Report and the Management Report filed by the Filer pursuant to section 2.1 of NI 51-101 are modified to reflect that the qualified reserves evaluators or auditors are not independent of the Filer;

(c) **Explanatory and Cautionary Disclosure** – provided that the Filer discloses:

    (i) at least annually, the Filer's reasons for considering the reliability of internally-generated reserves data to be not materially less than would be afforded by strict adherence to the requirements of NI 51-101, including a discussion of:

        A. factors supporting the involvement of independent qualified evaluators or auditors and why such factors are not considered compelling in the case of the Filer; and

        B. the manner in which the Filer's internally-generated reserves data are determined, reviewed and approved, its relevant disclosure control procedures and the related role, responsibilities and composition of responsible management, the board of directors of the Filer and (if applicable) the reserves committee of the board of directors of the Filer; and

    (ii) in each document that discloses any information derived from internally-generated reserves data and reasonably proximate to that disclosure, the fact that the reserves data was internally-generated; and

(d) **Disclosure of Conflicting Independent Reports** – provided that the Filer discloses and updates its public disclosure if, despite this decision, it obtains a final report on reserves data from an independent qualified reserves evaluator or auditor that contains information that is materially different from the Filer's public disclosure record in respect of such reserves data.

This decision:

(a) takes effect immediately and supersedes the decision dated 29 September 2008 issued in respect of the Filer under the Process for Exemptive Relief Applications in Multiple Jurisdictions as it relates to the Independent Evaluator Requirement; and

(b) will terminate one year after the effective date of any change to the Independent Evaluator Requirement unless:

(i) the principal regulator otherwise agrees in writing; or

(ii) the change is a clerical or other minor amendment.

"Glenda A. Campbell, QC"
Vice-Chair
Alberta Securities Commission

"Stephen R. Murison"
Vice-Chair
Alberta Securities Commission

2.1.9 Husky Energy Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdiction - Issuer exempt from requirements in NI 51-101 that qualified reserves evaluator or auditor be independent from the issuer, that an independent qualified reserves evaluator or auditor execute the required annual filing - the issuer is allowed to file modified Forms 51-101F2 and 51-101F3 as necessary to reflect the relief, all subject to conditions – the issuer internally generates reserves data – the issuer has policies and procedures in place to ensure the integrity of its internally generated reserves data – exemption granted from section 3.2 and limited exemption granted from items 2 and 3 of section 2.1 of NI 51-101.

Applicable Legislative Provisions

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

Citation: Husky Energy Inc., Re, 2010 ABASC 586

December 17, 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
HUSKY ENERGY INC.
(the Filer)

DECISION

Background

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

(a) that the qualified reserves evaluators or auditors appointed under section 3.2 of NI 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**) be independent of the Filer and that each of the qualified reserves evaluators or auditors who execute the report required under item 2 of section 2.1 of NI 51-101 (the **Evaluator Report**) be independent of the Filer (collectively, the **Independent Evaluator Requirement**); and

(b) that the Evaluator Report be in accordance with Form 51-101F2 and that the report required under item 3 of section 2.1 of NI 51-101 (the **Management Report**) be in accordance with Form 51-101F3 (the **Related Form Requirements**), to the extent necessary for such reports to reflect changes which are consequential to the exemption from the Independent Evaluator Requirement.

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 section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the provinces and territories of Canada other than Alberta and Ontario; 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*, MI 11-102, NI 51-101 or CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

1. The head office of the Filer is located in Calgary, Alberta.

2. The Filer is a reporting issuer or equivalent in each of the provinces of Canada and is not in default of securities legislation in any of the provinces of Canada.

3. The Filer is an oil and gas issuer that, on a consolidated basis, produced an average of more than 100,000 BOEs of oil and gas (converted in the ratio 6 Mcf of gas to 1 bbl of oil) per day in its most recent financial year.

4. The Filer's internally-generated reserves data are not materially less reliable than independently-generated reserves data for the following reasons:

    (a) the Filer has qualified reserves evaluators and auditors within the meaning of NI 51-101;

    (b) the Filer has a well-established reserves evaluation process that is at least as rigorous as would be the case were it to rely upon independent reserves evaluators or auditors; and

    (c) the Filer has implemented a technical quality assurance program in connection with the preparation of its internally generated reserves data.

5. The Filer has adopted written evaluation practices and procedures consistent with the COGE Handbook.

Decision

Each of the Decision Makers is satisfied that the decision satisfies 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 Filer is exempt from the Independent Evaluator Requirement and the Related Form Requirements:

(a) **Internal Procedures** – for so long as the Filer maintains internal procedures that will permit preparation of the Evaluator Report and the Management Report, modified as contemplated in this decision;

(b) **Form of Reports** – provided that the Evaluator Report and the Management Report filed by the Filer pursuant to section 2.1 of NI 51-101 are modified to reflect that the qualified reserves evaluators or auditors are not independent of the Filer;

(c) **Explanatory and Cautionary Disclosure** – provided that the Filer discloses:

    (i) at least annually, the Filer’s reasons for considering the reliability of internally-generated reserves data to be not materially less than would be afforded by strict adherence to the requirements of NI 51-101, including a discussion of:

        A. factors supporting the involvement of independent qualified evaluators or auditors and why such factors are not considered compelling in the case of the Filer; and

        B. the manner in which the Filer’s internally-generated reserves data are determined, reviewed and approved, its relevant disclosure control procedures and the related role, responsibilities and composition of responsible management, the board of directors of the Filer and (if applicable) the reserves committee of the board of directors of the Filer; and

    (ii) in each document that discloses any information derived from internally-generated reserves data and reasonably proximate to that disclosure, the fact that the reserves data was internally-generated; and

(d) **Disclosure of Conflicting Independent Reports** – provided that the Filer discloses and updates its public disclosure if, despite this decision, it obtains a final report on reserves data from an independent qualified reserves evaluator or auditor that contains information that is materially different from the Filer's public disclosure record in respect of such reserves data.

This decision:

(a) takes effect immediately and supersedes the decision dated 29 September 2008 issued in respect of the Filer under the Process for Exemptive Relief Applications in Multiple Jurisdictions as it relates to the Independent Evaluator Requirement; and

(b) will terminate one year after the effective date of any change to the Independent Evaluator Requirement unless:

(i) the principal regulator otherwise agrees in writing; or

(ii) the change is a clerical or other minor amendment.

"Glenda A. Campbell", QC
Vice-Chair
Alberta Securities Commission

"Stephen R. Murison"
Vice-Chair
Alberta Securities Commission

2.1.10 North Peace Energy Corp. – s. 1(10)

Headnote

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

Ontario Statutes

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

December 23, 2010

Davis LLP
Livingston Place
1000, 250 - 2 Street SW
Calgary, AB T2P 0C1

Attention: Meghan A. Rollins

Dear Madam:

Re: North Peace Energy Corp. (the Applicant) - Application for a decision under the securities legislation of Alberta, Saskatchewan, Ontario and New Brunswick (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting.

"Cheryl McGillivray"
Manager, Corporate Finance
Alberta Securities Commission

2.1.11 Arrow Hedge Partners Inc. et al.

Headnote

Ontario-only – relief granted from sections 111(2)(b) and 111(3) of the Securities Act (Ontario) and sub-clause 13.5(2)(a)(ii) of National Instrument 31-103 - Registration Requirements and Exemptions to permit pooled funds to invest with fund-on-fund structure in other pooled funds, including trusts - each Top Fund is a trust and each Underlying Fund is a trust – relief subject to normal conditions

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 111(2)(b), 111(3) and 113.
National Instrument 31-103 - Registration Requirement and Exemptions – ss. 13.5(2)(a)(ii) and 15.1.

December 13, 2010

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO

AND

IN THE MATTER OF
ARROW HEDGE PARTNERS INC. AND
MARRET ASSET MANAGEMENT INC.
(the Filers)

AND

ARROW HIGH YIELD FUND AND
ARROW-MARRET RESOURCE YIELD FUND

DECISION

Background

The Ontario Securities Commission (the **Commission**) has received an application from the Filers on behalf of each of the Filers, the Arrow High Yield Fund (the **Arrow Top Fund**) and the Arrow-Marret Resource Yield Fund (the A**rrow-Marret Top Fund**, and together with the Arrow Top Fund, the **Initial Top Funds**) and any other investment fund which is not a reporting issuer under the *Securities Act* (Ontario) (the **Act**) established, advised or managed by Arrow Hedge Partners Inc. (the **Manager**) and/or Marret Asset Management Inc. (**Marret**) after the date hereof (the **Future Top Funds** and, together with the Initial Top Funds, the **Top Funds**) for a decision under the securities legislation of Ontario (the **Legislation**), exempting:

(a) the Manager, Marret and the Top Funds, in respect of the Top Funds investment in any of the Arrow Distressed Securities Fund (the **Initial Arrow Underlying Fund**), the Marret High Yield Strategies Fund (**MHY**) and Marret Investment Grade Bond Fund (**MIGB** and, together with MHY, the **Initial Marret Underlying Funds**) (collectively, the **Initial Underlying Funds**) or any other investment fund which is not a reporting issuer under the Act, established, advised or managed by the Manager or Marret after the date hereof (the **Future Underlying Funds** and, together with the Initial Underlying Funds, the **Underlying Funds**), from the restriction in paragraph 111(2)(b) and subsection 111(3) of the Act that prohibits a mutual fund from knowingly making and holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder (the **Related Issuer Relief**); and

(b) the Manager with respect to each of the Top Funds that invests its assets in the Initial Arrow Underlying Fund or any other investment fund under the Act established, advised or managed by the Manager after the date hereof (the **Future Arrow Underlying Funds** and together with the Initial Arrow Underlying Fund, the **Arrow Underlying Funds**), from the restriction in sub-clause 13.5(2)(a)(ii) of National Instrument 31-103 *Registration Requirement and Exemptions* (**NI 31-103**) that prohibits a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase securities of an issuer in which a responsible person or an associate of the responsible person is a partner, officer or director unless the written consent of the client to the purchase is obtained before the purchase (the **Arrow Consent Requirement Relief**).

together, the **Requested Relief**.

Representations

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

Manager

1. The Manager is a corporation incorporated under the *Business Corporations Act* (Ontario) with its head office located in Toronto, Ontario.

2. The Manager is registered with the Commission as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer under the Act and as a Commodity Trading Manager under the *Commodity Futures Act* (Ontario).

3. Pursuant to separate management agreements (the **Management Agreements**), the Manager is the manager of each of the Initial Top Funds and will be the manager of the Future Top Funds and is, or will be, responsible for managing the assets of the Top Funds and has, or will have, complete discretion to invest and reinvest or to arrange for

the investment and reinvestment of the Top Funds' assets, and is, or will be, responsible for executing or arranging for the execution of all portfolio transactions in respect of the Top Funds.

4. Pursuant to the Management Agreements, the Manager has the power and authority to appoint an investment adviser to manage the investment portfolios of the Initial Top Funds and will have the power and authority to appoint investment advisers to manage the investment portfolios of the Future Top Funds.

5. The Manager is also the trustee and manager of the Initial Arrow Underlying Fund and will be the trustee and manager of the Future Arrow Underlying Funds and is, or will be, responsible for managing the assets of the Arrow Underlying Funds and has, or will have, complete discretion to invest and reinvest or to arrange for the investment and reinvestment of the Arrow Underlying Funds' assets, and is, or will be, responsible for executing or arranging for the execution of all portfolio transactions for the Arrow Underlying Funds.

6. The Manager is not a reporting issuer in any jurisdiction of Canada and is not, to its knowledge, in default of securities legislation of any jurisdiction of Canada.

Marret

7. Marret is a corporation incorporated under the *Business Corporations Act* (Ontario) with its head office located in Toronto, Ontario.

8. Marret is registered with the Commission as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer under the Act and as a Commodity Trading Manager under the *Commodity Futures Act* (Ontario).

9. Pursuant to an investment advisor agreement between the Manager and Marret dated July 19, 2004, the Manager appointed Marret as investment advisor to the Manager in respect of the Arrow Top Fund.

10. Pursuant to an investment advisor agreement between the Manager and Marret dated November 13, 2008, the Manager appointed Marret as investment advisor to the Manager in respect of the Arrow-Marret Top Fund.

11. Marret is not a reporting issuer in any jurisdiction of Canada and is not, to its knowledge, in default of securities legislation of any jurisdiction of Canada.

Arrow Underlying Funds

12. The Initial Arrow Underlying Fund is an open-ended trust established under the laws of the Province of Ontario pursuant to a trust indenture dated as of May 21, 2003 as amended by a first supplemental trust indenture dated as of March 26, 2007.

13. Each of the Arrow Underlying Funds has, or will have, separate investment objectives, strategies and/or restrictions.

14. Securities of the Initial Arrow Underlying Fund are offered on a private placement basis in each of the provinces and territories of Canada pursuant to available exemptions from the prospectus requirement in accordance with National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**).

15. The Initial Arrow Underlying Fund is not a reporting issuer under the Act.

Marret Underlying Funds

16. MHY is a closed end investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of May 28, 2009 and is managed by Marret. Equity Transfer & Trust Company is the trustee of MHY.

17. On June 17, 2009, MHY completed an initial public offering of 21,500,000 units pursuant to a final prospectus dated May 28, 2009. Units of MHY are publicly traded on the Toronto Stock Exchange (the **TSX**) under the symbol MHY.UN.

18. MIGB is a closed end investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust made as of September 29, 2009 and is managed by Marret. Equity Transfer & Trust Company is the trustee of MIGB.

19. On October 23, 2009, MIGB completed an initial public offering of 26,700,000 units pursuant to a final prospectus dated September 29, 2009. Units of MIGB are publicly traded on the TSX under the symbol MIG.UN

20. Marret is also the portfolio advisor to each of the Initial Marret Underlying Funds.

21. Each of the Underlying Funds established, advised or managed by Marret has, or will have, separate investment objectives, strategies and/or restrictions.

22. The Initial Marret Underlying Funds are reporting issuers in each of the provinces of Canada and are not, to Marret's knowledge, in default of securities legislation of any province of Canada.

Top Funds

23. The Arrow Top Fund was established pursuant to a trust indenture dated as of January 1, 2002, as amended and restated by an amended restated trust indenture dated as of February 28, 2002 and as further amended by a first supplemental trust indenture dated as of April 30, 2002 and a second supplemental trust indenture dated as of July 19, 2004. The Manager also acts as trustee of the Arrow Top Fund.

24. The Arrow-Marret Top Fund was established pursuant to a trust indenture dated as of February 1, 2007, as amended by a first supplemental trust indenture dated as of July 9, 2009. The Manager also acts as trustee of the Arrow-Marret Top Fund.

25. Each of the Top Funds is, or will be, a mutual fund for the purposes of the Act.

26. Securities of each of the Top Funds, are, or will be, sold pursuant to available prospectus exemptions in accordance with NI 45-106.

27. The Arrow Top Fund was established to achieve a high level of income and potential capital gains with an attractive risk return profile and moderate volatility. The Arrow Top Fund's activities will involve the purchase, sale and short sales of high yield bonds and debt obligations of primarily publicly listed United States corporations. The Arrow Top Fund may also purchase or sell short common shares, preferred shares, government bonds, instalment receipts, options, futures and other securities in accordance with its investment objective, strategy and restrictions. The Arrow Top Fund's strategy includes investing in securities of companies where the price of their securities has been, or is expected to be affected by a bankruptcy or otherwise "out of favour" distressed situation such as reorganization, distressed sale of assets and other restructuring events. The investment strategy of the Arrow Top Fund also permits investments in other investment funds such as the Initial Underlying Funds, the Future Arrow Underlying Funds and/or the Future Marret Underlying Funds.

28. The Arrow-Marret Top Fund was established to achieve a high level of income and potential capital gains with an attractive risk return profile and moderate volatility. To achieve its objective, the Arrow-Marret Top Fund purchases and may sell short non-investment grade and investment grade corporate debt, bank loans and commitments, debt with equity warrants attached, convertible debt, Canadian income trusts, common shares, preferred shares, futures and other securities in accordance with the Arrow-Marret Top Fund's investment objective and restrictions. In addition, the investment strategy of the Arrow-Marret Top Fund permits investments in other investment funds such as the Initial Underlying Funds, the Future Arrow Underlying Funds and/or the Future Marret Underlying Funds.

29. The Initial Top Funds will only purchase units of the applicable Initial Marret Underlying Fund when the following conditions are met:

    (a) with respect to any purchase of MHY units, when the market price per MHY unit is at a discount to its net asset value per unit; and

    (b) with respect to any purchase of MIGB units, when the market price per MIGB unit is at a discount to its net asset value per unit;

30. None of the Initial Top Funds are a reporting issuer under the Act. None of the Future Top Funds will be a reporting issuer under the Act.

Fund-on-Fund Structure

31. The Top Funds allow investors in the Top Funds to obtain exposure to the investment portfolios of the Underlying Funds and their respective investment strategies through, primarily, direct investments by the Top Funds in securities of the Underlying Funds (the **Fund-on-Fund Structure**). The Manager and Marret believe that the Fund-on-Fund Structure provides an efficient and cost-effective manner of pursuing portfolio diversification on behalf of the Top Funds rather than through the direct purchase of securities.

32. Purchasers of securities of a Top Fund may subscribe for securities of the Top Funds pursuant to a subscription agreement (the **Subscription Agreement**).

33. Prior to the execution of the Subscription Agreement, the purchaser will be provided with a copy of the Top Fund's offering memorandum or, if no offering memorandum is prepared in respect of the Top Fund, will be provided with details about the Top Fund and given disclosure respecting relationships and potential conflicts of interest between the Top Fund and the applicable Underlying Funds.

34. Where an offering memorandum is prepared for a Top Fund, the offering memorandum will disclose that the Top Fund may purchase units of the Underlying Funds, the fact that the Underlying Funds are also managed and/or advised by the Manager and/or Marret, as applicable, the approximate or maximum percentage of net assets of the Top Fund that is intended to be invested in securities of the Underlying Fund, and the process or criteria used to select the Underlying Funds.

35. Each of the Top Funds will prepare annual audited financial statements and interim unaudited financial statements in accordance with National Instrument 81-106 I*nvestment Fund Continuous Disclosure* (**NI 81-106**) and will otherwise comply with the requirements of NI 81-106 applicable to them. Each of the Underlying Funds which are subject to NI 81-106 will prepare annual audited financial statements and interim unaudited financial statements. The holdings by a Top Fund of securities of an Underlying Fund will be disclosed in the financial statements of the Top Fund.

36. Securityholders of a Top Fund will receive, on request, a copy of the offering document of the Underlying Funds, if available, and the audited annual financial statements and interim unaudited financial statements of any Underlying Fund in which the Top Fund invests.

37. Securityholders invested in the Initial Top Funds will receive written disclosure, in the next regular communication, of the fact that the Top Fund may purchase units of the Underlying Funds in accordance with the terms of this decision, the fact that the Underlying Funds will be under common management, the approximate or maximum percentage of net assets of the Top Fund that is intended to be invested in securities of the Underlying Fund, and the process or criteria used to select the Underlying Funds.

38. There will be no sales fees or redemption fees payable by a Top Fund in respect of an acquisition, disposition or redemption of securities of an Underlying Fund by the Top Fund other than brokerage fees incurred on the purchase or disposition of securities of an Underlying Fund that are purchased or disposed of in the secondary market.

39. The Manager will ensure that the arrangements between or in respect of a Top Fund and an Underlying Fund are such as to avoid the duplication of management fees and incentive fees.

40. The Manager or Marret, as applicable, will not cause the securities of an Underlying Fund held by a Top Fund to be voted at any meeting of the securityholders of an Underlying Fund, unless the Top Fund is the sole owner of the securities of the Underlying Fund at the time of the meeting or the effective date of the resolution, in which case the Manager or Marret, as applicable, will arrange for all the securities the Top Fund holds of the Underlying Fund to be voted by the beneficial holders of securities of the Top Fund.

41. Marret is entitled to management fees with respect to the Initial Marret Underlying Funds and to management and performance fees with respect to their underlying funds, Marret HYS Trust and Marret IGB Trust, respectively, pursuant to management agreements with the Initial Marret Underlying Funds, Marret HYS Trust and Marret IGB Trust. Marret will ensure that there is no increase in the fees paid to it as a result of the investment by the Top Funds.

42. The amounts invested from time to time in an Underlying Fund by a Top Fund may exceed 20% of the outstanding voting securities of the Underlying Fund. As a result, each Top Fund could, either alone or together with other Top Funds, become a substantial security holder of an Underlying Fund. The Top Funds are, or will be, related mutual funds by virtue of the common management by the Manager.

Generally

43. In the absence of the Related Issuer Relief, the Top Funds would be precluded from implementing the Fund-on-Fund Structure due to certain investment restrictions in the Legislation.

44. In the absence of the Arrow Consent Requirement Relief, each Top Fund would be precluded from investing in an Arrow Underlying Fund, unless the consent of each investor in the Top Fund is obtained, since the Manager or, an officer and/or director of the Manager (considered a responsible person within the meaning of the applicable provisions of NI 31-103) may also be an officer and/or director of, or may perform a similar function for or occupy a similar position with, the Arrow Underlying Fund.

45. Any investment made by a Top Fund in an Underlying Fund will be aligned with the investment objectives, investment strategy, risk profile and other principal terms of the Top Fund.

46. A Top Fund's investments in the Underlying Funds represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the funds concerned.

Decision

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

The decision of the Commission under the Legislation is that the Requested Relief is granted, provided that the Manager and Marret, as applicable, ensure that;

(a) securities of a Top Fund are distributed in Canada solely pursuant to exemptions from the prospectus requirements in NI 45-106;

(b) the investment by a Top Fund in an Underlying Fund is compatible with the fundamental objectives of the Top Fund;

(c) no management fees or incentive fees are payable by a Top Fund that, to a reasonable person, would duplicate a fee payable by the Underlying Fund for the same service;

(d) no sales fees or redemption fees are payable by the Top Fund in relation to its purchases or redemptions of securities of an Underlying Fund other than brokerage fees incurred on the purchase or disposition of securities of an Underlying Fund that are purchased or disposed of in the secondary market;

(e) the Manager or Marret, as applicable, does not cause the securities of an Underlying Fund held by a Top Fund to be voted at any meeting of the securityholders of an Underlying Fund, unless the Top Fund is the sole owner of the securities of the Underlying Fund at the time of the meeting or the effective date of the resolution, in which case the Manager or Marret, as applicable, will arrange for all the securities the Top Fund holds of the Underlying Fund to be voted by the beneficial holders of securities of the Top Fund;

(f) the offering memorandum (or other similar document) of each Top Fund discloses:

(i) that the Top Fund may purchase units of the Underlying Funds;

(ii) the fact that the Underlying Funds are also managed and/or advised by the Manager and/or Marret, as applicable;

(iii) the approximate percentage of net assets of the Top Fund that is intended to be invested in securities of the Underlying Fund; and

(iv) the process or criteria used to select the Underlying Fund.

(g) the Manager provides written disclosure in the next regular written communication made after the date of this decision to existing investors in the Initial Top Funds, of the following:

(i) that the Top Fund may purchase units of the Underlying Funds;

(ii) the fact that the Underlying Funds are also managed and/or advised by the Manager and/or Marret, as applicable;

(v) the approximate percentage of net assets of the Top Fund that is intended to be invested in securities of the Underlying Fund; and

(vi) the process or criteria used to select the Underlying Fund.

The Related Issuer Relief

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

The Arrow Consent Requirement Relief

"Mary Condon"
Commissioner
Ontario Securities Commission

"Margot Howard"
Commissioner
Ontario Securities Commission

2.1.12 Veolia Environnement S.A.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions -Dual application for Exemptive Relief Applications – Application for relief from the prospectus and registration requirements for certain trades made in connection with an employee share offering by a French issuer – The issuer cannot rely on the employee exemption in section 2.24 of National Instrument 45-106 Prospectus and Registration Exemptions as the securities are not being offered to Canadian employees directly by the issuer but rather through special purpose entities – Canadian participants will receive disclosure documents – The special purpose entities are subject to the supervision of the local securities regulator – Canadian participants will not be induced to participate in the offering by expectation of employment or continued employment – There is no market for the securities of the issuer in Canada – The number of Canadian participants and their share ownership are de minimis – Relief granted, subject to conditions.

Applicable Legislative Provisions

Securities Act (Ontario), ss. 25, 53 and 74.
National Instrument 45-106 Prospectus and Registration Exemptions
National Instrument 31-103 Registration Requirements and Exemptions

Translation

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

AND

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

AND

IN THE MATTER OF
VEOLIA ENVIRONNEMENT S.A.
(the "Filer")

DECISION

Background

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

1. an exemption from the prospectus requirements of the Legislation (the "**Prospectus Relief**") so that such requirements do not apply to

   (a) trades in

      (i) units (the "**Principal Classic Units**") of Sequoia Classique International, (the "**Principal Classic Fund**"), a *fonds commun de placement d'entreprise* or "FCPE," a form of collective shareholding vehicle of a type commonly used in France for the conservation and custodianship of shares held by employee-investors;

      (ii) units (the "**Temporary Classic Units**" and, together with the Principal Classic Units, the "**Classic Units**") of a temporary FCPE named Sequoia Classique International Relais 2010 (the "**Temporary Classic Fund**, which will will be merged with the Principal Classic Fund following completion of the Employee Share Offering (as defined below), such transaction being described as the "Merger" in paragraph 9(d) of the Representations) (the term "**Classic Fund**" used herein means, prior to the Merger, the Temporary Classic Fund and, following the Merger, the Principal Classic Fund); and

(iii) units (the "**Leveraged Units**," and together with Classic Units, the "**Units**") of a permanent FCPE named Sequoia Plus International 2010 (the "**Leveraged Fund**" and, together with the Principal Classic Fund and the Temporary Classic Fund, the "**Funds**")

made pursuant to the Employee Share Offering to or with Qualifying Employees (as defined below) of Canadian Affiliates (as defined below) resident in the Filing Jurisdictions and in British Columbia and Alberta that elect to participate in the Employee Share Offering (collectively, the "**Canadian Participants**");

(b) trades in ordinary shares of the Filer (the "**Shares**") by the Funds to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants; and

(c) the issuance of Principal Classic Units to holders of Leveraged Units upon a transfer of Canadian Participants' assets in the Leveraged Fund to the Principal Classic Fund at the end of the Lock-Up Period (as defined below).

2. an exemption from the dealer registration requirements of the Legislation (the "**Registration Relief**") so that such requirements do not apply to the Veolia Group (as defined below), the Funds and the Management Company (as defined below) in respect of the following:

(a) trades in Classic Units made pursuant to the Employee Share Offering to or with Canadian Participants;

(b) trades in Leveraged Units made pursuant to the Employee Share Offering to or with Canadian Participants not resident in Ontario;

(c) trades in Shares by the Funds to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants; and

(d) the issuance of Principal Classic Units to holders of Leveraged Units upon a transfer of Canadian Participants' assets in the Leveraged Fund to the Principal Classic Fund at the end of the Lock-Up Period;

(the Prospectus Relief and the Registration Relief, collectively, the "**Offering Relief**").

3. Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application),

(a) the Autorité des marches financiers is the principal regulator for this application,

(b) the Filer has provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System* ("**Regulation 11-102**") is intended to be relied upon in British Columbia and Alberta (the "**Other Offering Jurisdictions**" and, together with the Filing Jurisdictions, the "**Jurisdictions**"), and

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

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions, Regulation 45-102 respecting resale of securities, Regulation 45-106 respecting Prospectus and Registration Exemptions* and *Regulation 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 formed under the laws of France. It is not and has no current intention of becoming a reporting issuer under the Legislation or under the securities legislation of the Other Offering Jurisdictions. The head office of the Filer is located in France and the Shares are listed on Euronext Paris.

2. The Filer carries on business in Canada through the following affiliated companies: Veolia ES Canada Inc., Veolia ES Canada Services Industriels Inc., Veolia ES Canada Industriel Services Inc., Veolia ES Matières Résiduelles Inc., Veolia Transport Québec Inc., Autobus Boulais Ltée, Veolia Water Canada Inc., John Meunier Inc., and Veolia Transportation Inc. (collectively, the "**Canadian Affiliates**" and, together with the Filer and other affiliates of the Filer, the "**Veolia Group**"). Each of the Canadian Affiliates is a direct or indirect controlled subsidiary of the Filer and is not, and has no current intention of becoming, a reporting issuer under the Legislation or under the securities legislation of

the Other Offering Jurisdictions. The head office of each of the major operating divisions of the Veolia Group in Canada is located in Montréal, Québec, and the greatest number of employees of Canadian Affiliates are employed in Québec.

3. As of the date hereof and after giving effect to the Employee Share Offering, Canadian residents do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held by the Funds on behalf of Canadian Participants) more than 10% of the Shares and do not and will not represent in number more than 10% of the total number of holders of Shares as shown on the books of the Filer.

4. The Filer has established a global employee share offering for employees of the Veolia Group (the "**Employee Share Offering**"). The Employee Share Offering is comprised of two subscription options:

   (a) an offering of Shares to be subscribed through the Temporary Classic Fund, which Temporary Classic Fund will be merged with the Principal Classic Fund following completion of the Employee Share Offering (the "**Classic Plan**"); and

   (b) an offering of Shares to be subscribed through the Leveraged Fund (the "**Leveraged Plan**").

5. Only persons who are employees of a member of the Veolia Group during the subscription period for the Employee Share Offering and who meet other employment criteria (the "**Qualifying Employees**") will be allowed to participate in the Employee Share Offering. Retired employees of the Veolia Group in Canada will not be permitted to participate in the Employee Share Offering.

6. The Funds have been established for the purpose of implementing the Employee Share Offering. There is no current intention for any of the Funds to become a reporting issuer under the Legislation or under the securities legislation of the Other Offering Jurisdictions.

7. Each of the Funds is an FCPE, which is a shareholding vehicle of a type commonly used in France for the conservation and custodianship of shares held by employee investors. The Funds will be registered with, and approved by, the Autorité des marchés financiers in France (the "**French AMF**") prior to the commencement of the subscription period in respect of the Employee Share Offering.

8. All Units acquired under the Classic Plan or the Leveraged Plan by Canadian Participants will be subject to a hold period of approximately five years (the "**Lock-Up Period**"), subject to certain exceptions prescribed by French law (such as a release on death, disability or termination of employment).

9. Under the Classic Plan:

   (a) The Temporary Classic Fund will subscribe for Shares on behalf of the Canadian Participants at a subscription price that is equal to the price calculated as the arithmetical average of the opening Share price on Euronext Paris on the 20 trading days preceding the date of the fixing of the subscription price by the Board of Directors of the Filer (the "**Reference Price**"), less a 10% discount (the "**Subscription Price**").

   (b) Subject to the limitations on total employer matching contribution discussed below, the Canadian Affiliate employing a Canadian Participant will match the amount contributed by such Canadian Participant into the Classic Plan. The maximum employer matching contribution for each Canadian Participant under both the Classic Plan and the Leveraged Plan, collectively, is the Canadian dollar equivalent of 600€ (currently approximately $800). A Canadian Participant may subscribe for more Shares under the Classic Plan; however, they will not be matched by the Canadian Affiliate.

   (c) The Temporary Classic Fund will apply the cash received from Canadian Participants and the cash received in respect of the matching contribution from Canadian Affiliates (whether matched under the Classic Plan or the Leveraged Plan, as described below) to subscribe for Shares of the Filer. The Shares will be held in the Temporary Classic Fund and the Canadian Participants will receive Temporary Classic Units representing the subscription of all Shares, including Shares purchased using the employer matching contribution under both the Classic Plan and the Leveraged Plan.

   (d) Following the completion of the Employee Share Offering, the Temporary Classic Fund will be merged with the Principal Classic Fund (subject to the French AMF's approval). Temporary Classic Units held by Canadian Participants will be replaced with Principal Classic Units on a pro rata basis and the Shares subscribed for under the Employee Share Offering will be held in the Principal Classic Fund (such transaction being referred to as, the "**Merger**").

(e) Dividends paid on the Shares held in the Classic Fund will be contributed to the Classic Fund and used to purchase additional Shares. To reflect this reinvestment, new Classic Units (or fractions thereof) will be issued to Canadian Participants.

(f) At the end of the Lock-Up Period or in the event of an early redemption resulting from the Canadian Participant relying on one of the exceptions to the Lock-Up Period prescribed by French law, a Canadian Participant may

(i) request to have his or her Classic Units redeemed in consideration for the underlying Shares or a cash payment equal to the then market value of the underlying Shares; or

(ii) continue to hold Classic Units in the Classic Fund and request to have those Classic Units redeemed at a later date.

10. Under the Leveraged Plan:

(a) The subscription price for the Shares under the Leveraged Plan is the Subscription Price (i.e., the Reference Price less a 10% discount).

(b) Canadian Participants will contribute 16.66% of the price of each Share, expressed in Euros, to be subscribed for by the Leverage Fund (the "**Leveraged Plan Employee Contribution**"). The Leveraged Fund will enter into a swap agreement (the "**Swap Agreement**") with Crédit Agricole CIB (the "**Bank**"). Under the terms of the Swap Agreement, the Bank will contribute the remaining 83.34% of the price of each Share to be subscribed for by the Leveraged Fund (the "**Bank Contribution**").

(c) The Canadian Affiliate employing a Canadian Participant will match the Leveraged Plan Employee Contribution. As discussed above, the Temporary Classic Fund (and not the Leveraged Fund) will apply the cash received from such employer matching contribution and subscribe for additional Shares at the Subscription Price. Such additional Shares shall be for the benefit of, and at no cost to, the Canadian Participant. These additional Shares will be held by the Temporary Classic Fund, not the Leveraged Fund, and Canadian Participant will receive additional Units in the Temporary Classic Fund. The maximum matching contribution under the Leveraged Plan is the Canadian dollar equivalent of 300€ (currently approximately $400).

(d) The Leveraged Fund will apply the cash received from the Leveraged Plan Employee Contribution and the Bank Contribution to subscribe for Shares from the Filer.

(e) The Canadian Participants will receive Units in the Leveraged Fund representing the Shares subscribed for with the Employee Contribution and the potential gain on the Shares subscribed for with the Bank Contribution.

(f) Under the terms of the Swap Agreement, at the end of the Lock-Up Period, the Leveraged Fund will owe to the Bank an amount equal to A – [B+C], where:

(1) "A" is the market value of all the Shares at the end of the Lock-Up Period that are held in the Leveraged Plan (as determined pursuant to the terms of the Swap Agreement),

(2) "B" is the aggregate amount of all Leveraged Plan Employee Contributions;

(3) "C" is an amount (the "**Appreciation Amount**") equal to the sum of

(A) a 2% annual return on the aggregate amount of all Leveraged Plan Employee Contributions (the "**2% Return**"); and

(B) 1.5 times the positive difference, if any, between

(I) the average price of the Shares based on the last closing price of the Shares of each month over the Lock-Up period (i.e., a total of 60 readings),[1] and

[1] In the event this Share price is lower than the Subscription Price, the Subscription Price will be used instead.

(II) the Subscription Price,

multiplied by

(III) the number of Shares subscribed with the Leveraged Plan Employee Contributions in the Leveraged Fund.

(g) In addition to the above, if, at the end of the Lock-Up Period, the market value of the Shares held in the Leveraged Fund (i.e., item "A" in the above-noted formula) is less than 100% of the Leveraged Plan Employee Contributions, the Bank will, pursuant to a guarantee arrangement contained in the Swap Agreement, make a contribution to the Leveraged Fund to make up any shortfall (i.e. to cover the Leveraged Plan Employee Contributions and the 2% return).

(h) At the end of the Lock-Up Period, a Canadian Participant may elect to have his or her Leveraged Units redeemed in consideration for cash or Shares equivalent to

(i) the Leveraged Plan Employee Contribution; and

(ii) his or her portion of the Appreciation Amount,

(the "**Redemption Formula**").

(i) If a Canadian Participant does not request the redemption of his or her Leveraged Units at the end of the Lock-Up Period, his or her investment in the Leveraged Fund will be transferred to the Principal Classic Fund (subject to the decision of the supervisory board of the Leveraged Fund and the approval of the French AMF). New Principal Classic Units will be issued to the applicable Canadian Participants in recognition of the assets transferred to the Principal Classic Fund. Canadian Participants may request the redemption of the new Principal Classic Units whenever they wish. However, following a transfer to the Principal Classic Fund, the Leveraged Plan Employee Contribution and the Appreciation Amount will no longer be covered by the Swap Agreement (nor the Bank's guarantee contained therein).

(j) Pursuant to the terms and conditions of the guarantee contained in the Swap Agreement, a Canadian Participant in the Leveraged Plan will be entitled to receive 100% of his or her Leveraged Plan Employee Contribution and the corresponding 2% Return at the end of the Lock-Up Period or upon the occurrence of an early unwind resulting from the Canadian Participant relying on one of the exceptions to the Lock-Up Period. The Management Company is permitted to cancel the Swap Agreement (which will have the effect of cancelling the guarantee) in certain strictly defined conditions where it is in the best interests of the holders of Leveraged Units. The Management Company is required under French law to act in the best interests of the holders of Leveraged Units. In the event that the Management Company cancelled the Swap Agreement and this was not in the best interests of the holders of Leveraged Units, then such holders would have a right of action under French law against the Management Company. Under no circumstances will a Canadian Participant in the Leveraged Fund be responsible to contribute an amount greater than his or her Leveraged Plan Employee Contribution.

(k) In the event of an early unwind resulting from the Canadian Participant relying on one of the exceptions to the Lock-Up Period prescribed by French law and meeting the applicable criteria, a Canadian Participant may request the redemption of Leveraged Units using the Redemption Formula. The measurement of the increase, if any, above the Reference Price will be carried out in accordance with similar rules to those applied to redemption at the end of the Lock-up Period, but it will be measured using values of the Shares on or about the time of the early unwind instead.

(l) Under the terms of the Swap Agreement, the Leveraged Fund will remit to the Bank an amount equal to the net amounts of any dividends paid on the Shares held in the Leveraged Fund as partial consideration for the obligations assumed by the Bank under the Swap Agreement.

(m) For Canadian federal income tax purposes, a Canadian Participant in the Leveraged Plan will be deemed to receive all dividends paid on the Shares financed by either the Leveraged Plan Employee Contribution or the Bank Contribution at the time such dividends are paid to the Leveraged Fund, notwithstanding the actual non-receipt of the dividends by the Canadian Participants.

(n) The payment of dividends on the Shares (in the ordinary course or otherwise) is strictly determined by the Board of Directors of the Filer and approved by the shareholders of the Filer. The Filer has not made any commitment to the Bank as to any minimum payment of dividends during the term of the Lock-Up Period.

(o) To respond to the fact that, at the time of the initial investment decision relating to participation in the Leveraged Plan, Canadian Participants will be unable to quantify their potential income tax liability resulting from such participation, the Filer or the Canadian Affiliates will indemnify each Canadian Participant in the Leveraged Plan for the following costs: all tax costs to the Canadian Participants associated with the payment of dividends in excess of a specified amount of Euros per calendar year per Share during the Lock-Up Period; such that, in all cases, a Canadian Participant will, at the time of the original investment decision, be able to determine his or her maximum tax liability in connection with dividends received by the Leveraged Fund on his or her behalf under the Leveraged Plan.

(p) At the time the Leveraged Fund's obligations under the Swap Agreement are settled, the Canadian Participant will realize a capital gain (or capital loss) by virtue of having participated in the Swap Agreement to the extent that amounts received by the Leveraged Fund, on behalf of the Canadian Participant, from the Bank exceed (or are less than) amounts paid by the Leveraged Fund, on behalf of the Canadian Participant, to the Bank. Any dividend amounts paid to the Bank under the Swap Agreement will serve to reduce the amount of any capital gain (or increase the amount of any capital loss) that the Canadian Participant would have realized. Capital losses (gains) realized by a Canadian Participant may generally be offset against (reduced by) any capital gains (losses) realized by the Canadian Participant on a disposition of the Shares, in accordance with the rules and conditions under the *Income Tax Act* (Canada) or comparable provincial legislation (as applicable).

11. Under French law, each of the Funds is an FCPE, which is a limited liability entity. Each Fund's portfolio will almost exclusively consist of Shares, although the Leveraged Fund's portfolio will also include rights and associated obligations under the Swap Agreement. The Funds may also hold cash or cash equivalents pending investments in Shares and for the purposes of facilitating Unit redemptions.

12. The manager of the Funds, Natixis Asset Management (the "**Management Company**"), is a portfolio management company governed by the laws of France. The Management Company is registered with the French AMF to manage French investment funds and complies with the rules of the French AMF. The Management Company is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of any of the Other Offering Jurisdictions.

13. The Management Company's portfolio management activities in connection with the Employee Share Offering and the Funds are limited to subscribing for Shares from the Filer, selling such Shares as necessary in order to fund redemption requests, and such activities as may be necessary to give effect to the Swap Agreement.

14. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents. The Management Company's activities will not affect the underlying value of the Shares.

15. None of the Filer, the Management Company, the Canadian Affiliates or any of their employees, agents or representatives will provide investment advice to the Canadian Participants with respect to investments in the Shares or the Units.

16. Shares issued in the Employee Share Offering will be deposited in the respective Fund's accounts with CACEIS Bank (the "**Depositary**"), a large French commercial bank subject to French banking legislation.

17. Under French law, the Depositary must be selected by the Management Company from among a limited number of companies identified on a list maintained by the French Minister of the Economy, Finance and Industry and its appointment must be approved by the French AMF. The Depositary carries out orders to purchase, trade and sell Shares and takes all necessary action to allow the Funds to exercise the rights relating to the Shares held in their respective portfolios.

18. Participation in the Employee Share Offering is voluntary, and the Canadian Participant will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.

19. The total amount invested by a Canadian Participant in the Employee Share Offering cannot exceed 25% of his or her estimated gross annual compensation for the 2010 calendar year (the calculation of the investment limit takes into account the Bank Contribution but not the amounts contributed by the employer).

20. The Shares are not currently listed for trading on any stock exchange in Canada and there is no intention to have the Shares so listed. As there is no market for the Shares in Canada, and as none is expected to develop, any first trades of Shares by Canadian Participants will be effected through the facilities of, and in accordance with, the rules and

regulations of Euronext Paris. The Units will not be listed for trading on any stock exchange and there is no intention to have the Units listed.

21. The Filer will retain a securities dealer registered as a broker/investment dealer (the "**Registrant**") under the securities legislation of Ontario to provide advisory services to Canadian Participants resident in Ontario who express interest in the Leveraged Plan and to make a determination, in accordance with industry practices, as to whether an investment in the Leveraged Plan is suitable for each such Canadian Participant based on his or her particular financial circumstances.

22. Canadian Participants will receive an information package in the French or English language (according to their preference) which will include a summary of the terms of the Employee Share Offering, a tax notice containing a description of Canadian income tax considerations relating to the subscription to and holding of Units and the redemption thereof at the end of the Lock-Up Period, an information notice approved by the French AMF for each Fund describing its main characteristics and a subscription form. The information package for Canadian Participants in the Leveraged Plan will include all the necessary information for general inquiry and support with respect to the Leveraged Plan and will also include a risk statement which will describe certain risks associated with an investment in Leveraged Units pursuant to the Leveraged Plan.

23. Canadian Participants will also receive an annual statement indicating the number of Units they hold, as well as their value.

24. Canadian Participants may consult the Filer's annual report on Form 20-F filed with the SEC and/or the French *Document de référence* filed with the French AMF in respect of the Shares as well as a copy of the relevant Fund's rules (which are analogous to company by-laws in a corporate context). Canadian Participants will also have access to copies of the continuous disclosure materials relating to the Filer that are furnished to its shareholders generally.

25. There are approximately 2,300 Qualifying Employees resident in Canada, with the largest number residing in Québec (approximately 1,167) and the second largest number residing in Ontario (approximately 588). Qualifying Employees are also located in British Columbia and Alberta. The total number of Qualifying Employees resident in Canada is less than 1% of the total number of Qualifying Employees of the Veolia Group worldwide.

26. The Filer is not, and none of the Canadian Affiliates are, in default under the Legislation or the securities legislation of any Other Offering Jurisdictions. To the best of the Filer's knowledge, the Management Company is not in default of the Legislation or the securities legislation of any Other Offering Jurisdictions.

Decision

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

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

1. the prospectus requirements of the Legislation will apply to the first trade in any Units or Shares acquired by Canadian Participants pursuant to this Decision, unless the following conditions are met:

    (a) the issuer of the security

        (i) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or

        (ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;

    (b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada

        (i) did not own, directly or indirectly, more than 10% of the outstanding securities of the class or series, and

        (ii) did not represent in number more than 10% of the total number of owners, directly or indirectly, of securities of the class or series; and

    (c) the first trade is made

(i) through the facilities of an exchange, or a market, outside of Canada, or

(ii) to a person or company outside of Canada;

2. in Québec, the required fees are paid in accordance with Section 271.6(1.1) of the *Securities Regulation* (Québec).

"Jean Digle"
Director, Corporate Finance

2.1.13 Peak Energy Services Trust

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted from the current annual financial statement and current annual information form short form prospectus qualification criteria – relief granted as disclosure regarding the predecessor issuer will effectively be the disclosure of the successor issuer – predecessor issuer is qualified to file a short form prospectus.

Applicable Legislative Provisions

National Instrument 44-101, s. 8.1 Short Form Prospectus Distributions.

Citation: Peak Energy Services Trust, Re, 2010 ABASC 576

December 14, 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
PEAK ENERGY SERVICES TRUST
(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**) exempting New Peak (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 (as defined below) until the earlier of: (i) 30 March 2012; and (ii) the date upon which New Peak, as successor issuer to the Filer, and which is anticipated to become a reporting issuer on 1 January 2011, has filed both its annual financial statements and annual information form for the year ended 31 December 2011 pursuant to NI 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) (the **Qualification 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 Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, 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

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 Filer, PESL, Newco, and New Peak

1. On 2 November 2010, the Decision Makers issued an order that exempted the Filer and New Peak (as defined below) from certain securities law requirements in the context of the proposed internal reorganization of the Filer into a corporate structure, notably the order:

   (a) exempted the Filer from the requirement under section 14.2 of Form 51-102F5 *Information Circular* (the **Circular Form**) to provide: (i) an income statement, a statement of retained earnings and a cash flow statement of Peak Energy Services Ltd. (**PESL**) for each of the financial years ended 31 December 2009, 31 December 2008 and 31 December 2007 as well as a balance sheet of PESL as at the end of 31 December 2009 and 31 December 2008 (the **Annual Financial Statements**); (ii) a comparative income statement, a statement of retained earnings and a cash flow statement of PESL for the interim period ended 30 June 2010, as well as a balance sheet of PESL as at the end of 30 June 2010 and 31 December 2009 (the **Interim Financial Statements**); and (iii) the management's discussion and analysis of PESL corresponding to each of the financial years ended 31 December 2009 and 31 December 2008 and the interim period of 30 June 2010 (the **MD&A**, and together with the Annual Financial Statements and

Interim Financial Statements, the **Financial Information**) in the management information circular of the Filer (the **Circular**) dated 3 November 2010 and delivered to the holders (**Unitholders**) of trust units of the Filer (**Units**) in connection with a special meeting (the **Meeting**) of Unitholders and the holders of options to acquire Units (**Optionholders** and together with the Unitholders, the **Securityholders**) expected to be held 3 December 2010 for the purposes of considering a plan of arrangement under the *Business Corporations Act* (Alberta) (the **Arrangement**) resulting in the internal reorganization of the Filer's trust structure into a corporate structure (the **Circular Relief**);

(b) exempted the corporation to be known as "Peak Energy Services Ltd." (**New Peak**), which will be the corporation resulting from the amalgamation of Peak Energy Services (2011) Ltd. (**Newco**) and PESL pursuant to the terms of the Arrangement, from the requirement applicable to New Peak contained in section 2.8 of National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**) 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**); and

(c) exempted New Peak from the requirement under subsection 4.1(b) of NI 44-101 for New Peak to file a Personal Information Form and Authorization to Collect, Use and Disclose Personal Information in the form attached as Appendix A to National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) for each director and executive officer of New Peak at the time of filing a preliminary short form prospectus for whom the Filer has previously delivered any of the documents described in paragraphs 4.1(b)(i)(E) through (G) of NI 44-101 at the time of filing such preliminary short-form prospectus (the **PIF Relief**).

The Filer

2. The Filer is an unincorporated open-ended limited purpose trust established under the laws of Alberta pursuant to a trust indenture dated 20 March 2004, as amended from time to time. The principal office of the Filer is located in Calgary, Alberta.

3. The Filer is a reporting issuer or the equivalent under the securities legislation of each of the provinces of Canada. The Filer is not in default of securities legislation in any jurisdiction of Canada.

4. The authorized capital of the Filer includes an unlimited number of Units. As at 16 November 2010, there were 172,383,175 Units outstanding.

5. The Units are listed on the Toronto Stock Exchange (**TSX**).

6. The Filer has filed a “current AIF” and “current annual financial statements” (as such terms are defined in NI 44-101) for the financial year ended 31 December 2009.

PESL

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

8. PESL is wholly-owned by the Filer.

9. PESL is a reporting issuer under the securities legislation of each of the provinces of Canada and is not in default of applicable securities legislation in any jurisdiction of Canada.

10. The authorized capital of PESL includes an unlimited number of common shares (**PESL Shares**). As at 16 November 2010, there were 201 PESL Shares outstanding.

11. The PESL Shares are not listed or posted for trading on any exchange or quotation and trade reporting system.

Newco and New Peak

12. Newco is a corporation incorporated under the laws of Alberta. The principal office of Newco is located in Calgary, Alberta.

13. Newco is a wholly-owned subsidiary of PESL and was incorporated solely to participate in the Arrangement, including to issue common shares of Newco to former Unitholders and to amalgamate with PESL to form New Peak, as a result of which the former Unitholders will hold common shares of New Peak (**New Peak Shares**) following the completion of the Arrangement.

14. Newco is not a reporting issuer in any jurisdiction and is not in default of applicable securities legislation in any jurisdiction of Canada. Following completion of the Arrangement, New Peak, as amalgamation successor to Newco and PESL, will be a reporting issuer in each of the provinces of Canada.

15. None of the common shares issued by Newco will be listed or posted for trading on any exchange or quotation system and trade reporting system. The TSX has conditionally approved the listing of the New Peak Shares to be issued in connection with the Arrangement on the TSX.

Arrangement

16. As part of the Arrangement, (i) the Filer will be dissolved; (ii) the Units will be cancelled; (iii) common shares of Newco will be distributed to the Unitholders on a one-for-one basis; (iv) the common shares of Newco will continue as New Peak Shares; and (iv) New Peak will own, directly or indirectly, all of the existing assets and assume all of the existing liabilities of the Filer and PESL, effectively resulting in the internal reorganization of the Filer's trust structure into a corporate structure.

17. Following the completion of the Arrangement: (i) the sole business of New Peak will be the current business of the Filer; (ii) New Peak will be a reporting issuer or the equivalent under the securities legislation in each of the provinces of Canada; and (iii) the New Peak Shares will be listed on the TSX.

18. The Arrangement does not contemplate the acquisition of any additional operating assets or the disposition of any existing operating assets and will not result in a change in the ultimate beneficial ownership of the assets and liabilities of the Filer. The Arrangement will be an internal reorganization undertaken without dilution to the Unitholders or additional debt or interest expense.

19. Pursuant to the Filer's constating documents and applicable securities laws, the Securityholders will be required to approve the Arrangement at the Meeting. The Arrangement must be approved by not less than two-thirds of the votes cast by Securityholders at the Meeting. The Meeting took place on 3 December 2010 and the Arrangment was approved by the Securityholders.

20. The Arrangement will be a “restructuring transaction” under NI 51-102 in respect of the Filer and therefore would require compliance with section 14.2 of the Circular Form.

21. Subsequent to the effective date of the Arrangement and in accordance with the timing specified in the Qualification Relief, New Peak, as successor issuer to the Filer, will file on its SEDAR profile certain continuous disclosure documents of the Filer for the year ended 31 December 2010 that would be required to be filed by the Filer under NI 51-102 if it were still a reporting issuer 90 days after 31 December 2010, including (i) the audited annual comparative financial statements and management's discussion and analysis of New Peak, as successor issuer of the Filer, for the financial year ended 31 December 2010; and, (ii) an annual information form of New Peak, as successor issuer of the Filer, for the year ended 31 December 2010 (such financial statements, management's discussion and analysis and annual information form referred to as the **Filer 2010 Annual Filings**).

22. The Arrangement is being undertaken to reorganize the Filer 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, the Filer will be reorganized into a public growth-oriented oil and gas services corporation, New Peak, that will retain the name “Peak Energy Services Ltd.” and will own, directly or indirectly, all of the existing assets and assume all of the existing liabilities of the Filer.

23. The rights of the Unitholders in respect of New Peak following the Arrangement will be substantively equivalent to the rights the Unitholders currently have in respect of the Filer, as applicable, and their relative interest in and to the business carried on by New Peak will not be affected by the Arrangement.

24. The only securities that will be distributed to the Unitholders pursuant to the Arrangement will be common shares of Newco, which will continue as New Peak Shares.

25. While changes to the consolidated financial statements of New Peak will be required to reflect the organizational structure of the Filer following the Arrangement, the financial position of New Peak will be substantially the same as reflected in the Filer'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 Filer's unaudited interim 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. 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 will be lost.

Exemptive Relief Sought

26. 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.

27. New Peak 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 has been filed by the Filer (a party to the restructuring transaction), the Circular complies with applicable securities legislation and the Circular includes the disclosure required by Item 14.2 of the Circular Form, except for the Financial Information which was not included in the Circular pursuant to the Circular Relief.

28. The Filer is qualified to file a prospectus in the form of a short form prospectus pursuant to subsection 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 subsection 2.8(4) of NI 44-101.

29. The Filer anticipates that New Peak 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 or other securities) of New Peak.

30. The short form prospectus of New Peak 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 New Peak, 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 Qualification Relief is granted, provided that any short form prospectus filed by New Peak pursuant to NI 44-101 during the currency of the Qualification Relief specifically incorporates by reference:

(i) the Circular and any financial statements and related management's discussion and analysis of the Filer incorporated by reference into the Circular;

(ii) if the short form prospectus is filed before the earlier of the Filer 2010 Annual Filings having been filed by New Peak or the date that is 90 days following 31 December 2010, the unaudited comparative interim financial statements of the Filer for the three and nine months ended 30 September 2010 together with the accompanying management's discussion and analysis of the Filer;

(iii) if the short form prospectus is filed either after the Filer 2010 Annual Filings have been filed by New Peak or on a date more than 90 days following 31 December 2010, the Filer 2010 Annual Filings; and

(iv) any continuous disclosure documents of New Peak, as successor issuer to the Filer, required to be incorporated by reference pursuant to the Prospectus Form.

Blaine Young
Associate Director, Corporate Finance

2.1.14 Peyto Energy Trust

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted from the current annual financial statement and current annual information form short form prospectus qualification criteria – relief granted as disclosure regarding the predecessor issuer will effectively be the disclosure of the successor issuer – predecessor issuer is qualified to file a short form prospectus.

Applicable Legislative Provisions

National Instrument 44-101, s. 8.1 Short Form Prospectus Distributions.

Citation: Peyto Energy Trust, Re, 2010 ABASC 589

December 20, 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
PEYTO ENERGY TRUST
(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**) exempting New Peyto (as defined below) from the qualification criteria for short form prospectus eligibility contained in subsection 2.2(d) of NI 44-101 *Short Form Prospectus Distributions* (**NI 44-101**) following completion of the Arrangement (as defined below) until the earlier of: (i) 30 March 2012; and (ii) the date upon which New Peyto, as successor issuer to the Filer, and which is anticipated to become a reporting issuer on 1 January 2011, has filed both its annual financial statements and annual information form for the year ended 31 December 2011 pursuant to National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) (the **Qualification 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 Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 Passport System (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, 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

Terms defined in NI 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 Filer, Peyto AdminCo, PEDC, Newco and New Peyto

1. On 2 November 2010, the Decision Makers issued an order that exempted the Filer and New Peyto (as defined below) from certain securities law requirements in the context of the proposed internal reorganization of the Filer into a corporate structure, notably the order:

   (a) exempted the Filer from the requirement under section 14.2 of Form 51-102F5 *Information Circular* (the **Circular Form**) to provide: (i) an income statement, a statement of retained earnings and a cash flow statement of each of Peyto Energy Administration Corp. (**Peyto AdminCo**) and Peyto Exploration & Development Corp. (**PEDC**) for each of the financial years ended 31 December 2009, 31 December 2008 and 31 December 2007 as well as a balance sheet of each of Peyto AdminCo and PEDC as at the end of 31 December 2009 and 31 December 2008 (the **Annual Financial Statements**); (ii) a comparative income statement, a statement of retained earnings and a cash flow statement of each of Peyto AdminCo and PEDC for the interim period ended 30 June 2010, as well as a balance sheet of each of Peyto AdminCo and PEDC as at the end of 30 June 2010 and 31 December 2009 (the **Interim Financial Statements**); and (iii) the management's discussion and

analysis of each of Peyto AdminCo and PEDC corresponding to each of the financial years ended 31 December 2009 and 31 December 2008 and the interim period of 30 June 2010 (the **MD&A**, and together with the Annual Financial Statements and Interim Financial Statements, the **Financial Information**) in the management information circular of the Filer (the **Circular**) dated 5 November 2010 and delivered to the holders (**Unitholders**) of trust units of the Filer (**Units**) in connection with a special meeting (the **Meeting**) of Unitholders expected to be held 8 December 2010 for the purposes of considering a plan of arrangement under the *Business Corporations Act* (Alberta) (the **Arrangement**) resulting in the internal reorganization of the Filer's trust structure into a corporate structure (the **Circular Relief**);

(b) exempted the corporation to be known as "Peyto Exploration & Development Corp." (**New Peyto**), which will be the corporation resulting from the amalgamation of Peyto Exploration (2011) Ltd. (**Newco**), Peyto AdminCo and PEDC pursuant to the terms of the Arrangement, from the requirement applicable to New Peyto contained in section 2.8 of NI 44-101 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; and

(c) exempted New Peyto from the requirement under subsection 4.1(b) of NI 44-101 for New Peyto to file a Personal Information Form and Authorization to Collect, Use and Disclose Personal Information in the form attached as Appendix A to NI 41-101 *General Prospectus Requirements* (**NI 41-101**) for each director and executive officer of New Peyto at the time of filing a preliminary short form prospectus for whom the Filer has previously delivered any of the documents described in paragraphs 4.1(b)(i)(E) through (G) of NI 44-101 at the time of filing such preliminary short-form prospectus.

The Filer

2. The Filer is an open-ended unincorporated investment trust established under the laws of Alberta pursuant to a trust indenture dated 22 May 2003 and amended and restated on 1 January 2008. The principal office of the Filer is located in Calgary, Alberta.

3. The Filer is a reporting issuer or the equivalent under the securities legislation of each of the provinces of Canada. The Filer is not in default of securities legislation in any jurisdiction of Canada.

4. The authorized capital of the Filer includes an unlimited number of Units. As of 30 November 2010, there were 131,372,061 Units outstanding.

5. The Units are listed on the Toronto Stock Exchange (**TSX**).

6. The Filer has filed a “current AIF” and “current annual financial statements” (as such terms are defined in NI 44-101) for the financial year ended 31 December 2009.

Peyto AdminCo

7. Peyto AdminCo is a corporation incorporated under the laws of Alberta. The principal office of Peyto AdminCo is located in Calgary, Alberta.

8. Peyto AdminCo is wholly-owned by the Filer.

9. Peyto AdminCo is not a reporting issuer in any jurisdiction and is not in default of applicable securities legislation in any jurisdiction of Canada.

10. The common shares of Peyto AdminCo are not listed or posted for trading on any exchange or quotation and trade reporting system.

PEDC

11. PEDC is a corporation amalgamated under the laws of Alberta. The principal office of PEDC is located in Calgary, Alberta.

12. PEDC is wholly-owned by the Filer.

13. PEDC is not a reporting issuer in any jurisdiction and is not in default of applicable securities legislation in any jurisdiction of Canada.

14. The common shares of PEDC are not listed or posted for trading on any exchange or quotation and trade reporting system.

Newco and New Peyto

15. Newco is a corporation incorporated under the laws of Alberta. The principal office of Newco is located in Calgary, Alberta.

16. Newco is an indirect wholly-owned subsidiary of the Filer and was incorporated solely to participate in the Arrangement, including to issue common shares of Newco to former Unitholders and to amalgamate with Peyto AdminCo and PEDC to

form New Peyto, as a result of which the former Unitholders will hold common shares of New Peyto (**New Peyto Shares**) following the completion of the Arrangement.

17. Newco is not a reporting issuer in any jurisdiction and is not in default of applicable securities legislation in any jurisdiction of Canada. Following completion of the Arrangement, New Peyto, as amalgamation successor to Peyto AdminCo, PEDC and Newco, will be a reporting issuer in each of the provinces of Canada.

18. None of the common shares issued by Newco are listed or posted for trading on any exchange or quotation system and trade reporting system. The TSX has conditionally approved the listing of the New Peyto Shares to be issued in connection with the Arrangement on the TSX.

Arrangement

19. As part of the Arrangement: (i) the Filer will be dissolved; (ii) the Units will be cancelled; (iii) common shares of Newco will be distributed to the Unitholders on a one-for-one basis; (iv) the common shares of Newco will continue as New Peyto Shares; and (iv) New Peyto will directly own all of the existing assets and assume all of the existing liabilities of the Filer, effectively resulting in the internal reorganization of the Filer's trust structure into a corporate structure.

20. Following the completion of the Arrangement: (i) the sole business of New Peyto will be the current business of the Filer; (ii) New Peyto will be a reporting issuer or the equivalent under the securities legislation in each of the provinces of Canada; and (iii) the New Peyto Shares will be listed on the TSX.

21. The Arrangement does not contemplate the acquisition of any additional operating assets or the disposition of any existing operating assets and will not result in a change in the ultimate beneficial ownership of the assets and liabilities of the Filer. The Arrangement will be an internal reorganization undertaken without dilution to the Unitholders or additional debt or interest expense.

22. Pursuant to the Filer's constating documents and applicable securities laws, the Unitholders will be required to approve the Arrangement at the Meeting. The Arrangement must be approved by not less than two-thirds of the votes cast by the Unitholders at the Meeting. The Meeting took place on 8 December 2010. The Arrangement was approved by the Unitholders.

23. The Arrangement will be a "restructuring transaction" under NI 51-102 in respect of the Filer and therefore would require compliance with section 14.2 of the Circular Form.

24. Subsequent to the effective date of the Arrangement and in accordance with the timing specified in the Qualification Relief, New Peyto, as successor issuer to the Filer, will file on SEDAR certain continuous disclosure documents of the Filer for the year ended 31 December 2010 that would be required to be filed by the Filer under NI 51-102 if it were still a reporting issuer 90 days after 31 December 2010, including: (i) the audited annual comparative financial statements and management's discussion and analysis of New Peyto, as successor issuer of the Filer, for the financial year ended 31 December 2010; and (ii) an annual information form of New Peyto, as successor issuer of the Filer, for the year ended 31 December 2010 (such financial statements, management's discussion and analysis and annual information form referred to as the **Filer 2010 Annual Filings**).

25. The Arrangement is being undertaken to reorganize the Filer 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, the Filer will be reorganized into a dividend paying public oil and gas exploration and development corporation, New Peyto, that will operate under the name "Peyto Exploration & Development Corp." and will directly own all of the existing assets and assume all of the existing liabilities of the Filer.

26. The rights of the Unitholders in respect of New Peyto following the Arrangement will be substantively equivalent to the rights the Unitholders currently have in respect of the Filer and their relative interest in and to the business carried on by New Peyto will not be affected by the Arrangement.

27. The only securities that will be distributed to the Unitholders pursuant to the Arrangement will be common shares of Newco, which will continue as New Peyto Shares.

28. While changes to the consolidated financial statements of New Peyto will be required to reflect the organizational structure of the Filer following the Arrangement, the financial position of New Peyto will be substantially the same as reflected in the Filer'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 Filer's unaudited interim 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. In particular, the entity that exists both before and subsequent to the Arrangement will 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 will be lost.

Exemptive Relief Sought

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 for the successor issuer.

30. New Peyto 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 has been filed by the Filer (a party to the restructuring transaction), the Circular complies with applicable securities legislation and the Circular includes the disclosure required by Item 14.2 of the Circular Form, except for the Financial Information which was not included in the Circular pursuant to the Circular Relief.

31. The Filer is qualified to file a prospectus in the form of a short form prospectus pursuant to subsection 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 subsection 2.8(4) of NI 44-101.

32. The Filer anticipates that New Peyto 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 New Peyto Shares or other securities) of New Peyto.

33. The short form prospectus of New Peyto will incorporate by reference the documents that would be required to be incorporated by reference under Item 11 of Form 44-101F1 *Short Form Prospectus* (**Prospectus Form**) in a short form prospectus of New Peyto, 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 Qualification Relief is granted, provided that any short form prospectus filed by New Peyto pursuant to NI 44-101 during the currency of the Qualification Relief specifically incorporates by reference:

(i) the Circular and any financial statements and related management's discussion and analysis of the Filer incorporated by reference into the Circular;

(ii) if the short form prospectus is filed before the earlier of the Filer 2010 Annual Filings having been filed by New Peyto or the date that is 90 days following 31 December 2010, the unaudited comparative interim financial statements of the Filer for the three and nine months ended September 30, 2010 together with the accompanying management's discussion and analysis of the Filer;

(iii) if the short form prospectus is filed either after the Filer 2010 Annual Filings have been filed by New Peyto or on a date more than 90 days following 31 December 2010, the Filer 2010 Annual Filings; and

(iv) any continuous disclosure documents of New Peyto, as successor issuer to the Filer, required to be incorporated by reference pursuant to the Prospectus Form.

Blaine Young
Associate Director, Corporate Finance

2.1.15 O'Leary Funds Management LP and O'Leary Founder's Series Income & Growth Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to permit a closed-end fund converting into a mutual fund to show pre-conversion past performance in sales communications; relief also granted from the prohibition against reimbursement of organization costs, a new mutual fund requirement – the closed-end fund has always complied with the investment restrictions of NI 81-102 and the Fund as an adequate level of assets for its operations. The Fund is a new mutual fund but not a new fund.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 3.3 and 15.6(a) & (d) and 19.1.

[Translation]

December 21, 2010

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
QUEBEC AND ONTARIO

(the Jurisdictions)

AND

IN THE MATTER OF

THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
O'LEARY FUNDS MANAGEMENT LP
(the "Manager" or the "Filer")

AND

O'LEARY FOUNDER'S SERIES INCOME & GROWTH FUND
(the "Fund")

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the "**Decision Maker**") has received an application from the Filer and the Fund for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") granting exemptive relief to the Fund, pursuant to section 19.1 of National Instrument 81-102 - *Mutual Funds* ("**NI 81-102**"), from the following provisions of NI 81-102:

(a) the prohibition contained in section 3.3 to permit the costs of preparation and filing a preliminary simplified prospectus, preliminary annual information form, initial simplified prospectus or annual information form to be borne by the Fund; and

(b) the prohibitions in subsections 15.6(a) and (d) to permit the Fund to show its historic performance data in sales communications notwithstanding that it has not, as a mutual fund, distributed its securities under a simplified prospectus for 12 consecutive months and to permit sales communications relating to the Fund to contain performance data of the Fund for the period prior to the Fund offering its securities under a simplified prospectus,

(collectively, the "**Requested Relief**").

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 - *Passport System* ("**MI 11-102**") is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Prince Edward Island, Newfoundland and Labrador (the "**Jurisdictions**"); 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 81-102, National Instrument 14-101 – *Definitions* and MI 11-102 have the same meaning if used in this decision, unless they are defined in this section. Certain other defined terms have the meanings given to them above or below.

Conversion means the conversion of the Fund from a closed - end investment fund into a mutual fund on November 1, 2010;

Conversion Date means the date upon which the Conversion was effected, being close of business on November 1, 2010.

Representations

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

(a) The Manager is a limited partnership formed under the laws of Ontario with its head office located in Montreal, Quebec.

(b) The Manager acts as manager and trustee of the Fund.

(c) The Fund was established as a closed - ended investment fund under the laws of Ontario pursuant to a declaration of trust dated September 28, 2009 which was amended and restated on August 9, 2010 and further amended and restated on November 1, 2010 (the "**Declaration of Trust**").

(d) The Fund is a reporting issuer under the securities legislation of each of the provinces of Canada.

(e) Prior to Conversion, units of the Fund were distributed pursuant to an initial public offering under a long form prospectus dated September 28, 2009 (the "**Long Form Prospectus**") and were listed and traded on the Toronto Stock Exchange (the "**TSX**").

(f) As of the Conversion Date, there were 13,536,185 units of the Fund outstanding with a net asset value ("**NAV**") per unit of $11.93, for an aggregate NAV of the Fund of $161,518,157.

(g) Since its inception, the Fund has complied with the investment restrictions contained in NI 81-102.

(h) Neither the Manager nor the Fund is in default of any of the requirements of applicable securities legislation in any of the Jurisdictions.

(i) The Declaration of Trust and the Long Form Prospectus provided that, effective at the close of business on the Conversion Date, units of the Fund would be delisted from any stock exchange on which they were then listed and the Fund would convert to an open – ended mutual fund.

(j) A press release announcing the Conversion was issued on October 12, 2010 and was filed, along with the related material change report, on SEDAR on that date.

(k) On the Conversion Date,

(i) the Fund converted to an open-ended mutual fund;

(ii) units of the Fund were delisted from the TSX;

(iii) the capital of the Fund was divided into series and all outstanding units of the Fund were re-designated as "Founder's series units";

(iv) the management fee for the Founder's series was increased from 1.5% to 1.95%, by reducing the portion of the management fee retained by the Filer to 0.95% and adding an amount equal to a servicing fee of 1.0%, which is payable out of the management fee; and

(v) the consulting agreement ("Consulting Agreement") between Stanton Asset Management Inc. ("Portfolio Manager"), the portfolio manager of the Fund, and Savtrev, Inc. ("O'Leary"), of which Mr. Kevin O'Leary is Chairman, was terminated.

(l) The Consulting Agreement was considered a material contract of the Fund as a result of the close relationship between Mr. Kevin O'Leary, O'Leary and the Filer and thus, in light of these relationships, the termination of the Consulting Agreement was treated as a material change to the Fund.

(m) A press release confirming the Conversion was completed as of the close of business on the Conversion Date was issued on November 2, 2010 and was filed, along with the related material change report, on SEDAR on that date.

(n) The Filer filed a preliminary simplified prospectus and annual information form dated September 28, 2010 on SEDAR to qualify series A, F, Founder's series, H, I and M units of the Fund under National Instrument 81-101 - *Mutual Fund Prospectus Disclosure* in each of the Jurisdictions. A receipt was issued for the final simplified prospectus and the annual information form dated November 1, 2010 on November 2, 2010.

(o) Following the Conversion, the investment practices of the Fund will continue to comply in all respects with the requirements of Part 2 of NI 81-102, except to the extent that the Fund has received permission from the Canadian securities regulatory authorities to deviate therefrom.

(p) The Filer expects that the Fund will be managed substantially similarly post-Conversion as it was pre-Conversion. Any changes between the Fund pre- and post- Conversion that could have materially affected the performance of the Fund, including the increase in the overall fees charged in respect of the Founder's series, as well as how these changes could have affected performance had they been in effect throughout the performance measurement period, will be disclosed in sales communications pertaining to the Fund.

(q) The Filer has determined that the termination of the Consulting Agreement will not materially affect the performance of the Fund, as the Portfolio Manager remains responsible for the investment decisions of the Fund and O'Leary's role was limited to identifying markets and investment opportunities that could potentially be of interest to the Portfolio Manager. The Portfolio Manager has

always generated investment ideas from many sources and made investment decisions in particular securities based upon its own research and analysis and has continued to do so following the termination of the Consulting Agreement.

(r) Without the Requested Relief:

(i) none of the Conversion costs associated with the preparation and filing of the preliminary simplified prospectus, preliminary annual information form, initial simplified prospectus or annual information form may be borne by the Fund;

(ii) sales communications pertaining to the Fund would not be permitted to include performance data until November 2, 2011, being the date when the Fund has distributed securities, as a mutual fund, under a simplified prospectus in a jurisdiction for 12 consecutive months; and

(iii) sales communications pertaining to the Fund would only be permitted to include performance for the period commencing after November 2, 2010, being the date on which the Fund commenced distributing securities, as a mutual fund, under a simplified prospectus.

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 Requested Relief is granted.

Josée Deslauriers
Director Investment Funds and Continuous Discolsure
Autorité des marchés financiers

2.1.16 Ivanhoe Energy Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from disclosure requirements in NI 51-101 Standards of Disclosure for Oil and Gas Activities -Filer wants an exemption from the sections of NI 51-101 relating to filing its reserves data and other oil and gas information, and certain disclosure of reserves - Filer is active in capital markets outside of Canada and is subject to disclosure requirements under US securities legislation which has a similar, but more limited, oil and gas disclosure regime - Filer is required to comply with NI 51-101 disclosure requirements at the expiration of its current exemptive relief, subject to certain transition provisions that allow the Filer to transition into the NI 51-101 disclosure regime.

Applicable Legislative Provisions

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, s. 8.1.

December 22, 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
IVANHOE ENERGY INC. (THE FILER)

DECISION

Background

¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer be exempted from the following (collectively the Exemptions Sought):

(a) sections 5.2 and 5.3 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101) NI 51-101 (the COGEH Relief);

(b) section 5.15(b)(iii) of NI 51-101 (the Transitional F&D Comparative Relief);

(c) item 4.1 of Form 51-101F1 *Statement of Reserves Data and Other Information* (Form 51-101F1) (the Transitional Reconciliation Relief);

(d) item 5.1 of Form 51-101F1 (the Transitional 2010 PUD Relief); and

(e) paragraphs 5.1(1)(a) and 5.1(2)(a) of Form 51-101F1 (the Transitional 2011/2012 PUD Relief).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in each of the provinces and territories in Canada other than British Columbia and Ontario; 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, MI 11-102, NI 51-101 or CSA Staff Notice 51-324 Glossary To NI 51-101 Standards of Disclosure for Oil and Gas Activities have the same meaning if used in this decision, unless otherwise defined herein.

Representations

¶ 3 The Filer represents that:

1. the Filer is a corporation existing under the laws of the Yukon Territory;

2. the Filer's head office is located in Vancouver, British Columbia;

3. the authorized capital of the Filer consists of an unlimited number of common shares without par value (Common Shares) and an unlimited number of preferred shares without par value (Preferred Shares); as of December 10, 2010, there are 334,243,100 Common Shares and no Preferred Shares issued and outstanding;

4. the Common Shares are listed on the Toronto Stock Exchange under the symbol "IE" and on the NASDAQ Capital Market under the symbol "IVAN";

5. the Filer is a "reporting issuer" or its equivalent in each of the provinces of Canada and in the Yukon Territory (Reporting Jurisdictions), and is not in default of securities legislation in any of the Reporting Jurisdictions;

6. the Filer has securities registered under the United States *Securities Exchange Act of 1934*;

7. the Filer is active in capital markets outside Canada where it competes for capital with foreign issuers, and has offered and intends to continue to offer securities in the United States of America (the US) and outside Canada;

8. a significant portion of the Filer's securities are held, or a significant portion of its security holders are located, outside Canada;

9. differences between the requirements and restrictions under US securities laws and guidance applied by the SEC, as they relate to disclosure concerning reserves and future net revenue, in material required to be filed with the SEC (collectively, the US Disclosure Requirements), and the requirements and restrictions under NI 51-101 are such that, absent relief, some disclosure made in accordance with US Disclosure Requirements would contravene NI 51-101, Form 51-101F1 or both (together, the Instrument);

10. for purposes of making an investment decision or providing investment analysis or advice, a significant portion of the Filer's investors, lenders and investment analysts in both Canada and the US routinely compare the Filer to issuers engaged in oil and gas activities that are based in the US or other foreign countries, such that comparability of the Filer's disclosure to that of such foreign-based issuers is of primary relevance to those market participants;

11. the Filer internally uses U.S. and international oil and gas companies as part of its comparison group of peer companies;

12. under a decision dated December 18, 2008 issued in respect of the Filer, the Filer has been permitted to make certain

disclosure otherwise contrary to the Instrument (the 2008 Relief);

13. under its terms and a result of changes to the US Disclosure Requirements, the Filer will cease to be able to rely on the 2008 Relief after December 31, 2010 and will become subject to all of the requirements of the Instrument; temporary transitional relief would facilitate convergence of certain of the Filer's reserves and future net revenue disclosure practices with the Instrument, without detriment to market participants; and

14. the Filer may wish to include, in its disclosure that is subject to Part 5 of NI 51-101, disclosure of reserves and future net revenue prepared in accordance with US Disclosure Requirements (the Filer's US Disclosure).

Decision

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

Pursuant to section 8.1 of NI 51-101:

(a) the COGEH Relief is granted with respect to the Filer's US Disclosure (if any), and with respect to the Filer's US disclosure of finding and development costs captured by section 5.15 of NI 51-101 (the Filer's US F&D Disclosure)(if any), as the case may be, when and to the extent that the Filer's US Disclosure or the Filer's US F&D Disclosure is filed or disseminated by or on behalf of the Filer in Canada, provided that:

(i) the Filer describes any material differences between such disclosure and the corresponding disclosure it also makes, as required, under Canadian securities laws (its Required Canadian Disclosure), within or proximate to its Required Canadian Disclosure;

(ii) the Filer's US Disclosure (if any):

(A) complies with the US Disclosure Requirements;

(B) is clearly identified as having been prepared in accordance with US Disclosure Requirements;

(C) discloses the effective date of the estimates disclosed therein; and

(D) is based on reserves estimates which have been prepared or audited by a qualified reserves evaluator or auditor; and

(iii) with respect to the Filer's US F&D Disclosure (if any),

(A) the proved reserves and, if disclosed, the probable reserves included in the Filer's US F&D Disclosure are determined in accordance with US Disclosure Requirements, and

(C) the Filer provides disclosure in accordance with section 5.15 of NI 51-101 and this disclosure is publicly available to investors;

(b) the Transitional F&D Comparative Relief is granted for the F&D Disclosure for the Filer's financial years ending in 2010, 2011 and 2012, in each case only to the extent that the requisite comparative information for the most recent financial year, the second most recent financial year and the averages for the three most recent financial years is not available to the Filer;

(c) the Transitional Reconciliation Relief is granted for the Required Canadian Disclosure for the Filer's financial year ending in 2010;

(d) the Transitional 2010 PUD Relief is granted for the Required Canadian Disclosure for the Filer's financial year ending in 2010, only to the extent that the requisite information about volumes of proved undeveloped reserves or probable undeveloped reserves that were first attributed in each of the most recent three financial years, and the

aggregate attributed before that time, is not available to the Filer, provided that the Filer includes in its annual filing under section 2.1 of the NI 51-101 an explanation why this information is omitted; and

(e) the Transitional 2011/2012 PUD relief is granted for the Required Canadian Disclosure for the Filer's financial years ending in 2011 and 2012, only to the extent that information about volumes of proved undeveloped reserves or probable undeveloped reserves that were first attributed in each of the most recent three financial years, and the aggregate attributed before that time, is not available to the Filer, provided that the Filer includes in its annual filing under section 2.1 of the NI 51-101 an explanation why this information is omitted.

This decision, as it relates to paragraph (a) above, will terminate on the effective date of any amendment to the Legislation that permits disclosure of the nature contemplated by that paragraph.

"Sheryl Thomson"
Acting Director, Corporate Finance
British Columbia Securities Commission

2.1.17 Canadian Natural Resources Limited

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer allowed to make disclosure of reserves and future net revenue based on US disclosure requirements, at its option – the Issuer's US disclosure would not meet certain requirements in NI 51-101 – the Issuer is subject to the requirements of NI 51-101 and will provide disclosure compliant with that instrument.

Applicable Legislative Provisions

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

Citation: Canadian Natural Resources Limited, Re, 2010 ABASC 594

December 23, 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
CANADIAN NATURAL RESOURCES LIMITED
(the Filer)

DECISION

Background

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

(a) sections 5.2 and 5.3 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**) (the **COGEH Relief**);

(b) section 5.15(b)(iii) of NI 51-101 (the **Transitional F&D Comparative Relief**);

(c) item 4.1 of Form 51-101F1 *Statement of Reserves Data and Other Information* (**Form 51-101F1**) (the **Transitional Reconciliation Relief**);

(d) item 5.1 of Form 51-101F1 (the **Transitional 2010 PUD Relief**); and

(e) paragraphs 5.1(1)(a) and 5.1(2)(a) of Form 51-101F1 (the **Transitional 2011/2012 PUD 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 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 each of the provinces in Canada other than Alberta and Ontario; 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*, MI 11-102, NI 51-101 or CSA Staff Notice 51-324 *Glossary To NI 51-101 Standards of Disclosure for Oil and Gas Activities* have the same meaning if used in this decision, unless otherwise defined herein.

Representations

The Filer represents to the Commission that:

1. The head office of the Filer is located in Calgary, Alberta.

2. The Filer is a reporting issuer or equivalent in each of the provinces of Canada and is not in default of securities legislation in any of the provinces of Canada.

3. The Filer has securities registered under the 1934 Act.

4. The Filer is active in capital markets outside Canada where it competes for capital with foreign issuers, and has offered and intends to continue to offer securities in the United States of America (the **US**).

5. A significant portion of the Filer's securities are held, or a significant portion of its security holders are located, outside Canada.

6. Differences between the requirements and restrictions under US securities laws and guidance applied by the SEC, as they relate to disclosure concerning reserves and future net revenue, in material required to be filed with the SEC (collectively, the **US Disclosure Requirements**), and the requirements and restrictions under NI 51-101 are such that, absent relief, some disclosure made in accordance with US Disclosure Requirements would contravene NI 51-101, Form 51-101F1 or both (together, the **Instrument**).

7. For purposes of making an investment decision or providing investment analysis or advice, a significant portion of the Filer's investors, lenders and investment analysts in both Canada and the US routinely compare the Filer to issuers engaged in oil and gas activities that are based in the US or other foreign countries, such that comparability of the Filer's disclosure to that of such foreign-based issuers is of primary relevance to those market participants.

8. Pursuant to a decision dated 3 December 2008 issued in respect of the Filer, the Filer has been permitted to make certain disclosure in accordance with US Disclosure Requirements (the **2008 Relief**).

9. Under its terms, the Filer will cease to be able to rely on the 2008 Relief after 1 January 2011 and will become subject to all of the requirements of the Instrument. Temporary transitional relief would facilitate convergence of certain of the Filer's reserves and future net revenue disclosure practices with the Instrument, without detriment to market participants.

10. The Filer may wish to include, in its disclosure that is subject to Part 5 of NI 51-101, disclosure of reserves and future net revenue prepared in accordance with US Disclosure Requirements (the **Filer's US Disclosure**).

Decision

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

Pursuant to section 8.1 of NI 51-101:

(a) the COGEH Relief is granted with respect to the Filer's US Disclosure (if any), and with respect to the Filer's disclosure of finding and development costs based on reserves determined in accordance with US Disclosure Requirements (the **Filer's US F&D Disclosure**) (if any), as the case may be, provided that:

(i) the Filer describes any material differences between such disclosure and the corresponding disclosure it also makes, as required, under Canadian securities laws (its **Required Canadian Disclosure**), within or proximate to its Required Canadian Disclosure;

(ii) in the case of the Filer's US Disclosure (if any), it:

(A) complies with the US Disclosure Requirements;

(B) is identified as having been prepared in accordance with US Disclosure Requirements;

(C) discloses the effective date of the estimates disclosed therein; and

(D) is based on reserves estimates which have been prepared or audited by a qualified reserves evaluator or auditor; and

(iii) in the case of the Filer's US F&D Disclosure (if any):

(A) all proved reserves, and any probable reserves, are determined in accordance with US Disclosure Requirements and are accompanied by a statement to the effect that the proved reserves, and any probable reserves, have been determined in accordance with US Disclosure Requirements; and

(B) the Filer provides disclosure in accordance with section 5.15 of NI 51-101 and this disclosure is publicly available to investors;

(b) the Transitional F&D Comparative Relief is granted for the Filer's disclosure of finding and development costs for the Filer's financial years ending in 2010, 2011 and 2012, in each case only to the extent that the requisite comparative information for the most recent financial year, the second most recent financial year and the averages for the three most recent financial years is not available to the Filer;

(c) the Transitional Reconciliation Relief is granted for the Required Canadian Disclosure for the Filer's financial year ending in 2010;

(d) the Transitional 2010 PUD Relief is granted for the Required Canadian Disclosure for the Filer's financial year ending in 2010, only to the extent that the requisite information about volumes of proved undeveloped reserves or probable undeveloped reserves that were first attributed in each of the most recent three financial years, and the aggregate attributed before that time, is not available to the Filer, provided that the Filer includes in its annual filing under section 2.1 of NI 51-101 an explanation of why this information is omitted; and

(e) the Transitional 2011/2012 PUD Relief is granted for the Required Canadian Disclosure for the Filer's financial years ending in 2011 and 2012, only to the extent that information about volumes of proved undeveloped reserves or probable undeveloped reserves that were first attributed in each of the most recent three financial years, and the aggregate attributed before that time, is not available to the Filer, provided that the Filer includes in its annual filing under section 2.1 of NI 51-101 an explanation of why this information is omitted.

This decision, as it relates to paragraph (a) above, will terminate on the effective date of any amendment to the Legislation that permits disclosure of the nature contemplated by that paragraph.

For the Commission:

William Rice, QC
Chair

Stephen Murison
Vice-Chair

2.1.18 Talisman Energy Inc.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer allowed to make disclosure of reserves and future net revenue based on US disclosure requirements, at its option – the Issuer's US disclosure would not meet certain requirements in NI 51-101 – the Issuer is subject to the requirements of NI 51-101 and will provide disclosure compliant with that instrument.

Applicable Legislative Provisions

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

Citation: Talisman Energy Inc., Re, 2010 ABASC 595

December 23, 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
TALISMAN ENERGY INC.
(the Filer)

DECISION

Background

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

(a) sections 5.2 and 5.3 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**) (the **COGEH Relief**);

(b) section 5.15(b)(iii) of NI 51-101 (the **Transitional F&D Comparative Relief**);

(c) item 4.1 of Form 51-101F1 *Statement of Reserves Data and Other Information* (**Form 51-101F1**) (the **Transitional Reconciliation Relief**);

(d) item 5.1 of Form 51-101F1 (the **Transitional 2010 PUD Relief**); and

(e) paragraphs 5.1(1)(a) and 5.1(2)(a) of Form 51-101F1 (the **Transitional 2011/2012 PUD 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 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 each of the provinces and territories in Canada other than Alberta and Ontario; 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*, MI 11-102, NI 51-101 or CSA Staff Notice 51-324 *Glossary To NI 51-101 Standards of Disclosure for Oil and Gas Activities* have the same meaning if used in this decision, unless otherwise defined herein.

Representations

The Filer represents to the Commission that:

1. The head office of the Filer is located in Calgary, Alberta.

2. The Filer is a reporting issuer or equivalent in each of the provinces and territories of Canada and is not in default of securities legislation in any of the provinces or territories of Canada.

3. The Filer has securities registered under the 1934 Act.

4. The Filer is active in capital markets outside Canada where it competes for capital with foreign issuers, and has offered and intends to continue to offer securities in the United States of America (the **US**).

5. A significant portion of the Filer's securities are held, or a significant portion of its security holders are located, outside Canada.

6. Differences between the requirements and restrictions under US securities laws and guidance applied by the SEC, as they relate to disclosure concerning reserves and future net revenue, in material required to be filed with the SEC (collectively, the **US Disclosure Requirements**), and the requirements and restrictions under NI 51-

101 are such that, absent relief, some disclosure made in accordance with US Disclosure Requirements would contravene NI 51-101, Form 51-101F1 or both (together, the **Instrument**).

7. For purposes of making an investment decision or providing investment analysis or advice, a significant portion of the Filer's investors, lenders and investment analysts in both Canada and the US routinely compare the Filer to issuers engaged in oil and gas activities that are based in the US or other foreign countries, such that comparability of the Filer's disclosure to that of such foreign-based issuers is of primary relevance to those market participants.

8. Pursuant to a decision dated 29 September 2008 issued in respect of the Filer, the Filer has been permitted to make certain disclosure in accordance with US Disclosure Requirements (the **2008 Relief**).

9. Under its terms, the Filer will cease to be able to rely on the 2008 Relief after 1 January 2011 and will become subject to all of the requirements of the Instrument. Temporary transitional relief would facilitate convergence of certain of the Filer's reserves and future net revenue disclosure practices with the Instrument, without detriment to market participants.

10. The Filer may wish to include, in its disclosure that is subject to Part 5 of NI 51-101, disclosure of reserves and future net revenue prepared in accordance with US Disclosure Requirements (the **Filer's US Disclosure**).

Decision

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

Pursuant to section 8.1 of NI 51-101:

(a) the COGEH Relief is granted with respect to the Filer's US Disclosure (if any), and with respect to the Filer's disclosure of finding and development costs based on reserves determined in accordance with US Disclosure Requirements (the **Filer's US F&D Disclosure**) (if any), as the case may be, provided that:

(i) the Filer describes any material differences between such disclosure and the corresponding disclosure it also makes, as required, under Canadian securities laws (its **Required Canadian Disclosure**), within or proximate to its Required Canadian Disclosure;

(ii) in the case of the Filer's US Disclosure (if any), it:

(A) complies with the US Disclosure Requirements;

(B) is identified as having been prepared in accordance with US Disclosure Requirements;

(C) discloses the effective date of the estimates disclosed therein; and

(D) is based on reserves estimates which have been prepared or audited by a qualified reserves evaluator or auditor; and

(iii) in the case of the Filer's US F&D Disclosure (if any):

(A) all proved reserves, and any probable reserves, are determined in accordance with US Disclosure Requirements and are accompanied by a statement to the effect that the proved reserves, and any probable reserves, have been determined in accordance with US Disclosure Requirements; and

(B) the Filer provides disclosure in accordance with section 5.15 of NI 51-101 and this disclosure is publicly available to investors;

(b) the Transitional F&D Comparative Relief is granted for the Filer's disclosure of finding and development costs for the Filer's financial years ending in 2010, 2011 and 2012, in each case only to the extent that the requisite comparative information for the most recent financial year, the second most recent financial year and the averages for the three most recent financial years is not available to the Filer;

(c) the Transitional Reconciliation Relief is granted for the Required Canadian Disclosure for the Filer's financial year ending in 2010;

(d) the Transitional 2010 PUD Relief is granted for the Required Canadian Disclosure for the Filer's financial year ending in 2010, only to the extent that the requisite information about volumes of proved undeveloped reserves or probable undeveloped reserves that were first attributed in each of the most recent three financial years, and the aggregate attributed before that time, is not available to the Filer, provided that the Filer includes in its annual filing under section 2.1 of NI 51-101 an explanation of why this information is omitted; and

(e) the Transitional 2011/2012 PUD Relief is granted for the Required Canadian Disclosure for the Filer's financial years ending in 2011 and 2012, only to the extent that information about volumes of proved undeveloped reserves or probable undeveloped reserves that were first attributed in each of the most recent three financial years, and the aggregate attributed before that time, is not available to the Filer, provided that the Filer includes in its annual filing under section 2.1 of NI 51-101 an explanation of why this information is omitted.

This decision, as it relates to paragraph (a) above, will terminate on the effective date of any amendment to the Legislation that permits disclosure of the nature contemplated by that paragraph.

For the Commission:

William Rice, QC
Chair

Stephen Murison
Vice-Chair

2.1.19 Imperial Oil Limited

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

Issuer exempt from requirements in NI 51-101 that qualified reserves evaluator or auditor be independent from the issuer, that an independent qualified reserves evaluator or auditor execute the required annual filing; the issuer is allowed to file modified Forms 51-101F2 and 51-101F3 as necessary to reflect the relief, all subject to conditions – the issuer internally generates reserves data – the issuer has policies and procedures in place to ensure the integrity of its internally generated reserves data – exemption granted from section 3.2 and limited exemption granted from items 2 and 3 of section 2.1 of NI 51-101.

Applicable Legislative Provisions

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

Citation: Imperial Oil Limited, Re, 2010 ABASC 597

December 22, 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
IMPERIAL OIL LIMITED (THE FILER)

DECISION

Background

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

(a) that the qualified reserves evaluators or auditors appointed under section 3.2 of NI 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**) be independent of the Filer and that each of the qualified reserves evaluators or auditors who execute the report required under item 2 of section 2.1 of NI 51-101 (the **Evaluator Report**) be independent of the Filer (collectively, the **Independent Evaluator Requirement**); and

(b) that the Evaluator Report be in accordance with Form 51-101F2 and that the report required under item 3 of section 2.1 of NI 51-101 (the **Management Report**) be in accordance with Form 51-101F3 (the **Related Form Requirements**), to the extent necessary for such reports to reflect changes which are consequential to the exemption from the Independent Evaluator Requirement.

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 section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the provinces and territories of Canada other than Alberta and Ontario; 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*, MI 11-102, NI 51-101 or CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

1. The head office of the Filer is located in Calgary, Alberta.

2. The Filer is a reporting issuer or equivalent in each of the provinces and territories of Canada and is not in default of securities legislation in any of the provinces or territories of Canada.

3. The Filer is an oil and gas issuer that, on a consolidated basis, produced an average of more than 100,000 BOEs of oil and gas (converted in the ratio 6 Mcf of gas to 1 bbl of oil) per day in its most recent financial year.

4. The Filer's internally-generated reserves data are not materially less reliable than independently-generated reserves data for the following reasons:
   (a) the Filer has qualified reserves evaluators and auditors within the meaning of NI 51-101;

   (b) the Filer has a well-established reserves evaluation process that is at least as rigorous as would be the case were it to rely upon independent reserves evaluators or auditors; and

   (c) the Filer has implemented a technical quality assurance program in connection with the preparation of its internally generated reserves data.

5. The Filer has adopted written evaluation practices and procedures consistent with the COGE Handbook.

Decision

Each of the Decision Makers is satisfied that the decision satisfies 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 Filer is exempt from the Independent Evaluator Requirement and the Related Form Requirements:

(a) **Internal Procedures** – for so long as the Filer maintains internal procedures that will permit preparation of the Evaluator Report and the Management Report, modified as contemplated in this decision;

(b) **Form of Reports** – provided that the Evaluator Report and the Management Report filed by the Filer pursuant to section 2.1 of NI 51-101 are modified to reflect that the qualified reserves evaluators or auditors are not independent of the Filer;

(c) **Explanatory and Cautionary Disclosure** – provided that the Filer discloses:

   (i) at least annually, the Filer's reasons for considering the reliability of internally-generated reserves data to be not materially less than would be afforded by strict adherence to the requirements of NI 51-101, including a discussion of:

      A. factors supporting the involvement of inde-pendent qualified eval-uators or auditors and why such factors are not considered compelling in the case of the Filer; and

      B. the manner in which the Filer's internally-generated reserves data are determined, reviewed and ap-proved, its relevant disclosure control procedures and the related role, responsi-bilities and composition of responsible management, the board of directors of the Filer and (if applicable) the reserves committee of the board of directors of the Filer; and

(ii) in each document that discloses any information derived from internally-generated reserves data and reasonably proximate to that disclosure, the fact that the reserves data was internally-generated; and

(d) **Disclosure of Conflicting Independent Reports** – provided that the Filer discloses and updates its public disclosure if, despite this decision, it obtains a final report on reserves data from an independent qualified reserves evaluator or auditor that contains information that is materially different from the Filer's public disclosure record in respect of such reserves data.

This decision:

(a) takes effect immediately and supersedes the decision dated 30 September 2008 issued in respect of the Filer under the Process for Exemptive Relief Applications in Multiple Jurisdictions as it relates to the Independent Evaluator Requirement; and

(b) will terminate one year after the effective date of any change to the Independent Evaluator Requirement unless:

(i) the principal regulator otherwise agrees in writing; or

(ii) the change is a clerical or other minor amendment.

For the Commission:

"Glenda A. Campbell", QC
Vice-Chair
Alberta Securities Commission

"Stephen R. Murison"
Vice-Chair
Alberta Securities Commission

2.1.20 Imperial Oil Limited

Headnote

MI 11-102 and NP 11-203 – Issuer allowed to make disclosure of reserves and future net revenue based on US disclosure requirements, at its option – the Issuer's US disclosure would not meet certain requirements in NI 51-101 – the Issuer is subject to the requirements of NI 51-101 and will provide disclosure compliant with that instrument – National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

Applicable Legislative Provisions

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

Citation: Imperial Oil Limited, Re, 2010 ABASC 598

December 24, 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
IMPERIAL OIL LIMITED (THE FILER)

DECISION

Background

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

(a) sections 5.2 and 5.3 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**) (the **COGEH Relief**);

(b) section 5.15(b)(iii) of NI 51-101 (the **Transitional F&D Comparative Relief**);

(c) item 4.1 of Form 51-101F1 *Statement of Reserves Data and Other Information* (**Form 51-101F1**) (the **Transitional Reconciliation Relief**);

(d) item 5.1 of Form 51-101F1 (the **Transitional 2010 PUD Relief**); and

(e) paragraphs 5.1(1)(a) and 5.1(2)(a) of Form 51-101F1 (the **Transitional 2011/2012 PUD 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 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 each of the provinces and territories in Canada other than Alberta and Ontario; 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*, MI 11-102, NI 51-101 or CSA Staff Notice 51-324 *Glossary To NI 51-101 Standards of Disclosure for Oil and Gas Activities* have the same meaning if used in this decision, unless otherwise defined herein.

Representations

The Filer represents to the Commission that:

1. The head office of the Filer is located in Calgary, Alberta.

2. The Filer is a reporting issuer or equivalent in each of the provinces and territories of Canada and is not in default of securities legislation in any of the provinces or territories of Canada.

3. The Filer has securities registered under the 1934 Act.

4. The Filer is active in capital markets outside Canada where it competes for capital with foreign issuers, and has offered and intends to continue to offer securities in the United States of America (the **US**).

5. A significant portion of the Filer's securities are held, or a significant portion of its security holders are located, outside Canada.

6. Differences between the requirements and restrictions under US securities laws and guidance applied by the SEC, as they relate to disclosure concerning reserves and future net revenue, in material required to be filed with the SEC (collectively, the **US Disclosure Requirements**), and the requirements and restrictions under NI 51-101 are such that, absent relief, some disclosure made in accordance with US Disclosure Requirements would contravene NI 51-101, Form 51-101F1 or both (together, the **Instrument**).

7. For purposes of making an investment decision or providing investment analysis or advice, a significant portion of the Filer's investors, lenders and investment analysts in both Canada and the US routinely compare the Filer to issuers engaged in oil and gas activities that are based in the US or other foreign countries, such that comparability of the Filer's disclosure to that of such foreign-based issuers is of primary relevance to those market participants.

8. Pursuant to a decision dated 30 September 2008 issued in respect of the Filer, the Filer has been permitted to make certain disclosure in accordance with US Disclosure Requirements (the **2008 Relief**).

9. Under its terms, the Filer will cease to be able to rely on the 2008 Relief after 1 January 2011 and will become subject to all of the requirements of the Instrument. Temporary transitional relief would facilitate convergence of certain of the Filer's reserves and future net revenue disclosure practices with the Instrument, without detriment to market participants.

10. The Filer may wish to include, in its disclosure that is subject to Part 5 of NI 51-101, disclosure of reserves and future net revenue prepared in accordance with US Disclosure Requirements (the **Filer's US Disclosure**).

Decision

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

Pursuant to section 8.1 of NI 51-101:

(a) the COGEH Relief is granted with respect to the Filer's US Disclosure (if any), and with respect to the Filer's disclosure of finding and development costs based on reserves determined in accordance with US Disclosure Re-quirements (the **Filer's US F&D Disclosure**)(if any), as the case may be, provided that:

(i) the Filer describes any material differences between such dis-closure and the corresponding disclosure it also makes, as required, under Canadian securities laws (its **Required Canadian Disclosure**), within or proximate to its Required Canadian Disclosure;

(ii) in the case of the Filer's US Disclosure (if any), it:

A. complies with the US Disclosure Requirements;

B. is identified as having been prepared in accordance with US Disclosure Requirements;

C. discloses the effective date of the estimates disclosed therein; and

D. is based on reserves estimates which have been prepared or audited by a qualified reserves evaluator or auditor; and

(iii) in the case of the Filer's US F&D Disclosure (if any):

A. all proved reserves, and any probable reserves, are determined in accordance with US Disclosure Requirements and are accompanied by a statement to the effect that the proved reserves, and any probable reserves, have been determined in accordance with US Disclosure Requirements; and

B. the Filer provides disclosure in accordance with section 5.15 of NI 51-101 and this disclosure is publicly available to investors;

(b) the Transitional F&D Comparative Relief is granted for the Filer's disclosure of finding and development costs for the Filer's financial years ending in 2010, 2011 and 2012, in each case only to the extent that the requisite comparative information for the most recent financial year, the second most recent financial year and the averages for the three most recent financial years is not available to the Filer;

(c) the Transitional Reconciliation Relief is granted for the Required Canadian Disclosure for the Filer's financial year ending in 2010;

(d) the Transitional 2010 PUD Relief is granted for the Required Canadian Disclosure for the Filer's financial year ending in 2010, only to the extent that the requisite information about volumes of proved undeveloped reserves or probable undeveloped reserves that were first attributed in each of the most recent three financial years, and the aggregate attributed before that time, is not available to the Filer, provided that the Filer includes in its annual filing under section 2.1 of NI 51-101 an explanation of why this information is omitted; and

(e) the Transitional 2011/2012 PUD Relief is granted for the Required Canadian Disclosure for the Filer's financial years ending in 2011 and 2012, only to the extent that information about volumes of proved undeveloped reserves or probable undeveloped reserves that were first attributed in each of the most recent three financial years, and the aggregate attributed before that time, is not available to the Filer, provided that the Filer includes in its annual filing under section 2.1 of NI 51-101 an explanation of why this information is omitted.

This decision, as it relates to paragraph (a) above, will terminate on the effective date of any amendment to the Legislation that permits disclosure of the nature contemplated by that paragraph.

For the Commission:

"William Rice", QC
Chair
Alberta Securities Commission

"Stephen Murison"
Vice-Chair
Alberta Securities Commission

2.1.21 Atacama Pacific Gold Corporation

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions -Exemption granted from the requirement to prepare financial statements in accordance with Canadian GAAP - Issuer recently became a reporting issuer - Issuer has not previously prepared financial statements in accordance with Canadian GAAP - Issuer has assessed the readiness of its staff, board and audit committee - Relief granted subject to conditions.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency - ss. 9.1, 3.1.

December 30, 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
ATACAMA PACIFIC GOLD CORPORATION
(the "FILER")

DECISION

Background

The principal regulator in the Jurisdiction (the "**Decision Maker**") has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") exempting the Filer from the requirement in section 3.1 of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* ("**NI 52-107**") that financial statements be prepared in accordance with Canadian GAAP (the "**Exemption Sought**"), in order that the Filer may prepare financial statements for periods ending on or after July 1, 2010 in accordance with Part I of the CICA Handbook, that is International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**").

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

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

Interpretation

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

Representations

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

1. The Filer was incorporated in Ontario in June 2008. Its registered and head office is at 5300 – 199 Bay Street, Commerce Court West, Toronto, Ontario, M5L 1B9.

2. In anticipation of completing an initial public offering of its common shares under National Instrument 41-101 *General Prospectus Requirements* (the "**Offering**"), the Filer retained KPMG LLP to audit its financial statements for the financial years ended March 31, 2009 and 2010, as well as review financial statements for the three-month period ended June 30, 2010 (collectively, the "**Historical Statements**") for inclusion in the Prospectus (as defined below). The Historical Statements were prepared in accordance with IFRS.

3. On September 15, 2010, the Filer made a pre-filing application with the Decision Maker seeking exemptive relief from the requirement set out in Section 3.1 of NI 52-107 that its Historical Statements to be included in the Prospectus be prepared in accordance with Canadian GAAP as applicable to public enterprises, and instead permitting the Filer to prepare such Historical Statements in accordance with IFRS (the "**Pre-Filing Application**").

4. In connection with the Offering, the Filer filed a preliminary prospectus dated September 28, 2010 and a (final) prospectus dated October 29, 2010 (collectively, the "**Prospectus**") and was issued receipts by the Decision Maker for such filings on September 30, 2010 and November 3, 2010 respectively.

5. The receipt for the Prospectus dated November 3, 2010 constituted evidence of the relief referred to in paragraph (3) above.

6. The Filer completed the Offering on November 10, 2010.

7. The Filer is a reporting issuer in the Jurisdiction and the Passport Jurisdictions. The Filer is not in default of securities legislation in the Jurisdiction or any of the Passport Jurisdictions, except that the Filer has filed interim financial statements in accordance with IFRS for the period ended September 30, 2010 rather than Canadian GAAP interim financial statements as required by NI 52-107.

8. The Filer's common shares are listed on the TSX Venture Exchange.

9. The Filer is a precious metals exploration and development company focused on Chilean gold opportunities.

10. The Filer does not have any operating revenue as it is still in the exploration phase.

11. The Canadian Accounting Standards Board has confirmed that publicly accountable enterprises will be required to prepare their financial statements in accordance with IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

12. NI 52-107 sets out acceptable accounting principles for financial reporting under the Legislation by domestic issuers, foreign issuers, registrants and other market participants; under NI 52-107, a domestic issuer must use Canadian GAAP; under NI 52-107, only foreign issuers may use IFRS.

13. In CSA Staff Notice 52-321 *Early Adoption of International Financial Reporting Standards, Use of US GAAP and Reference to IFRS-IASB*, staff of the Canadian Securities Administrators recognized that some issuers may wish to prepare their financial statements in accordance with IFRS for periods beginning prior to January 1, 2011 and indicated that staff were prepared to recommend exemptive relief on a case by case basis to permit a domestic issuer to do so, despite section 3.1 of NI 52-107.

14. Subject to obtaining the Exemption Sought, the Filer intends to prepare and file its financial statements to be filed for interim and annual periods ending after July 1, 2010 in accordance with IFRS.

15. The Filer's financial year-end is March 31.

16. The Filer has expended considerable resources in connection with the preparation and audit of the Historical Statements in accordance with IFRS and the establishment of the necessary internal controls and procedures. Having already expended these resources and established these controls and procedures, the Filer believes that requiring it to prepare financial statements for periods commencing on or after July 1, 2010 in accordance with Canadian GAAP only to then convert these financial statements a few months later back to IFRS for the financial year commencing April 1, 2011 would be costly and time-consuming and would create significant inefficiencies with respect to the Filer's financial statement preparation process, as well as the establishment and maintenance of its internal controls and procedures.

17. The Filer believes that the immediate adoption of IFRS for the remainder of its 2011 financial year will benefit the Filer and investors by offering continuity in form, presentation and public disclosure of its financial information consistent with the form, presentation and public disclosure of the Historical Statements in the Prospectus.

18. The Filer evaluated its overall readiness to transition to IFRS and concluded that it was adequately prepared for adoption of IFRS.

19. Early adoption of IFRS eliminates the need to plan and perform a conversion from Canadian GAAP to IFRS.

20. Early adoption of IFRS also eliminates the requirement to provide reconciliations of financial statements prepared under both Canadian GAAP and IFRS.

21. Early adoption of IFRS provides users of the Filer's financial statements with significantly more disclosure, which enhances their understanding of its results from operations and its financial position, and eliminates complexity and costs from the financial statement preparation process.

22. For the Filer, because it is in a start-up position, the main areas of accounting focus are exploration, issuance of share capital, stock based compensation and cash accounting, all of which have very few or no significant differences under the two accounting standards.

23. The Filer carefully assessed the readiness of its staff, board of directors, auditors, investors and other market participants for the immediate adoption by the Filer of IFRS for the presentation of the Historical Statements in the Prospectus and for all subsequent financial periods following the Offering, and concluded that all parties are adequately prepared for the Filer's immediate adoption of IFRS.

Decision

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

The decision of the Decision Maker under the Legislation is that the Exemption Sought is granted provided that the Filer prepares its financial statements for financial interim and annual periods ending after July 1, 2010 in accordance with IFRS.

"Naizam Kanji"
Deputy Director
Corporate Finance Branch
Ontario Securities Commission

2.2 Orders

2.2.1 Ameron Oil and Gas Ltd. et al.

**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.,
MX-IV LTD., GAYE KNOWLES,
GIORGIO KNOWLES, ANTHONY HOWORTH,
VADIM TSATSKIN, MARK GRINSHPUN,
ODED PASTERNAK, and ALLAN WALKER**

ORDER

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. ("MX-IV") shall cease; that Ameron Oil and Gas Ltd. ("Ameron"), MX-IV and their representatives cease trading in all securities; and that any exemptions contained in Ontario securities law do not apply to Ameron and MX-IV (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 on April 20, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order to October 14, 2010 and to adjourn the hearing in this matter to October 13, 2010 at 10:00 a.m.;

AND WHEREAS on October 13, 2010, the Commission ordered, pursuant to subsections 127 (7) and (8) of the Act, that the Temporary Order be extended to February 9, 2011;

AND WHEREAS on October 13, 2010, the Commission ordered that the hearing with respect to the Temporary Order be adjourned to February 8, 2011 at 2:30 p.m.;

AND WHEREAS on December 13, 2010, Staff of the Ontario Securities Commission ("Staff") issued a Statement of Allegations (the "Allegations") against Ameron, MX-IV, Gaye Knowles, Giorgio Knowles, Anthony Howorth ("Howorth"), Vadim Tsatskin ("Tsatskin"), Mark Grinshpun ("Grinshpun"), Oded Pasternak ("Pasternak"),

and Allan Walker ("Walker") (collectively the "Respondents");

AND WHEREAS on December 13, 2010, the Secretary of the Commission issued a Notice of Hearing, pursuant to sections 37, 127 and 127.1 of the Act, to consider whether it is in the public interest to make certain orders against the Respondents by reason of the Allegations;

AND WHEREAS on December 20, 2010, a hearing was held before the Commission and Staff appeared and filed the Affidavit of Charlene Rochman, sworn on December 16, 2010, evidencing service of the Notice of Hearing and the Allegations on the Respondents;

AND WHEREAS on December 20, 2010, none of the Respondents attended in person at the hearing, but Gaye Knowles, Giorgio Knowles and Howorth provided correspondence to Staff advising that they would not be attending the hearing;

AND WHEREAS on December 20, 2010, Staff made submissions to the Commission, including a request that the matter be adjourned to February 8, 2011 at 2:30 p.m. for the purpose of conducting a confidential pre-hearing conference;

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

IT IS HEREBY ORDERED that the hearing in this matter is adjourned to February 8, 2011 at 2:30 p.m., at which time a confidential pre-hearing conference will take place.

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

"Mary G. Condon"

2.2.2 Maple Leaf Investment Fund Corp. et al. – ss. 127(1), 127.1

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

AND

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

ORDER
(Sections 127(1) and 127.1)

WHEREAS on February 12, 2010, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act"), in respect of Maple Leaf Investment Fund Corp., Joe Henry Chau (a.k.a. Henry Joe Chau, Shung Kai Chow and Henry Shung Kai Chow), Tulsiani Investments Inc., Sunil Tulsiani, and Ravinder Tulsiani ("Tulsiani");

AND WHEREAS Tulsiani entered into a Settlement Agreement with Staff of the Commission dated December 17, 2010 (the "Settlement Agreement") in which Tulsiani agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement, the Notice of Hearing and the Amended Statement of Allegations of Staff of the Commission, and upon hearing submissions from Tulsiani and from Staff of the Commission;

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

IT IS HEREBY ORDERED THAT:

(a) the Settlement Agreement is approved;

(b) pursuant to clause 2 of subsection 127(1), trading in any securities by Tulsiani cease for a period of 8 years from the date of this Order;

(c) pursuant to clause 2.1 of subsection 127(1), the acquisition of any securities by Tulsiani is prohibited for a period of 8 years from the date of this Order;

(d) pursuant to clause 3 of subsection 127(1), any exemptions contained in Ontario securities law do not apply to Tulsiani for a period of 8 years from the date of this Order;

(e) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1), Tulsiani shall be prohibited for a period of

8 years from the date of this Order from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;

(f) pursuant to clause 8.5 of subsection 127(1), Tulsiani shall be prohibited for a period of 8 years from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(g) pursuant to clause 9 of subsection 127(1), Tulsiani shall pay an administrative penalty to the Commission of $15,000 obtained as a result of his non-compliance with Ontario securities law, to be paid to or for the benefit of third parties designated by the Commission, pursuant to s.3.4(2) of the Act;

(h) pursuant to section 127.1, Tulsiani shall pay the amount of $5,000 representing a portion of Staff's costs in this matter; and

(i) with respect to the amounts ordered to be paid above at paragraphs (g) and (h), Tulsiani shall pay $3,000 by certified cheque or bank draft on the date of the approval of the Settlement Agreement and at least $250 by cheque every month thereafter as well as additional payments of $2,666.67 on each anniversary of the approval of this Settlement Agreement until the amounts ordered above in paragraphs (g) and (h) are paid in full. Tulsiani will not be reimbursed for, or receive a contribution toward, these payments from any other person or company other than voluntary assistance from his immediate family.

DATED AT TORONTO this 21st day of December, 2010.

"Carol S. Perry"

2.2.3 Locate Technologies Inc. et al. – ss. 127(1), 127(10)

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

AND

IN THE MATTER OF
LOCATE TECHNOLOGIES INC., TUBTRON CONTROLS CORP., BRADLEY CORPORATE SERVICES LTD., 706166 ALBERTA LTD., LORNE DREVER, HARRY NILES, MICHAEL CODY AND DONALD NASON

ORDER
(Section 127(1) and 127(10) of the Act)

WHEREAS on August 16, 2010, the Ontario Securities Commission (the "Commission") commenced this proceeding by issuing a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), accompanied by Staff of the Commission's ("Staff") Statement of Allegations in this matter;

AND WHEREAS on November 30, 2010, the Commission held a hearing to consider whether it is in the public interest to make an order against Locate Technologies Inc. ("Locate"), Tubtron Controls Corp. ("Tubtron"), Bradley Corporate Services Ltd. ("Bradley"), 706166 Alberta Ltd. ("706166"), Lorne Drever ("Drever"), Harry Niles ("Niles"), Michael Cody ("Cody") and Donald Nason ("Nason") (collectively, the "Respondents");

AND WHEREAS Staff and counsel for Locate, Tubtron, 706166 and Drever attended the hearing and made written and oral submissions;

AND WHEREAS Bradley, Niles, Cody and Nason did not participate in the hearing, although properly served;

AND WHEREAS the Commission finds that the Respondents are subject to orders made by the New Brunswick Securities Commission imposing sanctions, conditions, restrictions or requirements on them;

AND WHEREAS the Commission finds that it is in the public interest to exercise its inter-jurisdictional enforcement authority pursuant to subsections 127(10) and 127(1) of the Act to apply sanctions to the Respondents;

IT IS ORDERED THAT:

(a) pursuant to subsection 127(1)2, trading in securities by Locate, Tubtron, 706166 and Bradley shall cease permanently;

(b) pursuant to subsections 127(1)2 and 127(1)2.1, trading in and acquisition of securities by Drever, Niles, Cody and Nason shall cease permanently, with the

exception that Niles, Cody and Nason shall be permitted to trade in and acquire securities within a single account for a registered retirement savings plan (as defined in the *Income Tax Act* (Canada)) in which they have sole legal and beneficial ownership and interest, provided that:

(i) the securities are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges) or are issued by a mutual fund which is a reporting issuer;

(ii) they do not own legally or beneficially more than one percent of the outstanding securities of the class or series of the class in question; and

(iii) they must carry out any permitted trading through a registered dealer and through one account opened in their name only and must close any other accounts;

(c) pursuant to subsection 127(1)3, any exemptions in Ontario securities law do not apply to the Respondents permanently;

(d) pursuant to subsections 127(1)8, 127(1)8.2 and 127(1)8.4, each of Drever, Niles, Cody and Nason shall be prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager permanently; and

(e) pursuant to subsection 127(1)8.5, each of Drever, Niles, Cody and Nason shall be prohibited from becoming or acting as a promoter permanently.

DATED at Toronto this 21st day of December, 2010

"James D. Carnwath"

"Sinan Akdeniz"

2.2.4 Baffinland Iron Mines Corporation – s. 127

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

AND

IN THE MATTER OF
BAFFINLAND IRON MINES CORPORATION,
IRON ORE HOLDINGS, LP AND
ITS WHOLLY-OWNED SUBSIDIARY
NUNAVUT IRON ORE ACQUISITION INC.

ORDER
(Section 127)

WHEREAS a shareholders rights plan was adopted by the Board of Directors of Baffinland Iron Mines Corporation ("Baffinland") on December 18, 2010 (the "Rights Plan");

AND WHEREAS all the parties involved in this matter have agreed to an order being issued substantially on the following terms;

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

IT IS HEREBY ORDERED THAT:

The Rights Plan and all securities issued or to be issued under the Rights Plan shall be cease traded at 5:00 p.m. on Wednesday, December 29, 2010, unless waived by Baffinland with respect to all take-over bids prior to that time.

DATED at Toronto this 22nd day of December, 2010.

"James Turner"
Vice-Chair

2.2.5 Dynasty Gaming Inc. – s. 144

Headnote

Application by an issuer for a revocation of a cease trade order issued by the Commission -- cease trade order issued because the issuer had failed to file certain continuous disclosure materials required by Ontario securities law -- defaults subsequently remedied by bringing continuous disclosure filings up-to-date -- cease trade order revoked.

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
DYNASTY GAMING INC.

ORDER
(section 144)

WHEREAS the securities of Dynasty Gaming Inc. (the **Applicant**) are currently subject to a temporary order made by the Ontario Securities Commission (the **Commission**) dated May 6, 2009 pursuant to subsection 127(1) and 127(5) of the Act, which order was extended by a further order of the Commission dated May 19, 2009 (collectively, the **Cease Trade Order**), directing that all trading in the securities of the Issuer cease;

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

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant was incorporated under the *Canada Business Corporations Act* on August 11, 1994. Following different changes of name, the Applicant changed its name to "Dynasty Gaming Inc." on December 5, 2005.

2. The Applicant's registered and head offices are located at 5265 De Gaspé Avenue, Montreal, Québec, H2T 2A1.

3. The Applicant is authorized to issue an unlimited number of common shares in its capital (the **Common Shares**), of which, on the date hereof, 92,347,574 Common Shares are issued and outstanding.

4. The Common Shares were delisted from the TSX Venture Exchange on July 9, 2010. The Applicant subsequently applied to list the Common Shares on the Canadian National Stock Exchange (**CNSX**) and, on December 2, 2010, received the conditional approval of the CNSX in respect of the Common Shares.

5. The Applicant is a reporting issuer in the provinces of British Columbia, Alberta, Ontario and Québec.

6. The Cease Trade Order was issued by the Commission due to the failure of the Applicant to file its annual consolidated financial statements and related documents for the fiscal year ended December 31, 2008 (collectively, the **Financial Statements**) as required by Part 4 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**).

7. The Financial Statements were not filed on or before April 30, 2009 due to ongoing discussions involving the Applicant and an other party concerning the renegotiation of certain terms of a Game Distribution and Online Operation License Agreement (the **Agreement**) and an incapacity for the Applicant and its auditors to determine the fair value of the Agreement before the negotiations were finalized, which Agreement constitutes an intangible asset and the principal asset of the Applicant.

8. The Applicant was also subject to a similar cease trade order issued by the British Columbia Securities Commission, the Alberta Securities Commission and the Autorité des marchés financiers (Québec) (the **Other Securities Commissions**). Applications to revoke these cease trade orders (the **Other Orders**) have been filed with the Other Securities Commissions concurrently with the application filed with the Commission.

9. On February 2, 2010, the Applicant filed the Financial Statements and the interim consolidated financial statements and related documents for the interim periods ended March 31, June 30 and September 30, 2009 with the Commission via SEDAR and in compliance with NI 51-102.

10. The Applicant is up to date in its continuous disclosure obligations, has paid all outstanding filing fees associated therewith, including the late filing fees, and is not in default of the requirements of the Act and the regulations made under the Act.

11. The Applicant must obtain this revocation order to complete a proposed transaction with Sun Thinktank Creative Holdings Limited (formerly Redrock Capital Group Ltd.) and Jiangsu Tiandiling Land Resource Technology Co. Ltd., consisting essentially of the acquisition of (i) all of

the issued and outstanding securities of Blue Zen Memorial Park Ltd., a British Virgin Islands holding company designed to enable the foreign direct investment by the Applicant in a memorial park business to be operated in the People's Republic of China and (ii) a parcel of land totalling approximately 49,208.4 square meters located in the town of Yixing, Jiangsu Province, People's Republic of China, on which the Applicant intends to carry on a memorial park business, the whole as more fully described in the Applicant's Management Proxy Circular dated December 6, 2010, a copy of which has been filed under the Applicant's SEDAR profile.

12. The Applicant's SEDAR and SEDI profiles are up-to-date.

13. The Applicant has filed an undertaking with the Commission that it will hold an annual meeting of shareholders within three months of the date of this Order.

14. Other than the Cease Trade Order, the Applicant is not in default of any of the requirements of the Act, or the rules and regulations made pursuant thereto, and has paid all outstanding fees.

15. Other than the Cease Trade Order and the Other Orders, the Applicant has not previously been subject to a cease trade order.

16. Upon the issuance of this Order, the Applicant will issue a press release announcing the revocation of the Cease Trade Order. The Applicant will concurrently file the press release and a related material change report on SEDAR.

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

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

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

DATED December 22, 2010.

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

2.2.6 Global Partners Capital et al.

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

AND

IN THE MATTER OF
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, BASIL MARCELLINIUS
TOUSSAINT also known as Peter Beckford, and
RAFIQUE JIWANI also known as Ralph Jay

ORDER

WHEREAS on May 25, 28 and 29, 2009 and June 1 and 2, 2009, the Commission held a hearing in this matter to consider the allegations as set out in Staff's Statement of Allegations dated September 11, 2008;

AND WHEREAS the Commission issued its Reasons and Decision in this matter on August 31, 2010;

AND WHEREAS the Commission found that Global Partners Capital ("GPC"); Asia Pacific Energy, Inc. ("Asia Pacific"); 1666475 Ontario Inc. operating as "Asian Pacific Energy" ("1666475"); Alex Pidgeon ("Pidgeon"); Kit Ching Pan also known as Christine Pan ("Pan"); Hau Wai Cheung also known as Peter Cheung, Tony Cheung, Mike Davidson, or Peter McDonald ("Cheung"); Gurdip Singh Gahunia also known as Michael Gahunia or Shawn Miller ("Gahunia"); Basil Marcellinius Toussaint also known as Peter Beckford ("Toussaint"); and Rafique Jiwani also known as Ralph Jay ("Jiwani") (collectively, the "Respondents") had breached Ontario securities laws and committed conduct contrary to the public interest;

AND WHEREAS a hearing to consider sanctions was scheduled for November 5, 2010 at 10 a.m.;

AND WHEREAS Staff of the Commission ("Staff') served the Respondents with Staff's Written Submissions on Sanctions and accompanying materials;

AND WHEREAS on November 5, 2010, Staff and counsel for Mr. Gahunia attended before the Commission and no one appeared on behalf of the other Respondents.

AND WHEREAS counsel for Mr. Gahunia brought a motion to have the hearing adjourned on the basis that counsel was only recently retained by Mr. Gahunia;

AND WHEREAS Staff opposed the request for an adjournment;

AND WHEREAS the Commission ordered that the hearing on sanctions be adjourned to Wednesday, November 17, 2010 at 10:30 a.m.;

AND WHEREAS on November 17, 2010, Staff and counsel for Mr. Gahunia attended before the Commission and no one appeared on behalf of the other Respondents;

AND WHEREAS counsel for Mr. Gahunia requested the portion of the hearing relating to Mr. Gahunia be adjourned;

AND WHEREAS Staff supported the request for an adjournment in relation to Mr. Gahunia but requested to proceed against the other respondents;

AND WHEREAS the Commission was of the opinion that it was in the public interest to hear sanctions and costs submissions against all the Respondents together;

AND WHEREAS the Commission ordered that the hearing on sanctions and costs be adjourned to Thursday, December 16, 2010 at 2:30 p.m.;

AND WHEREAS on December 16, 2010, Staff, Mr. Gahunia and counsel for Mr. Gahunia attended before the Commission and no one appeared on behalf of the other Respondents;

AND WHEREAS counsel for Mr. Gahunia requested the hearing be adjourned on the basis that senior counsel for Mr. Gahunia was unavailable;

AND WHEREAS Staff opposed the request for an adjournment;

AND WHEREAS the Commission considered submissions from Staff, Mr. Gahunia and counsel for Mr. Gahunia;

IT IS HEREBY ORDERED THAT:

1. the hearing on sanctions and costs in this matter is adjourned to Friday, January 7, 2011 at 3 p.m. at the offices of the Commission on the 17th floor, 20 Queen Street West in Toronto, peremptory to Mr. Gahunia; and

2. the Respondents shall file and serve any written submissions on sanctions and costs by January 4, 2011.

DATED at Toronto this 16th day of December, 2010.

"Mary G. Condon"

"Paulette L. Kennedy"

2.2.7 Harbert Fund Advisors, Inc. – s. 6.1 of OSC Rule 91-502

Headnote

Application to the Director for an exemption, pursuant to section 6.1 of OSC Rule 91-502 – Trades in Recognized Options (Rule 91-502), exempting the Applicant and its Representative from the proficiency requirements in section 3.1 of Rule 91-502 for trades in commodity futures options. It is a condition of the exemption that the Applicant and its Representative maintain their respective registrations permitting them to trade as agent in, or give advice in respect of equity options in the United States.

Rules Cited

Ontario Securities Commission Rule 91-502 Trades in Recognized Options, ss. 3.1 and 6.1.

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, CHAPTER C.20, AS AMENDED
(the Act)

AND

IN THE MATTER OF
HARBERT FUND ADVISORS, INC.

ORDER
(Section 6.1 of OSC Rule 91-502)

UPON the application (the **Application**) of Harbert Fund Advisors, Inc. (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to section 6.1 of OSC Rule 91-502 *Trades in Recognized Options* (**Rule 91-502**) exempting the Applicant and its representative (the **Representative**), from the proficiency requirements in section 3.1 of Rule 91-502 for so long as the Applicant relies on and complies with the terms of the international adviser exemption in section 8.26 of National Instrument 31-103 *Registration Requirements and Exemptions* (**NI 31-103**);

AND UPON the Applicant having represented to the Director that:

1. The Applicant is incorporated under the laws of the state of Alabama in the United States. The head office of the Applicant is in Birmingham, Alabama.

2. The Applicant engages in the business of an investment adviser in the United States and is registered as an investment adviser with the U. S. Securities and Exchange Commission (the **SEC**).

3. The Applicant is appropriately registered to advise with respect to recognized options in the United States subject to the jurisdiction of the SEC.

4. The Representative, Todd Nunnelley, has obtained the Series 7 license administered by the Financial Industry Regulatory Authority (**FINRA**) and is registered with and authorized by FINRA to advise in respect of equity options in the United States.

5. In Ontario, the Applicant, through the Representative, intends to provide investment advice in respect of managed accounts (each a **Managed Account**) of one or more permitted clients as defined in NI 31-103. As part of its investment mandate for the Managed Accounts, the Applicant may, among other securities, advise in respect of recognized options as defined in Rule 91-502.

6. The Applicant is not registered under securities legislation in Ontario, but relies on the international adviser exemption pursuant to section 8.26 of NI 31-103 when providing advice in respect of the Managed Accounts.

7. The Applicant does not have an office in Canada and has no directors, officers or employees resident in Canada. The Applicant has appointed an agent for service in Ontario and has filed a Form 31-103F2 in respect thereof.

AND UPON the Director being satisfied that it would not be prejudicial to the public interest to grant the exemption requested;

IT IS ORDERED THAT the Applicant and the Representative be exempted from the requirement in section 3.1 of Rule 91-502, for so long as:

(i) the Applicant relies on the international adviser exemption in section 8.26 of NI 31-103 when providing advice in respect of its clients in Ontario;

(ii) the Representative only provides investment advice in Ontario in respect of the Managed Accounts;

(iii) the Applicant and the Representative maintain the appropriate registrations in good standing with the SEC and FINRA which permits the Applicant and the Representative to give advice in respect of equity options in the United States.

December 21, 2010

"Erez Blumberger"
Deputy Director, Registrant Regulation
Compliance and Registrant Regulation

2.2.8 Richards Oil & Gas Limited – s. 144

Headnote

Section 144 – application for variation of cease trade order – issuer cease traded due to failure to file with the Commission annual financial statements – issuer has applied for a variation of the cease trade order to permit the issuer to proceed with a proposal under the Bankruptcy and Insolvency Act– partial revocation granted subject to conditions.

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
RICHARDS OIL & GAS LIMITED

ORDER
(Section 144 of the Act)

WHEREAS the securities of Richards Oil & Gas Limited (the **Filer**) are subject to a temporary cease trade order issued by the Director on May 14, 2010 pursuant to subsections 127(1) and 127(5) of the Act and a further cease trade order issued by the Director on May 26, 2010 pursuant to subsection 127(1) of the Act (together the **Ontario CTO**), directing that all trading in the securities of the Filer cease until further order by the Director;

AND WHEREAS the Filer has applied to the Ontario Securities Commission (the **Commission**) for an order pursuant to section 144 of the Act (the **Application**) for a partial revocation of the Ontario CTO.

AND WHEREAS the Filer has represented to the Commission that:

1. The Filer is a corporation existing under the *Business Corporations Act* (Alberta) incorporated on May 18, 2004.

2. The Filer's head office is located in Calgary, Alberta.

3. The Filer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Ontario and New Brunswick.

4. The authorized capital of the Filer consists of an unlimited number of common shares of which 77,818,850 are currently issued and outstanding (the **Common Shares**).

5. The Filer has 2,845,000 options outstanding to purchase Common Shares, with a weighted average exercise price of $0.62 (the **Options**).

6. The Filer has issued $6.5 million of convertible unsecured subordinated debentures which bear interest at 8.0% per annum which is to be paid semi-annually and which have an initial maturity date of June 26, 2011 (the **Debentures**).

7. The Filer has no securities outstanding other than the Common Shares, the Options and the Debentures.

8. The Common Shares were delisted from trading on the TSX Venture Exchange on July 9, 2010 for failure to pay the corporate sustaining fee and no securities of the Filer are currently listed or quoted on any exchange or market.

9. As a result of declining oil and natural gas prices and the costs associated with abandonment liabilities with its oil and gas properties, the Filer has experienced significantly reduced revenues and depreciating asset values. The Common Shares and Options have no economic value because the Filer's liabilities substantially exceed the fair value of its assets.

10. On May 11, 2010 the Commission issued the Ontario CTO in response to the Filer's failure to file its annual audited financial statements, annual management's discussion and analysis, and certification of annual filings for the year ended December 31, 2009 (the **2009 Annual Filings**). The Alberta Securities Commission issued a cease trade order against the Filer on May 7, 2010 (the **Alberta CTO**) and the British Columbia Securities Commission (the **BCSC**) issued a similar cease trade order on May 11, 2010 (the **BCSC CTO**).

11. In addition to the 2009 Annual Filings, the Filer subsequently failed to file its interim unaudited financial statements, interim management's discussion and analysis, certification of interim filings for the three quarterly periods ended March 31, June 30 and September 30, 2010 and its annual oil and gas disclosure prescribed by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**Interim Filings**).

12. The Filer is also included on the list of defaulting issuers maintained by each of the Saskatchewan Financial Services Commission and the New Brunswick Securities Commission.

13. Other than the failure to file the 2009 Annual Filings and Interim Filings the Filer is not in default of any of the requirements of the Act or the rules and regulations made pursuant thereto.

14. On May 5, 2010 the Filer was granted protection from its creditors under the *Bankruptcy and Insolvency Act* (the **BIA**). The protection afforded by the BIA has been extended several times pursuant to orders granted by the Court of Queen's Bench in the Judicial Centre of Calgary (the **Court**). The purpose of seeking protection from creditors under the BIA was to allow the Filer time to file with the official receiver a proposal to effect a compromise and arrangement of all claims of the Filer's creditors against the Filer.

The Proposal

15. On September 2, 2010, the Filer filed a proposal (the **Proposal**) with the official receiver in accordance with the BIA, naming Alger & Associates Inc. as the proposal trustee.

16. The Proposal was approved by the creditors of the Filer on September 24, 2010 and the Court on October 22, 2010, as required under the BIA.

17. An extension for the completion date of the Proposal (to December 30, 2010) was approved by the creditors of the Filer on November 30, 2010.

18. The steps of implementation of the Proposal involve a reorganization of the Filer's share capital and includes two distinct trades of securities of the Filer in Alberta and Ontario. Consequently, the Filer has concurrently applied to the Alberta Securities Commission for a partial revocation of the Alberta CTO.

19. Initially, the Proposal will involve a trade of 500,000 convertible non-voting class B common shares (**Class B Shares**) to four unsecured Debenture holders who are owed approximately $6.3 million (the **Creditor Trade**).

20. All remaining Debenture holders will be treated as ordinary creditors and will receive cash payments from a cash pool of $210,000 pursuant to the Proposal.

21. Holders of the existing Common Shares and Options will not receive any payment or compensation. Upon completion of the Proposal all Common Shares and Options will be redeemed for no consideration and cancelled, without any vote or approval by, or payment to, the holders of the Common Shares and Options.

22. In addition, the Corporation intends to conduct a private placement of 600,000 voting class A common shares (**Class A Shares**) at a price of $1.00 per share, to six arm's length investors (the **Investor Trade**).

23. The proceeds of the Investor Trade will be used as follows:

(a) $210,000 to satisfy the claims of most other creditors, both secured and unsecured, who are not eligible to participate in the Creditor Trade, according to the amount of their claim, as set forth in the Proposal; and

(b) the balance to provide capital for the Filer to pay its advisors and fees with respect to the Proposal, complete the reorganization process and for continuing operations.

24. The claims of a secured creditor and certain operating creditors will not be affected by the Proposal.

25. The new investors who participate in the Investor Trade (the **Investors**) and the creditors participating in the Creditor Trade (the **Creditors**) will receive a copy of the Proposal and will acquire the Class A Shares and Class B Shares, respectively, pursuant to the exemption in section 2.3 of National Instrument 45-106 *Prospectus and Registration Exemptions*. The Investors and Creditors will execute acknowledgements that the Filer's securities are currently subject to the Ontario CTO, Alberta CTO and BCSC CTO.

26. The Filer intends to apply for full revocations of the Ontario CTO, Alberta CTO and BCSC CTO, respectively.

27. The Filer will apply to cease to be a reporting issuer in each of the jurisdictions in which it is a reporting issuer following the completion of the Proposal.

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

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

IT IS ORDERED, pursuant to section 144 of the Act, that the Ontario CTO is partially revoked solely to permit trades in securities of the Filer (including for greater certainty, acts in furtherance of trades in securities of the Filer) that are necessary for and are in connection with the Proposal, provided that:

1. Prior to the completion of the Proposal and Investor Trade:

   (a) Investors and Creditors will receive:

      (i) a copy of the Proposal;

      (ii) a copy of the Ontario CTO; and

      (iii) a copy of this order; and

   (b) written notice from the Filer, and the Filer will provide the Commission, on request, written acknowledgement by each Investor and each Creditor of their understanding that the securities of the Filer will remain subject to the Ontario CTO until it is revoked and are therefore not capable of being sold, and that the granting of this partial revocation order does not guarantee the issuance of a full revocation in the future.

DATED at Toronto this 23rd day of December, 2010.

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

2.2.9 Azabache Energy Inc. – s. 144

Headnote

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

Statutes Cited

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

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

AND

IN THE MATTER OF
AZABACHE ENERGY INC.
(the Reporting Issuer)

ORDER
(Section 144)

Background

On November 22, 2010, the Director made an order under paragraph 2 of subsection 127(1) of the Act (the Cease Trade Order) that all trading in securities of the Reporting Issuer, whether direct or indirect, shall cease until further order by the Director.

The Order was made because the Reporting Issuer was in default of certain filing requirements under Ontario securities law as described in the Cease Trade Order.

The Reporting Issuer has applied to the Ontario Securities Commission under section 144 of the Act for a revocation of the Cease Trade Order.

Representations

This order is based on the following facts represented by the Reporting Issuer:

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

2. The Reporting Issuer has filed all outstanding continuous disclosure documents that are required to be filed under Ontario securities law.

3. The Reporting Issuer has paid all outstanding activity, participation and late filing fees that are required to be paid.

4. The Reporting Issuer was also subject to similar cease trade orders issued by the Alberta Securities Commission (ASC) and British Columbia Securities Commission (BCSC) as a result of the failure to make the filings described in the Cease Trade Order. The orders issued by the ASC and BCSC were revoked on December 16, 2010 and December 17, 2010, respectively.

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

Order

The Director is of the opinion that it would not be prejudicial to the public interest to revoke the Cease Trade Order.

It is ordered under section 144 of the Act that the Cease Trade Order is revoked.

Dated: December 24, 2010

"Jo-Anne Matear"
Assistant Manager, Corporate Finance

2.2.10 David M. O'Brien

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

AND

IN THE MATTER OF
DAVID M. O'BRIEN

ORDER

WHEREAS on December 8, 2010, the Secretary of the Commission issued a Notice of Hearing, pursuant to sections 37, 127 and 127.1 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), for a hearing to commence at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on Monday, December 20, 2010 at 10:30 a.m., or as soon thereafter as the hearing can be held;

AND WHEREAS the Notice of Hearing provides for the Commission to consider, among other things, whether, in the opinion of the Commission, it is in the public interest, pursuant to s. 127 of the Act, to issue temporary orders against David M. O'Brien ("O'Brien"), as follows:

(a) O'Brien shall cease trading in any securities for a prescribed period or until the conclusion of the hearing on the merits in this matter;

(b) O'Brien is prohibited from acquiring securities for a prescribed period or until the conclusion of the hearing on the merits in this matter; and

(c) Any exemptions contained in Ontario securities law do not apply to O'Brien for a prescribed period or until the conclusion of the hearing on the merits in this matter;

AND WHEREAS Staff served the O'Brien with the Notice of Hearing, Staff's Statement of Allegations dated December 7, 2010, and the Affidavit of Lori Toledano ("Toledano"), affirmed on December 15, 2010, as evidenced by the Affidavit of Daniela De Chellis, sworn on December 16, 2010, and filed with the Commission;

AND WHEREAS on December 20, 2010 Staff of the Commission and O'Brien appeared before the Commission and made submissions. During the hearing on December 20, 2010, O'Brien advised the Commission that he was opposed to Staff's request that temporary orders be issued against him and that he wished to cross-examine Toledano on her Affidavit;

AND WHEREAS on December 20, 2010, the hearing with respect to the issuance of the temporary orders was adjourned until December 23, 2010 at 12:30 p.m.;

AND WHEREAS on December 23, 2010, a hearing with respect to the issuance of the temporary orders was held and the panel of the Commission considered the Affidavit of Toledano, the cross-examination by O'Brien of Toledano and the submissions made by Staff and O'Brien;

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

IT IS HEREBY ORDERED pursuant to section 127 of the Act that:

(a) O'Brien shall cease trading securities;

(b) O'Brien is prohibited from acquiring securities; and

(c) Any exemptions contained in Ontario securities law do not apply to O'Brien.

(the "Temporary Cease Trade Order");

IT IS FURTHER ORDERED that the Temporary Cease Trade Order shall expire on April 1, 2011;

IT IS FURTHER ORDERED that Staff and O'Brien shall consult with the Office of the Secretary of the Commission to schedule a confidential pre-hearing conference for this matter.

DATED at Toronto this 23rd day of December, 2010.

"Mary G. Condon"

2.2.11 Merax Resource Management Ltd. et al.

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

AND

IN THE MATTER OF
MERAX RESOURCE MANAGEMENT LTD.
carrying on business as CROWN CAPITAL
PARTNERS, RICHARD MELLON and ALEX ELIN

ORDER

WHEREAS on November 29, 2006, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing as amended on November 30, 2006 pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, to consider whether it is in the public interest to make certain orders against Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon ("Mellon") and Alex Elin ("Elin");

AND WHEREAS at a pre-hearing conference on May 20, 2010, Commissioner Knight ordered that the hearing on the merits shall commence on January 17, 2011 at 10:00 a.m. and continue on January 18, 19, 20 and 21, 2011 (the "Merits Hearing");

AND WHEREAS by e-mail to the Office of the Secretary dated December 7, 2010, Elin requested an adjournment of the Merits Hearing on the basis of medical grounds;

AND WHEREAS a hearing was held before Commissioner LeSage on December 15 and 17, 2010 to consider Elin's request for an adjournment;

AND WHEREAS the hearing of the motion was attended by Elin and counsel for Staff of the Commission ("Staff"), and Commissioner LeSage heard submissions from the parties present;

AND WHEREAS Staff notified Mellon of Elin's motion but Mellon declined to attend and did not take any position with respect to Elin's motion;

AND WHEREAS Staff opposed Elin's adjournment request for several reasons, including on the basis that the medical evidence provided in support of his request was not sufficient to support his request for an adjournment;

AND WHEREAS Commissioner LeSage considered relevant factors, including the lack of supporting medical evidence provided by Elin, Commissioner Knight's indication at the pre-hearing conference held on April 7, 2010 that the hearing dates would be peremptory as well as the history of this matter;

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

IT IS ORDERED THAT Elin's motion to adjourn the Merits Hearing is denied, and the Merits Hearing shall commence as scheduled on January 17, 2011 and continue until January 21, 2011.

DATED at Toronto this 17th of December, 2010.

"Patrick J. Lesage"

2.2.12 Bold Ventures Inc. – s. 1(11)(b)

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

AND

**IN THE MATTER OF
BOLD VENTURES INC.**

**ORDER
(clause 1(11)(b))**

UPON the application of Bold Ventures Inc. (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to clause 1(11)(b) of the Act that, for the purposes of Ontario securities law, the Applicant is a reporting issuer in Ontario;

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

AND UPON the Applicant representing to the Commission as follows:

1. The Applicant is a corporation continued under the *Business Corporations Act* (Ontario) on August 31, 2010 with its registered office at 40 King Street West Suite 3100, Toronto, Ontario M5H 3Y2 and its head office at 15 Toronto Street, Suite 1000, Toronto, Ontario, M5C 2E3.

2. The authorized share capital of the Applicant consists of an unlimited number of common shares of which a total of 20,059,565 are issued and outstanding as of the date hereof.

3. The Applicant became a reporting issuer under the *Securities Act* (Alberta) (the **Alberta Act**) and the *Securities Act* (British Columbia) (the **BC Act**) on September 28, 2007.

4. The Applicant is not currently a reporting issuer or equivalent in any jurisdiction in Canada other than British Columbia and Alberta.

5. The Applicant is not on the lists of defaulting reporting issuers maintained pursuant to the BC Act and Alberta Act and is not in default of any requirement of either the BC Act or Alberta Act or the rules and regulations made thereunder.

6. The continuous disclosure document requirements of the BC Act and Alberta Act are substantially the same as the continuous disclosure requirements under the Act.

7. The continuous disclosure materials filed by the Applicant under the BC Act and Alberta Act are available on the System for Electronic Document Analysis and Retrieval.

8. The Applicant's Common Shares are listed and posted for trading on the TSX Venture Exchange (the **Exchange**) under the trading symbol "BOL".

9. The Applicant is not in default of any of the rules, regulations or policies of the Exchange.

10. Pursuant to the policies of the Exchange, a listed issuer, which is not otherwise a reporting issuer in Ontario, must assess whether it has a "significant connection to Ontario" (as defined in the policies of the Exchange) and, upon becoming aware that it has a significant connection to Ontario, promptly make a *bona fide* application to the Commission to be deemed a reporting issuer in Ontario.

11. The Applicant has determined that it has a "significant connection to Ontario" (as defined in Exchange policies) because beneficial holders of the Applicant resident in Ontario hold more than 10% of the Applicant's common shares and the mind and management of the Applicant are located in Ontario.

12. Neither the Applicant nor any of its officers, directors, nor, to the knowledge of the Applicant or its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, has:

    (a) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority;

    (b) entered into a settlement agreement with a Canadian securities regulatory authority; or

    (c) been the subject of any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13. Neither the Applicant nor any of its officers, directors, nor, to the knowledge of the Applicant or its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, is or has been subject to:

    (a) any known ongoing or concluded investigations by:

        (i) a Canadian securities regulatory authority; or

        (ii) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable

investor making an investment decision; or

(b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

14. Neither any of the officers or directors of the Applicant, nor, to the knowledge of the Applicant or its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, is or has been at the time of such event an officer or director of any other issuer which is or has been subject to:

(a) any cease trade order or similar order, or order that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or

(b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

AND UPON the Commission being satisfied that granting this Order would not be prejudicial to the public interest;

IT IS ORDERED pursuant to clause 1(11)(b) of the Act that the Applicant is a reporting issuer for the purposes of Ontario securities law.

DATED this 4th day of January, 2011.

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

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Maple Leaf Investment Fund Corp. et al.

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

AND

IN THE MATTER OF
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

SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND RAVINDER TULSIANI

PART I – INTRODUCTION

1. By Notice of Hearing dated February 12, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on February 25, 2010, to consider whether, pursuant to sections 127 and 127.1 of the Ontario *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") it was in the public interest to make orders, as specified therein, against Maple Leaf Investment Fund Corp., Henry Chau, Sunil Tulsiani, Tulsiani Investments Inc. ("Tulsiani Investments"), and Ravinder Tulsiani ("Tulsiani").

2. By Notice of Hearing dated December 17, 2010, the Commission announced that it will hold a hearing on December 21, 2010 at 10:00 a.m. in respect of a Settlement Agreement (the "Settlement Agreement") between Staff of the Commission ("Staff") and Tulsiani. At the hearing, the Commission will consider whether, pursuant to section 127 of the Act, it is in the public interest to approve the Settlement Agreement.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing against Tulsiani in accordance with the terms and conditions set out below. Tulsiani consents to the making of orders in the form attached as Schedule "A" on the basis of the facts set out below.

PART III – AGREED FACTS

4. Staff and Tulsiani agree, solely for the purposes of this Settlement Agreement and any order of the Commission contemplated hereby, with the facts and conclusions set out in Part III of this Settlement Agreement. Staff and Tulsiani agree that this Settlement Agreement is without prejudice to Tulsiani in any past, present or future civil proceeding which may be brought by any person. Nothing in this Settlement Agreement is intended to be an admission of civil liability by Tulsiani to any person or company; such liability is expressly denied.

5. To the extent Tulsiani does not have direct personal knowledge of certain facts as described below, Tulsiani believes the facts to be true and accurate.

Background

6. Tulsiani Investments is an Ontario company incorporated on May 28, 2007, with its head office in Brampton, Ontario. Through its promotional materials, Tulsiani Investments purported to offer investors high-yield revenue properties that hold great potential for growth. Tulsiani Investments has never been registered in any capacity with the Commission.

7. Tulsiani, Sunil Tulsiani and Tulsiani Investments operated Private Investment Club ("PIC") as an investment club to promote investment opportunities to its fee paying members. PIC has never been registered in any capacity with the Commission.

8. Tulsiani is a resident of Brampton, Ontario. Tulsiani was the chief executive officer and a director of Tulsiani Investments in December 2008. Tulsiani resigned from his positions with Tulsiani Investments on or about December 19, 2008. Tulsiani has been registered with the Commission in various capacities and his last registration with the Commission ended on April 25, 2006.

Maple Leaf Investment Fund

9. Maple Leaf Investment Fund ("MLIF") is an Ontario company incorporated on January 11, 2007.

10. In December 2008, Tulsiani and Tulsiani Investments participated in the sale of MLIF 401 series bonds (the "401 Bonds") to members of PIC. In particular, Tulsiani:

(a) invited or knew that potential investors were invited to attend meetings and/or seminars to learn about the 401 Bonds;

(b) was present when representations were made to potential investors about the 401 Bonds at meetings and/or seminars including representations that the bonds were "risk free";

(c) assisted and directed some investors on how to complete subscription agreements and other documents related to the 401 Bonds at meetings where the 401 Bonds were presented to PIC members; and

(d) was present when funds from some investors were accepted for the purchase of the 401 Bonds.

11. In total, Tulsiani Investments contributed to raising approximately $1.8 million from the sale of the 401 Bonds to approximately 35 investors. Approximately $825,000 of this amount was later returned to investors as "redemptions" on the 401 Bonds when the investors were asked in or around January 2009 to either "redeem" their 401 Bond or roll their funds over into a 402 Bond. Tulsiani was no longer with Tulsiani Investments when this occurred in and after January 2009.

Conduct Contrary to Ontario Securities Law

12. Tulsiani and Tulsiani Investments traded in securities of MLIF at a time when neither Tulsiani nor Tulsiani Investments was registered with the Commission in any capacity and no registration exemption was available. This conduct was contrary to section 25 of the Act.

13. Tulsiani, being a director of Tulsiani Investments, did authorize, permit or acquiesce in the commission of the violations of section 25 of the Act by Tulsiani Investments set out above contrary to section 129.2.

PART IV - CONDUCT CONTRARY TO THE PUBLIC INTEREST

14. By engaging in the conduct described above, Tulsiani admits and acknowledges that he contravened Ontario securities law in the following ways:

(a) Tulsiani traded in securities without registration contrary to section 25 of the Act; and

(b) Tulsiani, as an officer and director of Tulsiani Investments, authorized, permitted or acquiesced in Tulsiani Investments contraventions of the Act, contrary to section 129.2 of the Act and contrary to the public interest.

15. Tulsiani admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 14 (a) and (b).

PART V - TERMS OF SETTLEMENT

16. Tulsiani agrees to the terms of settlement listed below.

17. The Commission will make an order, pursuant to subsection 127(1) and section 127.1 of the Act, that:

(a) the Settlement Agreement is approved;

(b) trading in any securities by Tulsiani shall cease for a period of eight years from the date of the approval of the Settlement Agreement;

(c) the acquisition of any securities by Tulsiani is prohibited for a period of eight years from the date of the approval of the Settlement Agreement;

(d) any exemptions contained in Ontario securities law do not apply to Tulsiani for a period of eight years from the date of the approval of the Settlement Agreement;

(e) Tulsiani shall pay an administrative penalty of $15,000 as a result of his non-compliance with Ontario securities law, to be paid to or for the benefit of third parties designated by the Commission, pursuant to s.3.4(2) of the Act;

(f) Tulsiani shall pay $5,000 representing a portion of Staff's costs in this matter.

(g) Tulsiani is prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager for a period of eight years from the date of this Order; and

(h) Tulsiani is prohibited for a period of eight years from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter.

18. In regard to the payments ordered above, Tulsiani agrees to personally make a payment of $3,000 by certified cheque or bank draft when the Commission approves this Settlement Agreement. Tulsiani further agrees to pay at least $250 by cheque one month after the Commission approves this Settlement Agreement and to pay by cheque at least $250 every month thereafter as well as additional payments of $2,666.67 on each anniversary of the approval of this Settlement Agreement until the $20,000 amount ordered above in paragraph 17 is paid in full. Tulsiani will not be reimbursed for, or receive a contribution toward, these payments from any other person or company other than voluntary assistance from his immediate family.

19. Tulsiani undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in sub-paragraphs 17 (b), (c), (d), (g) and (h) above. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

PART VI - STAFF COMMITMENT

20. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 21 below.

21. If the Commission approves this Settlement Agreement and Tulsiani fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against Tulsiani. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

PART VII - PROCEDURE FOR APPROVAL OF SETTLEMENT

22. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for December 21, 2010, or on another date agreed to by Staff and Tulsiani, according to the procedures set out in this Settlement Agreement and the Commission's Rules of Practice.

23. Staff and Tulsiani agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on Tulsiani's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

24. If the Commission approves this Settlement Agreement, Tulsiani agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

25. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

26. Whether or not the Commission approves this Settlement Agreement, Tulsiani will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII - DISCLOSURE OF SETTLEMENT AGREEMENT

27. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

(i) this Settlement Agreement and all discussions and negotiations between Staff and Tulsiani before the settlement hearing takes place will be without prejudice to Staff and Tulsiani; and

(ii) Staff and Tulsiani will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

28. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, both parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART IX - EXECUTION OF SETTLEMENT AGREEMENT

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

30. A facsimile copy of any signature will be as effective as an original signature.

Dated this 17th day of December, 2010.

Signed in the presence of:

"Leena Tulsiani"
Witness

"Ravinder Tulsiani"
Ravinder Tulsiani

Dated this 17th day of December, 2010.

STAFF OF THE ONTARIO SECURITIES COMMISSION

"Karen Manarin"
Per: Tom Atkinson

Tom Atkinson
Director, Enforcement Branch

Dated this 17th day of December, 2010

SCHEDULE "A"

**IN THE MATTER OF
THE SECURITIES ACT,**

R.S.O. 1990, c.S.5, AS AMENDED

AND

**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**

**ORDER
(Sections 127(1) and 127.1)**

WHEREAS on February 12, 2010, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act"), in respect of Maple Leaf Investment Fund Corp., Joe Henry Chau (a.k.a. Henry Joe Chau, Shung Kai Chow and Henry Shung Kai Chow), Tulsiani Investments Inc., Sunil Tulsiani, and Ravinder Tulsiani ("Tulsiani");

AND WHEREAS Tulsiani entered into a Settlement Agreement with Staff of the Commission dated December 17, 2010 (the "Settlement Agreement") in which Tulsiani agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement, the Notice of Hearing and the Amended Statement of Allegations of Staff of the Commission, and upon hearing submissions from Tulsiani and from Staff of the Commission;

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

IT IS HEREBY ORDERED THAT:

(a) the Settlement Agreement is approved;

(b) pursuant to clause 2 of subsection 127(1), trading in any securities by Tulsiani cease for a period of 8 years from the date of this Order;

(c) pursuant to clause 2.1 of subsection 127(1), the acquisition of any securities by Tulsiani is prohibited for a period of 8 years from the date of this Order;

(d) pursuant to clause 3 of subsection 127(1), any exemptions contained in Ontario securities law do not apply to Tulsiani for a period of 8 years from the date of this Order;

(e) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1), Tulsiani shall be prohibited for a period of 8 years from the date of this Order from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;

(f) pursuant to clause 8.5 of subsection 127(1), Tulsiani shall be prohibited for a period of 8 years from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(g) pursuant to clause 9 of subsection 127(1), Tulsiani shall pay an administrative penalty to the Commission of $15,000 obtained as a result of his non-compliance with Ontario securities law, to be paid to or for the benefit of third parties designated by the Commission, pursuant to s.3.4(2) of the Act;

(h) pursuant to section 127.1, Tulsiani shall pay the amount of $5,000 representing a portion of Staff's costs in this matter; and

(i) with respect to the amounts ordered to be paid above at paragraphs (f) and (g), Tulsiani shall pay $3,000 by certified cheque or bank draft on the date of the approval of the Settlement Agreement and at least $250 by cheque every month thereafter as well as additional payments of $2,666.67 on each anniversary of the approval of this Settlement Agreement until the amounts ordered above in paragraphs (g) and (h) are paid in

full. Tulsiani will not be reimbursed for, or receive a contribution toward, these payments from any other person or company other than voluntary assistance from his immediate family.

DATED AT TORONTO this day of December, 2010.

Carol S. Perry

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
Dynasty Gaming Inc.	06 May 09	19 May 09	19 May 09	22 Dec 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
Pure Energy Visions Corporation	06 Dec 10	17 Dec 10	17 Dec 10		
Cathay Forest Products Corp.	08 Dec 10	20 Dec 10	20 Dec 10		
Seprotech Systems Incorporated	04 Jan 11	17 Jan 11			

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
Pure Energy Visions Corporation	06 Dec 10	17 Dec 10	17 Dec 10		
Cathay Forest Products Corp.	08 Dec 10	20 Dec 10	20 Dec 10		
Seprotech Systems Incorporated	04 Jan 11	17 Jan 11			

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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

Publisher's Note: Due to the holiday schedule, this week's Chapter 8 covers the period between December 17, 2010 to January 4, 2011

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

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
10/26/2010 to 11/01/2010	76	3P International Energy Corp. - Common Shares	8,000,000.00	20,000,000.00
11/11/2010 to 11/19/2010	5	Adriana Resources Inc. - Common Shares	7,999,999.40	21,621,620.00
11/18/2010	10	African Minerals Ltd. - Common Shares	329,400,000.00	45,000,000.00
12/01/2010	1	AlphaMosaic SPC - Common Shares	253,950.00	250.00
12/15/2010	6	AMC Entertainment Inc. - Notes	17,059,500.00	17,000,000.00
10/06/2010	4	AndeanGold Ltd. - Units	450,000.00	3,750,001.00
10/07/2010	46	Arsenal Energy Inc. - Flow-Through Shares	7,008,000.00	7,300,000.00
12/08/2010	22	Atocha Resources Inc. - Units	511,000.00	5,110,000.00
11/01/2010	31	Attwell Capital Inc. - Receipts	1,008,155.00	20,163,100.00
10/12/2010	25	Auriga Gold Corp. - Receipts	919,937.50	2,542,393.00
11/10/2010	13	Avante Logixx Inc. - Common Shares	1,730,000.00	6,920,000.00
11/09/2010	1	Bank of Montreal - Debt	1,000,000.00	1.00
11/16/2010	1	Barkerville Gold Mines Ltd. - Common Shares	500,000.00	371,471.00
12/15/2010	1	Berkshire Hathaway Finance Corporation - Notes	5,006,461.50	5,000,000.00
11/05/2010	10	Biosign Technologies Inc. - Units	2,300,000.00	1,840,000.00
11/15/2010	2	Bison Gold Resources Inc. - Common Shares	50,000.00	200,000.00
12/01/2010	1	Blue Heron Partners, L.P. - Limited Partnership Interest	205,280.00	N/A
12/20/2010	26	Blue Note Mining Inc. - Common Shares	2,258,250.08	16,772,500.00
12/03/2010	7	Brant County Riverbend Development Investment Corporation - Common Shares	182,000.00	18,200.00
11/29/2010	2	Cache Exploration Inc. - Units	350,000.00	1,000,000.00
12/15/2010	3	Camelot Information Systems Inc. - Common Shares	3,131,200.00	160,000.00
11/05/2010	34	Canada Fluorspar Inc. - Flow-Through Units	1,399,999.68	1,944,444.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
11/05/2010	34	Canada Fluorspar Inc. - Flow-Through Units	1,399,999.68	19,444,444.00
11/19/2010	26	Canadian Orebodies Inc. - Units	1,138,619.00	12,651,332.00
12/01/2010	4	Capital Direct I Income Trust - Trust Units	162,000.00	16,200.00
12/01/2010	46	Cara Operations Limited - Notes	200,000,000.00	200,000,000.00
10/07/2010	28	Castle Resources Inc. - Units	10,320,000.00	31,012,500.00
10/22/2010 to 10/27/2010	138	CB Gold Inc. - Receipts	26,655,338.70	59,234,086.00
11/15/2010	3	Champion Minerals Inc. - Flow-Through Shares	624,999.70	480,769.00
10/08/2010	93	Channel Resources Ltd. - Units	1,555,500.00	9,150,000.00
10/08/2010	93	Channel Resources Ltd. - Units	1,555,500.00	9,150,000.00
09/30/2010	1	Citigroup Capital XIII 7.875% Trust Preferred - Preferred Shares	63,750.00	N/A
12/10/2010	14	Claim Post Resources Inc. - Flow-Through Units	1,123,000.00	4,290,000.00
11/17/2010	9	Cogitore Resources Inc. - Flow-Through Shares	875,499.60	3,000,000.00
12/14/2010	1	Concho Resources, Inc. - Common Shares	2,829,750.00	35,000.00
09/03/2010	2	Condor Resources Inc. - Units	975,000.00	3,000,000.00
12/05/2010	6	Copper Reef Mining Corporation - Units	190,000.00	751,000.00
11/29/2010	2	CRP Opportunities Fund (Offshore) LP - Units	1,265,000.00	1,250.00
12/17/2010	1	CRP Opportunities Fund (Offshore) LP - Units	251,875.00	250.00
12/03/2010	5	D-Wave Systems Inc. - Preferred Shares	6,916,717.08	5,911,724.00
11/08/2010	9	Daymak Inc. - Warrants	526,000.00	13.18
12/09/2010	110	Denison Mines Corp. - Special Warrants	65,450,000.00	26,400,000.00
10/04/2010	2	Dianor Resources Inc. - Common Shares	304,000.00	3,800,000.00
11/18/2010	1	DNI Metals Inc. - Flow-Through Shares	28,000.00	200,000.00
11/18/2010	1	DNI Metals Inc. - Units	14,000.00	100,000.00
12/14/2010	3	Dollar General Corporation - Common Shares	2,603,550.00	85,000.00
12/13/2010 to 12/21/2010	7	Donner Metals Ltd. - Flow-Through Shares	2,650,000.00	8,281,250.00
12/20/2010	36	Dynacor Gold Inc. - Units	2,840,651.10	4,285,832.00
12/15/2010	24	El Tiger Silver Corp. - Units	2,500,000.00	10,000,000.00
09/01/2009	1	Equitable Group Inc. - Preferred Shares	9,000,000.00	360,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
11/05/2010	1	Everton Resources Inc. - Common Shares	111,600.00	485,625.00
12/07/2010	2	First Leaside Mortgage Fund - Trust Units	95,000.00	95,000.00
12/01/2010 to 12/03/2010	3	First Leaside Ultimate Limited Partnership - Limited Partnership Interest	75,971.24	125,071.00
12/01/2010 to 12/02/2010	3	First Leaside Wealth Management Fund - Trust Units	83,558.00	83,558.00
12/06/2010	6	First Leaside Wealth Management Inc. - Preferred Shares	547,072.00	547,072.00
12/01/2010	1	Flatiron Trust - Trust Units	590,099.73	331.76
12/03/2010	1	Foundation Mortgage "3" Corporation - Bonds	52,000.00	520.00
12/10/2010	22	Foundation Resources Inc. - Flow-Through Units	3,391,160.00	8,222,500.00
11/22/2010	2	Frontier Oil Corporation - Notes	3,064,130.53	30,000.00
11/12/2010	3	GeneNews Limited - Debentures	945,406.00	3.00
11/12/2010	9	GeneNews Limited - Units	1,180,045.50	4,720,182.00
12/15/2010	41	Gladstone Resources Inc. - Flow-Through Shares	6,500,000.10	5,652,174.00
10/21/2010	106	Golden Fame Resources Corp - Units	1,200,000.00	8,000,000.00
10/18/2010	5	Greenock Resources Inc - Units	175,000.00	2,500,000.00
12/10/2010	82	Guyana Precious Metals Inc. - Units	7,000,000.00	70,000,000.00
11/12/2010	34	Hawthorne Gold Corp. - Common Shares	2,563,400.00	23,303,636.00
12/09/2010	124	High Desert Gold Corporation - Units	3,000,000.00	12,000,000.00
10/15/2010	1	Hillsdale Canadian Core Equity Fund - Units	300,000.00	28,573.33
12/03/2009 to 03/25/2010	6	Hillsdale Canadian Long/Short Equity Fund - Units	256,735.80	5,154.75
12/14/2009 to 11/26/2010	41	Hillsdale Canadian Performance Equity Fund - Units	7,447,868.46	98,443.08
09/22/2010 to 11/18/2010	5	Hillsdale Enhanced Income Fund - Units	1,493,032.69	161,742.19
12/14/2009 to 09/17/2010	10	Hillsdale Global Long/Short Equity Fund - Units	1,064,510.56	110,729.86
12/02/2009 to 11/22/2010	15	Hillsdale US Performance Equity Fund - Units	2,613,580.51	71,056.42
10/22/2010	52	Huntington Exploration Inc. - Units	2,500,000.00	50,000,000.00
10/18/2010 to 10/22/2010	16	IGW Real Estate Investment Trust - Units	782,638.64	780,052.00
12/14/2010	16	Impact Silver Corp. - Units	15,000,000.00	12,000,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/03/2010	1	India Venture Partnership Limited - Common Shares	50,300.00	50,000.00
11/16/2010	2	Inphi Corporation - Common Shares	1,535,000.00	125,000.00
11/30/2010	34	International PBX Ventures Ltd. - Units	3,800,000.00	15,200,000.00
11/10/2010	3	InterOil Corporation - Common Shares	535,640.00	7,000.00
11/26/2010 to 11/30/2010	19	iSign Media Solutions Inc. - Units	767,040.00	3,835,200.00
12/17/2010	1	Jefferies Asset Management Commodity Strategy Allocation Fund - Common Shares	25,309,661.44	2,064,409.58
01/01/2010 to 09/01/2010	6	Jemekk Long/Short Fund L.P. - Limited Partnership Units	830,000.00	830.00
01/01/2010 to 11/01/2010	7	Jemekk Total Return Fund L.P. - Limited Partnership Units	2,150,000.00	2,150.00
11/19/2010	95	Jiminex Inc. - Flow-Through Units	1,876,000.00	8,290,000.00
12/16/2010	4	Kensington Global Private Equity Fund - Units	239,950.04	12,452.00
11/24/2010	18	Key Gold Holding Inc. - Common Shares	354,998.50	2,839,988.00
11/10/2010	16	Klondex Mines Ltd. - Common Shares	9,000,000.00	4,000,000.00
10/20/2010	2	Knick Exploration Inc. - Common Shares	300,000.00	1,500,000.00
10/26/2010		Lateegra Gold Corp. - Common Shares		1,500,000.00
12/02/2010	1	MacQuarie PMI LLC - Membership Interests	5,000,000.00	5,000,000.00
10/21/2010	3	Mantis Mineral Corp. - Units	200,000.00	4,000,000.00
10/13/2010	1	MEPT Edgemoor LP - Limited Partnership Units	49,520,116.00	49,372.00
09/21/2010	1	Merrill Lynch International & Co. C.V. - Units	241,107.84	2,200,000.00
11/15/2010	34	Merus Labs International Inc. - Units	238,000.00	952,000.00
10/05/2010	1	Mint Technology Corp. - Common Shares	170,000.00	272,000.00
10/21/2010	24	Moneta Porcupine Mines Inc. - Units	1,500,000.00	7,500,000.00
11/18/2010	25	Mountain Province Diamonds Inc. - Common Shares	23,000,000.00	4,600,000.00
11/02/2010	121	Nemaska Exploration Inc. - Flow-Through Units	7,864,000.00	N/A
11/04/2010	5	Nevada Exploration Inc. - Units	182,075.00	2,601,074.00
11/02/2010	4	New Dawn Mining Corp. - Common Shares	7,520,850.00	4,178,250.00
12/10/2010	141	New Hana Copper Mining Ltd. - Units	5,000,000.00	20,000,000.00
10/01/2010 to	4	New Haven Mortgage Income Fund (1) Inc.	193,000.00	193,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/01/2010		- Units		
12/17/2010	32	New Moon Minerals Corporation - Units	338,900.00	0.00
12/02/2010	1	New Solutions Financial (II) Corporation - Debenture	500,000.00	1.00
11/15/2010 to 11/25/2010	20	Newport Canadian Equity Fund - Trust Units	247,500.00	1,904.52
10/25/2010 to 11/03/2010	79	Newport Canadian Equity Fund - Units	1,658,518.94	12,990,467.00
11/15/2010 to 11/25/2010	13	Newport Fixed Income Fund - Trust Units	568,727.59	5,319.18
10/25/2010 to 11/03/2010	18	Newport Fixed Income Fund - Trust Units	604,433.33	5,572.40
11/15/2010 to 11/25/2010	4	Newport Global Equity Fund - Trust Units	123,392.00	2,065.33
10/25/2010 to 11/03/2010	25	Newport Global Equity Fund - Units	647,363.12	10,805,969.00
10/25/2010 to 11/03/2010	45	Newport Strategic Yield LP - Trust Units	2,963,425.22	264,339.00
11/15/2010 to 11/25/2010	42	Newport Yield Fund - Trust Units	1,173,042.41	100,096.95
10/25/2010 to 11/03/2010	56	Newport Yield Fund - Trust Units	1,805,185.58	15,441.24
11/10/2010	23	Northern Gold Mining Inc. - Flow-Through Units	1,917,000.00	4,260,000.00
11/10/2010	16	Northern Gold Mining Inc. - Units	3,083,000.00	7,707,500.00
11/02/2010	5	Northern Shield Resources Inc. - Flow-Through Shares	61,399.98	341,111.00
11/02/2010	18	Northern Shield Resources Inc. - Units	354,200.00	2,213,750.00
12/22/2010	18	Northquest Ltd. - Flow-Through Units	3,462,998.45	2,314,261.00
10/14/2010	72	NWM Mining Corporation - Common Shares	5,232,200.00	65,402,500.00
11/08/2010	2	Orbit Garant Drilling Inc. - Common Shares	749,997.95	132,743.00
10/15/2010	3	Oroco Resource Corp. - Units	400,000.00	2,000,000.00
12/03/2010	20	Pacific Bay Minerals Ltd. - Flow-Through Units	359,925.00	3,270,000.00
11/23/2010 to 11/30/2010	43	Pacific Infrastructure Inc. - Common Shares	18,949,000.00	18,949,000.00
11/08/2010	2	Passport Potash Inc. - Common Shares	280,000.00	5,500,000.00
11/08/2010	13	Passport Potash Inc. - Units	969,250.00	18,021,363.00
12/02/2010	8	Penn West Petroleum Ltd. - Notes	155,000,000.00	10.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
11/30/2010	1	Pershing Square International, Ltd. - Limited Partnership Interest	510,000.00	1.00
11/22/2010	10	Pitchstone Exploration Ltd. - Flow-Through Shares	1,630,000.00	3,260,000.00
10/15/2010	1	Premier Gold Mines Limited - Common Shares	287,000.00	50,000.00
11/15/2010	1	Providence TMT Debt Opportunity Feeder II L.P. - Limited Partnership Interest	10,065,000.00	10,065,000.00
12/03/2010	44	PSP Capital Inc. - Notes	699,706,000.00	700,000,000.00
10/07/2009 to 10/13/2009	2	Pyrford International Equity Fund - Trust Units	20,000,000.00	227,882.41
11/05/2010	82	Quantum Rare Earth Developments Corp. - Flow-Through Units	6,491,560.69	N/A
11/22/2010	45	Queenston Mining Inc. - Flow-Through Shares	20,100,000.00	3,000,000.00
11/02/2010	1	Queenston Mining Inc. - Units	35,000,002.20	6,603,774.00
11/19/2010	26	Renforth Resouces Inc. - Units	460,000.00	6,133,334.00
12/10/2010	4	Ridgemont Iron Ore Corp. - Flow-Through Shares	1,200,000.00	2,000,000.00
10/29/2010	2	Rockcliff Resources Inc. - Common Shares	27,000.00	1,000,000.00
12/01/2010	7	Rockcliff Resources Inc. - Flow-Through Units	1,500,000.00	7,500,000.00
12/21/2006 to 10/18/2010	49	RON Resources Ltd. - Common Shares	5,345,000.00	799.00
11/22/2010	2	Royal Bank of Canada - Notes	254,675.00	250.00
11/23/2010	1	Royal Bank of Canada - Notes	1,024,500.00	1,000.00
11/15/2010	2	Royal Bank of Canada - Notes	1,519,815.00	1,510.00
11/18/2010	1	Royal Bank of Canada - Notes	203,480.00	200.00
11/18/2010	1	Royal Bank of Canada - Notes	305,220.00	300.00
10/07/2010 to 10/13/2010	3	Royal Bank of Canada - Notes	857,730.00	850.00
10/25/2010	1	Royal Bank of Canada - Notes	254,950.00	250.00
10/22/2010	1	Royal Bank of Canada - Notes	1,026,300.00	1,000.00
10/25/2010	1	Royal Bank of Canada - Notes	407,920.00	400.00
10/27/2010	1	Royal Bank of Canada - Notes	516,000.00	500.00
11/01/2010	2	Royal Bank of Canada - Notes	257,454.40	254.00
11/04/2010	19	Russell Breweries Inc. - Debentures	531,000.00	531,000.00
11/04/2010	35	Russell Breweries Inc. - Units	832,200.00	10,402,500.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/02/2010	75	Sarama Resources Limited - Common Shares	550,000.00	1,100,000.00
12/14/2010	1	Seafield Resources Ltd. - Common Shares	825,000.00	1,500,000.00
11/01/2010	4	Search Minerals Inc. - Flow-Through Units	1,000,000.00	2,000,000.00
11/29/2010	4	Sedex Mining Corp. - Flow-Through Units	20,500.00	2,050,000.00
12/09/2010	100	SilverBirch Energy Corporation - Common Shares	12,612,280.00	1,370,900.00
12/16/2010	35	Silvermex Resources Inc. - Units	14,999,999.76	24,193,548.00
10/21/2010	4	Sino-Forest Corporation - Notes	613,980,000.00	613,980,000.00
11/16/2010	4	SL Resources Inc. - Common Shares	450,000.00	1,800,000.00
12/21/2010	31	Soltoro Ltd. - Flow-Through Units	3,115,000.00	6,922,223.00
11/05/2010	71	Source Exploration Corp. - Units	1,600,000.00	8,000,000.00
11/17/2010	13	Strategic Resources Inc. - Units	520,000.00	8,000,000.00
11/24/2010	37	Stream Oil & Gas Ltd. - Units	9,750,000.00	6,500,000.00
11/03/2010	10	Stroud Resources Ltd. - Units	262,500.00	3,750,000.00
12/12/2010	13	Stroud Resources Ltd. - Units	1,214,758.02	17,353,686.00
11/30/2010	1	SYSWIN Inc. - American Depository Shares	2,513,000.00	350,000.00
11/19/2010 to 11/26/2010	29	Temex Resource Corp. - Units	6,499,999.64	15,563,181.00
10/31/2010	6	Tenth Power Technologies Corp. - Debentures	550,000.00	6.00
12/06/2010	13	Terasen Gas (Vancouver Island) Inc. - Debentures	99,714,000.00	13.00
12/01/2010	2	The Baring Asia Private Equity Fund V, L.P. - Limited Partnership Interest	106,680,000.00	106,680,000.00
12/01/2010	3	The Toronto United Church Council - Notes	330,000.00	3.00
08/31/2010	1	Third Point Offshore Fund Ltd. Class E-09-10 - Limited Partnership Interest	510,000.00	N/A
09/30/2010	1	Third Point Offshore Fund, Ltd. Class E-10-10 - Limited Partnership Interest	510,000.00	N/A
12/14/2010	5	Trez Capital Finance Fund II Limited Partnership - Limited Partnership Units	76,500,000.00	76,500,000.00
12/20/2010	73	TriStar Gold Inc. - Units	5,150,000.00	20,600,000.00
11/24/2010 to 11/30/2010	2	UBS AG, Jersey Branch - Notes	129,480.05	129,480.00
12/01/2010	1	UBS AG, Jersey Branch - Notes	98,961.10	100,000.00
12/03/2010	1	UBS AG, Jersey Branch - Notes	24,577.46	24,577.46

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
11/26/2010	5	UBS AG, London Branch - Certificates	409,536.93	430.00
12/23/2009	1	UBS (Lux) Equity Fund - Canada - Units	4,999.39	7.02
03/15/2010 to 10/15/2010	2	UBS (Lux) Equity Fund - Greater China - Units	52,247.85	249.64
10/26/2010	44	Uranium Energy Corp. - Units	28,193,463.98	8,111,313.00
11/23/2010	6	ValGold Resources Ltd. - Flow-Through Units	333,000.00	1,110,000.00
11/17/2010	8	Valterra Resource Corporation - Units	1,002,415.95	20,048,319.00
11/30/2010	1	Value Partners Investments Inc. - Common Shares	10,000.00	1,004.00
11/30/2010	92	Vertex Fund - Trust Units	8,662,449.76	541,563.61
11/30/2010	5	Vertex Managed Value Portfolio - Trust Units	569,441.39	54,571.25
11/01/2010	21	Viking Gold Exploration Inc. - Units	300,000.00	3,750,000.00
12/13/2010	280	VIRxSYS Corporation - Preferred Shares	29,655,358.07	11,571,840.00
12/13/2010	2	Vulcan Minerals Inc. - Flow-Through Shares	300,000.00	666,666.00
12/07/2010	27	Waldron Energy Corporation - Flow-Through Shares	5,002,500.00	1,725,000.00
12/03/2010	9	Walton AZ Vista Bonita Investment Corporation - Common Shares	167,700.00	16,770.00
12/03/2010	8	Walton AZ Vista Bonita LP - Limited Partnership Units	425,729.14	42,319.00
12/03/2010	23	Walton DC Region Land LP 1 - Limited Partnership Units	1,904,861.00	189,350.00
12/03/2010	6	Walton Southern U.S. Land 2 Investment Corporation - Common Shares	161,530.00	16,153.00
12/03/2010	6	Walton Southern U.S. Land LP 2 - Limited Partnership Units	459,198.76	45,646.00
12/06/2010	5	Westcan Uranium Corp. - Units	400,000.00	4,444,444.00
11/23/2010 to 12/02/2010	7	Western Plains Petroleum Ltd. - Flow-Through Shares	1,072,300.00	5,005,909.00
11/09/2010	1	Western Troy Capital Resources Inc. - Units	1,000,000.00	2,000,000.00
12/09/2010	24	White Pine Resources Inc. - Units	1,000,000.00	4,000,000.00
12/02/2010 to 12/07/2010	7	Wimberly Fund - Trust Units	48,126.00	48,126.00
12/13/2010	6	Youku.com Inc. - Common Shares	1,543,200.00	120,000.00
10/12/2010 to 10/19/2010	2	Yukon-Nevada Gold Corp. - Common Shares	510,595.68	2,029,008.00
11/01/2010	1	Z-Gold Exploration Inc. - Common Shares	10,250.00	50,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Brookfield New Horizons Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 17, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
Maximum $* (* Units) $10.00 per Unit
Underwriter(s) or Distributor(s):
Brookfield Financial Corp.
MGI Securities Inc.
Promoter(s):
Brookfield Investment Management (Canada) Inc.
Project #1677891

Issuer Name:
BTB Real Estate Investment Trust
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated December 20, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
SERIES C8% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES $20,000,000.00 Aggregate Principal Amount Price: $1,000 per Series C Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Dundee Securities Corporation
Canaccord Genuity Corp.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #1678414

Issuer Name:
Can-Financials Income Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 21, 2010
NP 11-202 Receipt dated December 22, 2010
Offering Price and Description:
Maximum $* (* Shares) - Price: $10.00 per Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Wellington West Capital Markets Inc.
Mackie Research Capital Corporation
Macquarie Private Wealth Inc.
Promoter(s):
First Asset Investment Management Inc.
Project #1679186

Issuer Name:
Canada Dominion Resources 2011 Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 24, 2010
NP 11-202 Receipt dated December 29, 2010
Offering Price and Description:
3,000,000 Limited Partnership Units Price: $25.00 per Unit Minimum Subscription: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
HSBC Securities (Canada) Inc.
Macquarie Private Wealth Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Desjardins Securities Inc.
Wellington West Capital Markets Inc.
Promoter(s):
Canada Dominion Resources 2011 Corporation
Goodman & Company, Investment Counsel Ltd.
Project #1681042

Issuer Name:
CanGrowth Dividend Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 17, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
$* (Maximum) - * Class A Combined Unit, each Class A Combined Unit consists of one Class A Unit and one Warrant for one Class A Unit Price: $10.00 per Class A Combined Unit * Class F Combined Unit, each Class F Combined Unit consists of one Class F Unit and one Warrant for one Class F Unit Price: $10.00 per Class F Combined Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Desjardins Securities Inc.
Dundee Securities Corporation
Manulife Securities Incorporated
Wellington West Capital Markets Inc.
Macquarie Private Wealth Inc.
Union Securities Ltd.
Promoter(s):
TD Sponsored Companies Inc.
Project #1677921

Issuer Name:
Canoe 'GO CANADA!' Canadian Asset Allocation Class
Canoe 'GO CANADA!' Canadian Energy Class
Canoe 'GO CANADA!' Canadian Equity Class
Canoe 'GO CANADA!' Canadian Money Market Class
Canoe 'GO CANADA!' Canadian Monthly Income Class
Principal Regulator - Alberta
Type and Date:
Preliminary Simplified Prospectus dated December 30, 2010
NP 11-202 Receipt dated December 30, 2010
Offering Price and Description:
Series A shares, Series F shares and Series T6 shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Canoe Financial LP
Project #1682338

Issuer Name:
Cayden Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 21, 2010
NP 11-202 Receipt dated December 21, 2010
Offering Price and Description:
$20,250,000.00 - 4,500,000 Common Shares Price: $4.50 per Common Share
Underwriter(s) or Distributor(s):
Canccord Genuity Corp.
Clarus Securities Inc.
Promoter(s):
Adam Cegielski
Project #1679240

Issuer Name:
CMP 2011 Resource Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 21, 2010
NP 11-202 Receipt dated December 21, 2010
Offering Price and Description:
$100,000,000.00 (maximum) - 100,000 Limited Partnership Units Price per Unit: $1,000 Minimum Subscription: $5,000 (Five Units)
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc.
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Macquarie Capital Markets Canada Ltd.
Raymond James Ltd.
Wellington West Capital Markets Inc.
Promoter(s):
CMP 2011 Corporation
Goodman & Company, Investment Counsel Ltd.
Project #1678980

Issuer Name:
Creston Moly Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 21, 2010
NP 11-202 Receipt dated December 22, 2010
Offering Price and Description:
$11,500,000.00 - 28,750,000 Common Shares Issuable on Exercise of 28,750,000 Special Warrants Price: $0.40 per Special Warrant
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Haywood Securities Inc.
Scotia Capital Inc.
Versant Partners Inc.
Paradigm Capital Inc.
Promoter(s):
-
Project #1679434

Issuer Name:
Dundee Capital Markets Inc.
Type and Date:
Preliminary Long Form Non-Offering Prospectus dated December 20, 2010
Receipted on December 22, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Dundee Wealth Inc.
Dundee Corporation
Project #1679608

Issuer Name:
Exchange Income Corporation
Principal Regulator - Manitoba
Type and Date:
Preliminary Short Form Prospectus dated December 20, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
$35,000,000.00 - 5.75% SERIES I CONVERTIBLE SENIOR SECURED DEBENTURES Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
TD Securities Inc.
Wellington West Capital Inc.
CIBC World Markets Inc.
Raymond James Ltd.
Laurentian Bank Securities Inc.
PI Financial Corp.
Promoter(s):
-
Project #1678522

Issuer Name:
Gazit America Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 23, 2010
NP 11-202 Receipt dated December 24, 2010
Offering Price and Description:
$ - OF 18,227,027 RIGHTS TO SUBSCRIBE FOR UP TO * UNITS AT A PRICE OF $ * PER UNIT (EACH UNIT CONSISTING OF ONE COMMON SHARE AND ONE WARRANT)
Underwriter(s) or Distributor(s):
-
Promoter(s):
First Capital Realty Inc.
Project #1680641

Issuer Name:
Horizons BetaPro Australia Dollar Currency ETF
Horizons BetaPro U.S. Dollar Currency ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 30, 2010
NP 11-202 Receipt dated December 31, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
BetaPro Management Inc.
Project #1682358

Issuer Name:
Horizons BetaPro COMEX® Copper ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 29, 2010
NP 11-202 Receipt dated December 29, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
BetaPro Management Inc.
Project #1681405

Issuer Name:
INDEXPLUS Dividend Fund
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated December 23, 2010
NP 11-202 Receipt dated December 24, 2010
Offering Price and Description:
$ * - Maximum – * Units Price: per $12.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Macquarie Private Wealth Inc.
Middle Capital Corporation
Wellington West Capital Markets Inc.
Promoter(s):
Middlefield Limited
Project #1680955

Issuer Name:
Investors Fixed Income Flex Portfolio
Principal Regulator - Manitoba
Type and Date:
Preliminary Simplified Prospectus dated December 20, 2010
NP 11-202 Receipt dated December 21, 2010
Offering Price and Description:
Mutual Fund Units
Underwriter(s) or Distributor(s):
INVESTORS GROUP FINANCIAL SERVICES INC.
INVESTORS GROUP SECURITIES INC.
Investors Group Financial Services Inc. and Investors Group Securities Inc.
Promoter(s):
I.G. INVESTMENT MANAGEMENT, LTD.
Project #1678579

Issuer Name:
Macquarie Emerging Markets Infrastructure Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 17, 2010
NP 11-202 Receipt dated December 21, 2010
Offering Price and Description:
$* Maximum - * Combined Units Price: $12.00 per Combined Unit Each Combined Unit consists of one Unit and one Warrant for one Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Macquarie Private Wealth Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
HSBC Securities (Canada) Inc.
Desjardins Securities Inc.
Dundee Securities Corporation
Raymond James Ltd.
Wellington West Capital Markets Inc.
Promoter(s):
Connor, Clark & Lunn Capital Markets Inc.
Project #1679046

Issuer Name:
Maple Leaf Income Class
Maple Leaf Resource Class
Principal Regulator - British Columbia
Type and Date:
Preliminary Simplified Prospectuses dated December 17, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
Series A shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
CADO Investment Fund Management Inc.
Project #1678092

Issuer Name:
Maple Leaf Short Duration 2011 Flow-Through Limited Partnership
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 22, 2010
NP 11-202 Receipt dated December 22, 2010
Offering Price and Description:
$30,000,000.00 - 1,200,000 Limited Partnership Units (Maximum) 200,000 Limited Partnership Units (Minimum) Price: $25.00 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Dundee Securities Corporation
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.
GMP Securities L.P.
Mackie Research Capital Corporation
Canaccord Genuity Corp.
Macquarie Private Wealth Inc.
Raymond James Ltd.
M Partners Inc.
Union Securities Ltd.
Wellington West Capital Markets Inc.
Promoter(s):
Maple Leaf Short Duration Holdings Ltd.
Project #1679753

Issuer Name:
Molopo Energy Canada Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated December 23, 2010
NP 11-202 Receipt dated December 24, 2010
Offering Price and Description:
$ * - * Common Shares Price: $ * per share
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
Promoter(s):
-
Project #1680990

Issuer Name:
MRF 2011 Resource Limited Partnership
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated December 20, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
$100,000,000.00 (maximum) Maximum – 4,000,000 Units $5,000,000 (minimum) Minimum – 200,000 Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Manulife Securities Incorporated
Macquarie Private Wealth Inc.
Middlefield Capital Corporation
Raymond James Ltd.
Wellington West Capital Markets Inc.
Promoter(s):
Middlefield Limited
Project #1678657

Issuer Name:
NCE Diversified Flow-Through (11) Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 17, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
A maximum of 4,000,000 and a minimum of 200,000 Limited Partnership Units - Subscription Price: $25 per Unit: Minimum Subscription: 200 Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
Dundee Securities Corporation
Raymond James Ltd.
Macquarie Private Wealth Inc.
Manulife Securities Incorporated
Desjardins Securities Inc.
Industrial Alliance Securities Inc.
Laurentian Bank Securities Inc,
M Partners Inc.
Mackie Research Capital Corporation
Wellington West Capital Markets Inc.
Promoter(s):
PETRO ASSETS INC.
Project #1678093

Issuer Name:
New Horizons Master Fund
Type and Date:
Preliminary Long Form Non-Offering Prospectus dated January 4, 2011
Receipted on January 4, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brookfield Investment Management (Canada) Inc.
Project #1683051

Issuer Name:
Pathway Mining 2011 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 17, 2010
NP 11-202 Receipt dated December 21, 2010
Offering Price and Description:
$30,000,000.00 (Maximum Offering): A Maximum of 3,000,000 and a Minimum of 500,000 Limited Partnership Units Minimum Subscription: 250 Limited Partnership Units Price: $10.00 per Limited Partnership Unit
Underwriter(s) or Distributor(s):
Wellington West Capital Inc.
HSBC Securities (Canada) Inc.
BMO Nesbitt Burns Inc.
Burgeonvest Bick Securities Limited
Mackie Research Capital Corporation
Raymond James Ltd.
Canaccord Genuity Corp.
Dundee Securities Corporation
Macquarie Capital Markets Canada Ltd.
Industrial Alliance Securities Inc.
M Partners Inc.
Union Securities Ltd.
Promoter(s):
Pathway Mining 2011 Inc.
Project #1679067

Issuer Name:
Pathway Quebec Mining 2011 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 21, 2010
NP 11-202 Receipt dated December 23, 2010
Offering Price and Description:
A Maximum of 2,000,000 and a Minimum of 500,000 Limited Partnership Units Price: $10.00 per Limited Partnership Unit
Underwriter(s) or Distributor(s):
Wellington West Capital Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Industrial Alliance Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
Dundee Securities Corporation
Laurentian Bank Securities Inc.
Promoter(s):
Pathway Quebec Mining 2011 Inc.
Project #1680394

Issuer Name:
Qwest Energy 2011 Flow-Through Limited Partnership
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 22, 2010
NP 11-202 Receipt dated December 22, 2010
Offering Price and Description:
Maximum Offering: $50,000,000.00 (2,000,000 Units); Minimum Offering: $5,000,000.00 (200,000 Units)
Price: $25 per Unit Minimum Purchase: 100 Units
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
Macquarie Private Wealth Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Canaccord Genuity Corp.
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Wellington West Capital Markets Inc.
Promoter(s):
Qwest Investment Management Corp.
Project #1679848

Issuer Name:
Rodeo Capital II Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated December 22, 2010
NP 11-202 Receipt dated December 23, 2010
Offering Price and Description:
$200,000.00 - 2,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
MACQUARIE PRIVATE WEALTH INC.
Promoter(s):
Michael Thomson
Project #1680076

Issuer Name:
SANDSTORM METALS & ENERGY LTD.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 23, 2010
NP 11-202 Receipt dated December 23, 2010
Offering Price and Description:
$100,035,000.00 - 222,300,000 Common Shares and 111,150,000 Common Share Purchase Warrants
Issuable on Exercise of 222,300,000 Special Warrants
Price: $0.45 per Special Warrant
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Paradigm Capital Inc.
National Bank Financial Inc.
NCP Northland Capital Partners Inc.
Promoter(s):
-
Project #1680606

Issuer Name:
Senior Gold Producers Income Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 17, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
Maximum $* - (* Class A Shares)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc,
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
GMP Securities L.P.
Mackie Research Capital Corporation
Macquarie Private Wealth Inc,
Canaccord Genuity Corp.
Dundee Securities Corporation
Desjardins Securities Inc.
Manulife Securities Incorporated
Wellington West Capital Markets Inc.
Promoter(s):
Brompton Funds Management Limited
Project #1678214

Issuer Name:
Signal Canadian Growth Companies Fund
Signal Enhanced Yield Fund
Signal Pure Canadian Equity Fund
Signal Total Return Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated December 31, 2010
NP 11-202 Receipt dated December 31, 2010
Offering Price and Description:
Series A, B, F, T(A) and T(B) units
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI HICC Corp.
Project #1682495

Issuer Name:
Southern Hemisphere Mining Limited
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 23, 2010
NP 11-202 Receipt dated December 24, 2010
Offering Price and Description:
$6,000,036.00 - 14,285,800 Common Shares to be issued upon conversion of 14,285,800 previously issued Subscription Receipts Price: $0.42 per Subscription Receipt
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Promoter(s):
-
Project #1680864

Issuer Name:
Sprott 2011 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 21, 2010
NP 11-202 Receipt dated December 21, 2010
Offering Price and Description:
5,000,000 Limited Partnership Units Price: $25 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Scotia Capital Inc.
GMP Securities L.P.
Wellington West Capital Markets Inc.
Desjardins Securities Inc.
Macquarie Private Wealth Inc.
Manulife Securities Incorporated
Promoter(s):
Sprott 2011 Corporation
Project #1679137

Issuer Name:
Stornoway Diamond Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 20, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Desjardins Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
Promoter(s):
-
Project #1678516

Issuer Name:
TransGlobe Apartment Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 22, 2010
NP 11-202 Receipt dated December 22, 2010
Offering Price and Description:
$95,499,540.00 - 9,271,800 Subscription Receipts each representing the right to receive one Unit
Price: $10.30 per Subscription Receipt
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Canaccord Genuity Corp.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
Dundee Securities Corporation
Promoter(s):
-
Project #1679594

Issuer Name:
Yield Advantaged Convertible Debentures Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Long Form Prospectus dated December 29, 2010
NP 11-202 Receipt dated December 29, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
-
Project #1681577

Issuer Name:
Alexco Resource Corp.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated December 20, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
C$41,000,000.00 - 5,000,000 COMMON SHARES Price: C$8.20 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Cormark Securities Inc.
Promoter(s):
-
Project #1675526

Issuer Name:
Altiplano Minerals Ltd.
Principal Regulator - Alberta
Type and Date:
Final Long Form Prospectus dated December 23, 2010
NP 11-202 Receipt dated December 24, 2010
Offering Price and Description:
Minimum of $1,000,000.00; Maximum of $1,500,000.00: Minimum $1,000,000.00 Offering of Shares (6,666,667 Shares at a price of $0.15 per Share) and Maximum $1,500,000.00 Offering of Shares (10,000,000 Shares at a price of $0.15 per Share)
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Charles Chebry
Project #1669631

Issuer Name:
Anderson Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 22, 2010
NP 11-202 Receipt dated December 22, 2010
Offering Price and Description:
$50,000,000.00 - 7.50% Convertible Unsecured Subordinated Debentures Due January 31, 2016
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Cormark Securities Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
GMP Securities L.P.
Promoter(s):
-
Project #1676657

Issuer Name:
Angle Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 23, 2010
NP 11-202 Receipt dated December 23, 2010
Offering Price and Description:
$60,000,000.00 - 5.75% Convertible Unsecured Subordinated Debentures Due January 31, 2016: Per Debenture $1,000
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
FirstEnergy Capial Corp.
National Bank Financial Inc.
Cormark Securities Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
Peters & Co. Limited
Promoter(s):
-
Project #1677150

Issuer Name:
Asian Resource Global Strategies Inc.
Principal Regulator - Ontario
Type and Date:
Final Long Form Non-Offering Prospectus dated December 29, 2010
NP 11-202 Receipt dated December 30, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1508365

Issuer Name:
Aston Hill Growth & Income Fund (formerly Navina Income & Growth Fund)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated December 22, 2010
NP 11-202 Receipt dated December 24, 2010
Offering Price and Description:
Class A units, Class F units and Class X units
Underwriter(s) or Distributor(s):
Navina Asset Management Inc.
Promoter(s):
-
Project #1662101

Issuer Name:
Breakwater Resources Ltd.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 20, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
$40,005,000.00 - 6,350,000 Common Shares Price: $6.30 per Common Share
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
GMP Securities L.P.
Canaccord Genuity Corp.
Credit Suisse Securities (Canada), Inc.
TD Securities Inc.
Cormark Securities Inc.
Octagon Capital Corporation
Promoter(s):
-
Project #1675502

Issuer Name:
BTB Real Estate Investment Trust
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated December 30, 2010
NP 11-202 Receipt dated December 30, 2010
Offering Price and Description:
$20,000,000.00 Aggregate Principal Amount Price: $1,000 per Series C Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Dundee Securities Corporation
Canaccord Genuity Corp.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #1678414

Issuer Name:
B.E.S.T. Total Return Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated December 17, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
Class A Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CLAC B.E.S.T. SPONSOR INC.
6154417 CANADA INC.
6154409 CANADA INC.
Project #1662109

Issuer Name:
Canada Pacific Capital Corp.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated December 22, 2010
NP 11-202 Receipt dated December 23, 2010
Offering Price and Description:
Minimum Offering: $400,000.00 or 4,000,000 Common Shares; Maximum Offering: $800,000.00 or 8,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
PI Financial Corp
Promoter(s):
-
Project #1658126

Issuer Name:
Canadian Overseas Petroleum Limited
Principal Regulator - Alberta
Type and Date:
Final Long Form Prospectus dated November 23, 2010
NP 11-202 Receipt dated December 24, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #1650828

Issuer Name:
Carmen Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final CPC Prospectus dated December 16, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
Minimum Offering: $200,000.00 - 2,000,000 Common Shares; Maximum Offering: $300,000.00 - 3,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
PI Financial Corp.
Promoter(s):
Archibal J. Nesbitt
Gerald D. Facciani
Project #1646388

Issuer Name:
Covington Fund II Inc.
Type and Date:
Final Long Form Prospectus dated December 23, 2010
Receipted on December 24, 2010
Offering Price and Description:
Class A Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Covington Capital Corporation
Project #1667183

Issuer Name:
Denison Mines Corp. (formerly International Uranium Corporation)
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 16, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
$65,450,000.00 - 25,000,000 Common Shares Issuable on the Exercise of 25,000,000 Outstanding Special Warrants and 1,400,000 Common Shares Issuable on the Exercise of 1,400,000 Outstanding Flow-Through Special Warrants Price: $2.45 per Special Warrant - $3.00 per Flow-Through Special Warrant
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Scotia Capital Inc.
Promoter(s):
-
Project #1674373

Issuer Name:
Deutsche Bank Aktiengesellschaft
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated December 21, 2010
NP 11-202 Receipt dated December 21, 2010
Offering Price and Description:
$2,000,000,000.00 - Notes (Structured Notes)
Underwriter(s) or Distributor(s):
DEUTSCHE BANK SECURITIES LIMITED
Promoter(s):
-
Project #1612680

Issuer Name:
Eastern Platinum Limited
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated December 20, 2010
NP 11-202 Receipt dated December 21, 2010
Offering Price and Description:
$302,250,000.00 - 195,000,000 Common Shares Price: $1.55 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
UBS Securities Canada Inc.
GMP Securities LP
Goldman Sachs Canada Inc.
Raymond James Ltd.
Paradigm Capital Inc.
Promoter(s):
-
Project #1662974

Issuer Name:
Exchange Income Corporation
Principal Regulator - Manitoba
Type and Date:
Final Short Form Prospectus dated December 30, 2010
NP 11-202 Receipt dated December 30, 2010
Offering Price and Description:
$35,000,000.00 - 5.75% SERIES I CONVERTIBLE SENIOR SECURED DEBENTURES: Price: Per Debenture $1,000
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
TD Securities Inc.
Wellington West Capital Inc.
CIBC World Markets Inc.
Raymond James Ltd.
Laurentian Bank Securities Inc.
PI Financial Corp.
Promoter(s):
-
Project #1678522

Issuer Name:
Front Street Energy Growth Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated December 21, 2010
NP 11-202 Receipt dated December 23, 2010
Offering Price and Description:
Class A Shares, Series III @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
TNG Canada/CWA Sponsor Inc.
Front Street Capital 2004
Project #1661752

Issuer Name:
GrowthWorks Canadian Fund Ltd.
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 17, 2010 to the Long Form Prospectus dated November 17, 2010
NP 11-202 Receipt dated December 24, 2010
Offering Price and Description:
Class A Shares in Series Offering Price: Net Asset Value per Series Share
Underwriter(s) or Distributor(s):
GROWTHWORKS CAPITAL LTD.
GrowthWorks Capital Ltd.
Promoter(s):
-
Project #1644239

Issuer Name:
GT Canada Medical Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated December 17, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
Minimum $25,000,000.00 - Minimum 12,500,000 Investment Units Price $2.00 per Investment Unit
Underwriter(s) or Distributor(s):
Raymond James Ltd.
HSBC Securities (Canada) Inc.
Dundee Securities Corporation
Desjardins Securities Inc.
M Partners Inc.
Promoter(s):
-
Project #1648028

Issuer Name:
HSBC CANADIAN MONEY MARKET POOLED FUND
HSBC MORTGAGE POOLED FUND
HSBC CANADIAN BOND POOLED FUND
HSBC INTERNATIONAL BOND POOLED FUND
HSBC U.S. HIGH YIELD BOND POOLED FUND
HSBC CANADIAN DIVIDEND INCOME POOLED FUND
HSBC CANADIAN EQUITY POOLED FUND
HSBC CANADIAN SMALL CAP EQUITY POOLED FUND
HSBC U.S. EQUITY POOLED FUND
HSBC INTERNATIONAL EQUITY POOLED FUND
HSBC EMERGING MARKETS POOLED FUND
HSBC GLOBAL INFLATION LINKED BOND POOLED FUND
HSBC EMERGING MARKETS DEBT POOLED FUND
HSBC MULTIALPHA CANADIAN BOND POOLED FUND
HSBC MULTIALPHA CANADIAN EQUITY POOLED FUND
HSBC MULTIALPHA CANADIAN SMALL CAP EQUITY POOLED FUND
HSBC MULTIALPHA U.S. EQUITY POOLED FUND
HSBC MULTIALPHA U.S. SMALL/MID CAP EQUITY POOLED FUND
HSBC MULTIALPHA INTERNATIONAL EQUITY POOLED FUND
Principal Regulator - British Columbia
Type and Date:
Final Simplified Prospectuses dated December 20, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
HSBC Global Asset Management (Canada) Limited
Project #1657752

Issuer Name:
IGM Financial Inc.
Principal Regulator - Manitoba
Type and Date:
Final Base Shelf Prospectus dated December 22, 2010
NP 11-202 Receipt dated December 22, 2010
Offering Price and Description:
$1,500,000,000.00:
Debt Securities (unsecured)
First Preferred Shares
Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1676474

Issuer Name:
Imperial Money Market Pool
Imperial Short-Term Bond Pool
Imperial Canadian Bond Pool
Imperial Canadian Dividend Pool
Imperial International Bond Pool
Imperial Canadian Income Trust Pool
Imperial Canadian Dividend Income Pool
Imperial Global Equity Income Pool
Imperial Canadian Equity Pool
Imperial U.S. Equity Pool
Imperial International Equity Pool
Imperial Overseas Equity Pool
Imperial Emerging Economies Pool
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated December 20, 2010
NP 11-202 Receipt dated December 24, 2010
Offering Price and Description:
Class A units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1657233

Issuer Name:
Pathway 2010 GORR Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated December 22, 2010
NP 11-202 Receipt dated December 23, 2010
Offering Price and Description:
$15,000,000.00 (Maximum Offering); $2,500,000.00 (Minimum Offering): A Maximum of 1,500,000 and a Minimum of 250,000 Limited Partnership Units Minimum Subscription: 500 Limited Partnership Units Subscription Price: $10 per Limited Partnership Unit
Underwriter(s) or Distributor(s):
Wellington West Capital Inc.
HSBC Securities (Canada) Inc.
Burgeonvest Bick Securities Limited
Canaccord Genuity Corp.
Dundee Securities Corporation
Mackie Research Capital Corporation
Desjardins Securities Inc.
Industrial Alliance Securities Inc.
Raymond James Ltd.
Laurentian Bank Securities Inc.
Macquarie Capital Markets Canada Ltd.
M Partners Inc.
Promoter(s):
Pathway 2010 GORR Inc.
Project #1645024

Issuer Name:
Petro Uno Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 17, 2010
NP 11-202 Receipt dated December 20, 2010
Offering Price and Description:
$11,502,300.00 -19,170,500 Common Shares issuable on exercise of outstanding Special Warrants Per Special Warrant $0.60
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
Canaccord Genuity Corp.
Paradigm Capital Inc.
Promoter(s):
-
Project #1673997

Issuer Name:
Class A and Class F Units (unless otherwise noted)
and Class I and Manager Class Units where noted, of:
Pinnacle Short Term Income Fund
Pinnacle Income Fund (Class I Units available)
Pinnacle High Yield Income Fund (Class I and Manager Class Units available)
Pinnacle American Core-Plus Bond Fund (Class I Units available)
Pinnacle Global Real Estate Securities Fund (Class I Units available)
Pinnacle Strategic Balanced Fund
Pinnacle Canadian Value Equity Fund (Class I Units available)
Pinnacle Canadian Mid Cap Equity Fund (Class I Units available)
Pinnacle Canadian Growth Equity Fund (Class I Units available)
Pinnacle Canadian Small Cap Equity Fund (Class I Units available)
Pinnacle American Value Equity Fund (Class I Units available)
Pinnacle American Mid Cap Value Equity Fund (Class I and Manager Class Units available)
Pinnacle American Large Cap Growth Equity Fund (Class I Units available)
Pinnacle American Mid Cap Growth Equity Fund (Class I and Manager Class Units available)
Pinnacle International Equity Fund (Class I Units available)
Pinnacle International Small to Mid Cap Value Equity Fund (Class I Units available)
Pinnacle Emerging Markets Equity Fund (Class A, Class I and Manager Class Units available)
Pinnacle Global Equity Fund (Class I Units available)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated December 17, 2010
NP 11-202 Receipt dated December 22, 2010
Offering Price and Description:
Class A, Class F, Class I and Manager Class Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Scotia Capital Inc. (for Class A and F units only)
Scotia Capital Inc. (for Class A and F units)
Promoter(s):
-
Project #1658295

Issuer Name:
Pinnacle Balanced Growth Portfolio
Pinnacle Balanced Income Portfolio
Pinnacle Conservative Balanced Growth Portfolio
Pinnacle Conservative Growth Portfolio
Pinnacle Growth Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated December 17, 2010
NP 11-202 Receipt dated December 22, 2010
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Promoter(s):
-
Project #1658268

Issuer Name:
Prophecy Resource Corp.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated December 21, 2010
NP 11-202 Receipt dated December 21, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Jacob Securities Inc.
Promoter(s):
-
Project #1671922

Issuer Name:
RIOCAN REAL ESTATE INVESTMENT TRUST
Principal Regulator - Ontario
Type and Date:
Amended and Restated Base Shelf Prospectus dated December 21, 2010 amending and restating the Base Shelf Prospectus dated July 6, 2010.
NP 11-202 Receipt dated December 23, 2010
Offering Price and Description:
$3,000,000,000.00:
Debt Securities Units
(Senior Unsecured) Preferred Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1601513

Issuer Name:
Manager Class Units (and Class I Units where noted) of:
Scotia Money Market Fund
Scotia Canadian Income Fund
Scotia Canadian Corporate Bond Fund (Class I Units available)
Scotia Short-Mid Government Bond Fund (Class I Units available)
Scotia Short Term Bond Fund
Scotia Advantaged Income Fund
Scotia Canadian Dividend Fund
Scotia Canadian Equity Fund (Class I Units available)
Scotia Canadian Small Cap Fund
Scotia North American Equity Fund
Scotia Cyclical Opportunities Fund
Scotia U.S. Equity Fund (Class I Units available)
Scotia International Equity Fund (Class I Units available)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated December 17, 2010
NP 11-202 Receipt dated December 22, 2010
Offering Price and Description:
Manager Class Units and Class I Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Promoter(s):
-
Project #1658309

Issuer Name:
Class A Units and Class F, Class I and Premium Class Units where noted, of:
Scotia T-Bill Fund
Scotia Premium T-Bill Fund
Scotia Money Market Fund (Class I and Premium Class Units available)
Scotia U.S. $ Money Market Fund
Scotia Mortgage Income Fund (Class F and Class I Units available)
Scotia Bond Fund (Class I Units available)
Scotia Canadian Income Fund (Class F and Class I Units available)
Scotia U.S. $ Bond Fund (Class F Units available)
Scotia Global Bond Fund (Class F and Class I Units available)
Scotia Diversified Monthly Income Fund (Class F Units available)
Scotia Canadian Balanced Fund (Class F Units available)
Scotia Canadian Dividend Income Fund (Class I Units available)
Scotia Canadian Tactical Asset Allocation Fund (Class F Units available)
Scotia Global Balanced Fund (Class I Units available)
Scotia Canadian Dividend Fund (Class F and Class I Units available)
Scotia Canadian Blue Chip Fund (Class F and Class I Units available)
Scotia Canadian Growth Fund (Class F and Class I Units available)
Scotia Canadian Small Cap Fund (Class F and Class I Units available)
Scotia Resource Fund (Class F and Class I Units available)
Scotia U.S. Growth Fund (Class F and Class I Units available)
Scotia U.S. Value Fund (Class F and Class I Units available)
Scotia International Value Fund (Class F and Class I Units available)
Scotia European Fund (Class F and Class I Units available)
Scotia Pacific Rim Fund (Class F and Class I Units available)
Scotia Latin American Fund (Class F and Class I Units available)
Scotia Global Dividend Fund (Class I Units available)
Scotia Global Growth Fund (Class F and Class I Units available)
Scotia Global Small Cap Fund (Class F and Class I Units available)
Scotia Global Opportunities Fund (Class F and Class I Units available)
Scotia Global Climate Change Fund (Class F and Class I Units available)
Scotia Canadian Bond Index Fund (Class F and Class I Units available)
Scotia Canadian Index Fund (Class F and Class I Units available)
Scotia U.S. Index Fund (Class F and Class I Units available)
Scotia CanAm Index Fund (Class F Units available)
Scotia Nasdaq Index Fund (Class F Units available)
Scotia International Index Fund (Class F and Class I Units available)
Scotia Selected Income & Modest Growth Portfolio (Class F Units available)
Scotia Selected Balanced Income & Growth Portfolio (Class F Units available)
Scotia Selected Moderate Growth Portfolio (Class F Units available)
Scotia Selected Aggressive Growth Portfolio (Class F Units available)
Scotia Partners Diversified Income Portfolio
Scotia Partners Income & Modest Growth Portfolio (Class F Units available)
Scotia Partners Balanced Income & Growth Portfolio (Class F Units available)
Scotia Partners Moderate Growth Portfolio (Class F Units available)
Scotia Partners Aggressive Growth Portfolio (Class F Units available)
Scotia Vision Conservative 2010 Portfolio
Scotia Vision Aggressive 2010 Portfolio
Scotia Vision Conservative 2015 Portfolio
Scotia Vision Aggressive 2015 Portfolio
Scotia Vision Conservative 2020 Portfolio
Scotia Vision Aggressive 2020 Portfolio
Scotia Vision Conservative 2030 Portfolio
Scotia Vision Aggressive 2030 Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated December 17, 2010
NP 11-202 Receipt dated December 23, 2010
Offering Price and Description:
Class A Units, Class F Units, Class I Units and Premium Class Units @ Net Asset Value
Underwriter(s) or Distributor(s):

Scotia Securities Inc.
Promoter(s):
-
Project #1658338

Issuer Name:
Advisor Class Units of:
Scotia Money Market Fund
Scotia Canadian Income Fund
Scotia Diversified Monthly Income Fund
Scotia Canadian Tactical Asset Allocation Fund
Scotia Canadian Dividend Fund
Scotia Canadian Growth Fund
Scotia International Value Fund
Scotia Global Growth Fund
Scotia Global Opportunities Fund
Scotia Global Climate Change Fund
Scotia Selected Income & Modest Growth Portfolio
Scotia Selected Balanced Income & Growth Portfolio
Scotia Selected Moderate Growth Portfolio
Scotia Selected Aggressive Growth Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated December 17, 2010
NP 11-202 Receipt dated December 23, 2010
Offering Price and Description:
Advisor Class Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Scotia Securites Inc.
Promoter(s):
-
Project #1658325

Issuer Name:
Class A Units (and Class T Units where noted) of:
Scotia INNOVA Income Portfolio (Class T Units available)
Scotia INNOVA Balanced Income Portfolio (Class T Units available)
Scotia INNOVA Balanced Growth Portfolio (Class T Units available)
Scotia INNOVA Growth Portfolio
Scotia INNOVA Maximum Growth Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated December 17, 2010
NP 11-202 Receipt dated December 22, 2010
Offering Price and Description:
Class A Units and Class T Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Promoter(s):
-
Project #1658261

Issuer Name:
SkyWest Energy Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 20, 2010
NP 11-202 Receipt dated December 21, 2010
Offering Price and Description:
$32,000,020.00 - 61,538,500 Common Shares issuable on the exercise of outstanding Special Warrants: Per Special Warrant $0.52
Underwriter(s) or Distributor(s):
Wellington West Capital Markets Inc.
Haywood Securities Inc.
FirstEnergy Capital Corp.
Desjardins Securities Inc.
Promoter(s):
-
Project #1673613

Issuer Name:
Southern Pacific Resource Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 23, 2010
NP 11-202 Receipt dated December 23, 2010
Offering Price and Description:
$150,000,000.00 - 6.00% Convertible Unsecured Subordinated Debentures Due June 30, 2016 Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Credit Suisse Securities (Canada), Inc.
TD Securities Inc.
Raymond James Ltd.
Promoter(s):
David Antony
Project #1677233

Issuer Name:
Templeton Asian Growth Fund
(Series O units)
Templeton Asian Growth Corporate Class (class of Franklin Templeton Corporate Class Ltd.)
(Series A, F, I and O shares
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated December 24, 2010
NP 11-202 Receipt dated December 29, 2010
Offering Price and Description:
Series O units, Series A, F, I and O shares
Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
Promoter(s):
Franklin Templeton Investment Corp.
Project #1661800

Issuer Name:
Tournigan Energy Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated December 22, 2010
NP 11-202 Receipt dated December 23, 2010
Offering Price and Description:
$12,000,000.00- 40,000,000 Units Price: $0.30 per Unit
Underwriter(s) or Distributor(s):
Salman Partners Inc.
Promoter(s):
-
Project #1668033

Issuer Name:
Uni-Sélect Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated December 22, 2010
NP 11-202 Receipt dated December 22, 2010
Offering Price and Description:
$45,022,500.00 - 1,725,000 Subscription Receipts, each representing the right to receive one Common Share; and $45,000,000.00 - 5.9% Extendible Convertible Unsecured Subordinated Debentures: Price: $26.10 per Subscription Receipt Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Desjardins Securities Inc.
GMP Securities L.P.
Laurentian Bank Securities Inc.
Promoter(s):
-
Project #1676549

Issuer Name:
K & C Capital Ventures Ltd.
Principal Jurisdiction - Ontario
Type and Date:
Preliminary CPC Prospectus dated April 20, 2010
Closed on December 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:
Med BioGene Inc.
Principal Jurisdiction - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 22, 2009;
Amended and Restated Preliminary Short Form Prospectus dated April 23, 2010;
Amended and Restated Preliminary Short Form Prospectus dated May 7, 2010; and
Amended and Restated Preliminary Short Form Prospectus dated June 9, 2010
Closed on December 23, 2010
Offering Price and Description:
U.S.$* - 2,777,778 Common Shares
Price: U.S.$* per Common Share
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Promoter(s):
-
Project #1520094

Issuer Name:
Semcan Inc. (formerly Semco Technologies Inc.)
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Short Form Prospectus dated August 5, 2010
Closed on December 24, 2010
Offering Price and Description:
Up to $2,700,000.00 - * Common Shares (Post-Consolidation) Price: $ per Common Share (Post-Consolidation)
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #1615137

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Successful Investor Wealth Management Inc.	From: Portfolio Manager and Exempt Market Dealer To: Portfolio Manager Exempt Market Dealer and Investment Fund Manager	December 14, 2010
Change in Registration Category	Auspice Capital Advisors Ltd.	From: Commodity Trading Manager and Exempt Market Dealer To: Commodity Trading Manager, Exempt Market Dealer and Investment Fund Manager	December 20, 2010
Change in Registration Category	VWK Capital Management Inc.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	December 21, 2010
Change in Registration Category	Pangaea Asset Management Inc.	From: Portfolio Manager and Exempt Market Dealer To: Portfolio Manager, Exempt Market Dealer and Investment Fund Manager	December 21, 2010
New Registration	Strathmore Capital LLP	Portfolio Manager	December 21, 2010
Voluntary Surrender	GRN Capital Inc.	Exempt Market Dealer	December 22, 2010

Change in Registration Category	East West Investment Management Corporation	From: Portfolio Manager, Commodity Trading Manager and Exempt Market Dealer To: Portfolio Manager, Commodity Trading Manager, Exempt Market Dealer and Investment Fund Manager	December 22, 2010
Voluntary Surrender	Collins/Bay Island Securities LLC	Exempt Market Dealer	December 22, 2010
Voluntary Surrender	Canoe Capital Corp.	Exempt Market Dealer	December 22, 2010
Change in Registration Category	AGF Investments Inc. / Placements AGF Inc.	From: Mutual Fund Dealer, Portfolio Manager, Commodity Trading Manager and Exempt Market Dealer To: Mutual Fund Dealer, Portfolio Manager, Commodity Trading Manager, Exempt Market Dealer and Investment Fund Manager	December 23, 2010
Voluntary Surrender	Bedminster Financial Group, Ltd.	Exempt Market Dealer	December 23, 2010
Consent to Suspension (Pending Surrender)	Boucher & Company Inc.	Exempt Market Dealer	December 23, 2010
Change in Registration Category	Orchard Asset Management Inc.	From: Portfolio Manager and Exempt Market Dealer To: Portfolio Manager, Exempt Market Dealer and Investment Fund Manager	December 23, 2010
Voluntary Surrender	Adelmac Investments Limited	Exempt Market Dealer	December 23, 2010

Change in Registration Category	Mountain Fowler Asset Management Inc.	From: Portfolio Manager, Commodity Trading Manager and Exempt Market Dealer To: Portfolio Manager, Commodity Trading Manager, Exempt Market Dealer and Investment Fund Manager	December 29, 2010
New Registration	Inflection Management Inc.	Exempt Market Dealer	January 1, 2011
Amalgamation	Invesco Trimark Dealer Inc./Courtage Invesco Trimark Inc. and Investco Trimark Ltd./Invesco Trimark Ltee To form: Invesco Trimark Ltd./Invesco Trimark Ltee	Exempt Market Dealer, Mutual Fund Dealer, Portfolio Manager, Investment Fund Manager and Commodity Trading Manager	January 1, 2011
Suspended	CRR Capital Markets, Inc.	Exempt Market Dealer	January 4, 2011
Consent to Suspension (Pending Surrender)	Kingsmill Capital Partners Inc.	Exempt Market Dealer	January 4, 2011

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 IIROC Rules Notice - Request for Comments – Republication - Dealer Member Rules - Proposals to Implement the Core Principles of the Client Relationship Model

IIROC RULES NOTICE
REQUEST FOR COMMENTS
REPUBLICATION - DEALER MEMBER RULES
PROPOSALS TO IMPLEMENT THE CORE PRINCIPLES OF THE CLIENT RELATIONSHIP MODEL

Summary of the nature and purpose of the proposed rules and amendments

The proposed Rules and amendments have been introduced to establish substantive requirements developed under the Client Relationship Model (CRM) Project for the purpose of addressing the following regulatory objectives:

1. Relationship disclosure;

2. Conflicts of interest management/disclosure;

3. Suitability assessment; and

4. Account performance reporting.

These matters should also be viewed as key elements of a broader CRM framework and complementary to the fundamental obligation of all dealers and their representatives to deal fairly, honestly and in good faith with their clients.

The Canadian Securities Regulators (CSA) will also be publishing for public comment proposed amendments to National Instrument 31-103 Registration requirements and exemptions, which, when implemented, will introduce new cost disclosure and performance reporting requirements to be complied with by all registered dealers and advisers. IIROC and the Mutual Fund Dealers Association of Canada (“MFDA”) are participating in the working group developing the CSA’s proposals.

New IIROC rules and amendments are subject to approval by the CSA. The CSA may decline to approve IIROC rules and amendments relating to cost disclosure and performance reporting if these omit aspects of the CSA’s proposals. In any event, once the CSA amendments are finalized, IIROC will amend its equivalent requirements, as necessary, to ensure that they are consistent with those of the CSA.

Disclosure of the details of the account relationship and the services to be provided are necessary to better inform retail clients of the nature of their account relationship. This disclosure, along with account cost and activity reporting will provide retail clients with important information to use in assessing the performance of investments in their account and whether their objectives and expectations for the account have been satisfied.

A new Rule has been proposed to clarify IIROC’s position regarding the management of material conflicts of interest. The Rule will require Dealer Members to develop and maintain policies and procedures to identify, disclose and address existing and potential material conflicts involving clients.

Amendments to the account suitability requirements have been introduced to enhance the level of investor protection for retail clients by ensuring that the suitability of investments in each client’s account is assessed whenever:

- a trade is accepted,

- a recommendation is made,

- securities are transferred or deposited into the account,

- there is a change of representative on the account, or

- there is a material change to the know-your-client information for the account.

Response to comments

Proposed rule changes to address the CRM issues were originally published by the Investment Dealers Association (IDA) in February, 2008. A revised version of the proposed rule changes was subsequently published by IIROC in April, 2009. IIROC staff's response to the comments received on the revised proposed amendments have been posted on the IIROC website (IIROC - Policy Proposals).

As noted below, IIROC staff have made revisions to the proposed CRM Rules and amendments to address comments received. IIROC staff has also developed proposed implementation periods for each of the proposal elements and have amended the previously circulated draft guidance notes. The revised proposed Rules and amendments, proposed implementation periods and revised draft Guidance Note are being re-published for comment for a period of 60 days with this Notice.

Description of the proposed Rules and rule-making process

Current IIROC Rules address some aspects of the core principles under CRM. However, there are significant gaps in other respects, such as the requirement to provide relationship disclosure information on account opening and the requirement to provide account performance reporting. The proposed Rules and amendments are designed to address the gaps that have been identified.

The CRM Project is essentially an extension of the earlier work of the Ontario Securities Commission (OSC) Fair Dealing Model Committee, which released the Fair Dealing Model Concept Paper (Concept Paper) in January, 2004. This Concept Paper envisioned extensive changes to the regulatory requirements applicable to retail client accounts, from the negotiation and documentation of the relationship at account opening to the transactional information and account reporting to be provided to clients on an ongoing basis.

In September 2004, the Fair Dealing Model initiative was brought under the umbrella of the broader Registration Reform Project (RRP) of the provincial securities commissions. The aim of RRP was to streamline and harmonize the registration regime and develop rules in certain key areas to apply to all registrants on a national basis. Under RRP, the Fair Dealing Model initiative was re-branded as the Client Relationship Model and its focus narrowed to the following three areas:

- account opening documentation;
- costs, conflicts and compensation transparency; and
- performance reporting.

Working groups consisting of industry and regulatory staff developed rulemaking recommendations for each of these areas. A joint rulemaking committee of the IDA and the Mutual Fund Dealers Association (MFDA) then drafted rule proposals in consultation with staff of the securities commissions. This was followed by an initial dealer review of the proposals by three joint IDA/MFDA industry subcommittees. Samples of proposed new disclosures were reviewed and commented on by approximately 370 advisors that participated an 11 city broadcast consultation that was held in August, 2006. These initial drafts were also distributed for comment to the IDA Compliance and Legal Section and the IDA Financial Administrators Section in September, 2006. Presentations on the contents of these initial drafts were provided to each of the IDA District Councils in October and November, 2006. In response to the comments received on these initial drafts, IDA staff re-drafted its proposals to focus more closely on the core CRM objectives and to factor in potential implementation issues.

As noted above, proposed Rule changes to address the CRM issues were published by the IDA in February, 2008 and subsequently revised and republished by IIROC Board in April, 2009. IIROC staff has reviewed the comments received in response to the February, 2008 and April 2009 publications. We have also conducted further consultations with investor representatives, industry associations, the MFDA and the provincial securities regulators. The proposed Rules and amendments brought forward for consideration with this Notice incorporate feedback received through the comment processes and these subsequent consultations.

The proposed Rules and amendments are summarized as follows:

(a) Relationship disclosure for retail client accounts

IIROC is proposing that every Dealer Member will provide its retail clients with the following information regarding the relationship they are entering into with the client:

- a description of the types of products and services offered by the Dealer Member;

- a description of the account relationship to which the client has consented;
- where applicable, a description of the process used by the Dealer Member to assess investment suitability, including a description of the process used to assess the client's "know your client" information, a statement as to when account suitability will be reviewed and an indication whether or not the Dealer Member will review suitability in other situations, including market fluctuations;
- a statement indicating material Dealer Member and adviser conflicts of interest and stating that future material conflict of interest situations, where not resolved, will be disclosed to the client as they arise;
- a description of all fees, charges and costs associated with operating the account and in making or holding investments in the account; and
- a description of account reporting the client will receive, including a statement identifying when account statements and trade confirmations will be sent to the client and a description of the Dealer Member's obligations to provide account performance information and a statement indicating whether or not percentage return information will be sent.

The obligations of Dealer Members to provide certain specific disclosures regarding suitability will vary for order-execution service accounts and managed accounts, in that there is no suitability obligation regarding order-execution service accounts and managed accounts must be monitored and supervised according to the specific, more rigorous standards imposed under Rules 1300 and 2500.

IIROC is not proposing to mandate the format of the disclosures, but will require that the information be:

- Provided to the client in writing at the time of account opening;
- Written in plain language; and
- Included in a document entitled "Relationship Disclosure".

Dealer Members are obligated to provide some of the relationship disclosure information under the current Rules. The proposed Rule allows for information already provided to clients to essentially be incorporated by reference as long as the relationship disclosure contains a description of this information and the client is specifically referred to the other documents.

Amendments have been made to the previous IIROC proposals published for public comment in April, 2009 to clarify that client acknowledgement must be obtained when either a relationship disclosure or "know your client" document is provided to the client.

(b) Conflicts management / disclosure

Rules relating to the management of specific conflicts of interest are already in place. To supplement these existing requirements, IIROC is proposing to adopt a general rule to require that all material conflict situations between the Approved Person and the client and between the Dealer Member and the client be addressed by either: avoiding the conflict, disclosing the conflict or otherwise controlling the conflict of interest situation.

Amendments have been made to the previous IIROC proposals published in April, 2009 to clarify the application of the general conflicts management / disclosure standard as it relates to material conflicts of interest between the Approved Person and the client and between the Dealer Member and the client. This has been accomplished by creating separate Rules setting out the obligations of the Approved Person and the Dealer Member, respectively, to address conflicts of interest. The revised wording recognizes that Dealer Members are more likely to have to deal with scenarios in which a Dealer Member must balance the competing interests of two or more of its clients.

(c) Account suitability for retail clients

In addition to the current suitability requirement for trades accepted and recommendations made on retail client accounts, IIROC is proposing that an account suitability review must be performed when certain "trigger" events occur (i.e., transfers/deposits into an account, material change in client circumstances, change in the account representative). It is currently an industry best practice to perform suitability assessments on a periodic basis irrespective of the "trigger" events.

IIROC is also proposing to clarify how suitability assessment reviews are to be performed. Specifically, proposed amended rules 1300.1(p) through (r) make it clear that all suitability assessment reviews must be performed by taking into consideration the client's "investment objectives and time horizon" and the "account's current investment portfolio composition and risk level."

IIROC staff is examining the possibility of introducing further changes to the suitability Rule, in addition to the amendments noted above. Some of these may include consequential amendments to conform the suitability requirements contained in Rule 1300 to the new relationship disclosure requirements. In particular, the proposed relationship disclosure requirements will require the Dealer Member to advise the client that he or she will be provided with a copy of the "know your client" information collected at account opening and when there are material changes to this information. The proposed amendments may also lead to changes in the supervisory requirements under Rule 2500.

Wording amendments have been made to the previous IIROC proposals published in April, 2009 regarding taking into consideration the client's investment time horizon and the account's current investment portfolio when performing suitability assessment reviews.

As a separate initiative, IIROC staff is republishing for comment guidance to Dealer Members and Registered Representatives on regulatory expectations for meeting their suitability requirements. The current version of this draft guidance, along with a consolidated response to the public comments received on the previous draft, is included as Attachment G.

(d) Account performance reporting for retail clients

In developing the proposed Rules on performance reporting, issues regarding security position cost disclosure, account activity disclosure and account percentage return disclosure were considered.

(i) Security position cost disclosure

IIROC is proposing to mandate that security position cost information be provided to all retail clients at least annually. When the proposed Rules were published for comment in February, 2008, input was requested as to the preference to require the disclosure of original cost or tax cost. No clear consensus was reached on this point. However, as we believe original cost provides the most useful information for the purpose of account performance, we have mandated in the proposed amendments that original cost be disclosed.

(ii) Account activity disclosure

IIROC is proposing to mandate that account activity information be provided to all retail clients on at least an annual basis. This reporting would require disclosure of the cumulative realized and unrealized capital gains on the client's account.

(iii) Account percentage return disclosure

IIROC is proposing to mandate that account percentage return information be provided to retail clients. As set out in Attachment E, Dealer Members not currently providing percentage return information to their retail clients will be given 2 years to implement this reporting requirement on a prospective basis. In addition, Dealer Members currently providing percentage return information to their retail clients, will be given six months from the date of implementation to adopt either a time weighted or dollar weighted calculation method acceptable to IIROC to calculate such information.

Amendments have been made to the previous IIROC proposals published in April, 2009 to mandate that account percentage return information be provided to all retail clients.

The proposed Rules and amendments were approved by the IIROC Board of Directors on June 24, 2010. The text of the proposed Rules and amendments is set out in Attachments A through D.

Issues and alternatives considered

In the course of working on the CRM project, IIROC staff consulted extensively with industry participants and the public. As a result, IIROC staff has been presented with a number of different alternatives and perspectives on the issues to be addressed.

Many commenters have raised questions regarding value of the proposed changes in light of the potential costs to industry participants. IIROC staff has continued to receive input on the cost issue throughout the rule-making process and is confident

that it is aware of, and has properly considered the issue. To minimize potential costs, wherever possible, IIROC staff has revised the proposal to provide greater flexibility to Dealer Members in complying with the new requirements without compromising the investor protection goals of the CRM project.

Many industry participants have also suggested that the regulatory objectives of CRM should be addressed through broad principles-based requirements alone. IIROC staff recognizes that there are advantages with principles-based Rules, but this objective must be balanced with the need to articulate clear and consistent minimum standards. IIROC staff believes that the proposed Rules and amendments strike an appropriate balance, setting out clear standards while allowing a sufficient degree of flexibility to accommodate differences in Dealer Members' business models.

Consideration was also given to the suggestion that a standard form boilerplate disclosure document be developed to address the relationship disclosure issue. However, while IIROC staff acknowledges that some aspects of the relationship disclosure information may be common to all Dealer Members, we also expect that there will be a great deal of variation between firms regarding the specific products and services provided and the processes Dealer Members put in place to deliver those products and services. We believe that the identification of these differences is essential information for clients to make informed choices as to the different options that are available to them. IIROC staff does not believe that the regulatory objectives of relationship disclosure can be satisfied by simply providing a standard form generic disclosure document that lists products and services that a Dealer Member may or may not offer without differentiating between firms.

The need for consistency across the various segments of the securities industry was also raised in many comments received by IIROC staff. Some of the inconsistencies in the approach to the CRM issues taken by IIROC, MFDA and the securities commissions are due to differences in the way business is conducted by the different types of registrants. In any case, staff has reviewed and revised the proposed changes with a view to ensuring, as much as possible, that there is consistency with the proposed requirements to apply to other industry sectors. To this end, the relationship disclosure content requirements have previously been amended and re-organized.

IIROC staff maintains the position that the relationship disclosure information should function as a foundation document that provides a single reference point for key information on the account relationship. However, in the interests of avoiding duplication of the information, the proposed Rule allows for disclosure provided to clients in other materials to be referenced. In such cases, the relationship disclosure must contain a summary description of the information and the client must be specifically referred to the other documents that have been provided.

On the issue of conflicts of interest, IIROC staff has made changes to the proposed Rule to clarify that Dealer Members and Approved Persons must "address" rather that "resolve" conflicts. Separate requirements dealing with the way in which material conflicts of interest must be addressed have also been developed for Dealer Members and Approved Persons. These separate requirements reflect the fact that IIROC recognizes that a Dealer Member, as a financial intermediary, is much more likely to encounter competing client interest situations than an Approved Person.

IIROC staff also notes the potential challenges pointed out by industry participants on the issue of performance reporting. To address the comments we received, the proposed Rule regarding activity reporting has been simplified so that Dealer Members will be required only to disclose the cumulative realized and unrealized income and capital gains/losses on the client's account and adequate implementation transition periods have been proposed for all three performance reporting elements. To provide Dealer Members with greater flexibility, the proposed Rule allows for percentage rates of return to be calculated by either a time weighted or dollar weighted calculation method acceptable to IIROC. The requirement to disclose returns, if reported, on a 1, 3, 5 and 10 year basis has been maintained, but as the requirement will apply on a prospective basis, it is not anticipated that it will create a significant compliance burden on Dealer Members.

Many commenters argued that performance reporting is strictly a service issue and that it should be left up to Dealer Members to decide whether they choose to provide any such reporting to clients. IIROC's primary mandate is however to protect the interests of investors and this responsibility involves, in part, setting minimum service levels for clients. IIROC's position is that it is reasonable to expect that clients receive position cost and account activity information to enable them to determine whether they have gained or lost money on the investments in their accounts and to receive percentage return information to enable them to determine the reasonableness of any gain or loss earned/incurred.

The proposed Rules and amendments will be subject to transition periods to allow for systems changes to be implemented before the amendments become effective. Included as Attachment E are the proposed transition periods (from date of implementation notice publication) for each CRM proposal requirement.

We will also be issuing guidance to clarify IIROC's expectations and answer questions on the application of the proposed Rules and amendments. A draft Guidance Note is attached as Attachment F.

As a separate initiative, we had previously published for public comment a draft Guidance Note on "Know Your Client and Suitability". Given that the CRM proposals contain proposed amendments relating to the acknowledgement of the know your

client information form and the suitability assessment requirements, we felt it appropriate to re-publish this draft notice as part of the CRM proposals. See Attachment G.

Comparison with similar provisions

The CRM-related proposals of the MFDA and the Canadian Securities Administrators (CSA) are summarized below.

For the purpose of comparison, we have also noted certain provisions set out in the U.K. and U.S. rules regarding account relationship disclosure and performance reporting. This information has been included to provide some background and context, but is not intended to serve as a comprehensive analysis of all relevant international requirements.

(a) Mutual Fund Dealers Association of Canada

As noted above, IIROC staff has been exchanging information and holding ongoing meetings with staff of the MFDA and the securities commissions with a view to developing harmonized rules to address the CRM issues.

The revised CRM proposal of the MFDA, is substantially similar to the IIROC proposed Rules and amendments in most respects. All of the core elements of the CRM project are addressed under both proposals, as are the proposed changes to the suitability requirements. Some noteworthy differences between the two proposals are summarized below:

- The MFDA proposal allows for the required disclosure elements to be disseminated in a variety of documents. IIROC's proposed Rule states that where specific information has already been provided to the client by the Dealer Member, the relationship disclosure information can simply include a general description and a reference to the other disclosure materials containing the required information. The revised IIROC requirement is intended to provide greater flexibility for Dealer Members than the previous IDA proposal which required that clients be provided with a single stand alone relationship disclosure document containing all of the mandatory information. The new proposed Rule allows Dealer Members to continue to use their existing processes to deliver specific information, such as fee disclosure, but maintains the requirement that clients be provided with a comprehensive user friendly source for at least basic account relationship information.

- Most of the specific relationship disclosure requirements are contained in both the IIROC and MFDA proposals. There are differences in that the IIROC proposal requires specific disclosure as to whether client accounts will be reviewed at times other that the regulatory minimum (such as in the event of a market disruption) and whether the client will be provided with percentage return information. The MFDA proposal does not require such disclosure. IIROC's position stems from the concern that clients may presume that their accounts are being reviewed by their representatives whenever significant market events occur and that they are entitled to receive percentage return information on statements. If these services are not to be provided, Dealer Members should advise clients accordingly, so that client expectations are properly managed.

- The MFDA performance reporting proposal does not require individual position cost disclosure, which is required under the IIROC proposal.

- The activity reporting requirements in the IIROC and MFDA proposals are similar in most respects. However, the MFDA proposes to mandate account activity disclosure for the current year only, while the IIROC proposal will require cumulative activity reporting.

- The MFDA amendments do not propose to mandate percentage return performance reporting.

Details of the proposed amended MFDA rules and policies can be accessed at www.mfda.ca.

(b) Canadian Securities Administrators

IIROC staff also participated in the development of National Instrument 31-103 (N1 31-1O3), which also addresses certain elements of the CRM project, in particular, relationship disclosure and conflicts management. NI 31-103 is intended, in part, to impose requirements similar in effect to the CRM proposals of the SROs on registrants that are not subject to SRO jurisdiction.

NI 31-103 may be accessed on the Ontario Securities Commission (OSC) website at
http://www.osc.gov.on.ca/documents/en/Securities-Category3/rule_20090918_31-103_3238-supplement.pdf

(c) United Kingdom

The U.K. Financial Services Authority ("FSA") also has implemented principles-based rules that address some of the issues raised under CRM.

The FSA Conduct of Business sourcebook (COBS) sets account relationship related disclosure requirements as follows:

- COBS 2.2 - A firm must provide appropriate information in a comprehensible form to a client about the firm and the types of products (including specific types of investments and investment strategies) and services offered by the dealer and the costs and associated charges relating to these products and services before these products and services are provided. This disclosure may be provided in a format that is standardized for the dealer.

- COBS 6.1 – Unless subject to COBS 9.6.5, a firm must provide retail clients the following information (along with other additional information) if relevant:

  (1) the name and address and contact details of the firm;

  (2) a statement that the firm is authorized and the name of the authorizing body (and the contact information for the authorizing body);

  (3) the nature, frequency and timing of reporting to be provided to the client;

  (4) disclosure regarding conflicts of interest;

  (5) disclosure regarding investments or cash held by the firm for a retail client;

  (6) information on costs and account charges; and

  (7) information on the investor compensation scheme to which the firm belongs.

- COBS 8.1 - Requirement to enter into a written basic agreement with a retail client setting out the rights and obligations of both parties.

- COBS 9.6.5 – A firm that offers "basic advice" on "stakeholder products" must provide clients with the following information:

  (1) the name and address of the firm;

  (2) a statement as to whether investment products being offered come from one company, a limited number of companies or the capital markets as a whole;

  (3) a statement that the service being offered is basic on a limited range of investment products;

  (4) a statement that the firm is regulated by the FSA;

  (5) a statement disclosing any product provider loans;

  (6) a description of the complaint handling process and the circumstances under which a client can refer a matter to the Financial Ombudsman Service; and

  (7) a description of the circumstances and the extent to the client will be entitled to compensation from the Financial Services Compensation Scheme.

On the issue of performance reporting, the FSA Handbook contains the following requirements:

- COBS 16.3 – Where a retail client has a managed account with a firm, a periodic statement must be provided every six months at a minimum (every three months if the client requests) which must include the following information (as referenced in the Conduct of Business Sourcebook Rule 16 Annex 2R):

  (1) market value of each position held;

(2) cash balance at the beginning and end of each reporting period;

(3) the performance of the portfolio during the reporting period;

(4) the fees and charges incurred during the reporting period;

(5) a comparison of the performance during the reporting period to a performance benchmark (if agreed to between the firm and the client); and

(6) details of the total amount of dividends, interest and other payments received during the reporting period and details of other relevant corporate actions.

The Conduct of Business Sourcebook can be accessed at FSA Handbook.

The FSA is continuing to look at ways to improve the interaction between consumers and industry participants and is in the process of conducting a Retail Distribution Review aimed at:

- improving the clarity for consumers of the characteristics of different service types and the distinctions between them;
- raising professional standards; and
- reducing the conflicts of interest inherent in remuneration practices and improving transparency of the cost of all advisory services.

Information relating to the FSA's Retail Distribution Review can be accessed at www.fsa.gov.uk.

(d) United States

Under the *Investment Advisers Act of 1940*, a registered adviser that gives personal advice is required to supply each prospective advisory client with a written brochure containing the information required under Part II of Form ADV. Additionally, the brochure is to be offered to current clients annually. Part II of Form ADV includes but is not limited to, the following:

- the approximate percentage of billings from each type of advisory service itemized in the form;
- the types of compensation arrangements used by the adviser, the fee schedule, and how to obtain a refund or end an advisory contract before its expiration;
- the types of clients of the adviser;
- the categories of investments about which the adviser offers advice;
- methods of security analysis, sources of information, and investment strategies;
- the education and business backgrounds of particular individuals;
- other business activities of the adviser;
- other financial industry activities or affiliations (including registration) of the adviser and related persons;
- participation or interest in client transactions; and
- information on the frequency, level, and triggering factors for account reviews and the nature and frequency of reports to clients on their accounts.

On the issue of account opening documentation, the Financial Industry Regulatory Authority (FINRA) has also provided some guidance to their members in the form of a new account application template. There is no regulatory requirement to use the sample form, or any portion of it. Rather, the intent of the form is to provide basic plain language examples of what a firm might use to describe client risk profile and issues the client should be aware of when evaluating account performance information. The form may be accessed at FINRA - Information Notice - 10/21/08.

Effects of proposed Rule on market structure, Dealer Members, non-members, competition and costs of compliance

The effect of the proposed Rules and amendments will be to improve the quality of information that retail clients are provided regarding their account relationships and with the performance of investments in their accounts. Retail clients will also be better served through more frequent monitoring of their accounts and better conflict management procedures at Dealer Members.

In developing the proposed Rules and amendments, the possibility of performing costs versus benefits analysis work was examined in some detail. An independent research company was hired to provide recommendations and assist in completing this work. Meetings involving staff from the IDA, MFDA, OSC, the Investment Funds Institute of Canada, the Investment Industry Association of Canada and representatives from investment dealers and mutual fund dealers were held to discuss the approach to be taken on the cost/benefit analysis. However, no agreement on the approach was reached. While the proposed formal cost/benefit analysis was not performed, substantial feedback from industry participants was provided throughout the rule development process in any case. As such, IIROC staff believes that it is sufficiently informed as to the potential impacts of the proposed Rules and amendments.

It is expected that the relationship disclosure and performance reporting proposals will give rise to the most significant information systems and cost impacts. Furthermore, the full extent of the relationship disclosure impacts will be influenced by:

1. *Relationship disclosure customization* – In order to accurately describe the account relationship being entered into with each client, Dealer Members will need to customize to a certain extent the relationship disclosure information they provide to address individual client account details[1]. This required customization will likely result in initial and ongoing compliance costs.

2. *Relationship disclosure implementation period for existing accounts* – A longer relationship disclosure implementation period for existing accounts will lessen the costs of initial compliance.

The extent of the systems and cost impact for the performance reporting requirements will be influenced by:

1. *Report data requirements* – Dealer Members will be required to warehouse greater amounts of historical information to produce the reports.

2. *Report calculation requirements* – Costs will likely increase where a greater number of calculations must be performed to generate the report.

The costs incurred may also differ between Dealer Members as many firms already furnish at least a portion of the information required under the new minimum standards. The effect on a particular Dealer Member can only be precisely determined by performing a firm specific assessment, but may include costs associated with the production of documents (including printing and mailing) and the imposition of new compliance and supervisory requirements.

As previously noted, an appropriately long transition period is being proposed (refer to Attachment E) to allow Dealer Members time to make necessary systems changes.

Apart from the issues described above, it is not expected that there will be other major technological systems impacts on Dealer Members as a result of the proposed Rules and amendments. Further, it is not anticipated that there will be other significant effects on Dealer Members or non-Dealer Members, market structure or competition.

It is believed that the benefits associated with the proposed requirements are significantly greater than the additional costs to Dealer Members. The proposed Rules and amendments do not impose any burden or constraint on competition or innovation that is not necessary or appropriate in the furtherance of IIROC's regulatory objectives. The proposed Rules and amendments do not impose costs or restrictions on the activities of market participants that are disproportionate to the goals of the regulatory objectives sought to be realized.

The IIROC Board has determined that the proposed Rules and amendments are not contrary to the public interest.

Anticipated effective date and implementation plan

IIROC anticipates that the proposed Rules and amendments will be made effective on a date to be determined by IIROC staff after receiving notification of approval by the requisite provincial securities commissions. The proposed transition periods for each of the CRM core principle elements are set out in Attachment E.

[1] It is expected that all Dealer Members will provide relationship disclosure information to clients that addresses at a minimum the account and products and services to be provided to the client, taking into consideration the client's risk tolerance and investment circumstances.

Classification of Rules and amendments and filing in other jurisdictions

IIROC has determined that the proposed Rules and amendments are Public Comment Rules and has directed that the proposed Rules and amendments be published for comment.

The proposed Rules and amendments will be filed with each of IIROC's Recognizing Regulators, in accordance with s.3 of the Joint Rule Review Protocol contained in the IIROC Recognition Order.

Request for public comment

Comments should be made in writing. One copy of each comment letter should be delivered within 60 days of the publication of this notice, addressed to the attention of:

Richard J. Corner
Vice President, Member Regulation Policy
Investment Industry Regulatory Organization of Canada
Suite 1600, 121 King Street West
Toronto, Ontario
M5H 3T9

Angie F. Foggia
Policy Counsel, Member Regulation Policy
Investment Industry Regulatory Organization of Canada
Suite 1600, 121 King Street West
Toronto, Ontario
M5H 3T9

A second copy should be addressed to the attention of:

Manager of Market Regulation
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario
M5H 3S8
marketregulation@osc.gov.on.ca

Those submitting comment letters 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 "IIROC Rulebook - Dealer Member Rules – Proposed Policy").

Attachments

Attachment A - Proposed Amendments - New Rule XX00 - Relationship disclosure;

Attachment B - Proposed Amendments - New Rule XX00 - Conflicts of interest;

Attachment C - Proposed Amendments - Black-line copy of amended Rule 1300.1 - Supervision of accounts;

Attachment D - Proposed Amendments - Amendments to Rule 200.1 - Minimum Records;

Attachment E - Proposed transition periods from date of implementation notice publication; and

Attachment F - Draft Guidance Note, Client Relationship Model

Attachment G - Draft Guidance Note, Know your client and suitability

Attachment A

PROPOSALS TO IMPLEMENT THE CORE PRINCIPLES OF THE CLIENT RELATIONSHIP MODEL

PROPOSED AMENDMENTS - NEW RULE XX00 - RELATIONSHIP DISCLOSURE

1. New Rule XX00 is enacted as follows:

"**XX01. Objective of relationship disclosure requirements**

(1) This Rule establishes the minimum industry standards for relationship disclosure to retail clients at the time of opening an account or accounts. This Rule does not apply to accounts of institutional clients.

Relationship disclosure is a written communication from the Dealer Member to the client describing:

- the products and services offered by the Dealer Member;
- the nature of the account and the manner in which the account will operate; and
- the responsibilities of the Dealer Member to the client.

References in this Rule describing the obligations of the Dealer Member in relation to services provided on advisory and managed accounts apply equally to the Approved Persons of the Dealer Member providing services on such accounts.

This Rule should be reviewed in conjunction with:

- Rules 1300.1 and 1300.2 - Know your client, suitability and supervision;
- Rules 1300.3 to 1300.21 - Discretionary and managed accounts;
- Rule 2500 - Minimum standards for retail account supervision; and
- Rule 3200 - Minimum requirements for Dealer Members seeking approval under Rule 1300.1(s) for suitability relief for trades not recommended by the Dealer Member.

XX02. Definition of account relationship types

(1) An "advisory account" is an account where the client is responsible for investment decisions but is able to rely on advice given by a registered representative. The registered representative is responsible for the advice given. In providing this advice, the registered representative must meet an appropriate standard of care, provide suitable investment recommendations and provide unbiased investment advice.

(2) An "order-execution service account" is an account opened in accordance with "order-execution service" requirements set out in Rule 3200.

(3) A "managed account" is an account as defined in Rule 1300.3.

XX03. Form of relationship disclosure

(1) Dealer Members have the choice of providing customized relationship disclosure to each client, or appropriate standardized relationship disclosure to separate classes of clients.

(2) Where standardized relationship disclosure is provided to the client the Dealer Member must determine that the disclosure is appropriate for the client. Specifically, the disclosure must accurately describe:

(a) the account relationship the client has entered into with the Dealer Member; and

(b) the advisory, suitability and performance reporting service levels the client will receive from with the Dealer Member.

(3) Where a client has more than one account, combined relationship disclosure information may be provided as long as the Dealer Member determines that the combined disclosure is appropriate for the client in light of the relevant circumstances, including the nature of the various accounts.

XX04. Format of relationship disclosure

(1) The format of the relationship disclosure is not prescribed but:

(a) The relationship disclosure must be provided to the client in writing;

(b) The relationship disclosure must be written in plain language that communicates the information to the client in a meaningful way; and

(c) The relationship disclosure must include all the required content set out in Section XX05, or, where specific information has otherwise been provided to the client by the Dealer Member, a general description and a reference to the other disclosure materials containing the required information.

(2) Dealer Members may choose to provide the relationship disclosure as a separate document or to integrate it with other account opening materials.

XX05. Content of relationship disclosure

(1) The relationship disclosure information must be entitled “Relationship Disclosure”.

(2) Subject to subparagraphs (3) and (4), the relationship disclosure must contain the following information:

(a) A description of the types of products and services offered by the Dealer Member;

(b) A description of the account relationship;

(c) A description of the process used by the Dealer Member to assess investment suitability, including:

(i) a description of the approach used by the Dealer Member to assess the client’s financial situation, investment objectives, risk tolerance and investment knowledge and a statement that the client will be provided with a copy of the “know your client” information that is obtained from the client and documented at time of account opening and when there are material changes to the information;

(ii) a statement indicating that the Dealer Member will assess the suitability of investments in the client’s account whenever:

(A) a trade is accepted,

(B) a recommendation is made,

(C) securities are transferred or deposited into the account,

(D) there is a change in the registered representative, investment representative or portfolio manager responsible for the account, or

(E) there is a material change to the client’s “know your client” information; and

(iii) a statement indicating whether or not the suitability of the investments held in the account will be reviewed in the case of other triggering events not described in Rule 1300.1(r) and, in particular, in the event of significant market fluctuations;

(d) A description of the client account reporting that the Dealer Member will provide, including:

(i) a statement indicating when trade confirmations and account statements will be sent to the client;

(ii) a description of the Dealer Member's minimum obligations to provide performance information to the client and a statement indicating when account position cost and account activity information will be provided to the client; and

(iii) a statement indicating whether or not the provision of account percentage return information will be an option available to the client as part of the account service offering;

(e) A statement indicating Dealer Member and Approved Person conflicts of interest and stating that future conflict of interest situations, where not avoided, will be disclosed to the client as they arise;

(f) A description of all account service fees and charges the client will or may incur relating to the general operation of the account;

(g) A description of all charges the client will or may incur in making and holding investments by type of investment product;

(h) A listing of the account documents required to be provided to the client with respect to the account; and

(i) A description of the Dealer Member's complaint handling procedures and a statement that the client will be provided with a copy of an IIROC approved complaint handling process brochure at time of account opening.

(3) For order-execution service accounts, the Dealer Member does not have to provide the relationship disclosure information required under subparagraph 2(c), provided that disclosure is made in compliance with the requirements in Rule 3200.

(4) For managed accounts, the required disclosure referred to in subparagraph 2(c)(iii) does not apply and the relationship disclosure provided by the Dealer Member must include a statement that ongoing suitability is provided as part of the managed account services.

XX06. Review of relationship disclosure materials

(1) Pursuant to Rule 1300.2, the relationship disclosure provided to the client must be approved by a partner, director, officer or designated supervisor. This approval must occur regardless of the form the relationship disclosure takes. If the document is a standardized document, the supervisor who approves new accounts must ensure that the correct document is used in each client circumstance. If the relationship disclosure is a customized document for each client, the designated supervisor must approve each document.

XX07. Client acknowledgement of receipt of account related documents

(1) The Dealer Member must maintain an audit trail to evidence that account related documents required by IIROC Rules have been provided to the client. In addition, Dealer Members must obtain their clients' acknowledgement of receipt of the "know your client" information form and account relationship disclosure materials. A client signature acknowledging receipt is preferred, but not required. If the client's signature is not obtained, some other method of documenting the client's acknowledgement of receipt of this information must be used."

Attachment B

PROPOSALS TO IMPLEMENT THE CORE PRINCIPLES OF THE CLIENT RELATIONSHIP MODEL

PROPOSED AMENDMENTS - NEW RULE XX00 - CONFLICTS OF INTEREST

1. New Rule XX00 is enacted, as follows:

"XX01. Responsibility to identify conflicts of interest

(1) Each Dealer Member and, where applicable, Approved Person shall take reasonable steps to identify existing and potential material conflicts of interest between the interests of the Dealer Member or Approved Person and the interests of the client.

(2) Where an Approved Person becomes aware of an existing or potential material conflict of interest, the existing or potential conflict shall be reported immediately to the Dealer Member.

XX02. Approved Person responsibility to address conflicts of interest

(1) The Approved Person must consider the implications of any existing or potential material conflicts of interest between the Approved Person and the client.

(2) The Approved Person must address all existing or potential material conflicts of interest between the Approved Person and the client in a fair, equitable and transparent manner, and consistent with the best interests of the client or clients.

(3) Any existing or potential material conflict of interest between the Approved Person and the client that cannot be addressed in a fair, equitable and transparent manner, and consistent with the best interests of the client or clients, must be avoided.

XX03. Dealer Member responsibility to address conflicts of interest

(1) The Dealer Member must consider the implications of any existing or potential material conflicts of interest between the Dealer Member and the client.

(2) The Dealer Member must address the existing or potential material conflict of interest in a fair, equitable and transparent manner, and considering the best interests of the client or clients.

(3) Any existing or potential material conflict of interest between the Dealer Member and the client that cannot be addressed in a fair, equitable and transparent manner, and considering the best interests of the client or clients, must be avoided.

(4) The Dealer Member must adequately supervise how existing or potential material conflicts of interest between the Approved Person and the client are addressed by its Approved Persons pursuant to section XX02.

XX04. Responsibility to disclose conflicts of interest

(1) Unless a material conflict of interest has been avoided, the conflict of interest must be disclosed to the client in all cases where a reasonable client would expect to be informed:

(a) for new clients, prior to opening an account for the client; and

(b) for existing clients, either as the conflict occurs or, in the case of a transaction related conflict of interest, prior to entering into the transaction with the client.

XX05. Conflicts of interest policies and procedures

(1) Each Dealer Member shall develop and maintain written policies and procedures to be followed in identifying, avoiding, disclosing and addressing material conflict of interest situations."

Attachment C

PROPOSALS TO IMPLEMENT THE CORE PRINCIPLES OF THE CLIENT RELATIONSHIP MODEL

PROPOSED AMENDMENTS - AMENDED RULE 1300 - SUPERVISION OF ACCOUNTS

1. Rule 1300 subsections 1300.1(p) through (v) are repealed and replaced as follows:

"Suitability determination required when accepting order

(p) Subject to Rules 1300.1(t) and 1300.1(s), each Dealer Member shall use due diligence to ensure that the acceptance of any order from a client is suitable for such client based on factors including the client's current financial situation, investment knowledge, investment objectives and time horizon, risk tolerance and the account's current investment portfolio composition and risk level.

Suitability determination required when recommendation provided

(q) Each Dealer Member, when recommending to a client the purchase, sale, exchange or holding of any security, shall use due diligence to ensure that the recommendation is suitable for such client based on factors including the client's current financial situation, investment knowledge, investment objectives and time horizon, risk tolerance and the account's current investment portfolio composition and risk level.

Suitability determination required for account positions held when certain events occur

(r) Each Dealer Member shall, subject to Rules 1300.1(t) and 1300.1(u), use due diligence to ensure that the positions held in a client's account or accounts are suitable for such client based on factors including the client's current financial situation, investment knowledge, investment objectives and time horizon, risk tolerance and the account's current investment portfolio composition and risk level whenever one or more of the following trigger events occurs:

(i) Securities are received into the client's account by way of deposit or transfer; or

(ii) There is a change in the registered representative, investment representative or portfolio manager responsible for the account; or

(iii) There has been a material change to the client's life circumstances or objectives that has resulted in revisions to the client's "know your client" information as maintained by the Dealer Member.

Suitability of investments in client accounts

(s) To comply with the requirements under Rules 1300.1(p), 1300.1(q) and 1300.1(r), the Dealer Member must use due diligence to ensure that:

(i) The suitability of all positions in the client's account is reviewed whenever a suitability determination is required; and

(ii) The client receives appropriate advice in response to the suitability review that has been conducted.

Suitability determination not required

(t) Each Dealer Member that has applied for and received approval from the Corporation pursuant to Rule 1300.1(v), is not required to comply with Rule 1300.1(p), when accepting orders from a client where no recommendation is provided, to make a determination that the order is suitable for such client.

(u) Each Dealer Member that executes a trade on the instructions of another Dealer Member, portfolio manager, investment counsel, limited market dealer, bank, trust company or insurer, pursuant to Section I.B (3) of Rule 2700 is not required to comply with Rule 1300.1(p).

Corporation approval

(v) The Corporation, in its discretion, shall only grant such approval where the Corporation is satisfied that the Dealer Member will comply with the policies and procedures outlined in Rule 3200. The application for approval shall be accompanied by a copy of the policies and procedures of the Dealer Member. Following

such approval, any material changes in the policies and procedures of the Dealer Member shall promptly be submitted to the Corporation."

2. References in Rules1300 and 3200 to subsections 1300.1(p) and 1300.1(t) are amended as follows:

(a) References to existing subsection 1300.1(p) are repealed and replaced by references to new subsections 1300.1(p) and 1300.1(r); and

(b) References to existing subsection 1300.1(t) are repealed and replaced by references to new subsection1300.1(v).

Attachment D

PROPOSALS TO IMPLEMENT THE CORE PRINCIPLES OF THE CLIENT RELATIONSHIP MODEL

PROPOSED AMENDMENTS – AMENDED RULE 200.1 – MINIMUM RECORDS

1. Rule 200 is amended by renumbering existing subsections 200.1(d) through (n) as subsections 200.1(g) through (q).

2. Rule 200 is amended by adding new subsections 200.1(d), 200.1(e) and 200.1(f) as follows:

"(d) Client account cost reports for all accounts other than those held by institutional clients, itemizing security position cost information as follows:

(1) For all new security positions added to the account on or after the latest of:

(i) [Date of implementation],

(ii) The date the account was opened or

(iii) If applicable, the date the account was received in by the Dealer Member as a transferred account,

the original cost of the position.

(2) For all existing security positions in the account as of [Date of implementation], the original cost of the position.

Where original cost information is unavailable or is known to be inaccurate, Dealer Members may elect to provide market value information as at [Date of implementation], or as at an earlier date (referred to as "point in time market value") instead of original cost information, provided that it is done for all similar accounts and as at the same date.

Where the account was received in by the Dealer Member as a transferred account, the market value of the positions as at the date the account was received in via transfer (also referred to as "point in time market value") may be used instead of original cost.

For each security position, the current market value as at the report date shall be provided as a comparison to the cost information. The basis for costing each position (either original cost or point in time market value) must be disclosed.

Client account cost reports shall be sent to clients annually, at a minimum.

(e) For all accounts other than those held by institutional clients, client account performance information disclosing the annual and cumulative realized and unrealized income and capital gains in the client's account. This account performance information shall be sent to clients annually, at a minimum.

(f) For all accounts other than those held by institutional clients, client account performance reports itemizing account annualized compound percentage returns for the client's account.

Account annualized compound percentage return information

Where the account has existed for more than one year, account annualized compound percentage return information shall be provided indicating the account's performance for the past one, three, five and ten year periods and for the period since account inception. Where the account has existed for less than one year, account annualized compound percentage return information shall not be provided. The computational method used in determining annualized compound percentage return information shall be a method acceptable to the Corporation.

The report containing account annualized compound percentage return information shall be sent to clients annually, at a minimum."

3. The Guide to Interpretation of Rule 200.1 is amended by renumbering guide items (d) through (n) as guide items (g) through (q).

4. The Guide to Interpretation of Rule 200.1 is amended by adding new guide items (d) through (f) as follows:

"(d) "**Client account cost reports"**

Reports must include all client account security and other investment product positions held by the Dealer Member for the client in nominee name or physically in client name and all other client account positions for which the Dealer Member continues to receive compensation, subject to the exceptions below.

Where, pursuant to Rule 200.1(d)(2), the original cost information is unavailable and the point in time market value amount cannot be reliably measured for an individual position held, the cost information for the position shall be reported as not determinable.

Where the market value for a particular position cannot be reliably measured, the current market value information for the position shall be reported as not determinable. In such instance, a disclosure in the client account cost report shall inform the client that the information is not determinable and why the information is not determinable.

The information provided in the client account cost report may be provided to the client on either a dollar amount or dollar amount per share basis.

The client account cost report may be provided to the client as part of the client account statement, referred to in Rule 100.2(c), or separately.

(e) "**Cumulative account performance information"**

The cumulative account performance information must be determined based on all client account security and other investment product positions held by the Dealer Member for the client in nominee name or physically in client name and all other client account positions for which the Dealer Member continues to receive compensation, subject to the exceptions below.

Where there are one or more positions held in the client account for which the current market value is not determinable, the position(s) shall be considered to have no value in the determination of cumulative account performance. In such instance, a disclosure in the cumulative account performance information shall inform the client that the value of the positions has been set at nil for account performance calculation purposes and why.

At the option of the Dealer Member, clients may be provided with portfolio level (portfolio level being a consolidation of all account positions and debit/credit money balances of the same client) cumulative account performance information.

At the option of the Dealer Member, clients may instead be provided with cumulative account performance information that delineates advised/non-advised account positions.

The cumulative account performance information may be provided to the client as part of the client account statement, referred to in Rule 100.2(c), or separately.

(f) "**Account annualized compound percentage return information**"

The account annualized compound percentage return information must be determined based on all client security and other investment product positions held by the Dealer Member for the client in nominee name or physically in client name and all other client account positions for which the Dealer Member continues to receive compensation, subject to the exceptions below.

Where there are one or more positions held in the client account for which the current market value is not determinable, the position(s) shall be considered to have no value in the determination of annualized compound percentage returns. In such instance, a disclosure in the annualized compound percentage return information shall inform the client that the value of the position(s) has been set at nil for percentage calculation purposes and why.

At the option of the Dealer Member, clients may be provided with portfolio level (portfolio level being a consolidation of all account positions and debit/credit money balances of the same client) annualized compound percentage return information.

At the option of the Dealer Member, clients may instead be provided with annualized compound percentage return information that delineates advised/non-advised account positions.

Account annualized compound percentage return information may be provided to the client as part of the client account statement, referred to in Rule 100.2(c), or separately."

Attachment E

PROPOSALS TO IMPLEMENT THE CORE PRINCIPLES OF THE CLIENT RELATIONSHIP MODEL

PROPOSED TRANSITION PERIODS FROM DATE OF IMPLEMENTATION NOTICE PUBLICATION

Relationship disclosure requirements	
New clients	6 months
Existing clients	3 years
Conflicts of interest management / disclosure requirements	
Provisions relating to conflict identification and avoiding and addressing conflicts	Immediate
Provisions relating to conflict disclosure: (i) prior to opening an account (ii) inclusion of conflicts disclosure in relationship disclosure information provided to new clients (iii) inclusion of conflicts disclosure in relationship disclosure information provided to existing clients (iv) prior to entering into a transaction	 Immediate 6 months 3 years Immediate
Account suitability requirements	
Trigger event suitability assessment requirements	6 months
Account performance reporting requirements	
Security position cost disclosure	1 year
Account activity disclosure	1 year
Account percentage return disclosure (i) Where percentage return information is currently, provided, an IIROC approved calculation method must be used or the information may not be provided to any client (ii) Mandatory percentage return reporting for all retail clients	 6 months 2 years

Attachment F

IIROC RULES NOTICE

DRAFT GUIDANCE NOTE

DEALER MEMBER RULES

CLIENT RELATIONSHIP MODEL

INTRODUCTION

This Guidance Note provides guidance for Dealer Members on compliance with the new requirements introduced under the Client Relationship Model (CRM) project. The new Rules and amendments under the CRM project address:

1. Relationship disclosure;

2. Conflicts of interest management/disclosure;

3. Suitability assessment; and

4. Account performance reporting.

While each of these issues can be viewed in isolation, the intent of the CRM project is that the different elements work together within the larger CRM framework and the existing Rules. Essentially, each of the requirements is a part of the broader fundamental obligation of the Dealer Member and its representatives under National Instrument 31-505 to deal fairly, honestly and in good faith with clients.

Wherever possible, the new CRM requirements have been created with the intent of allowing Dealer Members to leverage off of existing processes. However, certain aspects will require Dealer Members to develop new systems, which may pose some significant operational challenges. Therefore, with the input of Dealer Members and other industry participants, IIROC staff have developed a transition plan for implementation of the CRM Rules and amendments. Details of the transition periods that have been approved by the IIROC Board are attached as Attachment XX to the related IIROC Rule Notice 10-xxxx announcing the implementation of IIROC's CRM requirements.

RELATIONSHIP DISCLOSURE REQUIREMENTS

Rule XX00 establishes minimum standards for client/firm relationship disclosure to be provided by Dealer Members to clients at the time of account opening. The policy rationale underlying the Rule is that all clients should have a good understanding of the services they will be provided when they open an account.

Form and format of relationship disclosure

The Rule provides for a degree of flexibility as to the form and format of the relationship disclosure, but in all cases the information must be in writing, in plain language and must contain all of the required elements set out in Section XX05. The Rule allows for standardized disclosure to be provided to particular groups of clients, or all clients. Where the Rule requires the Dealer Member to advise as to whether optional services can be obtained from the Dealer Member, the costs associated with such services must be provided.

Content of relationship disclosure

The relationship disclosure to be provided to the client must include a description of the products and services of the Dealer Member, the nature of the account and the responsibilities of the Dealer Member. IIROC staff understands that many Dealer Members are already providing clients with marketing information that includes at least some information on products, services and account types offered. However, to provide more complete information, the client should also be advised as to specific limitations and Dealer Member responsibilities that might exist for the different classes of accounts it offers (for example, an order-execution service account versus an advisory account). The relationship disclosure information will help the clients understand:

1. why the "know your client" information the client provides the Dealer Member is important;

2. what service levels the client can expect from the Dealer Member once the account has been opened; and

3. what information the Dealer Member will provide the client to update them on the status of the account.

One of the fundamentals in the advisory relationship is the requirement for the Dealer Member to satisfy the investment suitability requirements contained in Rule 1300.1. Accordingly, IIROC staff expects the Dealer Member to provide a fulsome, clear and meaningful explanation of its suitability obligation in the relationship disclosure information it provides to its clients (subparagraph (c) of Section XX05). To ensure accurate client understanding of this service, the relationship disclosure must include a description of both when and how suitability assessments will be made. Further, the client should be made aware of the limitations on the obligation and whether account suitability reviews will be performed in situations apart from those listed in the Rule. In particular, the Rule requires that clients be informed whether or not suitability reviews will be performed in response to significant market fluctuations. This will ensure that the client is aware of whether or not a portfolio suitability assessment will be performed during a period of significant market fluctuation.

The types of transaction, position and performance reporting to be provided to the client must also be disclosed to the client (subparagraph (d) of Section XX05). In the case of transaction and position reporting, the trade confirmation and account statement requirements themselves are unchanged; what has changed is that the client must be informed when this information will be sent to them. In the case of performance reporting, the requirements themselves are new and are being implemented over different transition periods as follows:

- Individual position cost disclosure - 1 year
- Account activity information - 1 year
- Account percentage return information - 2 years

As a result, in order to avoid having to regularly update the client relationship disclosures they are being provided, it may be more efficient for the Dealer Member to inform the client of its plans over the 2 year implementation period, so that the client is informed up-front as to the type(s) of performance reporting they will be provided immediately and the type(s) of reporting they can expect to receive over the next couple of years.

The disclosure required under subparagraph (e) is an extension of the new conflicts of interest management standards also introduced as part of CRM. Refer to the separate “Conflicts of interest management / disclosure requirements” section of this Guidance Note for further guidance on these new standards.

The disclosures required under subparagraphs (f), (g), (h) and (i) of Section XX05 are an extension of existing requirements relating to account operation and transaction fees/charges, account related documentation and client compliant handling. The Dealer Member requirements in these areas are unchanged; what has changed is that the client must be informed as part of the relationship disclosures of the types of fees/charges they can expect to incur, the account related documentation they will receive and the complaint handling process in place at the Dealer Member. Consistent with the requirements of National Instrument 31-103, IIROC staff expects the discussion of account operation and transaction fees/charges will include all charges a client may incur during the course of acquiring, selling or holding an investment product position, including amounts to be paid indirectly to the Dealer Member by the client. For example, mutual fund fees/charges disclosure should include a discussion of the management expenses that are deducted from fund performance by the mutual fund manager and the types of fees/charges that may be paid to the Dealer Member by the mutual fund manager from these collected management expenses.

Content differences for different account types

The obligations of Dealer Members to provide certain specific disclosures regarding suitability will vary for order-execution service accounts and managed accounts, in that there is no suitability obligation regarding order-execution service accounts and managed accounts must be monitored and supervised according to the specific standards imposed under Rules 1300 and 2500. Apart from these limited exceptions for order-execution service accounts and managed accounts, all of the required elements listed in Rule XX00 must be addressed in the Dealer Member’s relationship disclosure.

Other information that may be included in the relationship disclosure

Beyond the required content set out in Rule XX00, the Dealer Member may also elect to include additional information in the relationship disclosure. In consulting with Dealer Members in the rule development process, IIROC staff has noted that some Dealer Members currently recommend steps to be taken by their clients to maintain a successful relationship with the firm. These include:

1. Carefully and promptly reviewing all documentation provided by the Dealer Member that relates to the operation of the account, account investment recommendations, account investment transactions and account investment holdings. This would include the “know your client” information collection form maintained by the Dealer Member for the account; conflicts of interest disclosures; descriptions of all transaction costs and account service fees and charges relating to the account; trade confirmations; and account statements.

2. Promptly informing the Dealer Member of changes to the client's life circumstances or objectives that may materially affect the accuracy of the "know your client" information collection form maintained by the Dealer Member for the account.

3. Promptly informing the Dealer Member of any trade confirmation or account statement errors.

4. Proactively asking questions and requesting information about the account.

5. Contacting the Dealer Member immediately if the client is unsatisfied with the handling of the affairs in the account.

Client acknowledgement of receipt of important account related documents

To reflect the importance of the account relationship disclosure information and the "know your client" information collection form, receipt of these documents must be acknowledged by the client. While obtaining the client's signature is preferred, the requirements recognize that this is not always possible to obtain, particularly when the client is opening an account over the internet or from another location. As a result, where a signature cannot be obtained other forms of acknowledgement of client receipt such as a documented phone conversation or an e-mail or letter from the client are acceptable.

Discussion of relationship disclosure materials with clients

Although there are a variety of business models employed by Dealer Members, IIROC expects that in a typical face-to-face client meeting, the registered representative will sit down with the client and take him or her through the relationship disclosure materials, the "know your client" information collection form and other important account opening documentation in order to ensure that the client has a clear understanding of the documents' content. Through this review with the client the representative will collect the necessary "know your client" information, complete the account opening forms and obtain the required client signatures and/or acknowledgements. The client would then be provided with a copy of the forms and disclosure documents. Ideally, throughout this process, the client will be raising any questions and the representative will be providing meaningful responses. The intent of the relationship disclosure is to ensure that all clients have answers to some basic questions on the account relationship, whether or not the client raises these questions with their representative.

Clients that must be provided with relationship disclosure information

Dealer Members are required to provide the relationship disclosure information to all retail clients. In the case of retail clients of Dealer Members that are introducing brokers, this obligation must be met by the introducing broker. It is expected that new clients will be provided with the information at the time of account opening. IIROC staff acknowledges that there are significant logistical concerns involved in distributing the information to existing clients but believe it is equally important that existing clients clearly understand the relationship they have with their Dealer Member and advisor. To enable Dealer Members to address the logistical issues involved in distributing the information to existing clients, a three-year transition period to provide the information to existing clients has been adopted. This three-year period is consistent with IIROC's current expectations regarding the updating of key account related documents.

Significant changes to disclosure information

Where significant changes to the relationship disclosure information have occurred, it is expected that the Dealer Member will provide timely notice to clients of any changes. This could be accomplished by including details of the updated information with a regular client communication, such as the client statements.

As noted in Section XX07, Dealer Members are required to maintain an audit trail that evidences that the client has acknowledged receipt of the "know your client" information form and the account relationship disclosure materials. The "best practice" would be to obtain a signed client acknowledgement, but Dealer Members may also satisfy this requirement both for the initial disclosure and for subsequent updates through other means. Dealer Members that intend to rely on electronic delivery of the information would be expected to satisfy the requirements noted in IDA Member Regulation Notice MR-008.

CONFLICTS OF INTEREST MANAGEMENT / DISCLOSURE REQUIREMENTS

There are a number of provisions in the existing IIROC Rules that set out Dealer Member and Approved Person obligations relating to specific conflict of interest situations between Dealer Members and clients and between Approved Persons and clients. In addition to these existing specific obligations, Rule XX00 further clarifies the existing obligations that Dealer Members and Approved Persons have to manage conflicts of interest with their clients. These obligations require Dealer Members to have written policies and procedures in place for identifying and addressing material conflicts of interest and to carry out these policies and procedures. Rule XXOO also sets out a general framework for:

- identifying conflict of interest situations; and

- addressing conflict of interest situations through/by:
    - avoidance
    - disclosure
    - other approaches to control the situation

Approved Person responsibility to address conflicts of interest

- ***General requirement to address all conflicts of interest***

  Subsection XX02(2) requires that all existing or potential material conflicts of interest between an Approved Person and a client must be addressed by the Approved Person "in a fair, equitable and transparent manner, and consistent with the best interests of the client or clients." Conflicts can be addressed by avoiding, disclosing or otherwise controlling the conflict of interest situation. In addition to this general requirement to address material conflicts of interest between the Approved Person and the client:

    - Section XX02(3) requires that "Any existing or potential material conflict of interest between the Approved Person and the client that cannot be addressed in a fair, equitable and transparent manner, and consistent with the best interests of the client or clients, must be avoided."; and
    - Section XX04 requires that "Unless a material conflict of interest has been avoided, the conflict of interest must be disclosed to the client in all cases where a reasonable client would expect to be informed."

  As a result, the requirements collectively mandate when a conflict of interest between an Approved Person and a client must be addressed by avoiding the conflict, or must be addressed at least in part by disclosing the conflict of interest to the client. The requirements do not mandate the other approaches which must be used to further control the conflict of interest situation.

  Sub-section 13.4(2) of National Instrument 31-103 (N1 31-103) requires that "A registered firm must respond to an existing or potential conflict of interest".

  Having said that, material conflict of interest situations can only be addressed / responded to by:

    - avoiding the situation which gives rise to the conflict of interest; or
    - controlling the situation as much as possible and/or disclosing the conflict of interest.

  As with the other elements of the CRM project, the Rule requiring that material conflicts of interest be addressed should be read in light of the fundamental statutory obligation imposed on all registrants to deal with clients fairly, honestly and in good faith. The intent of IIROC Rule XX02 is to provide greater clarity to Dealer Members as to how these basic principles can be satisfied when considering conflict of interest situations.

  In a number of cases, Approved Persons will address conflict of interest situations by disclosing it to the affected clients. However, in other cases, to properly address a material conflict, the Dealer Member may need to implement policies and procedures and the Approved Person will need to carry out procedures that go beyond simple disclosure. For instance, NI 31-103 requires registrants to execute a written agreement as well as providing prescribed disclosure prior to entering into a referral arrangement with a client. Other types of personal financial dealings, if permitted, may also necessitate additional measures, such as requiring the client to obtain independent advice before entering into a transaction.

- ***Conflict* avoidance**

  Subsection XX02(3) requires that "Any existing or potential material conflict of interest between the Approved Person and the client that cannot be addressed in a fair, equitable and transparent manner, and consistent with the best interests of the client or clients, must be avoided." When determining whether a conflict of interest between an Approved Person and a client must be avoided, Approved Persons should consider:

    - the interests of the client(s) involved; and
    - whether it is feasible to address the conflict of interest in any way other than by avoiding the situation giving rise to the conflict of interest.

Further, the guidance in Companion Policy 31-103CP provides the following general examples of material conflict of interest situations that must be avoided:

- the conflict of interest involves confidential, commercially sensitive or material, non-public information which the Dealer Member is prohibited from disclosing to the client and a reasonable client would expect to be provided with this information
- the conflict of interest is inconsistent with the interests of the client and/or there is a high risk of harm to the client and the situation cannot be addressed in any fashion to reduce this inconsistency/risk of harm; and
- the situation that gives rise to the conflict of interest is unethical or otherwise contrary to capital markets integrity

Consistent with the avoidance standard set out in Section XX02(3), the following are examples of specific rules that stipulate conflict of interest situations between an Approved Person and a client which must be avoided by the Approved Person:

1. A Registered Representative or Investment Representative may not engage in another gainful occupation if the specific occupation introduces inappropriate conflicts of interest, disrupts continuous client service or is disreputable [IIROC Dealer Member Rule 18].
2. A registered individual must not act as a director of another registered firm that is not an affiliate of an individual's sponsoring firm [NI 31-103, Section 4.1].

Conflict of interest situations between Dealer Members and clients

- ***General requirement to address all conflicts of interest***

Subsection XX03(2) requires that all existing or potential material conflicts of interest between a Dealer Member and a client must be addressed "in a fair, equitable and transparent manner, and considering the best interests of the client or clients." In applying this requirement, it is recognized that it is not always possible or practical for a Dealer Member to address all conflicts of interest in the best interests of each client when the conflict of interest situation involves multiple clients with competing interests.

The general approaches used by Approved Persons to address conflicts of interest between themselves and their client(s) must also be followed by Dealer Members when addressing conflict of interest situations between Dealer Member(s) and their clients. As previously stated, material conflict of interest situations can only be addressed / responded to by:

- avoiding the situation which gives rise to the conflict of interest; or
- controlling the situation as much as possible and/or disclosing the conflict of interest.

Companion Policy 31-103CP also sets additional guidance when the conflict of interest situation involves multiple clients with competing interests. Specifically, Dealer Members "should make reasonable efforts to be fair to all clients" and "should have internal systems to evaluate the balance of these [client] interests." The conflict of interest that arises between a Dealer Member's corporate client, issuing public securities and the Dealer Member's retail clients, who will be offered the new issue, is cited as an example of a competing interests scenario.

- ***Conflict avoidance***

Subsection XX03(3) requires that any "material conflict of interest between the Dealer Member and the client that cannot be addressed in a fair, equitable and transparent manner, and considering the best interests of the client or clients, must be avoided." In applying this subsection, Dealer Members should consider the same factors as an Approved Person would consider when assessing whether to avoid a conflict of interest with a client.

Consistent with the avoidance standard set out in Section XX03(3), the following are examples of specific rules that stipulate conflict of interest situations between a Dealer Member and a client which must be avoided by the Dealer Member:

1. All client orders must be given priority over all proprietary orders for the same security at the same price in order to avoid a conflict of interest between the Dealer Member and its client with respect to that trading opportunity [IIROC Dealer Member Rule 29.3(A)].

2. A Dealer Member shall not trade, or permit or arrange to trade, in reliance upon information regarding trades that have been made or which will be made for any discretionary or managed account [IIROC Dealer Member Rule 1300].

3. A Dealer Member is prohibited from issuing a research report for an equity or equity related security relating to an issuer for which the Dealer Member acted as manager or co-manager of (i) an initial public offering of equity or equity related securities, for 40 calendar days following the date of the offering, or (ii) a secondary offering of equity or equity related securities, for 10 calendar days following the date of the offering [IIROC Dealer Member Rule 3400.14].

- ***Supervision***

  Subsection XX03(4) requires that "The Dealer Member must adequately supervise how existing or potential material conflicts of interest between the Approved Person and the client are addressed by its Approved Persons pursuant to section XX02." This requirement is consistent with the general expectation that Dealer Members should adequately supervise all activities they undertake; in this case the conflict of interest management activities of their Approved Persons.

Conflict of interest disclosure

As previously stated, Section XX04 requires disclosure to the client of a material conflict of interest situation that has not been avoided "in all cases where a reasonable client would expect to be informed."

When determining whether a conflict of interest must be disclosed to the client, the guidance in Companion Policy 31-103CP requires Dealer Members to consider whether the conflict of interest affects the services that are being provided or that are proposed to be provided. As part of this guidance, the example of a registered individual recommending a security they own is cited and it is suggested that "this may constitute a material conflict which should be disclosed to the client before or at the time of the recommendation".

Consistent with the disclosure standard set out in XX04, the following are examples of specific Rules that stipulate conflict of interest situations which must be disclosed to the client by the Dealer Member:

1. Where one client has guaranteed the account obligations of another client, such that there are potentially conflicting client interests, the Dealer Member must disclose to the guarantor in writing that the suitability of the transactions in the guaranteed client's account will not be reviewed in relation to the guarantor's risk tolerance or investment objectives [IIROC Dealer Member Rule 100].

2. Each confirmation issued for trades involving securities:

   - of the Dealer Member or a related issuer of the Dealer Member, in the course of a distribution to the public; or

   - of a connected issuer of the Dealer Member

   must state that the securities are issued by the Dealer Member, a related issuer of the Dealer Member or a connected issuer of the Dealer Member, as the case may be. [IIROC Dealer Member Rule 200]

3. Dealer Members must comply with the following disclosure requirements for analyst research reports:

   (a) Dealer Members must disclose information in a research project which might reasonably be expected to indicate a potential conflict of interest on the part of the Dealer Member or the analyst in making a recommendation with regard to the issuer.

   (b) Any Dealer Member that distributes research reports to clients or prospective clients in its own name must disclose its research dissemination policies and procedures on its website or by other means.

   (c) Dealer Members must disclose in research reports if in the previous 12 months the analyst responsible for preparing the report received compensation based upon the Dealer Member's investment banking revenues.

   (d) Dealer Members must disclose in research reports if and to what extent an analyst has viewed the material operations of an issuer. Dealer Members must also disclose where there has been a payment or reimbursement by the issuer of the analyst's travel expenses for such visit.

   [IIROC Dealer Member Rule 3400]

In general, the guidance in Companion Policy 31-103CP concludes that the only scenario under which a material conflict (that has not been avoided) would not be disclosed to the client under the "reasonable client" test would be where the Dealer Member has taken other steps to control the conflict of interest and has effectively ensured, with reasonable confidence, that the risk of loss to the client has been eliminated. As a result, disclosure is fundamental in addressing / responding to material conflicts of interest.

The disclosure should be timely and meaningful to the client. Specifically, disclosure should be made before the product or service related to the conflict is sold or provided to the client. Further, the disclosure should be sufficient to provide the client with an understanding of the specific conflict. A generic form of disclosure simply stating that conflicts may arise will not satisfy the Dealer Member's obligation to respond to specific conflict of interest situations that may arise.

Furthermore, disclosure and informed consent is not an appropriate alternative to conflict avoidance in those cases where avoiding the conflict is the only reasonable response. Implied or expressed consent does not discharge a Dealer Member from the obligations to comply with their regulatory requirements.

Compensation-related conflicts of interest

Many conflict of interest situations are compensation-related, where the Approved Person's / Dealer Member's interest in being compensated for a transaction or service is inherently in conflict with a client's interest in growing their wealth. As part of the requirement to address these compensation-related conflicts of interest and consistent with the requirements set out in subsections XX02(2) and XX03(2) to address conflicts of interest:

- The Dealer Member should ensure its product and service offerings, including the fees associated with such offerings, are consistent with the overall wealth building objectives of its clientele; and

- The Approved Person should, in addition to determining, where applicable, whether a certain product or service is suitable for the client, ensure that the transaction, account and service fees and costs to be charged are fair and are properly disclosed to the client.

On the topic of compensation practices, Companion Policy 31-103CP states that "Registered firms should consider whether any particular benefits, compensation or remuneration practices are inconsistent with their obligations to clients, especially if the firm relies heavily on commission-based remuneration. For example, if there is a complex product that carries a high commission, the firm may decide that it is not appropriate to offer that product."

SUITABILITY ASSESSMENT

Trigger event suitability assessment requirements

Rule 1300 has been amended to expand the suitability obligations of the Dealer Member beyond the requirement to assess trade suitability at the time a trade recommendation is made. The intent is to provide investors with an added level of protection in situations where the risk profile of the client and the account portfolio diverge over time. Amended Rule 1300.1(r) requires that the account suitability be reviewed when any of the following additional triggering events occurs:

1. securities are transferred or deposited into the account,

2. there is a change of representative on the account, or

3. there is a material change to the "know your client" information for the account.

The general expectation is that all account suitability reviews required under Rule 1300 will be completed in a timely manner. In most cases, this means that the review should be completed within one day after the Dealer Member or its representative becomes aware of the fact that one of the triggering events noted in the Rule has occurred. Where warranted in a given case, such as a transfer of a block of accounts to a new advisor, a "reasonable time" standard would apply. In any case, and with the exception of automated transactions, the required account suitability reviews should be completed prior to, or at the time of, any subsequent trade within the account.

IIROC staff does not expect that Dealer Members would perform reviews in situations where a change in client information is not material or the Dealer Member is not made aware of the change in circumstances. The Dealer Member's policies and procedures should address the issue of materiality and ways to encourage clients to provide updates on changes to client information.

Suitability assessment requirement amendments under study

IIROC staff is in the process of considering further changes to the suitability requirements and providing guidance as to staff expectations for Dealer Member compliance. In some respects these will key off of other amendments under the CRM project (such as the requirement to provide each client a copy of their KYC information and the requirement to supervise compliance with the new suitability requirements). Additional guidance to Dealer Members will be issued[2] as part of this initiative.

PERFORMANCE REPORTING

One of the most significant parts of the CRM project is the creation of new standards for performance reporting. Many Dealer Members have, for some time, provided performance reporting to clients as one of the services they offer. The amendments to Rule 200.1 now require that certain basic performance information be provided to all clients, as each client should have sufficient information to:

- determine whether they have gained or lost money on the investments in their accounts; and
- make informed assessments of account performance over time.

Specifically, Dealer Members are now required to provide all retail clients with security position cost, account activity and percentage return information, in accordance with the transition periods set out in IIROC Rules Notice XX-XXXX, which announced the implementation of the IIROC CRM project Rule amendments.

Account position cost reporting

Annual client account position cost reports for all new and existing security positions must include the original cost of the position. The cost amount that must be disclosed, original cost, is the total amount paid for a security, including any commissions and related fees/charges.

Account activity reporting

Furthermore, Dealer Members must send client account performance information disclosing the annual and cumulative realized and unrealized income and capital gains in the client's account. The annual realized/unrealized income and capital gains in an account is the difference between the account opening market value and the account closing market value, net of account deposits and withdrawals. The cumulative realized/unrealized income and capital gains in an account is the sum of annual amounts reported for the years covered by the performance reporting.

Account percentage return reporting

Finally, Dealer Members must annually send percentage return information to clients, which must cover longer performance periods (i.e., 1, 3, 5 and 10 year periods and for the period since account inception date (or rule implementation date)) as the information becomes available.

IIROC staff has noted a number of operation issues regarding performance reporting, and these have been discussed at length in the rule making process. Many issues were pointed out to IIROC staff with respect to potential problems with the quality and availability of historical data. To eliminate these issues, Rule 200.1 allows Dealer Members to report the required information on a go forward basis as of the implementation date of the Rule.

Reporting transition provisions, options and exceptions

In order to in part address the operational challenges associated with performance reporting generally, the Rule and associated guidance allow for certain transition provisions, options and exceptions. In addition to the Rule implementation transition period, it was determined that certain transition provisions were necessary to ensure that the performance reporting requirements could be implemented on a prospective basis. Transition provisions are necessary to address the situation where at the implementation date, market value information and/or original cost information is unavailable for one of more account positions. Specifically, the transition provisions allow:

- for a "point in time market value" to be used as a proxy for original cost for positions held at implementation date where original cost information is unavailable (provided that this approach is disclosed to the client);
- for "no cost" or "cost not determinable" to be reported as the original cost for positions held at implementation date

[2] A draft of this proposed additional guidance, the draft Guidance Note entitled "Know your client and suitability", has been included as Attachment G to the Client Relationship Model proposals.

where neither original cost information nor a "point in time market value" is available (provided that this approach is disclosed to the client) – in such instance "no value" or "value not determinable" must also be reported as the market value of the position

- for "no value" or "value not determinable" to be reported as the market value for positions held at implementation date where the market value for the position cannot be reliably measured

Options for complying with the performance reporting requirements are necessary to facilitate clear reporting to the client. To assist in this objective, the performance reporting requirements give Dealer Members certain options to allow:

- for separation of performance reporting from the client account statement, which is a statement of client positions held on the control of the Dealer Member;

- in the case of individual position original cost information, that original cost information may be provided as either a dollar amount or as a dollar amount per share, provided the comparable market value information is provided on the same basis;

- in the case cumulative and percentage return information, for separation of reporting of information relating to non-advised positions from the reporting related to advised positions and for exclusion of previous performance information relating to transferred in positions; and

- in the case cumulative and percentage return information, for combined reporting across multiple accounts of the same client.

Limited exceptions to the performance reporting requirements have also been adopted to deal with unique account situations that may occur after implementation date. The exceptions allow:

- in the case of individual position original cost information, the reporting of a "point in time market value" (i.e., market value at time of transfer) as a proxy for original cost for positions transferred into the account after implementation date where original cost information in unavailable or where the Dealer Member has determined it does not want to include the performance of positions while they were held outside of the Dealer Member; and

- in the case of individual position original cost information, for "no value" or "value not determinable" to be reported as the market value comparative for positions held after implementation date where the market value for the position cannot be reliably measured.

In some situations, original cost information for account positions previously provided to clients may be subject to subsequent adjustments. For example, this would apply to account positions that have been subject to re-organizations. In such cases, the general rule to follow would be to adjust the position original cost in line with the information provided by the issuer. Dealer Members may contact IIROC staff regarding questions on specific cases, if required.

Performance reporting frequency

Under Rule 200.1(d), original cost information must be provided to all retail clients on at least an annual basis. Many Dealer Members already provide tax cost information in each client statement that is sent and therefore may decide to provide original cost information as a third column in this statement.

Under Rule 200.1(e), account activity information must be provided to all retail clients on at least an annual basis. To meet the requirement, Dealer Members must disclose the cumulative realized and unrealized capital gains on the client's account. Again, the expectation is that this information will be reported on a go forward basis to avoid issues with historical data.

Under Rule 200.1(f), percentage return information must be provided to all retail clients by the end of the rule implementation transition period of 2 years. The percentage return information must be reported on a 1, 3, 5, 10 year and since account inception basis, determined prospectively as information becomes available and must be calculated in accordance with a method acceptable to IIROC. For the purpose of the Rule, Dealer Members are advised that both dollar-weighted and time-weighted methods are acceptable to IIROC. In particular, this includes the Dietz and modified Dietz methods, daily valuation and any method permitted under the Global Investment Performance Standards endorsed by the CFA Institute.

Attachment G

IIROC RULES NOTICE

DRAFT GUIDANCE NOTE

DEALER MEMBER RULES

KNOW YOUR CLIENT AND SUITABILITY

This Guidance Note does not purport to amend statutory requirements or applicable IIROC Dealer Member Rules relating to the "know your client" and suitability obligations. Rather, it sets out IIROC's interpretation, expectations and suggested best practices relating to existing requirements in the IIROC Dealer Member Rules, as recently amended to implement the CSA Registration Reform Project.

While the best practices set out in this Guidance Note are intended to present acceptable methods that can be used to comply with the aforementioned IIROC requirements, they are not the only acceptable methods. Dealer Members may use alternative methods, provided that those methods demonstrably achieve the overall objective of the Rules. In any event, Dealer Members are encouraged to adopt a risk based approach when setting internal compliance procedures.

The Guidance Note also discusses certain of the Client Relationship Model proposals that will, when implemented, introduce additional suitability obligations.

OVERVIEW OF THE REQUIREMENTS

Dealer Members and Registered Representatives are reminded that compliance with the suitability requirements is fundamental to compliance with general business conduct standards and is essential to good business practice. The suitability requirement is also complementary to the fundamental obligation under securities legislation for all Dealer Members and their representatives to deal fairly, honestly and in good faith with clients. The fundamental obligation includes a duty to disclose known or discoverable risks to the investor before entering into any transaction for a particular security.

Most of the issues discussed in this Guidance Note apply to retail clients in an advisory relationship; however, some of the principles discussed may also be applicable when dealing with other types of clients or relationships. As previously noted, the Guidance Note does not purport to amend statutory requirements or applicable IIROC Dealer Member Rules relating to the "know your client" and suitability obligations. Accordingly, if a Rule does not apply to a particular type of client then any discussion or guidance provided with respect to that Rule will also not apply. For example, the obligation to deal fairly, honestly and in good faith with clients applies to all types of clients and relationships. The requirement to update the client's information at the time of material change applies to all clients. On the other hand, the requirement to determine a client's investment objectives and risk tolerance does not apply to institutional clients, as they are subject to a different suitability standard, or to clients who trade through order execution-only accounts.

COMPLIANCE WITH KNOW YOUR CLIENT REQUIREMENTS

The first step in satisfying IIROC's suitability requirements is to satisfy the new account application and "know your client" requirements.

Collection of "know your client" information - New account application requirements

Pursuant to current IIROC Dealer Member Rules, a new account application is required for each customer[3]. IIROC Dealer Member Rule 1300.2 requires that each account be opened pursuant to a new account form which includes, at a minimum, the applicable information required by Form 2, also referred to as the New Account Application Form. The information set out in Form 2 includes, among other things, the client's personal information, financial information, risk tolerance, investment objectives, and disclosure of whether the client is an insider of a public corporation.

Dealer Members should note that the recent amendments to IIROC Rules to implement the Registration Reform project eliminated the use of the word "form" from the term "new account application form" to recognize that the completion of account applications and the collection of "know your client" information is frequently completed/done electronically.

Conditions under which one account application may be used for more than one account:

In accordance with recent Rule amendments which were necessary to implement the CSA Registration Reform Project, Dealer

[3] IIROC Dealer Member Rule 2500, Part II – Opening New Accounts, Introduction.

Member Rule 2500 has been amended to allow a Dealer Member to obtain one account application for multiple accounts (e.g. a client's cash, margin and certain registered accounts) of the same client[4] provided that:

- in the case of individuals, the account beneficial owner is the identical individual for all of the accounts;
- in the case of non-individuals, the account beneficial owner is the identical legal entity for all of the accounts;
- the client's investment objectives and risk tolerance are identical for all of the accounts;
- the Dealer Member has the ability to supervise each of the accounts, including the review of "know your client" information updates and orders for suitability purposes, on a multiple-account basis; and
- the client understands and acknowledges that the information collected in the one application will be used to assess suitability on a multiple-account basis.

Given these conditions, not all accounts of the same client can necessarily be opened using a single account application.

Examples of accounts where a separate account application would be required:

As explained above, in order to be able to rely on a single account application for multiple accounts of the same client, the beneficial owner of each account must be identical. Accordingly, a separate account application would be required if that same client held a beneficial interest in a joint, corporate or trust account.

Joint account - The beneficial owners of a joint account are not identical to the beneficial owner of an individual account.

Corporate account - Although the ultimate beneficial owner of a personal corporation may be the same individual as the client who has a cash or margin account, the same account application can not be used to open a corporate account, given that the account holder is the corporation and not the corporation's beneficial owner / shareholder. The information required to complete the account application is therefore, the corporation's information. Furthermore, the shareholders (beneficial owners) of a corporation are separate and distinct from the corporate legal entity. The contractual relationship arising out of the creation of the account is between the Dealer Member and the corporation.

Trust accounts - "In Trust For" accounts also require a separate account application as they have unique investment objectives that are determined by the Trustee, in accordance with the terms of the trust. Furthermore, there is no contractual relationship between the Dealer Member and the beneficial owner(s) of the trust. Rather, the contractual relationship is between the Dealer Member and the trustee, who is required to operate the account in accordance with the terms of the trust.

Know your client information items to be collected and assessed

Under the current rules, there are several questions that Registered Representatives must ask their clients in order to satisfy their "know your client" obligation and equip themselves to conduct a proper suitability assessment. Some of the information collected, such a client's net worth, age and investment experience, can be answered by the client. Other factors, such a client's risk tolerance and investment objectives may, however require further discussion and assessment. Registered Representatives are reminded that the client's investment objectives and risk tolerance must be assessed based on the client's financial and personal circumstances and must be reasonable in light of those circumstances. The reasonableness of such information should be reviewed by the Registered Representative and the Dealer Member during the account opening and account approval process. For example, designating an 80% high risk tolerance for an elderly client may be unreasonable if the client has a modest net worth and has opened the account to invest a substantial portion of her net worth. On the other hand, the 80% high risk tolerance may not be unreasonable if the elderly client has a substantial net worth and opens an account to invest a small fraction of her net worth.

Time horizon

As per Dealer Member Rule 1300, a client's investment objectives, risk tolerance, investment knowledge and financial situation must be considered when assessing the suitability of orders and recommendations. Dealer Members are reminded that the factors set out in Dealer Member Rules 1300.1(p) and (q) are not exhaustive. In order to meet the "know your client" requirements, Registered Representatives need to understand the client's personal circumstances which include understanding the client's time horizon. The client's age is one indication of the client's time horizon. Although time horizon is not a separate requirement, in order to properly assess and record a client's investment objectives and risk tolerance, Registered Representatives should consider the client's time horizon. Time horizon should be determined by considering when the client

[4] Recent amendments to implement the CSA Registration Reform Project approved by the IIROC Board of Directors on June 25, 2009 were implemented on September 28, 2009.

will need to access some or all of their money. Where a client identifies his / her time horizon, the Registered Representative has the responsibility to assess its feasibility and reasonableness in comparison to the client's age, risk tolerance, and other particular circumstances.

Periodic updates and review

The account information must be updated any time there is a material change in a client's circumstances.[5] The following procedures are considered best practices for satisfying this requirement:

- Registered Representatives periodically inquire with each client as to whether there are any material changes in the client's circumstances. It is also acceptable for a Registered Representative to make such inquiries when the Registered Representative meets a client to review his/her portfolio, otherwise corresponds with the client to discuss other account related matters or annually contacts the client to verify the accuracy of the account information.

- The Dealer Member, in its account opening documentation, clearly informs clients of the client's obligation to notify their respective advisors any time there is a material change in their circumstances.

- Where Registered Representatives conduct periodic suitability reviews, use the review discussion as an opportunity to confirm with the client as to whether there are any material changes in the client's circumstances.

COMPLIANCE WITH THE SUITABILITY ASSESSMENT REQUIREMENTS

Pursuant to IIROC Dealer Member Rules, orders and recommendations need to be reviewed to ensure that they are suitable for the particular client.[6] Suitability needs to be considered in light of other investments within the client's account or accounts and in relation to his / her financial condition, investment knowledge, investment objectives and risk tolerance. The issue of whether the requisite suitability analysis should consider other investments in a client's account or accounts is discussed later in this Guidance Note.

The regulatory obligation to ensure that orders and recommendations are suitable includes not only an obligation to ensure that the specific security is suitable for the client but also that the order type, along with the trading strategy recommended and/or adopted are also suitable for the client. As an example, the risk profile of a client who fully pays for a position in a specific security as a core long term holding is significantly different from the risk profile of a client buying the same security on margin, as part of a day trading strategy.

Dealer Members are also reminded that the suitability analysis starts before the order is even received, recommended or executed. The Dealer Member and Registered Representatives, at the time of account opening, should ensure that the account type (margin, trust, option accounts, etc.) is appropriate for the client given the client's particular circumstances.

Furthermore, Dealer Members and Registered Representatives need to understand the risks and other characteristics associated with the investment products they approve or recommend for sale.

Product suitability

The suitability assessment obligations include a requirement to know and understand the characteristics and risks associated with any investment product approved or recommended to clients. Dealer Members have the responsibility to assess the risks associated with the products that Dealer Members approve for sale. Registered Representatives should understand, and be able to clearly explain to the client, the reasons that a specific security is appropriate and suitable for the client.

Please refer to the "Best Practices for product due diligence" Guidance Note 09-0087 published on March 25, 2009 which sets out IIROC's expectations regarding procedures and criteria that Dealer Members should consider when assessing and introducing products that they approve or recommend for sale. As explained in that Guidance Note, adequate procedures for reviewing products before they are offered to clients can greatly enhance the ability to detect unsuitable recommendations.

Account suitability vs. multiple account suitability

Consistent with the collection of "know your client" information for multiple accounts, IIROC Rules permit that a single set of "know your client" information may be used, for suitability assessment purposes, for multiple accounts held by the same client provided that:

- the beneficial owner is the identical individual or legal entity for all of the accounts;

[5] IIROC Dealer Member Rule 2500 and 2700.
[6] IIROC Dealer Member Rule 1300.

- the client's investment objectives and risk tolerance are identical for all of the accounts;

- the Dealer Member has the ability to supervise accounts, including the review of "know your client" information updates and orders for suitability purposes, on a multiple-account basis; and

- the client understands and acknowledges that the information collected in this single set of "know your client" information will be used to assess suitability on a multiple-account basis.

To clarify, the question of whether suitability must be assessed on either a single account or multiple-account basis will depend on: i) whether the client has identical objectives and risk tolerance for all of those accounts; ii) the client's agreement or understanding with the Dealer Member in that regard; and iii) the Dealer Member's ability to supervise on a multiple-account basis. Once that has been decided, the basis upon which suitability will be assessed should be evidenced on the client's account application and applied consistently throughout the relationship. This would also mean that once a Dealer Member sets up the account on a certain basis (for example that suitability of orders and recommendations will be assessed on a multiple-account basis) the Dealer Member and Registered Representative cannot assess suitability on a different basis from time to time (for example on a single account basis).

Unsuitable investments

An unsuitable investment and/or recommendation is one that is inconsistent with the client's personal circumstances including financial situation, investment knowledge, investment objectives, risk tolerance as current composition, duration and risk level of the other investments within the client's account or accounts at the time of the investment and/or recommendation.

Dealer Members and Registered Representatives have a general suitability requirement with respect to orders they accept or trades they recommend.[7] Dealer Members and Registered Representatives also have a statutory obligation to deal with clients fairly, honestly and in good faith. As a result, whenever an unsuitable investment is identified within an account, either at the time of the investment is recommended or the investment order is accepted or subsequent to that time, there is an obligation to take appropriate action. An unsuitable investment may be identified by the Registered Representative at the time of updating the client's account information, to reflect a material change in the client's circumstances as required by IIROC Dealer Member Rule 2500, or when conducting a periodic suitability review. The Dealer Member may identify an unsuitable investment within an account when conducting supervisory activities, including account activity reviews as required by Dealer Member Rule 2500. The obligation to take appropriate action when an unsuitable investment is identified within an account is consistent with Dealer Member Rule 2500, which explains that the meaning of the term "review" includes a preliminary screening to detect items for further investigation.

An account may include an unsuitable investment for a variety of reasons, for instance there may have been a previously executed unsolicited order or an unsuitable recommendation by a former Registered Representative. Furthermore, a sector related change or material change in an issuer's circumstances may cause a shift in the risk associated with a particular security. Where an unsuitable investment is identified within an account, the Registered Representative should take appropriate measures to ensure the client receives advice considering the client's objectives, risk tolerance, and other particular circumstances. An appropriate measure or course of action may include contacting the client in a timely manner to recommend changes. Where a client does not want to dispose of the unsuitable investment, it may be appropriate to recommend changes to other investments within the account in order to ensure the suitability of the overall portfolio. In any event, Registered Representatives are encouraged to contact the client in order to discuss their concerns and to document any actions that they take in response to the issue. Registered Representatives should consult their Supervisor or Compliance Department personnel regarding the Dealer Member's internal policies in handling unsuitable investments.

Unsolicited unsuitable orders

Where a Registered Representative receives an unsolicited order that is unsuitable in relation to the client's objectives, risk tolerance and other particular circumstances, it is not sufficient to merely mark the order as unsolicited. The Registered Representative needs to take appropriate measures to deal with the unsuitable order. The extent of the Registered Representative's obligation partially depends on his/her relationship with the client. Appropriate measures may include providing clients with cautionary advice and documenting the details of the cautionary advice, or recommending changes to other investments within the account. In any event, Registered Representatives are encouraged to document any actions that they have taken. If the Registered Representative is unsure of how to deal effectively with an unsuitable order, they should consult their Supervisor or Compliance Department personnel in order to understand the Dealer Member's internal procedures for dealing with this issue.

[7] Dealer Member Rules 1300.

Inappropriate updates

When a potentially unsuitable investment is identified within a client's account or a potentially unsuitable order is received from the client, the Registered Representative should discuss with the client whether there have been any changes to the client's circumstances that would warrant amendments to the "know your client" information.

Registered Representatives should note that it is inappropriate to update or alter the client's "know your client" information in an effort to justify the suitability of an investment, order or recommendation that is otherwise unsuitable for the client.

To clarify, the Registered Representative should remind the client of the "know your client" information previously collected and update that information only if there is a material change in the client's circumstances. The Registered Representative should not be soliciting the client's consent to change their "know your client" information if the purpose of the change is solely to create the appearance of a suitable order.

Pending proposals

As per the proposed Client Relationship Model, IIROC is proposing to amend its Dealer Member Rules to require that a suitability analysis also be performed whenever one or more of the following triggering events occur:

- any time there is a material change in the customer's circumstances;
- when there is a change in the registered representative, investment representative or portfolio manager assigned to the account; or
- when securities are received into the client's account by way of deposit or transfer.

The current suitability assessment requirements, set out in IIROC Dealer Member Rule 1300, are triggered when either an order is accepted from a client or a trade is recommended to a client.

Best practices for maintaining a suitable client account

It is advantageous to clients, Dealer Members and the industry as a whole, as well as consistent with good business practices, that Registered Representatives and Dealer Members conduct more holistic suitability reviews.

In other words, Dealer Members are encouraged to adopt best practices which would not only allow them to comply with the current order / recommendation-triggered suitability assessment requirements set out in IIROC Dealer Member Rule 1300.1, but also assist in the ongoing maintenance of a suitable client portfolio. The best practices would include:

- Adopting policies and procedures requiring, when appropriate, periodic suitability reviews of client accounts:
- Conducting suitability reviews of accounts that may be affected by significant market events;
- Conducting suitability reviews of accounts holding securities of an issuer that has undergone a material change in its risk profile; and
- Adopting written policies and procedures that require a suitability review of an account at the time of the account is transferred to a new advisor or a new Dealer Member, or where there is a material change in a customer's circumstances.

Attachment G

IIROC RULES NOTICE

GUIDANCE NOTE – DRAFT

DEALER MEMBER RULES

Know your client and ~~Suitability Guidelines~~suitability

This Guidance Note does not purport to amend statutory requirements or applicable IIROC Dealer Member Rules relating to the "know your client" and suitability obligations. Rather, it sets out IIROC's interpretation, expectations and suggested best practices relating to ~~the know your client and suitability~~existing requirements ~~as currently reflected~~ in the IIROC Dealer Member Rules~~.~~ , as recently amended to implement the CSA Registration Reform Project.

While the best practices set out in this Guidance Note are intended to present acceptable methods that can be used to comply with the aforementioned IIROC requirements, they are not the only acceptable methods. Dealer Members may use alternative methods, provided that those methods demonstrably achieve the overall objective of the Rules. In any event, Dealer Members are encouraged to adopt a risk based approach when setting internal compliance procedures.

The Guidance Note also discusses ~~these requirements in relation to the proposed~~certain of the Client Relationship Model ~~and the recent Amendments to implement the CSA Registration Reform Project.~~proposals that will, when implemented, introduce additional suitability obligations.

OVERVIEW OF THE REQUIREMENTS

Dealer Members and Registered Representatives are reminded that compliance with the suitability requirements is fundamental to compliance with general business conduct standards and is essential to good business practice. The suitability requirement is also complementary to the fundamental obligation under securities legislation for all ~~dealers~~Dealer Members and their representatives to deal fairly, honestly and in good faith with clients. The fundamental obligation includes a duty to disclose known or discoverable risks to the investor before entering into any transaction for a particular security.

~~The first step towards satisfying the suitability requirements is to satisfy the new account application and know your client requirements.~~

Most of the issues discussed in this Guidance Note apply to retail clients in an advisory relationship; however, some of the principles discussed may also be applicable when dealing with other types of clients or relationships. As previously noted, the Guidance Note does not purport to amend statutory requirements or applicable IIROC Dealer Member Rules relating to the "know your client" and suitability obligations. Accordingly, if a Rule does not apply to a particular type of client then any discussion or guidance provided with respect to that Rule will also not apply. For example, the obligation to deal fairly, honestly and in good faith with clients applies to all types of clients and relationships. The requirement to update the client's information at the time of material change applies to all clients. On the other hand, the requirement to determine a client's investment objectives and risk tolerance does not apply to institutional clients, as they are subject to a different suitability standard, or to clients who trade through order execution-only accounts.

COMPLIANCE WITH KNOW YOUR CLIENT REQUIREMENTS

The first step in satisfying IIROC's suitability requirements is to satisfy the new account application and "know your client" requirements.

Collection of "know your client" information - New account application requirements

Pursuant to current IIROC Dealer Member Rules, a new account application is required for each customer[1]. IIROC Dealer Member Rule 1300.2 requires that each account be opened pursuant to a new account form which includes, at a minimum, the applicable information required by Form 2, also referred to as the New Account Application Form. The information set out in Form 2 includes, among other things, the client's personal information, financial information, risk tolerance, investment objectives, and disclosure of whether the client is an insider of a public corporation.

Dealer Members should note that the recent amendments to IIROC Rules to implement the Registration Reform project eliminated the use of the word "form" from the term "new account application form" to recognize that the completion of account applications~~,~~ and the collection of ~~*KYC*~~"know your client" information~~,~~ is frequently completed/done electronically.

[1] IIROC Dealer Member Rule ~~2500~~2500, Part II – Opening New Accounts, Introduction

Conditions under which one account application may be used for more than one account:

~~As per the~~In accordance with recent Rule amendments which were necessary to implement the CSA Registration Reform Project, Dealer Member Rule 2500 has been amended to allow a Dealer Member to obtain one account application ~~to be obtained for each customer[2]. IIROC takes the position that a single account application may be used for a client or for multiple accounts held by~~for multiple accounts (e.g. a client's cash, margin and certain registered accounts) of the same client[2] provided that:

- in the case of individuals, the account beneficial owner is the identical individual for all of the accounts;
- in the case of non-individuals, the account beneficial owner is the identical legal entity for all of the accounts;
- ~~The~~the client's investment objectives and risk tolerance are identical for all of the accounts ~~covered by the application; ~~;
- ~~In the case of individuals, the beneficial owner is identical for all of the accounts or in the case of non-individual accounts, the entity is identical for all of the accounts;~~
- the Dealer Member has the ability to supervise each of the accounts, including the review of "know your client" information updates and orders for suitability purposes, on a multiple-account basis; and
- ~~The client understands that the accounts on the same account application will be assessed for suitability on a multiple account or portfolio~~the client understands and acknowledges that the information collected in the one application will be used to assess suitability on a multiple-account basis~~; and~~ .
- ~~The Dealer Member has the ability to conduct supervision, including reviewing orders for suitability and updating KYC information, on a multiple account or client basis.~~

~~Accordingly, subject to the above noted considerations, the same account application may be used for multiple accounts of the same client such as a client's cash, margin and certain registered accounts on the basis that the beneficial owner is identical for all of these accounts. IIROC staff are considering proposing the above noted conditions as rule amendments.~~

Given these conditions, not all accounts of the same client can necessarily be opened using a single account application.

Examples of accounts where a separate account application would be required:

~~Based on the above noted conditions~~As explained above, in order to be able to rely on a single account application for multiple accounts of the same client, the beneficial owner of each account must be identical. Accordingly, a separate account application would be required ~~for a~~if that same client's held a beneficial interest in a joint ~~account~~, corporate ~~account and~~or trust account.

Joint account - The beneficial owners of a joint account are not identical to the beneficial owner of an individual account.

Corporate account - Although the ultimate beneficial owner of a personal corporation may be the same individual as the client who has a cash or margin account, the same account application can not be used ~~on the basis~~to open a corporate account, given that the account holder ~~recorded is the Corporation, rather than the~~is the corporation and not the corporation's beneficial owner / shareholder. The information ~~recorded on~~required to complete the account application is therefore, the ~~Corporation~~corporation's information. Furthermore, the shareholders (beneficial owners) of a corporation are separate and distinct from the corporate legal entity. The contractual relationship arising out of the creation of the account is between the Dealer Member and the ~~Corporation~~corporation.

Trust accounts - "In Trust For" accounts also require a separate account application as they have ~~different interests and objectives. There~~unique investment objectives that are determined by the Trustee, in accordance with the terms of the trust. Furthermore, there is no contractual relationship between the Dealer Member and the beneficial owner(s) of the trust. ~~The "In Trust For" account is directed and controlled by the trustee, and subject to~~ Rather, the contractual relationship is between the Dealer Member and the trustee, who is required to operate the account in accordance with the terms of the trust.

~~[2] Recent amendments to implement the CSA Registration Reform Project approved by the IIROC Board of Directors on June 25, 2009 were implemented on September 28, 2009.~~

[2] Recent amendments to implement the CSA Registration Reform Project approved by the IIROC Board of Directors on June 25, 2009 were implemented on September 28, 2009.

Know your client information items to be collected and assessed

Under the current rules, there are several questions that Registered Representatives must ask their clients in order to satisfy their "know your client" obligation and equip themselves to conduct a proper suitability assessment. Some of the information collected, such a client's net worth, age and investment experience, can be answered by the client. Other factors, such a client's risk tolerance and investment objectives may, however require further discussion and assessment. Registered Representatives are reminded that the client's investment objectives~~,~~ and risk tolerance must be assessed based on the client's financial and personal circumstances~~. The stated investment objectives and risk tolerance~~ and must be reasonable in light of those circumstances. The reasonableness of such information should be reviewed by the Registered Representative and the Dealer Member during the account opening and account approval process. For example, designating an 80% high risk tolerance for an elderly client may be unreasonable if the client has a modest net worth and has opened the account to invest a substantial portion of her net worth. On the other hand, the 80% high risk tolerance may not be unreasonable if the elderly client has a substantial net worth and opens an account to invest a small fraction of her net worth.

Time horizon

As per Dealer Member Rule 1300, a client's investment objectives, risk tolerance, investment knowledge and financial situation must be considered when assessing the suitability of orders and recommendations. ~~Furthermore, in~~Dealer Members are reminded that the factors set out in Dealer Member Rules 1300.1(p) and (q) are not exhaustive. In order to meet the "know your client" requirements, Registered Representatives need to understand the client's personal circumstances which include understanding the client's time horizon. The client's age is one indication of the client's time horizon. Although time horizon is not a separate requirement, in order to properly assess and record a client's investment objectives and risk tolerance, Registered Representatives should consider the client's time horizon. Time horizon should be determined by considering when the client will need to access some or all of their money. Where a client identifies his / her time horizon, the Registered Representative has the responsibility to assess its feasibility and reasonableness in comparison to the client's age, risk tolerance, and other particular circumstances.

Periodic updates and review

The account ~~application~~ information must be updated any time there is a material change in a client's circumstances.[3] ~~.~~ The following procedures are considered ~~Best Practices~~best practices for satisfying this requirement:

- Registered Representatives periodically~~, or at a minimum annually,~~ inquire with each client as to whether there are any material changes in the client's circumstances. It is also acceptable for a Registered Representative to make such inquiries when the Registered Representative meets a client to review his/her portfolio, ~~or~~otherwise corresponds with the client to discuss other account related matters~~.~~ or annually contacts the client to verify the accuracy of the account information.

- ~~Registered Representatives conduct periodic suitability reviews, at a minimum annually, and use the review discussion as an opportunity to inquire with the client as to whether there are any material changes in the client's circumstances.~~

- The Dealer Member, ~~as part of~~in its account opening documentation, clearly informs clients of the client's obligation to notify their respective advisors any time there is a material change in their circumstances.

~~As noted above, the account application will need to be updated anytime there is a material change in a client's circumstances.~~

- ~~Dealer Members and~~Where Registered Representatives ~~should note that under the proposed Client Relationship Model, in order to comply with the suitability requirements, the positions held in the client's account(s) would have to be reviewed any time the KYC information is updated as a result of a~~conduct periodic suitability reviews, use the review discussion as an opportunity to confirm with the client as to whether there are any material ~~change~~changes in the client's circumstances[4].

COMPLIANCE WITH THE SUITABILITY ASSESSMENT REQUIREMENTS

Pursuant to IIROC Dealer Member Rules, orders and recommendations need to be reviewed to ensure that they are suitable for the particular client[5~~4~~]. Suitability needs to be considered in light of other investments within the client's account or ~~portfolio,~~accounts and in relation to his / her financial condition, investment knowledge, investment objectives and risk tolerance.

[3] IIROC Dealer Member Rule 2500 and 2700
[4] ~~IIROC Dealer Member Rule 1300 as per proposed Client Relationship Model~~
[5] ~~IIROC Dealer Member Rule 1300~~
[4] IIROC Dealer Member Rule 1300

The issue of whether the requisite suitability analysis should consider other investments in a client's account or accounts is discussed later in this Guidance Note.

The regulatory obligation to ensure that orders and recommendations are suitable includes not only an obligation to ensure that the specific security is suitable for the client but also that the order type, along with the trading strategy recommended and/or adopted are also suitable for the client. As an example, the risk profile of a client who fully pays for a position in a specific security as a core long term holding is significantly different from the risk profile of a client buying the same security on margin, as part of a day trading strategy.

~~The~~Dealer Members are also reminded that the suitability analysis starts before the order is even received, recommended or executed. The Dealer Member and Registered Representatives, at the time of account opening, should ensure that the account type (margin, trust, option accounts, etc.) is ~~suitable~~appropriate for the client ~~in relation to his / her~~given the client's particular circumstances. ~~Secondly, the~~

Furthermore, Dealer Members and Registered Representatives need to understand the risks and other characteristics associated with ~~securities~~the investment products they approve or recommend for sale.
~~Furthermore, as per the proposed Client Relationship Model, IIROC Dealer Member Rules are proposed to be amended to require a suitability analysis whenever one or more of the following triggering events occur:~~

- ~~any time there is a material change in the customer's circumstances;~~
- ~~when there is a change in the registered representative, investment representative, or portfolio manager; or~~
- ~~when securities are received into the client's account by way of deposit or transfer. In the interim, Dealer Members and Registered Representatives are encouraged to adopt the practices outlined above to enhance compliance with the existing suitability requirements~~.

Product suitability

The suitability assessment obligations include a requirement to know and understand the characteristics and risks associated with any investment product approved or recommended to clients. Dealer Members have the responsibility to assess the risks associated with the products that Dealer Members approve for sale. Registered Representatives should understand, and be able to clearly explain to the client, the reasons that a specific security is appropriate and suitable for the client.

Please refer to the "Best Practices for product due diligence" Guidance Note 09-0087 published on March 25, 2009 which sets out IIROC's expectations regarding procedures and criteria that Dealer Members should consider when assessing and introducing products that they approve or recommend for sale. As explained in ~~the~~that Guidance Note, adequate procedures for reviewing products before they are offered to clients can greatly enhance the ability to detect unsuitable recommendations.

Account suitability vs. multiple account suitability

Consistent with the collection of "know your client" information for multiple accounts, IIROC Rules permit that a single set of "know your client" information may be used, for suitability assessment purposes, for multiple accounts held by the same client provided that:

- the beneficial owner is the identical individual or legal entity for all of the accounts;
- the client's investment objectives and risk tolerance are identical for all of the accounts;
- the Dealer Member has the ability to supervise accounts, including the review of "know your client" information updates and orders for suitability purposes, on a multiple-account basis; and
- the client understands and acknowledges that the information collected in this single set of "know your client" information will be used to assess suitability on a multiple-account basis.

To clarify, the question of whether suitability must be assessed on either a single account or multiple-account basis will depend on: i) whether the client has identical objectives and risk tolerance for all of those accounts; ii) the client's agreement or understanding with the Dealer Member in that regard; and iii) the Dealer Member's ability to supervise on a multiple-account basis. Once that has been decided, the basis upon which suitability will be assessed should be evidenced on the client's account application and applied consistently throughout the relationship. This would also mean that once a Dealer Member sets up the account on a certain basis (for example that suitability of orders and recommendations will be assessed on a multiple-account basis) the Dealer Member and Registered Representative cannot assess suitability on a different basis from time to time (for example on a single account basis).

Unsuitable investments

An unsuitable investment and/or recommendation is one that is inconsistent with the client's personal circumstances including financial situation, investment knowledge, investment objectives, risk tolerance as current composition, duration and risk level of the other investments within the client's account or accounts at the time of the investment and/or recommendation.

Dealer Members and Registered Representatives have a general suitability requirement with respect to orders they accept or trades they recommend[6]. ~~As previously stated, once the Client Relationship Model proposal is in effect, the suitability assessment requirements will continue after the order is executed, upon the occurrence of various triggering events[7]. As part of the general suitability requirements,~~[5] Dealer Members and Registered Representatives also have a statutory obligation to deal with clients fairly, honestly and in good faith. As a result, whenever an unsuitable investment is identified within an account, ~~there is a responsibility~~either at the time of the investment is recommended or the investment order is accepted or subsequent to that time, there is an obligation to take appropriate action**.** An unsuitable investment may be identified by the Registered Representative at the time of updating the client's account information, to reflect a material change in the client's circumstances as required by IIROC Dealer Member Rule 2500, or when conducting a ~~periodical~~periodic suitability review ~~as discussed on page 4 of this Guidance Note~~. The Dealer Member may identify an unsuitable investment within an account when conducting supervisory activities, including account activity reviews as required by Dealer Member Rule 2500. The ~~responsibility~~obligation to take appropriate action when an unsuitable investment is identified within an account is consistent with Dealer Member Rule ~~2500~~2500, which explains that the meaning of the term "review" includes a preliminary screening to detect items for further investigation.

An account may include an unsuitable investment for a variety of reasons ~~including~~, for instance there may have been a previously executed unsolicited order, or an unsuitable recommendation by a former Registered Representative. Furthermore, a sector related change or material change in an issuer's circumstances may cause a shift in the risk associated with a particular security. Where an unsuitable investment is identified within an account, the Registered Representative should take appropriate measures to ensure the client receives advice considering the client's objectives, risk tolerance, and other particular circumstances. An appropriate measure or course of action may include contacting the client in a timely manner to recommend changes. Where a client does not want to dispose of the unsuitable investment, it may be appropriate to recommend changes to other investments within the account in order to ensure the suitability of the overall portfolio. In any event, Registered Representatives are encouraged to contact the client in order to discuss their concerns and to document any actions that they take in response to the issue. Registered Representatives should consult their Supervisor or Compliance Department personnel regarding the Dealer ~~Members'~~Member's internal policies in handling unsuitable investments.

Unsolicited unsuitable orders

Where a Registered Representative receives an unsolicited order that is unsuitable in relation to the client's objectives, risk tolerance and other particular circumstances, it is not sufficient to merely mark the order as unsolicited. The Registered Representative needs to take appropriate measures to deal with the unsuitable order. The extent of the Registered Representative's obligation partially depends on his/her relationship with the client. Appropriate measures may include providing clients with cautionary advice and documenting the details of the cautionary advice, or recommending changes to other investments within the account. In any event, Registered Representatives are encouraged to document any actions that they have taken. If the Registered Representative is unsure of how to deal effectively with an unsuitable order, they should consult their Supervisor or Compliance Department ~~regarding~~personnel in order to understand the Dealer Member's internal procedures ~~in~~for dealing with ~~the above noted circumstances, including whether it is appropriate to refuse the order.~~this issue.

Inappropriate updates

When ~~an~~a potentially unsuitable investment is identified within a client's account or ~~an~~a potentially unsuitable order is received from the client, the Registered Representative should discuss with the client whether there have been any changes to the client's circumstances that would warrant amendments to the ~~KYC~~"know your client" information.

Registered Representatives should note that it is inappropriate to update or alter the client's ~~KYC~~"know your client" information in an effort to justify the suitability of an investment, order or recommendation that is otherwise unsuitable for the client.

~~**Best practices for maintaining a suitable client portfolio**~~

~~The following are recommended Best Practices that will contribute to maintenance of a suitable client portfolio:~~

~~6 Dealer Member Rules 1300 and 2500~~
~~7 Proposed Client Relationship Model~~
5 Dealer Member Rules 1300

- ~~Considering whether a suitability review should be conducted when there are significant market changes and conducting such review where appropriate;~~

- ~~Conducting a suitability review where there is a material change of risk associated with an issuer, whose securities are held by specific customers; and~~

- ~~Written policies and procedures regarding the need to conduct a suitability review at the time of transfer to a new advisor, transfer to a new Dealer Member, or where there is a material change in a customer's circumstances. As noted above, these events would trigger a suitability review under the proposed Client Relationship Model.~~

To clarify, the Registered Representative should remind the client of the "know your client" information previously collected and update that information only if there is a material change in the client's circumstances. The Registered Representative should not be soliciting the client's consent to change their "know your client" information if the purpose of the change is solely to create the appearance of a suitable order.

Pending proposals

As per the proposed Client Relationship Model, IIROC is proposing to amend its Dealer Member Rules to require that a suitability analysis also be performed whenever one or more of the following triggering events occur:

- any time there is a material change in the customer's circumstances;

- when there is a change in the registered representative, investment representative or portfolio manager assigned to the account; or

- when securities are received into the client's account by way of deposit or transfer.

The current suitability assessment requirements, set out in IIROC Dealer Member Rule ~~1300 are triggered at the time of acceptance of an order or making a recommendation. As discussed above, the Proposed Client Relationship Model amendments will also introduce the obligation to conduct suitability reviews when certain triggering events occur in order to ensure that the client's portfolio remains appropriate for him/her.~~ 1300, are triggered when either an order is accepted from a client or a trade is recommended to a client.

Best practices for maintaining a suitable client account

It is advantageous to clients, ~~firms~~Dealer Members and the industry ~~overall, and~~as a whole, as well as consistent with good business practices, that Registered Representatives and Dealer Members conduct ~~suitability reviews using a~~ more holistic ~~approach as suggested above~~suitability reviews.

In other words, Dealer Members are encouraged to adopt best practices which would not only allow them to comply with the current order / recommendation-triggered suitability assessment requirements set out in IIROC Dealer Member Rule 1300.1, but also assist in the ongoing maintenance of a suitable client portfolio. The best practices would include:

- Adopting policies and procedures requiring, when appropriate, periodic suitability reviews of client accounts:

- Conducting suitability reviews of accounts that may be affected by significant market events;

- Conducting suitability reviews of accounts holding securities of an issuer that has undergone a material change in its risk profile; and

- Adopting written policies and procedures that require a suitability review of an account at the time of the account is transferred to a new advisor or a new Dealer Member, or where there is a material change in a customer's circumstances.

~~Comments on the draft Suitability Guidelines may be delivered in writing or by fax or e-mail within 75 days of the date of this notice to:~~

~~Sherry Tabesh-Ndreka, Policy Counsel~~
~~Investment Industry Regulatory Organization of Canada~~
~~121 King Street West, Suite 1600~~
~~Toronto, Ontario~~
~~Canada M5H 3T9~~
~~Fax: (416) 943-6760~~
~~Email: stabesh@iiroc.ca~~

General comments:

We received the following general comments:

- Concerns about the application of the Guidance Note to clients of suitability-exempt Dealer Members and institutional clients. Comments that the Guidance Note should be labeled as applying to retail clients only.

IIROC's staff response: As noted at the beginning of the Guidance Note, this Guidance Note does not purport to amend any existing requirements.

Pursuant to Dealer Member Rule 1300.1(r), a Dealer Member is not subject to the suitability requirements if it has satisfied the Corporation that it meets the requirements set out in Dealer Member Rule 3200 and has received the requisite approval. It is our position that the Guidance Note does not need to repeat every rule and exemption within the IIROC Dealer Member Rules. If a Dealer Member is not subject to the suitability requirements set out in the rules, then it is not subject to any guidance provided with respect to the suitability requirements.

Similarly, if a particular type of suitability assessment does not apply to institutional clients, then any discussion of it in the guidance note also does not apply to institutional clients. For example, we recognize that the suitability assessment requirements set out in Rule 2700, do not require an assessment of investment objectives and risk tolerance. Therefore any discussion in the Guidance Note with respect to investment objectives and risk tolerance would not apply to institutional clients. However, we do not believe that the Guidance Note should be labeled as "retail only" on the basis that some of the discussions are relevant to institutional clients. For example the discussion of the obligation to deal fairly, honestly and good faith with clients is not limited to retail clients; it is equally applicable to institutional clients and retail clients subject to suitability exemption. Furthermore, any discussion of material change and reasonableness of know your client (KYC) information (i.e. investment knowledge) is relevant to institutional clients. We have clarified this in the Guidance Note.

- Concerns that the Guidance Note is creating new obligations without going through the rule making process and question the order of issuing a Guidance Note prior to the rule changes.

IIROC's staff response: The intent of the Guidance Note was not to create new requirements or to amend the current requirements. The intent of the Guidance Note is to provide Dealer Members with guidance and best practices on how to comply with the current requirements. We have clarified this in the Guidance Note.

- Concerns that the Guidance Note refers to the Client Relationship Model (CRM) extensively and that CRM has not yet been approved.

IIROC's staff response: While we recognize that the CRM proposals have not yet been approved, we support the principles that have been proposed and to the extent relevant, we have suggested that Dealer Members consider adopting these principles. However, we have clarified the distinction between the proposed requirements (i.e., the CRM proposals) and those practices that relate to the existing requirements.

- Concerns about the triggering events introduced through CRM.

IIROC's staff response: Any substantive comments received with regards to the rule amendments under the CRM proposals have been addressed, as appropriate, under the CRM proposals.

- Comments that IIROC needs to develop more comprehensive guidelines for Dealer Members on the application, implementation and administration of KYC and suitability rules. A set of guidelines should also be provided for the investors that would address, among other things, limitations of KYC and suitability.

IIROC's staff response: We will consider this suggestion for future initiatives.

- One comment requests that we define unsuitable recommendation in such a manner that even an otherwise suitable security subject to unsuitable trading practices be considered unsuitable.

IIROC's staff response: We agree and have clarified this in the Guidance Note.

- Two commentators requested additional criteria to be included as part of the KYC and suitability process including: loss tolerance, education, health, tax bracket, liquidity, fees associated with products.

- One commentator requested that environmental, social and governance (ESG) issues should be considered as part of the suitability assessment. The commentator suggested that IIROC should mandate that inquiries be made with regards to ESG factors, rather than a check box approach.

IIROC's staff response: The considerations set out in current 1300.1(p) and (q) are not exhaustive. Other considerations that are important to a particular client should also be assessed as part of any suitability review. Specific to the suggested additional considerations:

- Loss tolerance is an approach to assessing risk tolerance, an existing required consideration in the rules;
- Education is a factor in assessing investment knowledge, an existing required consideration in the rules;
- Health is a factor in determining investment objectives, an existing required consideration in the rules;
- Tax bracket is only relevant if the client is relying on (and paying) the Dealer Member for tax advice. The Dealer Member has a responsibility to know the tax considerations associated with potential trade recommendations but generally does not have the responsibility to know the client's individual tax situation;
- Investment liquidity and fees are important factors in determining whether a particular investment is suitable for a client but they are not KYC related considerations, which is the focus of the considerations set out in current 1300.1(p) and (q); and
- Environmental, social and governance (ESG) issues are considerations in determining investment objectives, an existing required consideration in the rules.

In summary, the existing list of factors was never intended to be exhaustive – the intention was to delineate the material KYC considerations in determining the suitability of a trade/order. We have however added "time horizon" and the "account's current investment portfolio composition, duration and risk level", as part of the CRM proposals, as new factors to be considered as part of the suitability assessment. We believe with these revisions the material considerations are adequately detailed in subsections 1300.1(p) and (q) and proposed new subsection 1300.1(r).

- One commentator requested that IIROC introduce a new requirement that KYC information be signed.

IIROC's staff response: We agree in principle with this comment and have included proposed requirements in the latest CRM proposals for the client to be provided with a copy of their KYC information and for the client to acknowledge receipt of this information.

- One commentator suggested that categories of low, medium or high are not meaningful without definitions.

IIROC's staff response: These risk definitions are currently under review and will be addressed as part of a separate project.

- One commentator suggested that if the client is not proficient in English or French, then the KYC has to be translated and the translator must sign the KYC.

IIROC's staff response: Canadians speak over 200 languages. The individuals whose first language is not English or French represent approximately 20% of Canada's population. Although we agree with the principle of the comment, this type of requirement would be unreasonably onerous.

- One commentator suggests allowing the use of risk based approach.

IIROC's staff response: We encourage Dealer Members to use a risk based approach in determining which best practices set out in the Guidance Note should be incorporated into their KYC policies and procedures. We have clarified this in the Guidance Note.

- One commentator suggested that although suggestions relating to continuing review of suitability can be beneficial, the regime is one that imposes a high fiduciary obligation upon the advisors.

IIROC's staff response: The Guidance Note does not create or impose a fiduciary obligation on advisors. Rather, the Guidance Note provides guidelines on how to best comply with the suitability requirements and to ensure that all trades and recommendations remain suitable for the client. The Guidance Note does not mandate continuing suitability but instead offers suggestions and best practices to help ensure that the clients interests are protected under a suitability standard.

- One commentator suggested Registered Representatives that have a direct relationship with clients are compensated on the basis of commissions and therefore, the relationship has grown more towards an order taker. The commentator suggests proceeding with caution so that the regulatory structure doesn't change the relationship from a co-operative one to one where the client's obligations are being reduced.

IIROC's staff response: There are currently three types of relationships: order execution only, advisory and managed accounts. The guidelines set out in this Guidance Note are in reference to an advisory relationship only. The intent is not to reduce a client's obligations but rather to remind advisors that the nature of the advisory relationship carries certain obligations that go beyond order taking. IIROC Dealer Member Rule 3200 was introduced to recognize that different standards apply to an order execution only relationship.

- Suggestion to harmonize the draft Guidance Note with the MFDA guidelines

IIROC's staff response: We had considered the issues discussed in the MFDA guidelines and incorporated them to the extent appropriate.

- Two of the comment letters also included comments about issues that are outside of this project such as the CSA mutual fund disclosure, performance reporting, CRM relationship disclosure, personalized rates of return, inconsistencies that exist in an advisory relationship, as well as change to CSA's registration reform KYC related amendments.

IIROC's staff response: We will not be specifically responding to these comments as they are not related to this Guidance Note.

COMMENT RELATING TO SPECIFIC PROVISIONS:

We received the following comments with regards to ***Conditions under which one account application may be used for more than one account:***

- Supportive of the ability to apply one set of investment objectives and risk tolerance to multiple accounts held by the same client and supportive of the restrictions used in this process

IIROC'S staff response: No comments.

- A single account application should be able to encompass multiple accounts with differing objectives and risk tolerance, provided that it is made clear to clients.

IIROC'S staff response: We disagree. It is important that the KYC information collected in the account application be the same for all accounts covered by the application. Specifically, a comingling of different account investment objectives and risk tolerances would lead to an "averaging" of objectives and risk tolerances, and in turn, result in the use of an "averaging" approach to determining suitable trades within each account. Use of this approach would significantly increase the risk of unsuitable investments occurring within individual accounts.

- The section should be redrafted for greater clarity to specifically identify which types of registered accounts can or can not be aggregated

- Identify the types of registered accounts that can or cannot be aggregated

- Long term plans such as RRSPs have a uniquely identifiable KYC

IIROC's staff response: As noted in the Guidance Note, if the investment objectives and risk tolerance are identical to the client's other accounts, and provided the other conditions set out are satisfied, then those accounts can be aggregated. There is no standard prescriptive list that can be provided to address each unique client situation that may arise.

- Requiring separate account applications based on different objectives and risk tolerance is an artificial construct and lacks flexibility.

- If one form is required for each account, operational difficulties would arise from updating all forms every time there is a material change in the client's circumstances.

- Application cannot be used if the client's objectives and risk tolerance are not identical.

IIROC's staff response: The reference to application is not about the application *forms* but rather the use of one set of information for the purpose of assessing suitability. We are not prescribing separate forms. We have updated the Guidance Note to clarify our intention.

- Clients should be asked how they would like their suitability assessed. Also, suggest making the language between bullets 3 and 4 consistent.

IIROC's staff response: We agree. This is precisely the message that we are attempting to convey through condition 3 of this section. We have updated the Guidance Note to clarify the proper intent.

- One commentator has concerns over confusion that may arise if the account can be viewed in the context of a single account or multiple accounts and may have a negative impact on the client's compliant.

IIROC's staff response: The intention of this requirement is that when one application is used and one set of know your client information is collected for multiple accounts, the client must be informed that suitability assessments will be performed by considering the combined positions held in these multiple accounts. Assessing suitability on an account by account basis when one set of know your client information has been collected for multiple accounts (and vice versa) would not be acceptable.

- Only if a client has an integrated financial plan, should a multi-account application be considered

IIROC's staff response: The existence of an integrated financial plan should not on its own be used to determine whether multiple account suitability assessment can be used.

We received the following comments on the **Know Your Client Information** section of the draft Guidance Note:

- Questions about focus on investment objectives and risk tolerance and not other factors such as investment experience

IIROC's staff response: Factors such as a client's net worth, age and investment experience are generally easier to verify / assess as being reasonable than investment objectives and risk tolerance. The Guidance Note therefore focuses in assessing the reasonableness of investment objectives and risk tolerance in relation to the client's personal and financial circumstances. We have clarified this in the Guidance Note.

- Comment that use of reasonableness of data is subjective and it is hard to supervise.

- Comment that approval of new accounts and KYC updates should include objective review of the KYC information submitted

IIROC's staff response: We agree that reasonableness of some of the factors such as investment objectives and risk tolerance may be subjective. However, the supervisory obligations should be performed to a reasonable standard.

- Suggestion that many firms do not establish a risk tolerance for clients as a separate stand alone factor given the difficulty defining risk

IIROC's staff response: We would like to remind all firms that in order to satisfy the requirements set out in Dealer Member Rule 1300.1(p) and (q), they must establish a client's risk tolerance level.

- Suggestion that can not force a client to change objectives even if some one thinks that it is unreasonable

IIROC's staff response: The Guidance Note is not suggesting that clients be forced into setting specific objectives that may not be acceptable to them. The Guidance Note suggests that Registered Representatives and Dealer Members assess the reasonableness of those objectives. This may mean that if an objective or stated risk tolerance is unreasonable, then it should at the very least be discussed with the client.

- Supportive of the concept of reasonableness but suggestion to use example

IIROC's staff response: The Guidance Note has been updated accordingly.

- Suggestion that loss capacity and income tax should be added as new factors

- Suggestion that Guidelines require that NAAF be signed, and that the Dealer Members advise clients of the importance of the NAAF and that clients may use it in dispute resolution and that it contains an obligation to keep relevant information up-to-date

IIROC's staff response: The IIROC requirements are not intended to list every factor that may be relevant in a specific client account situation; rather the key factors are listed. Asking a client about their loss capacity is an approach to assessing their risk tolerance, an existing factor. Asking a client about their income tax situation would infer that the Dealer Member and the advisor are responsible for meeting the client's overall tax planning needs. While knowing the tax advantages of one potential investment recommendation versus another is an important factor in deciding on what recommendation to make, providing overall tax planning advice to a client is not an existing advisory account obligation unless the client separately contracts for these services.

The guidelines do not require that the new account application form, the form used to collect "know your client" information, be signed because this is not a current IIROC rule requirement. We agree with the comment in principle, however, and have included proposed requirements for the client to be provided with a copy of their "know your client" information and for the client to acknowledge receipt of this information in the latest CRM proposals.

We received the following comments with regards to the **Time Horizon** section of the draft Guidance Note:

- Questions why time horizon is highlighted more than other factors and that focusing on it gives the impression that it is an item that needs to be documented in the current application

- Agrees that time horizon is an important factor but it is an extension of the client's investment objectives and risk tolerance. How would the question be framed in an automated type of suitability review when combined with investment objectives and risk tolerance.

- Determining a single time horizon is a flawed exercise, as everyone has multiple liability spread across multiple time horizons

- Suggestion that time horizon should be introduced as a new factor within the Rules

- One commentator does not agree that "Time horizon is not a separate requirement" and that it should always be considered

IIROC's staff response: Currently, Dealer Member Rules 1300.1(p) and (q) require that suitability for an order or recommendation be assessed based on factors *including* client's financial situation, investment knowledge, investment objectives and risk tolerance. The factors set out in 1300.1(p) and (q) are not exhaustive. Although, time horizon is not currently specifically set out as a separate requirement to be considered under the IIROC Dealer Member Rules 1300.1(p) or (q), it is an important factor to consider. The importance of time horizon is currently set out in the Conduct and Practices Handbook (CPH). Similarly, we have discussed time horizon in the Guidance Note as we agree that it is an important factor that needs to be assessed based on the client's investment objectives and risk tolerance. We will also consider whether time horizon should be included as a specific requirement as part of future Rule amendments.

Dealer Members should also note that we are not suggesting that a single time horizon is appropriate in all cases. In some cases allocating multiple time horizons for different portions of the account may be more appropriate.

We received the following comments with regards to the **Periodic updates and review** section of the draft Guidance Note:

- Suggestion that IIROC should mandate a minimum annual suitability review

- Suggestion that mandatory annual review unnecessary

- Suggestion that the "minimum annual review" is imposing a new requirement through the Guidance Note, rather than a best practice

- Rather than an annual inquiry, the Guidance Note should simply discuss the obligation of RRs to be aware of material change as communicated by the client and it should emphasize that clients also have an obligation to notify their advisors with respect to material changes

- Suggestion that recommending an annual suitability review is inconsistent with current IIROC Dealer Member Rules and proposed CRM as CRM included an optional suitability review

IIROC's staff response: We agree that the current requirement to identify material changes should be separately discussed from the best practice approaches to identifying material changes. The language in the Guidance Note has been revised to provide this distinction.

We are unsure as to how this suggested best practice is inconsistent with CRM. The CRM proposal suggests that if the Dealer Member conducts suitability reviews upon other triggering events, in addition to those mandated by CRM, then it should be disclosed to the client. In this Guidance Note we suggest that periodic suitability reviews could contribute to maintenance of a suitable client portfolio. Such practice is not mandated. We have clarified this in the Guidance Note.

- Language should be revised to allow for client information to be updated any time there is a material change in the client's circumstances rather than having to update the actual account application
- Suggestion to revise wording to clarify that it is not the actual account application that needs to be updated but rather the information contained within it
- Suggestion to clarify what is a material change
- Question as to whether putting client's information on the statements would suffice
- Suggestion that each year the KYC must be updated after consultation with the client and the update must be signed by the client and a copy provided to the client

IIROC's staff response: We agree that it is the client information and not the account application that needs to be updated.

Currently, IIROC Dealer Member Rules require client information to be updated any time there is a material change in the client's circumstances. The advisor must update the client information as soon as they become aware of a material change in the client's information. The suggested annual follow-up is to ensure that clients have not inadvertently failed to inform their advisor of the change in the material circumstances.

The question of whether a change is material depends on the facts. For example, a $10,000 increase in annual income may be significant for one client but not for another client.

The current IIROC Dealer Member Rules do not require the original application or any update to the client's information to be signed by the client. We have included proposed requirements for the client to be provided with a copy of their "know your client" information and for the client to acknowledge receipt of this information in the latest CRM proposals.

We received the following comments with regards to the **Compliance with Suitability Assessment Requirements** section of the draft Guidance Note:

- Agreement that account type must be suitable
- Statement that account type suitability is beyond present suitability requirements and proposed CRM suitability triggering events. It is unclear how an account type suitability review would occur.

IIROC's staff response: The discussion of the importance of the appropriateness of account type is consistent with the guidance currently set out in the CPH. It would appear that some Dealer Members do not consider the appropriateness of the type of account that they open for a client. Dealer Members are reminded that the current IIROC Dealer Member Rules require a Designated Supervisor to approve all new accounts.

- Some firms open margin accounts for all clients but only if the margin facility is used, then suitability is an issue to be considered

IIROC's staff response: For firms that open only margin accounts, we agree that the appropriateness can be determined before making the margin lending feature available to the client.

- Concerns about the impact that the Guidance Note could have on existing rule that Dealer Members must have procedures for recording that the new advisor has reviewed the information.

IIROC's staff response: We do not believe that the Guidance Note will have any adverse impact on the above noted requirement.

- Include additional guidance that Registered Representatives should record the measure that they have taken to deal with unsuitable investments within an account. Registered Representatives should document their conversation with clients.

IIROC's staff response: We agree that Registered Representatives should record the measures that they have taken to deal with unsuitable investments within an account and that they should document their conversation with clients. We have incorporated this into the Guidance Note.

We received the following comments with regards to the **Product Suitability** section of the draft Guidance Note:

- One commentator suggests that the product due diligence guidelines are clear and recommends removal of this section

IIROC's staff response: The benefit of removing this section is not clear. The section is intended as a reference to the Product Due Diligence Guidance Note and explains its relationship to this Guidance Note.

- Suggestion to distinguish between the Dealer Member's product due diligence obligation (make product available) and the advisor's obligation (determine if suitable)

IIROC's staff response: We believe that this distinction is adequately addressed in the first paragraph of the Product Due Diligence section of the Guidance Note.

- One suggestion that anyone having less than five years of experience should not be allowed to offer hedge products in a client's portfolio

IIROC's staff response: This proposal will be considered as part of future rule amendments.

We received the following comments with regards to the **Unsuitable Investments** section of the draft Guidance Note:

- Define what is an unsuitable investment

IIROC's staff response: An unsuitable investment and/or recommendation is one that is inconsistent with the client's personal circumstances including financial situation, investment knowledge, investment objectives and risk tolerance as well the other investments within the client's account or accounts at the time of the investment and/or recommendation. Although we believe this definition is consistent with the current industry understanding, we have updated the Guidance Note to reflect the definition.

- Clarify if a Registered Representative has any additional responsibility with regards to an investment that they have cautioned against. Suggestion to clarify that no further obligation.

IIROC's staff response: We generally agree that if the Registered Representative has cautioned the client against a particular investment, and has documented the discussion, then that may be sufficient in many cases. This is one type of issue that we encourage Dealer Members to address as part of their policies and procedures on how to deal with investments which the Dealer Member or Registered Representative has identified as unsuitable for the client.

- If the ultimate focus is the suitability of the overall portfolio and the other investments continue to remain suitable, what should be changed? Suggestion to remove this provision as nothing should be changed.

IIROC's staff response: We are unsure about the meaning of the comment. If all of the investments within the portfolio are suitable, then there is no need for change. The suitability determination relates to whether a particular security is suitable in relation to the client related factors and in relation to the others investments within the client's account or portfolio. The question of whether there should be a change or re-balancing only comes up when a particular security is not suitable for the client in relation to his/her particular circumstances and in comparison to other investments within the account or accounts. As previously mentioned the question of whether the comparison should be to an account or to a group of accounts depends on the conditions set out in the Guidance Note.

- Suggestion for IIROC to clarify what should be contained in a Dealer Member's policies and procedures

IIROC's staff response: It is our position that it is not useful for IIROC to mandate how Dealer Members should specifically handle each unsuitable investment.

- One commentator suggests that if an unsuitable investment is identified within an account, contact with the client should be mandatory

IIROC's staff response: We generally agree with the comment. We have amended the language in the Guidance Note to suggest contact with the client as a best practice. We will consider this proposal for future rule amendments.

- Suggestion that commercially available software should be used to identify unsuitable investments

IIROC's staff response: We do not disagree that commercially available software may be useful to assist in identifying unsuitable investments. Reliance upon commercially available software for this purpose does not relieve the Dealer Member or the Registered Representative of their responsibilities. Such software may be used to assist Registered Representatives with their suitability analysis or Supervisors with their supervision responsibilities. The ultimate responsibility lies with the Registered Representative and the Supervisor.

- Comment that Dealer Members and Registered Representatives have a duty to disclose known or discoverable risks to the investor before entering into any transaction for that security.

IIROC's staff response: We agree with the comment. Disclosure of such risks is part of the duty to act fairly, honestly and in good faith with clients.

We received the following comments with regards to the **Unsolicited Unsuitable Orders** section of the Guidance Note:

- Agrees that Registered Representative's obligation with respect to dealing with an unsolicited unsuitable order depends on his/her relationship with the client

- Suggestion for IIROC to clarify what should be contained in a Dealer Member's policies and procedures

- Request clarification on whether a Registered Representative has any further responsibility with respect to an investment that they have cautioned against

IIROC's staff response: We generally agree that if the Registered Representative has cautioned the client against an unsolicited unsuitable order and has documented the discussion, then it may be sufficient in many cases. This is one of the issues that we expect Dealer Members to include as part of their policies and procedures on how to deal with unsolicited unsuitable orders. Dealer Members may impose a higher expectation on their Registered Representatives. Some Dealer Members may choose to direct their Registered Representatives to refuse any unsolicited orders that are unsuitable. Others may be satisfied with caution and documentation, while some may wish to deal with each situation on a case-by-case basis. It is up to the Dealer Member to set their policies in this regards.

- Comment that the Guidance Note is silent on situations where a client contacts a sales associate to place potentially unsolicited unsuitable orders. Suggestion to include some recommended best practices

IIROC's staff response: When an Investment Representative receives an order from a client, in order to comply with current Dealer Member Rule 1300.1(p), the Investment Representative should refer the order to or discuss the order with the Registered Representative in order to ensure the suitability of the order. This is particularly the case when the order is unsolicited on the basis that the client and the Registered Representative have not previously discussed the order.

We received the following comments with regards to the **inappropriate updates section of the Guidance Note:**

- Agree that it is inappropriate to update KYC to simply justify suitability of an order

- One commentator cautions that if a client gives orders inconsistent with objectives and insists on it after receiving caution, then appropriate to change the KYC information.

IIROC's staff response: It is only appropriate to change the KYC information if there is a change in the client's circumstances. If the client's investment objectives have changed, then the KYC needs to be updated. If the client's information such as investment objectives has not changed, then it would be more appropriate to provide caution to the client and document the discussion, or refuse the order.

- One commentator states that updating KYC to justify suitability of an order is a "malicious act and should be categorized as fraudulent as it is unethical and unprofessional and illegal".

IIROC's staff response: This section has been updated to clarify that the KYC information can only be updated with the consent of the client and that the advisor should not revise the know your client information to justify the suitability of the order.

We received the following comments with regards to the **Best Practices for maintaining a suitable client portfolio** section of the draft Guidance Note:

- Concerns about difficulty of conducting a suitability review every time the market goes up or down

IIROC'S staff response: The Guidance Note does not mandate or suggest that a suitability review should be conducted each time that the market goes up or down. Rather, it suggests considering whether a suitability review should be conducted at the time of significant market changes, and conducting a review if determined to be appropriate, could contribute to the maintenance of a suitable client portfolio. We have updated the language in the Guidance Note to clarify this intent.

- Comment that significant market changes by themselves should have no immediate impact on account suitability when there is no change in the client's KYC or risk profile of investments as defined in a fund's prospectus. Suggestion that there should be no rule for market fluctuations as determinants for suitability reviews and these references should be removed from the guidelines.

IIROC's staff response: There are circumstances under which a market fluctuation may impact the risk profile of the product (fund or otherwise). The change in the risk profile of a client's account or portfolio, as a result of market fluctuations, should be considered when making recommendations or accepting orders.

The comment seems to suggest that for certain products, the suitability obligation is solely based on the risk tolerance set out in the prospectus. As with any product, complete reliance on the prospectus is not sufficient.

There is no requirement to do a periodic suitability review at the time of market fluctuations or otherwise. The Guidance Note suggests that considering whether a suitability review should be conducted at the time of significant market changes, and conducting a review if determined to be appropriate, could contribute to maintenance of a suitable client portfolio. We have updated the language in the Guidance Note to clarify this intent.

- Monitoring compliance with this section is extremely difficult and would take the advisor's focus away from managing client's investments. This review should instead be part of the next trade or other suitability review triggering events. Focus on market changes and issuer risk does not properly capture the relationship that advisors have with their clients and how they manage their clients' portfolios.

IIROC's staff response: We are not clear as to why the commentator believes that monitoring account positions in the event of a significant market change or change in the risk of a specific issuer takes the advisor's focus away from managing a client's investments. In fact, it is our position that it contributes to proper monitoring of the client's investments.

We received the following comments regarding the references to an **annual suitability review** proposed in the Guidance Note:

- Agree with principle surrounding this guideline however, concerned about mandatory reviews as: it will be difficult for firms to manage and supervise; depending on the relationship between the client and advisor, the client would let the advisor know upon occurrence of material change; some clients with mutual funds only have a longer term time horizon and annual review not necessary; a requirement for annual review does not factor in the requirement to keep informed of material changes

IIROC's staff response: The language in the Guidance Note has been updated to clarify that we are not mandating an annual suitability review. However, periodic suitability reviews are a best practice and the reference to the annual suitability review is for those circumstances where an advisor does engage in annual or periodic suitability reviews.

- Suggestion that current understanding of proper suitability assessment is to do an ongoing suitability review

IIROC's staff response: That is currently considered a best practice. Furthermore, it is mandated by some firms.

- If IIROC was to mandate an annual suitability review, how would that work with market changes and suggestion that suitability review should be done at that time.

IIROC's staff response: The suggestion that suitability review should be conducted annually is in reference to those circumstances where the advisor has not for other reasons reviewed the client's account or portfolio for suitability during the last 12 months.

- Clarify use of the term suitability reviews and IIROC's expectation of suitability reviews

IIROC's staff response: We have added clarifying remarks to the first three paragraphs within the suitability assessment section of the Guidance Note.

- Agreement with best practice of an annual suitability review to renew the relationship and opportunity to confirm overall financial status but does not agree that should be mandatory

IIROC's staff response: No comments.

- Comment that CRM allows Dealer Members to include a statement as to whether a suitability review will be done based on other triggering events. The draft Guidance Note is inconsistent by stating that you should use other triggering events.

IIROC's staff response: It is our position that the Guidance Note is not inconsistent with CRM. The CRM proposal suggests that if the Dealer Member conducts suitability reviews upon other triggering events, in addition to those mandated by CRM, then it should be disclosed to the client. In this Guidance Note we discuss those situations where advisors or Dealer Members conduct periodic or annual suitability reviews, in addition to the existing requirements and the CRM requirements, once implemented.

13.1.2 IIROC Response to Comments on Client Relationship Model Rules and Amendments to IIROC Dealer Member Rules 200 and 1300

IIROC RESPONSE TO COMMENTS ON
CLIENT RELATIONSHIP MODEL RULES AND
AMENDMENTS TO IIROC DEALER MEMBER RULES 200 AND 1300

January 7, 2011

Re: IIROC response to comments on Client Relationship Model Rules and amendments to IIROC Dealer Member Rules 200 and 1300

We are publishing this letter in response to the comment letters received on the proposed Client Relationship Model (CRM) amendments, which include proposed amendments to IIROC Dealer Member Rules 200 and 1300.

We received 9 comment submissions [8 comment letters and the minutes of a CRM roundtable discussion held on August 12, 2009] in response to the request for comments. We thank all of the commenters for their helpful submissions.

The comments have been summarized and grouped according to the issues raised. The response by IIROC staff follows each particular issue.

GENERAL

Consistency between IIROC and other proposals

Four comments were received regarding the need for consistency between the IIROC proposal and those of the CSA and MFDA.

IIROC staff response

IIROC has and continues to consult with representatives of the CSA and the MFDA throughout the development of the proposed rules. As a result of these discussions, IIROC staff has made several changes to further enhance consistency in the approaches where applicable. Where inconsistencies in the approach taken have arisen, these are generally because of differences in the business models / account offerings typically employed by registrants under each registration category.

Cost versus benefits of proposed amendments

We received two comments which relate to potential costs versus benefits of the proposed amendments.

IIROC staff response

IIROC staff has consulted with Dealer Members and Approved Persons extensively prior to publishing the proposal and received considerable input on cost issues throughout the rule-making process. We are therefore confident that we are aware of, and have properly considered the cost issues noted in the comments. Although it is difficult to quantify potential benefits with any high degree of precision, comments received from investors indicate that the proposals will accrue important benefits in enhancing investor protection.

Furthermore, to minimize potential costs, wherever possible, staff has revised the proposal to provide greater flexibility to Dealer Members in complying with the new requirements without compromising the investor protection goals of the project.

Transition periods

We received three comments requesting adequate transition periods be provided prior to implementation of the proposed changes.

IIROC staff response

IIROC staff will provide sufficient transition periods to allow Dealer Members to develop and implement systems necessary to comply with the new requirements under the proposed rules. To ensure that the proposed timelines are reasonable, IIROC staff has consulted with Dealer Members and other industry participants in developing the transition plan below. The proposed transition periods for each element of the CRM amendments are included in the latest version of the CRM amendments which has been republished for public comment. The following is a summary of the transition periods that have been proposed:

Relationship disclosure requirements	
New clients	6 months
Existing clients	3 years
Conflicts of interest management / disclosure requirements	
Provisions relating to conflict identification and avoiding and addressing conflicts	Immediate
Provisions relating to conflict disclosure: (i) prior to opening an account (ii) inclusion of conflicts disclosure in relationship disclosure information provided to new clients (iii) inclusion of conflicts disclosure in relationship disclosure information provided to existing clients (iv) prior to entering into a transaction	 Immediate 6 months 3 years Immediate
Account suitability requirements	
Trigger event suitability assessment requirements	6 months
Account performance reporting requirements	
Security position cost disclosure	1 year
Account activity disclosure	1 year
Account percentage return disclosure (i) Where percentage return information is currently, provided, an IIROC approved calculation method must be used or the information may not be provided to any client (ii) Mandatory percentage return reporting for all retail clients	 6 months 2 years

Need for further consultation

Three comments suggested that further consultation be conducted with respect to operational and supervisory challenges that would have to be addressed in complying with the proposed requirements.

IIROC staff response

IIROC staff has consulted extensively with Dealer Members, Approved Persons and other industry participants throughout the development of the proposed rules. Industry representatives were directly involved in the drafting of the CSA approved direction documents, which included industry representation, that set out the basis for the proposed changes. Joint SRO/industry committees were also consulted in the drafting of the actual proposed rule amendments.

Further, the proposed amendments have been published for public comment on two previous occasions and the revised proposals will be re-published for a further 60 days. Commenters are encouraged to provide input on the anticipated operational challenges associated with the proposals and how these might be addressed.

RELATIONSHIP DISCLOSURE

Prescriptive nature of disclosure requirements

We received the following comment which relates to the prescribed requirement to provide relationship disclosure:

- Two commenters suggested that the rule should be more principles-based and allow for more flexibility as opposed to establishing minimum standards mandated in the IIROC Rulebook.

IIROC staff response

The relationship disclosure requirements are designed to address a fundamental objective of the Client Relationship Model project – to provide clients with a better understanding of what to expect from their Dealer Member and advisor when they open a securities account. However, balanced against the desire to state this objective in broad principles-based language is also the need to set minimum base-line standards regarding the nature and quality of such disclosure.

To date, several changes to the previously proposed amendments have been made to address the need for greater flexibility and we believe that with these changes, the proposed rules strike an appropriate balance, setting out clear base-line standards while still allowing a sufficient degree of flexibility to accommodate differences in Dealer Members' business models.

Use of standard industry document

We received one comment suggesting that IIROC develop standard industry documentation for use by all Dealer Member firms, or at the very least, the main disclosure document should include a summary in plain language of any documents incorporated by reference.

IIROC staff response

A standard form boilerplate disclosure document does not provide clients with information particular to their advisor and Dealer Member. Despite the similarities between Dealer Members, firms differ in the specific products and services they provide and the processes they have put in place to deliver those products and services. By providing clients with this information, Dealer Members allow clients the opportunity to differentiate between firms, and educate them as to the products and service levels that are available. This objective cannot be satisfied by providing a generic disclosure document that lists products and services that the Dealer Member may or may not offer. Furthermore, although IIROC will not mandate the format of the disclosures, we require, among other things, that the information be written in plain language.

Content requirements

We received the following comments which relate to the required content for the proposed relationship disclosure information:

- The requirement to disclose services not available through the Dealer Member should be removed.
- The requirement to describe the process used by the Dealer Member to assess investment suitability and KYC information should be removed.

IIROC staff response

Section XX05(2)(c)(iii) of the proposal would require Dealer Members to disclose whether they provide percentage return reporting to clients and whether investment suitability will be reviewed at any times beyond the triggering events listed in the revised Rule 1300.1(r). In particular, Dealer Members will have to advise clients if their accounts will be reviewed in response to market fluctuations. This is important information for clients in that it facilitates direct comparison of services available from different Dealer Members on these issues.

A description of the approach used by the Dealer Member to assess investment suitability is critical information to investors. IIROC staff feels that although a Dealer Member's approach from client to client may vary, at minimum standard will be used to assess all clients' financial situation, investment objectives, risk tolerance and investment knowledge.

Delivery of documentation

We received the following comments regarding issues with the delivery requirements:

- The requirement to issue a statement when making a recommendation is unmanageable and unnecessary.
- The rule should not require that relationship disclosure information be provided to existing clients.
- The rule should contemplate an "access equals delivery" approach to allow Dealer Members to provide information to clients via their websites.

IIROC staff response

Dealer Members are not required to issue a statement each time a recommendation is made; rather Dealer Members are required to assess suitability each time a recommendation is made. Specifically, Section XX05(c)(ii)(B) requires that the relationship disclosure contain language specifying that the Dealer Member will assess the suitability of investments in the client's account each time a recommendation is made.

IIROC believes that the relationship disclosure information must be provided to existing clients on an account level, as well as new clients, despite the challenges this will pose. Furthermore, where a client has more than one account, combined relationship disclosure information may be provided as long as this is deemed appropriate by the Dealer Member in light of the relevant circumstances. The transition plan outlined above takes into consideration the additional time required to provide existing clients with relationship disclosure information.

With regards to the third point, IIROC staff does not support the concept of an "access equals delivery" model for providing relationship disclosure information because of the relevancy and importance of this document to clients. Making information available to clients on a website is not the equivalent to delivering the document in paper or electronic form as it is not as

effective in bringing the information to the attention of the client.

Requests for Clarification of Rule

We received the following comments requesting clarification of certain aspects of the proposed relationship disclosure requirements:

- The rule should be clear regarding the Dealer Member's obligations to advise clients of any subsequent revisions to the relationship disclosure information previously provided.
- The rule should be clear regarding the Dealer Member's obligations where a client fails to acknowledge receipt of information.
- The use of the term 'client' and 'customer' is used interchangeably. A consistent term should be used throughout the Rulebook.
- The rule should be clear as to the responsibilities of introducer and carrying brokers in providing the disclosure.
- The rule should be clear regarding the level of disclosure regarding costs.
- The rule should be clear regarding the description of the products and services offered by the Dealer Member. In particular, where some advisers only offer fee-based products and not commission-based products, would the Dealer Member be required to develop different relationship disclosure documents for these advisers?
- Significant market fluctuations by themselves should have no immediate impact on account suitability where there has been no change in a client's KYC or in the risk profile of the investment, as defined in a fund's prospectus.
- Pursuant to XX06, a standardized relationship disclosure document must be approved by head office and the supervisor who approves new accounts must ensure that the correct document is used in each client circumstance. The rule should be clear regarding what is meant by 'head office'.

IIROC staff response

When there is a significant change to the relationship disclosure information, Dealer Members will be required to provide timely notice to clients of these changes. This could be accomplished by including details of the updated information with a regular client communication, such as the client statements.

The proposed rules, as revised, require Dealer Members to maintain an audit trail to evidence that the relationship disclosure information has been provided to clients. It also requires that the Dealer Member obtain a client acknowledgement that they have been provided with a copy of the "know your client" information form and the account relationship disclosure materials. The proposed rules do not specifically require that acknowledgement by obtaining a client's signature. Dealer Members may rely on other methods, such as negative confirmation, provided that compliance with the basic acknowledgement requirement can be demonstrated by the Dealer Member.

With regards to the fourth point, the introducing broker is responsible for providing the relationship disclosure documents to clients, and supervising the suitability of all trading activity.

The use of the term 'client' is now consistent throughout the proposed rules.

A description of all fees and charges incurred associated with operating the account and in making or holding investments in the account must be provided as part of the disclosure requirements. This may be done through a fee schedule which lists all the fees borne by the client. A detailed description of the specific products and services provided and the processes Dealer Members put in place to deliver those products and services is also required. A customized relationship disclosure document must be provided according to account service offering.

IIROC staff does not mandate or suggest that a suitability review should be conducted each time that the market goes up or down. We agree that a subset of products will not be impacted during market fluctuations; however, there are relatively few investments where risk profiles don't change under these circumstances. IIROC believes that considering whether a suitability review should be conducted at the time of significant market changes, and conducting a review if determined to be appropriate, could contribute to the proper maintenance of a suitable client portfolio.

XX06 has been amended and no longer requires a standardized relationship disclosure document to be approved by head office.

CONFLICTS RESOLUTION AND DISCLOSURE

Clarification of Disclosure Requirements

We received the following comments requesting clarification of the requirements relating to conflict disclosure:

- Further guidance should be provided on how to determine 'potential conflict'.
- It is unclear how the issue of materiality has been addressed as per IIROC's previous response to comments.
- The rule should include a materiality provision which specifies that the responsibility to identify conflicts of interest only applies to material conflict.
- The Guidance Note should address how 'future conflicts of interest situations, where not resolved, will be disclosed to the client as they arise'.

IIROC staff response

Circumstances in which the interests of different parties are inconsistent or divergent, may give rise to potential conflict. This will depend on the fact of each case. The firm must establish internal systems, policies and procedures to evaluate the balance between the interests to ensure that it is managed in the best interest of the client.

The proposed rule has been amended to address the issue of materiality. Although the question of whether a conflict is material depends on the facts, the general rule is that all material conflicts must be identified, and only those where there is a reasonable likelihood that a client would consider the conflict important must be addressed and disclosed. This is consistent with the approach adopted under proposed National Instrument 31-103.

Reasonable steps must be taken by Dealer Members to identify all material conflicts, including those that in the Dealer Member's reasonable opinion may potentially arise between the client and the firm, including individuals acting on behalf of the firm. However, only those conflicts which are material must be avoided, or addressed and disclosed. This is consistent with the approach adopted under National Instrument 31-103.

Dealer Members must address situations which can directly and significantly affect a client's best interest. As discussed in the Guidance Note, the rule is not intended to require Dealer Members to identify and eliminate every conceivable conflict; instead, it is IIROC's expectation that Dealer Members will disclose both conflicts of interest known at the time of opening a securities account, or those that arise as they advise clients.

Intended Scope of proposed rule

We received the following comments requesting clarification of the intended scope of application for the conflicts requirements:

- The rule should be clear as to who is subject to conflict resolution and disclosure requirement. The rule should not apply to certain Approved Persons within the firm (i.e. institutional traders, investment bankers, as well those on the retail side of the firm including investment advisors) since they are not be in a position to know if certain potential conflicts within the firm exist between the Dealer Member and its immediate clients.

IIROC staff response

The proposed rule specifies only where applicable, are Approved persons required to use reasonable efforts to identify and address existing and potential personal conflict, to the extent they have knowledge of the conflict. This will depend on the specific facts of each case.

RETAIL CLIENT SUITABILITY

Request for Clarification

We received the following comments regarding certain aspects of the proposed relationship disclosure requirements:

- Further guidance is required in determining a 'material change'
- The suitability review to be performed in circumstances where a block of clients have been transferred, should allow for the orderly continuance of automated transactions during this period.

- The proposed changes to the suitability rule are unrelated to relationship disclosure and unnecessarily complicate discussions regarding relationship disclosure.

IIROC staff response

The question of whether a change is material depends on the facts. For example a $10,000 increase in annual income may be significant for one client but not for another client. A 'significant market fluctuation' is any change in the market that may materially affect the financial situation and any investments in the client's account.

The orderly continuance of automated transactions where a block of clients have been transferred will continue during the suitability review period. This has been addressed in the revised Guidance Note.

A suitability review ensures that your portfolio is in alignment with your investment objectives and risk tolerance. Although IIROC agrees that the changes to the suitability rule are unrelated to relationship disclosure, we do not feel that this alone justifies not proceeding with the proposed rule amendments.

Limitations on Suitability Obligations

We received comments with respect to limitations that should apply to the requirement to perform a suitability assessment:

- A Dealer Member cannot "ensure" that positions transferred in are suitable for the client; it will require operational systems to track and monitor advice provided further to each suitability review. A 'recommendation' or 'review the positions held and advise a client whether' is the most an advisor can provide.

- Relationship disclosure should be extended to account openings involving accredited investors and transactions involving exempt securities.

IIROC staff response

We agree that a Dealer Member cannot 'ensure' that positions transferred in are suitable for the client, and accordingly revised the proposed rule to clarify that the responsibility of the Dealer Member is to use due diligence to ensure that a review in conducted, advice is provided and the investments are suitable.

Suitability applies to all account openings, including those involving accredited investors and transactions involving exempt securities.

Timing of Reviews

We received three comments requesting clarification of staff expectations regarding timelines for completion of suitability assessments:

- A reassignment of an account should not trigger a suitability review, since it was assessed at the last suitability trigger point and the KYC information has not changed.

- Further guidance is required in determining what constitutes a reasonable amount of time to conduct reviews where there has been a transfer in a block of accounts to a new advisor.

- It is an unrealistic and unworkable standard to ensure the suitability of an order is acceptable based on 'any investments in the client's account'. This is suggesting that a portfolio review be conducted for every trade; instead, a suitability review for the entire account should be implemented as a best practice.

IIROC staff response

IIROC staff maintains the position that where a change in the adviser assigned to an account occurs, it is reasonable for a client to expect that his or her account be reviewed by the individual taking over the account. It is inappropriate to rely on previous KYC information that was collected by another Approved Person. A comprehensive, documented suitability review is necessary to adequately understand the client's financial situation, investment knowledge and objectives, risk tolerance and any existing investments in the client's account.

A reasonable time standard is an amount of time which is fairly necessary to conduct a suitability review in such circumstances, while ensuring the obligation to expediently service clients is met. The unreasonableness of time taken to conduct a suitability review will depend on the nature, purpose and circumstances of each case.

IIROC does not believe that it is unrealistic to ensure the suitability of an order is acceptable based on investments in the client's account. In order to ensure the order is aligned with the client's risk tolerance and investment objectives, a portfolio review must be conducted for every trade.

ACCOUNT PERFORMANCE REPORTING

General Issues Regarding Performance Reporting

We received two comments regarding the proposed requirement to provide performance reporting:

- The requirement to provide performance reporting should be a principles-based approach which allows for flexibility around account performance reporting where the methods have been fully disclosed in the relationship disclosure document
- Firms should be allowed to choose their own methodology and provide the appropriate disclosure to clients that best suits their technology and business model.

IIROC staff response

IIROC's position is that it is reasonable to expect that clients be given basic position cost information and account activity and percentage return reporting to allow them to determine whether they their account performance is satisfactory. Setting minimum standards regarding security position cost disclosure, account activity disclosure and account percentage return disclosure will provide the client with meaningful account performance feedback. This type of transparency allows investors to assess and monitor their investment strategy.

Issues Related to Cost Reporting

We received a number of comments regarding the proposed requirement to provide cost reporting:

- "Original Cost" must be defined. In the alternative, Dealer Members should have flexibility in the definition of security position costs as long as it is fully disclosed in the relationship disclosure document.
- Provide a definition of the cumulative realized and unrealized income and capital gains/losses on the client's account annually.
- In the event a particular long security position is not readily marketable or the point in time market value for a security cannot be readily determined, there should be no requirement to report the reason why it is unavailable. This would present enormous system challenges of little or not additional value to the client.
- The operational and cost challenges regarding the collection and analysis of cost data must be considered further before any changes are implemented.
- Amendments to Rule 200.1 should be made to reflect the exemption of referrals from cost reporting requirements.

IIROC staff response

We have mandated in the proposed amendments that original cost, as well as the cumulative realized and unrealized capital gains/losses on the client's account, be reported at least annually. These reporting methods have been addressed in the revised Guidance Note.

The proposed rules would require an explanation when current market value information is reported as not determinable. Since providing market value information for each client position held is an importing existing account reporting requirement, we don't see why the Dealer Member shouldn't provide an explanation as to why, when the information is unavailable.

IIROC staff is of the view that despite the operational and cost challenges, it is not unduly onerous or unreasonable to expect that all clients be advised as to original cost of all client account positions, including information addressing why original cost information cannot be disclosed for certain securities.

Valid referrals are not subject to the cost reporting requirements since they are not costs incurred by the client. Therefore, we do not believe it is necessary to carve out referral fees from cost reporting requirements.

Issues Relating to Percentage Return Reporting

We received five comments regarding the provision of percentage return performance reporting:

- Consistent methods and requirements should be mandated by IIROC which take into consideration the necessity to mitigate potential liability issues and provide clear and fair standards for all.

- Confirm whether or not the proposed rules relating to performance reporting by a Dealer Member applies to the accounts of institutional clients.

- Calculating and reporting client portfolio returns should be provided annually, if not more frequently. As well, the inclusion of returns of the relevant benchmarks should be mandated.

IIROC staff response

IIROC's intent at this time is to set basic, consistent standards to be followed where Dealer Members or Approved Persons elect to provide such reporting to clients. IIROC is supportive of a move to mandate percentage return reporting in future.

The proposed rules relating applies to institutional Dealer Members if they have elected to supply account percentage return information to clients.

There is a minimum annual requirement to calculate and report client portfolio returns; however, Dealer Member may choose to provide more frequent reporting. It is recommended that an appropriate benchmark be provided; however, in situations where there is no appropriate benchmark, no benchmark information need be disclosed. For instance, complex portfolios, where no relevant reference benchmark is available and simple portfolios involving relatively few securities, where the use of a benchmark may provide no meaningful information.

Chapter 25

Other Information

25.1 Exemptions

25.1.1 BetaPro Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from section 2.3(1) of National Instrument 41-101 General Prospectus Requirements to permit filing of a final prospectus more than 90 days after the date of receipt for the preliminary prospectus – 90-day extension granted.

Applicable Legislative Provisions

National Instrument 41-101 General Prospectus Requirements, sections 2.3(1) and 19.1.

VIA SEDAR

December 9, 2010

Fasken Martineau Dumoulin LLP

Attention: Munier Saloojee

Dear Sir:

Re: BetaPro Management Inc. (the Manager)
Horizons BetaPro S&P 500 VIX Short-Term Futures Index ETF, and
Horizons BetaPro S&P 500 VIX Short-Term Futures Bull Plus Index ETF (the ETFs)

Exemptive Relief Application under Section 19.1 of National Instrument 41-101 General Prospectus Requirements (NI 41-101)
Application No. 2010/0533, SEDAR Project No. 1581773

By letter dated September 16, 2010 (the **Application**), the Manager applied on behalf of the ETF to the Director of the Ontario Securities Commission (the **Director**) pursuant to section 19.1 of NI 41-101 for relief from the operation of subsection 2.3(1) of NI 41-101, which prohibits an issuer from filing a prospectus more than 90 days after the date of the receipt for the preliminary prospectus.

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director grants the requested exemption to be evidenced by the issuance of a receipt for the ETFs' prospectus, provided the ETFs' final prospectus is filed no later than December 18, 2010.

Yours very truly,

Darren McKall
Assistant Manager, Investment Funds Branch

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