The Ontario Securities Commission

OSC Bulletin

April 8, 2011

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

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Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

April 8, 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
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Toronto, Ontario
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Paulette L. Kennedy	—	PLK
Edward P. Kerwin	—	EPK
Vern Krishna	—	VK
Christopher Portner	—	CP
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

April 11, April 13-21, and April 27-29, 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: CP/PLK
April 13, 2011 10:00 a.m.	**Peter Beck, Swift Trade Inc. (continued as 7722656 Canada Inc.), Biremis, Corp., Opal Stone Financial Services S.A., Barka Co. Limited, Trieme Corporation and a limited partnership referred to as "Anguilla LP"** s. 127 B. Shulman in attendance for Staff Panel: JEAT
April 14, 2011 10:00 a.m.	**American Heritage Stock Transfer Inc., American Heritage Stock Transfer, Inc., BFM Industries Inc., Denver Gardner Inc., Sandy Winick, Andrea Lee McCarthy, Kolt Curry and Laura Mateyak** s. 127 J. Feasby in attendance for Staff Panel: JEAT

April 14, 2011 11:00 a.m.	**Energy Syndications Inc., Green Syndications Inc., Syndications Canada Inc., Land Syndications Inc. and Douglas Chaddock** s. 127 C. Johnson in attendance for Staff Panel: JEAT
April 18 and April 20, 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
April 21, 2011 10:00 a.m.	**David M. O'Brien** s. 37, 127 and 127.1 B. Shulman in attendance for Staff Panel: JEAT
April 26, 2011 2:30 p.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: CP
April 27, 2011 10:00 a.m.	**QuantFX Asset Management Inc., Vadim Tsatskin, Lucien Shtromvaser and Rostislav Zemlinsky** s. 127 C. Rossi in attendance for Staff Panel: MGC
April 27, 2011 10:00 a.m.	**Heir Home Equity Investment Rewards Inc.; FFI First Fruit Investments Inc.; Wealth Building Mortgages Inc.; Archibald Robertson; Eric Deschamps; Canyon Acquisitions, LLC; Canyon Acquisitions International, LLC; Brent Borland; Wayne D. Robbins; Marco Caruso; Placencia Estates Development, Ltd.; Copal Resort Development Group, LLC; Rendezvous Island, Ltd.; The Placencia Marina, Ltd.; and The Placencia Hotel and Residences Ltd.** s. 127 A. Perschy in attendance for Staff Panel: EPK
April 27, 2011 11:00 a.m.	**Marlon Gary Hibbert, Ashanti Corporate Services Inc., Dominion International Resource Management Inc., Kabash Resource Management, Power to Create Wealth Inc. and Power to Create Wealth Inc. (Panama)** s. 127 S. Chandra in attendance for Staff Panel: EPK
April 28, 2011 10:00 a.m.	**Bernard Boily** s. 127 and 127.1 U. Sheikh in attendance for Staff Panel: VK
April 28, 2011 10:00 a.m.	**Peter Sbaraglia** s. 127 S. Horgan/P. Foy in attendance for Staff Panel: JDC

April 29, 2011 10:00 a.m.	**North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti** s. 127 M. Vaillancourt in attendance for Staff Panel: EPK
May 2-9, May 11-12, 2011 10:00 a.m.	**Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt** s. 127 M. Vaillancourt in attendance for Staff Panel: JDC/MCH
May 2-9 and May 11-13, 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/C. Watson in attendance for Staff Panel: VK/EPK
May 3, 2011 10:00 a.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
May 4-5, 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 10, 2011 2:30 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 M. Vaillancourt in attendance for Staff Panel: JDC
May 12, 2011 10:00 a.m.	**Magna Partners Ltd.** s. 21.7 M. Vaillancourt in attendance for Staff Panel: JEAT/CP
May 13, 2011 10:00 a.m.	**Goldbridge Financial Inc., Wesley Wayne Weber and Shawn C. Lesperance** s. 127 C. Johnson in attendance for Staff Panel: MCH/MGC

May 16, 2011 10:00 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 H. Craig/C. Rossi in attendance for Staff Panel: MGC
May 16, 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 H. Craig in attendance for Staff Panel: JDC
May 16-18, May 25, May 27-31 and June 3, 2011 10:00 a.m. May 26, 2011 2:00 p.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: JEAT/MCH
May 17, 2011 10:00 a.m.	**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: CP
May 19, 2011 10:00 a.m.	**Andrew Rankin** s. 144 S. Fenton/K. Manarin in attendance for Staff Panel: JEAT/PLK/CP
May 24, 2011 2:30 p.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) H. Craig in attendance for Staff Panel: TBA
May 25-31, 2011 10:00 a.m.	**Sunil Tulsiani, Tulsiani Investments Inc., Private Investment Club Inc., and Gulfland Holdings LLC** s. 127 C. Rossi in attendance for Staff Panel: JDC/CWMS
June 1-2, 2011 10:00 a.m.	**Hector Wong** s. 21.7 A. Heydon in attendance for Staff Panel: EPK/PLK
June 6 and June 8-9, 2011 10:00 a.m.	**Lehman Brothers & Associates Corp., Greg Marks, Kent Emerson Lounds and Gregory William Higgins** s. 127 C. Rossi in attendance for Staff Panel: JDC/CWMS
June 20 and June 22-30, 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

July 15, 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
July 26, 2011 11:00 a.m.	**Marlon Gary Hibbert, Ashanti Corporate Services Inc., Dominion International Resource Management Inc., Kabash Resource Management, Power to Create Wealth Inc. and Power to Create Wealth Inc. (Panama)** s. 127 S. Chandra in attendance for Staff Panel: TBA
September 6-12, September 14-26 and September 28, 2011 10:00 a.m.	**Anthony Ianno and Saverio Manzo** s. 127 and 127.1 A. Clark in attendance for Staff Panel: EPK/PLK
September 12, 14-26 and September 28-30, 2011 10:00 a.m.	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun** s. 127 C. Price in attendance for Staff Panel: TBA
September 14-23, September 28 – October 4, 2011 10:00 a.m.	**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: VK/MCH
October 12-24 and October 26-27, 2011 10:00 a.m.	**Helen Kuszper and Paul Kuszper** s. 127 and 127.1 U. Sheikh in attendance for Staff Panel: JDC/CWMS
October 17-24 and October 26-31, 2011 10:00 a.m.	**Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, John Colonna, Pasquale Schiavone, and Shafi Khan** s. 127(7) and 127(8) C. Johnson in attendance for Staff Panel: TBA
November 7, November 9-21, November 23 – December 2, 2011 10:00 a.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: TBA
November 14-21 and November 23-28, 2011 10:00 a.m.	**Shaun Gerard McErlean, Securus Capital Inc., and Acquiesce Investments** s. 127 M. Britton in attendance for Staff Panel: TBA
December 5 and December 7-16, 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

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 and 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)

C. Watson 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) and (5)

J. Feasby/C. Rossi 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 and 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: 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

Abel Da Silva

s. 127

C. Watson 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

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: TBA

TBA

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

s. 127

A. Perschy/C. Rossi in attendance for Staff

Panel: CP/PLK

TBA

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

s. 127 and 127.1

H. Craig in attendance for Staff

Panel: TBA

TBA

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

TBA

Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin

s. 127

T. Center in attendance for Staff

Panel: TBA

TBA **Alexander Christ Doulis (aka Alexander Christos Doulis, aka Alexandros Christodoulidis) and Liberty Consulting Ltd.**

s. 127

S. Horgan in attendance for Staff

Panel: TBA

TBA **Rezwealth Financial Services Inc., Pamela Ramoutar, Justin Ramoutar, Tiffin Financial Corporation, Daniel Tiffin, 2150129 Ontario Inc., Sylvan Blackett, 1778445 Ontario Inc. and Willoughby Smith**

s. 127(1) and (5)

A. Heydon in attendance for Staff

Panel: TBA

TBA **Simply Wealth Financial Group Inc., Naida Allarde, Bernardo Giangrosso, K&S Global Wealth Creative Strategies Inc., Kevin Persaud, Maxine Lobban and Wayne Lobban**

s. 127 and 127.1

C. Johnson in attendance for Staff

Panel: TBA

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

s. 127

H. Craig/C.Rossi 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. 127

H. Craig/C. Rossi in attendance for Staff

Panel: TBA

TBA **Paul Donald**

s. 127

C. Price in attendance for Staff

Panel: CP/PLK

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

1.2 Notices of Hearing

1.2.1 Heir Home Equity Investment Rewards Inc. et al.

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

AND

IN THE MATTER OF
HEIR HOME EQUITY INVESTMENT REWARDS INC.;
FFI FIRST FRUIT INVESTMENTS INC.;
WEALTH BUILDING MORTGAGES INC.;
ARCHIBALD ROBERTSON; ERIC DESCHAMPS;
CANYON ACQUISITIONS, LLC;
CANYON ACQUISITIONS INTERNATIONAL, LLC;
BRENT BORLAND; WAYNE D. ROBBINS;
MARCO CARUSO;
PLACENCIA ESTATES DEVELOPMENT, LTD.;
COPAL RESORT DEVELOPMENT GROUP, LLC;
RENDEZVOUS ISLAND, LTD.;
THE PLACENCIA MARINA, LTD.; AND
THE PLACENCIA HOTEL AND RESIDENCES LTD.

NOTICE OF HEARING

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on April 27, 2011 at 10:00 a.m., or as soon thereafter as the hearing can be held:

TO CONSIDER whether, in the opinion of the Commission, it is in the public interest, pursuant to sections 127 and 127.1 of the Act, to order:

(a) pursuant to clause 2 of section 127(1) that trading in any securities by the Respondents cease permanently or for such period as is specified by the Commission;

(b) pursuant to clause 2.1 of section 127(1) that acquisition of any securities by the Respondents is prohibited permanently or for such period as is specified by the Commission;

(c) pursuant to clause 3 of section 127(1) that any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission;

(d) pursuant to clause 6 of section 127(1) that the Respondents be reprimanded;

(e) pursuant to clause 7, 8.1, 8.3 of section 127(1) that each of the individual Respondents resign all positions that he holds as a director or officer of an issuer, registrant, or investment fund manager;

(f) pursuant to clause 8, 8.2, 8.4 of section 127(1) that each of the individual Respondents be prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(g) pursuant to clause 8.5 of section 127(1) that each of the Respondents be prohibited from becoming or acting as a registrant, as an investment fund manager and as a promoter;

(h) pursuant to clause 9 of section 127(1) that the Respondents each pay an administrative penalty of not more than $1 million for each failure to comply with Ontario securities law;

(i) pursuant to clause 10 of section 127(1) that the Respondents each disgorge to the Commission any amounts obtained as a result of their non-compliance with Ontario securities law;

(j) pursuant to section 127.1 that the Respondents be ordered to pay the costs of the investigation and hearing; and

(k) such other orders as the Commission deems appropriate.

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission dated March 29, 2011 and such further additional allegations and evidence as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 29th day of March, 2011.

"Daisy Aranha"
Per: John Stevenson
Secretary to the Commission

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

AND

IN THE MATTER OF
HEIR HOME EQUITY INVESTMENT REWARDS INC.;
FFI FIRST FRUIT INVESTMENTS INC.;
WEALTH BUILDING MORTGAGES INC.;
ARCHIBALD ROBERTSON; ERIC DESCHAMPS;
CANYON ACQUISITIONS, LLC;
CANYON ACQUISITIONS INTERNATIONAL, LLC;
BRENT BORLAND; WAYNE D. ROBBINS;
MARCO CARUSO;
PLACENCIA ESTATES DEVELOPMENT, LTD.;
COPAL RESORT DEVELOPMENT GROUP, LLC;
RENDEZVOUS ISLAND, LTD.;
THE PLACENCIA MARINA, LTD.; AND
THE PLACENCIA HOTEL AND RESIDENCES LTD.

STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION

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

I OVERVIEW

1. HEIR Home Equity Investment Rewards Inc., FFI First Fruit Investments Inc., Wealth Building Mortgages Inc., Archibald Robertson and Eric Deschamps (collectively the “HEIR Respondents”) engaged in unregistered trading and illegal distribution of securities. Further, each of the HEIR Respondents advised, engaged in and/or held themselves out as engaging in the business of advising with respect to investing in or buying securities without proper registration. This conduct was in breach of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) and in a manner that was contrary to the public interest.

2. Among the securities being traded and distributed by the HEIR Respondents were those offered by Canyon Acquisitions, LLC, Canyon Acquisitions International, LLC, Brent Borland, Wayne D. Robbins, Marco Caruso and the Caruso Companies as defined below (collectively the “Canyon Respondents”). The Canyon Respondents have also engaged in the unregistered trading and illegal distribution of securities contrary to Ontario securities laws and in a manner that was contrary to the public interest.

3. he conduct at issue transpired between January 1, 2007 up to and including August 3, 2010 (the “Material Time”).

II THE RESPONDENTS

4. HEIR Home Equity Investment Rewards Inc. ("HEIR") is a company which was federally incorporated on August 19, 2004, and incorporated in Ontario on February 5, 2007. HEIR’s principal office and centre of administration is located in Ottawa, Ontario.

5. FFI First Fruit Investments Inc. (“FFI”) is a company which was federally incorporated on September 1, 2004. FFI shares its principal office and centre of administration with HEIR in Ottawa, Ontario.

6. Wealth Building Mortgages Inc. (“Wealth Building”) is a company which was incorporated in Ontario on February 5, 2007. Wealth Building shares its principal office and centre of administration with HEIR in Ottawa, Ontario.

7. Archibald Robertson (“Robertson’) is a resident in Ontario. Robertson is the sole shareholder and director of each of HEIR, FFI and Wealth Building (collectively the “HEIR Entities”) and their directing mind.

8. Eric Deschamps (“Deschamps”) is a resident of Ontario. He was a salesperson employed by, and a de facto chief operating officer of, HEIR since September 2008. He managed HEIR salespeople and along with Robertson, was a directing mind of the HEIR Entities.

9. Canyon Acquisitions, LLC ("Canyon U.S.") is a company which was incorporated in Reno, Nevada, on May 16, 2006. Its registered address is in Boca Raton, Florida.

10. Canyon Acquisitions International, LLC ("Canyon Nevis") is a company which was incorporated in Nevis, the Federation of St. Kitts and Nevis. Its principal office, which it shares with Canyon U.S., is in Boca Raton, Florida.

11. Brent Borland ("Borland") is a resident of the United States of America ("U.S.") and the founder of Canyon U.S. He is Chief Executive Officer ("CEO") and a directing mind of Canyon U.S. and Canyon Nevis (collectively the "Canyon Entities").

12. Wayne D. Robbins ("Robbins") is a U.S. resident and the President of the Canyon Entities, and, along with Borland, a directing mind of these companies.

13. Placencia Estates Development, Ltd.; Copal Resort Development Group, LLC; Rendezvous Island, Ltd.; The Placencia Marina, Ltd.; and The Placencia Hotel and Residences Ltd. are purportedly land development companies incorporated in Belize (collectively the "Caruso Companies").

14. Marco Caruso ("Caruso") is a resident of Belize, a director and/or officer and directing mind of each of the Caruso Companies.

15. None of the respondents was registered with the Commission in any capacity during the Material Time.

III UNREGISTERED ACTIVITIES OF THE HEIR RESPONDENTS

A. Trading and Illegal Distribution in Securities

16. During the Material Time, HEIR ran a private investment club which offered its fee paying members access to certain investments of various third parties, including the following (collectively the "Third Party Entities"):

    a. the Canyon Entities;

    b. the Skyline Apartment Real Estate Investment Trust (the "Skyline REIT") based in Ontario;

    c. Capital Mountain Holding Corporation, a company incorporated in Texas, and its related entities (collectively the "Capital Mountain Entities"); and

    d. another company incorporated in Ontario.

17. The investment products of the Third Party Entities constituted securities under Ontario securities laws (collectively the "Securities"), and included the following investments:

    a. investment contracts offered by or through the Canyon Entities;

    b. units of the Skyline REIT ("Skyline Securities");

    c. promissory notes of the Capital Mountain Entities; and

    d. shares, limited partnership units or other securities offered by or through the other Ontario company.

18. The HEIR Respondents traded in the Securities during the Material Time, either directly or through acts in furtherance of trading, including the following:

    a. advertising and promoting HEIR and/or the Securities through frequent appearances on radio show programs, networking through church organizations and by maintaining a website for HEIR;

    b. holding one-on-one sessions with potential investors that promoted HEIR and the Securities;

    c. holding HEIR seminars and meetings with potential investors and arranging for the Third Party Entities to attend and give presentations promoting the Securities and to provide promotional and other materials including offering memoranda to potential investors;

    d. arranging trips for HEIR members to resort locations to promote the Securities and meet representatives of the Third Party Entities and often paying for some of the associated expenses;

e. arranging for potential investors to have access to Third Party Entities' webinars regarding the Securities and otherwise facilitating investment in the Securities;

f. employing and/or contracting commissioned sales agents to bring in new members and/or solicit investment in the Securities; and/or

g. accepting funds intended to purchase Securities offered by at least one of the Third Party Entities.

19. Most HEIR members purchased the Securities and many invested in more than one. At least 480 investors, consisting of HEIR members and others referred by the HEIR Respondents, purchased the Securities following HEIR's solicitation activities during the Material Time for a total investment of approximately $74.5 million.

20. The HEIR Respondents received at least $4.5 million in commissions from the Third Party Entities for their activities during the Material Time.

21. The solicitations and other acts in furtherance of the sale of the Securities were trades in securities not previously issued and were therefore distributions. None of the Respondents has ever filed a preliminary prospectus or a prospectus with the Commission, and no prospectus receipt has ever been issued from the Director as required by section 53(1) of the Act to qualify the sale of any of the Securities.

22. With respect to the investment contracts of the Canyon Respondents and the promissory notes of the Capital Mountain Entities, no steps were taken to rely on any exemption to the prospectus and registration requirements under Ontario securities laws.

23. In trading or distributing some of the Securities, such as the Skyline Securities and the securities of the other Ontario company, the investments were purportedly made in reliance upon the accredited investor exemption or one of the other exemptions set out in National Instrument 45-106 – *Prospectus and Registration Exemptions* (the "Purportedly Exempt Securities").

24. A significant number of investors to whom the Purportedly Exempt Securities were sold and distributed did not meet the requirements necessary to qualify as accredited investors or any of the other exemptions.

25. The HEIR Entities obtained financial and other information from potential investors. In many instances, the HEIR Respondents knew or ought to have known that the investors were not accredited or otherwise exempt.

26. The HEIR Respondents failed to ensure that the requirements for the exemptions to the registration and prospectus requirements were met and therefore cannot rely on those exemptions in respect of trades in, and distributions of, the Purportedly Exempt Securities.

27. In any event, through the acts described above, the HEIR Respondents engaged in, and held themselves out as engaging in, the business of trading in securities in Ontario. Accordingly, even if each and every trade in, and distribution of, the Securities had been properly exempt from the prospectus requirement, the HEIR Respondents acted as "market intermediaries" as defined in OSC Rule 14-501 Definitions. Furthermore, any exemptions from the dealer registration requirement included in NI 45-106 (which were in effect until March 27, 2010) were not available to them.

28. In engaging in the conduct described above, the HEIR Respondents traded in securities and/or engaged in, or held themselves out as engaging in, the business of trading during the Material Time without being registered to do so contrary to section 25 of the Act.

29. By engaging in a distribution to investors who did not qualify as accredited investors and in circumstances where no other exemptions were available, the HEIR Respondents have distributed securities contrary to section 53 of the Act.

B. Unregistered Advising by the HEIR Respondents

30. In addition to solicitations and other acts in furtherance of trading, the HEIR Respondents, directly or through their sales agents, offered their opinions on the investment merits of the Securities by expressly or impliedly recommending and endorsing them to potential investors. They also recommended specific allocations of investment funds to be made by potential investors in regard to the Securities.

31. By recommending the purchase of specific securities to potential investors, and by offering their opinions on the investment merits of those securities, the HEIR Respondents engaged in conduct which amounted to "advising" others as to the investing in or buying of securities without being registered, in breach of section 25 of the Act.

C. Authorizing, Permitting, and Acquiescing in Breaches of the Act

32. In addition to their own actions, Robertson and Deschamps, as officers and/or directors of the HEIR Entities, authorized, permitted or acquiesced in the conduct of the HEIR Entities described above that constituted violations of sections 25 and 53 of the Act.

IV UNREGISTERED ACTIVITIES BY CANYON RESPONDENTS

A. Unregistered Trading and Illegal Distribution in Securities

33. During the Material Time, the Canyon Respondents offered investors the opportunity to acquire fractional interests in condominiums, villas or boat slips in a number of different real estate development projects in the Dominican Republic and Belize.

34. The Canyon Respondents marketed and sold these investments to potential investors ("Canyon Investors") as having certain ranges of return on investment and as having certain features such as the following:

a. the purchase price for Canyon Investors was at a significant discount to the "public price" payable by secondary buyers;

b. Canyon Investors only had to pay a deposit, a percentage of the discounted price, and were not liable for any further payments;

c. the deposits earned annual interest; and/or

d. there were various "Program Protection Mechanisms" for Canyon Investors such as the obligation on the Caruso Companies to repurchase or resell the investments at a guaranteed and significantly higher rate than the discounted purchase price within a specified period of time.

35. These investments constituted "investment contracts" and were therefore securities as defined in section 1(1) (n) of the Act (the "Canyon Securities").

36. During the Material Time, Borland, Robbins and the Canyon Entities traded in the Canyon Securities, either directly or through acts in furtherance of trading, including the following:

a. holding public information seminars in Ontario and elsewhere to promote the Canyon Securities or presenting them at seminars and meetings organized by the HEIR Respondents and/or through online webinars;

b. maintaining a website which promoted the Canyon Entities and the Canyon Securities;

c. meeting with potential investors individually to discuss the Canyon business and the Canyon Securities;

d. preparing and disseminating promotional and other materials regarding the securities to potential investors;

e. using the HEIR Respondents to solicit potential investors in the Canyon Securities;

f. preparing and providing to investors the investment contract and other documents for the purchase of Canyon Securities and/or assisting and directing investors in completing them;

g. directing investors to send the funds intended to purchase the Canyon Securities on to escrow agents; and/or

h. approving any payments from the escrow account in which the investments were deposited.

37. Caruso and the Caruso Companies traded in Canyon Securities with respect to projects in Belize during the Material Time either directly or through acts in furtherance of trading including the following:

a. attending information seminars regarding the Canyon Securities organized by the Canyon Entities in Ontario and elsewhere, as well as those organized by the HEIR Respondents;

b. engaging in meetings with potential investors in Ontario and elsewhere to promote the Canyon Securities;

c. using agents to solicit potential investors, including the HEIR Entities;

d. authorizing the Canyon Entities to highlight Caruso's involvement as the projects' developer in meetings, seminars and promotional materials and to provide investors with the investment contract documents; and/or

e. issuing Canyon Securities to investors.

38. During the Material Time, approximately 308 investors residing in Ontario invested at least $24.6 million in the Canyon Securities, of which $17.5 million concerned investment contracts with the Caruso Companies. The Canyon Respondents paid the HEIR Respondents approximately $875,500 in commissions or fees in regard to the purchases of the Canyon Securities.

39. In engaging in the conduct described above, and in circumstances where no exemptions from registration were available, the Canyon Respondents traded in securities and/or engaged in, or held themselves out as engaging in, the business of trading during the Material Time contrary to section 25(1) of the Act.

40. The sale of Canyon Securities referred to above were trades in securities not previously issued and were therefore distributions for which neither a preliminary prospectus nor a prospectus was filed and receipted by the Commission. By engaging in a distribution to investors for which no exemption was available, the Canyon Respondents breached section 53 of the Act.

B. Authorizing, Permitting, and Acquiescing in Breaches of the Act

41. Borland and Robbins, as officers and/or directors of Canyon U.S. and Canyon Nevis, authorized, permitted or acquiesced in the conduct of Canyon U.S. and Canyon Nevis described above that constituted breaches of sections 25 and 53 of the Act.

42. In addition, Caruso, as an officer and/or director of the Caruso Companies, authorized, permitted or acquiesced in the conduct of the Caruso Companies described above that constituted breaches of sections 25 and 53 of the Act.

V. CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND CONTRARY TO THE PUBLIC INTEREST

43. The specific allegations advanced by Staff are:

a. HEIR, FFI, Wealth Building, Robertson, Deschamps, Canyon U.S., Canyon Nevis, Borland, Robbins, Caruso and the Caruso Companies traded and engaged in, or held themselves out as engaging in, the business of trading in securities, where no exemptions were available, without being registered to trade in securities, contrary to section 25 of the Act and contrary to the public interest;

b. HEIR, FFI, Wealth Building, Robertson, and Deschamps engaged in, or held themselves out as engaging in, the business of advising with respect to investing in securities without being registered to advise in securities, contrary to section 25 of the Act and contrary to the public interest;

c. The actions of HEIR, FFI, Wealth Building, Robertson, Deschamps, Canyon U.S., Canyon Nevis, Borland, Robbins, Caruso and the Caruso Companies related to the sale of securities constituted distributions of securities where no preliminary prospectus and prospectus were issued nor receipted by the Director, and where no exemptions were available, contrary to section 53(1) of the Act and contrary to the public interest;

d. Robertson and Deschamps, as officers and/or directors of HEIR, FFI, and Wealth Building, did authorize, permit or acquiesce in the commission of the violations of sections 25 and 53 of the Act, set out above, by HEIR, FFI, and Wealth Building, contrary to section 129.2 of the Act and acted contrary to the public interest;

e. Borland and Robbins, as officers and/or directors of Canyon U.S. and Canyon Nevis, did authorize, permit or acquiesce in the commission of the violations of section 25 and 53 of the Act, set out above, by Canyon U.S. and Canyon Nevis, contrary to section 129.2 of the Act and acted contrary to the public interest; and

f. Caruso, as an officer and/or director of the Caruso Companies, did authorize, permit or acquiesce in the commission of the violations of section 25 and 53 of the Act, set out above, by the Caruso Companies, contrary to section 129.2 of the Act and acted contrary to the public interest.

44. Staff reserves the right to make such other allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 29th day of March, 2011

1.4 Notices from the Office of the Secretary

1.4.1 Uranium308 Resources Inc. et al.

FOR IMMEDIATE RELEASE
March 30, 2011

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

AND

IN THE MATTER OF
URANIUM308 RESOURCES INC.,
MICHAEL FRIEDMAN, GEORGE SCHWARTZ,
PETER ROBINSON, AND SHAFI KHAN

TORONTO – The Commission issued an Order in the above named matter which provides that the Hearing Dates with respect to this matter are vacated and the hearing on the merits is adjourned to dates to be provided by the Secretary's Office and agreed to by the parties.

A copy of the Order dated March 30, 2011 is available at **www.osc.gov.on.ca**.

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1.4.2 Oversea Chinese Fund Limited Partnership et al.

FOR IMMEDIATE RELEASE
March 31, 2011

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

AND

IN THE MATTER OF
OVERSEA CHINESE FUND LIMITED PARTNERSHIP,
WEIZHEN TANG AND ASSOCIATES INC.,
WEIZHEN TANG CORP. AND WEIZHEN TANG

TORONTO – The Commission issued an Order in the above named which provides that the Temporary Order is extended until May 17, 2011; and the Hearing in this matter is adjourned to May 16, 2011 at 10:00 a.m.

A copy of the Order dated March 30, 2011 is available at **www.osc.gov.on.ca**.

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1.4.3 David M. O'Brien

FOR IMMEDIATE RELEASE
March 31, 2011

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 – The Commission issued an Order in the above named matter which provides that (a) the Temporary Cease Trade Order will be extended to April 26, 2011; and (b) a further hearing to extend the Temporary Cease Trade Order will take place on April 21, 2011 at 10:00 a.m.

A copy of the Order dated March 30, 2011 is available at **www.osc.gov.on.ca**.

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1.4.4 Heir Home Equity Investment Rewards Inc. et al.

FOR IMMEDIATE RELEASE
March 31, 2011

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

AND

IN THE MATTER OF
HEIR HOME EQUITY INVESTMENT REWARDS INC.;
FFI FIRST FRUIT INVESTMENTS INC.;
WEALTH BUILDING MORTGAGES INC.;
ARCHIBALD ROBERTSON; ERIC DESCHAMPS;
CANYON ACQUISITIONS, LLC;
CANYON ACQUISITIONS INTERNATIONAL, LLC;
BRENT BORLAND; WAYNE D. ROBBINS;
MARCO CARUSO;
PLACENCIA ESTATES DEVELOPMENT, LTD.;
COPAL RESORT DEVELOPMENT GROUP, LLC;
RENDEZVOUS ISLAND, LTD.;
THE PLACENCIA MARINA, LTD.; AND
THE PLACENCIA HOTEL AND RESIDENCES LTD.

TORONTO – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on April 27, 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 March 29, 2011 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 29, 2011 are available at **www.osc.gov.on.ca**.

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1.4.5 Peter Sbaraglia

FOR IMMEDIATE RELEASE
April 1, 2011

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

AND

IN THE MATTER OF
PETER SBARAGLIA

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing is adjourned to April 28, 2011 at 10:00 a.m., or such other date as the Secretary's office may advise and the parties agree to.

A copy of the Order dated March 31, 2011 is available at **www.osc.gov.on.ca**.

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1.4.6 Uranium308 Resources Inc. et al.

FOR IMMEDIATE RELEASE
April 1, 2011

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

AND

IN THE MATTER OF
URANIUM308 RESOURCES INC.,
MICHAEL FRIEDMAN, GEORGE SCHWARTZ,
PETER ROBINSON, AND SHAFI KHAN

AND

IN THE MATTER OF
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

TORONTO – Following the hearing held on February 10, 2011, the Commission issued an Endorsement in the above noted matter.

A copy of the Endorsement dated March 30, 2011 is available at **www.osc.gov.on.ca**.

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1.4.7 QuantFX Asset Management Inc. et al.

FOR IMMEDIATE RELEASE
April 1, 2011

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

AND

IN THE MATTER OF
**QUANTFX ASSET MANAGEMENT INC., **
VADIM TSATSKIN, LUCIEN SHTROMVASER
AND ROSTISLAV ZEMLINSKY

AND

IN THE MATTER OF
QUANTFX ASSET MANAGEMENT INC. AND
LUCIEN SHTROMVASER

TORONTO – Following a hearing held on March 28, 2011, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and QuantFX Asset Management Inc. and Lucien Shtromvaser.

A copy of the Order dated March 28, 2011 and Settlement Agreement dated March 23, 2011 are available at **www.osc.gov.on.ca**.

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1.4.8 QuantFX Asset Management Inc. et al.

FOR IMMEDIATE RELEASE
April 1, 2011

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

AND

IN THE MATTER OF
QUANTFX ASSET MANAGEMENT INC.,
VADIM TSATSKIN, LUCIEN SHTROMVASER
AND ROSTISLAV ZEMLINSKY

AND

IN THE MATTER OF
ROSTISLAV ZEMLINSKY

TORONTO – Following a hearing held on March 28, 2011, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Rostilav Zemlinsky.

A copy of the Order dated March 28, 2011 and Settlement Agreement dated March 23, 2011 are available at **www.osc.gov.on.ca**.

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1.4.9 York Rio Resources Inc. et al.

FOR IMMEDIATE RELEASE
April 6, 2011

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

AND

IN THE MATTER OF
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

TORONTO – Following a hearing held on April 5, 2011, the Commission issued an Order on a Motion in the above named matter which provides that (i) the Motion is dismissed; and (ii) the Merits Hearing shall resume on May 2, 3, 4, 5, 6, 9, 11, 12, and 13, 2011, and such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary.

A copy of the Order on a Motion dated April 5, 2011 is available at **www.osc.gov.on.ca**.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Investors Government Bond Fund et al.

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund merger – approval required because merger does not meet the criteria for pre-approval – difference in investment objectives – terminating fund's securityholders provided with timely and adequate disclosure regarding the merger and prospectus-level disclosure regarding the continuing fund.

Applicable Legislative Provisions

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

March 17, 2011

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

AND

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

AND

IN THE MATTER OF
THE MERGER OF
INVESTORS GOVERNMENT BOND FUND
(the "Terminating Fund")

INTO

INVESTORS CANADIAN BOND FUND
(the "Continuing Fund" and collectively with
the Terminating Fund referred to as the "Funds")
(the"Merger")

AND

IN THE MATTER OF
I.G. INVESTMENT MANAGEMENT, LTD.
(referred to as the "Investors Group" and
collectively with the Funds referred to 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") for:

- approval under paragraph 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* ("NI 81-102") of the Merger of the Terminating Fund into the Continuing Fund (as described below in paragraph number 5,); and
- relief from the simplified prospectus delivery requirements contained in subsection 5.6(1)(f)(ii) of NI 81-102 in respect of the Merger.

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

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

(b) the Filers have provided notice that section 4.7(1) of Multi-Lateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and the North West Territories; and

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

Interpretation

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

Representations

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

1. Investors Group is a corporation continued under the laws of Ontario. It is the trustee and manager of the Fund and is registered as a portfolio manager in Manitoba, Ontario and Quebec, and has an application pending for registration as an investment fund manager in Manitoba. It is also

registered as an advisor under The Commodity Futures Act in Manitoba. The head office of Investors Group is in Winnipeg, Manitoba and, accordingly, Manitoba is the principal regulator. Investors Group is not in default of any of the requirements of securities legislation of any of the provinces and territories in Canada.

2. The Funds are open-end mutual funds continued under a Master Declaration of Trust under the laws of Manitoba.

3. The Funds are reporting issuers under the Legislation in each Jurisdiction and are not on the list of defaulting reporting issuers maintained under the Legislation in each Jurisdiction, and are not in default of any of the requirements of the securities Legislation of any of the provinces and territories of Canada. The securities of the Funds are qualified for distribution in each of the Jurisdictions pursuant to their own simplified prospectus and annual information form (referred to as the "Masterseries Prospectus" dated July 5, 2010, as amended), except for Series ‘'Z" and "S" units issued by one or both of the Funds which are not qualified by prospectus.

4. Each of the Funds issue one retail series of units to retail purchasers with Deferred Sales Charge and No-Load Purchase Options. The Funds also issue Series "S" and Series "Z" units to certain qualified institutional investors, being (respectively) fund-of-funds sponsored by Investors Group and segregated funds and guaranteed investment funds issued by The Great-West Life Assurance Company, which are not qualified by prospectus.

5. Investors Group proposes that the Terminating Fund be merged into the Continuing Fund. A Meeting of the securityholders of the Terminating Fund (the "Meeting") is being convened on or about April 28, 2011, to approve the Merger. A notice of meeting, a management information circular and a proxy in connection with the meeting of securityholders of the Terminating Fund (collectively, the "Meeting Materials"), will be mailed to securityholders of the Terminating Fund, commencing on or after March 10, 2011, and will be filed via SEDAR.

6. The tax implications of the Merger, as well as the material differences between the Terminating Fund and the Continuing Fund, will be described in the Meeting Materials so securityholders of the Terminating Fund will be fully informed when considering whether to approve the merger of their Fund at the Meeting. Accordingly, implicit in the approval by securityholders of the Merger is the acceptance by the securityholders of the Terminating Fund of the proposed tax treatment and their adoption of the investment objective, strategy and fee structure of the Continuing Fund.

7. An Amendment to the simplified prospectus and annual information form of both Fund(s), and a material change report of the Terminating Fund, has been filed on SEDAR with respect to the Merger as required by the Legislation of the Jurisdictions. Investors Group has determined that the Merger of the Funds will not be a material change to the Continuing Fund.

8. The Terminating Fund will merge into the Continuing Fund on or about the close of business on May 6, 2011, and the Continuing Fund will continue as publicly offered open-end mutual fund.

9. The Terminating Fund will be wound up as soon as reasonably possible following the Merger.

10. No sales charges will be payable in connection with the acquisition by the Continuing Fund of the investment portfolio of the Terminating Fund.

11. Securityholders of the Terminating Fund will continue to have the right to redeem securities of the Terminating Fund for cash at any time up to the close of business on the business day immediately before the effective date of the Merger.

12. Other than circumstances in which the securities regulatory authority of a Jurisdiction has expressly exempted the Funds, the Funds follow the standard investment restrictions and practices established under the Legislation of the Jurisdictions.

13. The net asset values of each series of the Funds are calculated on a daily basis on each day that the Investors Group is open for business.

14. The Continuing Fund and the Terminating Fund have very similar fundamental investment objectives, although in some instances their strategies may differ.

15. The portfolio securities and other assets of the Terminating Fund to be acquired by the Continuing Fund arising from the Merger may in some instances be unacceptable to the portfolio advisor of the Continuing Fund for reasons related to diversification, investment selection and asset allocation, and would therefore have to be liquidated prior to the Merger.

16. Investors Group will pay for all costs associated with the Meeting, including legal, proxy solicitation, printing, and mailing expenses, as well as any brokerage transaction fees associated with the Merger related trades referred to in paragraph 15, and regulatory fees.

17. The fee structure of the Terminating Fund is generally the same as the fee structure of the

Continuing Fund, and the annual management fee of the Continuing Fund will be 15 basis points lower than that of the Terminating Fund upon completion of the Merger.

18. Investors Group does not propose to send the most recent simplified prospectus of the Continuing Fund to securityholders of the Terminating Fund, which would be the Masterseries Prospectus. Instead, Investors Group will send to each securityholder of the Terminating Fund:

    (a) a tailored document, consisting of the Part A and the Part B of the simplified prospectus for the Continuing Fund, as set out in the Masterseries Prospectus filed on SEDAR(the "Tailored Simplified Prospectus"); and

    (b) a management information circular fully describing the Merger, which prominently discloses that the most recent audited annual and un-audited interim financial statements of the Continuing Fund (if available) can be obtained by accessing the same at the Investors Group website or the SEDAR website, or requesting the same from Investors Group by toll-free number, or by contacting their servicing advisor at Investors Group or an affiliate of Investors Group ("Investors Group Consultant"), all as described in the Management Information Circular.

19. Approval of the Merger is required because the Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102 in the following ways:

    (a) contrary to section 5.6(1)(a)(ii), a reasonable person may not consider the Continuing Fund as having a substantially similar fundamental investment strategy as the Terminating Fund;

    (b) in addition, contrary to subparagraph 5.6(1)(f)(ii) of NI 81-102, Investors Group would not be permitted to send the Tailored Simplified Prospectus of the Continuing Fund to investors in the Terminating Fund.

20. Except as noted above, the Merger will otherwise comply with all of the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

21. The Merger will increase operational efficiency by elimination of the duplication in time, effort and costs associated with the audit, board review and other compliance requirements arising from having multiple mandates.

22. It is anticipated that securityholders of the Terminating Fund will benefit from more stable and improved performance of their investments after the Merger due to the broader investment mandate of the Continuing Fund which allows the portfolio advisor to better manage their assets through greater diversification. Investors Group referred the Merger to the independent review committee of the Funds (the "IRC") for its review. The IRC has been established as required by NI 81-107 – *Fund Governance* ("NI 81-107") and consists of individuals who are not in any way related to the Investors Group or its affiliates .The IRC reviews and makes recommendations on conflicts of interest matters for the purposes described in NI 81-107 including fund mergers (if necessary). After due consideration, the IRC has concluded that the Merger achieves a fair and reasonable result for each of the Funds.

Decision

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

The Decision of the Decision Makers under the Legislation is that the Exemption sought is granted, provided that:

1. (a) the information circular sent to security-holders in connection with the Merger provides sufficient information about the Merger to permit security-holders to make an informed decision about the Merger;

    (b) the information circular sent to security-holders in connection with the Merger prominently discloses that security-holders can obtain the most recent interim and annual financial statements of the Continuing Fund by accessing the SEDAR website at www.sedar.com, by accessing the Investors Group website, by calling Investors Group's toll-free telephone number, or by contacting an Investors Group Consultant;

    (c) the Continuing Fund and the Terminating Fund with respect to the Merger have an unqualified audit report in respect of their last completed financial period; and

    (d) the Meeting Materials sent to security-holders of the Terminating Fund in respect of the Merger includes the Tailored Simplified Prospectus of the Continuing Fund.

"R.B. Bouchard"
Director and Chief Administration Officer
The Manitoba Securities Commission

2.1.2 CADO Investment Fund Management Inc. et al.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 81-102 Mutual Funds, Section 19.1 – A group of mutual funds seeks relief under section 19.1 of NI 81-102 from the requirements in NI 81-102 prohibiting short selling – The fund will operate primarily by investing in long positions in securities that they expect to increase in value; the funds will mitigate short-selling risk through restrictions including limits on total short-selling and short-selling of a particular issuer, maintaining the short selling proceeds as cash cover, a stop-loss, and limits on the securities that can be borrowed from a person that is not the custodian; the Fund will provide disclosure in its prospectus or annual information form about short-selling and the details of this exemptive relief prior to implementing the short selling strategy; any short sales made by the Fund must comply with the investment objectives of the Fund.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, s. 19.1.

March 15, 2011

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
CADO INVESTMENT FUND MANAGEMENT INC.
(THE MANAGER)

AND

IN THE MATTER OF
MAPLE LEAF RESOURCE CLASS AND
MAPLE LEAF INCOME CLASS
(the Existing Funds and, together with
the Manager, the Filers)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application (the Application) from the Filers on behalf of each of the Existing Funds and any other mutual funds managed by the Manager or any affiliate of the Manager (together with the Existing Funds, the Funds), for a decision under the securities legislations of the Jurisdictions (the Legislation) exempting the Funds from the following requirements of the Legislation:

(a) section 2.6(a) of National Instrument 81-102 *Mutual Funds* (NI 81-102) restricting a mutual fund from providing a security interest over a mutual fund's assets;

(b) section 2.6(c) of NI 81-102 restricting a mutual fund from selling securities short; and

(c) section 6.1(1) of NI 81-102 restricting a mutual fund from depositing any part of a mutual fund's assets with an entity other than that mutual fund's custodian,

(together, the Exemption Sought).

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

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

(b) the 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 each of Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories, and Nunavut; and

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

Interpretation

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

Representations

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

1. the Manager is a corporation that was incorporated under the laws of Canada on September 14, 2009 and is the manager of the Existing Funds; the Manager's head office is in Vancouver, British Columbia;

2. each of the Existing Funds is a class of shares of Maple Leaf Corporate Funds Ltd., which was incorporated under the laws of Canada on December 15, 2010;

3. each Fund is or will be an open-end mutual fund trust or a class of shares of a mutual fund corporation; the Manager, or an affiliate of the Manager, is or will be the manager of the Funds;

4. each Fund is or will be a reporting issuer in all of the provinces and territories of Canada and distributes or will distribute securities under a simplified prospectus and annual information form, and will be otherwise subject to NI 81-102;

5. neither the Manager nor the Existing Funds is in default of securities legislation in any jurisdiction of Canada;

6. each Existing Fund has filed a preliminary simplified prospectus dated December 17, 2010 with the Decision Makers;

7. the investment practices of each Fund will comply in all respects with the requirements of Part 2 of NI 81-102, except to the extent that a Fund has received the Exemption Sought;

8. the Filers propose that each Fund be authorized to engage in a limited, prudent and disciplined amount of short selling;

9. the Filers are of the view that each Fund could benefit from the implementation and execution of a controlled and limited short selling strategy;

10. this strategy would operate as a complement to the Fund's primary discipline of buying securities with the expectation that they will appreciate in market value;

11. any short sales made by each Fund will be subject to compliance with the investment objectives of the Fund;

12. in order to effect a short sale, a Fund will borrow securities from either its custodian or a dealer (in either case, the Borrowing Agent), which Borrowing Agent may be acting either as principal for its own account or as agent for other lenders of securities;

13. each Fund will implement the following requirements and controls when conducting a short sale:

    (a) securities will be sold short for cash, with the Fund assuming the obligation to return to the Borrowing Agent the securities borrowed to effect the short sale;

(b) the short sale will be effected through market facilities through which the securities sold short are normally bought and sold;

(c) the Fund will receive cash for the securities sold short within normal trading settlement periods for the market in which the short sale is effected;

(d) the securities sold short will be "liquid securities" in that:

(i) the securities will be listed and posted for trading on a stock exchange; and

(A) the issuer of the security will have a market capitalization of not less than CDN $100 million, or the equivalent, at the time the short sale is effected; or

(B) the Fund's portfolio advisor will have pre-arranged to borrow the securities for the purpose of such sale; or

(ii) the securities will be fixed-income securities, bonds, debentures or other evidences of indebtedness of or guaranteed by the Government of Canada or any province or territory of Canada or by the Government of the United States of America;

(e) at the time securities of a particular issuer are sold short:

(i) the aggregate market value of all securities of that issuer sold short by the Fund will not exceed 5% of the total net assets of the Fund; and

(ii) the Fund will place a stop-loss order with a dealer to immediately purchase for the Fund an equal number of the same securities if the trading price of the securities exceeds 120% (or such lesser percentage as the Manager may determine) of the price at which the securities were sold short;

(f) the Fund may deposit Fund assets with the Borrowing Agent as security for the short sale transaction;

(g) the Fund will keep proper books and records of all short sales and Fund assets deposited with Borrowing Agents as security;

(h) the Fund will develop written policies and procedures for the conduct of short sales prior to conducting any short sales; and

(i) the Fund will provide disclosure in its simplified prospectus and annual information form of the proposed use of short selling by the Fund, the specific risks related to short selling, and details of this decision prior to implementing the short selling strategy.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that in respect of each Fund:

(a) the aggregate market value of all securities sold short by the Fund will not exceed 20% of the net assets of the Fund on a daily marked-to-market basis;

(b) the Fund holds "cash cover" (as defined in NI 81-102) in an amount, including the Fund assets deposited with Borrowing Agents as security in connection with short sale transactions, that is at least 150% of the aggregate market value of all securities sold short by the Fund on a daily marked-to-market basis;

(c) no proceeds from short sales by the Fund will be used by the Fund to purchase long positions in securities other than cash cover;

(d) the Fund maintains appropriate internal controls regarding its short sales including written policies and procedures, risk management controls and proper books and records;

(e) any short sale made by the Fund complies with the investment objective of the Fund;

(f) at the time the securities of a particular issuer are sold short:

(i) the aggregate market value of all securities of that issuer sold short by the Fund will not exceed 5% of the net assets of the Fund; and

(ii) the Fund will place a stop-loss order with a dealer to immediately purchase for the Fund an equal number of the same securities if the trading price of the securities exceeds 120% (or such lesser percentage as the portfolio advisor of the Fund may determine) of the price at which the securities were sold short;

(g) the Exemption Sought does not apply if the Fund is a money market fund;

(h) for short sale transactions in Canada, every dealer that holds assets of the Fund as security in connection with short sale transactions by the Fund is a registered dealer in Canada and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund;

(i) for short sale transactions outside of Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund:

(i) is a member of a stock exchange and, as a result, is subject to a regulatory audit; and

(ii) has a net worth in excess of the equivalent of $50 million determined from its most recent audited financial statements that have been made public;

(j) except where the Borrowing Agent is the Fund's custodian, when the Fund deposits Fund assets with a Borrowing Agent as security in connection with a short sale transaction, the amount of Fund assets deposited with the Borrowing Agent does not, when aggregated with the amount of Fund assets already held by the Borrowing Agent as security for outstanding short sale transactions of the Fund, exceed 10% of the total assets of the Fund, taken at market value as at the time of the deposit;

(k) the security interest provided by the Fund over any of its assets that is required to enable the Fund to effect short sale transactions is made in accordance with industry practice for that type of transaction and relates only to obligations arising under such short sale transactions;

(l) prior to conducting any short sales, the Fund discloses in its simplified prospectus or annual information form a description of: (i) short selling, (ii) how the Fund intends to engage in short selling, (iii) the risks associated with short selling, and (iv) in the Investment Strategy section of the prospectus, the Fund's strategy and this exemptive relief;

(m) prior to conducting any short sales, the Fund discloses in its simplified prospectus or annual information form the following information:

(i) that there are written policies and procedures in place that set out the objectives and goals for short selling and the risk management procedures applicable to short selling;

(ii) who is responsible for setting and reviewing the policies and procedures referred to in the preceding paragraph, how often the policies and procedures are reviewed, and the extent and nature of the involvement of the board of directors of the Manager in the risk management process;

(iii) the trading limits or other controls on short selling in place and who is responsible for authorizing the trading and placing limits or other controls on the trading;

(iv) whether there are individuals or groups that monitor the risks independent of those who trade; and

(v) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions; and

(n) prior to conducting any short sales, the Fund has provided to its securityholders not less than 60 days' written notice that discloses the Fund's intent to begin short selling transactions and the disclosure required in the Fund's simplified prospectus or annual information form as outlined in paragraphs (l) and (m) above, or the Fund's initial simplified prospectus or annual information form and each renewal thereof has included such disclosure.

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

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

2.1.3 Sun Gro Horticulture Inc. – s. 1(10)

Headnote

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

Ontario Statutes

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

March 31, 2011

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Attention: Melanie Cole

Dear Madam:

Re: Sun Gro Horticulture Inc. (the Applicant) – Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

"Blaine Young"
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.4 NexGen Financial Limited Partnership et al.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund mergers – approval required because mergers do not meet the criteria for pre-approval – The continuing fund does not have substantially similar fundamental investment objective as compared to that of the terminating funds – Terminating funds' unitholders provided with timely and adequate disclosure regarding the merger and prospectus-level disclosure regarding the continuing fund.

Applicable Legislative Provisions

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

March 31, 2011

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

AND

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

AND

IN THE MATTER OF
NEXGEN FINANCIAL LIMITED PARTNERSHIP
(the Filer)

AND

NEXGEN AMERICAN GROWTH TAX MANAGED FUND, NEXGEN NORTH AMERICAN VALUE TAX MANAGED FUND, NEXGEN GLOBAL DIVIDEND TAX MANAGED FUND
(collectively, the Terminating Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Terminating Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for approval of the merger (the **Merger**) of each Terminating Fund into NexGen Canadian Balanced Growth Tax Managed Fund (the **Continuing Fund**) (together with the Terminating Funds, the **Funds**) under paragraph 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) (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 (the **Principal Regulator**), 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, Quebec, Newfoundland and Labrador and Northwest Territories (including Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

1. The Filer is a limited partnership established under the laws of the Province of Ontario and its head office is located in Toronto, Ontario.

2. The Filer is registered as a dealer in the category of mutual fund dealer, as an adviser in the category of portfolio manager and as an investment fund manager under the *Securities Act* (Ontario) and as an adviser in the category of commodity trading manager under the *Commodity Futures Act* (Ontario).

3. The Filer is the manager of each of the Funds and is not in default of securities legislation in any province or territory of Canada.

4. The Filer is the portfolio manager of each of the Funds.

5. The Funds are open-end mutual funds established under the laws of the Province of Ontario, and form part of 18 NexGen tax managed funds housed within NexGen Investment Corporation (the **Corporation**), a mutual fund corporation incorporated under the laws of the Province of Ontario.

6. Shares of the Funds are currently offered for sale under a simplified prospectus and annual information form dated May 25, 2010 in the Jurisdictions. Each of the Funds follows the standard investment restrictions and practices established under the Legislation.

7. The Funds are reporting issuers under the applicable securities legislation of the Jurisdictions and are not in default of securities legislation in any province or territory of Canada.

8. The board of directors of the Corporation approved the Merger on March 3, 2011, and a press release and material change report in respect of the Merger were filed on SEDAR on March 14, 2011.

9. As required by National Instrument 81-107 *Independent Review Committee for Investment Funds*, the Corporation presented the terms of the Merger to the Funds' Independent Review Committee (the **IRC**) for its review and recommendation. The IRC reviewed the potential conflict of interest matters related to the proposed Merger and, on February 14, 2011, the IRC determined that the proposed Merger, if implemented, would achieve a fair and reasonable result for each of the Funds.

10. Shareholders of the Terminating Funds will continue to have the right to redeem or transfer their shares of a Terminating Fund at any time up to the close of business on the business day prior to the effective date of the Merger.

11. A meeting of the shareholders of each Terminating Fund was held on March 30, 2011 to approve the proposed Merger.

12. Subsection 5.6(1)(f) of NI 81-102 requires that certain materials be sent to the Terminating Funds' shareholders in connection with their approval of the Merger. The Manager sent to shareholders of each Terminating Fund, a notice of the meeting of shareholders and a Management Information Circular (the *Information Circular*) dated February 17, 2011, the current simplified prospectus, and a related form of proxy. The Information Circular provides sufficient information to shareholders to permit them to make an informed decision about the Merger. The Information Circular sent to shareholders prominently discloses that they can obtain the most recent interim and annual financial statements of the Continuing Fund by accessing the SEDAR website at www.sedar.com or calling the Filer's toll free telephone number 1-866-378-7119, or writing to the Filer at its head office address.

13. It is proposed that the Merger take place on or about May 6, 2011.

14. The Manager will pay all costs and reasonable expenses relating to the solicitation of proxies, holding the shareholder meetings in connection with the Merger and the costs of implementing the Merger, including any brokerage fees.

15. Following the Merger, the Continuing Fund will continue as a publicly offered open-end mutual fund and the Terminating Funds will be wound up.

16. The Merger is conditional on the approval of (i) the shareholders of the Terminating Funds, (ii) the unitholders of certain NexGen registered funds (the counterpart funds to the Terminating Funds) and (iii) the Principal Regulator. The shareholders of the Terminating Funds as well as the unitholders of the NexGen registered funds referenced above have approved the Merger.

17. If the necessary approvals are obtained, the following steps will be carried out to effect the Merger:

    a. Portfolio securities held by the Terminating Fund which may not be suitable investments for the Continuing Fund will be liquidated on or before the effective date of the Merger.

    b. Each outstanding share of the Terminating Fund will be exchanged for shares(s) of an equivalent class and series of the Continuing Fund. The share exchange will be effected on the basis of the relative net asset values of the applicable shares at the close of business on the closing of the Merger (the Valuation Time) in accordance with the formula set out below.

    Fund Shares

    $$\text{No. of Continuing Fund shares to be received} = \frac{\text{Net Asset Value of Terminating Fund Shares at the Valuation Time}}{\text{Net Asset Value of Continuing Fund Shares at the Valuation Time}}$$

    c. The assets and liabilities of the Corporation attributable to the Terminating Fund will be transferred to the Continuing Fund.

    d. Each of the Terminating Funds will then be wound up.

18. The Corporation is, and is expected to continue to be at all material times, a mutual fund corporation under the *Income Tax Act* (Canada) (the "**Tax Act**") and, accordingly, shares of the Continuing Fund are "qualified investments" under the Tax Act for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax free savings accounts.

19. Approval of the Merger is required because the Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102 because, contrary to section 5.6(1)(a)(ii) of NI 81-102, a reasonable person may consider the fundamental investment objectives of the Continuing Fund not to be substantially similar to the fundamental investment objectives of each Terminating Fund.

20. In the opinion of the Filer, the Merger will be beneficial to securityholders of the Terminating Fund and those in the Continuing Fund for the following reasons:

    a. shareholders in the Continuing Fund are expected to enjoy improved economies of scale and potentially lower proportionate fund operating expenses (which are borne indirectly by shareholders) as part of a larger combined Continuing Fund;

    b. due to the smaller size and historic growth profile of the Terminating Funds, the administrative and regulatory costs of operating the Terminating Funds as stand-alone mutual funds would be higher per shareholder and could potentially increase if the Terminating Funds decrease further in asset size;

    c. the Merger transitions shareholders in the Terminating Funds to a growing and more viable Continuing Fund; and

    d. generally, the historical rate of return for the Continuing Fund has been higher and more consistent than the historical rate of return for the Terminating Funds with which it is proposed to be merged.

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.

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

2.1.5 Canadian Tire Corporation, Limited

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – temporary exemption granted for the additional independence requirements – filer granted relief to hire an individual for a summer intern position who is an adult child of an audit committee member and shares a home with this audit committee member provided the audit committee member would be considered "impendent" for the purposes of National Instrument 52-110 Audit Committees but for the payment by the filer to the adult child of the salary for the approximately 16-week term of employment.

Applicable Legislative Provisions

National Instrument 52-110 Audit Committees, s. 1.5.

March 31, 2011

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
CANADIAN TIRE CORPORATION, LIMITED
(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 to grant a temporary exemption from the additional independence requirements of Subsection 1.5 of National Instrument 52-110 *Audit Committees* (**NI 52-110**) (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 (the **Principal Regulator**), 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 British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, Northwest Territories and Nunavut (collectively, with Ontario, the **Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions* 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, registered and head office of the Filer is located at 2180 Yonge Street, 18th Floor, Toronto, Ontario.

2. The Filer, a corporation incorporated under the *Business Corporations Act* (Ontario), is a reporting issuer or the equivalent in each of the Jurisdictions, has its securities listed on the Toronto Stock Exchange, and is not in default of any requirement of Canadian securities legislation.

3. One of the individuals who has applied for a summer intern position with the Filer (the **Intern**) is an adult child of one of the directors of the Filer, who is also member and chairman of the Filer's Audit Committee (the **Member**), and the Intern lives in the same home as the Member.

4. The Filer would like to offer the Intern a summer intern position in the Filer's retail division on a temporary basis for approximately a 16-week term of employment.

5. The Intern will not be involved in the preparation of financial information regarding the Filer, the Intern will not be authorized to make decisions on behalf of the Filer and in carrying out his employment. The Intern will report directly to a manager within the retail division.

6. The remuneration that will be paid by the Filer to the Intern for his employment as a summer intern with the Filer is consistent with the remuneration that the Filer is paying its other employees who have comparable positions.

7. The payment to the Intern of the salary for the approximately 16-week term of employment is deemed to be an indirect acceptance of compensation by the Member and creates a "material relationship", for the purposes of NI 52-110, between the Member and the Filer.

8. Consequently, the Member is no longer considered "independent" for the purposes of NI 52-110 and the Filer can no longer satisfy the

Audit Committee composition requirements of subsection 3.1(3) in NI 52-110, which requires every member of the Audit Committee be "independent".

9. The Filer believes that the remuneration being paid by the Filer to the Intern for his employment as a summer intern with the Filer is not a significant amount and therefore would not be expected to interfere with the exercise of the Member's independent judgment.

10. The Board of Directors of the Filer has considered the relationship between the Member and the Filer created by the temporary employment of the Intern and has determined that such relationship is not reasonably expected to interfere with the exercise of the Member's independent judgment.

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 the Member would be considered "independent" for the purposes of NI 52-110 but for the payment by the Filer to the Intern of the salary for the approximately 16-week term of employment.

"Jo-Anne Matear "
Assistant Manager
Corporate Finance Branch

2.1.6 Compagnie de Saint-Gobain

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – 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, 74.
National Instrument 45-106 Prospectus and Registration Exemptions.
National Instrument 31-103 Registration Requirements and Exemptions.

March 25, 2011

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
COMPAGNIE DE SAINT-GOBAIN
(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 (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 Compartment Units**") of a compartment named Saint-Gobain Avenir Monde (the "**Principal Classic Compartment**") of an FCPE named Saint-Gobain PEG Monde which is 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 of shares held by employee-investors; and

      (ii) units (together with the Principal Classic Compartment Units, each and collectively, "**Units**") a temporary FCPE named Saint-Gobain Relais Adhésion 2010 Monde (the "**Temporary Classic FCPE**") which will merge with the Principal Classic Compartment following the Employee Share Offering (as defined below) as further described in paragraph 10 of the Representations (the term "**Classic Compartment**" used herein means, prior to the Merger, the Temporary Classic FCPE, and following the Merger, the Principal Classic Compartment);

made pursuant to the Employee Share Offering to or with Qualifying Employees (as defined below) resident in the Jurisdiction and in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick and Nova Scotia (collectively, the "**Canadian Employees**," and the Canadian Employees who subscribe for Units, the "**Canadian Participants**");

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

2. an exemption from the dealer registration requirements of the Legislation (the "**Registration Relief**") so that such requirements do not apply to the Saint-Gobain Group (as defined below and which, for clarity, includes the Filer and the Canadian Affiliates), the Temporary Classic FCPE, the Principal Classic Compartment and Amundi (the "**Management Company**") in respect of

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

(b) trades in Shares of the Filer by the Classic Compartment to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants.

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

Under the Process for Exemptive Relief Application 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 and Nova Scotia.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning as 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 (or equivalent) under the Legislation or under the securities legislation of any jurisdiction of Canada. The head office of the Filer is located in France and the Shares are listed on Euronext Paris. The Filer is not in default under the Legislation or under the securities legislation of any jurisdiction of Canada.

2. The Filer has established a global employee share offering for employees of the Saint-Gobain Group (the "**Employee Share Offering**"). The Filer carries on business in Canada through certain affiliated companies, including CertainTeed Gypsum Canada, Inc., CertainTeed Gypsum North American Services, Inc., Decoustics Limited, Saint-Gobain Abrasives Canada Inc., Saint-Gobain Ceramic Materials Canada Inc. Saint-Gobain Technical Fabrics Canada, Ltd. and CertainTeed Insulation Canada, Inc., Vytec Corporation, Ottawa Fibre L.P., Redcliffe Fibre L.P., Tillsonburg Fibre L.P. and VIB L.P. (collectively, the "**Canadian Affiliates**" and, together with the Filer and other affiliates of the Filer, the "**Saint-Gobain 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 (or equivalent) under the Legislation or under the securities legislation of any jurisdiction of Canada. The head office of the Saint-Gobain Group in Canada is located in Mississauga, Ontario, and the greatest number of employees of Canadian Affiliates is employed in Ontario.

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 Classic Compartment 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 the Shares as shown on the books of the Filer.

4. The Employee Share Offering is comprised of one subscription option, being an offering of Shares to be subscribed through the Temporary Classic FCPE, which Temporary Classic FCPE will be merged with the Principal Classic Compartment after completion of the Employee Share Offering, subject to the approval of the FCPE's supervisory board and the French AMF (defined below) (the "**Classic Plan**").

5. Only persons who are employees of a member of the Saint-Gobain Group during the subscription period for the Employee Share Offering and who meet other employment criteria[1] (the "**Qualifying Employees**") will be allowed to participate in the Employee Share Offering.

6. The Principal Classic Compartment and the Temporary Classic FCPE have been established for the purpose of implementing the Employee Share Offering. There is no current intention for any of the Principal Classic Compartment or the Temporary Classic FCPE to become reporting issuers (or equivalent) under the Legislation or securities legislation of any jurisdiction of Canada.

7. As set forth above, the Temporary Classic FCPE is, and the Principal Classic Compartment is a compartment of, an FCPE (a *fonds commun de placement d'entreprise*) which is a shareholding vehicle of a type commonly used in France for the conservation or custodianship of shares held by employee investors. The Principal Classic Compartment and the Temporary Classic FCPE have been registered with the French Autorité des marchés financiers (the "**French AMF**"). Only Qualifying Employees will be allowed to hold Units issued pursuant to the Employee Share Offering.

8. All Units acquired in the Employee Share Offering 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 or termination of employment).

9. Under the Classic Plan:

   (a) The subscription price will be the Canadian dollar equivalent of the average of the opening price of the Shares (expressed in Euros) on the 20 trading days preceding the date of fixing of the subscription price by the Chief Executive Officer of the Filer, less a 20% discount.

   (b) For each Canadian Participant that makes a contribution to the Classic Plan (such contribution, the "**Employee Contribution**"), the Canadian Affiliate employing such Canadian Participant will make a contribution to the Classic Plan, for the benefit of, and at no costs to, the Canadian Participant, of an amount equal to 10% of such Employee Contribution up to a maximum amount of $1,000 per Canadian Participant (the "**Employer Contribution**").

   (c) The Temporary Classic FCPE will apply the cash received from the Employee Contributions and the cash received from the Employer Contributions to subscribe for Shares of the Filer.

10. Initially, the Shares subscribed for will be held in the Temporary Classic FCPE and the Canadian Participant will receive Units in the Temporary Classic FCPE. Following the completion of the Employee Share Offering, the Temporary Classic FCPE will be merged with the Principal Classic Compartment (subject to the approval of the FCPE's supervisory board and the French AMF). Units of the Temporary Classic Compartment held by Canadian Participants will be replaced with Units of the Principal Classic Compartment on a *pro rata* basis, and the Shares subscribed for under the Employee Share Offering will be held in the Principal Classic Compartment (the "**Merger**").

11. Under the Classic Plan, at the end of the Lock-Up Period, a Canadian Participant may

   (a) request the redemption of Units in the Classic Compartment in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares; or

   (b) request the redemption of Units in the Classic Compartment in consideration for a cash payment equal to the then market value of the Shares.

12. In the event of an early unwind resulting from the Canadian Participant exercising 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 Units in the Classic Compartment in consideration for a cash payment equal to the then market value of the Shares held by the Classic Compartment.

13. Dividends paid on the Shares held in the Classic Compartment will be contributed to the Classic Compartment and used to purchase additional Shares. To reflect this reinvestment, new Units (or fractions thereof) of the Classic Compartment will be issued. The declaration of dividends on the Shares is determined by the board of directors of the Filer.

14. The Temporary Classic FCPE is, and the Principal Classic Compartment is a compartment of, an FCPE, which is a limited liability entity under French law. The portfolio of each of the Principal Classic Compartment and the Temporary

[1] All permanent and temporary contract employees of Canadian Affiliates who have been employees for at least three months measured from January 1, 2010, until as of the last day of the subscription period are eligible to participate in the employee offering.

Classic FCPE will consist almost entirely of Shares of the Filer, but may, from time to time, include cash in respect of dividends paid on the Shares which will be reinvested in Shares. From time to time, each portfolio may also include cash or cash equivalents that the Principal Classic Compartment and the Temporary Classic FCPE may hold pending investments in Shares and for the purposes of Unit redemptions.

15. 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. To the best of the Filer's knowledge, the Management Company is not, and has no current intention of becoming, a reporting issuer (or equivalent) under the Legislation or the securities legislation of any jurisdiction of Canada.

16. The Management Company's portfolio management activities in connection with the Employee Share Offering and the Principal Classic Compartment and the Temporary Classic FCPE are limited to subscribing for Shares from the Filer and selling such Shares as necessary in order to fund redemption requests.

17. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of each of the Principal Classic Compartment and the Temporary Classic FCPE. The Management Company's activities do not affect the underlying value of the Shares, and the Management Company will not be involved in providing advice to any Canadian Employees with respect to an investment in the Units. To the best of the Filer's knowledge, the Management Company is not in default of the Legislation or the securities legislation of any jurisdiction of Canada.

18. Shares issued in the Employee Share Offering will be deposited in the Principal Classic Compartment and/or the Temporary Classic FCPE, as applicable, through CACEIS Bank (the "**Depositary**"), a large French commercial bank subject to French banking legislation.

19. 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 securities in the portfolio and takes all necessary action to allow each of the Principal Classic Compartment and the Temporary Classic FCPE to exercise the rights relating to the securities held in its respective portfolio.

20. The value of Units will be calculated and reported to the French AMF on a regular basis, based on the net assets of the Classic Compartment divided by the number of Units outstanding. The value of Units will be based on the value of the underlying Shares.

21. All management changes relating to the Classic Compartment will be paid from the assets of the Classic Compartment or by the Filer, as provided in the regulations of the Classic Compartment.

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

23. The total amount invested by a Canadian Employee in the Employee Share Offering cannot exceed 25% of his or her gross annual compensation for the 2010 calendar year or 25% of his or her estimated annual compensation for the 2011 calendar year, whichever is greater. The Employer Contribution will not be factored into the maximum amount that a Canadian Employee may contribute.

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

25. The Shares are not currently listed for trading on any stock exchange in Canada and the Filer has no intention to have the Shares so listed. As there is no market for the Shares in Canada, and 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, a foreign stock exchange outside of Canada.

26. The Canadian Employees will receive an information package in the English or French 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 consequences of subscribing to and holding Units and requesting the redemption of Units for cash or Shares at the end of the Lock-Up Period.

27. Upon request, Canadian Employees may receive copies of the Filer's French *Document de Référence* filed with the French AMF in respect of the Filer and a copy of the rules of the Temporary Classic FCPE and the Principal Classic

Compartment (which are analogous to company by-laws). The Canadian Employees will also have access to copies of the continuous disclosure materials relating to the Filer that are furnished to holders of the Shares.

28. Canadian Participants will receive an initial statement indicating the number and value of the Units they hold under the Classic Plan, together with an updated statement at least once per year.

29. There are approximately 1276 Canadian Employees resident in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia (with the greatest number, approximately 782, resident in Ontario), who represent, in the aggregate, less than 1% of the number of employees in the Saint-Gobain Group worldwide.

Decision

The principal regulator is satisfied that the test contained in the Legislation that provides the principal regulator with the jurisdiction to make the decision has been met.

The decision of the principal regulator under the Legislation is that the Offering Relief is granted provided that 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.

“Christopher Portner”
Commissioner
Ontario Securities Commission

“Paulette L. Kennedy”
Commissioner
Ontario Securities Commission

2.1.7 SXC Health Solutions Corp.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from provisions in securities legislation relating to sending of information circulars – Filer meets all criteria to be an "SEC foreign issuer" under National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers – relief granted subject to condition that the procedures provided for under the SEC Notice-and-Access Rules are used to send the proxy materials to registered shareholders and Canadian beneficial owners.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations.
National Instrument 54-101 Communications with Beneficial Owners of Securities of a Reporting Issuer.

March 18, 2011

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
SXC HEALTH SOLUTIONS CORP.
(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 Ontario (the **Legislation**) that grants the Filer the exemptions from the following provisions, subject to conditions (the **Exemption Sought**):

1. provisions of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) and National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (**NI 54-101**) that require the Filer to send a printed information circular to the Filer's registered shareholders (the **Registered Shareholders**) and its beneficial owners holding through Canadian intermediaries (the **Canadian Beneficial Owners**) in connection with the 2011 Meeting (as defined below); and
2. provisions of NI 54-101 that require intermediaries (as such term is defined in NI 54-101) to send a printed information circular and a request for voting instructions form relating to the 2011 Meeting to the Canadian Beneficial Owners.

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 by the Filer in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the **Passport Jurisdictions**).

Interpretation

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

Representations

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

1. The Filer is a corporation continued under the *Business Corporations Act* (Yukon) (the **YBCA**).
2. The Filer's head office is located at 2441 Warrenville Road, Suite 610, Lisle, IL 60532-3642.
3. The Filer's registered office is located at 300-204 Black Street, Whitehorse, YK Y1A 2M9.
4. The Filer's principal Canadian business office is in Milton, Ontario, 555 Industrial Dr., Milton, ON L9T 5E1.
5. The authorized capital of the Filer consists of an unlimited number of common shares (the **Shares**) of which 61,795,318 were issued and outstanding as of January 19, 2011.
6. The Shares are listed and posted for trading on the Toronto Stock Exchange and the NASDAQ Stock Market.
7. As the Filer is governed by the YBCA, it is not a "foreign reporting issuer" or "SEC foreign issuer" for the purposes of National Instrument 71-102 – *Continuous Disclosure and other Exemptions Relating to Foreign Filers* (**NI 71-102**).
8. The Filer, however, meets each of the requirements for being a "foreign reporting issuer" and a "SEC foreign issuer" for the purposes of NI 71-102 other than its governing jurisdiction.

9. In particular:

   (a) based on geographic reports received from Broadridge Financial Solutions, Inc. (**Broadridge**), as at December 1, 2010 approximately 80% of the Shares are held, directly or beneficially, by residents of the U.S. and 76% of the shareholders of the Filer (beneficial and registered combined) are resident in the U.S.;

   (b) all of the Filer's senior officers are resident in the U.S.;

   (c) six out of seven of the Filer's directors are U.S. citizens resident in the U.S.;

   (d) substantially all of the Filer's assets are located in the U.S.; and

   (e) the business of the Filer is principally administered in the U.S.

10. The Filer held an annual and special meeting of its shareholders on May 12, 2010 and intends to hold an annual meeting of its shareholders on May 11, 2011 (the **2011 Meeting**).

11. It is not expected that any matter requiring a special resolution of shareholders will be put before the 2011 Meeting and, therefore, it is not expected that the 2011 Meeting will be considered a "special meeting" for the purposes of NI 54-101.

12. In the United States, the Filer has elected to comply with the proxy rules promulgated by the U.S. Securities and Exchange Commission (the **SEC**) under the Securities Exchange Act of 1934 (the **SEC Notice-and-Access Rules**), that allow it to furnish a proxy statement by sending security holders a Notice of Internet Availability of Proxy Materials (the **Notice**) 40 calendar days or more prior to the date of the 2011 Meeting and sending the record holder, broker or respondent bank the Notice in sufficient time for the record holder, respondent bank or broker to prepare, print and send the Notice to beneficial owners at least 40 calendar days before the date of the 2011 Meeting and making all materials identified in the Notice, including the proxy statement (collectively, the **proxy materials**), publicly accessible, free of charge, at a website address specified in the Notice. The Notice will comply with the requirements of Rule 14a-16 of the SEC Notice-and-Access Rules and include instructions regarding how a security holder may request a paper or e-mail copy of the proxy materials at no charge. The SEC Notice-and-Access Rules permit the Filer and, in turn, the record holder, broker or respondent bank, to send only the Notice to beneficial owners of its Shares, provided that all applicable requirements of the SEC Notice-and-Access Rules have been satisfied.

13. NI 51-102 requires the Filer to deliver proxy materials to Registered Shareholders and NI 54-101 requires the Filer to deliver proxy materials to Canadian intermediaries for delivery to those Canadian Beneficial Owners that have requested materials for annual meetings.

14. In lieu of mailing each Registered Shareholder the proxy materials required under NI 51-102, the Filer will mail the Notice to each Registered Shareholder.

15. In lieu of mailing each Canadian Beneficial Owner the proxy-related materials required under NI 54-101, the Filer will deliver to Broadridge, a provider of proxy services located in Edgewood, New York, the Notice for mailing to each Canadian Beneficial Owner. Broadridge will deliver English only materials to all Canadian Beneficial Owners by postage-paid mail. Broadridge will act as the Filer's agent for such purposes and the Filer will pay all of the expenses involved in printing and delivering the proxy materials to all requesting Canadian Beneficial Owners.

16. The Filer will include with the Notice sent to Registered Shareholders and Canadian Beneficial Owners:

   (a) an investor education piece explaining the Filer's use of the SEC Notice-and-Access Rules and explaining the voting process in respect of the matters to be put before the 2011 Meeting; and

   (b) a financial statement request form;

   a copy of each which will also be made available on the internet together with the Notice.

17. Registered Shareholders and Canadian Beneficial Owners requesting the proxy materials will receive the same materials required to be sent to shareholders under the SEC Notice-and-Access Rules.

18. In addition, the Filer will otherwise comply with the SEC Notice-and-Access Rules and other applicable U.S. securities laws, rules and regulations in respect of its Registered Shareholders, Canadian Beneficial Owners and other beneficial owners of the Shares in communicating therewith.

19. A Canadian Beneficial Owner who wants to attend the 2011 Meeting in person will be required to obtain a legal proxy from its intermediary.

20. Broadridge will notify all Canadian intermediaries on whose behalf it or a related company acts as agent under NI 54-101 to advise them of the Filer's reliance on the SEC Notice-and-Access Rules and this decision in its communication with the Canadian Beneficial Owners.

21. The Filer has retained Broadridge to respond to requests for the proxy materials from all Registered Shareholders and all Canadian Beneficial Owners. The Notice from the Filer will direct all Registered Shareholders and all Canadian Beneficial Owners to contact Broadridge at a specified toll free telephone number or by email or via internet at www.ProxyVote.com to request a printed copy of the proxy materials. Broadridge will give notice to the Filer of the receipt of requests for printed copies and the Filer will provide English only materials to Broadridge in compliance with the requirements of the SEC Notice-and-Access Rules.

22. Broadridge will retain records of the identity, including contact information, of Registered Shareholders and Canadian Beneficial Owners that contact Broadridge to receive printed proxy materials. To comply with the SEC Notice and Access Rules, the Filer will not receive any information about the Registered and Canadian Beneficial Owners that contact Broadridge other than the aggregate number of proxy material packages requested by the Registered or Canadian Beneficial Owners from Broadridge and will reimburse Broadridge for the delivery of requests.

23. The Filer has consulted with Broadridge and its counsel in developing the mailing and voting procedures for the Registered and Canadian Beneficial Owners described in this Application.

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 Makers under the Legislation is that the Exemption Sought is granted, provided that the procedures provided for under the SEC Notice-and-Access Rules are used to send the proxy materials to Registered Shareholders and Canadian Beneficial Owners.

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

2.1.8 Franco-Nevada Corporation et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 51-102 Continuous Disclosure Obligations – Issuer wants relief from all the continuous disclosure requirements in NI 51-102 – Issuer is a wholly owned subsidiary of a parent reporting issuer – Subsidiary's only outstanding securities are warrants and options entitling the holder to acquire either cash consideration or share consideration – Warrants and options do not qualify as "designated exchangeable securities" under section 13.3 of NI 51-102 – Requested relief granted on terms substantially similar to section 13.3 of NI 51-102 – National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings – Issuer wants relief from the requirements in Parts 4 and 5 of NI 52-109 to file annual and interim certificates – Issuer exempted from filing interim and annual financial statements – National Instrument 55-104 Insider Reporting Requirements and Exemptions – Issuer wants relief from the requirements to file insider reports for its insiders – Issuer is an exchangeable security issuer that cannot rely on the exemption in NI 51-102 because it does not comply with all of the conditions for continuous disclosure relief in NI 51-102 – Insiders of Issuer cannot rely on the insider reporting exemptions in NI 51-102 – Relief granted – National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI) – Issuer wants relief from the requirement to file an insider profile for its insiders – Issuer is an exchangeable security issuer that cannot rely on the exemption in NI 51-102 because it does not comply with all of the conditions for continuous disclosure relief in NI 51-102 – Insiders of Issuer cannot rely on the insider reporting exemptions in NI 51-102 – Relief granted.

Applicable Legislative Provisions

Securities Act,R.S.O. 1990, c. S.5, as am., s. 107.
National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1.
National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, s. 4.5.
National Instrument 55-104 Insider Reporting Requirements and Exemptions, s. 10.1.
National Instrument 55-102 System for Electronic Disclosure by Insiders, ss. 2.1 and 6.1.

March 25, 2011

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
FRANCO-NEVADA CORPORATION (FN),
GOLD WHEATON GOLD CORP. (GLW),
0901490 B.C. LTD., A WHOLLY-OWNED
SUBSIDIARY OF FN (FN Subco),AND
FRANCO-NEVADA GLW HOLDINGS CORP.,
THE CONTINUING CORPORATION FORMED AS A
RESULT OF THE AMALGAMATION OF
FN SUBCO AND GLW (Amalco,and together with
FN, GLW and FN Subco, the Filers)

DECISION

Background

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

(a) the requirements of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) (the Continuous Disclosure Requirements) do not apply to Amalco;

(b) the requirements of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109) (the Certification Requirements) do not apply to Amalco; and

(c) the insider reporting requirements under the Legislation and the requirement to file an insider profile under National Instrument 55-102 *System for Electronic Disclosure by Insiders* (together, the Insider Reporting Requirements) do not apply to any insider of Amalco.

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

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

Interpretation

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

Representations

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

1. GLW

(a) GLW was incorporated as a British Columbia company on October 20, 1999 and continued to exist under the *Business Corporations Act* (British Columbia) prior to its amalgamation with FN Subco;

(b) the authorized capital of GLW consisted of: (i) an unlimited number of common shares (GLW Common Shares); and (ii) an unlimited number of preferred shares;

(c) as of March 13, 2011, there were outstanding: (i) 185,129,655 GLW Common Shares; (ii) options to purchase an aggregate of 4,696,000 GLW Common Shares (GLW Options) (iii) 25,999,998 warrants to purchase GLW Common Shares at an exercise price of $10.00 with an expiry date of July 8, 2013 issued pursuant to a warrant indenture between GLW and Computershare Trust Company of Canada (Computershare) dated July 8, 2008, as supplemented (the Trading Warrants); (iv) 7,125,000 warrants to purchase GLW Common Shares at an exercise price of $5.00 with an expiry date of May 26, 2014 issued pursuant to a warrant indenture between GLW and Computershare dated May 26, 2009, as supplemented (the 2014 (May) Warrants); and (v) 6,250,000 warrants to purchase GLW Common Shares at an exercise price of $5.00 with an expiry date of November 26, 2014 issued pursuant to a warrant indenture between GLW and Computershare dated May 26, 2009, as supplemented (the 2014 (November) Warrants and together with the Trading Warrants and the 2014 (May) Warrants, the GLW Warrants); and (vi) no preferred shares;

(d) as of March 13, 2011, the Trading Warrants were listed on the Toronto Stock Exchange (TSX), under the symbol "GLW.WT"; and

(e) as of March 13, 2011, GLW was a "reporting issuer" in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador;

2. FN

(a) FN was incorporated under the *Canada Business Corporations Act* on October 17, 2007 and was amalgamated with Franco-Nevada Canada Corporation, its wholly-owned subsidiary on January 1, 2008;

(b) the authorized capital of FN consists of: (i) an unlimited number of common shares (FN Shares); and (ii) an unlimited number of preferred shares; as of March 13, 2011, there were outstanding 114,574,776 FN Shares and no preferred shares;

(c) FN is a "reporting issuer" in all of the provinces and territories of Canada; and

(d) the FN Shares are listed on the TSX under the symbol "FNV";

3. FN entered into a definitive agreement (the Arrangement Agreement) with GLW on January 5, 2011, which provided the terms and conditions under which FN would acquire all of the issued and outstanding GLW Common Shares;

4. the acquisition was implemented by way of a court-approved plan of arrangement under British Columbia law (the Arrangement); under the Arrangement, in exchange for each GLW Common Share, FN issued to shareholders of GLW (GLW Shareholders), upon their election or deemed election, either: (i) $5.20 in cash (the Cash Consideration); or (ii) 0.1556 of an FN Share (the Share Consideration), subject to pro-ration and caps pursuant to the terms of the Arrangement;

5. as a result of the Arrangement GLW became a wholly-owned subsidiary of FN;

6. on February 4, 2011, GLW obtained an interim order from the Supreme Court of British Columbia (Court) specifying certain requirements and procedures for a special meeting of the GLW Shareholders for the purpose of approving the Arrangement (GLW Meeting);

7. on March 8, 2011, GLW Shareholders approved the Arrangement with an affirmative vote of 96.51% of the votes validly cast at the GLW Meeting;

8. on March 11, 2011, GLW received final approval of the Court for the Arrangement;

9. the Arrangement was completed on March 14, 2011;

10. under the Arrangement, among other things, the following occurred:

(a) FN acquired all of the issued and outstanding GLW Common Shares not already owned by FN or its affiliates in exchange for the payment to GLW Shareholders of either the Cash Consideration or the Share Consideration, at the election or deemed election of the holder of such GLW Common Shares, subject to pro-ration and caps pursuant to the terms of the Arrangement;

(b) GLW and FN Subco amalgamated to form Amalco; and

(c) FN received one common share of Amalco in exchange for each GLW Common Share previously held by it and one common share of Amalco for each common share of FN Subco previously held by it;

11. on completion of the Arrangement and the associated amalgamation of GLW and FN Subco to form Amalco, Amalco became a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador as GLW, one of the amalgamating companies, was a reporting issuer in such jurisdictions, for a period of at least twelve months prior to the Arrangement;

12. each holder of a GLW Warrant outstanding immediately before completion of the Arrangement, became entitled to receive upon the subsequent exercise of such holder's GLW Warrant in accordance with its terms, in lieu of each GLW Common Share to which such holder was theretofore entitled, either the Share Consideration or the Cash Consideration, at each such holder's election at the time of exercise;

13. each holder of a GLW Option outstanding immediately before completion of the Arrangement became entitled to receive upon the subsequent exercise of such holder's GLW Option in accordance with its terms, in lieu of each GLW Common Share which such holder was theretofore entitled, the Share Consideration;

14. on March 16, 2011, the TSX approved the listing of up to a maximum of 18,511,575 FN Shares issued or to be issued as a result of the Arrangement (including those FN Shares to be issued on the exercise of GLW Options and GLW Warrants);

15. on March 16, 2011, GLW Common Shares were delisted from the TSX;

16. in connection with the Arrangement, GLW mailed to the GLW Shareholders a management information circular containing information on the Arrangement and GLW and prospectus-level disclosure of the business and affairs of FN, a copy of which has been posted on SEDAR under GLW's profile;

17. GLW provided the holders of all GLW Warrants that would remain outstanding after completion of the Arrangement with prior notice of the Arrangement;

18. as a result of the Arrangement, the only securities of Amalco that are held by persons other than FN are the GLW Options and the GLW Warrants, all of which are exercisable only for the Share Consideration or the Cash Consideration, as applicable;

19. as required by the terms of warrant indentures governing the GLW Warrants, Amalco and FN have entered into supplemental indentures with the warrant agent providing that the holder of each GLW Warrant then outstanding will have the right (until the expiry of such GLW Warrant) to exercise their GLW Warrant only for either the Share Consideration or the Cash Consideration, at the election of the holder of each such GLW Warrant at the time of exercise;

20. Amalco cannot rely on the exemption available in s. 13.3 of NI 51-102 for issuers of exchangeable securities because the GLW Warrants and the GLW Options are not "designated exchangeable securities" as defined in NI 51-102; none of the holders of the GLW Warrants or the GLW Options will have voting rights in respect of FN, in their capacity as warrantholders or optionholders, respectively;

21. the terms of the indenture governing the 2014 (May) Warrants and the 2014 (November) Warrants include a covenant that GLW will use its commercial best efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) not in default of the requirements of applicable securities laws;

22. neither the warrant indentures nor the supplemental indentures governing the GLW Warrants require GLW or any successor to deliver to holders of GLW Warrants any continuous disclosure materials of GLW or any successor;

23. each of the Filers is not in default of any requirement under securities legislation in the jurisdictions in which it is a reporting issuer;

24. Amalco has no intention of accessing the capital markets in the future by issuing any further securities to the public and has no intention of issuing any securities to the public other than those that are outstanding on completion of the Arrangement; and

25. it is information relating to FN, and not to Amalco, that is of primary importance to holders of GLW Warrants and GLW Options as each of these securities is exercisable into either the Share Consideration or the Cash Consideration, as applicable; in addition, as Amalco is a wholly-owned subsidiary of FN, FN will consolidate Amalco with FN for the purposes of financial statement reporting; as such, the disclosure required by the Continuous Disclosure Requirements and the Insider Reporting Requirements would not be meaningful or of any significant benefit to the holders of the GLW Warrants or GLW Options and would impose a significant cost on Amalco.

Decision

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

1. The decision of the Decision Makers under the Legislation is that the Continuous Disclosure Requirements do not apply to Amalco provided that:

   (a) FN is the beneficial owner of all of the issued and outstanding voting securities of Amalco;

   (b) FN is a reporting issuer in a designated Canadian jurisdiction (as defined in NI 51-102) and has filed all documents it is required to file under NI 51-102;

   (c) Amalco does not issue any securities, and does not have any securities outstanding other than:

      (i) the GLW Warrants;

(ii) the GLW Options;

(iii) securities issued to and held by FN or an affiliate of FN;

(iv) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions; or

(v) securities issued under exemptions from the registration requirement and prospectus requirement in National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106);

(d) Amalco files in electronic format:

(i) if FN is a reporting issuer in the local jurisdiction, a notice indicating that it is relying on the continuous disclosure documents filed by FN and setting out where those documents can be found in electronic format; or

(ii) copies of all documents FN is required to file under securities legislation, other than in connection with a distribution, at the same time as the filing by FN of those documents with a securities regulatory authority or regulator;

(e) FN concurrently sends to all holders of GLW Warrants and GLW Options all disclosure materials that would be required to be sent to holders of similar warrants or options of FN in the manner and at the time required by securities legislation;

(f) FN complies with securities legislation in respect of making public disclosure of material information on a timely basis;

(g) FN immediately issues in Canada and files any news release that discloses a material change in its affairs; and

(h) Amalco issues in Canada a news release and files a material change report in accordance with Part 7 of NI 51-102 for all material changes in respect of the affairs of Amalco that are not also material changes in the affairs of FN.

2. The further decision of the Decision Makers under the Legislation is that the Certification Requirements do not apply to Amalco provided that:

(a) Amalco is not required to, and does not, file its own Interim Filings and Annual Filings (as those terms are defined under NI 52-109);

(b) Amalco files in electronic format under its SEDAR profile either: (i) copies of FN's annual certificates and interim certificates at the same time as FN is required under NI 52-109 to file such documents; or (ii) a notice indicating that it is relying on FN's annual certificates and interim certificates and setting out where those documents can be found for viewing on SEDAR; and

(c) Amalco is exempt from or otherwise not subject to the Continuous Disclosure Requirements and Amalco and FN are in compliance with the conditions set out in paragraph 1 above.

3. The further decision of the Decision Makers under the Legislation is that the Insider Reporting Requirements do not apply to any insider of Amalco in respect of securities of Amalco provided that:

(a) if the insider is not FN;

(i) the insider does not receive, in the ordinary course, information as to material facts or material changes concerning Amalco before the material facts or material changes are generally disclosed; and

(ii) the insider is not an insider of FN in any capacity other than by virtue of being an insider of Amalco;

(b) FN is the beneficial owner of all of the issued and outstanding voting securities of Amalco;

(c) if the insider is FN, the insider does not beneficially own any GLW Warrants or GLW Options other than securities acquired through the exercise of the GLW Warrants or GLW Options and not subsequently traded by the insider;

(d) FN is a reporting issuer in a designated Canadian jurisdiction;

(e) Amalco has not issued any securities, and does not have any securities outstanding, other than:

(i) the GLW Warrants;

(ii) the GLW Options;

(iii) securities issued to and held by FN or an affiliate of FN;

(iv) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions; or

(v) securities issued under exemptions from the registration requirement and prospectus requirement in section 2.35 of NI 45-106; and

(f) Amalco is exempt from or otherwise not subject to the Continuous Disclosure Requirements and GLW and FN are in compliance with the conditions set out in paragraph 1 above.

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

2.1.9 Potash One Inc. – s. 1(10)

Headnote

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

Ontario Statutes

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

April 4, 2011

Borden Ladner Gervais LLP
1200 – 200 Burrard Street
Vancouver, B.C. V7X 1T2

Attention: Stephen Robertson

Dear Mr. Robertson:

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

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.10 Goodman & Company, Investment Counsel Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from section 4.1(2) of NI 81-102, following the acquisition of the manager by another organization, to permit mutual funds to purchase securities of related entities in the primary and secondary markets.

Rules Cited

National Instrument 81-102 Mutual Funds, ss. 4.1(2), 19.1.
National Instrument 81-107 Independent Review Committee for Investment Funds, s. 6.1(2).

April 5, 2011

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
GOODMAN & COMPANY,
INVESTMENT COUNSEL LTD.
(the "Filer")

AND

IN THE MATTER OF
THE MUTUAL FUNDS LISTED IN SCHEDULE A
AND ANY MUTUAL FUNDS SUBJECT TO
NATIONAL INSTRUMENT 81-102 MUTUAL FUNDS
(NI 81-102) THAT MAY BE ESTABLISHED
IN THE FUTUREFOR WHICH THE FILER ACTS
AS MANAGER AND/OR ADVISOR
(the "Filer Funds")

DECISION

Background

The principal regulator in the Jurisdiction received an application (the **Application**) from the Filer on behalf of each Filer Fund under section 19.1 of NI 81-102 for a decision under the securities legislation of the Jurisdiction of the principal regulator (**Legislation**) providing relief from the requirement in Section 4.1(2) of NI 81-102 (the **Requested Section 4.1(2) Relief**) which prevents a dealer managed mutual fund from investing in a class of securities of an issuer (a **Related Person**) of which a partner, director, officer or employee of the dealer manager of the mutual fund, or a partner, director, officer or employee of an affiliate or associate of the dealer manager, is a partner, director or officer unless the partner, director, officer or employee

1. does not participate in the formulation of investment decisions made on behalf of the dealer managed mutual fund;

2. does not have access before implementation to information concerning investment decisions made on behalf of the dealer managed mutual fund; and

3. does not influence, other than through research, statistical and other reports generally available to clients, the investment decisions made on behalf of the dealer managed mutual fund.

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

(a) the Ontario Securities Commission (**OSC**) 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 also intended to be relied upon in British Columbia, Alberta, Manitoba, Saskatchewan, Quebec, New Brunswick and Nova Scotia (Passport Jurisdictions).

Interpretation

Terms defined in MI 11-102 and National Instrument 14-101 – *Definitions*, NI 81-102 and National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107**) and National Instrument 31-103 – *Registration Requirements and Exemptions* (**NI 31-103**) 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

1. The Filer is a corporation existing under the laws of the Province of Ontario, is registered with the OSC as a portfolio manager in the category of adviser, is further registered in that category in each of British Columbia, Alberta, Manitoba, Saskatchewan, Quebec, New Brunswick and Nova Scotia and is registered as a commodity trading manager with the OSC.

2. The Filer also is an investment fund manager within the meaning of NI 31-103 and has applied to the OSC for registration in that capacity as required by the Legislation.

3. The Filer is, or will be, the manager and/or portfolio adviser to the Funds.

The Filer Funds

1. Each of the Filer Funds is or will be a mutual fund established under the laws of Ontario or one of the other Jurisdictions.

2. On February 2, 2011, The Bank of Nova Scotia (**Scotiabank**) completed the acquisition of DundeeWealth Inc. (**DundeeWealth**), the indirect parent company of the Filer (**DundeeWealth Transaction**).

3. The securities of each of the Filer 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.

4. Each of the Filer Funds is, or will be, a reporting issuer in one or more of the Jurisdiction and the Passport Jurisdictions.

5. The investment strategies of each of the Filer Funds permit, or will permit, it to invest in the securities purchased.

6. The Filer and the Filer Funds are or will be compliant with the requirements of NI 81-107. Accordingly, each Filer Fund has or will have an independent review committee (**IRC**) established in accordance with NI 81-107.

7. Section 6.2 of NI 81-107 provides an exemption from the mutual fund conflict of interest investment restrictions for purchases of Related Person securities if the purchase is made on an exchange. It does not provide an exemption from section 4.1(2) of NI 81-102 for purchases of non-exchange traded securities.

8. Related Persons of the Filer are issuers of both exchange-traded and non-exchange-traded securities.

9. Non-exchange-traded securities that are debt securities issued by Related Persons, in addition to securities that are listed and traded on an exchange, may be appropriate investments for the Filer Funds.

10. In respect of Filer Funds, directors, officers and employees of the Filer or of an affiliate or associate of the Filer may be directors, officers or employees of a Related Person who do not meet the exceptions in section 4.1(2) of NI 81-102 such that the Requested Section 4.1(2) Relief is required by the Filer to permit the Filer Funds to invest in securities of a Related Person.

11. The Filer is seeking the Requested Section 4.1(2) Relief to permit the Filer Funds to purchase and hold non-exchange traded securities that are debt securities, other than asset backed commercial paper securities, with a term to maturity of 365 days or more, issued by a Related Person in a primary distribution or treasury offering (**Primary Offering**) or in the secondary market.

12. The Filer considers that the Filer 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 Filer Fund is limited with respect to investment opportunities.

    (c) To the extent that a Filer Fund is trying to track or outperform a benchmark it is important for the Filer 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.

13. Each non-exchange-traded security purchased by a Filer Fund pursuant to the Requested Section 4.1(2) Relief will be a debt security 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.

14. If a Filer Fund's purchase of non-exchange-traded securities issued by Related Persons involves an inter-fund trade with another fund to which NI 81-107 applies, the provisions of section 6.1.(2) of NI 81-107 will apply to such transaction.

15. The Filer and the Filer Funds are not in default of securities legislation in any jurisdiction, except to the extent that the Filer Funds continued to hold securities of Scotiabank and CI Financial as of the completion of the DundeeWealth Transaction.

16. The Filer has determined that it would be in the best interests of the Filer Funds to receive the Requested Section 4.1(2) Relief.

Decision

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

The decision of the principal regulator is that the Requested Section 4.1(2) Relief is granted to permit purchases of Related Person securities on the conditions that:

1. the purchase is consistent with, or is necessary to meet, the investment objective of the Filer Fund;

2. the IRC of the Filer Fund has approved the transaction in accordance with Section 5.2(2) of NI 81-107;

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

4. if the purchases are made in the secondary market:

    (a) if the security is an exchange-traded security, the purchase is made on an exchange on which the securities of the issuer are listed and traded;

    (b) if the security is not an exchange-traded security,

        (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:

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

            (2) if the purchase does not occur on a marketplace,

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

(B) if the Filer Fund does not purchase the security from an independent, arm's length seller, the Fund must 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;

5. if the purchases are made in a Primary Offering:

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

(b) at least two (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;

(c) no Filer Fund shall participate in the Primary Offering if following its purchase the Filer Fund would have more than 5% of its net assets invested in non-exchange traded debt securities of the Related Person;

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

(e) the price paid for the securities by a Filer 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;

6. the transaction complies with any applicable "market integrity requirements" as defined in NI 81-107;

7. no later than the time the Filer Fund files its annual financial statements, the Filer files with the securities regulatory authority or regulator the particulars of any such investments; and

8. the reporting obligation in section 4.5 of NI 81-107 applies to the Requested Section 4.1(2) Relief granted in this decision and the IRC of the Filer 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.

"Rhonda Goldberg"
Director, Investment Funds
Ontario Securities Commission

Schedule A

Dynamic Focus+ Balanced Fund
Dynamic Focus+ Equity Fund
Dynamic Dividend Fund
Dynamic Dividend Income Fund
Dynamic Energy Income Fund
Dynamic Equity Income Fund
Dynamic Small Business Fund
Dynamic Strategic Yield Fund
Dynamic Advantage Bond Fund
Dynamic Canadian Bond Fund
Dynamic Dollar-Cost Averaging Fund
Dynamic Real Return Bond Fund
Dynamic Short Term Bond Fund
Dynamic Diversified Real Asset Fund
Dynamic Financial Services Fund
Dynamic Global Infrastructure Fund
Dynamic Global Real Estate Fund
Dynamic European Value Fund
Dynamic Far East Value Fund
Dynamic Global Value Balanced Fund
Dynamic Global Value Fund
Dynamic Value Balanced Fund
Dynamic Dividend Income Class
Dynamic Strategic Yield Class
Dynamic Advantage Bond Class
Dynamic Power Balanced Class
Dynamic Power Canadian Growth Class
Dynamic Power Global Navigator Class
Dynamic Canadian Dividend Class
Dynamic EAFE Value Class
Dynamic Global Value Class
Dynamic Value Balanced Class
Dynamic Emerging Markets Class
Dynamic Global Energy Class (to be renamed to Dynamic Strategic Energy Class)
Dynamic Aurion Tactical Balanced Class
Dynamic Aurion Canadian Equity Class
Dynamic Aurion Total Return Bond Fund
Dynamic Aurion Total Return Bond Class
Dynamic Emerging Markets Class
Marquis Institutional Growth Portfolio
Marquis Institutional Equity Portfolio
Marquis Institutional Canadian Equity Portfolio
Marquis Institutional Bond Portfolio
Dynamic Venture Opportunities Fund Ltd

2.1.11 frontier*Alt* Funds Management Limited and frontier*Alt* Capital Corporation

Headnote

MI 11-102 – exemption from requirement to register as investment fund manager approved to allow transfer of funds to a registered investment fund manager – Securities Act (Ontario), section 25(4) and section 74.

Applicable Legislative Provisions

Securities Act (Ontario), ss. 25(4), 74.
National Instrument 31-103 Registration Requirements and Exemptions, s. 7.3.

April 1, 2011

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
FRONTIERALT FUNDS MANAGEMENT LIMITED
(FFML)

AND

FRONTIERALT CAPITAL CORPORATION
(FCC and, together with FFML, the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption, pursuant to Section 74(1) of the *Securities Act* (Ontario) (the **OSA**), from the requirement in Section 25(4) of the OSA to be registered as an investment fund manager in order for each of FFML and FCC to continue to act as the investment fund manager in respect of the 81-102 Funds (as hereinafter defined) and the Non-81-102 Fund (as hereinafter defined), respectively, until the Effective Date (as hereinafter defined) or Termination Date (as hereinafter defined), as applicable (the **Exemption Sought**).

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

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

(b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in all of the provinces of Canada.

Interpretation

Terms defined in National Instrument 41-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

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

2. FFML is the manager and trustee of the frontier*Alt* Opportunistic Bond Fund (the **Bond Fund**) and the manager of frontier*Alt* Resource Capital Class Fund (the **Resource Fund** and, together with the Bond Fund, the **81-102 Funds**).

3. FCC is a corporation incorporated under the *Canada Business Corporations Act* with its head office in Toronto, Ontario

4. FCC, the sole shareholder of FFML, is the manager and trustee of Global Dividend Fund (the **Global Dividend Fund** or the **Non-81-102 Fund** and, together with the 81-102 Funds, the **Funds**), a TSX-listed closed-end fund.

5. FFML is not in default of securities legislation in any jurisdiction of Canada, other than that it is not registered under applicable securities legislation as an investment fund manager and has, therefore, applied for the Exemption Sought.

6. FCC is not in default of securities legislation in any jurisdiction of Canada, other than that it is not registered under applicable securities legislation as an investment fund manager and has, therefore, applied for the Exemption Sought.

7. The Bond Fund is an open-end investment trust governed by an amended and restated declaration of trust dated as of April 20, 2006, as amended by amendment no. 1 thereto dated February 11, 2008 and amendment no. 2 thereto dated June 10, 2010, under the laws of the province of Ontario.

8. The Resource Fund is a class of shares of frontier*Alt* Capital Class Fund Limited, a corporation formed under the *Business Corporations Act* (Ontario) by articles of incorporation dated April 27, 2007, as amended by articles of amendment dated June 6, 2007.

9. The Global Dividend Fund is a closed-end investment fund governed by a trust declaration made December 12, 2006 under the laws of the province of Ontario.

10. Each Fund is a reporting issuer in all of the provinces of Canada and is not in default of securities legislation in any jurisdiction of Canada.

11. As FFML and FCC were each acting as an investment fund manager in respect of the 81-102 Funds and the Non-81-102 Fund, respectively, on the day National Instrument 31-103 *Registration Requirements and Exemptions* (**NI 31-103**) came into force, each of FFML and FCC had been relying on the exemption found under Section 16.4 of NI 31-103 (the **IFM Registration Exemption**) and is not currently registered as an investment fund manager with the OSC (nor with the securities regulatory authority or regulator of any other province or territory of Canada). Each of FFML and FCC is also not registered in any other category of registration under the securities legislation of any province or territory of Canada.

12. Under the terms of the IFM Registration Exemption, each of FFML and FCC was required to submit an application for registration as an investment fund manager with the OSC on or before September 28, 2010. Each of FFML and FCC will not, however, be able to meet several conditions prescribed by NI 31-103 for registration as an investment fund manager.

13. Securities of the 81-102 Funds are currently offered under a combined simplified prospectus and annual information form each dated June 10, 2010, as it may be amended, and prepared in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure*. The 81-102 Funds are subject to NI 81-102.

14. The Filers and BlackBridge Capital Management Corp. (**BlackBridge**) have entered into an agreement dated December 27, 2010, pursuant to which BlackBridge will become the trustee and manager of the Bond Fund and the Global Dividend Fund and the manager of the Resource Fund, effective on or about April 30, 2011 (the **Effective Date**), subject to receipt of all necessary regulatory and securityholder approvals and the satisfaction of all other conditions precedent to the proposed transaction (collectively, the **Change of Manager**).

15. If the necessary approvals are obtained, the Filers will have no further responsibilities in respect of the Funds after the Effective Date.

16. A press release dated March 4, 2011 has been issued and filed on SEDAR and amendments to the simplified prospectus and annual information form of the Funds and a material change report were filed on March 11, 2011 in connection with the Change of Manager.

17. BlackBridge is a corporation incorporated under the *Canada Business Corporations Act* with its head office in Toronto, Ontario.

18. BlackBridge is not in default of securities legislation in any jurisdiction of Canada.

19. BlackBridge is registered in Ontario as an investment fund manager and as an exempt market dealer. BlackBridge currently does not act as manager of any investment fund.

20. Mr. Daniel Shapiro of Toronto, Ontario is the sole shareholder, as well as a director and officer, of BlackBridge. His principal occupation is acting as the Chief Executive Officer of BlackBridge.

21. Mr. Darren Latoski of Vancouver, British Columbia and Mr. Michael Drake of Schomberg, Ontario are also directors of BlackBridge.

22. BlackBridge intends to manage and administer the Funds in substantially the same manner as the Filers. There is no intention to change the investment objectives, fees and expenses, portfolio managers, auditor or custodian of the Funds. All material agreements regarding the administration of the Funds will either be assigned to BlackBridge by the Filers or BlackBridge will enter into new agreements as required. In either case, the material terms of the material agreements of the Funds will remain the same.

23. At special meetings of securityholders of the Funds to be held on or about April 27, 2011 and April 28, 2011 (the **Special Meetings**), the securityholders of the Funds will be asked to approve the Change of Manager to BlackBridge.

24. If the necessary approvals are obtained, the resignation of FFML as trustee and manager of the Bond Fund and as manager of the Resource Fund, and the resignation of FCC as trustee and manager of the Global Dividend Fund, will be effective on the Effective Date. On that date, BlackBridge will assume the roles of trustee and manager of the Bond Fund under the existing declaration of trust and management agreement, respectively, of the Bond Fund, will assume the role of manager of the Resource Fund under the existing management agreement in respect of the Resource Fund and will assume the roles of trustee and manager of the Global Dividend Fund under the existing trust declaration of the Global Dividend Fund.

25. If the necessary approvals are not obtained to change the manager of a Fund to BlackBridge, the Filer that is the manager of the applicable Fund

proposes to terminate such Fund, effective on or about May 31, 2011 (the **Termination Date**).

26. The requested exemption will facilitate an orderly transition of the management of the Funds to a registered investment fund manager that will meet all registration requirements or, if all necessary approvals are not obtained, will permit the Filers to terminate a Fund in compliance with the required securityholder notice requirements of each Fund.

27. The requested exemption will not be detrimental to the protection of investors in the Funds or prejudicial to the public interest.

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) if regulatory and securityholder approval is obtained to change the manager of all the Funds, this decision will terminate on the day after the Effective Date; and

(b) if regulatory and securityholder approval is not obtained to change the manager of any Fund, this decision will terminate on the day after the Termination Date of such Fund.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Margot C. Howard"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 Uranium308 Resources Inc. et al. – s. 127

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

AND

IN THE MATTER OF
URANIUM308 RESOURCES INC.,
MICHAEL FRIEDMAN, GEORGE SCHWARTZ,
PETER ROBINSON, AND SHAFI KHAN

ORDER
(Section 127)

WHEREAS on February 20, 2009, 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 securities by Uranium308 Resources Inc. ("U308 Inc.") shall cease and that all trading in Uranium308 Resources Inc. securities shall cease; that all trading in securities by Uranium308 Resources Plc. ("U308 Plc.") shall cease and that all trading in Uranium308 Resources Plc. securities shall cease; that all trading in securities by Innovative Gifting Inc. ("IGI") shall cease; and, that Michael Friedman ("Friedman"), Peter Robinson ("Robinson"), George Schwartz ("Schwartz"), and Alan Marsh Shuman ("Shuman") cease trading in all securities (the "Temporary Order");

AND WHEREAS, on February 20, 2009, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on February 23, 2009 the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on March 6, 2009 at 10:00 a.m.;

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

AND WHEREAS on March 6, July 10, November 30, 2009 and on February 3, 2010, hearings were held before the Commission and the Commission ordered that the Temporary Order be extended;

AND WHEREAS on February 3, 2010, the Commission ordered that the Temporary Order be extended until March 8, 2010 and the hearing with respect to the matter be adjourned to March 5, 2010;

AND WHEREAS on March 2, 2010, the Commission issued a Notice of Hearing to consider, *inter alia*, whether to make orders, pursuant to sections 37, 127, and 127.1, against U308 Inc., Friedman, Schwartz, Robinson and Shafi Khan ("Khan") (collectively the "Respondents");

AND WHEREAS on March 2, 2010, Staff of the Commission issued a Statement of Allegations against the Respondents;

AND WHEREAS Staff served the Respondents with the Notice of Hearing dated March 2, 2010 and Staff's Statement of Allegations dated March 2, 2010. Service by Staff was evidenced by the Affidavit of Service of Joanne Wadden, sworn on March 4, 2010, which was filed with the Commission;

AND WHEREAS on March 5, 2010, the Commission ordered that the Temporary Order be extended until April 13, 2010 and the hearing with respect to the matter be adjourned to April 12, 2010;

AND WHEREAS on March 5, 2010, counsel for Staff advised the Commission that Staff were not seeking to extend the Temporary Order against Shuman and the Commission did not extend the Temporary Order against Shuman;

AND WHEREAS on April 12, 2010, counsel for Staff, Khan, and counsel for Friedman appeared before the Commission. Counsel for Robinson was not present but he had provided information to counsel for Staff which was relayed to the Commission. Schwartz was also not present but he had provided information to counsel for Staff which was relayed to the Commission;

AND WHEREAS on April 12, 2010, counsel for Staff requested the extension of the Temporary Order as against U308 Inc., Friedman, Schwartz, Robinson, and U308 Plc.;

AND WHEREAS on April 12, 2010, counsel for Staff provided counsel for Friedman and Khan with Staff's initial disclosure in this matter. Counsel for Staff advised the Commission that Staff's initial disclosure was also prepared and available for the other respondents to pick up from Staff;

AND WHEREAS on April 12, 2010, the Commission was of the opinion that it was in the public interest to order that, pursuant to subsection 127(8) of the Act, the Temporary Order is extended as against U308 Inc., Friedman, Schwartz, Robinson, and U308 Plc. to July 2, 2010 and

that the hearing with respect to the Notice of Hearing dated March 2, 2010 and with respect to the Temporary Order is adjourned to June 30, 2010, at 10:00 a.m. at which time a pre-hearing conference will be held;

AND WHEREAS on June 30, 2010, the Commission was of the opinion that it was in the public interest to order that, pursuant to subsection 127(8) of the Act, the Temporary Order is extended as against U308 Inc., Friedman, Schwartz, Robinson, and U308 Plc. until the completion of the hearing on the merits in this matter;

AND WHEREAS on June 30, 2010, the pre-hearing conference was commenced and the parties present made submissions to the Commission;

AND WHEREAS on June 30, 2010, the Commission adjourned the pre-hearing conference to continue on July 22, 2010 at 10:00 a.m.;

AND WHEREAS on July 22, 2010, the pre-hearing conference continued and Khan and Schwartz were present at the pre-hearing conference. A student-at-law with the office of counsel for Robinson was also present. Counsel for Friedman and U308 Inc. was not able to attend on July 22, 2010, but Staff advised the Commission of the reason for their non-attendance;

AND WHEREAS on July 22, 2010, the Commission was of the opinion that it was in the public interest to order that the hearing with respect to this matter is adjourned to August 30, 2010, at 10 a.m. at which time the pre-hearing conference would be continued;

AND WHEREAS on August 30, 2010, the pre-hearing conference continued and the following persons were in attendance: Khan; counsel for Robinson; and counsel for Friedman and U308 Inc. Schwartz was not able to attend but Staff advised the Commission of the reason for his non-attendance. The parties present made submissions to the Commission;

AND WHEREAS on August 30, 2010, the Commission was of the opinion that it was in the public interest to order that the hearing with respect to this matter is adjourned to October 12, 2010, at 2:30 p.m. at which time the pre-hearing conference would be continued;

AND WHEREAS on October 8, 2010, the Commission approved a Settlement Agreement entered into between Staff , U308 Inc. and Michael Friedman. On October 8, 2010, the Commission issued an order, pursuant to sections 37 and 127(1) of the Act, against U308 Inc. and Friedman;

AND WHEREAS on October 12, 2010, the pre-hearing conference continued and the following persons were in attendance: Khan; counsel for Robinson; and Schwartz. The parties present made submissions to the Commission;

AND WHEREAS the Commission ordered that the hearing on the merits with respect to this matter commence on April 4, 2011 at 10 a.m. and continue on April 6, 7, 11, 12, 13, 14, 15, 18 and 20, 2011 (the "Hearing Dates");

AND WHEREAS on November 5, 2010, the Commission approved a Settlement Agreement entered into between Staff and Robinson;

AND WHEREAS on December 13, 2010, Schwartz and Victor York ("York"), who is a respondent in a related proceeding before the Commission, *York Rio Resources Inc. et. al* (the "Applicants"), together brought a motion for dismissal or adjournment of the proceedings against them (the "Dismissal or Adjournment Motion");

AND WHEREAS the Dismissal or Adjournment Motion was denied by way of an endorsement of the Commission dated December 15, 2010;

AND WHEREAS on March 23, 2011, Staff laid charges pursuant to section 122 of the Act against Schwartz in the Ontario Court of Justice;

AND WHEREAS pursuant to the Information regarding the charges laid against Schwartz, Schwartz is to make his first appearance in the Ontario Court of Justice in answer to these charges on April 11, 2011 at 9:00 a.m.;

AND WHEREAS by letter dated March 29, 2011, on consent of Schwartz and Khan, Staff requested that the Hearing Dates be vacated and that the hearing on the merits with respect to this matter be adjourned to dates to be fixed by the Office of the Secretary;

AND WHEREAS Staff submit that it is in the public interest to adjourn the Hearing Dates in light of the proceeding initiated by Staff under section 122 of the Act;

AND WHEREAS Staff advised the Commission that all the parties consented to the adjournment of the Hearing Dates;

AND WHEREAS Staff requested that the Secretary's Office provide available dates to set this matter down starting in May, 2011;

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

IT IS ORDERED that the Hearing Dates with respect to this matter are vacated and the hearing on the merits is adjourned to dates to be provided by the Secretary's Office and agreed to by the parties.

DATED at Toronto this 30th day of March, 2011.

"Vern Krishna"

"Edward P. Kerwin"

2.2.2 Seprotech Systems Incorporated – s. 144

Headnote

Section 144 – application for variation of cease trade order – Filer cease traded due to failure to file with the Commission annual financial statements – Filer has applied for a variation of the cease trade order to permit the Filer to proceed with the completion of a term loan facility – partial revocation granted subject to conditions.

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
SEPROTECH SYSTEMS INCORPORATED

ORDER
(Section 144)

WHEREAS the securities of Seprotech Systems Incorporated (the **Filer**) are subject to a temporary cease trade order made by the Director dated February 24, 2011 under paragraph 2 of subsection 127(1) and subsection 127(5) of the Act and a further cease trade order issued by the Director on March 8, 2011 pursuant to subsection 127(1) of the Act (together, the **Cease Trade Order**) directing that trading in the securities of the Filer cease until the Cease Trade Order is revoked;

AND WHEREAS the Filer has applied to the Ontario Securities Commission (the **Commission**) pursuant to section 144(1) of the Act for a partial revocation of the Cease Trade Order;

AND WHEREAS the Filer has represented to the Commission that:

1. The Filer is a corporation that was incorporated pursuant to the *Business Corporations Act* (Canada) on September 5, 1985.

2. The Filer's registered and head office is located at 2378 Holly Lane, Ottawa, Ontario K1V 7P1.

3. The Filer is a reporting issuer in Ontario, British Columbia, Alberta and Manitoba.

4. The authorized capital of the Filer consists of an unlimited number of common shares. As at February 28, 2011, 51,321,926 common shares were issued and outstanding. The common shares are listed for trading on the TSX Venture Exchange.

5. Other than the common shares, the Filer has outstanding debt of $600,000 owing to the Unity Savings and Credit Union and other syndicate lenders, and 4,692,500 outstanding stock options under the Filer's employee stock option plan.

6. The Cease Trade Order was issued as a result of the Filer's failure to file its audited annual financial statements, annual management's discussion and analysis (**MD&A**), and certification of annual filings for the fiscal year ended August 31, 2010, and its unaudited interim financial statements for the quarter ended November 30, 2010 (the **Unfiled Documents**).

7. The Unfiled Documents were not filed in a timely manner due to management's discovery of the over-billing of a significant customer, which resulted in a need to restate interim unaudited financial statements for the quarters ended November 30, 2009, February 28, 2010 and May 31, 2010. Resolution of the over-billing amount has been resolved with the customer, and the appropriate restatement of the interim financial statements is currently being prepared.

8. In addition to the Unfiled Documents, the Filer has completed and expects to file shortly unaudited restated quarterly financial statements and MD&A and related certifications of annual filings for the quarters ended November 30, 2009, February 28, 2010 and May 31, 2010 (together with the Unfiled Documents, the **Unfiled Continuous Disclosure**). The

Filer also expects to complete the audit of financial statements for the fiscal year ended August 31, 2010, and to file audited financial statements and MD&A and related certifications of annual filings by April 30, 2011. Draft unaudited financial statements for the quarter ended November 30, 2010 have been prepared, and will be filed shortly after completion of the above-mentioned audit.

9. The Filer is also subject to cease trade orders issued by the securities regulators in the Province of British Columbia for failure to file required filings under applicable securities laws (the **Other Cease Trade Order**).

10. The Filer is adequately staffed to complete the necessary financial disclosure within the time frame indicated, and provision has been made for temporary additional support if required in order to meet the filing targets.

11. The Filer is seeking to complete a lending arrangement with its current institutional lenders located in Ontario to establish a term loan facility in the amount of $400,000, maturing May 31, 2011 (the **Term Loan Facility**).

12. As has been reported in the Filer's regulatory filings, the Filer has a significant working capital deficit, and needs to be recapitalized. The working capital need has been acerbated by the Company's need to resolve the above-mentioned over-billing issue with a significant customer, the Department of National Defence (Canada) (**DND**). Resolution of the issue was achieved by means of applying a credit to work in process under an existing contract (as extended), but with accelerated delivery.

13. The proceeds of the Term Loan Facility will be used as follows:

a)	Completion of DND contract -	$300,000
b)	Legal & Audit Fees -	$60,000
c)	Preparation of new DND contract bid -	$40,000
	Total:	**$400,000**

14. Following completion of the DND contract, and repayment of the amounts that were over-billed by way of credits on invoices for work in process, the Filer expects to have sufficient ongoing resources to conduct normal business operations.

15. In addition, the Filer intends to propose to its trade creditors a debenture for debt swap which will be the subject of a separate application for a partial revocation order.

16. The need to apply credit to the significant customer's invoices and to accelerate delivery to the significant customer reduced the Filer's working capital to such an extent that it will not be able to complete the contract without additional financial assistance. The contract is required to be completed by March 31, 2011.

17. Other than the failure to file the Unfiled Continuous Disclosure, the Filer is not in default of any of the requirements of the Act or the rules and regulations made pursuant thereto.

18. After the completion of the Term Loan Facility, the filer intends to file the Unfiled Continuous Disclosure, pay all outstanding fees and apply to the applicable securities regulator to have the Cease Trade Order and the Other Cease Trade Order fully revoked.

19. The Filer's SEDAR and SEDI profiles are up to date.

AND UPON considering the application and the recommendations of 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 Ontario Cease Trade Order 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 Term Loan Facility, provided that, prior to the completion of the Term Loan Facility:

a) each potential lender will

i) receives a copy of the Cease Trade Order;

ii) receives a copy of this order; and

iii) receives written notice from the Filer, and receive written notice from the Filer, and acknowledge that all of the Filer's securities, including the securities issued in connection with the term loan facility will remain subject to the Cease Trade Order until it is revoked, and that the granting of this partial revocation order does not guarantee the issuance of a full revocation order in the future; and

b) the Filer undertakes to make available copies of the written acknowledgements to staff of the Commission on request; and

c) this Order will terminate on the earlier of:

i) completion of the Term Loan Facility; and

ii) 30 days from the date hereof.

DATED at Toronto this 30th day of March, 2011.

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

2.2.3 Oversea Chinese Fund Limited Partnership et al. – s. 127(7), 127(8)

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

AND

IN THE MATTER OF
OVERSEA CHINESE FUND LIMITED PARTNERSHIP,
WEIZHEN TANG AND ASSOCIATES INC.,
WEIZHEN TANG CORP. AND WEIZHEN TANG

EXTENSION OF TEMPORARY ORDER
(Subsections 127(7) and (8))

WHEREAS on March 17, 2009, pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), the Ontario Securities Commission (the "Commission") made the following temporary orders (the "Temporary Order") against Oversea Chinese Fund Limited Partnership ("Oversea"), Weizhen Tang and Associates Inc. ("Associates"), Weizhen Tang Corp. ("Corp.") and Weizhen Tang, (collectively the "Respondents"):

1. that all trading in securities of Oversea, Associates and Corp. shall cease;

2. that all trading by the Respondents shall cease; and

3. that the exemptions contained in Ontario securities law do not apply to the Respondents.

AND WHEREAS on March 17, 2009, pursuant to subsection 127(6) of the Act, 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 March 18, 2009, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on April 1, 2009 at 2:00 p.m.;

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

AND WHEREAS prior to the April 1, 2009 Hearing date, Staff of the Commission ("Staff") served the Respondents with copies of the Temporary Order, Notice of Hearing, and Staff's supporting materials;

AND WHEREAS on April 1, 2009, counsel for the Respondents advised the Commission that the Respondents did not oppose the extension of the Temporary Order;

AND WHEREAS on April 1, 2009, 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 until September 10, 2009;

AND WHEREAS on April 1, 2009, the Commission ordered that the Temporary Order be extended, pursuant to subsection 127(8) of the Act, to September 10, 2009 and the Hearing be adjourned to September 9, 2009;

AND WHEREAS on September 8, 2009, the Commission ordered, on consent, that the Temporary Order be extended until September 26, 2009 and the Hearing be adjourned until September 25, 2009 at 10:00 a.m. as counsel for the Respondents requested that the Hearing be adjourned as he required more time to file materials for the Hearing;

AND WHEREAS on September 24, 2009, the Commission ordered, on consent, that the Temporary Order be extended until October 23, 2009 and the Hearing be adjourned until October 22, 2009 at 10:00 a.m.;

AND WHEREAS on October 22, 2009, the Commission ordered, on consent, that the Temporary Order be extended until November 16, 2009 and the Hearing be adjourned until November 13, 2009 at 10:00 a.m.;

AND WHEREAS on November 13, 2009, the Respondents brought a motion before the Commission to have the Temporary Order varied to allow Weizhen Tang to trade (the "Tang Motion") and Staff opposed this motion;

AND WHEREAS on November 13, 2009, Staff sought an extension of the Temporary Order until after the conclusion of the charges before the Ontario Court of Justice against Oversea, Associates and Weizhen Tang;

AND WHEREAS on November 13, 2009, the Commission considered the materials filed by the parties, the evidence given by Weizhen Tang, and the submissions of counsel for Staff and counsel for the Respondents;

AND WHEREAS on November 13, 2009, the Commission was of the opinion: that, pursuant to subsection 127(8) of the Act, satisfactory information had not been provided to the Commission by any of the Respondents; it was in the public interest to order that the Tang Motion is denied; the Temporary Order is extended until June 30, 2010; and the Hearing be adjourned to June 29, 2010 at 10:00 a.m.;

AND WHEREAS on June 29, 2010, Staff sought an extension of the Temporary Order until after the conclusion of the charges before the Ontario Court of Justice against Oversea, Associates and Weizhen Tang;

AND WHEREAS on June 29, 2010, the Respondents and Staff filed materials, including the Affidavit of Jeff Thomson, sworn on June 23, 2010;

AND WHEREAS on June 29, 2010, the Commission considered the materials filed by the parties, the submissions of counsel for Staff and counsel for the Respondents, and the submissions of Tang;

AND WHEREAS on June 29, 2010, the Commission ordered that the Temporary Order be extended until March 31, 2011 and the Hearing be adjourned to March 30, 2011 at 10:00 a.m.;

AND WHEREAS on March 30, 2011, no one appeared on behalf of the Respondents despite being given notice of this appearance;

AND WHEREAS on March 30, 2011, the Commission was informed that Weizhen Tang was appearing in front of the Ontario Court of Justice that day;

AND WHEREAS pursuant to subsection 127(8) of the Act, satisfactory information has not been provided to the Commission by any of the Respondents at this time;

AND WHEREAS on March 30, 2011 the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED that the Temporary Order is extended until May 17, 2011; and

IT IS FURTHER ORDERED that the Hearing in this matter is adjourned to May 16, 2011 at 10:00 a.m.

DATED at Toronto this 30th day of March, 2011.

"James D. Carnwath"

2.2.4 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 on December 9, 2010, the Respondent was served with the Notice of Hearing and Statement of Allegations dated December 7, 2010;

AND WHEREAS the Notice of Hearing provided 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 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 of Toledano and the submissions made by Staff and O'Brien;

AND WHEREAS on December 23, 2010, the Commission issued a temporary cease trade order pursuant to s. 127 of the Act ordering that:

(a) David O'Brien shall cease trading;

(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");

AND WHEREAS on December 23, 2010, the Commission ordered that the Temporary Cease Trade Order shall expire on April 1, 2011;

AND WHEREAS on December 23, 2010, the Commission ordered that Staff and O'Brien shall consult with the Secretary's Office and schedule a confidential pre-hearing conference for this matter;

AND WHEREAS a confidential pre-hearing conference was scheduled for February 24, 2011;

AND WHEREAS at the confidential pre-hearing conference on February 24, 2011, Staff of the Commission and O'Brien appeared and made submissions regarding the disclosure made by Staff, and Staff requested an extension of the Temporary Cease Trade Order;

AND WHEREAS on February 24, 2011, the Commission ordered that:

a) a hearing to extend the Temporary Cease Trade Order will take place on March 30, 2011 at 11:30 a.m.;

b) a motion regarding disclosure will take place on April 21, 2011 at 10 a.m., and in accordance with Rule 3.2 of the *Rules of Procedure* of the Ontario Securities Commission, O'Brien will serve and file a motion record, including any affidavits to be relied upon, by April 11, 2011 at 4:30 p.m.; and

c) a further confidential pre-hearing conference shall take place on May 30, 2011 at 10 a.m.

AND WHEREAS on March 30, 2011, a hearing with respect to the extension of the temporary order was held, and the panel of the Commission considered the evidence previously filed in respect of the hearing Temporary Cease Trade Order 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 s. 127 of the Act that:

a) the Temporary Cease Trade Order will be extended to April 26, 2011; and

b) a further hearing to extend the Temporary Cease Trade Order will take place on April 21, 2011 at 10:00 a.m.

DATED at Toronto this 30th day of March, 2011.

"James D. Carnwath"

2.2.5 Peter Sbaraglia

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

AND

IN THE MATTER OF
PETER SBARAGLIA

ORDER

WHEREAS on February 24, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in relation to a Statement of Allegations filed by Staff of the Commission ("Staff") with respect to Peter Sbaraglia ("Sbaraglia");

AND WHEREAS on March 31, 2011, the Commission heard submissions from counsel for Staff and counsel for Sbaraglia;

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

IT IS ORDERED THAT the hearing is adjourned to April 28, 2011 at 10:00 a.m., or such other date as the Secretary's office may advise and the parties agree to.

DATED at Toronto this 31st day of March 2011.

"James D. Carnwath"

2.2.6 Uranium308 Resources Inc. et al. – ss. 9(2), 127

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

AND

IN THE MATTER OF
URANIUM308 RESOURCES INC.,
MICHAEL FRIEDMAN, GEORGE SCHWARTZ,
PETER ROBINSON, AND SHAFI KHAN

AND

IN THE MATTER OF
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

ENDORSEMENT
(Sections 127 and 9(2) of the Securities Act)

Hearing:	February 10, 2011		
Decision:	March 30, 2011		
Panel:	Mary G. Condon	–	Commissioner
Appearances:	Carlo Rossi Hugh Craig	–	for Staff of the Ontario Securities Commission
	George Schwartz	–	Self-represented
	Victor York	–	Self-represented

ENDORSEMENT

[1] This is an application by Mr. Schwartz and Mr. York for an adjournment of the hearings on the merits in the matter of Uranium308 Resources Inc., Michael Friedman, George Schwartz, Peter Robinson and Shafi Khan and in the matter of 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.

[2] Having considered the materials and the submissions of both Mr. Schwartz and Mr. York and of Staff of the Commission, I am denying this application.

[3] Questions of granting or denying adjournments are within the discretion of the Commission, based on its assessment of the public interest. In my view, the public interest requires that these matters proceed as currently scheduled. The matters have taken considerable time to reach the point of being ready to go to the hearings on the merits.

[4] I have carefully considered Mr. Schwartz's argument with respect to the hardship that would be occasioned to witnesses by the matter proceeding on the basis on which it is currently planned, and I encourage Staff to reduce that hardship to the extent possible by the use of video-conferencing technology.

[5] Mr. Schwartz has indicated that he is appealing an earlier decision of the Commission with respect to a request for an adjournment based on the grounds of institutional bias or lack of jurisdiction, *Re Uranium308 Resources Inc. and Re York Rio*

Resources Inc. (2010), 33 O.S.C.B. 12028. However, it is not yet clear as to when this appeal will be perfected or that he will perfect it.

[6] If at the beginning of the hearing on the merits in one or the other of these matters there is more clarity about the timing of this appeal, especially if there is to be any overlap between the dates of the hearing on the merits in one of these matters and Mr. Schwartz's appeal to the Divisional Court, Mr. Schwartz is at liberty to raise the issue of an adjournment again at that time.

[7] I further note that Mr. Schwartz indicates that he has also made his request for an adjournment to the Divisional Court itself in the context of his appeal of the Commission's earlier decision.

[8] In coming to this decision I have considered the cases referred to by Mr. Schwartz in respect of previous adjournment decisions by this Commission, *Re Boock* (2010), 33, O.S.C.B. 2375 and *Re Euston Capital Corp.* (2009), 32 O.S.C.B. 6313. My view is that both of these cases are distinguishable from the present case. In *Re Boock*, *supra*, the contestation at issue concerned disclosure of material by Staff to Mr. Boock's co-respondents. Mr. Boock was appealing the decision of the Commission to grant this disclosure. Since the hearing on the merits could not go ahead until that disclosure matter had been conclusively resolved and appropriate disclosure had been provided to all respondents, an adjournment was granted.

[9] In *Re Euston Capital Corp.*, *supra*, which I have reviewed, the matter at issue before the Ontario Securities Commission concerned sanctions to be applied by that panel to Euston Capital Corp. and Mr. Schwartz. Since it was the sanctions component of the earlier Saskatchewan Financial Services Commission (the "SFSC") decision that was returned to the SFSC for further consideration, it was appropriate that the Commission decision on sanctions be adjourned until that process was completed and the final sanctions decision of the SFSC was determined. In that respect, I refer to paragraph 67 of *Re Euston Capital Corp.*, *supra*, where the Panel states:

> In addition, the Saskatchewan Court of Appeal reviewed the findings of the SFSC and decided only that the SFSC was required to provide more detailed reasons for its sanctions decision and took no objection to its evidentiary findings.

[10] These are my reasons for dismissing the motion to adjourn these matters.

Dated at Toronto this 30th day of March, 2011.

"Mary G. Condon"

2.2.7 QuantFX Asset Management Inc. et al. – ss. 37, 127(1)

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

AND

**IN THE MATTER OF
QUANTFX ASSET MANAGEMENT INC.,
VADIM TSATSKIN, LUCIEN SHTROMVASER
AND ROSTISLAV ZEMLINSKY**

AND

**IN THE MATTER OF
QUANTFX ASSET MANAGEMENT INC. AND
LUCIEN SHTROMVASER**

**ORDER
(Sections 37 and 127(1))**

WHEREAS on March 24, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 37 and 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of QuantFX Asset Management Inc. ("QuantFX") and Lucien Shtromvaser ("Shtromvaser");

AND WHEREAS QuantFX and Shtromvaser entered into a Settlement Agreement with Staff of the Commission dated March 23, 2011 (the "Settlement Agreement") in which QuantFX and Shtromvaser 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 Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for QuantFX and Shtromvaser 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) trading in any securities by Shtromvaser cease for 2 years from the date of the approval of the Settlement Agreement, subject to a carve-out to allow him to trade securities for the account of any registered retirement savings plans and/or any registered retirement income funds (as defined in the *Income Tax Act* (Canada)) in which he and/or his spouse have sole legal and beneficial ownership, provided that:

(i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges), are issued by a mutual fund that is a reporting issuer or are debt securities;

(ii) he does not own legally or beneficially (in the aggregate, together with his spouse) more than one percent of the outstanding securities of the class or series of the class in question; and

(iii) he carries out any permitted trading through a registered dealer (which dealer must be given a copy of this order) and through accounts opened in his name only (and he must close any trading accounts that are not in his name only).

(c) trading in any securities by QuantFX cease permanently from the date of the approval of the Settlement Agreement;

(d) the acquisition of any securities by Shtromvaser is prohibited for 2 years from the date of the approval of the Settlement Agreement, subject to a carve-out to allow him to trade securities for the account of any registered retirement savings plans and/or any registered retirement income funds (as defined in the *Income Tax Act* (Canada)) in which he and/or his spouse have sole legal and beneficial ownership, provided that:

(i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges), are issued by a mutual fund that is a reporting issuer or are debt securities;

(ii) he does not own legally or beneficially (in the aggregate, together with his spouse) more than one percent of the outstanding securities of the class or series of the class in question; and

(iii) he carries out any permitted trading through a registered dealer (which dealer must be given a copy of this order) and through accounts opened in his name only (and he must close any trading accounts that are not in his name only).

(e) QuantFX is prohibited permanently from the acquisition of any securities from the date of the approval of the Settlement Agreement;

(f) any exemptions contained in Ontario securities law do not apply to Shtromvaser for 5 years from the date of the approval of the Settlement Agreement;

(g) any exemptions contained in Ontario securities law do not apply to QuantFX permanently from the date of the approval of the Settlement Agreement;

(h) Shtromvaser is reprimanded;

(i) Shtromvaser is prohibited for 5 years from the date of this Order from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(j) Shtromvaser is prohibited for 5 years from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(k) Shtromvaser shall disgorge to the Commission $7,154 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;

(l) Shtromvaser shall pay an administrative penalty of $7,500 for his failure to comply 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; and

(m) Shtromvaser shall cease for 5 years, from the date of the approval of the Settlement Agreement, to telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

DATED at Toronto this 28th day of March, 2011.

"James D. Carnwath"

2.2.8 QuantFX Asset Management Inc. et al. – ss. 37, 127(1)

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

AND

IN THE MATTER OF
QUANTFX ASSET MANAGEMENT INC.,
VADIM TSATSKIN, LUCIEN SHTROMVASER
AND ROSTISLAV ZEMLINSKY

AND

IN THE MATTER OF
ROSTISLAV ZEMLINSKY

ORDER
(Sections 37 and 127(1))

WHEREAS on March 24, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 37 and 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Rostislav Zemlinsky ("Zemlinsky");

AND WHEREAS Zemlinsky entered into a Settlement Agreement with Staff of the Commission dated March 23, 2011 (the "Settlement Agreement") in which Zemlinsky 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 Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Zemlinsky 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) trading in any securities by Zemlinsky cease for 2 years from the date of the approval of the Settlement Agreement, subject to a carve-out to allow him to trade securities for the account of any registered retirement savings plans and/or any registered retirement income funds (as defined in the *Income Tax Act* (Canada)) in which he and/or his spouse have sole legal and beneficial ownership, provided that:

i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges), are issued by a

mutual fund that is a reporting issuer or are debt securities;

ii) he does not own legally or beneficially (in the aggregate, together with his spouse) more than one percent of the outstanding securities of the class or series of the class in question; and

iii) he carries out any permitted trading through a registered dealer (which dealer must be given a copy of this order) and through accounts opened in his name only (and he must close any trading accounts that are not in his name only).

(c) the acquisition of any securities by Zemlinsky is prohibited for 2 years from the date of the approval of the Settlement Agreement, subject to a carve-out to allow him to trade securities for the account of any registered retirement savings plans and/or any registered retirement income funds (as defined in the *Income Tax Act* (Canada)) in which he and/or his spouse have sole legal and beneficial ownership, provided that:

i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges), are issued by a mutual fund that is a reporting issuer or are debt securities;

ii) he does not own legally or beneficially (in the aggregate, together with his spouse) more than one percent of the outstanding securities of the class or series of the class in question; and

iii) he carries out any permitted trading through a registered dealer (which dealer must be given a copy of this order) and through accounts opened in his name only (and he must close any trading accounts that are not in his name only);

(d) any exemptions contained in Ontario securities law do not apply to Zemlinsky for 5 years from the date of the approval of the Settlement Agreement;

(e) Zemlinsky is reprimanded;

(f) Zemlinsky is prohibited for 5 years from the date of this Order from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(g) Zemlinsky is prohibited for 5 years from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(h) Zemlinsky shall pay an administrative penalty of $7,500 for his failure to comply 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;

(i) Zemlinsky shall disgorge to the Commission $5,427 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; and

(j) Zemlinsky shall cease for 5 years, from the date of the approval of the Settlement Agreement, to telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

DATED at Toronto this 28th day of March, 2011.

"James D. Carnwath"

2.2.9 NuWave Investment Management, LLC – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Foreign adviser exempted from the adviser registration requirement in section 22(1)(b) of the CFA where such adviser acts as an adviser in respect of commodity futures contracts or commodity futures options (commodities) for certain institutional investors in Ontario – Commodities are primarily traded on commodity futures exchanges outside of Canada and primarily cleared outside of Canada.

Terms and conditions on exemption correspond to the relevant terms and conditions on the comparable exemption from the adviser registration requirement available to international advisers in respect of securities set out in section 8.26 of NI 31-103 Registration Requirements and Exemptions – Exemption also subject to a "sunset clause" condition.

Statutes Cited

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

Instruments Cited

National Instrument 31-103 Registration Requirements and Exemptions, s. 8.26

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

AND

IN THE MATTER OF
NUWAVE INVESTMENT MANAGEMENT, LLC

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of NuWave Investment Management, LLC (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to section 80 of the CFA that the Applicant and any individuals engaging in, or holding themselves out as engaging in, the business of advising others on the Applicant's behalf (the **Representatives**) be exempt, for a period of five years, from the adviser registration requirements of paragraph 22(1)(b) of the CFA, subject to certain terms and conditions;

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

AND WHEREAS for the purposes of this Order;

"CFA Adviser Registration Requirement" means the requirement in the CFA that prohibits a person or company from acting as an adviser unless the person or company is registered in the appropriate category of registration under the CFA;

"CFTC" means the United States Commodity Futures Trading Commission;

"Contract" has the meaning ascribed to that term in subsection 1(1) of the CFA;

"Foreign Contract" means a Contract that is primarily traded on one or more organized exchanges that are located outside of Canada and primarily cleared through one or more clearing corporations that are located outside of Canada;

"International Adviser Exemption" means the exemption set out in section 8.26 of NI 31-103 from the OSA Adviser Registration Requirement;

"NFA" means the United States National Futures Association;

"NI 31-103" means National Instrument 31-103 *Registration Requirements and Exemptions*, as amended;

"OSA" means the *Securities Act*, R.S.O. 1990, c. S.5, as amended;

"OSA Adviser Registration Requirement" means the requirement in the OSA that prohibits a person or company from acting as an adviser unless the person or company is registered in the appropriate category of registration under the OSA;

"Permitted Client" has the meaning ascribed to that term in subsection 8.26(2) of NI 31-103;

"SEC" means the United States Securities and Exchange Commission; and

"U.S. Advisers Act" means the United States *Investment Advisers Act of 1940*.

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a corporation formed under the laws of the State of Delaware in the United States. The head office of the Applicant is located in Parsippany, New Jersey, United States.

2. The Applicant is a portfolio manager that manages investments primarily for institutional investors across multiple strategies and financial instruments.

3. The Applicant is registered in the United States with the SEC as an investment adviser under the U.S. Advisers Act.

4. The Applicant is registered with the CFTC as a commodity trading advisor and as a commodity pool operator and is an approved member of the NFA. The Applicant engages in the business of commodity trading advising in the United States.

5. The Applicant is not registered in any capacity under the CFA.

6. In Ontario, the Applicant intends to act as a discretionary investment manager for the purposes of implementing certain specialized investment strategies for institutional investors that are Permitted Clients.

7. The Applicant seeks to act as a discretionary portfolio manager on behalf of prospective institutional investors that are Permitted Clients. The proposed advisory services would primarily include the use of specialized investment strategies employing Foreign Contracts.

8. Were the proposed advisory services limited to securities, the Applicant could rely on the International Adviser Exemption and carry out such activities for Permitted Clients on a basis that would be exempt from the OSA Adviser Registration Requirement.

9. There is currently no exemption from the CFA Adviser Registration Requirement that is equivalent to the International Adviser Exemption. Consequently, in order to advise Permitted Clients in Ontario as to trading in Foreign Contracts, the Applicant would be required to satisfy the CFA Adviser Registration Requirement and would have to seek registration in Ontario as an adviser under the CFA in the category of commodity trading manager.

10. The Applicant submits that it would not be prejudicial to the public interest for the Commission to grant the requested relief because:

    (a) the Applicant will only advise Permitted Clients as to trading in Foreign Contracts;

    (b) Permitted Clients seek to access certain specialized portfolio management services provided by the Applicant, including advice as to trading in Foreign Contracts; and

    (c) the Applicant would provide advice to Permitted Clients as to trading in Foreign Contracts on terms and conditions that are analogous to the prescribed terms and conditions of the International Adviser Exemption.

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

IT IS ORDERED pursuant to section 80 of the CFA that, the Applicant and its Representatives are exempt, for a period of five years, from the adviser registration requirements of paragraph 22(1)(b) of the CFA in respect of the provision of advice to Permitted Clients as to the trading of Foreign Contracts provided that:

1. the Applicant provides advice to Permitted Clients only as to trading in Foreign Contracts and does not advise in Canada as to trading in Contracts that are not Foreign Contracts, unless providing such advice is incidental to its providing advice on Foreign Contracts;

2. each Permitted Client to which the Applicant provides advice with respect to trading in Foreign Contracts is a resident of Canada;

3. the Applicant's head office or principal place of business remains in the United States;

4. the Applicant remains registered in the United States in a category of registration that permits it to carry on the activities in the United States that registration as an adviser under the CFA Adviser Registration Requirement would permit it to carry on in Ontario;

5. the Applicant continues to engage in the business of adviser, as defined in the CFA, in the United States;

6. as at the end of the Applicant's most recently completed financial year, not more than 10% of the aggregate consolidated gross revenue of the Applicant, its affiliates and its affiliated partnerships is derived from the portfolio management activities of the Applicant, its affiliates and its affiliated partnerships in Canada;

7. before advising a Permitted Client with respect to Foreign Contracts, the Applicant notifies the Permitted Client of all of the following:

    (i) the Applicant is not registered in the local jurisdiction to provide the advice described under paragraph 1 of this Order;

    (ii) the foreign jurisdiction in which the Applicant's head office or principal place of business is located;

    (iii) all or substantially all of the Applicant's assets may be situated outside of Canada;

    (iv) there may be difficulty enforcing legal rights against the Applicant because it is resident outside Canada and all or

substantially all of its assets may be situated outside of Canada; and

(v) the name and address of the Applicant's agent for service of process in Ontario;

8. The Applicant has submitted to the Commission a completed Schedule B *Submission to jurisdiction and appointment of agent for service* to Form 33-506F6 *Firm Registration*; and

9. by December 1 of each year, the Applicant notifies the Commission if it is relying on the exemption from registration granted pursuant to this order.

April 1, 2011

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Margot C. Howard"
Commissioner
Ontario Securities Commission

2.2.10 TriAct Canada Marketplace LP – s. 15.1 of NI 21-101 Marketplace Operation and s. 6.1 of Rule 13-502 Fees

Headnote

Section 15.1 of National Instrument 21-101 Marketplace Operation (21-101) and section 6.1 of OSC Rule 13-502 Fees (13-502) – exemption granted from the requirement in paragraph 6.4(2) of 21-101 to file an amendment to Form 21-101F2 (Form F2) 45 days prior to implementation of a fee change and from the requirements in Appendix C (item E(1)) and item E(2)(a)) of 13-502 to pay fees related to TriAct Canada Marketplace LP exemption application.

Applicable Legislative Provision

Securities Act, R.S.O. 1990, c. S.5, as am.
National Instrument 21-101 Marketplace Operation, s.15.1.
Rule 13-502 Fees, s. 6.1.

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

AND

IN THE MATTER OF
TRIACT CANADA MARKETPLACE LP

ORDER
(Section 15.1 of National Instrument 21-101
Marketplace Operation (NI 21-101) and section 6.1 of Rule 13-502 Fees)

UPON the application (the "Application") of TriAct Canada Marketplace LP (the "Applicant") to the Director for an order pursuant to section 15.1 of NI 21-101 exempting the Applicant from the requirement in paragraph 6.4(2) to file an amendment to the information previously provided in Form 21-101F2 (the "Form F2") regarding Exhibit G (fees) 45 days before implementation of the fee changes (the "45 day filing requirement");

AND UPON the Applicant filing an updated Form F2 on February 25, 2011, describing a fee change to be implemented April 1, 2011 (the "Fee Change");

AND UPON the application by the Applicant (the "Fee Exemption Application") to the Director for an order pursuant to section 6.1 of Rule 13-502 exempting the Applicant from the requirement to pay an activity fee of (a) $3,000 in connection with the Application in accordance with section 4.1 and item E(1) of Appendix C of Rule13-502, and (b) $1,500 in connection with the Fee Exemption Application (Appendix C, item E(2)(a));

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

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

1. The Applicant is carrying on business as an alternative trading system and is registered as a dealer with the Ontario Securities Commission and the Alberta Securities Commission. It has received an exemption from registration in British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Quebec, and Saskatchewan.

2. The Filer would like to implement changes to its fee schedule on April 1, 2011.

3. The Applicant has consulted with industry participants prior to arriving at the new fee model and plans to provide notice to the industry prior to implementation of the resulting fee schedule changes.

4. The current multi-market trading environment requires frequent changes to the fees and fee model to remain competitive and it has become unduly burdensome to delay 45 days before responding to participants' needs.

5. The policy rationale behind the 45 day filing requirement, which the Applicant understands is to provide Commission staff with an opportunity to analyze the changes and determine if any objections should be raised prior to implementation, can be met in a shorter period.

6. Given that the notice period was created prior to multi-markets becoming a reality, and in light of the current competitive environment and the limited and highly technical nature of the exemption being sought, it would be unduly onerous to pay fees in these circumstances;

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

IT IS ORDERED by the Director:

(a) pursuant to section 15.1 of NI 21-101 that the Applicant is exempted from the 45 day filing period for the Fee Change, and

(b) pursuant to section 6.1 of Rule 13-502 that the Applicant is exempted from:

(i) paying an activity fee of $3,000 in connection with the Application, and

(ii) paying an activity fee of $1,500 in connection with the Fee Exemption Application.

DATED this 28th day of March, 2011

"Susan Greenglass"
Director, Market Regulation
Ontario Securities Commission

2.2.11 TSX Inc. – s. 15.1 of NI 21-101 Marketplace Operation and s. 6.1 of Rule 13-502 Fees

Headnote

Section 15.1 of National Instrument 21-101 Marketplace Operation (21-101) and section 6.1 of OSC Rule 13-502 Fees (13-502) – exemption granted to TSX Inc. from the requirement in paragraph 3.2(1)(b) of 21-101 to file an amendment to Form 21-101F1 45 days prior to implementation of a fee change and from the requirements in Appendix C (item E(1)) and item E(2)(a)) of 13-502 to pay fees related to TSX Inc.'s exemption application.

Applicable Legislative Provision

Securities Act, R.S.O. 1990, c. S.5, as am.,
National Instrument 21-101 Marketplace Operation, s. 5.1.
Rule 13-502 Fees, s. 6.1.

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

AND

IN THE MATTER OF
TSX INC.

ORDER
(Section 15.1 of National Instrument 21-101 ("NI 21-101") and s. 6.1 of Rule 13-502 Fees)

UPON the application (the "Application") of TSX Inc. (the "Applicant") to the Director for an order pursuant to section 15.1 of NI 21-101 exempting the Applicant from the requirement in paragraph 3.2(1)(b) of NI 21-101 to file an amendment to the information previously provided in Form 21-101F1 (the "Form") regarding Exhibit N (fees) 45 days before implementation of the fee change (the "45 day filing requirement");

AND UPON the Applicant filing an updated Form on March 16, 2011, describing a fee change to be implemented on April 1, 2011, (the "Fee Change");

AND UPON the application by the Applicant (the "Fee Exemption Application") to the Director for an order pursuant to section 6.1 of Rule 13-502 exempting the Applicant from the requirement to pay an activity fee of (a) $3,000 in connection with the Application in accordance with section 4.1 and item E(1) of Appendix C of Rule 13-502, and (b) $1,500 in connection with the Fee Exemption Application (Appendix C, item E(2)(a));

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

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

1. The Applicant operates the Toronto Stock Exchange and is a recognized stock exchange in Ontario with its head office in Toronto;

2. The Applicant would like to implement the Fee Change on April 1, 2011;

3. The Applicant has provided advance notice to the industry regarding the Fee Change;

4. The current multi-market trading environment requires frequent changes to the fees and fee model to remain competitive, and it has become unduly burdensome to delay 45 days before implementing fee change initiatives;

5. The policy rationale behind the 45 day filing requirement, which the Applicant understands is to provide Commission staff with an opportunity to analyze the changes and determine if any objections should be raised prior to implementation, can be met in a shorter period; and

6. Given that the notice period was created prior to multi-marketplaces becoming a reality, and in light of the current competitive environment and the limited and highly technical nature of the exemption being sought, it would be unduly onerous to pay fees in these circumstances.

AND UPON the Director being satisfied to do so would not be prejudicial to the public interest.

IT IS ORDERED by the Director:

(a) pursuant to section 15.1 of NI 21-101 that the Applicant is exempted from the 45 day filing period for the Fee Change; and

(b) pursuant to section 6.1 of Rule 13-502 that the Applicant is exempted from:

(i) paying an activity fee of $3,000 in connection with the Application, and

(ii) paying an activity fee of $1,500 in connection with the Fee Exemption Application.

DATED this 31st day of March, 2011.

"Susan Greenglass"
Director, Market Regulation
Ontario Securities Commission

2.2.12 York Rio Resources Inc. et al. – s. 127 of the Act and Rule 3 of the OSC Rules of Practice

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

AND

**IN THE MATTER OF
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**

**ORDER ON A MOTION
(Section 127 of the Securities Act;
Rule 3 of the Ontario Securities Commission
Rules of Practice)**

WHEREAS on March 2, 2010, the Commission issued a Notice of Hearing pursuant to sections 37, 127 and 127.1 of the Act accompanied by a Statement of Allegations dated March 2, 2010, issued by Staff of the Commission ("**Staff**") with respect to York Rio Resources Inc. ("**York Rio**"), Brilliante Brasilcan Resources Corp. ("**Brilliante**"), Victor York ("**York**"), Robert Runic ("**Runic**"), George Schwartz ("**Schwartz**"), Peter Robinson ("**Robinson**"), Adam Sherman ("**Sherman**"), Ryan Demchuk ("**Demchuk**"), Matthew Oliver ("**Oliver**"), Gordon Valde ("**Valde**") and Scott Bassingdale ("**Bassingdale**"), (collectively, the "**Respondents**");

AND WHEREAS on March 3, 2010, the Commission ordered that the hearing be adjourned until April 12, 2010;

AND WHEREAS on April 12, 2010, Staff, Demchuk and counsel for York appeared before the Commission;

AND WHEREAS on April 12, 2010, Staff informed the Commission that all parties had either been served with notice of the hearing or that service had been attempted on all parties;

AND WHEREAS on April 12, 2010, Staff informed the Commission that counsel for Sherman, counsel for Robinson and counsel for Oliver had contacted Staff and indicated that they could not attend the hearing on April 12, 2010 but could attend at a later date;

AND WHEREAS on April 12, 2010, the Commission heard submissions from Staff, Demchuk and counsel for York;

AND WHEREAS on April 13, 2010, the hearing was adjourned to June 10, 2010;

AND WHEREAS on June 10, 2010, Staff appeared before the Commission and informed the Commission that all parties had either been served with notice of the hearing or that service had been previously attempted on all parties;

AND WHEREAS on June 10, 2010, upon hearing submissions from Staff, the hearing was adjourned to July 21, 2010;

AND WHEREAS on July 21, 2010, Staff appeared before the Commission and informed the Commission that all parties had either been served with notice of the hearing or that service had been previously attempted on all parties;

AND WHEREAS on July 21, 2010, the hearing was adjourned to August 30, 2010 for the purpose of conducting a pre-hearing conference;

AND WHEREAS on August 30, 2010, Staff appeared before the Commission and informed the Commission that all parties had either been served with notice of the pre-hearing conference or that service had been previously attempted on all parties;

AND WHEREAS on August 30, 2010, Staff, York and counsel for Robinson and Sherman appeared before the Commission and the pre-hearing conference was commenced;

AND WHEREAS on August 30, 2010, the Commission ordered that the hearing be adjourned to October 12, 2010 at 3:30 p.m. for the purpose of continuing the pre-hearing conference;

AND WHEREAS on October 12, 2010, Staff appeared before the Commission and informed the Commission that all parties had either been served with notice of the pre-hearing conference or that service had been previously attempted on all parties;

AND WHEREAS on October 12, 2010, Staff, York, Schwartz and counsel for Sherman appeared before the Commission and the pre-hearing conference was continued and scheduling of the hearing on the merits was discussed;

AND WHEREAS on October 12, 2010, the Commission ordered that the hearing on the merits (the "**Merits Hearing**") shall commence on March 21, 2011 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th floor, Toronto and shall continue on March 23, 24 25, 28, 29, 30, 31, 2011 and May 2, 4, 5, 6, 9, 10, 11, 12, 13 and 16, 2011, or such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary;

AND WHEREAS on October 12, 2010, the Commission ordered that the motion brought by Schwartz and York (the "**Dismissal or Adjournment Motion**") shall be heard on November 26, 2010;

AND WHEREAS on November 5, 2010, the Commission approved a Settlement Agreement between Staff and Robinson;

AND WHEREAS on November 26, 2010, the Dismissal or Adjournment Motion was adjourned to December 13, 2010, peremptory to Schwartz and York, and Schwartz and York were ordered to provide Staff with the name, curriculum vitae, witness summary and any expert's report for each expert witness they intend to call by December 6, 2010;

AND WHEREAS on December 15, 2010, having considered the submissions of Schwartz, York and Staff at a hearing on December 13, 2010, the Commission dismissed the Dismissal or Adjournment Motion (the "**December 15, 2010 Motion Decision**");

AND WHEREAS on February 7, 2011 Schwartz and York commenced an appeal to the Ontario Divisional Court from the December 15, 2010 Motion Decision pursuant to section 9 of the Act (the "**Appeal**");

AND WHEREAS Schwartz and York moved for an adjournment of the Merits Hearing pending the outcome of the Appeal (the "**Adjournment Motion**");

AND WHEREAS, on February 10, 2011, having considered the submissions of Schwartz and York and Staff, the Commission gave an oral ruling, with reasons to follow, dismissing the Adjournment Motion;

AND WHEREAS the Merits Hearing commenced on March 21, 2011 and continued on March 22, 23 and 24, 2011;

AND WHEREAS in the course of the Merits Hearing, on March 28, 2011, Schwartz brought Notice of Motion for an order that the Merits Hearing be terminated or alternatively that "all things and materials relating to York Rio be excluded" from the evidence in the Merits Hearing (the "**Motion**");

AND WHEREAS the Notice of Motion seeks leave to bring the Motion without notice, pursuant to Rule 3.8 of the Ontario Securities Commission *Rules of Procedure* (2010), 33 O.S.C.B. 8017 (the "**Rules**"), and to give oral evidence in support of the Motion as permitted under Rule 3.7(3) of the Rules;

AND WHEREAS the Notice of Motion was not served on Staff or the other parties at least ten days before the day the Motion was to be heard, as required by Rule 3.2(2) of the Rules;

AND WHEREAS a Memorandum of Fact and Law was not provided in support of the Motion, as required by Rule 3.6(1) of the Rules;

AND WHEREAS Schwartz filed and served a binder of materials in support of the Motion ("Motion Materials"), but no Affidavit or other evidence was provided in support of the Motion;

AND WHEREAS on March 28, 2011, Staff filed and served a copy of its Notice of Motion, which had been filed with the Ontario Court of Justice on January 14, 2010, seeking an Order to Extend Detention of Things Seized Pursuant to Section 159(2) of the *Provincial Offences Act*, R.S.O. c. P.33, as amended (the "**POA**") (the "**Motion for an Order to Extend Detention**");

AND WHEREAS on March 28, 2011, upon considering Rule 3.8 and Rule 1.6(2) of the Rules, and particularly considering that Schwartz is self-represented, the Commission, rather than refusing to hear the Motion, as permitted by Rule 3.9 of the Rules, adjourned the Merits Hearing to allow Schwartz and Staff to file and serve their respective materials pursuant to the Rules;

AND WHEREAS on March 28, 2011, the Commission ordered that Staff shall file and serve a Memorandum of Fact and Law, by 5:00 p.m. on March 30, 2011, to address, in particular, the question: what is the effect (in terms of admissibility of evidence) of not including reference to York Rio in paragraph 1 of the Search Warrant, which reference was subsequently included in the related detention orders? (the "**Question**");

AND WHEREAS the Commission ordered that Schwartz shall file and serve a Memorandum of Fact and Law, by 3:30 p.m. on April 1, 2011, to address, in particular, the Question;

AND WHEREAS the Commission ordered that it would hear the oral submissions of Schwartz and Staff in relation to the Motion and the Question at 10:00 a.m. on April 5, 2011;

AND WHEREAS on March 29, 2011, Staff informed the Commission that York wished to join the Motion and was seeking leave to bring the Motion without notice, pursuant to Rule 3.8 of the Rules, and to give oral evidence in support of the Motion, as permitted under Rule 3.7(3) of the Rules, and on March 30, 2011, York withdrew his support for the Motion;

AND WHEREAS on March 30, 2011, Staff filed and served a Memorandum of Fact and Law;

AND WHEREAS on April 1, 2011, Schwartz filed and served a Memorandum of Fact and Law;

AND WHEREAS on April 5, 2011, Staff and Schwartz appeared before the Commission and gave oral submissions in relation to the Motion, and York attended and informed the Commission that he was not joining the Motion;

AND WHEREAS Schwartz submitted, in the Motion, that on October 20, 2008, Wayne Vanderlaan ("**Vanderlaan**"), a Provincial Offences Officer employed as a Senior Investigator at the Commission, swore an Information to Obtain a Search Warrant ("**ITO**") under section 158 of the POA;

AND WHEREAS in the ITO, Vanderlaan stated that he had reasonable grounds to believe that at the offices of CD Capital ("**CD Capital**"), operating as Brilliante Brasilcan Resources Corp. ("**Brilliante**") at 1315 Finch Avenue West, Suite 501, Toronto, Ontario (the "**Premises**"), there are things and materials relating to Brilliante, CD Capital, York, Brian Aidelman ("**Aidelman**"), Jason Georgiadis ("**Georgiadis**") and Richard Taylor ("**Taylor**"); that the things to be searched for are documents, records and materials relating to Brilliante, including records relating to CD Capital, Brilliante, York, Aidelman, Georgiadis and Taylor that there are reasonable grounds to believe will afford evidence as to the commission of offences contrary to sections 25, 38, 53, 126.1 and 122 of the Act;

AND WHEREAS in the ITO, Vanderlaan did not include, in the things to be searched for, documents, records and materials relating to York Rio;

AND WHEREAS in the ITO, Vanderlaan stated that Staff has been investigating York Rio since early 2008; that York Rio is an Ontario corporation that lists York as its sole director and 965 Bay Street, Toronto as its address; and that Staff had identified connections between York Rio and Brilliante;

AND WHEREAS the search warrant issued by a Provincial Judge or Justice of the Peace on October 16, 2008 (the "**Search Warrant**") did not include reference to York Rio but identified, as the things to be searched for at the Premises, documents, records and materials relating to Brilliante, Aidelman, York, Georgiadis and Taylor (collectively, the "**Brilliante Respondents**");

AND WHEREAS in an Affidavit sworn January 14, 2010 in support of the Motion for an Order to Extend Detention (the "**Vanderlaan Affidavit**"), Vanderlaan stated that a Detention Order was obtained from a Justice of the Peace on November 18, 2008 and extended on January 19, 2009, July 17, 2009 and August 13, 2009;

AND WHEREAS Vanderlaan appended to the Vanderlaan Affidavit his earlier affidavit, sworn July 10, 2009, which was filed with the Ontario Court of Justice in support of an earlier motion to extend detention ("**Vanderlaan's July 10, 2009 Affidavit**"), stating that York was the sole director of York Rio from its inception on May 10, 2004 until October 28, 2008, one week after the execution of the Search Warrant, when he ceased to be a director;

AND WHEREAS in Vanderlaan's July 10, 2009 Affidavit, Vanderlaan stated: (i) that at the time he swore the ITO, he did not have reasonable grounds to believe that the sale of York Rio securities was occurring at the Premises, but only had reasonable grounds to believe that the sale of Brilliante securities was occurring at the Premises; (ii) that observations during the search and evidence seized during the search included call lists, lead lists, scripts and other information indicating that York Rio securities and Brilliante securities were being sold from the Premises; (iii) that Brilliante and York Rio materials were closely intermingled making it difficult to distinguish and/or separate the materials at the Premises; (iv) that sales order forms that were seized identified several false names that were used to sell Brilliante or York Rio securities and that several individuals working at the Premises were selling both Brilliante and York Rio securities; (v) that Staff's Report to a Justice, filed on November 18, 2008, included an appendix describing the items seized including information as to whether the item seized related to Brilliante or York Rio or did not reference either company; and (vi) that upon considering the Report to a Justice, filed on November 18, 2008; the Justice of the Peace ordered the continued detention of all items seized;

AND WHEREAS on April 5, 2011, Schwartz did not provide the Panel with any additional evidence;

AND WHEREAS on April 5, 2011, the Commission considered the submissions of Schwartz and Staff in respect of the Motion;

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

IT IS ORDERED THAT:

(i) the Motion is dismissed;

(ii) the Merits Hearing shall resume on May 2, 3, 4, 5, 6, 9, 11, 12, and 13, 2011, and such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary.

DATED at Toronto this 5th day of April, 2011.

"Vern Krishna"

"Edward P. Kerwin"

2.2.13 Ra Resources Ltd.

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 an amalgamation pursuant to which all of the issuer's outstanding common shares would be acquired in a statutory procedure pursuant to the Business Corporations Act (Ontario) – partial revocation granted.

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
RA RESOURCES LTD.
(the Applicant)

ORDER

WHEREAS the securities of the Applicant are subject to a temporary cease trade order made by the Director dated December 6, 2010 under paragraph 2 of subsection 127(1) and subsection 127(5) of the Act and a further cease trade order issued by the Director on December 17, 2010 pursuant to subsection 127(1) of the Act (together, the **Cease Trade Order**) directing that trading in the securities of the Applicant cease until the Cease Trade Order is revoked;

AND WHEREAS the Applicant has applied to the Ontario Securities Commission (the **Commission**) pursuant to section 144 of the Act for a partial revocation of the Cease Trade Order to permit the Applicant to proceed with a proposed transaction pursuant to which Golden Phoenix Minerals Ltd. (**Golden Phoenix**) will acquire 100% of the issued and outstanding securities of the Applicant (the **Acquisition**).

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant is a corporation incorporated under the *Business Corporations Act* (Ontario). The Applicant's head office is located in Toronto, Ontario

2. The Applicant's authorized capital consists of an unlimited number of common shares (the **Ra Shares**) and an unlimited number of preferred shares, issuable in series. On the date of this order, there are 5,925,000 Ra Shares issued and outstanding and nil preferred shares. There are also 200,000 outstanding stock options that entitle the holder to purchase that same number of Ra Shares (the **Ra Options**), with each such option exercisable at a price of $0.10 per Ra Share until March 1, 2012. Other than the Ra Shares, Ra Options and the Acquisition, there are no outstanding warrants, options or other rights to acquire Ra Shares.

3. The Applicant is a "reporting issuer" in the Provinces of Alberta, British Columbia and Ontario, however, none of its securities are listed for trading on any stock exchange.

4. The Cease Trade Order was issued as a result of the Applicant's failure to file its annual audited financial statements, management's discussion and analysis, and certification of annual filings for the fiscal year ended July 31, 2010 within the time prescribed by securities legislation (collectively, the **2010 Annual Filings**).

5. The delay in filing the 2010 Annual Filings arose as a consequence of financial hardship following which the Applicant was unable to pay the fees of various service providers, including its auditors.

6. In addition to the 2010 Annual Filings, the Filer has subsequently failed to file its interim unaudited financial statements, interim management's discussion and analysis, and certification of interim filings, for the interim period ended October 31, 2010 (together with the 2010 Annual Filings, the **Unfiled Continuous Disclosure**).

7. The Applicant is also subject to a cease trade order issued by the British Columbia Securities Commission (**BCSC**) dated December 7, 2010 and is concurrently applying to the BCSC for a partial revocation of the cease trade order issued in that jurisdiction.

8. The Applicant has entered into an agreement with Golden Phoenix that provides that Golden Phoenix will acquire 100% of the issued and outstanding securities of the Applicant.

9. Golden Phoenix is a corporation incorporated pursuant to the laws of Nevada. Golden Phoenix's head office is located in Nevada. Golden Phoenix is not a reporting issuer or its equivalent in any jurisdiction of Canada.

10. The Acquisition is structured to be carried out by way of a three cornered amalgamation (the **Amalgamation**) involving Golden Phoenix, the Applicant and 2259299 Ontario Inc. (**Newco**), a wholly-owned subsidiary of Golden Phoenix that has been incorporated for the sole purpose of effecting the Amalgamation.

11. Golden Phoenix, the Applicant and Newco have entered into an amalgamation agreement, which

provides that the Amalgamation will have the following principle steps:

(i) the Applicant and Newco will amalgamate pursuant to the *Business Corporations Act* (Ontario) to form a newly amalgamated corporation (**Amalco**);

(ii) each issued and outstanding common share of Newco will be converted into one common share of Amalco;

(iii) the former shareholders of Ra Shares will receive 3.5 shares of common stock of Golden Phoenix (**Golden Phoenix Shares**) for each Ra Share; and

(iv) in consideration of the issuance of Golden Phoenix Shares, Golden Phoenix will receive 100% of the issued and outstanding shares of Amalco.

12. All outstanding Ra Options to acquire Ra Shares will be converted into options to acquire Golden Phoenix Shares.

13. The Amalgamation will have the following results:

(i) the Applicant (as the newly-formed Amalco) will be a wholly-owned subsidiary of Golden Phoenix; and

(ii) former shareholders of the Applicant will become shareholders of Golden Phoenix, holding approximately 15.6% of the outstanding Golden Phoenix Shares.

14. The Acquisition was negotiated at arm's length between the Applicant and Golden Phoenix.

15. The Applicant's shareholders approved the Amalgamation at a shareholder meeting held on December 16, 2010.

16. Upon completion of the Acquisition, Golden Phoenix will cause the Applicant to complete and file all outstanding continuous disclosure documents including the Unfiled Continuous Disclosure.

17. Pursuant to the Acquisition, a "trade" (as such term is defined in the Act) would occur in Ontario and in all other jurisdictions in which present holders of Ra Shares reside. All such trades will be exempt from the requirement to file a prospectus by virtue of the Acquisition being an "amalgamation that is under a statutory procedure" pursuant to section 2.11 of National Instrument 45-106 – *Prospectus and Registration Exemptions*.

18. On completion of the Acquisition and the filing of the Unfiled Continuous Disclosure, the Applicant intends to apply to the Commission and the BCSC for full revocation orders and to apply for an order that the Applicant is not a reporting issuer in all the jurisdictions of Canada in which it is currently a reporting issuer.

19. The Acquisition involves a trade of securities and therefore cannot be concluded without obtaining a partial revocation of the Cease Trade Order.

20. Golden Phoenix will provide a signed and dated acknowledgement that all securities of the Applicant will remain subject to the Cease Trade Order until such time as a full revocation order is issued.

AND UPON considering the application and the recommendation of the staff of the Commission.

AND UPON the Director being satisfied that it would not be prejudicial to the public interest to grant the partial revocation of the Cease Trade Order.

IT IS ORDERED, pursuant to section 144 of the Act, that the Cease Trade Order is partially revoked solely to permit trades in securities of the Applicant in connection with the Acquisition.

DATED at Toronto this 5th day of April, 2011.

"Naizam Kanji"
Deputy Director, Corporate Finance
Ontario Securities Commission

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 QuantFX Asset Management Inc. et al.

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

AND

IN THE MATTER OF
QUANTFX ASSET MANAGEMENT INC.,
VADIM TSATSKIN, LUCIEN SHTROMVASER
AND ROSTISLAV ZEMLINSKY

SETTLEMENT AGREEMENT
BETWEEN STAFF AND
QUANTFX ASSET MANAGEMENT INC.
AND LUCIEN SHTROMVASER

PART I – INTRODUCTION

1. By Notice of Hearing dated November 10, 2010 and an Amended Notice of Hearing dated November 17, 2010 the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on June 14, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against QuantFX Asset Management Inc. ("QuantFX") and its directors, Vadim Tsatskin ("Tsatskin"), Lucien Shtromvaser ("Shtromvaser") and Rostislav Zemlinsky ("Zemlinsky") (collectively the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission dated November 10, 2010.

2. The Statements of Allegations alleged breaches of the Act and conduct contrary to the public interest for a time period from September 6, 2009 until April 13, 2010 (the "Material Time").

3. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 37 and 127 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of QuantFX and Shtromvaser.

PART II – JOINT SETTLEMENT RECOMMENDATION

4. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated November 10, 2010 against QuantFX and Shtromvaser (the "Proceeding") in accordance with the terms and conditions set out below. QuantFX and Shtromvaser consent to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

i) The Business of QuantFX

5. QuantFX was federally incorporated on August 4, 2009 and had its offices at an address located in Toronto, Ontario. Its founding directors were Tsatskin, Shtromvaser and Zemlinsky who continued as its directors during the Material Time.

6. During the Material Time, Shtromvaser was the Chief Executive Officer of QuantFX (the "QuantFX C.E.O.") and was held out to the public as "being responsible for the overall business development and administration" of QuantFX.

7. During the Material Time, Shtromvaser was not registered in any capacity with the Commission.

8. QuantFX, Tsatskin and Zemlinsky have never been registered with the Commission in any capacity. As the QuantFX C.E.O., Shtromvaser was aware of this.

9. Tsatskin signed documents on behalf of QuantFX as its 'vice-president" and its "chairman".

10. Shtromvaser and Tsatskin were responsible for the development of the business infrastructure of QuantFX and its marketing and development, including the solicitation of clients. Zemlinsky was responsible for the trading on behalf of QuantFX clients.

11. From offices in Vaughan, Ontario, the agents of QuantFX solicited clients through its website and over the internet to invest in the currency market through accounts at GAIN Capital – Forex.com UK Ltd. ("Forex.com UK").

12. Agents of QuantFX also solicited potential clients over the telephone. The operations of Forex.com UK and its clients' accounts are located in the UK.

13. QuantFX also promoted its investment services on a website. This website contained misleading and/or inaccurate statements about the historical trading performance of QuantFX, the QuantFX management and its client base.

14. Clients of QuantFX, some of whom resided in Ontario, were instructed by QuantFX to deposit funds (the "Client Funds") directly with Forex.com UK in accounts in their names (the "Managed Accounts").

15. QuantFX and its agents then directed these clients to sign a limited power of attorney over the Managed Accounts allowing Zemlinsky to trade foreign exchange contracts on their behalf through Forex.com UK. This trading in foreign exchange contracts constituted trading in securities.

16. The Client Funds were then pooled by Zemlinsky and used to conduct trading in currency contracts through accounts in his name at Forex.com UK (the "Master Accounts"). He performed the foreign exchange contract trading from locations in Toronto, Ontario. Zemlinsky also allowed other traders in Russia to conduct trades in foreign exchange contracts from the Master Accounts using his password information.

17. Profits and losses in the Master Accounts were then distributed back to the Managed Accounts. Zemlinsky only had access to the Client Funds to permit him to trade in the Master Accounts. He could not instruct Forex.com UK to withdraw any funds from the Managed Accounts.

18. Clients of QuantFX also entered into a profit sharing agreement with QuantFX whereby QuantFX would receive 42.5% of any trading profits realized.

19. During the Material Time, clients placed a total of approximately $680,000 U.S. in the Managed Accounts.

20. Tsatskin, Shtromvaser and Zemlinsky all discussed and considered whether their activities in relation to QuantFX required registration with the Commission. All reached the conclusion that they were not required to be registered with the Commission.

ii) The Unregistered Trading of Securities by QuantFX and Shtromvaser

21. Shtromvaser's activities, individually and as the QuantFX C.E.O., constituted trading of securities contrary to section 25(1) of the Act. Further, Shtromvaser held himself out as engaging in the business of trading securities without the proper registration contrary to section 25(1) of the Act through his actions, both individually and as the QuantFX C.E.O.

22. Similarly, the business activities conducted by QuantFX, through its directors, officers, employees and agents, constituted the trading of securities contrary to section 25(1). Further, QuantFX held itself out as engaging in the business of trading securities without the proper registration contrary to section 25(1) of the Act.

23. Shtromvaser, individually and through his role as QuantFX C.E.O., engaged in the business of advising members of the public with respect to the investing in, buying or selling securities of securities and held himself out as engaging in the business of advising members of the public with respect to the investing in, buying or selling securities of securities contrary to section 25(3) of the Act.

24. Through the actions of its directors, officers, employees and agents, QuantFX engaged in the business of advising members of the public with respect to the investing in, buying or selling securities of securities and held itself out as engaging in the business of advising members of the public with respect to the investing in, buying or selling securities of securities contrary to section 25(3) of the Act.

25. The trading of foreign exchange contracts or advising regarding the trading of foreign exchange contracts by persons or companies in Ontario requires registration under section 25 of the Act.

iii) The Illegal Distribution of Securities by QuantFX and Shtromvaser

26. Forex.com UK has never filed a prospectus or a preliminary prospectus with the Commission or obtained receipts for them from the Director regarding the trading of foreign exchange contracts in its accounts by account holders situated in Ontario. Further, these foreign exchanges contracts did not qualify for any exemption under Ontario securities law which would otherwise permit their trading.

27. The business of QuantFX, of which Shtromvaser was a director and the QuantFX C.E.O., was to persuade investors in Ontario and elsewhere to open trading accounts at Forex.com UK to allow QuantFX, primarily through Zemlinsky, to conduct foreign exchange contract trading on behalf of these investors.

28. From locations in Ontario, Zemlinsky, as part of the business of QuantFX, conducted trades of foreign exchange contracts on behalf of residents of Ontario and elsewhere. Shtromvaser was aware of the activities of Zemlinsky and authorized these activities as a director of QuantFX and the QuantFX C.E.O.

29. The trading of foreign exchange contracts by persons or companies in Ontario must meet the prospectus requirements under section 53(1) of the Act or qualify for an exemption.

PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST

30. By engaging in the conduct described above, QuantFX and Shtromvaser admit and acknowledge that they contravened Ontario securities law during the Material Time in the following ways:

(a) During the Material Time, QuantFX and Shtromvaser engaged in the trading of securities and held themselves out as engaging in the business of trading securities without being registered in accordance with Ontario securities law, contrary to section 25(1) of the Act and contrary to the public interest;

(b) During the Material Time, QuantFX and Shtromvaser engaged in the business of advising members of the public and holding themselves out as engaging in the business of advising members of the public with respect to the investing in, buying or selling securities of securities without being registered in accordance with Ontario securities law, contrary to section 25(3) of the Act and contrary to the public interest and

(c) During the Material Time, QuantFX and Shtromvaser traded in foreign exchange contracts when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for these foreign exchange contracts by the Director, contrary to section 53(1) of the Act and contrary to the public interest;

31. QuantFX and Shtromvaser admit and acknowledge that they acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 30 (a), (b) and (c).

PART V –MITIGATING FACTORS

32. QuantFX and Shtromvaser request that the settlement hearing panel consider the following mitigating circumstances.

33. Upon learning that his trading activities contravened Ontario securities law, Shtromvaser immediately cooperated, fully and completely, with Staff.

PART VI – TERMS OF SETTLEMENT

34. QuantFX and Shtromvaser agree to the terms of settlement listed below.

35. The Commission will make an order, pursuant to sections 37 and 127(1) of the Act, that:

(a) the Settlement Agreement is approved;

(b) trading in any securities by Shtromvaser cease for 2 years from the date of the approval of the Settlement Agreement, subject to a carve-out to allow him to trade securities for the account of any registered retirement savings plans and/or any registered retirement income funds (as defined in the *Income Tax Act* (Canada)) in which he and/or his spouse have sole legal and beneficial ownership, provided that:

i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges), are issued by a mutual fund that is a reporting issuer or are debt securities;

ii) he does not own legally or beneficially (in the aggregate, together with his spouse) more than one percent of the outstanding securities of the class or series of the class in question; and

iii) he carries out any permitted trading through a registered dealer (which dealer must be given a copy of this order) and through accounts opened in his name only (and he must close any trading accounts that are not in his name only).

(c) trading in any securities by QuantFX cease permanently from the date of the approval of the Settlement Agreement;

(d) the acquisition of any securities by Shtromvaser is prohibited for 2 years from the date of the approval of the Settlement Agreement, subject to a carve-out to allow him to trade securities for the account of any registered retirement savings plans and/or any registered retirement income funds (as defined in the *Income Tax Act* (Canada)) in which he and/or his spouse have sole legal and beneficial ownership, provided that:

i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges), are issued by a mutual fund that is a reporting issuer or are debt securities;

ii) he does not own legally or beneficially (in the aggregate, together with his spouse) more than one percent of the outstanding securities of the class or series of the class in question; and

iii) he carries out any permitted trading through a registered dealer (which dealer must be given a copy of this order) and through accounts opened in his name only (and he must close any trading accounts that are not in his name only).

(e) QuantFX is prohibited permanently from the acquisition of any securities from the date of the approval of the Settlement Agreement;

(f) any exemptions contained in Ontario securities law do not apply to Shtromvaser for 5 years from the date of the approval of the Settlement Agreement;

(g) any exemptions contained in Ontario securities law do not apply to QuantFX permanently from the date of the approval of the Settlement Agreement;

(h) Shtromvaser is reprimanded;

(i) Shtromvaser is prohibited for 5 years from the date of this Order from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(j) Shtromvaser is prohibited for 5 years from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(k) Shtromvaser shall disgorge to the Commission $7,154 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;

(l) Shtromvaser shall pay an administrative penalty of $7,500 for his failure to comply 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; and

(m) Shtromvaser shall cease for 5 years, from the date of the approval of the Settlement Agreement, to telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

36. Shtromvaser 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 35. (b) to (m) above.

PART VII – STAFF COMMITMENT

37. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against QuantFX and/or Shtromvaser in relation to the facts set out in Part III herein, subject to the provisions of paragraph 38 below.

38. If this Settlement Agreement is approved by the Commission, and at any subsequent time QuantFX or Shtromvaser fail to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against QuantFX or Shtromvaser based on, but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

39. Approval of this Settlement Agreement will be sought at a hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and QuantFX and Shtromvaser for the scheduling of the hearing to consider the Settlement Agreement.

40. Staff and QuantFX and Shtromvaser agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding the conduct of QuantFX and Shtromvaser in this matter, unless the parties agree that further facts should be submitted at the settlement hearing.

41. If this Settlement Agreement is approved by the Commission, QuantFX and Shtromvaser agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

42. If this Settlement Agreement is approved by the Commission, no party will make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

43. Whether or not this Settlement Agreement is approved by the Commission, QuantFX and Shtromvaser agree that they will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

44. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the order attached as Schedule "A" is not made by the Commission:

(a) this Settlement Agreement and its terms, including all settlement negotiations between Staff, QuantFX and Shtromvaser leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and QuantFX and Shtromvaser; and

(b) Staff, QuantFX and Shtromvaser shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

45. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of QuantFX, Shtromvaser and Staff or as may be required by law.

PART X. – EXECUTION OF SETTLEMENT AGREEMENT

46. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement

47. A facsimile copy of any signature will be as effective as an original signature.

Dated this 23rd day of March, 2011.

Signed in the presence of:

Taras Kulish
Witness

Lucien Shtromvaser
Lucien Shtromvaser

Dated this 23rd day of March, 2011.

Taras Kulish
Witness

Lucien Shtromvaser
QuantFX Asset Management Inc.
Per: Lucien Shtromvaser
Authorized to bind the corporation

Dated this 23rd day of March, 2011.

STAFF OF THE ONTARIO SECURITIES COMMISSION

Tom Atkinson
Tom Atkinson
Director, Enforcement Branch

Dated this 22nd day of March, 2011

SCHEDULE "A"

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

AND

IN THE MATTER OF
QUANTFX ASSET MANAGEMENT INC. AND
LUCIEN SHTROMVASER

ORDER
(Sections 37 and 127(1))

WHEREAS on , the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 37 and 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of QuantFX Asset Management Inc. ("QuantFX") and Lucien Shtromvaser ("Shtromvaser");

AND WHEREAS QuantFX and Shtromvaser entered into a Settlement Agreement with Staff of the Commission dated , 2011 (the "Settlement Agreement") in which QuantFX and Shtromvaser 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 Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for QuantFX and Shtromvaser 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) trading in any securities by Shtromvaser cease for 2 years from the date of the approval of the Settlement Agreement, subject to a carve-out to allow him to trade securities for the account of any registered retirement savings plans and/or any registered retirement income funds (as defined in the *Income Tax Act* (Canada)) in which he and/or his spouse have sole legal and beneficial ownership, provided that:

(i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges), are issued by a mutual fund that is a reporting issuer or are debt securities;

(ii) he does not own legally or beneficially (in the aggregate, together with his spouse) more than one percent of the outstanding securities of the class or series of the class in question; and

(iii) he carries out any permitted trading through a registered dealer (which dealer must be given a copy of this order) and through accounts opened in his name only (and he must close any trading accounts that are not in his name only).

(c) trading in any securities by QuantFX cease permanently from the date of the approval of the Settlement Agreement;

(d) the acquisition of any securities by Shtromvaser is prohibited for 2 years from the date of the approval of the Settlement Agreement, subject to a carve-out to allow him to trade securities for the account of any registered retirement savings plans and/or any registered retirement income funds (as defined in the *Income Tax Act* (Canada)) in which he and/or his spouse have sole legal and beneficial ownership, provided that:

(i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges), are issued by a mutual fund that is a reporting issuer or are debt securities;

(ii) he does not own legally or beneficially (in the aggregate, together with his spouse) more than one percent of the outstanding securities of the class or series of the class in question; and

(iii) he carries out any permitted trading through a registered dealer (which dealer must be given a copy of this order) and through accounts opened in his name only (and he must close any trading accounts that are not in his name only).

(e) QuantFX is prohibited permanently from the acquisition of any securities from the date of the approval of the Settlement Agreement;

(f) any exemptions contained in Ontario securities law do not apply to Shtromvaser for 5 years from the date of the approval of the Settlement Agreement;

(g) any exemptions contained in Ontario securities law do not apply to QuantFX permanently from the date of the approval of the Settlement Agreement;

(h) Shtromvaser is reprimanded;

(i) Shtromvaser is prohibited for 5 years from the date of this Order from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(j) Shtromvaser is prohibited for 5 years from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(k) Shtromvaser shall disgorge to the Commission $7,154 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;

(l) Shtromvaser shall pay an administrative penalty of $7,500 for his failure to comply 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; and

(m) Shtromvaser shall cease for 5 years, from the date of the approval of the Settlement Agreement, to telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

DATED AT TORONTO this day of , 2011.

3.1.2 QuantFX Asset Management Inc. et al.

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

AND

IN THE MATTER OF
QUANTFX ASSET MANAGEMENT INC.,
VADIM TSATSKIN, LUCIEN SHTROMVASER
and ROSTISLAV ZEMLINSKY

SETTLEMENT AGREEMENT
BETWEEN STAFF AND ROSTISLAV ZEMLINSKY

PART I – INTRODUCTION

1. By Notice of Hearing dated November 10, 2010 and an Amended Notice of Hearing dated November 17, 2010 the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on June 14, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against QuantFX Asset Management Inc. ("QuantFX") and its directors, Vadim Tsatskin ("Tstaskin"), Lucien Shtromvaser ("Shtromvaser") and Rostislav Zemlinsky ("Zemlinsky") (collectively the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission dated November 10, 2010.

2. The Statements of Allegations alleged breaches of the Act and conduct contrary to the public interest for a time period from September 6, 2009 until April 13, 2010 (the "Material Time").

3. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 37 and 127 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of Zemlinsky.

PART II – JOINT SETTLEMENT RECOMMENDATION

4. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated November 10, 2010 against Zemlinsky (the "Proceeding") in accordance with the terms and conditions set out below. Zemlinsky consents to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

i) The Business of Quant FX

5. QuantFX was federally incorporated on August 4, 2009 and had its offices at an address located in Toronto, Ontario. Its founding directors were Tsatskin, Shtromvaser and Zemlinsky who continued as directors during the Material Time.

6. During the Material Time, Zemlinsky was not registered in any capacity with the Commission.

7. QuantFX has never been registered with the Commission in any capacity.

8. Tsatskin signed documents on behalf of QuantFX as its 'vice-president" and its "chairman".

9. Shtromvaser and Tsatskin were responsible for the development of the business infrastructure of QuantFX and its marketing and development, including the solicitation of clients. Zemlinsky was responsible for the trading on behalf of QuantFX clients.

10. From offices in Vaughan, Ontario, the agents of QuantFX solicited clients through its website and over the internet to invest in the currency market through accounts at GAIN Capital – Forex.com UK Ltd. ("Forex.com UK").

11. Agents of QuantFX also solicited potential clients over the telephone. The operations of Forex.com UK and its clients' accounts are located in the UK.

12. QuantFX also promoted its investment services on a website. This website contained misleading and/or inaccurate statements about the historical trading performance of QuantFX, the QuantFX management and its client base.

13. Clients of QuantFX, some of whom resided in Ontario, were instructed by QuantFX to deposit funds (the "Client Funds") directly with Forex.com UK in accounts in their names (the "Managed Accounts").

14. QuantFX and its agents then directed these clients to sign a limited power of attorney over the Managed Accounts allowing Zemlinsky to trade foreign exchange contracts on their behalf through Forex.com UK. This trading in foreign exchange contracts constituted trading in securities.

15. The Client Funds were then pooled by Zemlinsky and used to conduct trading in currency contracts through accounts in his name at Forex.com UK (the "Master Accounts"). He performed the foreign exchange contract trading from locations in Toronto, Ontario. Zemlinsky also allowed other traders in Russia to conduct trades in foreign exchange contracts from the Master Accounts using his password information.

16. Profits and losses in the Master Accounts were then distributed back to the Managed Accounts. Zemlinsky only had access to the Client Funds to permit him to trade in the Master Accounts. He could not instruct Forex.com UK to withdraw any funds from the Managed Accounts.

17. Clients of QuantFX also entered into a profit sharing agreement with QuantFX whereby QuantFX would receive 42.5% of any trading profits realized.

18. During the Material Time, clients placed a total of approximately $680,000 U.S. in the Managed Accounts.

19. Tsatskin, Shtromvaser and Zemlinsky all discussed and considered whether their activities in relation to QuantFX required registration with the Commission. All reached the conclusion that they were not required to be registered with the Commission.

ii) The Unregistered Trading of Securities by Zemlinsky

20. Zemlinsky, individually and through QuantFX, engaged in the trading of securities and held himself out as engaging in the business of trading securities without the proper registration contrary to section 25(1) of the Act.

21. Further, Zemlinsky, individually and through QuantFX engaged in the business of advising members of the public with respect to the investing in, buying or selling securities of securities and by holding himself out as engaging in the business of advising members of the public with respect to the investing in, buying or selling securities of securities contrary to section 25(3) of the Act.

22. Zemlinsky was the individual at QuantFX who traded almost all of the Client Funds and controlled the Master Accounts.

23. The trading of foreign exchange contracts or advising regarding the trading of foreign exchange contracts by persons or companies in Ontario requires registration under section 25 of the Act.

iii) The Illegal Distribution of Securities by Zemlinsky

24. Forex.com UK has never filed a prospectus or a preliminary prospectus with the Commission or obtained receipts for them from the Director regarding the trading of foreign exchange contracts in its accounts by account holders situated in Ontario. Further, these foreign exchanges contracts did not qualify for any exemption under Ontario securities law which would otherwise permit their trading.

25. The business of QuantFX, of which Zemlinsky was a director during the Material Time, was to persuade investors in Ontario and elsewhere to open trading accounts at Forex.com UK to allow QuantFX, primarily through Zemlinsky, to conduct foreign exchange contract trading on behalf of these investors.

26. From locations in Ontario, Zemlinsky conducted trades of foreign exchange contracts on behalf of residents of Ontario and elsewhere.

27. The trading of foreign exchange contracts by persons or companies in Ontario must meet the prospectus requirements under section 53(1) of the Act or qualify for an exemption.

PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST

28. By engaging in the conduct described above, Zemlinsky admits and acknowledges that he contravened Ontario securities law during the Material Time in the following ways:

(a) During the Material Time, Zemlinsky engaged in the trading of securities and held himself out as engaging in the business of trading securities without being registered in accordance with Ontario securities law, contrary to section 25(1) of the Act and contrary to the public interest;

(b) During the Material Time, Zemlinsky engaged in the business of advising members of the public with respect to the investing in, buying or selling securities of securities and by holding himself out as engaging in the business of advising members of the public with respect to the investing in, buying or selling securities of securities without being registered in accordance with Ontario securities law, contrary to section 25(3) of the Act and contrary to the public interest and

(c) During the Material Time, Zemlinsky traded in foreign exchange contracts when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for these foreign exchange contracts by the Director, contrary to section 53(1) of the Act and contrary to the public interest;

29. Zemlinsky admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 28 (a), (b) and (c).

PART V –MITIGATING FACTORS

30. Zemlinsky requests that the settlement hearing panel consider the following mitigating circumstance.

31. Upon learning that his trading activities contravened Ontario securities law, Zemlinsky immediately cooperated fully and completely with Staff.

PART VI – TERMS OF SETTLEMENT

32. Zemlinsky agrees to the terms of settlement listed below.

33. The Commission will make an order, pursuant to sections 37 and 127(1) of the Act, that:

(a) the Settlement Agreement is approved;

(b) trading in any securities by Zemlinsky cease for 2 years from the date of the approval of the Settlement Agreement, subject to a carve-out to allow him to trade securities for the account of any registered retirement savings plans and/or any registered retirement income funds (as defined in the *Income Tax Act* (Canada)) in which he and/or his spouse have sole legal and beneficial ownership, provided that:

i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges), are issued by a mutual fund that is a reporting issuer or are debt securities;

ii) he does not own legally or beneficially (in the aggregate, together with his spouse) more than one percent of the outstanding securities of the class or series of the class in question; and

iii) he carries out any permitted trading through a registered dealer (which dealer must be given a copy of this order) and through accounts opened in his name only (and he must close any trading accounts that are not in his name only);

(c) the acquisition of any securities by Zemlinsky is prohibited for 2 years from the date of the approval of the Settlement Agreement, subject to a carve-out to allow him to trade securities for the account of any registered retirement savings plans and/or any registered retirement income funds (as defined in the *Income Tax Act* (Canada)) in which he and/or his spouse have sole legal and beneficial ownership, provided that:

i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges), are issued by a mutual fund that is a reporting issuer or are debt securities;

ii) he does not own legally or beneficially (in the aggregate, together with his spouse) more than one percent of the outstanding securities of the class or series of the class in question; and

iii) he carries out any permitted trading through a registered dealer (which dealer must be given a copy of this order) and through accounts opened in his name only (and he must close any trading accounts that are not in his name only);

(d) any exemptions contained in Ontario securities law do not apply to Zemlinsky for 5 years from the date of the approval of the Settlement Agreement;

(e) Zemlinsky is reprimanded;

(f) Zemlinsky is prohibited for 5 years from the date of this Order from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(g) Zemlinsky is prohibited for 5 years from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter; and,

(h) Zemlinsky shall disgorge to the Commission $5,427 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;;

(i) Zemlinky shall pay an administrative penalty of $7,500 for his failure to comply 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; and

(j) Zemlinsky shall cease for 5 years, from the date of the approval of the Settlement Agreement, to telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

34. Zemlinsky 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 34. (b) to (j) above.

PART VII – STAFF COMMITMENT

35. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Zemlinsky in relation to the facts set out in Part III herein, subject to the provisions of paragraph 36 below.

36. If this Settlement Agreement is approved by the Commission, and at any subsequent time Zemlinsky fails to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Zemlinsky based on, but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

37. Approval of this Settlement Agreement will be sought at a hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and Zemlinsky for the scheduling of the hearing to consider the Settlement Agreement.

38. Staff and Zemlinsky agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding Zemlinsky's conduct in this matter, unless the parties agree that further facts should be submitted at the settlement hearing.

39. If this Settlement Agreement is approved by the Commission, Zemlinsky agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

40. If this Settlement Agreement is approved by the Commission, neither party will make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

41. Whether or not this Settlement Agreement is approved by the Commission, Zemlinsky agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

42. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the order attached as Schedule "A" is not made by the Commission:

(a) this Settlement Agreement and its terms, including all settlement negotiations between Staff and Zemlinsky leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and Zemlinsky; and

(b) Staff and Zemlinsky shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

43. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of Zemlinsky and Staff or as may be required by law.

PART X. – EXECUTION OF SETTLEMENT AGREEMENT

44. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement

45. A facsimile copy of any signature will be as effective as an original signature.

Dated this 23rd day of March, 2011.

Signed in the presence of:

Taras Kulish
Witness:

Rostislav Zemlinsky
Rostislav Zemlinsky

Dated this 23rd day of March, 2011

Tom Atkinson
STAFF OF THE ONTARIO SECURITIES COMMISSION
per Tom Atkinson
Director, Enforcement Branch

Dated this 22nd day of March, 2011

SCHEDULE "A"

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

AND

IN THE MATTER OF
ROSTISLAV ZEMLINSKY

ORDER
(Sections 37 and 127(1))

WHEREAS on , the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 37 and 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Rostislav Zemlinsky ("Zemlinsky");

AND WHEREAS Zemlinsky entered into a Settlement Agreement with Staff of the Commission dated , 2011 (the "Settlement Agreement") in which Zemlinsky 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 Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Zemlinsky 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) trading in any securities by Zemlinsky cease for 2 years from the date of the approval of the Settlement Agreement, subject to a carve-out to allow him to trade securities for the account of any registered retirement savings plans and/or any registered retirement income funds (as defined in the *Income Tax Act* (Canada)) in which he and/or his spouse have sole legal and beneficial ownership, provided that:

i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges), are issued by a mutual fund that is a reporting issuer or are debt securities;

ii) he does not own legally or beneficially (in the aggregate, together with his spouse) more than one percent of the outstanding securities of the class or series of the class in question; and

iii) he carries out any permitted trading through a registered dealer (which dealer must be given a copy of this order) and through accounts opened in his name only (and he must close any trading accounts that are not in his name only).

(c) the acquisition of any securities by Zemlinsky is prohibited for 2 years from the date of the approval of the Settlement Agreement, subject to a carve-out to allow him to trade securities for the account of any registered retirement savings plans and/or any registered retirement income funds (as defined in the *Income Tax Act* (Canada)) in which he and/or his spouse have sole legal and beneficial ownership, provided that:

i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges), are issued by a mutual fund that is a reporting issuer or are debt securities;

ii) he does not own legally or beneficially (in the aggregate, together with his spouse) more than one percent of the outstanding securities of the class or series of the class in question; and

iii) he carries out any permitted trading through a registered dealer (which dealer must be given a copy of this order) and through accounts opened in his name only (and he must close any trading accounts that are not in his name only);

(d) any exemptions contained in Ontario securities law do not apply to Zemlinsky for 5 years from the date of the approval of the Settlement Agreement;

(e) Zemlinsky is reprimanded;

(f) Zemlinsky is prohibited for 5 years from the date of this Order from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(g) Zemlinsky is prohibited for 5 years from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(h) Zemlinsky shall pay an administrative penalty of $7,500 for his failure to comply 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;

(i) Zemlinsky shall disgorge to the Commission $5,427 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; and

(j) Zemlinsky shall cease for 5 years, from the date of the approval of the Settlement Agreement, to telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

DATED AT TORONTO this day of , 2011.

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Sitebrand Inc.	04 Apr 11	15 Apr 11		
Outlook Resources Inc.	04 Apr 11	15 Apr 11		
World Outfitters Corporation Safari Nordik	05 Apr 11	18 Apr 11		
Arehada Mining Limited	06 Apr 11	18 Apr 11		

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
Genesis Worldwide Inc.	04 Apr 11	15 Apr 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
Genesis Worldwide Inc.	04 Apr 11	15 Apr 11			

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Chapter 6

Request for Comments

6.1.1 Proposed National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces*

NOTICE OF PROPOSED NATIONAL INSTRUMENT 23-103
ELECTRONIC TRADING AND DIRECT ELECTRONIC ACCESS TO MARKETPLACES

I. INTRODUCTION

The Canadian Securities Administrators (CSA or we) are publishing a proposed rule, National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* (Proposed Rule) and its related companion policy, 23-103 CP for comment. The Proposed Rule introduces provisions governing electronic trading by marketplace participants and their clients. It also introduces specific obligations for direct electronic access (DEA).[1] DEA does not include retail trading whereby clients access accounts through the internet.

The Proposed Rule would also provide a regulatory regime for DEA.

CSA staff have been working closely with staff of the Investment Industry Regulatory Organization of Canada (IIROC) on the development of the Proposed Rule. IIROC staff have shared their knowledge and expertise regarding many of the issues being raised by electronic trading and we thank them for their valuable contribution.

II. DISCUSSION

1. Evolution of the Canadian Market

The Canadian equity market has changed dramatically in recent years. It has moved from a single marketplace environment to multiple marketplaces with exchanges and alternative trading systems (ATSs) trading the same securities. As the markets have evolved, technology has also evolved, increasing the speed, capacity and complexity of how investors trade.

In Canada, electronic trading has been used for many years. The Toronto Stock Exchange was one of the first fully electronic exchanges in the world. Over the past few years, the use of technology has proliferated and the introduction of new marketplaces has driven the need by marketplaces to continuously improve technology by making it faster and more efficient and effective to execute trading strategies. Participants are also using strategies and algorithms that are increasingly complex and demand greater investments in technology and capacity by the participant as well as regulators, vendors and marketplaces.

In addition, technology has enabled marketplace participants to facilitate access by their clients to marketplaces. For example, DEA has enabled clients to use their own systems or algorithms to directly send orders to the marketplaces of their choice. In certain instances this trading goes through the systems of a dealer where pre-trade controls are used while in others, orders do not pass through a dealer's systems and no controls are in place. These DEA clients are usually large, institutional investors with regulatory obligations of their own. However, they may be retail clients that have particular sophistication and resources to be able to manage DEA in accordance with the standards set by a participant dealer.[2]

Market events, such as the May 6, 2010 "flash crash" have illustrated that the speed and complexity of trading require a greater focus on controls designed to mitigate the risks of these technological changes. Globally, regulators are looking at the risks associated with electronic trading, including DEA, and are introducing frameworks to address them (see section III.4 below).

2. Risks of Electronic Trading

As stated, the Canadian market has undergone a very rapid evolution in structure. With the proliferation of the use of complicated technology and strategies, including high frequency trading strategies, comes increased risks to the market. These risks are described below.

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1 Section 1 of the Proposed Rule defines "direct electronic access" as "the access to a marketplace provided to a client of a participant dealer through which the client transmits orders, directly or indirectly, to the marketplace's execution systems under a marketplace participant identifier without re-entry or additional order management, by the participant dealer".

2 Section 1 of the Proposed Rule defines "participant dealer" as "a marketplace participant that is an investment dealer".

(i) Liability Risk

Liability risk relates to the risk to the market where there is uncertainty as to which party will bear the ultimate responsibility of any financial liabilities, regulatory transgressions or market disruptions incurred through electronic trading. Marketplace participants have indicated that there exists uncertainty in some instances regarding ultimate responsibility in relation to trades occurring pursuant to DEA.

As electronic trading gets faster, there is a greater risk of issues occurring that result in liability. For example, systems failures or the execution of erroneous trades may cause losses or situations where parties are manipulating the market using DEA. There is a need to have clarity as to who will be held responsible for ensuring that these risks are appropriately and effectively controlled and monitored.

(ii) Credit Risk

Credit risk is the risk that a marketplace participant, specifically a dealer, will be held financially responsible for trades that are beyond its financial capability, as well as the broader systemic risk that may result if the dealer is unable to cover its financial liabilities.

The speed at which orders are entered into the market by marketplace participants or DEA clients increases the risk that without controls, trades may exceed credit or financial limits. This may occur because marketplace participants or clients cannot keep track of the orders being entered or because erroneous trades are entered and executed because no controls or a lack of proper controls exist to stop them. Systemic risk may arise if a dealer's failure spreads to the market as a whole.

(iii) Market Integrity Risk

Market integrity risk refers to the risk that the integrity of the market and confidence in the market may be diminished if there is a lack of compliance with marketplace and regulatory requirements.

Without the appropriate electronic controls in place, there is a risk of greater violations of regulatory requirements in an environment where trading cannot be monitored manually. This would impact the willingness of investors to participate in the Canadian market.

(iv) Sub-delegation Risk

Sub-delegation risk relates to the risk associated with the practice of a DEA client passing on the use of the marketplace participant identifier of the dealer to another entity (sub-delegatee). The main risks with this practice relate to the ability of a marketplace participant to manage the risks it faces in offering DEA to a particular client. This risk may be triggered by the lack of control in identifying the original sender of an order, the inability to ascertain the suitability of the sub-delegatee to be a DEA user or the inability to have recourse against a client in a jurisdiction that does not share information. Insufficient risk control regarding a sub-delegatee could impair a participant dealer or have an adverse effect on market integrity.

(v) Technology or System Risks

Technology or system risks relate to the possibility for failure of systems or technology and the impact of that failure. The risk arises due to the high degree of connectivity and rapid speed of communication among marketplaces, marketplace participants and DEA client systems required for electronic trading. These inter-connections and the speed at which trading takes place raises concern about the potentially wide-reaching unintended consequences of trading in this type of environment. The potential problems may be due to the impact of systems failures by marketplaces, vendors or clients, lack of capacity, programming errors in algorithms, or erroneous trades. In addition, technology or systems failures that impact the ability of investors to trade or the prices that they receive for execution, introduce the risk of cancellations or variations of trades which would impact investor confidence in the market. This may lead investors, and particularly DEA clients, to trade in other countries.

(vi) Risk of Regulatory Arbitrage

The risk of regulatory arbitrage arises if rules relating to electronic trading and DEA across Canada are not addressed in a manner consistent with global standards and in particular with U.S. Securities and Exchange Commission (SEC) rules in this area (either more restrictive or permissive). If Canadian rules are too stringent, then order flow may migrate to jurisdictions with less restrictive requirements. However, if the Canadian rules are too accommodating, then those that want to avoid rules in other jurisdictions may trade in Canada, increasing the risk to the Canadian market.

3. Current Regulatory Requirements

Currently, there are no rules that apply specifically to electronic trading. There are requirements on marketplaces regarding systems requirements[3] and there are general requirements at the IIROC level for business continuity plans for dealers, as well as the requirements under National Instrument 31-103 *Registration Requirements and Exemptions* for a dealer to manage the risks to its business.[4] The only rules in place relating to client trading access are DEA specific rules or policies that are in place at the marketplace level. The main focus of the marketplace DEA rules is to prescribe certain clients that are eligible for DEA (referred to as the "eligible client list"), to require a written agreement between the dealer and the DEA client, to prescribe certain provisions to be included in the written agreement and set out certain system requirements relating to DEA. These rules vary between marketplaces and there is no consistent standard.

III. DESCRIPTION OF THE PROPOSED RULE

Because of the increased risks to the Canadian market described above, the CSA have determined that a regulatory framework is necessary to ensure that marketplace participants and marketplaces are managing the risks associated with widespread electronic trading including high frequency trading.[5] The result is the development of the Proposed Rule, which includes requirements relating to DEA and is discussed in detail below.

Issues associated with DEA have been previously identified by the CSA. In April 2007, the CSA published for comment amendments to National Instrument 23-101 *Trading Rules* (NI 23-101) that in part related to addressing issues associated with direct market access (2007 Proposed Amendments). Among other things, the 2007 Proposed Amendments clarified the obligations of marketplaces, dealers and dealer-sponsored participants when in a DEA relationship, and introduced requirements such as training for dealer-sponsored participants. These amendments were not taken forward but comments received were reviewed and have been summarized in Appendix A of this Notice. We thank all commenters who took the time to respond to our request for comments.

We are proposing the creation of a new national instrument that would expand the scope of the 2007 Proposed Amendments to regulate electronic trading generally in addition to the specific topic of DEA. We are of the view that the expanded scope of the Proposed Rule will more effectively aid in addressing areas of concern brought about by electronic trading discussed below.

In addition to reviewing the comments received, as part of the process to develop the Proposed Rule, CSA staff met with numerous marketplaces, marketplace participants and service vendors to better understand the current DEA landscape and the issues related to electronic trading. Staff enquired about a range of topics including the vetting of clients, the types of trade monitoring employed, the use of automated order systems, and whether sub-delegation was permitted or used. The information gathered has helped shape our perspective as to how to address the risks associated with electronic trading and DEA in particular. We would like to thank all of the participants who met with us and provided their views.

1. Requirements Applicable to Marketplace Participants

The Proposed Rule would impose requirements on marketplace participants[6] that electronically access marketplaces (exchanges and ATSs). The purpose of these requirements is to ensure that marketplace participants have the appropriate policies, procedures and controls in place that ensure that the risks described above are prevented or managed. The requirements apply to all electronic trading whether performed by the marketplace participant or by a client that has been granted DEA and who enters orders using a marketplace participant identifier.

(i) Marketplace Participant Controls, Policies and Procedures

The Proposed Rule would require a marketplace participant to establish, maintain and ensure compliance with appropriate risk management and supervisory controls, policies and procedures designed to manage the financial, regulatory and other risks associated with marketplace access or providing DEA to clients.[7]

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3 Part 12 of National Instrument 21-101 *Marketplace Operation* (NI 21-101) requires marketplaces, for each of their systems that supports order entry, order routing, execution, trade reporting and trade comparison, to monitor and test systems capacity, review the vulnerability of the systems to threats, establish business continuity plans, perform an annual independent systems review and promptly notify us of any material systems failures.

4 Subsection 11.1 (b) of NI 31-103 requires registered firms to establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to manage the risks associated with its business in accordance with prudent business practices.

5 The Proposed Rule addresses some of the risks of high frequency trading. Other issues, such as the impact of high frequency trading strategies on the market are being examined by some CSA jurisdictions.

6 Section 1.1 of NI 21-101 defines "marketplace participant" as "a member of an exchange, a user of a quotation and trade reporting system, or a subscriber of an ATS".

7 Proposed paragraph 3(1)(a).

In establishing the risk management and supervisory controls, policies and procedures, a marketplace participant must:

- ensure all order flow is monitored, including automated pre-trade controls and regular post-trade monitoring that are designed to systematically limit financial exposure and ensure compliance with marketplace and regulatory requirements[8];
- have direct and exclusive control over the controls, policies and procedures[9]; and
- regularly assess and document the adequacy and effectiveness of the controls, policies and procedures.[10]

The policies and procedures must be in written form and the controls, which we expect to be electronic, will have to be described in a narrative form that is documented by the marketplace participant.[11]

These requirements would apply to all electronic trading, including but not limited to DEA and would ensure that all orders for which the marketplace participant is responsible are subject to policies, procedures and controls. We have proposed these requirements because in our view, the risks associated with electronic trading through DEA equally arise when the marketplace participant is entering orders electronically. This will limit the financial, regulatory and other risks associated with electronic trading by clients as well as dealers.

The Proposed Rule sets out a number of specific controls that the marketplace participant must have. It specifically would require controls or requirements that:

- prevent the entry of orders that exceed appropriate pre-determined credit or capital thresholds,
- prevent the entry of erroneous orders in terms of size or price parameters,
- ensure compliance with applicable marketplace and regulatory requirements on a pre- and post-trade basis,
- limit the entry of orders to securities for which the particular marketplace participant or DEA client is authorized to trade,
- restrict access to trading only to persons authorized by the marketplace participant,
- ensure compliance staff of the marketplace participant receive immediate order and trade information,
- enable the marketplace participant to immediately stop or cancel one or more orders entered by the marketplace participant or DEA client,
- enable the marketplace participant to immediately suspend or terminate any DEA granted to a DEA client, and
- ensure that the entry of orders does not interfere with fair and orderly markets.[12]

We note that under the Proposed Rule, a marketplace participant would be able use the technology of a third party when implementing its risk management or supervisory controls, policies and procedures as long as the third party providing such services is independent of any DEA client of the marketplace participant and the marketplace participant is able to directly and exclusively manage the controls, policies and procedures including the setting and adjustment of filter limits.

(ii) Allocation of Control over Controls, Policies and Procedures

The Proposed Rule would require that a marketplace participant maintain direct and exclusive control over its risk management controls, policies and procedures.[13] However, in certain limited situations, we propose to permit a participant dealer to reasonably allocate control over specific risk management and supervisory controls, policies and procedures to another investment dealer that is directing trading to the marketplace participant.[14] This is designed to address situations where the investment dealer may be in a better position to manage the risks associated with its trading because of its proximity to and knowledge of its clients. In addition, it can better manage certain responsibilities such as suitability and "know your client"

8 Proposed subsections 3(2) and 3(3).
9 Proposed subsection 3(4).
10 Proposed subsection 3(6).
11 Proposed paragraph 3(1)(b).
12 Proposed subsection 3(3).
13 Proposed subsection 3(4).
14 Proposed section 4.

obligations. The allocation of control is subject to a written contract and thorough and ongoing assessment by the participant dealer with respect to the effectiveness of the controls, policies and procedures of the investment dealer. However, allocating control would not excuse the participant dealer from its general obligations under the Proposed Rule.

(iii) Use of Automated Order Systems

The Proposed Rule would impose requirements related to the use of automated order systems.[15] An automated order system is defined as "any system used by a marketplace participant or a client of a marketplace participant to automatically generate orders on a pre-determined basis."[16] Specifically, the Proposed Rule would require that, as part of its risk management and supervisory controls, policies and procedures, a marketplace participant must ensure it has the necessary knowledge and understanding with respect to the automated order systems used by itself or any client. We recognize that much of the detailed information about a client's automated order systems may be considered confidential and proprietary. However this proposed requirement is designed to ensure that the marketplace participant has sufficient information to identify and manage its risks. In addition, automated order systems used by the marketplace participant or its DEA client would need to be appropriately tested before use and regularly tested in accordance with prudent business practices.

As well, the Proposed Rule would require controls that allow the marketplace participant to immediately prevent orders from such systems from reaching a marketplace.[17] This requirement is important so that marketplace participants are able to disable an algorithm or any automated order system that is sending erroneous orders or orders that may interfere with fair and orderly markets.

2. Requirements Specific to DEA

The Proposed Rule would impose a framework around the provision of DEA. The CSA are of the view that it is important to institute a consistent framework across marketplaces and marketplace participants for the offering and use of DEA to ensure that risks are appropriately managed. In addition, having a consistent framework reduces the risk of arbitrage among participant dealers providing DEA and also among marketplaces that have different standards or requirements.

The approach we have taken supports the principle that marketplace participants, including participant dealers, are responsible for all orders entered onto a marketplace using their marketplace participant identifier. If a participant dealer chooses to provide its number to a client, it is the participant dealer's responsibility to ensure that the risks associated with providing that number are adequately managed. To do that, a participant dealer must assess its own risk tolerance and develop policies, procedures and controls that will mitigate the risks that it faces. In addition, the participant dealer should be setting the appropriate minimum standards, assessing the appropriate training and ensuring that due diligence is conducted on each prospective DEA client.

(i) The Provision of DEA

Part of addressing the risks associated with DEA requires participant dealers to conduct due diligence with respect to clients who are to be granted this type of access. This due diligence performed by the participant dealer providing DEA is a critical defence in managing many of the DEA risks outlined earlier and necessitates a thorough vetting of potential clients accessing marketplaces under their marketplace participant identifier. The Proposed Rule establishes that only a participant dealer, defined as a marketplace participant that is an investment dealer, may provide DEA.[18] This is because we consider the provision of DEA to be a trigger for the registration requirements under securities legislation.

The Proposed Rule states that DEA can only be provided to a registrant that is a participant dealer (a marketplace participant that is a registered investment dealer and IIROC member) or a portfolio manager. We propose to preclude exempt market dealers from being able to act as DEA clients because in our view, a dealer that wants DEA should not be able to "opt-out" of the application of the Universal Market Integrity Rules (UMIR) and should be an IIROC member. In other words, this exclusion would prevent regulatory arbitrage. This exclusion would not prevent dealers that are not participant dealers from sending orders to executing dealers; it would only preclude them from using DEA. **We ask for specific feedback on this issue.**

We have not specifically proposed to exclude individuals from obtaining DEA access. It is our view that retail investors should not be using DEA and should be routing orders through order-execution accounts that are offered by discount brokers and subject to specific supervision requirements under IIROC dealer member rules.[19] However, there are some circumstances in which individuals are sophisticated and have access to the necessary technology to use DEA (for example, former registered traders or floor brokers). In these circumstances, we would expect that the participant dealer offering DEA would set standards high enough to ensure that the participant dealer is not exposed to undue risk. It may be appropriate for these standards to be

[15] Proposed section 5.

[16] Proposed section 1.

[17] Proposed paragraph 5(2)(c).

[18] Proposed subsection 6(1).

[19] IIROC Dealer Member Rule 3200.

higher than those set for institutional investors. All requirements relating to risk management and supervisory controls, policies and procedures would apply. **We would like specific feedback on whether individuals should be permitted DEA or whether DEA should be limited to institutional investors[20] and a limited number of other persons such as former registered traders or floor brokers.**

(ii) Requirements Applicable to Participant Dealers Providing DEA

Minimum Standards

The Proposed Rule would require participant dealers to set appropriate standards that their clients must meet before providing them with DEA.[21] These standards must include that:

- the client has appropriate financial resources,
- the client has knowledge of and proficiency in the use of the order entry system,
- the client has knowledge of and ability to comply with all applicable marketplace and regulatory requirements, and
- the client has adequate arrangements in place to monitor the entry of orders through DEA.[22]

We have not included an "eligible client list" in the Proposed Rule and are of the view that setting minimum standards is more appropriate. This view is consistent with other jurisdictions globally.

Written Agreement

The Proposed Rule would also require that participant dealers enter into a written agreement with each DEA client.[23] The agreement must provide that:

- the DEA client will comply with marketplace and regulatory requirements,
- the DEA client will comply with product limits or credit or other financial limits specified by the participant dealer,
- the DEA client will maintain all technology security and prevent unauthorized access,
- the DEA client will cooperate with regulatory authorities,
- the participant dealer can reject, vary, correct or cancel orders or can discontinue accepting orders,
- the DEA client will notify the participant dealer if it fails to, or expects to fail to, meet the minimum standards set by the participant dealer,
- when the DEA client is trading for the accounts of its clients, the client orders will flow through the systems of the DEA client, and
- when trading for accounts of its clients, the DEA client will ensure that the client meets the standards set by the participant dealer and that there is a written agreement in place between the DEA client and its client.

These requirements set the minimum that the CSA view as necessary to establish a framework within which DEA should be provided. It has been left open to participant dealers to impose additional terms that they deem necessary to manage the risks associated with DEA.

Training for a DEA Client

Prior to providing DEA to a client, the participant dealer would also need to satisfy itself that the prospective DEA client has adequate knowledge with respect to marketplace and regulatory requirements.[24] In assessing the knowledge level of the client,

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20 An institutional investor may include an "institutional customer" as defined under IIROC dealer member rules or an "accredited investor" as defined under Canadian securities legislation.

21 Proposed subsection 7(1).

22 Proposed subsection 7(2).

23 Proposed section 8.

24 Proposed section 9.

the participant dealer must determine what, if any, training is required to ensure the management of risks to the participant dealer and the market in general, from providing the client with DEA.

Unlike in the 2007 Proposed Amendments, we are not dictating a specific course or courses that a prospective DEA client must take. We are of the view that the participant dealer, in managing its risks, should turn its mind to what level of knowledge is appropriate for a client in order to be granted DEA in the Canadian trading environment. This is consistent with the philosophy that each dealer must assess its own risk tolerance in developing its standards and policies and procedures relating to DEA.

Client Identifiers

In order to identify the specific client behind each trade, the Proposed Rule would also require that each DEA client be assigned a unique identifier that must be associated with every order and would be kept as part of the audit trail.[25] We expect that the participant dealer would work with the various marketplaces to obtain these identifiers, and that each order entered on a marketplace by a DEA client using DEA contains this identifier. Currently, a number of marketplaces track DEA client trading by using unique client identifiers. This requirement imposes the usage of the identifier on all participant dealers.

In addition, the Proposed Rule would require that the participant dealer provide the unique client identifier to all regulation services providers monitoring trading (currently, IIROC).[26] This facilitates IIROC's ability to monitor trading by DEA clients across multiple participants and multiple marketplaces.

Trading by DEA Clients

Under the Proposed Rule, we have limited the ability of a DEA client to trade using DEA. Generally, a DEA client may only trade for its own account when using DEA provided by a participant dealer.[27] However, certain DEA clients are permitted to trade using DEA for the accounts of their clients. Specifically, these clients are participant dealers, portfolio managers and any entity that is analogous to these categories which is authorized in a foreign jurisdiction that is a signatory to the IOSCO Multilateral Memorandum of Understanding.[28] Finally, we have proposed that a DEA client cannot pass on its DEA to another person or company.[29]

By proposing that certain DEA clients may trade for the accounts of their clients, we have facilitated certain arrangements currently in place. For example, global dealers often use "hubs" that aggregate orders from various subsidiaries before sending those orders through an affiliate participant dealer. The Proposed Rule would enable foreign affiliates to act as DEA clients, but would require the orders aggregated from other affiliates to pass through their systems before being sent to the participant dealer for execution. What we have prohibited is those foreign affiliates that are not DEA clients from sending orders directly to the participant dealer, with whom they have no contract and no relationship.

We have proposed these limitations because we are of the view that it is inappropriate for DEA clients to sub-delegate their DEA, or allow their clients to trade using DEA and send orders directly to a participant dealer or a marketplace. Doing this exacerbates the risks to the Canadian market and widens the breadth of market access to participants who do not have any incentive or obligation to comply with the regulatory requirements or financial, credit or position limits imposed upon them.

3. Requirements Applicable to Marketplaces

As part of the Proposed Rule, we have proposed requirements on marketplaces relating to electronic trading. Marketplaces, under NI 21-101, are already subject to systems requirements.[30] However, the Proposed Rule would impose additional requirements that:

- require marketplaces to provide a marketplace participant with reasonable access to its order and trade information on an immediate basis,
- ensure that marketplace systems can support the use of DEA client identifiers,
- ensure that marketplaces have the ability and authority to terminate all or a portion of the access provided to a marketplace participant or DEA client,

[25] Proposed section 10.
[26] Proposed paragraph 10(2)(a).
[27] Proposed subsection 11(1).
[28] Proposed paragraph 11(2)(c).
[29] Proposed subsection 11(5).
[30] NI 21-101, Part 12.

- ensure that marketplaces regularly assess and document whether they require any risk management and supervisory controls, polices and procedures to ensure fair and orderly trading,

- ensure that marketplaces regularly assess and document the adequacy and effectiveness of any risk management and supervisory controls, policies and procedures they implement,

- require that marketplaces prevent the execution of orders outside of thresholds set by the regulation services provider or by a recognized exchange or recognized quotation and trade reporting system that directly monitors the conduct of its members or users and enforces requirements set pursuant to subsection 7.1(1) or 7.3(1) respectively of NI 23-101, and

- confirm the process for the cancellation, variation or correction of clearly erroneous trades.

These proposed requirements, along with those in NI 21-101, will serve as another level of protection against the risks of electronic trading including DEA, and will serve to supplement the risk management and supervisory controls, policies and procedures required by the marketplace participant.

(i) Order and Trade Information

The Proposed Rule sets out an obligation on marketplaces to provide their participants with reasonable access to their own order and trade information on an immediate basis.[31] We believe this is necessary to enable the marketplace participant to fulfill its obligations with respect to establishing and implementing the risk management and supervisory controls, policies and procedures previously outlined. Specifically, it ensures that the compliance personnel at the participant dealers obtain information regarding DEA client orders and trades so that they can appropriately monitor trading.

(ii) DEA Client Identifiers

As mentioned above, some marketplaces currently require orders from DEA clients to be accompanied by a unique client identifier. This requirement would standardize this practice by requiring all marketplaces, whether an exchange or ATS, to be able to support the use of these identifiers.

(iii) Marketplace Controls Relating to Electronic Trading

The Proposed Rule would require marketplaces to have the ability and the authority to immediately terminate access granted to a marketplace participant or DEA client.[32] This provision is not intended to provide marketplaces with full discretion to terminate without cause. An example of when this would be used is if it is discovered that an algorithm is sending orders in a “loop”. This risks the integrity of the participant dealer as well as fair and orderly trading on that marketplace. The existence of this provision is important to ensure that the marketplace can, if necessary, terminate access so that there is no further damage to the quality of the trading on that marketplace or contagion to the rest of the market.

The Proposed Rule would also require that marketplaces assess what risk management and supervisory controls, policies and procedures are required at the marketplace level in addition to those required by their marketplace participants. This is to ensure that marketplaces do not interfere with fair and orderly markets.[33] These controls, policies and procedures should be assessed on a regular basis (at least annually) to ensure they are adequate and effective.[34] The purpose of this requirement is to ensure that the marketplace is aware of the risk management and supervisory controls required by its participants and assesses whether there are any gaps. Those gaps must be filled by the marketplace by either introducing requirements for its participants or by introducing the controls on its own.

(iv) Marketplace Thresholds

The Proposed Rule would also establish the requirement for marketplaces to prevent the execution of orders beyond certain thresholds determined by a regulation services provider or by a recognized exchange or recognized quotation and trade reporting system that directly monitors the conduct of its members or users and enforces requirements set pursuant to subsection 7.1(1) or 7.3(1) respectively of NI 23-101.[35] These marketplace thresholds would be designed to limit the risks associated with erroneous or “fat finger” orders impacting the price of a particular security at the marketplace level, and resulting in a market which is not fair or orderly. This requirement is being proposed as part of the follow-up to the events of May 6, 2010. We are of the view that standardized thresholds across all marketplaces are necessary and that a regulation services provider,

[31] Proposed section 12.

[32] Proposed subsection 14(1).

[33] Section 14 of proposed Companion Policy 23-103CP.

[34] Proposed subsection 14(2).

[35] Proposed section 15.

where applicable, is in the best position to set those thresholds. We believe that these marketplace thresholds will complement both the IIROC Single Stock Circuit Breaker proposal published in November 2010, and IIROC's existing ability to issue regulatory halts.

(v) Clearly Erroneous Trades

We are of the view that the combination of controls required by the Proposed Rule should prevent many erroneous trades from occurring. However, we have included an additional requirement whereby a marketplace must have the capability to cancel, vary or correct a trade on its own, or where instructed to do so by its regulation services provider.[36] The Proposed Rule would also establish the circumstances under which a marketplace may cancel, vary or correct a trade, if that marketplace has retained a regulation services provider. Specifically, the marketplace may cancel, vary or correct a trade when:

- instructed to do so by its regulation services provider,
- the cancellation, correction or variation is requested by a party to the trade, consent is provided by both parties to the trade and the regulation services provider is notified, or
- the cancellation, correction or variation is necessary to correct a systems issue in executing the trade, and permission to cancel, vary or correct the trade has been obtained from the regulation services provider.

Additionally, the marketplace must have reasonable policies and procedures that clearly outline the processes by which that marketplace will cancel, correct or vary a trade, and these policies and procedures must be publicly available. [37]

4. Other Jurisdictions

In developing the Proposed Rule, we have closely reviewed a number of international initiatives such as Rule 15c3-5, *Risk Management Controls for Brokers or Dealers with Market Access*, adopted by the SEC in November 2010[38], the final report prepared by the International Organization of Securities Commissions' (IOSCO) Standing Committee, *Principles for Direct Electronic Access to Markets* published in August 2010[39] (IOSCO DEA Report), the Australian Securities and Investments Commission (ASIC) *Consultation Paper 145: Australian Equity Market Structure: Proposals*[40], and the European Commission *Review of the Markets in Financial Instruments Directive* (MiFID) published in December of 2010.[41]

The IOSCO DEA Report sets out principles intended to be used as guidance for jurisdictions that allow or are considering allowing the use of DEA. They include minimum financial standards for DEA clients, the establishment of a legally binding agreement between the marketplace participant providing market access and the DEA client, and the existence of effective controls to manage the risks associated with electronic trading at both the marketplace and marketplace participant level. The requirements in the Proposed Rule are in line with the principles established by IOSCO.

In the U.S., Rule 15c3-5 requires brokers or dealers with access to trading on a marketplace including those providing DEA, to implement risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory and other risks of this business activity. This rule effectively prohibits broker-dealers from providing unfiltered access to any marketplace.

In Australia, the ASIC Consultation Paper 145 is similar to the Proposed Rule in that it would require a market participant providing DEA to ensure that clients meet minimum standards with respect to financial resources, and proficiency with regulatory requirements and the use of systems. Additionally, there are similarities surrounding the use of automated order systems, in that they both establish requirements for participants and participant dealers to ensure that the use of such systems do not interfere with fair and orderly trading, and that all automated order systems used by the participant or a client of the participant are appropriately tested and that the nature of the systems are appropriately understood.

The European Commission's review of MiFID proposes requirements for automated trading, defined as "trading involving the use of computer algorithms to determine any or all aspects of the execution of the trade such as the timing, quantity and price".[42] The review suggests the introduction of requirements for firms involved in automated trading to have robust risk controls to mitigate potential trading system errors, and that regulators be notified of what computer algorithms are employed, including explanations of their purpose and how they function. With respect to DEA, the review recommends that firms which provide

36 Proposed section 16.

37 Proposed subsection 16(3).

38 Published at: http://www.sec.gov/rules/final/2010/34-63241.pdf

39 Published at: http://www.iosco.org/library/pubdocs/pdf/IOSCOPD332.pdf

40 Published at: http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/cp-145.pdf/$file/cp-145.pdf

41 Published at: http://ec.europa.eu/internal_market/consultations/docs/2010/mifid/consultation_paper_en.pdf

42 Published at: http://ec.europa.eu/internal_market/consultations/docs/2010/mifid/consultation_paper_en.pdf at page 15.

"sponsored access" to automated traders would also have in place robust risk controls and filters "to detect errors or attempts to misuse facilities".

IV. COST-BENEFIT ANALYSIS

For the Ontario Securities Commission's cost-benefit analysis of the Proposed Rule, please see Appendix B – *Cost-Benefit Analysis – Proposed National Instrument 23-103 Electronic Trading and Direct Electronic Access to Marketplaces*.

V. AUTHORITY FOR THE PROPOSED RULE

In those jurisdictions in which the Proposed Rule is to be adopted, the securities legislation provides the securities regulatory authority with rule-making or regulation-making authority in respect of the subject matter of the Proposed Rule.

In Ontario, the Proposed Rule is being made under the following provisions of the *Securities Act* (Ontario) (Act):

- Paragraph 143(1)7 authorizes the Commission to make rules prescribing requirements in respect of the disclosure or furnishing of information to the public to the Commission by registrants.
- Paragraph 143(1)10 authorizes the Commission to make rules prescribing requirements in respect of the books, records and other documents required by subsection 19(1) of the Act to be kept by market participants (as defined in the Act), including the form in which and the period for which the books, records and other documents are to be kept.
- Paragraph 143(1)11 authorizes the Commission to make rules regulating the listing or trading of publicly traded securities including requiring reporting of trades and quotations.
- Paragraph 143(1)12 authorizes the Commission to make rules regulating recognized stock exchanges, recognized self-regulatory organizations, recognized quotation and trade reporting systems, and ATSs, including prescribing requirements in respect of the review or approval by the Commission of any by-law, rule, regulation, policy, procedure, interpretation or practice.
- Paragraph 143(1)13 authorizes the Commission to make rules regulating trading or advising in securities to prevent trading or advising that it is fraudulent, manipulative, deceptive or unfairly detrimental to investors.
- Paragraph 143(1)39 authorizes the Commission to make rules requiring or respecting the media, format, preparation, form, content, execution, certification, dissemination, and other use, filing and review of all documents required under or governed by the Act, the regulations or the rules and all documents, determined by the regulations or the rules to be ancillary to the documents.

VI. COMMENTS AND QUESTIONS

We invite all interested parties to make written submissions with respect to the proposed National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces*.

Please address your comments to all of the CSA member commissions on or before July 8, 2011, as indicated below:

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Manitoba Securities Commission
New Brunswick Securities Commission
Nova Scotia Securities Commission
Superintendent of Securities, Department of Justice, Government of Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut
Superintendent of Securities, Consumer, Corporate and Insurance Services, Office of the Attorney General, Prince Edward Island
Saskatchewan Financial Services Commission
Superintendent of Securities, Government Services of Newfoundland and Labrador
Ontario Securities Commission

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
e-mail: jstevenson@osc.gov.on.ca

and

M^{e} Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
e-mail : consultation-en-cours@lautorite.qc.ca

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

Questions may be referred to any of:

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APPENDIX A

SUMMARY OF PUBLIC COMMENTS ON PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 21-101 *MARKETPLACE OPERATION* AND NATIONAL INSTRUMENT 23-101 *TRADING RULES REGARDING DIRECT MARKET ACCESS* AND CANADIAN SECURITIES ADMINISTRATORS RESPONSES

Comments	***CSA Responses***
Definition of Dealer-Sponsored Access One commenter pointed out that the use of the terms "electronic connection" and "access its order routing system" in the definition of "dealer sponsored access" can be broadly interpreted to include almost any order that is electronically transmitted to a dealer and if taken literally, could include orders where there may be no trader intervention but is clearly not a case of direct access to a marketplace i.e. algorithmic trades, program trades and list based trades. This commenter believes that it is important to clarify that any direct market access (DMA) requirements would only be intended to cover sponsored trading access by non-participating organizations where there was no possible intervention by the sponsoring participating organization.	The Proposed Rule is designed to expand the scope of the 2007 Proposed Amendments to regulate electronic trading generally in addition to specifically addressing DEA. We believe many of the risks can be applied to both.
Question 24: Should DMA clients be subject to the same requirements as subscribers before being permitted access on a marketplace?	
Comments	***CSA Responses***
The majority of commenters do not believe that DMA clients should be subject to the same requirements as subscribers. Many feel that ultimate responsibility for DMA clients should remain with subscribers. Reasons cited for this position include that: (i) it is the subscribers who are best suited to contractually impose standards on their DMA clients and monitor and oversee the trading activity of their DMA clients; (ii) imposing additional requirements on the end client would result in unnecessary duplication of cost and effort and would create confusion over who is ultimately responsible for ensuring compliance with various rules; and (iii) the proposed requirement would reduce DMA activity on Canadian markets and motivate DMA clients to trade inter-listed securities in foreign marketplaces which in turn would harm Canadian markets.	The Proposed Rule represents a change in approach to the 2007 Proposed Amendments. The Proposed Rule would hold marketplace participants responsible for managing the risks associated with electronic trading, whether these orders are their own or those of a DEA client. We propose that a participant dealer providing DEA must establish appropriate standards, and assess whether each client meets these standards prior to granting DEA. The Proposed Rule would allow the participant dealer to reasonably allocate specific risk management and supervisory controls to a DEA client who is an investment dealer. This allocation would be set out in a written agreement, so there should be no confusion as to who is ultimately responsible.
Two commenters noted that the U.S. does not have similar regulations for DMA clients regarding access to marketplaces.	We do not believe the Proposed Rule is significantly more restrictive than other jurisdictions, such that trading would shift to foreign marketplaces. The U.S. Rule 15c3-5 establishes a framework similar to the Proposed Rule.
One commenter suggested that through each DMA client obtaining a unique trader ID, RS would be able to monitor DMA client account activity across participants and marketplaces and that this should address regulatory concerns regarding DMA trading. As well, this commenter	The CSA are of the view that through the proposed participant dealer requirement to assign each DEA client a DEA client identifier and ensure that this identifier appears on each DEA order, the regulation services provider will be able to effectively monitor DEA activity.

Comments	*CSA Responses*
also believes that the ability of the marketplace to revoke a DMA client's access trading privileges is sufficient to obtain compliance with RS investigations from DMA clients and that contracts between RS and DMA clients are not necessary.	
One commenter cited that they strongly opposed requiring DMA clients to enter into an agreement with the regulation services provider or subjecting DMA clients to other regulations beyond general market integrity rules on the following: just and equitable principles, prohibition of manipulative or deceptive trading methods and improper orders and trades. To follow a similar approach in the U.S., this commenter suggested that the onus of ensuring compliance with applicable market integrity rules and providing user training should be placed on the sponsor, which can be clarified contractually through user agreements between the sponsor and the user as appropriate.	The Proposed Rule would not require contracts between the regulation services provider and the DEA client. The participant dealer must provide each DEA client identifier and associated client name to the regulation services provider.
A couple of commenters mentioned that a DMA client may not be in a position to ensure that their orders are ultimately routed and marked correctly since these orders must first pass through the participating organization's systems and they cannot be responsible for any technical rule violations caused by systems issues at the sponsoring firm.	
A few commenters were supportive of DMA clients having the same requirements as all other participants.	
One commenter was of the view that only properly registered participants and approved ATS subscribers should have direct access to the marketplace in order to ensure efficient and orderly markets.	The Proposed Rule sets out that participant dealers may not provide DEA to a registrant other than a participant dealer or portfolio manager.
Training	
Some commenters mentioned that the training requirement for DMA clients should be relevant and that the current Canadian Securities Institute's Trader Training Course is not appropriate as it is often out of date and covers more material than is relevant for DMA clients. Two commenters suggested that the current TSX and TSX Venture DMA rules that require the dealer to provide training and updates is an appropriate way to ensure clients are trained. One commenter suggested that the regulators could set a higher standard and provide clearer expectations of the material to be covered by required training programs and provide assistance with issuing notices and regulatory updates designed for DMA clients.	The Proposed Rule does not establish specific requirements or minimum levels of education required for DEA clients. It would place an obligation on the participant dealer to satisfy itself that a client has adequate knowledge of applicable marketplace and regulatory requirements and the standards established by the participant dealer.
One commenter not in support of having DMA clients take a standardized trader training course contended that this requirement would serve as an impediment, especially if each jurisdiction imposed a specific trader training course requirement for access to local marketplaces in that jurisdiction. This commenter suggested that if a training course requirement is imposed there should be an exemption for foreign DMA clients. Another commenter indicated that training to attain such high a level of trading proficiency is not justified for the amount of trading that they presently engage in.	

Comments	*CSA Responses*
Question 25: Should the requirements regarding dealer-sponsored participants apply when the products traded are fixed income securities? Derivatives? Why or why not?	
Comments	*CSA Responses*
The majority of commenters that responded to this question believe that the requirements regarding dealer-sponsored participants should not apply to over-the-counter products such as fixed income and derivative products. Some reasons cited for this view include: that there is no central order book with price transparency; the structure of non-exchange listed fixed income and derivative products is fundamentally different than equities; and the perceived regulatory burden could potentially discourage usage by dealer-sponsored participants at a time when transparency and the use of electronic means of trading in the OTC markets is still developing in Canada. One commenter also stated that this proposed requirement could stifle innovation in these marketplaces and put Canadian markets at a competitive disadvantage compared to the U.S. as there are no similar regulatory requirements in that marketplace. One commenter believes that all assets and all markets should be subject to the same requirements.	The Proposed Rule applies to all securities traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* (NI 21-101). Consideration will be given in the future as to whether it should apply to electronic trading in other products.
Question 26: Would your view about the jurisdiction of a regulation services provider (such as RS for ATS subscribers or an exchange for DMA clients) depend on whether it was limited to certain circumstances? For example, if for violations relating to manipulation and fraud, would the securities commissions be the applicable regulatory authorities for enforcement purposes?	
Comments	*CSA Responses*
Many commenters do not feel that it is appropriate for RS to have jurisdiction over DMA clients. Some commenters cited concerns that treating U.S. broker-dealers who are DMA clients as Access Persons may cause these clients to stop trading on Canadian marketplaces which could reduce liquidity and result in wider spreads on Canadian marketplaces. One commenter submitted that introducing an expansive new regime in Canada that gives a Canadian regulator jurisdiction over U.S. clients of Canadian dealers would send a message that is contrary to the goal of free trade in securities and may impact the SEC's possible proposal on mutual recognition with Canada. One commenter stated that the contractual relationship between a DMA client and RS effectively creates a new requirement for clients to be registered with RS and that it should be recognized that in certain circumstances clients may not be permitted to sign a contract with an SRO. This commenter also noted that the process and administration relating to these contracts must be clearly defined as many times a DMA client will have multiple brokers and the employees may have access to some marketplaces with one dealer and potentially different access with another dealer.	The CSA do not propose to extend the jurisdiction of the regulation services provider to all DEA clients at this time.

Comments	*CSA Responses*
One commenter suggested that RS should have jurisdiction over DMA clients for the purposes of UMIR 2.2 and that RS should contact the sponsoring registered Participant for all other matters relating to DMA clients. Two commenters asserted that the provincial securities regulator is the appropriate body to regulate DMA clients and other non-Investment Dealer Association or non-exchange members. One commenter, while hesitant to impose a regulation services agreement to be signed by each DMA customer, stated such agreements should be limited to a brief statement of general principles and not be open to negotiation as to its content in order to avoid applying different standards of regulation to different market participants. A few commenters believe that all participants should be subject to the same regulations by the same regulators to ensure consistency. One commenter contended that the current regulatory jurisdiction is too fragmented and called for RS to be the primary regulatory authority for all levels of market trading infractions and over any party with access to marketplaces.	
Question 27: Could the proposed amendments lead dealer-sponsored participants to choose alternative ways to access the market such as using more traditional access (for example, by telephone), using foreign markets (for inter-listed securities) or creating multiple levels of DMA (for example, a DMA client providing access to other persons)?	
Comments	*CSA Responses*
A large majority of commenters that responded to this question believe that the proposed amendments could lead DMA clients to circumvent dealers and find alternative ways to access Canadian markets. A few commenters noted that foreign dealers in particular may choose not to trade in Canada if they are required to be subject to another local regulatory regime. One commenter noted while the proposed amendments do not contemplate disclosure of information relating to trading strategies or working of orders, that requirements of this nature would have the effect of directing order flow away from Canadian markets. One commenter submitted that foreign clients must use a registered participant in Canada.	The Proposed Rule would place the responsibility for DEA client orders on the participant dealer. The CSA do not believe that the Proposed Rule would lead DEA clients to find alternative methods to access the Canadian market. Additionally, we note that the Proposed Rule would not establish DEA requirements which are significantly different from those in other jurisdictions, and do not believe foreign dealers will choose not to trade in Canada as a result. The Proposed Rule sets out requirements for the use of automated order systems, such that any marketplace participant must ensure it has the necessary knowledge and understanding of any automated order system employed in order to identify and manage risks associated with the use of the system. The CSA recognize that some of the information regarding client automated order systems would be considered proprietary, however we would expect in these cases that a participant dealer would obtain sufficient knowledge to manage its own risks.

Comments	*CSA Responses*
Question 28: Should there be an exemption for foreign clients who are dealer-sponsored participants from the requirements to enter into an agreement with the exchange or regulations services provider? If so, why and under what circumstances?	
Comments	*CSA Responses*
The majority of commenters that responded to this question are not supportive of an exemption for foreign clients who are dealer-sponsored participants from the requirements to enter into an agreement with the exchange or regulations services provider. Many commenters re-iterated their position that a direct agreement between DMA clients and RS is not warranted and that this would pose a significant barrier for foreign dealers and clients to access our markets. One commenter contended that foreign DMA clients will stop trading in Canada if they are required to execute an agreement with a foreign regulator. One commenter suggested that foreign and domestic DMA clients should not be subject to other regulations beyond the following trading rules: just and equitable principles, prohibition of manipulative or deceptive trading methods and improper orders and trades. This commenter stated that the DMA sponsor or ATS should be responsible for all other regulatory and compliance requirements. A number of commenters believe that all market participants should be treated equally and there should not be any advantage to any participant.	The Proposed Rule would not require foreign clients to enter into an agreement with the exchange or regulation services provider.
Question 29: Please provide the advantages and disadvantages of a new category of member of an exchange that would have direct access to exchanges without the involvement of a dealer (assuming clearing and settlement could continue to be through a participant of the clearing agency).	
Comments	*CSA Responses*
The overwhelming majority of commenters that responded to this question are not supportive of a new category of a member of an exchange. A few commenters are concerned that a member of an exchange that is not subject to the gatekeeper oversight that dealers currently provide could compromise overall market integrity unless subject to the same level of oversight by RS as a traditional dealer. One commenter is supportive of exchanges determining member eligibility criteria in their sole discretion and creating classes within their membership in the event that they want to provide different types of services to different types of members as long as a requisite level of access and functionality is provided to all members.	The Proposed Rule does not propose a new category of registration.

Please note: public comments to Questions 1 to 14 and 19 to 23 and the corresponding CSA responses were published on October 17, 2008 in the Ontario Securities Commission Bulletin at (2008) 31 OSCB 10045. Comments to Questions 15 to 18 and the corresponding CSA responses were published on June 20, 2008 in the Ontario Securities Commission Bulletin at (2008) 31 OSCB 6306.

	Commenters
1.	Canadian Security Traders Association Inc.
2.	Investment Industry Association of Canada
3.	Raymond James Ltd.
4.	RBC Asset Management Inc.
5.	RBC Dominion Securities Inc.
6.	TD Asset Management
7.	TMX Group
8.	Perimeter Markets Inc.
9.	Scotia Capital
10.	Highstreet Asset Management
11.	CPP Investment Board
12.	Merrill Lynch
13.	TD Newcrest
14.	Bloomberg Tradebook Canada

APPENDIX B

COST-BENEFIT ANALYSIS

PROPOSED NATIONAL INSTRUMENT 23-103
ELECTRONIC TRADING AND DIRECT ELECTRONIC ACCESS TO MARKETPLACES

I. Overview

Trading on Canadian marketplaces has occurred through electronic means, however the Canadian market has evolved substantially in recent years. Technological advancements have increased the complexity of the market and the methods by which market participants can trade or access multiple marketplaces. Trading strategies and speeds have become correspondingly complex. Electronic access to the marketplaces has also been broadly extended with marketplace participants providing direct electronic access (DEA). DEA refers to the process whereby access to a marketplace is provided to clients and these clients transmit orders to the marketplace execution system using the marketplace participant's identifier without additional management by the participant dealer.

Such rapid and complex technological change has resulted in many new risks to the Canadian market. In our view, the regulatory framework for electronic trading must reflect these changes and address these risks. Proposed National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* (Proposed Rule) is designed to align regulatory requirements with the current trading environment to ensure effective regulation and mitigation of these risks.

II. Costs and Benefits

Benefits

The Proposed Rule should benefit all market participants including investors, as well as the market as a whole. It is aimed at reducing the risks of electronic trading and enhancing investor confidence in the market by requiring risk management and supervisory controls, policies and procedures designed to manage the risks of both electronic trading and DEA. These controls, policies and procedures would provide for risk checks and filters of orders before they are entered onto marketplaces by marketplace participants or DEA clients.

Requiring marketplace participants to put in place risk management and supervisory controls, policies and procedures, including filters, should reduce both the systemic risk and the risks to individual dealers. In the absence of a robust system of controls, policies and procedures, the entry of one or more erroneous orders in a rapid manner could leave a dealer with substantial financial liabilities in a very short period of time. This credit risk can translate into broader systemic risk if the dealer is unable to cover these liabilities.

From a regulatory view, in the absence of effective controls, a risk exists that the dealer may also be unaware of the nature of the trading activity taking place using its marketplace participant identifier in a timely manner. The Proposed Rule would thus aid dealers to monitor their own trading as well as that of their clients, and require that the appropriate tools be available to aid in ensuring that activity is in compliance with all regulatory requirements.

Additionally, a lack of controls at the marketplace participant level could expose the entire market to rapid erroneous order flow which could affect the trading activities of a much broader group of participants, and could potentially require the cancellation of trades. Establishing controls, policies and procedures surrounding electronic trading would serve to increase confidence that the market is operating in a fair and orderly manner, by reducing the risks of errant order flow having a significant impact on the trading activities and risks of multiple participants.

The Proposed Rule would put requirements in Canada on a similar level to those in the United States, and would serve to prevent regulatory arbitrage and a migration of risks if Canada is seen as a jurisdiction with significantly less requirements and thus lower costs with respect to mitigation of the risks associated with electronic trading.

The Proposed Rule should also promote fairness by establishing a standard set of rules applicable to all market participants providing DEA, regardless of the marketplace accessed. Some dealers may already have risk systems operational, and by placing this obligation on all participant dealers there will be no competitive or economic advantage to be gained by offering access with no such filters and supervisory controls in place. Additionally, given that no consistent rule framework is currently applied specifically to electronic trading, establishing this set of rules will improve both the integrity and confidence in the market by levelling the playing field and standardizing the obligations so that there are minimum requirements in place applicable for all, no matter where orders are entered.

Costs

(i) Technology and maintenance costs

We recognize that for some participants, the Proposed Rule would likely introduce costs associated with the development and implementation of risk management and supervisory controls, policies and procedures. These costs will vary depending on the level of existing controls in place, the nature of their business and trading strategies, as well as the business models and strategies of any DEA clients. The costs may involve initial outlays as well as ongoing expenses. They will also vary depending on whether a participant chooses to use an in-house system or those provided by a third party.

There may also be costs to the market in the form of minimal additional latency on some order flow. These additional latency costs will again be dependent on the type of trading strategies in use and whether existing controls and risk management filters already exist. This additional latency may not have a major impact on the business of most participants, except for those relying on ultra low latency connections for particular strategies.

Although we acknowledge these costs, we believe that they are proportionate to the benefits provided to the market as a whole as discussed above. The protection of the integrity of the market, the reduction in both dealer and systemic risks, and the increase in the confidence of individual investors make these costs justifiable.

(ii) Compliance Costs

Under the Proposed Rule, marketplace participants would be required to ensure ongoing compliance with the responsibilities imposed. Although some new costs are likely, we expect that many of the compliance requirements would already be in place. As an example we note that currently, all registrants are required under National Instrument 31-103 – *Registration Requirements and Exemptions* (NI 31-103) to manage the risks to their business[43], and we would expect that they would have established policies and procedures related to marketplace access. Any additional costs of compliance would vary depending on the nature of the business or services provided by the individual marketplace participant.

With respect to DEA, we acknowledge there may be increased costs associated with establishing, maintaining and applying appropriate standards before providing DEA to a client. We believe these costs are justifiable given the protections afforded to the market as a whole through the implementation of the Proposed Rule. Participant dealers who choose to provide DEA to clients should be appropriately vetting potential clients and ensuring standards are met on a continuing basis not only to mitigate financial risk to themselves, but also the systemic risks associated with the activities of their clients.

(iii) Costs to Marketplaces

The Proposed Rule would among other things, impose upon marketplaces the obligation to prevent the execution of orders from exceeding price and volume thresholds. These thresholds would be set by a regulation services provider monitoring the activities of the marketplace and the trading of securities, or by the marketplace itself if it directly monitors the conduct of its members or users and enforces requirements set pursuant to subsection 7.1(1) or 7.3(1) of National Instrument 23-101 *Trading Rules*.[44]

Some marketplaces in Canada already have such systems in place, while others do not. Additional costs will therefore vary depending on the marketplace in question and whether thresholds already exist.

We believe that price protection thresholds are an important layer of protection for the integrity of our market and for investor protection, and thus the costs associated with implementation are justified. Some marketplaces have already taken steps to ensure they have such protections in place, and we believe the requirements in the Proposed Rule will ensure a level playing field exists amongst marketplaces and ensure there is no competitive advantage to be gained by not offering these controls.

Conclusion

We acknowledge the increase in costs for some market participants associated with the Proposed Rule. In our opinion, the benefits associated with the Proposed Rule are proportionate to these costs. Recent market events have illustrated the risks involved with electronic trading, and appropriate rules or controls to mitigate risks will address these concerns. Further, in establishing requirements related to electronic trading and DEA, the responsibility to ensure the efficiency and protection of our markets will be shared by all participants and there will be no advantages provided to those with less stringent controls and policies in place.

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[43] NI 31-103 paragraph 11.1(b) states that "A registered firm must establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to manage the risks associated with its business in accordance with prudent business practices."

[44] Sections 7.1 and 7.3 of National Instrument 23-101 *Trading Rules* state that a recognized exchange or a recognized quotation and trade reporting system may monitor the conduct of its members and enforce the requirements governing its members either directly or indirectly through a regulation services provider.

NATIONAL INSTRUMENT 23-103
ELECTRONIC TRADING AND DIRECT ELECTRONIC ACCESS TO MARKETPLACES

Table of Contents

PART 1
DEFINITIONS AND INTERPRETATION

1. Definitions

In this Instrument

"automated order system" means any system used by a marketplace participant or a client of a marketplace participant to automatically generate orders on a pre-determined basis;

"direct electronic access" means the access to a marketplace provided to a client of a participant dealer through which the client transmits orders, directly or indirectly, to the marketplace's execution systems under a participant dealer's marketplace participant identifier without re-entry or additional order management by the participant dealer;

"DEA client" means a client who is granted direct electronic access by a participant dealer;

"DEA client identifier" means a unique client identifier assigned to a DEA client by a participant dealer;

"marketplace participant identifier" means the unique identifier assigned to a marketplace participant to access a marketplace;

"marketplace and regulatory requirements" means

(a) the rules, policies or other similar instruments or requirements set by a marketplace respecting the method of trading by marketplace participants, including order entry requirements, the use of algorithms, order types and features and any other requirements governing the execution of trades on the system;

(b) any applicable requirements in Canadian securities legislation; and

(c) any applicable requirements set by a recognized exchange, a recognized quotation and trade reporting system or a regulation services provider pursuant to section 7.1, 7.3 or 8.2 of NI 23-101 respectively;

"NI 23-101" means National Instrument 23-101 *Trading Rules*;

"NI 31-103" means National Instrument 31-103 *Registration Requirements and Exemptions*;

"participant dealer" means a marketplace participant that is an investment dealer.

2. Interpretation

A term defined or interpreted in National Instrument 14-101 *Definitions,* National Instrument 21-101 *Marketplace Operation,* or NI 31-103 and used in this Instrument has the respective meaning ascribed to it in National Instrument 14-101 *Definitions,* National Instrument 21-101 *Marketplace Operation* or NI 31-103.

PART 2
REQUIREMENTS APPLICABLE TO MARKETPLACE PARTICIPANTS

3. Risk Management and Supervisory Controls, Policies and Procedures

(1) A marketplace participant must:

(a) establish, maintain and ensure compliance with appropriate risk management and supervisory controls, policies and procedures that are reasonably designed to manage, in accordance with prudent business practices, the financial, regulatory and other risks associated with marketplace access or providing clients with direct electronic access;

(b) record the policies and procedures required by paragraph (a) and maintain a description of its risk management and supervisory controls in written form.

(2) The risk management and supervisory controls, policies and procedures required in subsection (1) must be designed to ensure all orders are monitored and include

(a) automated pre-trade controls; and

(b) regular post-trade monitoring.

(3) The risk management and supervisory controls, policies and procedures required in subsection (1) must

(a) systematically limit the financial exposure of the marketplace participant, including:

(i) preventing the entry of one or more orders that would result in exceeding appropriate pre-determined credit or capital thresholds for the marketplace participant and, if applicable, its DEA client;

(ii) preventing the entry of one or more orders that exceed appropriate price or size parameters;

(b) ensure compliance with applicable marketplace and regulatory requirements, including:

(i) preventing the entry of orders that do not comply with all applicable marketplace and regulatory requirements that must be satisfied on a pre-order entry basis;

(ii) limiting the entry of orders to securities that a marketplace participant or, if applicable, its DEA client, is authorized to trade;

(iii) restricting access to trading on a marketplace to persons authorized by the marketplace participant;

(iv) ensuring that the compliance staff of the marketplace participant receives immediate order and trade information, including, without limitation, execution reports, resulting from orders sent by the marketplace participant or, if applicable, its DEA client, to a marketplace;

(c) enable the marketplace participant to immediately stop or cancel one or more orders entered by the marketplace participant or, if applicable, its DEA client;

(d) enable the marketplace participant to immediately suspend or terminate any direct electronic access granted to a DEA client; and

(e) ensure that the entry of orders does not interfere with fair and orderly markets.

(4) The risk management and supervisory controls, policies and procedures established pursuant to this section, including those provided by a third party, must be under the direct and exclusive control of the marketplace participant, subject to section 4 below.

(5) A third party that provides risk management and supervisory controls, policies and procedures to a marketplace participant must be independent from each DEA client of that marketplace participant.

(6) A marketplace participant must:

(a) regularly assess and document the adequacy and effectiveness of its risk management and supervisory controls, policies and procedures; and

(b) document and promptly remedy any deficiencies.

(7) Where a marketplace participant uses the services of a third party to provide risk management or supervisory controls, policies and procedures, the marketplace participant must:

(a) regularly assess and document the adequacy and effectiveness of the third party's relevant risk management and supervisory controls, policies and procedures; and

(b) document any deficiencies and ensure that the deficiencies are promptly remedied.

4. Allocation of Control over Risk Management and Supervisory Controls, Policies and Procedures

A participant dealer may reasonably allocate control over specific risk management and supervisory controls, policies and procedures required under subsection 3(1) to an investment dealer if:

(a) the participant dealer has a reasonable basis for determining that such investment dealer, based on its relationship with the ultimate client, has better access to information relating to the ultimate client than the participant dealer such that the investment dealer can more effectively implement the controls, policies and procedures;

(b) a description of the allocation of control over specific risk management and supervisory controls, policies and procedures is set out in a written agreement between the participant dealer and investment dealer;

(c) the participant dealer assesses and documents the adequacy and effectiveness of the investment dealer's risk management and supervisory controls, policies and procedures prior to allocating control;

(d) the participant dealer

(i) regularly assesses the adequacy and effectiveness of the risk management and supervisory controls, policies and procedures over which control has been allocated to the investment dealer;

(ii) documents any deficiencies and ensures that the deficiencies are promptly remedied; and

(e) the participant dealer provides the investment dealer with the immediate order and trade information of the DEA client that the participant dealer receives pursuant to subparagraph 3(3)(b)(iv).

5. Use of Automated Order Systems

(1) The use of automated order systems by a marketplace participant or any client, including a DEA client, must not interfere with fair and orderly markets.

(2) As part of the risk management and supervisory controls, policies and procedures required under subsection 3(1), a marketplace participant must:

(a) have the necessary knowledge and understanding of any automated order system used by the marketplace participant or any client, including a DEA client, in order to identify and manage its risks associated with the use of the automated order system;

(b) ensure that each automated order system is regularly, and at least annually, tested in accordance with prudent business practices; and

(c) have controls in place to immediately and at any time disable the automated order system to prevent orders generated by the automated order system from reaching a marketplace.

PART 3
REQUIREMENTS APPLICABLE TO PARTICIPANT DEALERS PROVIDING DIRECT ELECTRONIC ACCESS

6. Provision of Direct Electronic Access

(1) Only a participant dealer may provide direct electronic access.

(2) A participant dealer may not provide direct electronic access to a registrant, unless the registrant is:

(a) a participant dealer; or

(b) a portfolio manager.

7. Standards for DEA Clients

(1) Before granting direct electronic access to a client, a participant dealer must:

(a) establish, maintain and apply appropriate standards for direct electronic access; and

(b) assess and document whether each client meets the standards established by the participant dealer for direct electronic access.

(2) The standards established by the participant dealer pursuant to subsection (1) must include that:

(a) the client has appropriate resources to meet any financial obligations that may result from the use of direct electronic access by that client;

(b) the client has appropriate arrangements in place to ensure that all personnel using direct electronic access on behalf of the client have knowledge of and proficiency in the use of the order entry system that the client will use;

(c) the client has knowledge of and has the ability to comply with all applicable marketplace and regulatory requirements; and

(d) the client has in place adequate arrangements to monitor the entry of orders through direct electronic access.

(3) A participant dealer must confirm with the DEA client, at least annually, that the DEA client continues to meet the standards established by the participant dealer, including those set out in subsection (2).

8. Written Agreement

Prior to granting direct electronic access to a client, a participant dealer must enter into a written agreement with the client that provides that as a DEA client:

(a) the DEA client's trading activity will comply with marketplace and regulatory requirements;

(b) the DEA client's trading activity will comply with the product limits or credit or other financial limits specified by the participant dealer;

(c) the DEA client will maintain all technology facilitating direct electronic access in an electronically and physically secure manner and will prohibit personnel, other than those authorized by the participant dealer, to use the direct electronic access granted;

(d) the DEA client will fully cooperate with the participant dealer in connection with any investigation or proceeding by any marketplace, regulation services provider, securities regulatory authority or law enforcement agency with respect to trading conducted pursuant to the direct electronic access granted, including, upon request by the participant dealer, providing access to such information to the marketplace, regulation services provider, securities regulatory authority or law enforcement agency that is necessary for the purposes of any such investigation or proceeding;

(e) the DEA client acknowledges that the participant dealer may

(i) reject an order;

(ii) vary, correct or cancel an order entered on a marketplace; and

(iii) discontinue accepting orders from the DEA client;

(f) the DEA client will immediately inform the participant dealer if it fails or reasonably expects not to meet the standards set by the participant dealer;

(g) when trading for the accounts of its clients, pursuant to subsection 11(2), the DEA client will ensure that the orders of its clients will flow through the systems of the DEA client and will be subject to appropriate risk management and supervisory controls, policies and procedures;

(h) the DEA client will not trade for the accounts of its clients, pursuant to subsection 11(2), unless

(i) such clients meet the standards established by the participant dealer pursuant to section 7; and

(ii) a written agreement is in place between the DEA client and its clients that sets out the terms of the access provided.

9. Training of DEA Clients

(1) Prior to granting direct electronic access to a client, and as necessary after direct electronic access is granted, a participant dealer must satisfy itself that the client has adequate knowledge of applicable marketplace and regulatory requirements and the standards established pursuant to section 7.

(2) If a participant dealer concludes that a client does not have adequate knowledge with respect to applicable marketplace and regulatory requirements, or standards established pursuant to section 7, the participant dealer must ensure the necessary training is provided to the client prior to granting direct electronic access to the client.

(3) A participant dealer must ensure that the DEA client receives any relevant changes and updates to applicable marketplace and regulatory requirements or standards established pursuant to section 7.

10. DEA Client Identifier

(1) Upon granting direct electronic access to a client, a participant dealer must assign to the client a DEA client identifier.

(2) A participant dealer that assigns a DEA client identifier pursuant to subsection (1) must immediately provide the DEA client identifier and the associated client name to:

(a) all regulation services providers monitoring trading;

(b) any recognized exchange or recognized quotation and trade reporting system that directly monitors the conduct of its members or users and enforces requirements set pursuant to subsection 7.1(1) or 7.3(1) respectively of NI 23-101 and to which the DEA client has access; and

(c) any exchange or quotation and trade reporting system that is recognized for the purposes of this Instrument and that directly monitors the conduct of its members or users and enforces requirements set pursuant to subsection 7.1(1) or 7.3(1) respectively of NI 23-101 and to which the DEA client has access.

(3) A participant dealer must ensure that each order entered by a DEA client using direct electronic access provided by that participant dealer includes the appropriate DEA client identifier.

(4) If a client ceases to be a DEA client, the participant dealer must promptly inform:

(a) all regulation services providers monitoring trading;

(b) any recognized exchange or recognized quotation and trade reporting system that directly monitors the conduct of its members or users and enforces requirements set pursuant to section 7.1(1) or 7.3(1) respectively of NI 23-101 and to which the DEA client had access; and

(c) any exchange or quotation and trade reporting system that is recognized for the purposes of this Instrument and that directly monitors the conduct of its members or users and enforces requirements set pursuant to subsection 7.1(1) or 7.3(1) respectively of NI 23-101 and to which the DEA client had access.

11. Trading by DEA Clients

(1) Except as provided in subsection (2), a participant dealer must only provide direct electronic access to a client that is trading for its own account.

(2) When using direct electronic access, the following DEA clients may trade for their own account or for the accounts of their clients:

(a) a participant dealer;

(b) a portfolio manager; and

(c) an entity that is authorized in a category analogous to the entities referred to in paragraphs (a) and (b) in a foreign jurisdiction that is a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding.

(3) Where a DEA client is using direct electronic access to trade for the accounts of its clients, pursuant to subsection (2), the clients' orders must flow through the systems of the DEA client before being entered on a marketplace directly or indirectly through a participant dealer.

(4) A participant dealer must ensure that where a DEA client is trading for the accounts of its clients, the DEA client has established and maintains appropriate risk management and supervisory controls, policies and procedures.

(5) A DEA client must not provide access to or pass on its direct electronic access to another person or company.

PART 4
REQUIREMENTS APPLICABLE TO MARKETPLACES

12. Availability of Order and Trade Information

A marketplace must provide a marketplace participant with reasonable access to its order and trade information, including execution reports, on an immediate basis to enable the marketplace participant to effectively implement the risk management and supervisory controls, policies and procedures required in section 3.

13. DEA Client Identifiers

A marketplace must not permit a marketplace participant to provide direct electronic access unless the marketplace's systems support the use of DEA client identifiers.

14. Marketplace Controls Relating to Electronic Trading

(1) A marketplace must have the ability and authority to terminate all or a portion of the access provided to a marketplace participant or a DEA client.

(2) A marketplace must:

(a) regularly assess and document whether the marketplace requires any risk management and supervisory controls, policies and procedures relating to electronic trading, in addition to those controls that a marketplace participant is required to have pursuant to subsection 3(1), and ensure that such controls, policies and procedures are implemented in a timely manner;

(b) regularly assess and document the adequacy and effectiveness of any risk management and supervisory controls, policies and procedures implemented pursuant to paragraph (a); and

(c) document and promptly remedy any deficiencies identified in the controls, policies and procedures implemented pursuant to paragraph (a).

15. Marketplace Thresholds

(1) A marketplace must prevent the execution of orders for exchange-traded securities exceeding price and volume thresholds set by:

(a) its regulation services provider;

(b) the marketplace, if it is a recognized exchange that directly monitors the conduct of its members and enforces requirements set pursuant to subsection 7.1(1) of NI 23-101; or

(c) the marketplace, if it is a recognized quotation and trade reporting system that directly monitors the conduct of its users and enforces requirements set pursuant to subsection 7.3(1) of NI 23-101.

(2) A recognized exchange, recognized quotation and trade reporting system or regulation services provider setting a price threshold for an exchange-traded security under subsection (1) must coordinate its price threshold with all other exchanges, quotation and trade reporting systems and regulation services providers setting a price threshold under subsection (1) for that exchange-traded security or a security underlying that exchange-traded security.

16. Clearly Erroneous Trades

(1) A marketplace must have the capability to cancel, vary or correct a trade.

(2) If a marketplace has retained a regulation services provider, the marketplace must not cancel, vary or correct a trade executed on the marketplace unless:

(a) instructed to do so by its regulation services provider;

(b) the cancellation, variation or correction is requested by a party to the trade, consent is provided by both parties to the trade and notification is provided to its regulation services provider; or

(c) the cancellation, variation or correction is necessary to correct an error caused by a system or technological malfunction of the marketplace systems or equipment in executing the trade, and permission to cancel, vary or correct has been obtained from its regulation services provider.

(3) A marketplace must establish, maintain and ensure compliance with reasonable policies and procedures that clearly outline the processes and parameters associated with a cancellation, variation or correction and must make such policies and procedures publicly available.

PART 5
EXEMPTION

17. Exemption

(1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

PART 6
EFFECTIVE DATE

18. Effective Date

This Instrument comes into force on ●.

COMPANION POLICY 23-103CP
ELECTRONIC TRADING AND DIRECT ELECTRONIC ACCESS TO MARKETPLACES

Table of Contents

PART 1 GENERAL COMMENTS

1.1 Introduction

Purpose of National Instrument 23-103

The purpose of National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* (NI 23-103) is to address areas of concern and risks brought about by electronic trading. The increased speed and automation of trading on marketplaces and the continuing growth of direct electronic access (DEA) give rise to various risks, including credit risk and market integrity risk. Some of the risks arise from electronic trading more generally, while other risks are specific to DEA trading. To protect marketplace participants from harm and to ensure continuing market integrity, these risks need to be appropriately and effectively controlled and monitored.

In the view of the Canadian Securities Administrators (CSA or we), marketplace participants should bear primary responsibility for ensuring that these risks are appropriately and effectively controlled and monitored. This responsibility applies to orders that are entered electronically by the marketplace participant itself, as well as DEA orders from clients using the participant dealer's marketplace participant identifier and includes both financial and regulatory obligations. This view is premised on the fact that it is the marketplace participant that makes the decision to trade or, in the case of a participant dealer, to provide DEA access to its client. However, the marketplaces also have some responsibilities to manage risks to the market.

Purpose of Companion Policy

This Companion Policy sets out how the CSA interpret or apply the provisions of NI 23-103 and related securities legislation.

Except for Part 1, the numbering of Parts and sections in this Companion Policy correspond to the numbering in NI 23-103. Any general guidance for a Part appears immediately after the Part name. Any specific guidance on sections in NI 23-103 follows any general guidance. If there is no guidance for a Part or section, the numbering in this Companion Policy will skip to the next provision that does have guidance.

All references in this Companion Policy to Parts and sections are to NI 23-103**,** unless otherwise noted.

1.2 Definitions

Unless defined in NI 23-103**,** terms used in NI 23-103 and in this Companion Policy have the meaning given to them in the securities legislation of each jurisdiction, in National Instrument 14-101 *Definitions*, National Instrument 21-101 *Marketplace Operation* (NI 21-101)*,* or National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103).

Automated order systems

Automated order systems encompass both hardware and software used to generate orders on a pre-determined basis and would include trading algorithms that are used by marketplace participants, offered by marketplace participants to clients or are developed or used by clients.

Direct electronic access

Section 1 defines "direct electronic access" as the access to a marketplace provided to a client of a participant dealer through which the client transmits orders, directly or indirectly, to the marketplace's execution systems under a participant dealer's marketplace participant identifier without re-entry or additional order management. There are several methods by which a client's order may be transmitted electronically by the client to a marketplace, including:

(i) directly to the marketplace through the client's own system;

(ii) through the participant dealer's system; or

(iii) through a third party vendor system.

NI 23-103 requires automatic risk management filters for all orders entered electronically, including DEA orders. DEA orders are orders that are not re-routed to a trading desk of the participant dealer for manual order management by a trader or for re-entry by the participant dealer.

This definition would not capture order-execution services as defined and provided under the rules of the Investment Industry Regulatory Organization of Canada (IIROC) or other electronic access arrangements whereby a client uses the website of a dealer to enter orders as these services and arrangements would permit the management of orders by a participant dealer.

DEA client identifier

NI 23-103 requires each DEA client to have a unique identifier in order to track orders originating from that DEA client. A participant dealer is responsible for assigning the DEA client identifier under subsection 10(1) and for ensuring that every order entered by a DEA client using DEA includes the appropriate DEA client identifier under subsection 10(3). Generally, the participant dealer would obtain the DEA client identifiers from a marketplace.

Marketplace participant identifier

A marketplace participant identifier is the unique identifier assigned to the marketplace participant for trading purposes. The assignment of this identifier is co-ordinated with a regulation services provider of the marketplace, where applicable. The marketplace participant is to use its marketplace participant identifier across all marketplaces that it accesses.

PART 2 REQUIREMENTS APPLICABLE TO MARKETPLACE PARTICIPANTS

3. Risk management and supervisory controls, policies and procedures

National Instrument 31-103 requirements

For marketplace participants that are registered firms, section 11.1 of NI 31-103 requires the registered firm to establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to: (a) provide reasonable assurance that the registered firm and each individual acting on its behalf complies with securities legislation; and (b) manage the risks associated with its business in accordance with prudent business practices. Section 3 of NI 23-103 builds on the obligations outlined in section 11.1 of NI 31-103. The CSA have included requirements in NI 23-103 that all marketplace participants that conduct trading on a marketplace have appropriate controls, policies and procedures in place and that they manage them in accordance with prudent business practices. These requirements provide greater specificity with respect to the expectations surrounding controls, policies and procedures relating to electronic trading. The requirements apply to all marketplace participants, not just those that are registered firms.

Documentation of risk management and supervisory controls, policies and procedures

Subsection 3(1) requires a marketplace participant to record its policies and procedures and maintain a copy of its risk management and supervisory controls in written form. This includes a narrative description of any electronic controls and their functions implemented by the marketplace participant.

We note that the risk management and supervisory controls, policies and procedures related to the trading of unlisted, government and corporate debt may not be the same as those related to the trading of equity securities due to the differences in the nature of trading of these types of securities.

It is expected that these documents will be retained as part of the marketplace participant's obligation to maintain its books and records in NI 31-103.

DEA clients that also maintain risk management controls

We are aware that a DEA client that is not a registered dealer may maintain its own risk management controls. However, part of the intent of NI 23-103's risk management and supervisory controls, policies and procedures is to require a participant dealer to manage its risks associated with electronic trading and to protect the participant dealer under whose marketplace participant identifier the order is being entered. Consequently, a participant dealer must maintain risk management and supervisory controls, policies and procedures regardless of whether its DEA clients also maintain their own controls. It is not appropriate for

a participant dealer to rely on a DEA client's risk management controls, as the participant dealer would not be able to ensure the sufficiency of the DEA client's controls, nor would the controls be tailored to the particular needs of the participant dealer.

Minimum risk management and supervisory controls, policies and procedures

Subsection 3(2) sets out the minimum elements of the risk management and supervisory controls, policies and procedures that we expect to be addressed and documented by each marketplace participant. The marketplace participant should assess, document and implement any additional risk management and supervisory controls, policies and procedures that it determines are necessary to manage the marketplace participant's financial exposure and to ensure compliance with applicable marketplace and regulatory requirements.

Risk management and supervisory controls, policies and procedures with respect to DEA

A participant dealer that provides DEA to its clients must ensure it has the appropriate risk management and supervisory controls, policies and procedures necessary to manage the risks associated with offering DEA. A participant dealer must ensure that it can adequately manage its DEA business, for example by ensuring that it has the necessary staffing, technology and other required resources, and that it has the financial ability to withstand the increased risks of providing DEA. A participant dealer must understand its risks in providing DEA and address those risks when establishing its minimum standards for DEA. The participant dealer should also tailor the risk management and supervisory controls, policies and procedures to each specific DEA client as may be necessary and appropriate in the circumstances.

Pre-set credit or capital thresholds

The pre-set credit or capital thresholds referenced in paragraph 3(3)(a) may be set on a per order, trade or account basis, or using a combination of these factors as required in the circumstances.

For example, a participant dealer that sets a credit limit for each DEA client could impose that credit limit by setting sub-limits applied at each marketplace to which the participant dealer provides access which together equal the total credit limit. A participant dealer may also consider whether to establish credit or capital thresholds based on sector, security or other relevant factors. In order to address the financial exposure that might result from rapid order entry, a participant dealer should also consider measuring compliance with set credit or capital thresholds on the basis of orders entered rather than executions obtained.

We note that different thresholds may be set for the marketplace participant's order flow (including both proprietary and client order flow) and that of a DEA client, if appropriate.

Compliance with applicable marketplace and regulatory requirements

The CSA expect marketplace participants to prevent the entry of orders that do not comply with all applicable marketplace and regulatory requirements that must be satisfied on a pre-order basis where possible. Specifically, marketplace and regulatory requirements that must be satisfied on a pre-order basis are those requirements that can effectively be complied with only before an order is entered on a marketplace including: (i) conditions that must be satisfied under National Instrument 23-101 *Trading Rules* (NI 23-101) before an order can be marked a "directed-action order", (ii) marketplace requirements applicable to particular order types and (iii) compliance with trading halts. This requirement does not impose new substantive regulatory requirements on the marketplace participant but rather establishes a clear requirement that marketplace participants have appropriate mechanisms in place that are reasonably designed to effectively comply with their existing regulatory obligations on a pre-order basis in an automated, high-speed trading environment.

Order and trade information

Subparagraph 3(3)(b)(iv) requires the risk management and supervisory controls, policies and procedures to be reasonably designed to ensure that the compliance staff of the marketplace participant receives immediate order and trade information. This will require the marketplace participant to ensure that it has the capability to view trading information in real-time or to receive immediate order and trade information, such as through a drop copy, from the marketplace.

This requirement will assist the marketplace participant in fulfilling its obligations prescribed in subsection 3(1) with respect to establishing and implementing risk management and supervisory controls, policies and procedures reasonably designed to manage risks associated with access to marketplaces and providing DEA.

This provision however, does not prescribe that a marketplace participant must carry out compliance monitoring in real-time. It is up to the marketplace participant to determine the appropriate timing for compliance monitoring, but we are of the view that it is important that the marketplace participant have the necessary tools in place to facilitate order and trade monitoring as part of the marketplace participant's risk management and supervisory controls, policies and procedures.

Marketplace participant to retain direct and exclusive control of risk management and supervisory controls, policies and procedures

Subsection 3(4) specifies that the risk management and supervisory controls, policies and procedures must be under the direct and exclusive control of the marketplace participant.

A marketplace participant can use technology of third parties as long as the marketplace participant is able to directly and exclusively manage the supervisory and risk management controls, including the setting and adjusting of filter limits. A third party providing such services must be independent of any DEA client of the marketplace participant. An entity affiliated with the marketplace participant but independent from a DEA client may be considered to be an independent third party.

In all circumstances, under paragraph 3(7)(a), the marketplace participant must assess and document whether the risk management and supervisory controls, policies and procedures of the third party are effective and otherwise consistent with the provisions of NI 23-103 before engaging such services. Reliance on representations of a third party provider is insufficient to meet this assessment requirement. The CSA expect registered firms to be responsible and accountable for all functions that they outsource to a service provider as set out in Part 11 of Companion Policy 31-103CP *Registration Requirements and Exemptions*.

Section 4 of NI 23-103 provides a limited exception to the requirement that a marketplace participant must have direct and exclusive control over its risk management and supervisory controls, policies and procedures in that a participant dealer may reasonably allocate, subject to certain conditions, control over specific risk management and supervisory controls, policies and procedures to an investment dealer.

Regular assessment of risk management controls and supervisory policies and procedures

Subsection 3(6) requires a marketplace participant to regularly assess and document the adequacy and effectiveness of the controls, policies and procedures it is required to establish under subsection 3(1). The same assessment requirement also applies where a marketplace participant uses the services of a third party to provide risk management or supervisory controls, policies and procedures. A "regular" assessment would constitute, at a minimum, an assessment conducted annually of the controls, policies and procedures and whenever a substantive change is made to the controls, policies and procedures. A marketplace participant should determine whether more frequent assessments are required, depending on the particular circumstances.

A marketplace participant is expected to retain the documentation of each such assessment as part of its obligation to maintain books and records in NI 31-103.

4. Allocation of control over risk management and supervisory controls, policies and procedures

Section 4 of NI 23-103 is intended to address introducing (originating) and carrying (executing) arrangements or jitney arrangements that involve multiple dealers. In such arrangements, there may be certain controls that are better directed by the originating dealer, as it is the originating dealer that has knowledge of its client and is responsible for suitability and other "know your client" obligations. However, the executing dealer must also have appropriate controls in place to manage the risks it incurs by executing orders for other dealers.

Therefore, section 4 of NI 23-103 provides that a participant dealer may reasonably allocate, by written contract and after a thorough assessment, control over specific risk management and supervisory controls, policies and procedures to another registered investment dealer. We are of the view that where the originating investment dealer with the direct relationship with the ultimate client has better access than the participant dealer to information relating to the ultimate client, the originating investment dealer may more effectively assess the ultimate client's financial resources and investment objectives.

We also expect that the participant dealer will maintain a written contract with the investment dealer that sets out a description of the allocation of controls as part of its books and records obligations set out in NI 31-103.

Paragraph 4(d) requires a participant dealer to regularly assess the adequacy and effectiveness of the investment dealer's risk management and supervisory controls, policies and procedures over which control has been allocated. We expect that this will include an assessment of the performance of the investment dealer under the written agreement prescribed in paragraph 4(b) of NI 23-103. A "regular" assessment would constitute, at a minimum, an assessment conducted annually of the controls, policies and procedures and whenever a substantive change is made to the controls, policies or procedures. A marketplace participant should determine whether more frequent assessments are required, depending on the particular circumstances.

Paragraph 4(e) requires the participant dealer to immediately provide the compliance staff of the originating investment dealer with immediate order and trade information. This is to allow for the originating investment dealer to monitor trading more effectively and efficiently.

Any allocation of control does not relieve the participant dealer from its obligations under section 3 of NI 23-103, including the overall responsibility to establish, document, maintain and ensure compliance with appropriate risk management and supervisory controls, policies and procedures reasonably designed, in accordance with prudent business practices, to manage the financial, regulatory and other risks associated with marketplace access or providing DEA.

5. Use of automated order systems

Subsection 5(1) of NI 23-103 stipulates that the use of automated order systems must not interfere with fair and orderly markets. This includes both the fair and orderly trading on a marketplace or the market as a whole and the proper functioning of a marketplace. For example, the sending of a continuous stream of orders that negatively impacts the price of a security or that overloads the systems of a marketplace may be considered as interfering with fair and orderly markets.

Paragraph 5(2)(a) of NI 23-103 requires a marketplace participant to have the necessary knowledge and understanding of any automated order systems used by either the marketplace participant or the marketplace participant's clients, including DEA clients. We understand that detailed information of automated order systems may be treated as proprietary information by some clients or third party service providers; however, the CSA expect that the marketplace participant will be able to obtain sufficient information to have knowledge of and understand any automated order systems used by a client or itself in order to properly identify and manage its own risks.

Paragraph 5(2)(b) requires that each automated order system is appropriately tested. A participating dealer does not necessarily have to conduct tests on each automated order system used by its clients but must satisfy itself that these automated order systems have been appropriately tested. It is expected that this testing is done in accordance with prudent business practices which would include testing of the automated order system before its initial use and after any significant change is made.

PART 3 REQUIREMENTS APPLICABLE TO PARTICIPANT DEALERS PROVIDING DIRECT ELECTRONIC ACCESS

6. Provision of DEA

Registration Requirement

Only marketplace participants that meet the definition of "participant dealer" are permitted to provide DEA to clients. A participant dealer is defined as a marketplace participant that is an investment dealer. This is due to the fact that the provision of DEA to a client would trigger the registration requirements under applicable Canadian securities legislation.

Persons or Companies not eligible for DEA

Section 6 does not allow DEA to be provided to a registrant other than a participant dealer or a portfolio manager. Certain registered dealers, such as exempt market dealers, are not eligible for DEA, because the CSA do not want to facilitate regulatory arbitrage with respect to trading. In our view, if a registered dealer wishes to have direct access to marketplaces, then the registered dealer should be an IIROC member and therefore be directly subject to IIROC rules including the Universal Market Integrity Rules (UMIR) if accessing equity marketplaces.

With respect to registrants, subsection 6(2) limits the use of DEA to participant dealers, rather than to investment dealers in general, in order to ensure that this DEA client is subject to UMIR. We are of the view that UMIR obligations on the DEA client in this instance assist in minimizing the regulatory risks associated with DEA.

Order-execution services

DEA does not include order-execution services provided pursuant to IIROC rules. Order-execution services refers to the execution of orders from clients for trades that the marketplace participant has not recommended and for which suitability requirements do not apply. The provision of order-execution services is governed by the rules of IIROC and is not considered to be the same as DEA. Order-execution services are available to retail clients and as such, the CSA expect such orders to be subject to more requirements than DEA orders (for example, supervision).

It is our view that, in general, retail investors should not be using DEA and should be routing orders using order-execution services as defined and provided under IIROC rules. However, there are some circumstances in which individuals are sophisticated and have access to the necessary technology to use DEA (for example, former registered traders or floor brokers). In these circumstances, we would expect that the participant dealer offering DEA would set standards high enough to ensure that the participant dealer is not exposed to undue risk. It may be appropriate for these standards to be higher than those set for institutional investors. All requirements relating to risk management and supervisory controls, policies and procedures would apply when granting DEA to an individual.

7. Standards for DEA clients

Minimum standards

A participant dealer's due diligence with respect to its clients is a key method of managing risks associated with granting DEA. As a result, section 7 requires the participant dealer to establish, maintain and apply appropriate standards for DEA and to assess whether each prospective DEA client meets these standards prior to granting DEA to a client. A participant dealer's establishment, maintenance and application of appropriate standards for DEA would include evaluating its risks in providing DEA to a specific client. The participant dealer must establish, maintain and apply these standards with respect to all DEA clients. Subsection 7(2) sets out the minimum standards that the CSA believe are necessary to ensure that a DEA client has the appropriate financial resources and requisite knowledge of both the order entry system and applicable marketplace and regulatory requirements.

Each participant dealer has a different risk profile and as a result, we have provided flexibility in determining the specific levels of the minimum standards. However, these standards are the minimum required in the CSA's view for the participant dealer to properly manage its risks. The participant dealer should assess and determine what additional standards are appropriate given the particular circumstances of the participant dealer and each prospective DEA client. For example, certain standards a participant dealer may apply to an institutional client may need to be modified when determining whether an individual is suitable for receiving DEA.

Some additional factors a participant dealer could consider when setting such standards include, prior sanctions for improper trading activity, evidence of a proven track record of responsible trading, supervisory oversight, and the proposed trading strategy and associated volumes of trading of the DEA client.

Monitoring the entry of orders

The requirement in paragraph 7(2)(d) to monitor the entry of orders though DEA is expected to help ensure orders comply with marketplace and regulatory requirements, meet minimum standards set for managing risk and do not interfere with fair and orderly markets.

Annual confirmation

Subsection 7(3) requires a participant dealer to confirm, at least annually, that each DEA client continues to meet the minimum standards established by the participant dealer. It is up to the participant dealer to choose the method of confirmation. Obtaining a written annual certification by the DEA client is one way to meet this requirement. If the participant dealer does not require a written annual certification, the participant dealer should record that it has performed the annual confirmation in order to be able to demonstrate compliance with this requirement.

8. Written agreement

Section 8 sets out the provisions that must be included in a written agreement between a participant dealer and its DEA client. However, the participant dealer may include additional provisions in the agreement.

Subsection 8(d) specifies that when a participant dealer requests information from its DEA client in connection with an investigation or proceeding by any marketplace, regulation services provider, securities regulatory authority or law enforcement agency with respect to trading conducted pursuant to the DEA granted, the information is only required to be provided directly to the marketplace, regulation services provider, securities regulatory authority or law enforcement agency conducting the investigation or proceeding to protect the confidentiality of the information.

9. Training of DEA clients

Pursuant to subsection 9(1), prior to providing DEA to a client, and as necessary after DEA is granted, a participant dealer must satisfy itself that the client has adequate knowledge with respect to applicable marketplace and regulatory requirements. What constitutes "adequate" will depend on the particular knowledge of each specific client. The participant dealer must assess the knowledge of the client and determine what training is required in the particular circumstances. The training must at a minimum enable the client to understand the applicable marketplace and regulatory requirements and how trading on the marketplace system occurs. It may be appropriate for the participant dealer to require the client to have the same training required of marketplace participants.

10. DEA client identifier

Assignment of DEA client identifier

The purpose of requiring a unique identifier for each DEA client is to identify orders of clients entered onto a marketplace by way of DEA. NI 23-103 places the responsibility of assigning the DEA client identifier on the participant dealer, however, following industry practice, the participant dealer will collaborate with the marketplace with respect to generating the necessary identifiers.

Inclusion of DEA client identifier on each order entered onto a marketplace

Subsection 10(3) requires that the marketplace participant ensure that every DEA order entered onto a marketplace contain the appropriate DEA client identifier. It is not intended that the DEA client identifier be public information. Rather, it can be included in a private field that may only be viewed by: (1) the participant dealer under whose marketplace participant identifier the order was entered, (2) a regulation services provider, (3) a recognized exchange or recognized quotation and trade reporting system if it directly monitors the conduct of its members or users and enforces requirements set pursuant to subsection 7.1(1) or 7.3(1) respectively of NI 23-101 and (4) an exchange or quotation and trade reporting system that is recognized for the purposes of NI 23-103 and that directly monitors the conduct of its members or users and enforces requirements set pursuant to subsection 7.1(1) or 7.3(1) respectively of NI 23-101 and to which the DEA client has access.

11. Trading by DEA clients

Client orders passing through the systems of the DEA client

The CSA are of the view that DEA clients should not provide their DEA access to their clients. Subsection 11(3) requires that where a DEA client is using direct electronic access and trading for the accounts of its clients, the client orders must flow through the systems of the DEA client before being entered on a marketplace, directly or indirectly through a participant dealer.

This is meant to allow those arrangements that the CSA are comfortable with, such as a DEA client acting as a "hub" and aggregating the orders of its affiliates before sending the orders to the participant dealer. Requiring orders to flow through the systems of the DEA client allows the DEA client to impose any controls it deems necessary or is required to impose pursuant to any requirements to manage its risks. Although the participant dealer is also required to have controls, including automatic pre-trade filters, to manage its risks, it is the DEA client that has the knowledge of the ultimate client and therefore the DEA client is likely in a better position to determine those controls that are specific to each particular client. It is the responsibility of the participant dealer to ensure that the DEA client has adequate controls in place to monitor the orders entering its systems.

PART 4 REQUIREMENTS APPLICABLE TO MARKETPLACES

12. Availability of order and trade information

Reasonable access

Section 12 is designed to ensure that the marketplace participant has access to the information necessary to meet its obligations under NI 23-103 and that the marketplace does not have any rules, polices, procedures, fees or practices that would unreasonably create barriers to accessing this information.

This obligation is distinct from the requirement for marketplaces to disseminate order and trade information through an information processor under Part 7 of NI 21-101. The information to be provided pursuant to section 12 of NI 23-103 would need to include the private information included on each order and trade in addition to the public information disseminated through an information processor.

Immediate order and trade information

For the purposes of providing reasonable access to order and trade information on an immediate basis, the provision of drop copies would be considered acceptable.

14. Marketplace controls relating to electronic trading

Paragraph 14(2)(a) requires a marketplace to regularly assess and document whether the marketplace requires any risk management and supervisory controls, policies and procedures relating to electronic trading, in addition to the risk management and supervisory controls, policies and procedures the marketplace participants are required to have pursuant to subsection 3(1), and ensure that such controls, policies and procedures are implemented in a timely manner. As well, a marketplace must regularly assess and document the adequacy and effectiveness of any risk management and supervisory controls, policies and

procedures put in place pursuant to paragraph 14(2)(a). A marketplace is expected to document any conclusions reached as a result of its assessment, any deficiencies noted and actions taken.

It is important that a marketplace take steps to ensure it does not engage in activity that interferes with fair and orderly markets. Part 12 of NI 21-101 requires marketplaces to establish systems-related risk management controls. It is therefore expected that a marketplace will be aware of the risk management and supervisory controls, policies and procedures of its marketplace participants and assess if it needs to implement additional controls, policies and procedures to eliminate any risk management gaps and ensure the integrity of trading on its market.

Regular assessments

A "regular" assessment would constitute, at a minimum, an assessment conducted annually and whenever a substantive change is made to a marketplace's operations, rules, controls, policies or procedures that relate to methods of electronic trading. A marketplace should determine whether more frequent assessments are required depending on the particular circumstances of the marketplace. A marketplace should document and preserve a copy of each such assessment as part of its books and records obligation in NI 21-101.

Implementing controls, policies and procedures in a timely manner

A "timely manner" will depend on the particular circumstances, including the degree of potential risk of financial harm to marketplace participants and their clients or harm to the integrity of the marketplace and to the market as a whole. The marketplace must use best efforts to ensure the timely implementation of any necessary risk management and supervisory controls, policies and procedures.

15. Marketplace thresholds

Section 15 requires that each marketplace prevent the execution of orders of exchange-traded securities exceeding price and volume thresholds set by its regulation services provider, or by the marketplace if it is a recognized exchange or recognized quotation and trade reporting system that directly monitors the conduct of its members or users and enforces certain requirements set pursuant to NI 23-101.

The setting of the price threshold is to be coordinated among all regulation services providers, recognized exchanges, recognized quotation and trade reporting systems, exchanges and quotation and trade reporting systems recognized for the purposes of NI 23-103 that set the threshold under subsection 15(1).

These price and volume thresholds are expected to prevent the execution of orders that could interfere with a fair and orderly market by reducing erroneous orders and price volatility.

There are a variety of methods that may be used to prevent the execution of these orders. However, standardized thresholds are important tools in maintaining a fair and orderly market.

The coordination requirement also applies when setting a price threshold for securities that have underlying interests in an exchange-traded security.

We expect that the same price threshold for a specific exchange-traded security will be applied across all marketplaces. However, there may be differences in the actual price thresholds set for an exchange-traded security and a security that has underlying interests in that exchange-traded security.

16. Clearly erroneous trades

Application of section 16

Section 16 requires a marketplace to have the capability to cancel, vary or correct a trade. This requirement would apply in the instance where the marketplace decides to cancel, vary or correct a trade or is instructed to do so by a regulation services provider.

Where section 16 requires that a marketplace receive instructions from its regulation services provider before cancelling, varying or correcting a trade, we note that this would not apply to the case where a recognized exchange or recognized quotation and trade reporting system directly monitors the conduct of its members or users and enforces requirements set pursuant to subsection 7.1(1) or 7.3(1) respectively of NI 23-101.

Cancellation, variation or correction where necessary to correct a system or technological malfunction or error made by the marketplace systems or equipment

Under paragraph 16(2)(c) a marketplace may cancel, vary or correct a trade where necessary to correct an error caused by a system or technological malfunction of the marketplace's systems or equipment in executing the trade. If a marketplace has retained a regulation services provider, permission to cancel, vary or correct is to be obtained from the regulation services provider prior to cancellation, variation or correction.

Examples of errors caused by a system or technological malfunction include where the system executes a trade on terms that are inconsistent with the explicit conditions placed on the order by the marketplace participant, or allocates fills for orders at the same price level in a manner or sequence that is inconsistent with the stated manner or sequence in which such fills are to occur on the marketplace. Another example includes where the trade price was to have been calculated by a marketplace's systems or equipment based on some stated reference price, but was calculated incorrectly.

Policies and procedures

For policies and procedures established by the marketplace in accordance with the requirements of subsection 16(3) to be "reasonable", they should be clear and understandable to all marketplace participants.

They should also provide for consistent application. For example, if a marketplace decides that it will consider requests for cancellation, variation or correction of trades in accordance with paragraph 16(2)(b), it should consider all requests received regardless of the identity of the counterparty. If a marketplace chooses to establish parameters within which it might only be willing to consider such requests, it should apply these parameters consistently to each request, and should not exercise its discretion to refuse a cancellation or amendment when the request falls within the stated parameters and the consent of the affected parties has been provided.

When establishing any policies and procedures in accordance with subsection 16(3), a marketplace should also consider what additional policies and procedures might be appropriate to address any conflicts of interest that might arise.

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/23/2010	50	AeroMechanical Services Ltd. - Units	6,905,270.00	N/A
08/03/2009	2	Altrinsic Global Concentrated Offshore Fund, Ltd. - Common Shares	6,048,858.58	5,661.00
03/07/2011	7	Bison Income Trust II - Trust Units	112,440.00	11,244.00
02/11/2011 to 02/14/2011	3	Bison Income Trust II - Trust Units	298,440.00	29,844.00
03/01/2011	3	Capital Direct I Income Trust - Trust Units	400,000.00	40,000.00
12/21/2010	42	Cream Minerals Ltd. - Units	6,000,000.00	37,500,000.00
02/28/2011	1	Edgeworth Mortgage Investment II Corporation - Preferred Shares	25,000.00	2,500.00
12/17/2010	57	Encanto Potash Corp. - Flow-Through Shares	5,500,000.00	13,500,901.00
12/23/2010	247	Evrim Resources Corp. - Common Shares	7,103,000.00	14,206,000.00
12/20/2010 to 12/23/2010	59	Explor Resources Inc. - Common Shares	3,557,000.00	711,400.00
02/23/2011 to 03/01/2011	17	First Leaside Wealth Management Fund - Units	357,524.00	357,524.00
02/21/2011 to 03/02/2011	282	Fisgard Capital Corporation - Common Shares	2,044,634.77	N/A
03/01/2011	4	Flatiron Market Neutral LP - Limited Partnership Units	650,000.00	450.17
03/01/2011	1	Flatiron Trust - Trust Units	1,000,000.00	512.75
12/22/2010	97	Kelso Technologies Inc. - Units	1,734,500.00	6,938,000.00
03/15/2011	4	Kingwest Avenue Portfolio - Units	1,202,000.00	40,188.17
03/15/2011	1	Kingwest Canadian Equity Portfolio - Units	13,775.63	1,147.58
03/15/2011	2	Kingwest U.S. Equity Portfolio - Units	51,428.32	3,500.00
12/20/2010 to 12/23/2010	42	Kirrin Resources Inc. - Units	1,500,000.00	15,000,000.00
02/23/2011 to 03/11/2011	2	Klass Capital Fund I, L.P. - Limited Partnership Interest	100,000.00	N/A
01/14/2011	176	Longbow RSP Energy Fund - Units	2,996,100.00	299,610.00
01/01/2010 to 12/31/2010	1	Manulife Canadian Large Cap Growth Fund - Units	2,124,272.67	243,707.52

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2010 to 12/31/2010	1	Manulife Canadian Opportunities Fund - Units	5,243,132.75	499,938.00
01/01/2010 to 12/31/2010	1	Manulife Canadian Stock Fund - Units	381,100.00	37,247.21
01/01/2010 to 12/31/2010	1	Manulife Canadian Universe Bond Fund - Units	49,297,246.11	4,664,801.51
01/01/2010 to 12/31/2010	1	Manulife Canadian Value Fund - Units	66,379,547.18	4,048,981.49
01/01/2010 to 12/31/2010	1	Manulife Core Balanced Fund - Units	6,352,199.56	736,157.25
01/01/2010 to 12/31/2010	1	Manulife Corporate Bond Fund - Units	186,258,043.65	19,408,230.09
01/01/2010 to 12/31/2010	1	Manulife Diversified Canada Fund - Units	280,615.18	26,234.64
01/01/2010 to 12/31/2010	1	Manulife Diversified Investment Fund - Units	71,945,846.45	6,910,072.68
01/01/2010 to 12/31/2010	1	Manulife Dividend Fund - Units	5,501,294.57	365,059.39
01/01/2010 to 12/31/2010	10	Manulife European Opportunities Fund - Units	6,805,692.50	1,138,200.01
01/01/2010 to 12/31/2010	1	Manulife Floating Rate Income Fund - Units	39,849,800.00	3,984,980.00
01/01/2010 to 12/31/2010	1	Manulife Global Dividend Fund - Units	212,310.20	28,855.71
01/01/2010 to 12/31/2010	1	Manulife Global Dividend Income Fund - Units	20,419,016.74	1,891,202.60
01/01/2010 to 12/31/2010	1	Manulife Global Fixed Income Fund - Units	4,168,525.16	406,349.06
01/01/2010 to 12/31/2010	1	Manulife Global Focused Fund - Units	774,133.43	65,720.37
01/01/2010 to 12/31/2010	1	Manulife Global Infrastructure Fund - Units	100.00	10.00
01/01/2010 to 12/31/2010	1	Manulife Global Monthly Income Fund - Units	8,157,538.99	1,085,385.06
01/01/2010 to 12/31/2010	1	Manulife Global Natural Resources Fund - Units	170,000.00	17,021.28
01/01/2010 to 12/31/2010	1	Manulife Global Real Estate Fund - Units	100.00	10.00
01/01/2010 to 12/31/2010	1	Manulife Global Small Cap Fund - Units	22,185,128.27	2,091,403.32
01/01/2010 to 12/31/2010	1	Manulife Growth Opportunities Fund - Units	78,454,227.15	1,963,458.10
01/01/2010 to 12/31/2010	1	Manulife International Equity Index Fund - Units	45,224,027.26	4,139,719.51

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2010 to 12/31/2010	1	Manulife Leaders Balanced Growth Portfolio - Units	33,621.06	3,091.35
01/01/2010 to 12/31/2010	1	Manulife Leaders balanced Income Portfolio - Units	824,608.51	83,644.79
01/01/2010 to 12/31/2010	1	Manulife Leaders Opportunities Portfolio - Units	287,507.04	26,078.91
01/01/2010 to 12/31/2010	1	Manulife Sector Rotation Fund - Units	752,548.53	41,886.70
01/01/2010 to 12/31/2010	1	Manulife Short Term Bond Fund - Units	17,644,845.12	1,765,463.73
01/01/2010 to 12/31/2010	1	Manulife Simplicity Aggressive Portfolio - Units	3,142,369.86	293,706.41
01/01/2010 to 12/31/2010	1	Manulife Simplicity Conservative Portfolio - Units	81,424,178.86	7,812,334.53
01/01/2010 to 12/31/2010	1	Manulife Simplicity Global Balanced Portfolio - Units	207,362,391.09	20,395,666.90
01/01/2010 to 12/31/2010	1	Manulife Simplicity Growth Portfolio - Units	31,364,955.31	2,643,924.54
01/01/2010 to 12/31/2010	1	Manulife Simplicity Income Portfolio - Units	46,176,579.42	4,820,650.78
01/01/2010 to 12/31/2010	1	Manulife Simplicity Moderate Portfolio - Units	36,949,757.00	3,605,949.27
01/01/2010 to 12/31/2010	1	Manulife Small cap Value Fund - Units	807,697.50	83,610.67
01/01/2010 to 12/31/2010	1	Manulife Strategic Income Fund - Units	374,385,874.93	33,611,338.78
01/01/2010 to 12/31/2010	1	Manulife Tax-Managed Growth Fund - Units	628,450.60	54,079.73
01/01/2010 to 12/31/2010	1	Manulife U.S. Diversified Growth Fund - Units	45,224,370.07	4,605,139.98
01/01/2010 to 12/31/2010	1	Manulife U.S. Equity Fund - Units	36,404,674.86	3,952,857.05
01/01/2010 to 12/31/2010	1	Manulife U.S. Equity Index Fund - Units	59,525,206.30	5,470,278.99
01/01/2010 to 12/31/2010	2	Manulife U.S. Mid-Cap Fund - Units	862,447.80	80,727.97
01/01/2010 to 12/31/2010	1	Manulife U.S. Opportunities Fund - Units	2,683,633.47	258,189.91
01/01/2010 to 12/31/2010	1	Manulife U.S. Value Fund - Units	100,319.54	16,518.92
01/01/2010 to 12/31/2010	1	Manulife Yield Opportunities Fund - Units	114,435,855.95	11,344,892.86
10/31/2009 to 09/30/2010	1	Marquest Asset Allocation Fund - Units	53,191.22	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
10/31/2009 to 09/30/2010	39	Marquest Dividend Growth Fund - Units	247,350.44	N/A
10/31/2009 to 09/30/2010	13	Marquest Equity Growth Fund - Units	312,366.34	N/A
10/31/2009 to 09/30/2010	18	Marquest Income Fund - Units	2,448,272.77	N/A
10/31/2009 to 09/30/2010	113	Marquest Resource Fund - Units	4,175,265.38	N/A
03/18/2011	1	Marret MSIF Trust - Trust Units	179,953,107.64	14,996,092.30
12/21/2010	42	Mawson West Ltd. - Receipts	58,000,000.00	29,000,000.00
12/31/2010	156	Mustang Minerals Corp. - Common Shares	4,611,175.00	40,439,400.00
02/14/2011 to 02/23/2011	10	Newport Balanced Fund - Trust Units	281,921.34	2,804.00
01/11/2011 to 01/21/2011	78	Newport Canadian Equity Fund - Trust Units	2,141,731.65	14,248.00
02/14/2011 to 02/23/2011	24	Newport Canadian Equity Fund - Trust Units	1,458,597.57	10,165.00
01/11/2011 to 01/21/2011	11	Newport Fixed Income Fund - Trust Units	648,447.40	397.87
02/14/2011 to 02/23/2011	3	Newport Fixed Income Fund - Trust Units	615,000.00	5,826.93
01/11/2011 to 01/21/2011	27	Newport Global Equity Fund - Trust Units	1,590,524.92	N/A
02/14/2011 to 02/23/2011	18	Newport Global Equity Fund - Trust Units	1,005,700.00	16,262.00
03/23/2011	1	Newport Partners Income Fund - Debenture	11,762,000.00	1.00
01/11/2011 to 01/21/2011	116	Newport Yield Fund - Trust Units	4,154,816.32	N/A
02/14/2011 to 02/23/2011	15	Newport Yield Fund - Trust Units	1,072,211.25	8,665.00
01/31/2010 to 12/31/2010	42	Norrep Yield Fund - Units	2,966,773.28	286,573.60
12/15/2010	93	Pavilion Flow-Through L.P. (2010) 1 - Limited Partnership Units	2,805,000.00	280,500.00
02/11/2011	1	Pier 21 Global Value Pool - Units	3,000,000.00	297,218.92
02/18/2011	1	Proforma Capital Bond (II) Corporation - Bonds	150,000.00	N/A
02/25/2011	1	Proforma Capital Bond (II) Corporation - Bonds	500,000.00	N/A
02/28/2011	24	PV Early Opportunities Limited Partnership - Trust Units	4,650,000.00	46,500.00
12/10/2010	30	Ressources Appalaches Inc. - Common Shares	288,398.00	480,632.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/30/2010	52	Rockex Limited - Flow-Through Shares	3,003,139.50	N/A
11/30/2010	38	Rogers Oil & Gas Inc. - Debentures	1,339,800.00	1,339,800.00
12/30/2010	1	ROI Private Capital Trust Series R - Units	1,870,000.00	17,301.58
12/17/2010	1	ROI Private Capital Trust Series R - Units	250,000.00	2,319.76
04/15/2010	1	ROI Private Capital Trust Series R - Units	750,000.00	7,283.07
12/10/2010	1	ROI Private Capital Trust Series R - Units	3,500,000.00	32,570.86
02/11/2010	1	ROI Private Capital Trust Series R - Units	690,000.00	6,787.62
11/08/2010	1	ROI Private Captial Trust Series R - Units	2,000,000.00	18,682.54
03/21/2011	2	Royal Bank of Canada - Notes	1,368,360.00	1,400.00
01/31/2011	32	Sarona Frontier Markets Fund I L.P. - Limited Partnership Units	4,681,952.35	4,677,552.00
01/31/2011	99	Signalta Resources Limited - Joint Ventures	37,328,000.00	N/A
03/01/2011	1	Stacey Muirhead Limited Partnership - Limited Partnership Units	2,000.00	50.90
03/01/2011	7	Stacey Muirhead RSP Fund - Trust Units	96,672.00	9,356.29
12/30/2010	34	Terra Nova Minerals Inc. - Units	1,536,750.00	10,245,000.00
02/28/2011	1	The McElvaine Investment Trust - Trust Units	50,000.00	2,888.64
12/06/2010	162	WestCan Uranium Corp. - Units	1,614,679.98	N/A
12/03/2010	52	Wilcox Energy Corp. - Common Shares	2,915,000.00	5,830,000.00
02/23/2011 to 02/28/2011	7	Wimberly Fund - Trust Units	134,719.00	134,719.00
02/25/2011	2	Wimberly Fund - Trust Units	10,000.00	10,000.00
03/01/2011	1	York European Focus Unit Trust - Trust Units	97,430.00	97,430.00
03/01/2011	1	York Select Unit Trust - Units	97,430	97,430.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Armtec Infrastructure Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 30, 2011
NP 11-202 Receipt dated March 30, 2011
Offering Price and Description:
$50,220,000.00 - 3,100,000 Common Shares Price: $16.20 per Common Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
M Partners Inc.
Macquarie Capital Markets Canada Ltd.
Maison Placements Canada Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1719579

Issuer Name:
Bengal Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 30, 2011
NP 11-202 Receipt dated March 30, 2011
Offering Price and Description:
$22,500,000.00 - 12,500,000 COMMON SHARES Price: $1.80 per Common Share
Underwriter(s) or Distributor(s):
Wellington West Capital Markets Inc.
Mackie Research Capital Corporation
Canaccord Genuity Corp.
Promoter(s):
-
Project #1719860

Issuer Name:
BlueBay Global Monthly Income Bond Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated April 1, 2011
NP 11-202 Receipt dated April 1, 2011
Offering Price and Description:
Series A, Advisor Series, Series D, Series F and Series O Units
Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
RBC Direct Investing Inc.
Royal Mutual Funds Inc./RBC Direct Investing Inc.
Promoter(s):
RBC Global Asset Management Inc.
Project #1724368

Issuer Name:
Bravura Ventures Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated March 30, 2011
NP 11-202 Receipt dated March 30, 2011
Offering Price and Description:
$825,000.00 - 5,500,000 Common Shares Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Brook Bellian
Vicente Herrera
Quinn Field-Dyte
Project #1720552

Issuer Name:
Connor, Clark & Lunn Conservative Income & Growth Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated April 5, 2011
NP 11-202 Receipt dated April 5, 2011
Offering Price and Description:
Warrants to Subscribe for up to * Units Price: $* per Unit
Underwriter(s) or Distributor(s):
-
Promoter(s):
Connor, Clark & Lunn Capital Markets Inc.
Project #1725612

Issuer Name:
C&C Energia Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 31, 2011
NP 11-202 Receipt dated March 31, 2011
Offering Price and Description:
$100,430,000.00 - 8,300,000 Subscription Receipts Price: $12.10 per Subscription Receipt
Underwriter(s) or Distributor(s):
FirstEnergy Capital Corp.
Canaccord Genuity Corp.
Cormark Securities Inc.
TD Securities Inc.
CIBC World Markets Inc.
Promoter(s):
-
Project #1723105

Issuer Name:
Davis + Henderson Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 30, 2011
NP 11-202 Receipt dated March 30, 2011
Offering Price and Description:
$121,800,000.00 - 6,000,000 Subscription Receipts, each representing the right to receive one common share Price: $20.30 per Subscription Receipt
Underwriter(s) or Distributor(s):
TD Securities Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #1719515

Issuer Name:
Fiera Sceptre Tactical Bond Yield Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Long Form Prospectus dated March 30, 2011
NP 11-202 Receipt dated March 31, 2011
Offering Price and Description:
Class A and Class F Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Fiera Sceptre Inc.
Project #1721028

Issuer Name:
Groupe Aeroplan Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Base Shelf Prospectus dated March 30, 2011
NP 11-202 Receipt dated March 30, 2011
Offering Price and Description:
$1,000,000,000.00
Debt Securities
Convertible Securities
Common Shares
and
Preferred Shares

Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1719699

Issuer Name:
Labrador Iron Mines Holdings Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated April 4, 2011
NP 11-202 Receipt dated April 4, 2011
Offering Price and Description:
$● - ● Common Shares; $● - ●Flow-Through Shares Price: $● per Common Shares and Flow-Through Shares
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
BMO Nesbitt Burns Inc.
Jennings Capital Inc.
Haywood Securities Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #1724991

Issuer Name:
Labrador Iron Mines Holdings Limited
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated April 5, 2011
NP 11-202 Receipt dated April 5, 2011
Offering Price and Description:
$100,000,000.00 - 8,000,000 Common Shares PRICE: $12.50 per Common Share and $10,000,500 - 666,700 Flow-Through Shares PRICE: $15.00 per Flow-Through Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
BMO Nesbitt Burns Inc.
Jennings Capital Inc.
Haywood Securities Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #1724991

Issuer Name:
MCAN Mortgage Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 30, 2011
NP 11-202 Receipt dated March 30, 2011
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #1719485

Issuer Name:
NexJ Systems Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 31, 2011
NP 11-202 Receipt dated April 1, 2011
Offering Price and Description:
$* - Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Canaccord Genuity Corp.
Raymond James Ltd.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
NCP Northland Capital Partners Inc.
Promoter(s):
-
Project #1723695

Issuer Name:
NORTHERN PRECIOUS METALS 2011 LIMITED PARTNERSHIP
Principal Regulator - Quebec
Type and Date:
Preliminary Long Form Prospectus dated March 28, 2011
NP 11-202 Receipt dated March 31, 2011
Offering Price and Description:
15,000 Limited Partnership Units (maximum); 1,200 Limited Partnership Units (minimum)
Minimum Subscription: Five Units ($5,000.00) Price: $1,000 per Unit
Underwriter(s) or Distributor(s):
Secutor Capital Management Corporation
Industrial Alliance Securities Inc.
Promoter(s):
Northern Precious Metals Management Inc.
Project #1717634

Issuer Name:
O'Leary U.S. Strategic Yield Advantaged Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Long Form Prospectus dated March 30, 2011
NP 11-202 Receipt dated March 31, 2011
Offering Price and Description:
$* (* Class A Units and/or Class U Units) Maximum Price: $12.00 per Class A Unit and U.S. $12.00 per Class U Unit
Minimum Purchase: 100 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.
Macquarie Private Wealth Inc.
Wellington West Capital Markets Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Dundee Securities Ltd.
Mackie Research Capital Corporation
Manulife Securities Incorporated
MGI Securities Inc.
Promoter(s):
O'Leary Funds Management LP
Project #1721434

Issuer Name:
RBC Institutional Cash Fund
RBC Institutional Government - Plus Cash Fund
RBC Institutional Long Cash Fund
RBC Institutional US$ Cash Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated April 5, 2011
NP 11-202 Receipt dated April 6, 2011
Offering Price and Description:
Series I, J and O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
RBC Global Asset Management Inc.
Project #1725569

Issuer Name:
Short Duration High Yield Portfolio Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 1, 2011
NP 11-202 Receipt dated April 4, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
First Defined Portfolio Management Co.
Project #1724868

Issuer Name:
Sophia Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated March 29, 2011
NP 11-202 Receipt dated March 30, 2011
Offering Price and Description:
$200,000.00 - 1,000,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Kirk Shaw
Project #1719055

Issuer Name:
Hyperion Exploration Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated April 5, 2011
NP 11-202 Receipt dated April 5, 2011
Offering Price and Description:
$33,000,000.00 - 22,000,000 Common Shares issuable on exercise of 22,000,000 outstanding Subscription Receipts
Price: $1.50 per Subscription Receipt
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Wellington West Capital Markets Inc.
Haywood Securities Inc.
Integral Wealth Securities Limited
Macquarie Capital Markets Canada Ltd.
Promoter(s):
-
Project #1725630

Issuer Name:
Tech Leaders Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 28, 2011
NP 11-202 Receipt dated March 30, 2011
Offering Price and Description:
Maximum $* (* Units) Price: $10.00 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.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Mackie Research Capital Corporation
Raymond James Ltd.
Canaccord Genuity Corp.
Dundee Securities Ltd.
Macquarie Private Wealth Inc.
Wellington West Capital Markets Inc.
Desjardins Securities Inc.
Manulife Securities Incorporated
Promoter(s):
Brompton Funds Management Limited
Project #1718612

Issuer Name:
Trafina Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 30, 2011
NP 11-202 Receipt dated March 30, 2011
Offering Price and Description:
$5,000,000.00 - Minimum * Units; $8,000,000.00 - Maximum * Units Price: $* per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Mackie Research Capital Corporation
Wellington West Capital Markets Inc.
Cormark Securities Inc.
Promoter(s):
-
Project #1720336

Issuer Name:
Tuscany International Drilling Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated April 1, 2011
NP 11-202 Receipt dated April 1, 2011
Offering Price and Description:
$100,000,800.00 - 65,360,000 Subscription Receipts each representing the right to receive one Common Share Price: $1.53 per Subscription Receipt
Underwriter(s) or Distributor(s):
Wellington West Capital Markets Inc.
Jennings Capital Inc.
Raymond James Ltd.
BMO Nesbitt Burns Inc.
Macquarie Capital Markets Canada Ltd.
RBC Dominion Securities Inc.
Stifel Nicolaus Canada Inc.
UBS Securities Canada Inc.
Promoter(s):
Walter Dawson
Project #1724536

Issuer Name:
XDM Resources Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 31, 2011
NP 11-202 Receipt dated April 1, 2011
Offering Price and Description:
$* - Minimum * Common Share $* - Maximum * Common Share Price: $* Common Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Macquarie Capital Markets Canada Ltd.
Fraser Mackenzie Limited
Raymond James Ltd.
Toll Cross Securities Inc.
Promoter(s):
Mark Haywood
Project #1724365

Issuer Name:
Algoma Central Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 30, 2011
NP 11-202 Receipt dated March 30, 2011
Offering Price and Description:
$60,000,000.00 - 6.0% Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Laurentian Bank Securities Inc.
Promoter(s):
-
Project #1712938

Issuer Name:
Aquarius Capital Corp.
Principal Regulator - Ontario
Type and Date:
Final Long Form Non-Offering Prospectus dated March 30, 2011
NP 11-202 Receipt dated March 31, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Guan Lianyun
Project #1662196

Issuer Name:
Bissett Multinational Growth Fund (Series A, F, O and T units)
Bissett Multinational Growth Corporate Class (Series A, F, I, O and T shares)
(Class of Franklin Templeton Corporate Class Ltd.
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated March 28, 2011 to the Simplified Prospectuses and Annual Information Form dated June 14, 2010
NP 11-202 Receipt dated April 1, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Bissett Investment Management, a division of Franklin Templeton Investments Corp.
Franklin Templeton Investments Corp.
Promoter(s):
Franklin Templeton Investments Corp.
Project #1577346

Issuer Name:
Blue Ribbon Income Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 30, 2011
NP 11-202 Receipt dated March 31, 2011
Offering Price and Description:
Warrants to Subscribe for up to 9,250,000 Units at a Subscription Price of $11.33
Underwriter(s) or Distributor(s):
-
Promoter(s):
Blue Ribbon Fund Management Ltd.
Project #1684669

Issuer Name:
Cen-ta Real Estate Ltd.
Gro-Net Financial Tax & Pension Planners Ltd.
Type and Date:
Final Long Form Prospectus dated March 30, 2011
Receipted on March 31, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1700553/1700555

Issuer Name:
Condor Petroleum Inc.
Principal Regulator - Alberta
Type and Date:
Final Long Form Prospectus dated March 31, 2011
NP 11-202 Receipt dated March 31, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
FirstEnergy Capital Corp.
UBS Securities Canada Inc.
Raymond James Ltd.
Dundee Securities Ltd.
Haywood Securities Inc.
Jennings Capital Inc.
Promoter(s):
Eurasia Resource Holdings AG
Project #1700995

Issuer Name:
Educators Balanced Fund
Educators Diversified Fund
Educators Dividend Fund
Educators Global Fund
Educators Growth Fund
Educators Money Market Fund
Educators Mortgage & Income Fund
(Class A and Class B Units)
Principal Regulator - Ontario
Type and Date:
Amended and Restated Simplified Prospectuses and Annual Information Form dated March 31, 2011 (the amended prospectus) amending and restating the Simplified Prospectuses and Annual Information Form dated June 30, 2010.
NP 11-202 Receipt dated April 1, 2011
Offering Price and Description:
Class A Units and Class B Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Educators Financial Group Inc.
Promoter(s):
Educators Financial Group Inc.
Project #1584477/1706981

Issuer Name:
Educators Bond Fund
Educators Monthly Income Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated March 31, 2011
NP 11-202 Receipt dated April 1, 2011
Offering Price and Description:
Class A Units and Class B Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Educators Financial Group Inc.
Promoter(s):
Educators Financial Group Inc.
Project #1706981

Issuer Name:
Series A, Series B and Series F Shares (unless otherwise indicated) of:
Fidelity Canadian Disciplined Equity Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity Canadian Growth Company Class
Fidelity Canadian Opportunities Class
Fidelity Dividend Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity Greater Canada Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity Special Situations Class
Fidelity True North Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity American Disciplined Equity Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity American Disciplined Equity Currency Neutral Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity American Opportunities Class
Fidelity Growth America Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity Small Cap America Class
Fidelity AsiaStar Class
Fidelity China Class
Fidelity Emerging Markets Class
Fidelity Europe Class
Fidelity Far East Class
Fidelity Global Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity Global Disciplined Equity Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity Global Disciplined Equity Currency Neutral Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity Global Dividend Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity Global Large Cap Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity Global Large Cap Currency Neutral Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity Global Small Cap Class
Fidelity International Disciplined Equity Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity International Disciplined Equity Currency Neutral Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity Japan Class
Fidelity NorthStar Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity NorthStar Currency Neutral Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity Global Consumer Industries Class
Fidelity Global Financial Services Class
Fidelity Global Health Care Class
Fidelity Global Natural Resources Class
Fidelity Global Real Estate Class (Series T5, T8, S5 and S8 Shares also available)
Fidelity Global Technology Class
Fidelity Global Telecommunications Class
Fidelity Canadian Asset Allocation Class (Series T5, T8, S5, S8, F5 and F8 Shares also available)
Fidelity Canadian Balanced Class (Series T5, T8, S5, S8, F5 and F8 Shares also available)
Fidelity Income Class Portfolio (Series T5, T8, S5, S8, F5 and F8 Shares also available)
Fidelity Global Income Class Portfolio (Series T5, T8, S5, S8, F5 and F8 Shares also available)
Fidelity Balanced Class Portfolio (Series T5, T8, S5, S8, F5 and F8 Shares also available)
Fidelity Global Balanced Class Portfolio (Series T5, T8, S5, S8, F5 and F8 Shares also available)
Fidelity Growth Class Portfolio (Series T5, T8, S5, S8, F5 and F8 Shares also available)
Fidelity Global Growth Class Portfolio (Series T5, T8, S5, S8, F5 and F8 Shares also available)
Fidelity Canadian Short Term Income Class
Fidelity Corporate Bond Capital Yield Class (Series T5, S5 and F5 Shares also available)
(each a class of Fidelity Capital Structure Corp.)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated March 25, 2011
NP 11-202 Receipt dated March 30, 2011
Offering Price and Description:
Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8 , Series F5 and Series F8 Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
FIDELITY INVESTMENTS CANADA ULC
Project #1699107

Issuer Name:
Fidelity Tactical Strategies Fund
Fidelity Global Large Cap Fund
Fidelity Global Small Cap Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated March 25, 2011
NP 11-202 Receipt dated March 30, 2011
Offering Price and Description:
Series A, B, F, O, T5, T8, S5, S8, F5 and F8 units
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Promoter(s):
FIDELITY INVESTMENTS CANADA ULC
Project #1699092

Issuer Name:
frontierAlt Resource Capital Class Fund*
(Series A Shares)
frontierAlt Opportunistic Bond Fund
(Series A, Series F and Series I Units)
*(a class of FrontierAlt Capital Class Fund Limited)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 11, 2011 to the Simplified Prospectuses and Annual Information Form dated June 10, 2010
NP 11-202 Receipt dated April 1, 2011
Offering Price and Description:
Series A Shares and Series A, Series F and Series I Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
FrontierAlt Capital Class Fund Limited
Project #1583531

Issuer Name:
Horizons BetaPro Australia Dollar Currency ETF
Horizons BetaPro U.S. Dollar Currency ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 30, 2011
NP 11-202 Receipt dated April 1, 2011
Offering Price and Description:
Class A Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
BetaPro Management Inc.
Project #1682358

Issuer Name:
H&R Finance Trust
H&R Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated March 31, 2011
NP 11-202 Receipt dated April 1, 2011
Offering Price and Description:
$2,000,000,000.00:
Stapled Units
Preferred Units
Debt Securities
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1712976/1712972

Issuer Name:
International Forest Products Limited
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated March 31, 2011
NP 11-202 Receipt dated March 31, 2011
Offering Price and Description:
$50,050,000.00 - 7,150,000 Class “A” Subordinate Voting Shares Price: $7.00 per Subordinate Voting Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Raymond James Ltd.
TD Securities Inc.
Dundee Securities Ltd.
Promoter(s):
-
Project #1715353

Issuer Name:
IROC Energy Services Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated April 4, 2011
NP 11-202 Receipt dated April 4, 2011
Offering Price and Description:
$9,352,743.40 Treasury Offering (6,680,531 Common Shares); $12,228,256.60 Secondary Offering (8,734,469 Common Shares)
Underwriter(s) or Distributor(s):
Acumen Capital Finance Partners Limited
Altacorp Capital Inc.
Promoter(s):
-
Project #1716587

Issuer Name:
Class A Units, Class C Units, Class D Units, Class F Units and Class O Units (unless otherwise noted) of:
McLean Budden Balanced Growth Fund
McLean Budden Balanced Value Fund
McLean Budden Canadian Equity Growth Fund
McLean Budden Canadian Equity Fund
McLean Budden Canadian Equity Value Fund
McLean Budden Dividend Income Fund
(formerly Mclean Budden High Income Equity Fund)
McLean Budden American Equity Fund
McLean Budden Global Equity Fund
McLean Budden International Equity Fund
McLean Budden Fixed Income Fund
McLean Budden Real Return Bond Fund
McLean Budden Global Bond Fund
McLean Budden Money Market Fund
McLean Budden LifePlan 2020 Fund (Class A Units, Class F Units,
Class O Units and Class VMD Units only)
McLean Budden LifePlan 2030 Fund (Class A Units, Class F Units,
Class O Units and Class VMD Units only)
McLean Budden LifePlan Retirement Fund (Class A Units, Class F Units,
Class O Units and Class VMD Units only)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated April 4, 2011
NP 11-202 Receipt dated April 5, 2011
Offering Price and Description:
Class A Units, Class C Units, Class D Units, Class F Units, Class O Units and Class VMD Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
McLean Budden Limited
Project #1700830

Issuer Name:
Midway Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 31, 2011
NP 11-202 Receipt dated March 31, 2011
Offering Price and Description:
$30,001,200.00 Offering of 6,522,000 Common Shares at $4.60 per Common Share - and - Distribution of 2,000,000 Common Shares issuable upon the exchange of previously issued Special Warrants
Underwriter(s) or Distributor(s):
GMP Securities L.P.
BMO Nesbitt Burns Inc.
Wellington West Capital Markets Inc.
Desjardins Securities Inc.
Stifel Nicolaus Canada Inc.
Macquarie Capital Markets Canada Ltd.
Promoter(s):
-
Project #1715568

Issuer Name:
Palliser Oil & Gas Corporation
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 31, 2011
NP 11-202 Receipt dated March 31, 2011
Offering Price and Description:
$10,001,600.00 - 5,264,000 Common Shares issuable upon exercise of 5,264,000 outstanding Special Warrants
Underwriter(s) or Distributor(s):
Dundee Securities Ltd.
Casimir Capital Ltd.
Jennings Capital Inc.
Wellington West Capital Markets Inc.
Acumen Capital Finance Partners Limited
PI Financial Corp.
Promoter(s):
-
Project #1713529

Issuer Name:
Pretium Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated April 4, 2011
NP 11-202 Receipt dated April 4, 2011
Offering Price and Description:
$100,000,000.00 - 10,000,000 Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Citigroup Global Markets Canada Inc.
UBS Securities Canada Inc.
BMO NESBITT BURNS INC.
GMP SECURITIES L.P.
CREDIT SUISSE SECURITIES (CANADA) INC.
SALMAN PARTNERS INC.
Promoter(s):
-
Project #1714501

Issuer Name:
Pure Technologies Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated April 1, 2011
NP 11-202 Receipt dated April 1, 2011
Offering Price and Description:
$20,002,200.00 - 3,922,000 Common Shares $5.10 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Cormark Securities Inc.
Fraser Mackenzie Limited
Promoter(s):
-
Project #1716524

Issuer Name:
Richmond Row Capital Corp.
Principal Regulator - Alberta
Type and Date:
Final CPC Prospectus dated April 1, 2011
NP 11-202 Receipt dated April 5, 2011
Offering Price and Description:
$200,000.00 - 2,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
Michael Thomson
Project #1712511

Issuer Name:
Ridgewood Canadian Bond Fund
Ridgewood Tactical Yield Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated March 31, 2011
NP 11-202 Receipt dated April 1, 2011
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Ridgewood Capital Asset Management Inc.
Promoter(s):
Ridgewood Capital Asset Management Inc.
Project #1701475

Issuer Name:
Salida Wealth Preservation Fund S.à.r.l.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 30, 2011
NP 11-202 Receipt dated March 31, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Salida Capital International Limited
Project #1708197

Issuer Name:
Salida Wealth Preservation (Listed) Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 30, 2011
NP 11-202 Receipt dated March 31, 2011
Offering Price and Description:
Maximum $100,000,000.00 - (Maximum 10,000,000 Units)
Underwriter(s) or Distributor(s):
CIBCWORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
HSBC SECURITIES (CANADA) INC.
MACQUARIE PRIVATE WEALTH INC.
WELLINGTON WEST CAPITAL MARKETS INC.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES CORPORATION
DUNDEE SECURITIES LTD.
MACKIE RESEARCH CAPITAL CORPORATION
MANULIFE SECURITIES INCORPORATED
Promoter(s):
SALIDA CAPITAL LP
Project #1703086

Issuer Name:
Star Hedge Managers Corp. II
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 28, 2011
NP 11-202 Receipt dated March 30, 2011
Offering Price and Description:
$150,000,000.00 Maximum - 15,000,000 Units $10.00 per Unit Each Unit consists of one Class A Share and one Warrant
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
GMP SECURITIES L.P.
HSBC SECURITIES (CANADA) INC.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
MACQUARIE PRIVATE WEALTH INC.
MANULIFE SECURITIES INCORPORATED
WELLINGTON WEST CAPITAL MARKETS INC.
Promoter(s):
BMO NESBITT BURNS INC.
Project #1703135

Issuer Name:
The Children's Educational Foundation of Canada
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 16, 2011 to the Long Form Prospectus dated October 5, 2010
NP 11-202 Receipt dated April 4, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
CHILDREN'S EDUCATION FUNDS INC.
Project #1624037

Issuer Name:
Thomson Reuters Corporation
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated April 1, 2011
NP 11-202 Receipt dated April 4, 2011
Offering Price and Description:
US$3,000,000,000.00 - Debt Securities (unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1716503

Issuer Name:
Triwood Capital Corp
Principal Regulator - Alberta
Type and Date:
Final Long Form Prospectus dated March 29, 2011
NP 11-202 Receipt dated April 1, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
Glen Galster
Andrew D. Ayers
Project #1699550

Issuer Name:
Turnberry Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated April 1, 2011
NP 11-202 Receipt dated April 4, 2011
Offering Price and Description:
$200,000.00 - 1,000,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
David De Witt
Project #1701489

Issuer Name:
Zargon Oil & Gas Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 30, 2011
NP 11-202 Receipt dated March 30, 2011
Offering Price and Description:
$33,900,000.00 - 1,500,000 Common Shares Price: $22.60 per Common Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
Peters & Co. Limited
TD Securities Inc.
FirstEnergy Capital Corp.
Promoter(s):
-
Project #1714871

Issuer Name:
Security Devices International Inc.
Type and Date:
Preliminary Long Form Prospectus dated November 4, 2010
Withdrawn on April 5, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1654154

Issuer Name:
SMC 2011-1 Charity Flow-Through Limited Partnership
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Long Form Prospectus dated January 4, 2011
Withdrawn on April 4, 2011
Offering Price and Description:
$100,000,000.00 -1,000,000 Limited Partnership Units (Maximum Offering)
$* - * Limited Partnership Units (Minimum Offering)
Price: $100.00 Per Unit - Minimum Purchase: $500.00 (5 Units)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Promoter(s):
SMC Charity Flow-Through GP, Inc
Scotia Managed Companies Administration Inc.
Project #1683258

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Bullion Management Services Inc.	Investment Fund Manager	March 30, 2011
Change in Registration Category	Morrison Williams Investment Management LP	From: Exempt Market Dealer and Portfolio Manager To: Portfolio Manager	March 30, 2011
Change in Registration Category	SEI Investments Canada Company	From: Exempt Market Dealer, Portfolio Manager and Commodity Trading Manager To: Exempt Market Dealer, Portfolio Manager, Investment Fund Manager and Commodity Trading Manager	March 31, 2011
Change in Registration Category	Lissom Investment Management Inc.	From: Portfolio Manager and Exempt Market Dealer To: Portfolio Manager, Exempt Market Dealer and Investment Fund Manager	March 31, 2011
New Registration	Pershing Securities Canada Limited	Investment Dealer	March 31, 2011
Change in Registration Category	Morrison Williams Capital Advisors Inc.	From: Exempt Market Dealer and Portfolio Manager To: Portfolio Manager	March 31, 2011
New Registration	Galileo Funds Inc.	Investment Fund Manager	March 31, 2011
Change in Registration Category	McLean Asset Management Ltd.	From: Exempt Market Dealer to: Exempt Market Dealer,	March 31, 2011

Type	Company	Category of Registration	Effective Date
		Portfolio Manager and Investment Fund Manager	
Consent to Suspension (Pending Surrender)	MAMGMT Fund Services Ltd.	Portfolio Manager	March 31, 2011
Change in Registration Category	BNY Mellon Asset Management Canada Ltd.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	April 1, 2011
Change in Registration Category	Rae & Lipskie Investment Counsel Inc.	From: Portfolio Manager To: Portfolio Manager and Investment Fund Manager	April 1, 2011
Name Change	From: Arrow Hedge Partners Inc./Les Associes Arrow Hedge Inc. To: Arrow Capital Management Inc	Exempt Market Dealer, Portfolio Manager, Commodity Trading Manager and Investment Fund Manager	April 1, 2011
Consent to Suspension (Pending Surrender)	Brockhouse Cooper Asset Management Inc.	Portfolio manager Exempt market dealer	April 4, 2011
Voluntary Surrender	Tricycle Asset Management Capital Corporation	Exempt Market Dealer	April 5, 2011
Registration Reinstated	TMS/Tax Management Solutions Inc.	Exempt Market Dealer	April 5, 2011
Voluntary Surrender	Garmaise Investment Technologies Inc.	Portfolio Manager	April 5, 2011

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.2 Marketplaces

13.2.1 Alpha ATS LP – Notice of Completion of Staff Review of Proposed Changes – Intraspread Facility

ALPHA ATS LP
NOTICE OF COMPLETION OF STAFF REVIEW OF PROPOSED CHANGES

INTRASPREAD FACILITY

On December 14, 2010 Alpha ATS LP (Alpha) announced proposed changes to its Form 21-101F2 that would result in the implementation of its proposed IntraSpread facility. The IntraSpread facility is a non-transparent book of liquidity designed to offer price improvement and reduced trading fees.

A notice describing the proposed IntraSpread facility was published for comment on December 14, 2010[1] in accordance with OSC Staff Notice 21-703 – *Transparency of the Operations of Stock Exchanges and Alternative Trading Systems.* Five comment letters were received, and a summary of comments and responses prepared by Alpha is included at Appendix A to this notice.

OSC staff have completed their review of the proposed changes and have no further comments. Alpha will publish a notice indicating the intended implementation date.

In the course of OSC staff's review, a number of issues were considered. On certain of these issues, OSC staff believe it is appropriate in this instance to provide some additional commentary for transparency purposes, as follows:

Fair access – Although the IntraSpread facility limits access in some respects in that "Seek Dark Liquidity" orders will be limited to the orders of a "Retail Customer"[2], OSC staff are of the view that this does not constitute an "unreasonable" limit or condition on access under the fair access provisions in National Instrument 21-101 *Marketplace Operation*[3] (NI 21-101).

Internalization – OSC staff acknowledge commenter concerns regarding the potential for IntraSpread to increase the level of internalization of order flow through the inclusion of broker preferencing in its order matching methodology. Alpha has agreed to provide reporting to OSC staff with respect to trading activity within IntraSpread, which will be used by OSC staff to help monitor its impact. Additionally, OSC staff will be conducting a broader review of the concepts of internalization and broker preferencing, and their impact on the markets as a whole.

Consistency with principles outlined in "Dark Liquidity Paper" – OSC staff note that the IntraSpread facility might not be wholly consistent with the principles outlined in Joint Canadian Securities Administrators (CSA)/Investment Industry Regulatory Organization of Canada (IIROC) Position Paper 23-405 *Dark Liquidity in the Canadian Market*[4], for example with respect to what constitutes meaningful price improvement. CSA and IIROC staff are reviewing the comments received to that paper, and if rule changes are implemented that are consistent with the principles outlined in the paper, revisions to the IntraSpread model may be necessary.

Post-trade transparency – It is OSC staff's view that the IntraSpread facility is akin to a separate and distinct marketplace that would otherwise be subject to the post-trade transparency requirements set out in Part 7 of NI 21-101. Alpha will add a marker to its public data feed that will identify IntraSpread trades. The information processor operated by TSX Inc. (the TMX IP) will also be making amendments to its consolidated data products to distinguish between trades occurring on Alpha's visible market and its IntraSpread facility.

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1 Published at: http://www.osc.gov.on.ca/en/Marketplaces_ats_20101214_rfc-intraspread.htm.

2 As defined in the Dealer Member Rules of the Investment Industry Regulatory Organization of Canada.

3 Paragraph 6.13(b) of National Instrument 21-101 states that an ATS shall "not unreasonably prohibit, condition or limit access by a person or company to services offered by it."

4 Published for comment on November 19, 2010 at: http://www.osc.gov.on.ca/documents/en/Securities-Category2/csa_20101119_23-405_dark-liquidity.pdf

IntraSpread trades setting "last sale price" – It is the opinion of IIROC staff that IntraSpread trades would set "last sale price" under IIROC's Universal Market Integrity Rules (UMIR). Alpha requested temporary relief from the requirement for IntraSpread trades to set the "last sale price" under UMIR, which affects UMIR section 3.1 regarding restrictions on short selling and the determination of a "standard trading unit" in accordance with UMIR subsection 1.2(5). IIROC has recommended that temporary relief be granted on the basis that that the impact of IntraSpread trades not establishing last sale price for a short period post-launch is not high and accordingly will have limited consequences. IIROC has recommended that the exemption should expire at the earlier of: (a) December 31, 2011, or (b) 30 days from the end of a month where the aggregate volume executed through the IntraSpread facility exceeds 5% of total market share. Upon the expiry of the temporary relief, Alpha must have implemented the technology changes necessary to enable trades resulting from IntraSpread to set the "last sale price". As the relief sought falls under UMIR section 11.2, approval of the OSC is required. The Ontario Securities Commission has approved IIROC providing the temporary relief subject to the above-noted expiry conditions.

APPENDIX A

ALPHA ATS LP

SUMMARY OF COMMENTS AND RESPONSES TO DECEMBER, 2010 REVISED PROPOSAL ON ALPHA INTRASPREAD™ FACILITY

Background

The Ontario Securities Commission (OSC) published in December (OSC Bulletin Volume 33, Issue 50 (December 17, 2010)), Alpha ATS LP (Alpha)'s notice regarding its revised proposed functionality named Alpha IntraSpread™ Facility (the current proposal)[1].

Alpha Objectives

The objective of the Alpha IntraSpread™ Facility (both the original and current proposal) is to provide choice and options to accommodate different trading strategies and marketplace participants. Some of the strategies that would benefit from using the facility include: enabling the retail flow to participate on the active side and receive a guaranteed price improvement, a larger fill size and a lower active fee; enabling buy side clients to post Dark Orders and benefit from accessing the active flows; and enabling liquidity providers to post Dark Orders to have access to the active flows while providing price improvement.

Comment Process

The OSC and Alpha received 5 comment letters: 2 from dealers[2], and 3 from other marketplaces[3].

Alpha would like to thank all commenters for their submissions. The summary, that follows the discussion of the current proposal, will summarize the key issues and Alpha's responses. Alpha began discussions with the Ontario Securities Commission (OSC) and Investment Industry Regulatory Organization of Canada (IIROC) staff after the closing of the comment period for the original proposal. In response to the comments raised by OSC Staff and further discussions with both OSC and IIROC Staff, Alpha revised its proposal as set out below.

Alpha's Current Proposal

Description of Current Proposal

Alpha published for comment the revised Alpha IntraSpread™ Facility.[4]

The changes addressed the regulatory concerns related to marketplaces facilitating internalization of dealer order flow, while at the same time preserving the benefits of the original IntraSpread™ Facility proposal, including reduced trading fees, price improvement and increased trade size for the active side, and improved access to liquidity for the passive side. The IntraSpread™ Facility is designed to allow matching of orders between dealers, with additional features designed to maximize benefits for the active, retail order flow and minimize potential for "gaming" the passive liquidity providing flow.

The current IntraSpread™ Facility is based on two order types: Dark order and Seek Dark Liquidity™ (SDL™) order,.

Dark Order

The Dark order is a fully hidden order, used to manage passive interest with no pre-trade transparency, and offer price improvement to tradable incoming orders.

- Dark orders have no pre-trade transparency as information on Dark orders is not disseminated on any public data feeds.

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1 An original proposal was published July 17, 2010. The original Alpha IntraSpread™ Facility, included a set of new order types offered by Alpha ATS, which allowed Subscribers to seek order matches within their firm without pre-trade transparency, with guaranteed price improvement for active orders. It was intended that the IntraSpread™ facility would be available to all Subscribers and for all symbols traded on Alpha ATS.

2 CIBC World Markets Inc., and RBC Capital Markets

3 Chi-X Canada, CNSX Markets Inc., and TMX Group

4 Additional information is available in the Subscriber Notice and blacklined Trading Policies on the Alpha ATS web site: www.alphatradingsystems.ca

- The price of a Dark order is calculated as an offset of the NBBO by adding the price offset to the National Best Bid for a buy order and subtracting it from the National Best Offer for a sell order. The price of the Dark order can optionally be capped.
- The price offset is calculated as a percentage of the NBBO spread, and can have one of two values:
    - 10% capped to one price tick (i.e. “no more than a penny”), or
    - 50% with no tick cap.
- If either side of the NBBO is not set, or the NBBO is locked or crossed, Dark orders will not trade.
- Dark orders are day only orders and must be for a board lot quantity. Dark orders cannot be Iceberg, On-Stop, Inside Match, AON, FOK, FAK, MOO, LOO, MOC, Special Terms, Bypass, Passive Only, TTM or ROC.
- Dark orders can be amended, including quantity, price offset and price cap, in addition to other standard amendable order attributes.
- Dark orders trade only with incoming SDL™ orders that are tradable at the calculated price of the Dark order. Dark orders do not trade with each other.
- Dark orders are accepted in Pre-Open and Continuous trading sessions (from 7:00am to 4:00pm). Dark orders trade in the Continuous trading session but do not participate in opening or closing auctions.

Seek Dark Liquidity™ (SDL™) Order

The SDL™ order is used to interact with the dark liquidity.

- SDL™ orders are “immediate-or-cancel” - they trade with eligible Dark orders to the extent possible, and any residual is cancelled. Price can be market or limit.
- SDL™ orders only trade with Dark orders and do not interact with other transparent orders in the Alpha CLOB.
- SDL™ orders interact with Dark orders from any Alpha Subscriber.
- SDL™ orders must be for a board lot quantity, and cannot be Iceberg, On-Stop, Inside Match, AON, FAK, MOO, LOO, MOC, Special Terms, Bypass, Passive Only, TTM or ROC.
- SDL™ orders are accepted only during Continuous trading session (from 9:30am to 4:00pm)

IntraSpread™ Trades

- Matching in IntraSpread™ follows the price/broker /smart size/round-robin priority set out below:
    - Price Priority - Dark orders with better price (higher price offset) have priority, then
    - Broker Preferencing - Dark orders from the same Subscriber have priority, then
    - Smart Size Priority - Dark orders with sufficient size to fully fill the incoming order have priority, then
    - Round-Robin Priority - Dark orders take turns in interacting with the incoming order. Each time a Dark order is inserted, it is placed at the end of the queue. Each time a Dark order trades or its quantity is increased, the order is placed at the end of the queue.
- Trades are disseminated on the public data feed in real-time. These trades do not set the Alpha last sale price (ALSP) or the NLSP. Trade prices may have up to three decimal places for prices above $0.50 and up to four decimal places for prices below $0.50.

Eligibility

- IntraSpread facility is available to all Subscribers and for all symbols traded on Alpha ATS.

- SDL™ orders can be entered only on behalf of Retail Customers
    - The definition of Retail Customer is based on the definition set out in the IIROC Dealer Member rules.
    - It is expected that Subscribers have policies and procedures in place in regards to identifying which accounts qualify and supervisory procedures to monitor ongoing compliance.
    - If Alpha deems that a Subscriber is allowing SDL™ orders from non-retail clients, Alpha may take appropriate action against the firm regarding access to the Alpha IntraSpread™ Facility.
- Dark orders can be entered without any constraints.

Alpha notes that it has also reviewed the Joint CSA/IIROC Position Paper 23-405 on Dark Liquidity in the Canadian Market which was published on November 18, 2010. While the Alpha revised proposal is generally in line with the policy considerations set out in the paper, we acknowledge that changes may be required if some of the proposals are adopted. Since the outcome of the position paper is unknown at this time, we intend to go ahead with our proposal with the understanding that it may need to change in the future.

Summary of Comments and Responses regarding Alpha IntraSpread™ Facility proposed in December, 2010 (the current proposal)

General Comments

RBC Capital Markets noted that conceptually and functionally, much of what is being proposed is currently available in the Canadian marketplace. It suggested that to state that the Alpha IntraSpread™ Facility is contrary to current rules is "to bring into question the current operational models of various marketplaces, and more specifically, the regulatory underpinnings upon which these marketplaces rely to substantiate their operational models."[5]

We would point out that many of the issues raised by the commenters, particularly the other marketplaces; were a repeat of issues that were raised during the first comment process and were focused more on competitive issues and the direction they believed the rules should follow than the current precedent. While it is true that new developments may make old precedent irrelevant, the usual process for overturning previous positions is to set out new rules and go through a rulemaking process. We acknowledge the Ontario Securities Commissions efforts, alongside with the other regulators, to engage in a policy initiative which will address any policy concerns that exist.

We would also note that when a marketplace, including exchanges, introduces changes it does not have to show that such changes are the best solution or approach to an issue or client need. It should be permitted to proceed with its proposal unless there is clear evidence of harm.

Fair Access, Internalization and Selective Preferencing

The three marketplaces[6] acknowledge that the current proposal has removed the internalization feature which limited interaction of orders to the subscribers' own order flow; however, they raise concerns around what they characterize as having the same impact as internalization because of limiting the SDL orders to retail customers or due to the broker preferencing feature.

CIBC WM, which supports dark pools generally, raised concerns because the SDL is limited to retail customers.

Chi-X expressed concerns that retail orders will not be able to be passive because of the UMIR Order Exposure Rule. It believes that the combination of size priority and broker-preferencing creates the equivalent of wholesale facilities that exist in the U.S.

Chi-X and TMX also suggest that any dealer that does not support a retail business is unable to take advantage of this facility and may disadvantage small institutional dealers.

Alpha Response:

In the Canadian marketplace, we can identify numerous features that do not benefit all participants in the same way, most notably the trading fee tiers that several other marketplaces have in place. Marketplaces like Liquidnet are even limited to a type of customer (institutional) and do not provide any access to other parties. Some order types or even regulatory rules such as the Order Exposure Rule are specifically intended to benefit retail customers. The SDL order is consistent with permitted features or

[5] RBC CM

[6] TMX, CNSX and Chi-X

requirements that allow different utility for different customers and different features (size priority is another example of a permitted feature that may differentiate treatment of customers).

Broker preferencing is permitted in the lit marketplaces and there is no different impact when it is allowed in a dark marketplace.

Dealers have always been allowed to choose the business model and therefore the clients with which they wish to deal. A dealer can choose to have an institutional, retail or other specialized business such as discount brokerage business or wholesale facility. Limiting the SDL to retail customers is consistent with this kind of differentiation and does not introduce any new issues.

The Alpha IntraSpread™ Facility was being introduced to provide choice and options to dealers and their clients. It has long been recognized that "one size does not fit all" in the world of investors and trading securities.

There have long existed alternatives to the CLOB such as crossing markets and the upstairs market. Also there is a danger in assuming facts for which there has been no evidence as the basis for stopping innovation.

Although the Alpha IntraSpread™ Facility is constructed to alleviate some of the disadvantages that retail active flow face in today's market structure, it has been constructed so that all participants(those without retail flow or with little retail flow) can benefit through the use of the Dark order. The Dark orders of any dealer with interact with the SDL orders of their own and/or other of other dealers.

Sub-penny pricing and meaningful price improvement

CNSX directed most of its comments to the fact that there is no meaningful price improvement and the impact of allowing execution such small increments on rules requiring price improvement such as the order exposure rule. It suggests that the views expressed through IIROC policy guidance should be revisited.

Although the TMX acknowledges that sub-penny orders are currently permitted, it states that any dark trading must provide meaningful price improvement over the displayed national best bid or offer and sub-penny price improvement is insufficient.

Alpha Response:

Alpha's price improvement feature addresses the requirements of the Order Exposure rule for those orders that are executed through the facility. A subscriber/ Dealer will have to comply with the requirements of the Order Exposure rule for any unfilled or partially filled orders that were originally within the size requirements of the Order Exposure rule by using its own or the Alpha RAD™. Currently there is sub-penny pricing for pegged and dark orders as well as for Basis, VWAP and Call Orders. The Alpha Dark order is consistent with current orders available at MatchNow, Chi-X and Alpha as well as the new order types proposed by TMX.

Setting the Last Sale Price

The TSX believes that Alpha's dark orders should not be classified the same as MatchNow and therefore should set the National Last Sale Price.

Alpha Response:

Alpha relied on the precedent set by MatchNow and its own Price Improvement Iceberg Order. In response to IIROC's concerns, Alpha has applied to IIROC for a temporary exemption to allow Alpha to have until the earlier of 30 days after it reaches a 5% total market share of activity within IntraSpread™ or December 31, 2011 to put in place the technology changes that will enable the trades that result from IntraSpread™ to set the Last Sale Price.

Comments on our responses to previous comments

CNSX reviewed and had comments on our previous summary and responses. We would like to point out that while we acknowledge it is possible that we either missed some points or even misunderstood some arguments; Alpha used its best efforts to summarize and describe all material points. We do not think is useful to the discussion to review and respond to comments on the previous summary.

Please contact Randee Pavalow at randee.pavalow@alpha-group.ca for any questions.

13.3 Clearing Agencies

13.3.1 CDS – Notice of Effective Date – Technical Amendments to CDS Procedures – Housekeeping Items

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

HOUSEKEEPING ITEMS

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE CDS PROCEDURE AMENDMENT

Please find attached proposed amendments to CDS Participant Procedures concerning Housekeeping items.

Access the proposed amendments to the CDS Procedures on the User documentation revisions web page (http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-blacklined?Open) and to the CDS Forms (if applicable) on Forms online (Click View by Form Category and in the Select a Form Category list, click External review) on the CDS Services web page (www.cdsservices.ca).

Description of Proposed Amendments

The proposed amendments are housekeeping changes made in the ordinary course of review of CDS's Participant Procedures. They include the following:

- Updated CDSX procedures to clarify participant ability to delete a system-generated ATON non-exchange trade
- Updated CDSX166 form to correct the price for the publication of "Notice of Record & Meeting Dates" information

CDS Procedure Amendments are reviewed and approved by CDS's Strategic Development Review Committee ("SDRC"). The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SDRC's membership includes representatives from the CDS Participant community and it meets on a monthly basis.

These amendments were reviewed and approved by the SDRC on March 24, 2011.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments as they are matters of a technical nature in routine operating procedures and administrative practices relating to the settlement services.

C. EFFECTIVE DATE OF THE CDS PROCEDURE AMENDMENT

Pursuant to Appendix A ("Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC") of the Recognition and Designation Order, as amended on November 1, 2006, and Annexe A ("Protocole d'examen et d'approbation des Règles de Services de Dépot et de Compensation CDS Inc. par l'Autorité des marchés financiers") of AMF Decision 2006-PDG-0180, made effective on November 1, 2006, CDS has determined that the proposed amendments will become effective on April 25, 2011.

D. QUESTIONS

Questions regarding this notice may be directed to:

Laura Ellick
Manager, Business Systems
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

Telephone: 416-365-3872
Fax: 416-365-0842
e-mail: lellick@cds.ca

13.3.2 Material Amendments to CDS Procedures – Change to Federally Guaranteed Class Code – Request for Comments

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

MATERIAL AMENDMENTS TO CDS PROCEDURES

CHANGE TO FEDERALLY GUARANTEED CLASS CODE

REQUEST FOR COMMENTS

A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTSURE AMENDMENTS

The proposed change is to remove the ACV sector limit for federally guaranteed securities, and remove one of the class codes to have only one class code for federally guaranteed securities.

B. NATURE AND PURPOSE OF THE PROPOSED CDS PROCEDURE AMENDMENTS

Largely due to the systemic risk concerns that could result from a default of an extender of credit, the federated participant or a settlement agent and their associated family members, CDS applies restrictions on the amount of ACV that can be created by certain types of securities held by these participants. These restrictions are called sector limits. These limits can be distributed among family-member companies. Participants can acquire securities above their sector limits in their ledgers. However, their value is not included in the ACV for that ledger. Non-family member receivers of credit are not subject to these sector limits.

The following table provides details of the sector limits applied to different types of securities:

Sector Limits Applied to the Calculation of ACV	
Sector limit	**Description**
Government sector limit (GSL)	Calculated as 25% of the company cap and is made up of non-federal-government-sector-issued securities (provincial debt, federally guaranteed debt and provincially guaranteed debt).
Private sector limit (PSL)	Calculated as 15% of the company cap and is made up of private-sector-issued debt securities.
Unrated debt limit (UDL)	Set at zero and is made up of unrated public sector bonds and unrated municipal bonds.
High yield debt limit (HYL)	$100 million or less, as elected by the participant, to be shared between the participant and their family member(s) and is made up of BBB-rated corporate debt (high yield bonds).
Federal U.S. limit (FTL)	Set at zero and made up of U.S. Treasury securities.
Equity sector limit (ESL)	$100 million or less, as elected by the participant, to be shared between the participant and their family member(s). This amount is deducted from the participant's existing PSL.

There is no limit on the amount of ACV that can be made up of federal government securities (i.e., those issued by the Government of Canada). However, securities that have been guaranteed by the Government of Canada are subject to the Government Sector Limit (GSL). Since the federally guaranteed securities are a direct obligation of the Government of Canada, and are backed by full faith and guarantees of the Government of Canada, CDS believes that the imposition of sector limits on federally guaranteed securities unnecessarily restricts ACV for participants subject to sector limits. Although some of the federally guaranteed securities may not be as actively traded as the Government of Canada issues, the actively traded federally guaranteed securities normally trade at a very narrow and consistent spread to similar maturity Government of Canada securities. Since these securities do not present credit risk similar to Government of Canada issues, sector limits for these securities should be removed.

Since the implementation of CDSX in 2003, there have been two security class codes (XG and FG) associated with federally guaranteed securities. The vast majority of federally guaranteed securities have been given the security class code of XG. CDS believes that splitting federally guaranteed securities into different class codes does not provide value, and therefore that the security class code for federally guaranteed debt be limited to just one.

C. IMPACT OF THE PROPOSED CDS PROCEDURE AMENDMENTS

C.1 Competition

None.

C.2 Risks and Compliance Costs

There are no risk and compliance costs associated with the change. There are no adverse effects on participants' ability to collateralize their settlement activity.

C.3 Comparison to International Standards – (a) Committee on Payment and Settlement Systems of the Bank for International Settlements, (b) Technical Committee of the International Organization of Securities Commissions, and (c) the Group of Thirty

The proposed changes are consistent with all relevant international standards.

D. DESCRIPTION OF THE PROCEDURE DRAFTING PROCESS

D.1 Development Context

The proposed amendments were developed by CDS and reviewed and recommended for approval by the Risk Advisory Committee on December 8, 2009.

D.2 Procedure Drafting Process

CDS Procedure Amendments are reviewed and approved by CDS's Strategic Development Review Committee ("SDRC"). The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SRDC's membership includes representatives from the CDS Participant community and it meets on a monthly basis.

These amendments were reviewed and approved by the SDRC on March 24, 2011.

D.3 Issues Considered

See above.

D.4 Consultation

See above.

D.5 Alternatives Considered

See above.

D.6 Implementation Plan

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Ontario *Securities Act*. The Autorité des marchés financiers has authorized CDS to carry on clearing activities in Québec pursuant to sections 169 and 170 of the Québec *Securities Act*. In addition CDS is deemed to be the clearing house for CDSX®, a clearing and settlement system designated by the Bank of Canada pursuant to section 4 of the *Payment Clearing and Settlement Act.* The Ontario Securities Commission, the Autorité des marchés financiers and the Bank of Canada will hereafter be collectively referred to as the "Recognizing Regulators".

The amendments to Participant Procedures may become effective upon approval of the amendments by the Recognizing Regulators following public notice and comment.

E. TECHNOLOGICAL SYSTEMS CHANGES

E.1 CDS

CDS will implement a system change to remove the class code FG. All issuers designated with a class code with FG will be assigned a class code XG.

E.2 CDS Participants

No changes are required.

E.3 Other Market Participants

No changes are required.

F. COMPARISON TO OTHER CLEARING AGENCIES

Information is not available from other CSDs in order to conduct a comparable analysis.

G. PUBLIC INTEREST ASSESSMENT

CDS has determined that the proposed amendments are not contrary to the public interest.

H. COMMENTS

Comments on the proposed amendments should be in writing and submitted within 30 calendar days following the date of publication of this notice in the Ontario Securities Commission Bulletin [•Autorité des marchés financiers Bulletin if this is the translated version•] to:

David Stanton
Chief Risk Officer
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

Phone: (416) 365-8489
Email: dstanton@cds.ca

Copies should also be provided to the Autorité des marchés financiers and the Ontario Securities Commission by forwarding a copy to each of the following individuals:

M^{e} Anne-Marie Beaudoin
Secrétaire del'Autorité
Autorité des marchés financiers
800, square Victoria, 22^{e} étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Télécopieur: (514) 864-6381
Courrier électronique: consultation-en-cours@lautorite.qc.ca

Manager, Market Regulation
Capital Markets Branch
Ontario Securities Commission
Suite 1903, Box 55,
20 Queen Street West
Toronto, Ontario, M5H 3S8

Fax: 416-595-8940
e-mail: marketregulation@osc.gov.on.ca

CDS will make available to the public, upon request, all comments received during the comment period.

I. PROPOSED CDS PROCEDURE AMENDMENTS

Attached at Appendix A are the clean and blacklined versions of the proposed procedural amendments.

Access to the proposed amendments to the CDS Procedures is also provided on the User documentation revisions web page (http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-blacklined?Open) and to the CDS Forms (if applicable) on Forms online (Click View by Form Category and in the Select a Form Category list, click External review) on the CDS Services web page (www.cdsservices.ca).

"APPENDIX A"

CHAPTER 10 AGGREGATE COLLATERAL VALUE
Sector limits

Security type	Term to maturity				
	0 to 1 year	1 to 3 years	3 to 5 years	5 to10 years	Greater than 10 years
Corporate BB	100.0%				
Corporate B	100.0%				
Corporate C	100.0%				
U.S. Treasury bills, notes and bonds (interest-bearing and zero-coupon bonds)[1]	2.0%			5.0%	

[1] The value of U.S. Treasury securities is determined using NSCC haircuts that apply to zero-coupon bonds.

Haircut rates for new issues

A standard haircut rate of 25 per cent is applied to all new equity issues, unless the haircut rate is not appropriate for the particular new issue. The standard haircut rate is reviewed and validated on a regular basis, and CDS reserves the right to adjust the rate. After the initial 20-day period has elapsed, the haircut rate is calculated by the Internal Risk Management System (IRMS) at the next haircut calculation run, subject to the minimum haircut rate of 15 per cent for the first year.

Haircut rates for equities with static prices

For equities with no price change for a period of 20 or more consecutive days in the most recent 260-day price history, CDS applies a default haircut rate of 75 per cent.

10.6 Sector limits

Sector limits are applicable to extenders of credit, federated participants and settlement agents, and their family members. The sector limits indicated in the table below ensure that a participant's ACV is not concentrated in certain types of securities.

Sector limit	Field	Description
Government sector limit	GSL	Calculated as 25 per cent of the company cap and is made up of non-federal-government-sector-issued securities (provincial debt, ~~federally-guaranteed debt~~ and provincially-guaranteed debt)
Private sector limit	PSL	Calculated as 15 per cent of the company cap and is made up of private-sector-issued debt securities
Unrated debt limit	UDL	Set at 0 and is made up of unrated public sector bonds and unrated municipal bonds

Sector limit	Field	Description
High yield debt limit	HYL	$100 million or less, as elected by the participant, to be shared between the participant and their family member(s) and is made up of BBB-rated corporate debt (high yield bonds)
Federal U.S. limit	FTL	Set at 0 and made up of U.S. Treasury securities
Equity sector limit	ESL	$100 million or less, as elected by the participant, to be shared between the participant and their family member(s). This amount is deducted from the participant's existing PSL

Receivers of credit are given the maximum amount (i.e., 99,999,999,999) for each sector limit.

There is no limit on the amount of ACV that can be made up of federal government securities (i.e., those issued by the Government of Canada) or federally-guaranteed securities. However, limits are placed at the family level on the amount of sector limit securities that may be counted towards that ledger's ACV. Like the initial ACV, these limits are distributed among family-member companies. Participants can acquire securities above their sector limits, however, their value will not be included in the ACV for that ledger.

10.7 CDSX issuer ratings

A CDSX issuer rating is applied to every debt issue deposit and is used to assess the quality of an issuer's securities. The rating is used in determining the haircut percentage applied by the ACV edit. Issuers rated BB, B or C are not used in the ACV edit. For more information, see Haircuts on page 109.

CDS uses the lowest available rating from the Dominion Bond Rating Service (DBRS) and Standard & Poor's Corp. (S&P) to assign the CDSX issuer rating. The table below compares each agency's rating scale with the CDSX ratings.

DBRS			S & P		CDSX Rating
Short-term debt		Long-term debt	Short-term debt	Long-term debt	
R-1	High	AAA	A-1+	AAA	AAA
	Middle	AA		AA	AA
	Low	A	A-1	A	A
R-2	High	BBB	A-2	BBB	BBB
	Middle	BB	A-3	BB	BB
	Low	B	B	B	B

Security type	Term to maturity				
	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Greater than 10 years
Unrated munis	20.0%	21.0%	22.0%	23.5%	25.0%
Corporate BBB	30.0%		32.0%	33.0%	35.0%
Corporate BB	100.0%				
Corporate B	100.0%				
Corporate C	100.0%				
U.S. Treasury bills, notes and bonds (interest-bearing and zero-coupon bonds)[1]	2.0%			5.0%	

[1] The value of U.S. Treasury securities is determined using NSCC haircuts that apply to zero-coupon bonds.

Haircut rates for new issues

A standard haircut rate of 25 per cent is applied to all new equity issues, unless the haircut rate is not appropriate for the particular new issue. The standard haircut rate is reviewed and validated on a regular basis, and CDS reserves the right to adjust the rate. After the initial 20-day period has elapsed, the haircut rate is calculated by the Internal Risk Management System (IRMS) at the next haircut calculation run, subject to the minimum haircut rate of 15 per cent for the first year.

Haircut rates for equities with static prices

For equities with no price change for a period of 20 or more consecutive days in the most recent 260-day price history, CDS applies a default haircut rate of 75 per cent.

10.6 Sector limits

Sector limits are applicable to extenders of credit, federated participants and settlement agents, and their family members. The sector limits indicated in the table below ensure that a participant's ACV is not concentrated in certain types of securities.

Sector limit	Field	Description
Government sector limit	GSL	Calculated as 25 per cent of the company cap and is made up of non-federal-government-sector-issued securities (provincial debt and provincially-guaranteed debt)
Private sector limit	PSL	Calculated as 15 per cent of the company cap and is made up of private-sector-issued debt securities
Unrated debt limit	UDL	Set at 0 and is made up of unrated public sector bonds and unrated municipal bonds

Sector limit	Field	Description
High yield debt limit	HYL	$100 million or less, as elected by the participant, to be shared between the participant and their family member(s) and is made up of BBB-rated corporate debt (high yield bonds)
Federal U.S. limit	FTL	Set at 0 and made up of U.S. Treasury securities
Equity sector limit	ESL	$100 million or less, as elected by the participant, to be shared between the participant and their family member(s). This amount is deducted from the participant's existing PSL

Receivers of credit are given the maximum amount (i.e., 99,999,999,999) for each sector limit.

There is no limit on the amount of ACV that can be made up of federal government securities (i.e., those issued by the Government of Canada) or federally-guaranteed securities. However, limits are placed at the family level on the amount of sector limit securities that may be counted towards that ledger's ACV. Like the initial ACV, these limits are distributed among family-member companies. Participants can acquire securities above their sector limits, however, their value will not be included in the ACV for that ledger.

10.7 CDSX issuer ratings

A CDSX issuer rating is applied to every debt issue deposit and is used to assess the quality of an issuer's securities. The rating is used in determining the haircut percentage applied by the ACV edit. Issuers rated BB, B or C are not used in the ACV edit. For more information, see Haircuts on page 109.

CDS uses the lowest available rating from the Dominion Bond Rating Service (DBRS) and Standard & Poor's Corp. (S&P) to assign the CDSX issuer rating. The table below compares each agency's rating scale with the CDSX ratings.

DBRS			S & P		CDSX Rating
Short-term debt		Long-term debt	Short-term debt	Long-term debt	
R-1	High	AAA	A-1+	AAA	AAA
	Middle	AA		AA	AA
	Low	A	A-1	A	A
R-2	High	BBB	A-2	BBB	BBB
	Middle	BB	A-3	BB	BB
	Low	B	B	B	B

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Chapter 25

Other Information

25.1 Consents

25.1.1 Curis Resources Ltd. – s. 4(b) of the Regulation

IN THE MATTER OF
R.R.O. 1990 REGULATION 289/00, AS AMENDED
(the Regulation)
MADE UNDER THE
BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990 c. B.16, AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
CURIS RESOURCES LTD.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Curis Resources Ltd. (the Applicant) to the Ontario Securities Commission (the Commission) requesting a consent from the Commission to continue in another jurisdiction pursuant to subsection 4(b) of the Regulation;

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

AND UPON the Applicant representing to the Commission that:

1. The Applicant was incorporated under the OBCA by articles of incorporation effective May 14, 2008 under the name PCI-1 Capital Corp. Articles of Amendment under the OBCA were filed effective January 31, 2011, changing the name of the Applicant from PCI-1 Capital Corp. to Curis Resources Ltd.

2. The authorized share capital of the Applicant consists of an unlimited number of Common shares of which 56,307,142 are issued and outstanding as at March 28, 2011. The Common shares are listed for trading on the TSX Venture Exchange under the symbol "CUV".

3. At a special meeting of the shareholders held January 28, 2011 (the Special Meeting), the shareholders of the Applicant by special resolution resolved that the authorized share structure of the Applicant be altered to create a class of Preferred Shares without par value and without a maximum number which may be issuable in series on such terms as determined by the directors in accordance with the class of rights and restrictions. Articles of Amendment under the OBCA altering the authorized share structure will not be filed with the Ontario Ministry of Government Services until such time as the Preferred Shares are required to be issued. Once the Applicant continues into British Columbia, it will adopt as its authorized share structure, an unlimited number of Common shares without par value and an unlimited number of Preferred Shares without par value.

4. The Applicant's current registered office is located at 181 Bay Street, Suite 2500, Toronto, Ontario M5J 2T7.

5. Following the proposed continuance, the registered office of the Applicant will be located at 1500 Royal Centre, 1055 West Georgia Street, P.O. Box 11117, Vancouver, BC V6E 4N7.

6. The Applicant proposes to make an application to the Director under the OBCA pursuant to section 181 of the OBCA (the Application for Continuance) for authorization to continue as a corporation under the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57 (the BCBCA) (the Continuance).

7. Pursuant to subsection 4(b) of the Regulation, where a corporation is an offering corporation, the Application for Continuance must be accompanied by a consent from the Commission.

8. The Applicant is an offering corporation under the OBCA and is a reporting issuer under the *Securities Act* (Ontario) (the Act). The Applicant is also a reporting issuer under the securities legislation of British Columbia and Alberta.

9. The Applicant is not in default under any provision of the OBCA and the Act or the regulations or rules made under the OBCA and the Act or under the securities legislation of any other jurisdiction where it is a reporting issuer.

10. The Applicant is not a party to any proceedings or, to the best of its knowledge, information and belief, any pending proceedings under the OBCA and the Act or under the securities legislation of any other jurisdiction where it is a reporting issuer.

11. The Continuance was approved by the Applicant's shareholders at the Special Meeting. The resolution approving the Continuance was approved by 100% of the votes cast.

12. The Applicant's management and head office are located in British Columbia and the continuance is being proposed to move the jurisdiction of incorporation to the jurisdiction in which the business is being operated.

13. The Applicant intends to remain a reporting issuer in British Columbia, Alberta and Ontario following the proposed continuance under the BCBCA.

14. Holders of Common Shares as of the date of the Meeting have the right to dissent from the proposed continuance under section 185 of the OBCA. The information circular dated December 22, 2010 describing the proposed continuance that was mailed to holders of Shares on December 31, 2010 disclosed full particulars of the dissent rights.

15. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA.

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the BCBCA.

DATED this 1st day of April, 2011.

"Margo C. Howard"
Commissioner
Ontario Securities Commission

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

Index

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