

The Ontario Securities Commission

OSC Bulletin

July 1, 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)

The Ontario Securities Commission

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Chapter 1

Notices / News Releases

1.1 Notices

SCHEDULED OSC HEARINGS

1.1.1 Current Proceedings Before The Ontario Securities Commission

July 1, 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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20 Queen Street West
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Edward P. Kerwin	—	EPK
Vern Krishna	—	VK
Christopher Portner	—	CP
Judith N. Robertson	—	JNR
Charles Wesley Moore (Wes) Scott	—	CWMS

July 5, 2011

2:30 p.m.

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

s. 127

C. Rossi in attendance for Staff

Panel: CP/CWMS

July 11, 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: CP

July 11, 2011

10:00 a.m.

Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff

s. 37, 127 and 127.1

H. Craig in attendance for Staff

Panel: CP

<p>July 11, 2011 11:30 a.m.</p>	<p>TBS New Media Ltd., TBS New Media PLC, CNF Food Corp., CNF Candy Corp., Ari Jonathan Firestone and Mark Green</p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: CP</p>	<p>July 18 and July 20-25, 2011 10:00 a.m.</p>	<p>Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt</p> <p>s. 127</p> <p>M. Vaillancourt in attendance for Staff</p> <p>Panel: PLK</p>
<p>July 12, 2011 2:00 p.m.</p> <p>July 13-14, 2011 10:00 a.m.</p>	<p>Citadel Income Fund and Energy Income Fund</p> <p>s. 8(2)</p> <p>S. Angus/M. Vaillancourt in attendance of Staff</p> <p>Panel: JEAT/PLK/CP</p>	<p>July 19, 2011 2:30 p.m.</p>	<p>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.</p> <p>s. 127</p> <p>A. Perschy / B. Shulman in attendance for Staff</p> <p>Panel: CP</p>
<p>July 15, 2011 10:00 a.m.</p>	<p>Hillcorp International Services, Hillcorp Wealth Management, Suncorp Holdings, 1621852 Ontario Limited, 1694487 Ontario Limited, Steven John Hill, and Danny De Melo</p> <p>s. 127</p> <p>A. Clark in attendance for Staff</p> <p>Panel: JEAT</p>	<p>July 15, 2011 11:00 a.m.</p>	<p>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</p> <p>s. 127</p> <p>H. Craig/C. Rossi in attendance for Staff</p> <p>Panel: JEAT</p>
<p>July 15, 2011 11:00 a.m.</p>	<p>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</p> <p>s. 127</p> <p>H. Craig/C. Rossi in attendance for Staff</p> <p>Panel: JEAT</p>	<p>July 20, 2011 10:00 a.m.</p>	<p>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"</p> <p>s. 127</p> <p>B. Shulman in attendance for Staff</p> <p>Panel: JEAT</p>

<p>July 20-22, July 26-27, August 3-4, and August 9-11, 2011 10:00 a.m.</p>	<p>York Rio Resources Inc., Brillante Brasilcan Resources Corp., Victor York, Robert Runic, George Schwartz, Peter Robinson, Adam Sherman, Ryan Demchuk, Matthew Oliver, Gordon Valde and Scott Bassingdale</p>	<p>July 27, 2011 11:00 a.m.</p>	<p>Peter Sbaraglia s. 127 S. Horgan/P. Foy in attendance for Staff Panel: JEAT</p>
<p>s. 127 H. Craig/C. Watson in attendance for Staff Panel: VK/EPK</p>	<p>July 29, 2011 10:00 a.m.</p>	<p>North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti s. 127</p>	
<p>July 20, 2011 11:00 a.m.</p>	<p>L.T.M.T. Trading Ltd. also known as L.T.M.T. Trading and Bernard Shaw s. 127 A. Heydon in attendance for Staff Panel: JEAT</p>	<p>M. Vaillancourt in attendance for Staff Panel: EPK</p>	
<p>July 26, 2011 11:00 a.m.</p>	<p>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</p>	<p>August 10, 2011 10:00 a.m.</p>	<p>Cicccone Group, Medra Corporation, 990509 Ontario Inc., Tadd Financial Inc., Cachet Wealth Management Inc., Vince Cicccone, Darryl Brubacher, Andrew J. Martin., Steve Haney, Klaudiusz Malinowski and Ben Giangrosso s. 127 M. Vaillancourt in attendance for Staff Panel: JEAT</p>
<p>July 27, 2011 10:00 a.m.</p>	<p>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: JEAT</p>	<p>September 2, 2011 10:00 a.m.</p>	<p>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 s. 127 and 127.1 D. Ferris in attendance for Staff Panel: TBA</p>

September 6, 7, 9 and 12, 2011	Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh	September 12, 2011	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
10:00 a.m.	Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman	10:00 a.m.	
	s. 127(7) and 127(8)	September 13, 2011	
	H. Craig in attendance for Staff	2:00 p.m.	
	Panel: TBA		s. 127 and 127.1
			H. Daley in attendance for Staff
			Panel: JDC/MCH
September 6-12, September 14-26 and September 28, 2011	Anthony Ianno and Saverio Manzo	September 14-23, September 28 – October 4, 2011	Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)
10:00 a.m.	s. 127 and 127.1	10:00 a.m.	
	A. Clark in attendance for Staff		s. 127 and 127.1
	Panel: EPK/PLK		D. Ferris in attendance for Staff
September 8, 2011	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	September 22-23, 2011	Sextant Capital Management Inc., Sextant Capital GP Inc., Otto Spork, Robert Levack and Natalie Spork
10:00 a.m.		10:00 a.m.	
	s. 127		s. 127
	J. Feasby in attendance for Staff		T. Center in attendance for Staff
	Panel: TBA		Panel: TBA
September 8, 2011	Energy Syndications Inc., Green Syndications Inc., Syndications Canada Inc., Land Syndications Inc. and Douglas Chaddock	October 3-7 and October 12-21, 2011	FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun
11:00 a.m.		10:00 a.m.	
	s. 127		s. 127
	C. Johnson in attendance for Staff		C. Price in attendance for Staff
	Panel: TBA		Panel: CP

<p>October 5, 2011 10:00 a.m.</p>	<p>Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiants 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</p> <p>s. 127 and 127.1</p> <p>H. Craig in attendance for Staff</p> <p>Panel: MGC</p>	<p>October 31- November 3, 2011</p> <p>10:00 a.m.</p>	<p>QuantFX Asset Management Inc., Vadim Tsatskin, Lucien Shtromvaser and Rostislav Zemlinsky</p> <p>s. 127</p> <p>C. Rossi in attendance for Staff</p> <p>Panel: MGC</p>
<p>October 12-24 and October 26-27, 2011</p> <p>10:00 a.m.</p>	<p>Helen Kuszper and Paul Kuszper</p> <p>s. 127 and 127.1</p> <p>U. Sheikh in attendance for Staff</p> <p>Panel: JDC/CWMS</p>	<p>November 14-21 and November 23-28, 2011</p> <p>10:00 a.m.</p>	<p>Majestic Supply Co. Inc., Suncastle Developments Corporation, Herbert Adams, Steve Bishop, Mary Kricfalusi, Kevin Loman and CBK Enterprises Inc.</p> <p>s. 37, 127 and 127.1</p> <p>D. Ferris in attendance for Staff</p> <p>Panel: EPK/PLK</p>
<p>October 17-24 and October 26-31, 2011</p> <p>10:00 a.m.</p>	<p>Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, John Colonna, Pasquale Schiavone, and Shafi Khan</p> <p>s. 127(7) and 127(8)</p> <p>C. Johnson in attendance for Staff</p> <p>Panel: EPK/MCH</p>	<p>November 14-21 and November 23-28, 2011</p> <p>10:00 a.m.</p>	<p>Shaun Gerard McErlean, Securus Capital Inc., and Acquiesce Investments</p> <p>s. 127</p> <p>M. Britton in attendance for Staff</p> <p>Panel: TBA</p>
<p>October 31, 2011</p> <p>10:00 a.m.</p>	<p>Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang</p> <p>s. 127 and 127.1</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>	<p>December 1-5 and December 7-15, 2011</p> <p>10:00 a.m.</p>	<p>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)</p> <p>s. 127</p> <p>S. Chandra in attendance for Staff</p> <p>Panel: JDC</p>

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: EPK/PLK

December 19, 2011
9:00 a.m.

New Hudson Television Corporation, New Hudson Television L.L.C. & James Dmitry Salganov

s. 127

C. Watson in attendance for Staff

Panel: MGC

January 3-10, 2012
10:00 a.m.

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: JDC

January 18-30 and February 1-10, 2012
10:00 a.m.

Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff

s. 37, 127 and 127.1

H. Craig in attendance for Staff

Panel: TBA

February 1-13, February 15-17 and February 21-23, 2012

10:00 a.m.

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

s. 127 and 127.1

H. Craig in attendance for Staff

Panel: TBA

March 12, March 14-26, and March 28, 2012

10:00 a.m.

David M. O'Brien

s. 37, 127 and 127.1

B. Shulman 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	<p>Frank Dunn, Douglas Beatty, Michael Gollogly</p> <p>s. 127</p> <p>K. Daniels in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Shane Suman and Monie Rahman</p> <p>s. 127 and 127(1)</p> <p>C. Price in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric</p> <p>s. 127 and 127(1)</p> <p>D. Ferris in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Gold-Quest International, Health and Harmony, Iain Buchanan and Lisa Buchanan</p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmony, Harmony Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale</p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York</p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>Lyndz Pharmaceuticals Inc., James Marketing Ltd., Michael Eatch and Rickey McKenzie</p> <p>s. 127(1) and (5)</p> <p>J. Feasby/C. Rossi in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Abel Da Silva</p> <p>s. 127</p> <p>C. Watson in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>M P Global Financial Ltd., and Joe Feng Deng</p> <p>s. 127 (1)</p> <p>M. Britton in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Paul Azeff, Korin Bobrow, Mitchell Finkelstein, Howard Jeffrey Miller and Man Kin Cheng (a.k.a. Francis Cheng)</p> <p>s. 127</p> <p>T. Center/D. Campbell in attendance for Staff</p> <p>Panel: TBA</p>

TBA	<p>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</p> <p>s. 127</p> <p>A. Perschy/C. Rossi in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Uranium308 Resources Inc., Michael Friedman, George Schwartz, Peter Robinson, and Shafi Khan</p> <p>s. 127</p> <p>H. Craig/C.Rossi in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin</p> <p>s. 127</p> <p>T. Center in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Ameron Oil and Gas Ltd., MX-IV Ltd., Gaye Knowles, Giorgio Knowles, Anthony Howorth, Vadim Tsatskin, Mark Grinshpun, Oded Pasternak, and Allan Walker</p> <p>s. 127</p> <p>H. Craig/C. Rossi in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>Alexander Christ Doulis (aka Alexander Christos Doulis, aka Alexandros Christodoulidis) and Liberty Consulting Ltd.</p> <p>s. 127</p> <p>S. Horgan in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Paul Donald</p> <p>s. 127</p> <p>C. Price in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>Rezwealth Financial Services Inc., Pamela Ramoutar, Justin Ramoutar, Tiffin Financial Corporation, Daniel Tiffin, 2150129 Ontario Inc., Sylvan Blackett, 1778445 Ontario Inc. and Willoughby Smith</p> <p>s. 127(1) and (5)</p> <p>A. Heydon in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>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</p> <p>s. 127</p> <p>Y. Chisholm in attendance for Staff</p> <p>Panel: TBA</p>

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

s. 37, 127 and 127.1

C. Price in attendance for Staff

Panel: TBA

TBA **Bernard Boily**

s. 127 and 127.1

M. Vaillancourt/U. Sheikh in attendance for Staff

Panel: TBA

TBA **Goldpoint Resources Corporation, Pasqualino Novielli also known as Lee or Lino Novielli, Brian Patrick Moloney also known as Brian Caldwell, and Zaida Pimentel also known as Zaida Novielli**

s. 127(1) and 127(5)

C. Watson in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb, Gordon Eckstein, Robert Topol

Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg

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. Boulton and Peter Y. Atkinson

1.2 Notices of Hearing

1.2.1 Hillcorp International Services et al. – s. 127

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

AND

IN THE MATTER OF
HILLCORP INTERNATIONAL SERVICES,
HILLCORP WEALTH MANAGEMENT,
SUNCORP HOLDINGS, 1621852 ONTARIO LIMITED,
1694487 ONTARIO LIMITED, STEVEN JOHN HILL
AND DANNY DE MELO

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the “Commission”) will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Friday July 15, 2011 at 10:00 am or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is to consider whether it is in the public interest for the Commission to order that:

- (i) trading in any securities by the Respondents cease permanently or for such period as is specified by the Commission;
- (ii) the acquisition of any securities by the Respondents is permanently prohibited or is prohibited for such other period as is specified by the Commission;
- (iii) any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission;
- (iv) the Respondents be reprimanded;
- (v) the Respondents resign one or more positions that they hold as director or officer of any issuer, registrant, or investment fund manager;
- (vi) the Respondents be permanently prohibited or be prohibited for such other period as is specified by the Commission from becoming or acting as a director or officer of any issuer;
- (vii) the Respondents be permanently prohibited or be prohibited for such other period as is specified by the Commission from becoming or acting as a promoter; and
- (viii) whether to make such further orders as the Commission considers appropriate.

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

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

DATED at Toronto this 21st day of June, 2011

“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
HILLCORP INTERNATIONAL SERVICES,
HILLCORP WEALTH MANAGEMENT,
SUNCORP HOLDINGS, 1621852 ONTARIO LIMITED,
1694487 ONTARIO LIMITED, STEVEN JOHN HILL
AND DANNY DE MELO**

**STATEMENT OF ALLEGATIONS OF STAFF
OF THE ONTARIO SECURITIES COMMISSION**

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

Overview

1. Hillcorp International Services ("Hillcorp International"), Hillcorp Wealth Management ("Hillcorp Wealth"), Suncorp Holdings, 1621852 Ontario Limited ("162 Limited"), 1694487 Ontario Limited ("169 Limited"), Steven John Hill ("Hill") and Danny De Melo ("De Melo") all engaged in unregistered trading and the illegal distribution of securities.
2. In July of 2009, the Commission imposed a temporary cease trading order on Hillcorp International, Hillcorp Wealth, Suncorp Holdings, 162 Limited, Hill and De Melo. Hill and De Melo, however, continued to trade in securities through Suncorp Holdings, raising a further \$1,051,000 from 22 Ontario investors. As a result, in December of 2010 and January of 2011, Hill and De Melo each entered a guilty plea to one count of breaching a Commission Order in the Ontario Court of Justice, contrary to section 122 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Securities Act*").

The Respondents

3. 162 Limited and 169 Limited are corporations registered in the Province of Ontario.
4. Hillcorp International is a business name assigned to 162 Limited.
5. Hillcorp Wealth represented itself as a division of Hillcorp International.
6. Suncorp Holdings is a business name assigned to 169 Limited.
7. 162 Limited, 169 Limited, Hillcorp International, Hillcorp Wealth and Suncorp Holdings are not registered with the Commission in any capacity.
8. Hill and De Melo are individuals residing in Ontario. Hill and De Melo are not registered with the Commission in any capacity.

Trading in Securities Through Suncorp Holdings and Breach of Commission Orders

9. On July 21, 2009, the Commission issued a temporary order under subsections 127(1) and 127(5) of the *Securities Act* against Hillcorp International, Hillcorp Wealth, 162 Limited, Hill, De Melo and other Respondents (the "Temporary Order").
10. The Temporary Order was obtained because Staff of the Commission ("Staff") had received evidence that Hill, De Melo and others were trading in securities by selling investment contracts in Hillcorp International and its related entities. The Temporary Order required Hill, De Melo, Hillcorp International, Hillcorp Wealth and 162 Limited to cease trading in securities. On July 22, 2009, these Respondents were served with the Temporary Order.
11. On July 24, 2009, an Amended Temporary Order was issued by the Commission which added Suncorp Holdings as a Respondent (the "Amended Temporary Order").
12. The Amended Temporary Order was obtained because Staff had evidence that Hillcorp International investors were being informed that Hillcorp International's business would be transferred into a new entity named Suncorp Holdings.

The Amended Temporary Order added Suncorp Holdings to the list of persons and companies who were required to cease trading in securities. On July 28 and July 29, 2009, Hillcorp International, Hillcorp Wealth, 162 Limited, Hill, De Melo and Suncorp Holdings were served with a copy of the Amended Temporary Order.

13. The Commission convened a hearing on August 5, 2009 to consider whether to continue the Amended Temporary Order. The Commission extended the Amended Temporary Order on that date, and further extended the Amended Temporary Order at hearings held on February 5, 2010, July 9, 2010 and February 25, 2011.
14. On or between July 21 and August 31, 2009, Hill and De Melo continued to raise funds from investors by selling investment contracts in Suncorp Holdings in breach of the Amended Temporary Order. During this period, investor monies were paid into a bank account which was held in the name of 169 Limited o/a Suncorp Holdings. Hill had sole signing authority over this bank account.
15. During this period, De Melo and Hill raised a further \$1,051,000 from 22 Ontario investors in Suncorp Holdings. During this period, De Melo and Hill also distributed approximately \$70,000 in interest cheques to 18 Hillcorp International investors located in Ontario.
16. Specifically, De Melo contacted potential investors and persuaded them to invest in Suncorp Holdings. De Melo told investors that their investments would earn 50% in interest over the next 3 months. De Melo accepted the investment funds of the 22 investors.
17. Hill incorporated 169 Limited and later registered its business name "Suncorp Holdings" Hill is the sole officer and director of 169 Limited o/a Suncorp Holdings. Hill set up the Suncorp Holdings bank account which received and distributed the investors' cheques. Hill had sole signing authority over the Suncorp Holdings bank account. Hill deposited the incoming cheques of the Suncorp investors and signed the outgoing cheques to the Hillcorp International investors.
18. The conduct outlined above constituted trading in securities without registration contrary to section 25 of the *Securities Act* and also constituted a distribution of securities without a prospectus contrary to section 53 of the *Securities Act*. In addition, this conduct constituted a violation of the Temporary Order and the Amended Temporary Order.

Convictions Before the Ontario Court of Justice

19. On December 1, 2010, De Melo appeared before Regional Senior Justice Bigelow of the Ontario Court of Justice and entered a plea of guilty to one count of breaching an Order of the Commission based on the facts outlined in paragraphs 9 to 17 above, contrary to section 122 of the *Securities Act*.
20. On January 7, 2011, Hill appeared before Regional Senior Justice Bigelow of the Ontario Court of Justice and entered a plea of guilty to one count of breaching an Order of the Commission based on the facts outlined in paragraphs 9 to 17 above, contrary to section 122 of the *Securities Act*.
21. On April 18, 2011 Regional Senior Justice Bigelow sentenced each of Hill and De Melo to a term of imprisonment of 90 days, to a period of probation for a further 12 months, to perform 100 hours of community service, and he imposed a restitution order totaling \$993,089.67 in favour of the 22 Suncorp investors.
22. As a result of these convictions, the Commission may make orders against the Respondents pursuant to subsection 127(10) of the *Securities Act*.

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

23. Staff allege that the conduct set out above of 162 Limited, 169 Limited, Hillcorp International, Hillcorp Wealth, Suncorp Holdings, Hill and De Melo violated Ontario securities law as specified and constituted conduct contrary to the public interest.
24. Staff reserve the right to make such other allegations as they may advise and the Commission may permit.

DATED at Toronto this 21st day of June, 2011

1.3 News Releases

1.3.1 Canadian Securities Administrators Seek Comments on Regulation of Over-the-Counter Derivatives Trade Reporting and Repositories

FOR IMMEDIATE RELEASE
June 23, 2011

**CANADIAN SECURITIES ADMINISTRATORS
SEEK COMMENTS ON REGULATION OF
OVER-THE-COUNTER DERIVATIVES TRADE REPORTING AND REPOSITORIES**

Montréal – The Canadian Securities Administrators (CSA) today published for comment Consultation Paper 91-402 – Derivatives: Trade Repositories, which sets out a series of recommendations that are designed to improve regulatory oversight of OTC derivatives transactions, while maintaining consistency with international developments.

Under the CSA's proposed regulatory framework, all OTC derivative transactions entered into by a Canadian counterparty would be required to be reported to an approved trade repository. Canadian regulators would have access to this data to assist them in discharging their regulatory oversight responsibilities.

"The G-20 has made transparency of the OTC derivatives market one of the central pillars of reform and agreed that OTC derivatives transactions should be reported to trade repositories," said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. "In response to this G-20 direction, the CSA has developed key recommendations for OTC derivatives regulatory requirements governing trade repository governance and operations, transaction reporting, and information transparency."

The public is encouraged to comment on the recommendations and specific questions in the Consultation Paper, which cover the subjects of trade repository governance and operational guidelines, reporting requirements and access to confidential trade repository information. This Consultation Paper is the first of a series of eight papers to be published over the next few months that build on the regulatory proposals contained in Consultation Paper 91-401 on OTC Derivatives Regulation in Canada published on November 2, 2010.

The Consultation Paper 91-402 comment period for all stakeholders is open until September 12th 2011. All responses received will be published on the Autorité des marchés financiers (www.lautorite.qc.ca) and the Ontario Securities Commission (www.osc.gov.on.ca) websites.

Copies of the consultation paper are available on the following websites: Alberta Securities Commission, Autorité des marchés financiers, British Columbia Securities Commission, Manitoba Securities Commission, New Brunswick Securities Commission, Ontario Securities Commission and Saskatchewan Financial Services Commission.

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

For more information:

Sylvain Théberge
Autorité des marchés financiers
514-940-2176

Mark Dickey
Alberta Securities Commission
403-297-4481

Richard Gilhooley
British Columbia Securities Commission
604-899-6577

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

Ainsley Cunningham
Manitoba Securities Commission
204-945-4733

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

Natalie MacLellan
Nova Scotia Securities Commission
902-424-8586

Jennifer Anderson
Saskatchewan Financial Services Commission
306- 798-4160

Notices / News Releases

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

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

Graham Lang
Yukon Securities Registry
867-667-5466

Louis Arki
Nunavut Securities Office
867-975-6587

Donn MacDougall
Northwest Territories
Securities Office
867-920-8984

1.4 Notices from the Office of the Secretary

1.4.1 Carlton Ivanhoe Lewis et al.

FOR IMMEDIATE RELEASE
June 22, 2011

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

AND

**IN THE MATTER OF
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**

TORONTO – Following the hearing held on June 14, 2011, the Commission issued an Order in the above named matter.

A copy of the Order dated June 21, 2011 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:

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

1.4.2 Nest Acquisitions and Mergers et al.

FOR IMMEDIATE RELEASE
June 22, 2011

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

AND

**IN THE MATTER OF
NEST ACQUISITIONS AND MERGERS,
IMG INTERNATIONAL INC.,
CAROLINE MYRIAM FRAYSSIGNES,
DAVID PELCOWITZ, MICHAEL SMITH, AND
ROBERT PATRICK ZUK**

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing on the merits is adjourned to June 27, 2011 at 10:00 a.m. and will continue on June 28, 2011 to June 29, 2011.

A copy of the Order dated June 20, 2011 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

1.4.3 Abel Da Silva

FOR IMMEDIATE RELEASE
June 23, 2011

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

AND

**IN THE MATTER OF
ABEL DA SILVA**

TORONTO – The Commission issued its Reasons And Decision For The Hearing On The Merits Held In Writing in the above named matter.

A copy of the Reasons And Decision For The Hearing On The Merits Held In Writing dated June 22, 2011 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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1-877-785-1555 (Toll Free)

1.4.4 Vengrowth Funds et al.

FOR IMMEDIATE RELEASE
June 24, 2011

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

AND

**IN THE MATTER OF
AN APPLICATION BY THE
SPECIAL COMMITTEE OF DIRECTORS OF
THE VENGROWTH FUNDS**

AND

**IN THE MATTER OF
GROWTHWORKS CANADIAN FUND LTD. AND
GROWTHWORKS LTD.**

TORONTO – Following a hearing held on June 1, 2011, the Panel issued an Order in the above named matter.

A copy of the Order dated June 1, 2011 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

Wendy Dey
Director, Communications & Public Affairs
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Carolyn Shaw-Rimington
Manager, Public Affairs
416-593-2361

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:

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

1.4.5 Hillcorp International Services et al.

FOR IMMEDIATE RELEASE
June 24, 2011

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

AND

**IN THE MATTER OF
HILLCORP INTERNATIONAL SERVICES,
HILLCORP WEALTH MANAGEMENT,
SUNCORP HOLDINGS, 1621852 ONTARIO LIMITED,
1694487 ONTARIO LIMITED, STEVEN JOHN HILL
AND DANNY DE MELO**

TORONTO – The Office of the Secretary issued a Notice of Hearing on June 21, 2011 setting the matter down to be heard on July 15, 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 June 21, 2011 and Statement of Allegations of Staff of the Ontario Securities Commission dated June 21, 2011 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:

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

1.4.6 New Hudson Television Corporation et al.

FOR IMMEDIATE RELEASE
June 27, 2011

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

AND

**IN THE MATTER OF
NEW HUDSON TELEVISION CORPORATION,
NEW HUDSON TELEVISION L.L.C. &
JAMES DMITRY SALGANOV**

TORONTO – The Commission issued an Order in the above named matter which provides that (i) the Temporary Order is amended to provide that pursuant to clause 2 of subsection 127(1) of the Act, James Dmitry Salganov shall cease trading in securities of NHTV Corp. and NHTV LLC; (ii) pursuant to subsection 127(8) of the Act, the Temporary Order as amended by (i), above (the “Amended Temporary Order”) is extended to December 20, 2011; and (iii) the hearing to consider any further extension of the Amended Temporary Order will be held on December 19, 2011 at 9:00 a.m., or such other date and time as set by the Office of the Secretary.

A copy of the Temporary Order dated June 22, 2011 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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Carolyn Shaw-Rimmington
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Dylan Rae
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OSC Contact Centre
416-593-8314
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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Nova Gas Transmission Ltd.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief applications in Multiple Jurisdictions – relief from the requirement that financial statements be prepared in accordance with Canadian GAAP applicable to publically accountable enterprises to permit an issuer, who is not an SEC Issuer, to prepare its financial statements in accordance with U.S. GAAP for its financial years that begin on or after 1 January 2012 but before 1 January 2015.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency.

Citation: Nova Gas Transmission Ltd., Re, 2011 ABASC 348

June 22, 2011

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

AND

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

AND

IN THE MATTER OF
NOVA GAS TRANSMISSION LTD.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filer from the requirements under subsection 3.2(1) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**) that financial statements be prepared in accordance with Canadian

GAAP applicable to publicly accountable enterprises and disclose an unreserved statement of compliance with IFRS or International Accounting Standard 34 *Interim Financial Reporting*, as applicable (the **Exemption Sought**) to permit the Filer to prepare its financial statements in accordance with United States generally accepted accounting principles (**U.S. GAAP**) for its financial years that begin on or after 1 January 2012 but before 1 January 2015.

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

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

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, National Instrument 51-102 *Continuous Disclosure Obligations* or NI 52-107 have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

1. The Filer was incorporated under the *NOVA Corporation Act of Alberta* on April 8, 1954 and was continued under the *Business Corporations Act* (Alberta) on September 1, 1987. The head office of the Filer is in Calgary, Alberta.
2. The Filer is a reporting issuer or equivalent in the Jurisdictions and each of the Passport Jurisdictions and is not in default of securities legislation in any jurisdiction.
3. The Filer is not an SEC issuer.
4. The Filer has "activities subject to rate regulation", as defined in the Handbook.

5. As a "qualifying entity" for the purposes of section 5.4 of NI 52-107, the Filer is permitted by that provision to prepare its financial statements for its financial year commencing 1 January 2011 and ending 31 December 2011 in accordance with Canadian GAAP – Part V of the Handbook.
6. Were the Filer an SEC issuer, it would be permitted by section 3.7 of NI 52-107 to file its financial statements prepared in accordance with U.S. GAAP, which accords treatment of "activities subject to rate regulation" similar to that under Canadian GAAP – Part V.

Decision

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

7. The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:
 - (a) for its financial years commencing on or after 1 January 2012 but before 1 January 2015 and interim periods therein, the Filer files its financial statements in accordance with U.S. GAAP; and
 - (b) information for comparative periods presented in the financial statements referred to in paragraph (a) is prepared in accordance with U.S. GAAP.
8. The Exemption Sought will terminate in respect of the Filer's financial statements for annual and interim periods commencing on or after the earlier of:
 - (a) 1 January 2015; and
 - (b) the date on which the Filer ceases to have "activities subject to rate regulation" as defined in the Handbook as at the date of this decision.

"Blaine Young"
Associate Director, Corporate Finance

2.1.2 American Bullion Minerals Ltd. – s. 1(10)

Headnote

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

Ontario Statutes

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

June 23, 2011

American Bullion Minerals Ltd.
200 – 580 Hornby Street
Vancouver, British Columbia
V6C 3B6

Dear Sirs/Mesdames,

Re: American Bullion Minerals Ltd. (the "Applicant") – Application for a Decision under the Securities Legislation of Alberta and Ontario (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

2.1.3 Sun Life Global Investments (Canada) Inc.

Headnote

National Instrument 31-103 Registration Requirements and Exemptions – relief from the requirement for a mutual fund dealer to become a member of the Mutual Fund Dealers Association of Canada – applicant subject to certain terms and conditions on its registration as a mutual fund dealer.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements and Exemptions, ss. 9.2, 15.1.

Applicable Published Document

Letter sent to the Investment Funds Institute of Canada and the Investment Counsel Association of Canada, December 6, 2000, [2000] 23 OSCB 8467.

June 23, 2011

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO

AND

IN THE MATTER OF
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.
(the Filer)

DECISION

Background

The regulator in Ontario has received an application from the Filer for a decision under the securities legislation of Ontario (the **Legislation**) exempting the Filer from the requirement that the Filer be a member of the MFDA pursuant to section 9.2 of National Instrument 31-103 *Registration Requirements and Exemptions* (the **Requested Relief**).

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless otherwise defined.

The following terms shall have the following meanings:

1. **MFDA** means the Mutual Fund Dealers Association of Canada.
2. **Terms and Conditions** means the terms and conditions that will be placed against the Filer's registration as a mutual fund dealer in Ontario in accordance with this decision, as attached as Appendix A to this decision.

Representations

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

1. The Filer is a corporation incorporated under the laws of Canada with its head office located in Toronto, Ontario.
2. The Filer is in the process of applying for registration as a dealer in the category of mutual fund dealer in Ontario. Currently, the Filer is registered as a commodity trading manager, investment fund manager and portfolio manager in Ontario.
3. The Filer is the manager of various mutual funds that are qualified for distribution under a simplified prospectus in each of the provinces and territories of Canada (the **Current Funds**) and will be the manager of other investment funds it expects to establish in the future (the **Future Funds**, which together with the Current Funds, are referred to herein as the **Funds**). The Filer's principal business is managing the Funds.

Decisions, Orders and Rulings

4. Securities of the Current Funds are primarily distributed to the public through registered dealers.
5. The Filer is not a reporting issuer in any jurisdiction of Canada and is not, to its knowledge, in default of securities regulation of any jurisdiction of Canada.
6. The Filer's activities as a mutual fund dealer will be restricted to servicing, and acting as the mutual fund dealer of record in respect of, trades in mutual funds only as permitted by the Terms and Conditions. Membership of the Filer in the MFDA is not appropriate due to the limited nature of the Filer's mutual fund dealer activities.
7. The Filer will obtain and maintain its registration as a mutual fund dealer in Ontario and will comply with applicable securities legislation and rules.
8. Before the Filer, in its capacity as a registered mutual fund dealer, accepts any person or company as a mutual fund client, the Filer will give the person or company written notice about its status as a non-member of the MFDA, using substantially the following words:

*Sun Life Global Investments (Canada) Inc. (**Sun Life Global Investments**) is not currently a member, and does not intend to become a member of the Mutual Fund Dealers Association of Canada (the **MFDA**). Consequently, clients of Sun Life Global Investments will not have available to them investor protection benefits that would otherwise derive from membership of Sun Life Global Investments in the MFDA, including coverage under the investor protection plan for clients of members of the MFDA.*
9. The Filer has agreed to the imposition of the Terms and Conditions set out in the attached Appendix A as a condition of its registration as a dealer in the category of mutual fund dealer.

Decision

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

The decision of the Director under the Legislation is that the Requested Relief is granted, provided that the Filer's registration as a mutual fund dealer in Ontario is subject to the Terms and Conditions in Appendix A.

"Erez Blumberger"
Deputy Director
Compliance and Registrant Regulation

Appendix A

**Terms and Conditions on the Registration of Sun Life Global Investments (Canada) Inc.
as a Mutual Fund Dealer under the Legislation**

Interpretation

1. In this Appendix A, except as otherwise defined below or unless the context otherwise requires, defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this Appendix A.
2. In this Appendix A,
 - (a) “Adviser” means an adviser as defined in the Legislation;
 - (b) “Client Name Trade” means, for the Firm, a trade to, or on behalf of, a person or company in securities of a mutual fund that is managed by the Firm or an affiliated entity of the Firm, where, immediately before the trade, the person or company is shown on the records of the mutual fund or of another mutual fund managed by the Firm or an affiliated entity of the Firm as the holder of securities of such mutual fund, and the trade consists of:
 - (i) a purchase, by the person or company, through the Firm, of securities of the mutual fund; or
 - (ii) a redemption, by the person or company, through the Firm, of securities of the mutual fund;and where the person or company:
 - (iii) is a client of the Firm or an affiliated entity of the Firm that was not solicited by the Firm or an affiliated entity of the Firm; or
 - (iv) was an existing client of the Firm or an affiliated entity of the Firm on the Effective Date;
 - (c) “Effective Date” means June 23, 2011;
 - (d) “Employee”, for the Firm, means:
 - (i) an employee of the Firm;
 - (ii) an employee of an affiliated entity of the Firm; or
 - (iii) an individual that is engaged to provide, on a bona fide basis, consulting, technical, management or other services to the Firm or to an affiliated entity of the Firm, under a written contract between the Firm or the affiliated entity and the individual or a consultant company or consultant partnership of the individual, and, in the reasonable opinion of the Firm, the individual spends or will spend a significant amount of time and attention on the affairs and business of the Firm or an affiliated entity of the Firm;
 - (e) “Employee”, for a Service Provider, means an employee of the Service Provider or an affiliated entity of the Service Provider, provided that, at the relevant time, in the reasonable opinion of the Firm, the employee spends or will spend, a significant amount of time and attention on the affairs and business of:
 - (i) the Firm or an affiliated entity of the Firm; or
 - (ii) a mutual fund managed by the Firm or an affiliated entity of the Firm;
 - (f) “Executive”, for the Firm, means a director, officer or partner of the Firm or of an affiliated entity of the Firm;
 - (g) “Executive”, for a Service Provider, means a director, officer or partner of the Service Provider or of an affiliated entity of the Service Provider;
 - (h) “Exempt Trade”, for the Firm, means a trade in securities of a mutual fund that the Firm would be authorised to make if it were registered under the Legislation as an exempt market dealer;
 - (i) “Firm” means Sun Life Global Investments (Canada) Inc.;

- (j) "Fund-on-Fund Trade" means a trade that consists of:
- (i) a purchase, through the Firm, of securities of a mutual fund that is made by another mutual fund;
 - (ii) a purchase, through the Firm, of securities of a mutual fund that is made by a person or company where the person or company, an affiliated entity of the person or company, or another person or company is, or will become, the counterparty in a specified derivative or swap with another mutual fund; or
 - (iii) a sale, through the Firm, of securities of a mutual fund that is made by another mutual fund where the party purchasing the securities is:
 - (1) a mutual fund managed by the Firm or an affiliated entity of the Firm; or
 - (2) a person or company that acquired the securities where the person or company, an affiliated entity of the person or company, or an other person or company is, or was, the counterparty in a specified derivative or swap with another mutual fund; and

where, in each case, at least one of the referenced mutual funds is a mutual fund that is managed by either the Firm or an affiliated entity of the Firm;

- (k) "In Furtherance Trade" means, for the Firm, a trade by the Firm that consists of any act, advertisement, or solicitation, directly or indirectly in furtherance of an other trade in securities of a mutual fund, where the other trade consists of:
- (i) a purchase or sale of securities of a mutual fund that is managed by the Firm or an affiliated entity of the Firm; or
 - (ii) a purchase or sale of securities of a mutual fund where the Firm acts as the principal distributor of the mutual fund; and

where, in each case, the purchase or sale is made by or through an other registered dealer if the Firm is not otherwise permitted to make the purchase or sale pursuant to these terms and conditions;

- (l) "Legislation", as the context permits, means the securities legislation of the principal regulator of the Firm, being the Ontario Securities Commission or the securities legislation of another jurisdiction where the Firm is registered as a mutual fund dealer;
- (m) "Managed Account" means, for the Firm or an affiliated entity of the Firm, an investment portfolio account of a client under which the Firm or an affiliated entity of the Firm, pursuant to a written agreement made between the Firm or the Firm's affiliated entity and the client, makes investment decisions for the account and has full discretionary authority to trade in securities for the account without obtaining the client's specific consent to the trade;
- (n) "Managed Account Trade" means, for the Firm, a trade to, or on behalf of, a Managed Account of the Firm or an affiliated entity of the Firm, where the trade consists of a purchase or redemption, through the Firm of securities of a mutual fund, that is made on behalf of the Managed Account, where, in each case:
- (i) the Firm or an affiliated entity of the Firm is the portfolio adviser to the mutual fund;
 - (ii) the mutual fund is managed by the Firm or an affiliated entity of the Firm; and
 - (iii) the mutual fund is prospectus-qualified.

- (o) "Mutual Fund Instrument" means National Instrument 81-102 *Mutual Funds*, as amended;

- (p) "Permitted Client" means a person or company that is a client of the Firm, or an affiliated entity of the Firm, and that is, or was at the time the person or company became a client of the Firm or an affiliated entity of the Firm:
- (i) an Executive or Employee of the Firm or an affiliated entity of the Firm;
 - (ii) a Related Party of an Executive or Employee of the Firm or an affiliated entity of the Firm;

- (iii) a Service Provider of the Firm or an affiliated entity of the Firm or an affiliated entity of a Service Provider of the Firm or an affiliated entity of the Firm;
- (iv) an Executive or Employee of a Service Provider of the Firm or an affiliated entity of the Firm; or
- (v) a Related Party of an Executive or Employee of a Service Provider of the Firm or an affiliated entity of the Firm;
- (q) "Permitted Client Trade" means, for the Firm, a trade to a person, who is a Permitted Client or who represents to the Firm that he or she is a person included in the definition of Permitted Client, in securities of a mutual fund that is managed by the Firm or an affiliated entity of the Firm, and the trade consists of a purchase or redemption, by the person, through the Firm, of securities of the mutual fund;
- (r) "Registered Plan" means a registered pension plan, deferred profit sharing plan, registered retirement savings plan, registered retirement income fund, registered education savings plan or other deferred income plan registered under the Income Tax Act (Canada);
- (s) "Related Party", for a person, means another person who is:
 - (i) the spouse of the person;
 - (ii) the issue of:
 - (1) the person;
 - (2) the spouse of the person; or
 - (3) the spouse of any person that is the issue of a person referred to in sub-paragraphs (1) or (2) above;
 - (iii) the parent, grandparent or sibling of the person, or the spouse of any of them;
 - (iv) the issue of any person referred to in paragraph (iii) above;
 - (v) a Registered Plan established by, or for the exclusive benefit of, one, some or all of the foregoing;
 - (vi) a trust where one or more of the trustees is a person referred to above and the beneficiaries of the trust are restricted to one, some, or all of the foregoing; or
 - (vii) a corporation where all the issued and outstanding shares of the corporation are owned by one, some, or all of the foregoing;
- (t) "securities", for a mutual fund, means shares or units of the mutual fund;
- (u) "Seed Capital Trade" means a trade in securities of a mutual fund made to a person or company referred to in any of subparagraphs 3.1(1)(a)(i) to 3.1(1)(a)(iii) of the Mutual Fund Instrument; and
- (v) "Service Provider" means:
 - (i) a person or company that provides or has provided professional, consulting, technical, management or other services to the Firm or an affiliated entity of the Firm;
 - (ii) an Adviser to a mutual fund that is managed by the Firm or an affiliated entity of the Firm; or
 - (iii) a person or company that provides or has provided professional, consulting, technical, management or other services to a mutual fund that is managed by the Firm or an affiliated entity of the Firm.

3. In this Appendix A, a person or company is considered to be:

- (a) an affiliated entity of another person or company if one is a subsidiary entity of the other or if both are subsidiary entities of the same person or company, or if each of them is controlled by the same person or company;

- (b) controlled by a person or company if
 - (i) in the case of a person or company
 - (1) voting securities of the first-mentioned person or company carrying more than 50 percent of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or company; and
 - (2) the votes carried by the securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned person or company;
 - (ii) in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned person or company holds more than 50 percent of the interests in the partnership; or
 - (iii) in the case of a limited partnership, the general partner is the second-mentioned person or company;
- (c) a subsidiary entity of another person or company if
 - (i) it is controlled by
 - (1) that other; or
 - (2) that other and one or more persons or companies, each of which is controlled by that other; or
 - (3) two or more persons or companies, each of which is controlled by that other; or
 - (ii) it is a subsidiary entity of a person or company that is that other's subsidiary entity.

4. In this Appendix A:

- (a) "issue" and "sibling" includes any person having such relationship through adoption, whether legally or in fact;
- (b) "parent" and "grandparent" includes a parent or grandparent through adoption, whether legally or in fact;
- (c) "registered dealer" means a person or company that is registered under the Legislation as a dealer in a category that permits the person or company to act as dealer for the subject trade; and
- (d) "spouse", for an Employee or Executive, means a person who, at the relevant time, is the spouse of the Employee or Executive.

5. In this Appendix A, any terms that are not otherwise defined in National Instrument 14-101 *Definitions* or specifically defined above shall, unless the context otherwise requires, have the meaning:

- (a) specifically ascribed to such term in the Mutual Fund Instrument; or
- (b) if no meaning is specifically ascribed to such term in the Mutual Fund Instrument, the same meaning the term would have for the purposes of the Legislation.

Restricted Registration: Permitted Activities

6. The registration of the Firm as a mutual fund dealer under the Legislation shall be for the purposes only of trading by the Firm in securities of a mutual fund where the trade consists of:

- (a) a Client Name Trade;
- (b) an Exempt Trade;
- (c) a Fund-on-Fund Trade;
- (d) an In Furtherance Trade;

- (e) a Managed Account Trade, provided, at the time of the trade, the Firm or an affiliated entity of the Firm who is a portfolio manager to the Managed Account, is registered under the Legislation as an adviser in the category of portfolio manager;
- (f) a Permitted Client Trade; or
- (g) a Seed Capital Trade;

provided that, in the case of all trades that are only referred to in clauses (a) or (f), the trades are limited and incidental to the principal business of the Firm.

2.1.4 Churchill 10 Real Estate Limited Partnership

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – The Filer has applied for relief from the requirement that it prepares its financial statements in accordance with Canadian GAAP – the Filer wants to begin using IFRS-IASB for the annual financial statements beginning with the formation of the Filer on March 8, 2010 – the Filer can therefore also use IFRS financial statements for the target in its BAR – a reporting issuer wants to early adopt IFRS for purposes of preparing its financial statements – the issuer has assessed the readiness of its staff, board, audit committee, auditors and investors; the issuer will provide detailed disclosure regarding its early adoption of IFRS as set out in CSA Staff Notice 52-320 in a news release or in restated and re-filed MD&A for its most recent interim period to be disseminated or re-filed within seven days of the decision; the issuer will restate and re-file any financial statements prepared in accordance with Canadian GAAP for interim periods for the fiscal year in which they intend to adopt IFRS together with related interim MD&A and certificates required by NI 52-109.

Applicable Legislative Provisions

National Instrument 52-107, s. 5.1.

June 8, 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
CHURCHILL 10 REAL ESTATE
LIMITED PARTNERSHIP
(the Filer)**

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting the Filer from the requirements in sections 4.2 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107) that its financial statements be prepared in accordance with Canadian generally accepted accounting principles determined with reference to Part V of the Handbook of the Canadian Institute of Chartered Accountants (the Handbook) applicable to public enterprises (Canadian GAAP – Part V) in order that the Filer may prepare its financial statements for financial periods beginning on or after formation (the Exemption Sought) in accordance with Canadian GAAP applicable to publicly accountable enterprises.

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

- (a) the British Columbia Securities Commission is the principal regulator for this application,
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan and Manitoba, and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

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

Representations

- 3 This decision is based on the following facts represented by the Filer:
1. the Filer is a limited partnership formed on March 8, 2010 pursuant to the *Partnership Act* (British Columbia) and Churchill 10 Partners Inc. is its general partner;
 2. the head office of the Filer is located at Suite 1010 – 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1;
 3. the Filer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario;
 4. as of June 1, 2011, the Filer is in default of its continuous disclosure obligations with regard to the requirement to file a business acquisition report pursuant to Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations* (NI 51-102) and in default of the requirement to file financial statements, management discussion and analysis, and certifications for its financial year ended December 31, 2010; the Filer is not otherwise in default of securities legislation in any jurisdiction;
 5. the Filer's common shares are not listed on any stock exchange;
 6. the Filer's primary business is the acquisition and operation of a portfolio of revenue-producing real estate properties in Canada (or interests in such properties);
 7. the Filer's interim financial statements for the quarters ended March 31, 2010, June 30, 2010 and September 30, 2010 have been prepared in accordance with Canadian GAAP – Part V;
 8. the Accounting Standards Board approved the incorporation of International Financial Reporting Standards (IFRS) into Part I of the Handbook;
 9. first-time adoption of Part I of the Handbook is mandatory for interim and annual financial statements relating to annual periods beginning on or after January 1, 2011 by most publicly accountable enterprises;
 10. the Filer is a publicly accountable enterprise;
 11. the Filer intends to prepare its audited annual financial statements for the year ended December 31, 2010 in accordance with Canadian GAAP applicable to publicly accountable enterprises;
 12. the Filer has not previously prepared financial statements that contain an explicit and unreserved statement of compliance with IFRS;
 13. the Filer will include disclosure relating to its adoption of IFRS in its annual management's discussion and analysis for its fiscal year ended December 31, 2010;
 14. NI 52-107 sets out acceptable accounting principles for financial reporting under the Legislation by domestic issuers, foreign issuers, registrants and other market participants; under NI 52-107 for financial years beginning before January 1, 2011, a domestic issuer must use Canadian GAAP – Part V with the exception that an SEC registrant may use US GAAP; under NI 52-107 for financial years beginning before January 1, 2011, only foreign issuers may use IFRS;
 15. in CSA Staff Notice 52-321 – *Early Adoption of International Financial Reporting Standards, Use of US GAAP and Reference to IFRS-IASB*, staff of the Canadian Securities Administrators recognized that some issuers may wish to adopt IFRS for periods beginning prior to January 1, 2011 and indicated that staff were prepared to recommend exemptive relief on a case by case basis to permit a domestic issuer to do so, despite section 4.2 of NI 52-107;
 16. subject to obtaining the Exemption Sought, the Filer intends to adopt IFRS in respect of its financial statements for periods beginning on and after formation;

17. the Filer believes that adoption of IFRS will provide users of its financial statements with significantly more disclosure, which will enhance their understanding of the Filer's results from operations and its financial position and will eliminate complexity and costs from the Filer's financial statement preparation process;
18. the Filer has carefully assessed the readiness of its staff, board of directors, audit committee, auditors, investors and other market participants for the adoption by the Filer of IFRS for financial periods beginning on and after formation and has concluded that they will be adequately prepared for the Filer's adoption of IFRS for financial periods beginning on and after formation;
19. the Filer has considered the implications of adopting IFRS for periods beginning on or after formation on its obligations under the Legislation including, but not limited to, those relating to CEO and CFO certifications, business acquisition reports, offering documents, and previously released material forward-looking information and has concluded that if the Exemption Sought is granted, it will continue to be able to fulfil these obligations;
20. the Filer will communicate its IFRS implementation plans to investors as contemplated by CSA Staff Notice 52-320 *Disclosure of Expected Changes in Accounting Policies Relating to Changeover to International Financial Reporting Standards* by disclosing relevant information about its adoption of IFRS in a news release not more than seven days after the date of the decision approving such early adoption application and no earlier than re-filing its fiscal 2010 interim financial reports that comply with Part 3 of NI 52-107 and no earlier than filing its fiscal 2010 annual financial statements prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises including:
 - (a) the key elements and timing of the Filer's adoption plan;
 - (b) the accounting policy and implementation decisions the Filer has made or will have to make;
 - (c) major identified differences between the Filer's current accounting policies and those the Filer is required or expects to apply in preparing its financial statements in accordance with Canadian GAAP applicable to publicly accountable enterprises; and
 - (d) the impact of adopting IFRS on the key line items in the Filer's previously filed interim financial statements for the periods ending March 31, 2010, June 30, 2010 and September 30, 2010.

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 the Filer:

- (a) files its annual financial statements for periods relating to financial years beginning on or after formation prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises;
- (b) complies with Part 3 of NI 52-107 for financial statements, financial information, operating statements and pro forma financial statements for periods relating to the year ending December 31, 2010;
- (c) complies with the IFRS-related amendments to NI 51-102 that came into force on January 1, 2011 and that apply to documents required to be prepared, filed, delivered or sent under NI 51-102 for periods relating to the year ending December 31, 2010;
- (d) complies with the IFRS-related amendments to National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* that came into force on January 1, 2011 and that apply to annual filings and interim filings for periods relating to the year ending December 31, 2010;
- (e) complies with the IFRS-related amendments to National Instrument 52-110 *Audit Committees* that came into force on January 1, 2011 and that apply to periods relating to the year ending December 31, 2010;
- (f) complies with Part 3 of NI 52-107 for interim financial reports for interim periods relating to the year ending December 31, 2010, except that if the Filer files interim financial statements prepared in accordance with Canadian GAAP – Part V for one or more interim periods relating to the year ending

December 31, 2010, the Filer will restate and re-file those interim financial reports to comply with Part 3 of NI 52-107; together with the related restated interim management's discussion and analysis and the certificates required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*; and

- (g) provides the communication set out in paragraph 20.

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

2.1.5 Letko, Brosseau & Associates Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption granted from conflict of interest trading prohibition in paragraph 13.5(2)(b) of NI 31-103 to permit in specie subscriptions and redemptions by separately managed accounts and pooled funds in pooled funds – Portfolio manager of managed accounts is also portfolio manager of pooled funds and is therefore a “responsible person” – Relief subject to certain conditions.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements and Exemptions, ss. 13.5(2)(b), 15.1.

June 17, 2011

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

AND

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

AND

**IN THE MATTER OF
LETKO, BROUSSEAU & ASSOCIATES INC.
(the Filer)**

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) providing an exemption from the requirement in section 13.5(2) b) iii) of National Instrument 31-103 – *Registration Requirements and Exemptions* that prohibits a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase or sell a security from or to the investment portfolio of an investment fund for which a responsible person acts as an adviser, to permit (each purchase and redemption, an **In Specie Transaction**):

- a) the purchase by a Fund (defined below) of securities of another Fund, and the redemption of securities held by a Fund in another Fund, and as payment for such purchase or redemption, in whole or in part, by making good delivery of portfolio securities that meet the investment objectives of that Fund; and
- b) the purchase by a Managed Account (defined below) of securities of a Fund, and the redemption of securities held by a Managed Account in a Fund, and as payment:
 - i) for such purchase, in whole or in part, by the Managed Account making good delivery of portfolio securities to the Fund; and
 - ii) for such redemption, in whole or in part, by the Fund making good delivery of portfolio securities to the Managed Account.

(the **Exemption Sought**).

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

- a) the Autorité des marchés financiers is the principal regulator for this application,

Decisions, Orders and Rulings

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

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

Fund means an investment fund managed by the Filer or managed in the future by the Filer to which National Instrument 81-102 – *Mutual Funds* does not apply.

Managed Account means an account over which the Filer has discretionary authority.

Certain other defined terms have the meanings given to them above or below.

Representations

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

1. The Filer is incorporated under the *Canada Business Corporations Act*, with its head office in Montreal, Quebec.
2. The Filer is registered as a portfolio manager in Québec, Ontario, Alberta, British Columbia, New Brunswick, Nova Scotia, Prince Edward Island, Saskatchewan, Manitoba and Newfoundland and Labrador.
3. The Filer is also registered as investment fund manager in Québec.
4. Each Fund is, or will be, an investment fund established as a trust or corporation under the laws of Canada or a jurisdiction of Canada.
5. The Filer is, or will be the manager and portfolio manager of each of the Funds.
6. Desjardins Trust Inc. acts as trustee, where applicable, and custodian of each of the Funds.
7. The Funds are not, and will not be, reporting issuers in any jurisdiction of Canada.
8. Securities of the Funds are, or will be, distributed pursuant to exemptions from the prospectus requirements in each jurisdiction of Canada.
9. The Filer and each of the Funds are not in default of securities legislation in any jurisdiction of Canada.
10. The Filer is also the portfolio manager of each of the Managed Accounts.
11. Each client who wishes to receive the investment management services of the Filer executes a written agreement (the Letter of Appointment) whereby the client appoints the Filer to act as portfolio manager in connection with an investment portfolio of the client.
12. Pursuant to the Letter of Appointment, the Filer has discretionary authority to trade in securities for the Managed Account without obtaining the specific consent of the client to execute the trade, including investing the Managed Account in Funds for which the Filer is the portfolio manager and for changing those Funds as the Filer determines in accordance with the investment objectives of the Managed Accounts.
13. To ensure that neither the Managed Account nor a Fund incurs significant expenses related to the disposition and acquisition of portfolio securities in connection with the purchase or redemption of securities of a Fund, the Filer proposes to facilitate such purchases and redemptions of the Funds securities by doing In Specie Transactions.
14. The Filer may determine that in lieu of holding individual securities, a Managed Account would be better served to be invested in one or more of the Funds. As a result, the Filer desires to have such Managed Accounts subscribe for securities of the relevant Funds in the form of an In Specie Transaction. Further, future clients of the Filer may have an existing portfolio of securities when they retain the Filer such that the Filer may similarly desire to have the clients

subscribe for securities of the relevant Funds in the form of an In Specie Transaction, provided these securities are appropriate for the Fund.

15. In addition, due to portfolio changes for a Managed Account, the Filer may determine to redeem securities of a Fund held by a Managed Account in the form of an In Specie Transaction and subscribe for securities of another Fund or Funds in the form of an In Specie Transaction or simply hold the individual portfolio securities in the Managed Account. Alternatively, the client may determine to terminate its relationship with the Filer or to change its investment objectives and may request a redemption of its securities in a Fund in the form of an In Specie Transaction.
16. The Filer may also determine that a Fund needs exposure to certain investments or categories of asset classes invested by another Fund and would be better served by investing in securities of that Fund. As a result, the Filer wishes to be able to enter into In Specie Transactions between Funds.
17. At the time of an In Specie Transaction, the Filer will have in place policies and procedures to enable the Funds and Managed Accounts to engage in In Specie Transactions with Funds and Managed Accounts, as applicable:
 - a) prior to engaging in In Specie Transactions on behalf of a Managed Account, the Letter of Appointment or other documentation in respect of the Managed Accounts will contain the authorization of the client for the Filer to engage in In Specie Transactions;
 - b) the compliance officer of the Filer will pre-approve each In Specie Transaction in connection with the purchase of securities of the Fund and each payment of redemption proceeds in the form of an In Specie Transaction;
 - c) the portfolio securities transferred in an In Specie Transaction will meet the investment objectives of the Fund or Managed Account, as the case may be, acquiring the portfolio securities;
 - d) Desjardins Trust Inc. will value the portfolio securities under an In Specie Transaction using the same values that are used to calculate the net asset value for the purpose of the issue price or redemption price of securities of the Fund;
 - e) none of the portfolio securities which are the subject of each In Specie Transaction will be securities of related issuers of the Filer; and
 - f) the Fund will keep written records of each In Specie Transaction, including records of each purchase and redemption of portfolio securities and the terms thereof for a period of five years commencing after the end of the financial year in which the trade occurred, the most recent two years in a reasonably accessible place.
18. Effecting In Specie Transactions of securities between a Fund and a Managed Account and between two Funds will allow the Filer to manage each asset class more effectively and reduce transaction costs for the client and the Fund or the two Funds. For example, such trading reduces market impact costs, which can be detrimental to the clients and/or the Fund(s). In Specie Transactions also allow a portfolio manager to retain within its control institutional-size blocks of securities that otherwise would need to be broken and re-assembled.
19. The only cost which will be incurred by a Fund or Managed Account for an In Specie Transaction is an administrative charge levied by the custodian of the Fund in recording the trades.
20. As the Filer is, or will be, the manager and portfolio manager of the Funds and the portfolio manager of the Managed Accounts, as applicable, the Filer would be considered a "responsible person" within the meaning of the applicable provisions of the Legislation. Accordingly, absent the granting of the Exemption Sought, the Filer would be prohibited from engaging in In Specie Transactions.

Decision

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

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

- a) in connection with an In Specie Transaction where a Managed Account acquires securities of a Fund:
 - i) the Letter of Appointment or other documentation in respect of the Managed Account contains the authorization of the client for the Filer to engage in the In Specie Transactions;

- ii) the Fund would, at the time of the payment, be permitted to purchase the securities;
 - iii) the securities are acceptable to the Filer as portfolio manager of the Fund and meet the investment objectives of the Fund;
 - iv) the value of the portfolio securities is equal to the issue price of the securities of the Fund for which they are used as payment, valued as if the securities were portfolio assets of that Fund;
 - v) none of the securities which are the subject of the In Specie Transaction will be securities of related issuers of the Filer;
 - vi) the account statement next prepared for the Managed Account will describe the securities delivered to the Fund and the value assigned to such securities; and
 - vii) the Filer will keep written records of each In Specie Transaction in a financial year of the Fund, reflecting details of the securities delivered to the Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place,
- b) in connection with an In Specie Transaction where a Managed Account redeems securities of a Fund:
- i) the Letter of Appointment or other documentation in respect of the Managed Account contains the authorization of the client for the Filer to engage in the In Specie Transactions;
 - ii) the securities are acceptable to the Filer as portfolio manager of the Managed Account and meet the investment objectives of the Managed Account;
 - iii) the value of the portfolio securities is equal to the amount at which those securities were valued by the Fund in calculating the net asset value per security used to establish the redemption price;
 - iv) none of the securities which are the subject of the In Specie Transaction will be securities of related issuers of the Filer;
 - v) the account statement next prepared for the Managed Account will describe the securities received from the Fund and the value assigned to such securities; and
 - vi) the Filer will keep written records of each In Specie Transaction in a financial year of the Fund, reflecting details of the securities delivered by the Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place.
- c) in connection with an In Specie Transaction where a Fund purchases the securities of another Fund:
- i) the Fund acquiring the securities would, at the time of payment, be permitted to purchase the securities;
 - ii) the securities are acceptable to the Filer as portfolio manager of the Fund and meet the investment objectives of the Fund acquiring the securities;
 - iii) the value of the portfolio securities is equal to the issue price of the securities of the Fund for which they are used as payment, valued as if the securities were portfolio assets of that Fund;
 - iv) none of the portfolio securities which are the subject of the In Specie Transaction will be securities of related issuers of the Filer; and
 - v) the Filer will keep written records of each in Specie Transaction in a financial year of the Fund, reflecting details of the securities delivered to the Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place, and

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- d) in connection with an In Specie Transaction where a Fund redeems the securities of another Fund:
 - i) the securities are acceptable to the Filer as portfolio manager of the Fund and meet the investment objectives of the Fund acquiring the securities;
 - ii) the value of the portfolio securities is equal to the amount at which those securities were valued by the Fund in calculating the net asset value per security used to establish the redemption price;
 - iii) the Filer will keep written records of each In Specie Transaction in a financial year of the Fund, reflecting details of the securities delivered by the Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place; and
- e) the Filer does not receive any compensation in respect of any In Specie Transaction and, in respect of any delivery of securities further to an In Specie Transaction, the only charges paid by the Managed Account or the applicable Fund are administrative charges levied by the custodian.

“Mario Albert”
Superintendent, Client Services, Compensation and Distribution

2.1.6 Yorkville Asset Management Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from paragraphs 2.3(f) and (h), 2.5(2)(a), (b) and (c) of National Instrument 81-102 Mutual Funds to permit mutual funds to invest in gold ETFs, silver ETFs, gold/silver ETFs and silver, subject to certain conditions, including a 10% limit on aggregate direct and indirect exposure to gold and silver.

Applicable Legislative Provisions

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

June 21, 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
YORKVILLE ASSET MANAGEMENT INC.
(the “Filer”)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the existing and future mutual funds managed by the Filer that are subject to National Instrument 81-102 – *Mutual Funds* (“**NI 81-102**”) other than money market funds as defined in NI 81-102 (the “**Existing Funds**” and the “**Future Funds**”, respectively, together, the “**Funds**” and individually a “**Fund**”) for a decision under the securities legislation (the “**Legislation**”) of the Jurisdiction of the principal regulator exempting the Funds from the restrictions contained in sections 2.3(f), 2.3(h), 2.5(2)(a), 2.5(2)(b) and 2.5(2)(c) of NI 81-102 (the “**Exemption Sought**”) to permit each Fund to purchase and hold:

- (a) securities of exchange-traded funds (“**ETFs**”) that seek to replicate (i) the performance of gold on an unlevered basis; or (ii) the value of a specified derivative the underlying interest of which is gold on an unlevered basis (“**Gold ETFs**”);
- (b) securities of ETFs that seek to replicate (i) the performance of silver on an unlevered basis; or (ii) the value of specified derivatives the underlying

interest of which is silver on an unlevered basis (“**Silver ETFs**”);

- (c) securities of ETFs that seek to replicate (i) the performance of gold and silver on an unlevered basis; or (ii) the value of a specified derivative the underlying interest of which are gold and silver on an unlevered basis (“**Gold/Silver ETFs**”); and
- (d) silver, Permitted Silver Certificates (as defined below) and specified derivatives the underlying interest of which is silver on an unlevered basis (collectively, “**Silver**”).

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

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

1. The Filer is a corporation continued under the laws of the Province of Ontario, having its head office in Toronto, Ontario.
2. The Filer is the manager of the Existing Funds and will be the manager of the Future Funds.
3. The Filer, or its affiliate, is the portfolio advisor to each of the Existing Funds and will be the portfolio advisor of each of the Future Funds.
4. Each Existing Fund is, and each Future Fund will be:
 - (a) an open-end mutual fund trust established under the laws of Ontario or a class of shares of a mutual fund corporation incorporated under the laws of Ontario;
 - (b) a reporting issuer under the securities laws of some or all of the provinces and territories of Canada;
 - (c) governed by the provisions of NI 81-102; and

- (d) qualified for distribution in some or all provinces and territories of Canada under a simplified prospectus and annual information form prepared in accordance with National Instrument 81-101 – *Mutual Fund Prospectus Disclosure* (“**NI 81-101**”) and filed with and receipted by the securities regulators in the applicable jurisdictions.
5. Neither the Filer nor any of the Existing Funds is in default of securities legislation in any province or territory of Canada.
6. Each Fund that relies on the Exemption Sought will be permitted in accordance with its investment objectives and investment strategies to invest in Gold ETFs, Silver ETFs, and Gold/Silver ETFs (collectively, “**Underlying ETFs**”) and in Silver.
7. The Funds will not invest in leveraged ETFs or inverse ETFs.
8. In the absence of the Exemption Sought, an investment by the Funds in securities of the Underlying ETFs would be contrary to section 2.5(2)(a) of NI 81-102 as the securities of the Underlying ETFs will not be subject to NI 81-101 and NI 81-102.
9. In the absence of the Exemption Sought, an investment by the Funds in securities of some Underlying ETFs would be contrary to section 2.5(2)(b) of NI 81-102 as some Underlying ETFs invest in a fund which does not comply with the requirements of section 2.5 of NI 81-102. This fund in turn invests in gold or silver or derivatives the underlying interest of which is gold or silver or a combination thereof.
10. In the absence of the Exemption Sought, an investment by the Funds in securities of some Underlying ETFs would be contrary to section 2.5(2)(c) of NI 81-102 as the securities of some Underlying ETFs are not qualified for distribution in Canada.
11. To obtain exposure to gold or silver indirectly, the Filer may use specified derivatives the underlying interest of which is gold or silver and invest in the Underlying ETFs.
12. The markets for gold/silver are highly liquid, and there are no liquidity concerns that should lead to a conclusion that investments in gold/silver need to be prohibited.
13. The Funds may invest in Silver from time to time when the Filer determines that it is desirable to do so following a valuation of assets, a determination of the effect of monetary policy and the economic environment on asset prices, and assessing historic price movements on likely future returns.
14. In this decision, silver certificates (“**Permitted Silver Certificates**”) that the Funds invest in will be certificates that represent silver that is:
- (a) available for delivery in Canada, free of charge, to or to the order of the holder of the certificate;
 - (b) of a minimum fineness of 999 parts per 1,000;
 - (c) held in Canada;
 - (d) in the form of either bars or wafers; and
 - (e) if not purchased from a bank listed in Schedule I, II or III of the *Bank Act* (Canada), fully insured against loss and bankruptcy by an insurance company licensed under the laws of Canada or a province or territory of Canada.
15. In the absence of the Exemption Sought, an investment by the Funds in Silver would be contrary to sections 2.3(f) and 2.3(h) of NI 81-102 as those sections only stipulate gold as a permissible commodity to be held directly or as an underlying interest of a specified derivative.
16. The Underlying ETFs and Silver are attractive investments for the Funds as they provide an efficient and cost effective means of achieving diversification in addition to any investment in gold.
17. An investment by a Fund in the securities of the Underlying ETFs and/or Silver represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Fund.
18. Any investment by a Fund in silver will be made in compliance with the custodian requirements in part 6 of NI 81-102.
19. If the investment in gold and/or silver (including gold, permitted gold certificates, silver Permitted Silver Certificates, Underlying ETFs and specified derivatives the underlying interest of which is gold or silver) represents a material change for any Existing Fund, the Filer will comply with the material change reporting obligations for that Fund.
20. The simplified prospectus for each of the Funds that rely on the Exemption Sought will disclose:
- (a) in the investment strategy section of the Fund the fact that the Fund has obtained relief to invest in securities of Underlying ETFs and Silver together with an explanation of what each Underlying ETF is; and

- (b) the risk associated with the Fund's investment in securities of the Underlying ETFs and/or Silver.

Decision

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

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

- (a) the investment by a Fund in securities of an Underlying ETF and/or Silver is in accordance with the fundamental investment objectives of the Fund;
- (b) a Fund does not short sell securities of an Underlying ETF;
- (c) the securities of the Underlying ETFs are traded on a stock exchange in Canada or the United States;
- (d) the securities of the Underlying ETFs are treated as specified derivatives for purposes of Part 2 of NI 81-102; and
- (e) a Fund does not purchase gold, permitted gold certificates, silver, Permitted Silver Certificates, Underlying ETFs or enter into specified derivatives the underlying interest of which is gold or silver if, immediately after the transaction, more than 10% of the net assets of the Fund, taken at market value at the time of the transaction, would in aggregate consist of gold, permitted gold certificates, silver, Permitted Silver Certificates, Underlying ETFs and underlying market exposure of specified derivatives linked to gold or silver.

“Darren McKall”
Manager, Investment Funds Branch

2.1.7 Legg Mason Canada Inc. et al.

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from the mutual fund conflict of interest investment restrictions in the Securities Act (Ontario) and from the self-dealing prohibition in National Instrument 31-103 – Registration Requirements and Exemptions to permit pooled funds to invest in underlying pooled funds under common management – relief granted subject to certain conditions – revocation of prior relief to expand bottom funds.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 111(2)(b), 111(2)(c), 111(3), 113, 144(1).
National Instrument 31-103 Registration Requirements and Exemptions, ss. 13.5(2)(a), 15.1.

June 3, 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
LEGG MASON CANADA INC.
(THE MANAGER)

AND

LEGG MASON WESTERN ASSET CANADIAN
CORE PLUS BOND FUND AND LEGG MASON
WESTERN ASSET CANADIAN CORE PLUS
LONG BOND FUND (COLLECTIVELY, THE
POOLED FUNDS AND, INDIVIDUALLY, A POOLED
FUND) (COLLECTIVELY WITH THE MANAGER,
THE FILERS)

DECISION

Background

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

- (i) under the securities legislation of the Jurisdiction for an exemption from the restriction prohibiting a mutual fund in Ontario from knowingly making or holding an investment in any person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder, or in any issuer in which any officer or director of the mutual fund, its management company or distribution company or an associate of any of them, or any person or company who is a substantial security holder of the mutual fund, its management company or its distribution company, has a significant interest (the **Investment Restriction**);
- (ii) under the securities legislation of the Jurisdiction for an exemption from the restriction prohibiting a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as adviser, to invest in the securities of any issuer in which a responsible person or an associate of a responsible person is a partner, officer or director, unless the fact is disclosed to the client and the written consent of the client to the investment is obtained before the purchase (the **Consent Requirement**); and

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- (iii) revocation of the decision granted by the principal regulator on October 1, 2010 (the **Previous Decision**), which granted exemptive relief from the conflict of interest investment restrictions in the OSA and NI 31-103 to allow the Pooled Funds to make investments in the Existing Underlying Funds (the **Revocation Relief**).

The Investment Restriction, Consent Requirement, and the Revocation Relief are collectively, the **Requested Relief**.

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

- (a) the Ontario Securities Commission (the **OSC**) is the principal regulator for this application;
- (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 relief upon in Alberta with respect to relief from the Investment Restriction; and
- (c) the Filers have provided notice that section 4.7(1) of MI 11-102 is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut with respect to relief from the Consent Requirement.

Interpretation

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

The following additional terms shall have the following meanings:

Existing Underlying Funds means, collectively, the sub-funds of Legg Mason Global Funds PLC, Western Asset Mortgage Backed Securities Portfolio, Ltd., Western Asset Mortgage Backed Securities Portfolio, L.L.C. and Western Asset Opportunistic Structured Securities Portfolio, L.L.C.;

New Underlying Funds means, collectively, Western Asset Floating Rate High Income Fund, Ltd., Western Asset Floating Rate High Income Fund, L.L.C., Western Asset Non-U.S. Floating Rate High Income Fund, Ltd. and Western Asset Non-U.S. Floating Rate High Income Fund, L.L.C.;

OSA means the *Securities Act* (Ontario);

Passport Jurisdictions means each of the provinces and territories of Canada;

SEC means the U.S. Securities and Exchange Commission;

UCITS means Undertakings for Collective Investment in Transferable Securities and refers to the investment funds authorized by the European Union as investment funds suitable to be distributed in more than one country of Europe;

Underlying Funds means, collectively, the Existing Underlying Funds and the New Underlying Funds.

Representations

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

The Manager

1. The Manager is a company incorporated under the laws of Canada. The head office of the Manager is located in Toronto, Ontario.
2. The Manager is registered as a portfolio manager in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland and Labrador, as a commodity futures manager under the *Commodity Futures Act* (Ontario), as an exempt market dealer in British Columbia, Alberta, Manitoba, Saskatchewan, Ontario, Quebec, Nova Scotia, New Brunswick and Prince Edward Island, and Newfoundland and Labrador and as an Investment Fund Manager in Ontario.
3. The Manager is not in default of securities legislation in any of the provinces and territories of Canada.
4. The Manager typically enters into fully discretionary investment management agreements with clients and pursuant to such agreements, it is allowed to carry out its mandate by investing the clients in pooled funds. In addition, investors may subscribe for the pooled funds from time to time. In all cases, the pooled funds managed by the Filer are

distributed only on a private placement basis pursuant to available prospectus exemptions in each of the provinces and territories of Canada.

5. The Filers are seeking the Requested Relief to revoke the Previous Decision and to expand the list of underlying funds from the Existing Underlying Funds to include the New Underlying Funds.
6. The Filers submit that revoking the Previous Decision and expanding the list of underlying funds from the Existing Underlying Funds to include the New Underlying Funds will enable the Pooled Funds to benefit from greater portfolio diversification, to better capitalize on global economic trends and to better respond to market conditions.
7. The terms and conditions of this decision are the same as those of the Previous Decision.
8. As of the date of this decision, the Filers will no longer rely on the Previous Decision.

The Pooled Funds

9. The Manager has established the Pooled Funds, and is the trustee, manager and portfolio manager of the Pooled Funds. Like other pooled funds managed by the Manager, the Manager has retained an affiliate of the Manager to be the sub-advisor of each of the Pooled Funds, namely Western Asset Management Company (**Western**).
10. Each of the Pooled Funds is an open-end mutual fund trust established under the laws of Ontario by declaration of trust.
11. The Pooled Funds are mutual funds in Ontario but are not reporting issuers.
12. The Pooled Funds are not in default of securities legislation in any of the provinces and territories of Canada.
13. Like all other pooled funds managed by the Manager, units of the Pooled Funds are available to investment management clients of the Manager and may also be invested in by other investors, which are typically institutional investors who do not require an investment management relationship.

Western Asset Management Company

14. Western, a California corporation and an affiliate of the Manager is the sub-advisor of the Pooled Funds. Western is registered in the United States with the SEC as an investment adviser pursuant to the U.S. *Investment Advisers Act*. It is also registered as a commodity trading advisor and a commodity pool operator under the U.S. *Commodity Exchange Act*.
15. Western relies on the exemption for international advisers available in Section 8.26 of NI 31-103. Western is also registered as a commodity trading manager under the *Commodity Futures Act* (Ontario).
16. Western is not in default of securities legislation in any of the provinces and territories of Canada.
17. Western currently serves as investment adviser to institutional accounts, such as corporate pension plans, mutual funds and endowment funds, as well as to individual investors. Those clients include pooled funds managed by the Manager (including the Pooled Funds), and funds managed by an affiliate of the Manager, including the Underlying Funds.

Underlying Funds

The Sub-Funds of the Irish Company

18. Legg Mason Global Funds PLC (the **Irish Company**) is an umbrella fund with segregated liability between funds (the **Sub-Funds**), established as an open-ended, variable capital investment company incorporated with limited liability under the laws of Ireland. The Articles of Association provide for separate funds, each representing interests in a defined portfolio of assets and liabilities, which may be established from time to time.
19. The Sub-Funds may only be established with the prior approval of the Irish Financial Services Regulatory Authority or Central Bank of Ireland (each, the **Irish Financial Regulator**). The Irish Company has been authorised by the Irish Financial Regulator as a UCITS.
20. The Irish Company and the Sub-Funds are subject to the UCITs Regulations, and any notices issued by the Irish Financial Regulator (collectively, the **Irish Regulations**). The Irish Regulations include, amongst other requirements,

investment and borrowing restrictions that are similar in many respects to those contained in National Instrument 81-102 *Mutual Funds*.

21. The Sub-Funds have filed, with the Irish Financial Regulator, a prospectus which contains disclosure regarding the Sub-Funds.
22. Affiliates of the Manager, including Legg Mason Capital Management, LLC and Legg Mason Investments (Europe) Ltd. are the portfolio advisors to the Sub-Funds.
23. At least one of the directors of the Irish Company is an officer of an affiliate of the Filer and is a responsible person in respect of a Pooled Fund.

Cayman Funds

24. Western Asset Mortgage Backed Securities Portfolio, Ltd., Western Asset Floating Rate High Income Fund, Ltd. and Western Asset Non-U.S. Floating Rate High Income Fund, Ltd. (individually a **Cayman Company** and collectively, the **Cayman Companies**) are each an exempted company formed under the laws of the Cayman Islands providing limited liability in accordance with the laws of the Cayman Islands for all holders of shares of the Cayman Company.
25. Each Cayman Company is a “feeder” fund in a “master/feeder” structure that invests all or substantially all of its assets (the other asset being a cash float only in relation to subscriptions and redemptions) in another fund, which has an investment objective that is consistent with that of the Cayman Company.
26. The underlying “master” fund in which each of Western Asset Mortgage Backed Securities Portfolio, Ltd., Western Asset Floating Rate High Income Fund, Ltd. and Western Asset Non-U.S. Floating Rate High Income Fund, Ltd., respectively, invests are Western Asset Mortgage Backed Securities Portfolio, L.L.C., Western Asset Floating Rate High Income Fund, L.L.C. and Western Asset Non-U.S. Floating Rate High Income Fund, L.L.C., respectively (Western Asset Mortgage Backed Securities Portfolio, L.L.C., Western Asset Floating Rate High Income Fund, L.L.C. and Western Asset Non-U.S. Floating Rate High Income Fund, L.L.C. are, individually, a **U.S. Master Fund** and collectively, the **U.S. Master Funds**).
27. At least one of the directors of each Cayman Company is employed by an affiliate of the Manager and is a responsible person in respect of a Pooled Fund.
28. Western is the portfolio manager of each Cayman Company and of each U.S. Master Fund. A Cayman Company and the applicable U.S. Master Fund share the same accounting principles (**U.S. GAAP**), use the same administrator, the same U.S. external counsel and the same group of auditors (**PWC**).
29. Each Cayman Company is a “mutual fund” in terms of the Mutual Funds Law (as amended) of the Cayman Islands (the Mutual Funds Law) and is regulated in terms of the Mutual Funds Law. However, a Cayman Company is not required to be licensed or to employ a licensed mutual fund administrator since the minimum aggregate investment purchasable by a prospective investor in the Cayman Company exceeds the relevant threshold.
30. As a regulated mutual fund, a Cayman Company is subject to the supervision of the Cayman Islands Monetary Authority (the **Monetary Authority**). The Monetary Authority does not impose any investment or borrowing restrictions on the Cayman Company. A Cayman Company is only available to accredited investors as defined in the relevant laws, including Canada and the U.S.

U.S. Funds

31. Western Asset Opportunistic Structured Securities Portfolio, L.L.C., and the U.S. Master Funds (the **U.S. Funds**) are organized as limited liability companies under the laws of the State of Delaware.
32. The U.S. Funds are exempt from the requirements to register as an investment company under the U.S. *Investment Company Act of 1940*. They are offered to accredited investors on a private placement basis in accordance with the U.S. securities law requirements.
33. Western is the portfolio manager of the U.S. Funds. Since the Cayman Companies and the U.S. Funds are advised by Western, a registered U.S. adviser, there are many U.S. securities provisions which apply in respect of the management of both the Cayman Company and the U.S. Funds.
34. The Underlying Funds are not in default of securities legislation in any of the provinces and territories of Canada.

Fund-on-Fund Structure

35. In order for a Pooled Fund to achieve its investment objective on a diversified basis and obtain broad exposure to the asset classes it proposes to invest in, it is important that it be permitted to invest in one or more Underlying Funds.
36. The Manager believes it is in the best interests of the Pooled Funds for investments to be made in the Underlying Funds. Investing directly in separate securities instead of allowing direct exposure to the securities invested in by the Underlying Fund is a less desirable option owing to the increased costs and inefficiencies that are associated with such direct investing.
37. Investment by the Pooled Funds in the Underlying Funds will increase the asset base of the Underlying Funds, enabling the Underlying Funds to further diversify their portfolios to the benefit of all their investors. The larger asset base will also benefit investors in the Underlying Funds through achieving favourable pricing and transaction costs on portfolio trades, increased access to investments where there is a minimum subscription or purchase amount and economies of scale through greater administrative efficiency.
38. Each Pooled Fund will manage its investments in an Underlying Fund with discretion to buy and sell units of the Underlying Fund, selected in accordance with the Pooled Fund's investment objective, as well as to alter its holdings in any Underlying Fund in which it invests.
39. In the absence of the Relief from the Consent Requirement, the portfolio manager of the Pooled Funds would be prohibited from knowingly causing the Pooled Funds to invest in Underlying Funds in which a responsible person or an associate of a responsible person is an officer or director unless the specific fact is disclosed to the securityholders of the Pooled Funds and the written consent of the securityholders of the Pooled Funds to the investment is obtained before the purchase.
40. Relief from the Investment Restriction is necessary because the amounts invested from time to time in an Underlying Fund by a Pooled Fund may exceed 20% of the outstanding voting securities of any single Underlying Fund. Accordingly, each Pooled Fund could, either alone or together with the other Pooled Fund, become a substantial securityholder of an Underlying Fund.
41. The Manager, an officer or director of the Manager, or a substantial securityholder of the Manager may have a significant interest in an Underlying Fund that the Manager or an affiliate of the Manager establishes and manages in the future at the time of the establishment of the Underlying Fund as a result of investing seed capital in such Underlying Fund. Accordingly, each Pooled Fund will be prohibited by the Act from investing in such Underlying Fund, unless the relief from the Investment Restriction is granted.
42. The investments by the Pooled Funds in the shares of the Underlying Funds will represent the business judgment of 'responsible persons' uninfluenced by considerations other than the best interests of the Pooled Funds.
43. Investors in each Pooled Fund are entitled to receive from the Manager, on request and free of charge, a copy of the offering memorandum or other disclosure documents (if any) or, once available, the annual or semi-annual financial statements, relating to all Underlying Funds in which the Pooled Fund may invest its assets.
44. Investors in each Pooled Fund will also be provided with annual financial statements of the Pooled Funds in accordance with securities legislation, including an auditors report.

Decision

The principal regulator is satisfied that the decision meets the test set out in the securities legislation of the Jurisdiction (the **Legislation**) for the principal regulator to make the decision.

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

- (a) the Investment Restriction shall not apply to the Pooled Funds in respect of each Pooled Fund's investment in securities of the Underlying Funds;
- (b) the Consent Requirement shall not apply to the Manager or an affiliate of the Manager of the Pooled Funds;
- (c) the Revocation Relief is granted; and

provided that, in each case:

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- (i) securities of each Pooled Fund are distributed only on a private placement basis pursuant to available prospectus exemptions;
- (ii) the investment by each Pooled Fund in an Underlying Fund is compatible with the fundamental investment objectives of the Pooled Fund;
- (iii) each Pooled Fund does not vote any of the securities it holds of an Underlying Fund except that the Pooled Fund may, if the Filer so chooses, arrange for all the securities it holds of an Underlying Fund to be voted by the beneficial holders of securities of the Pooled Fund;
- (iv) no management fees or incentive fees are payable by a Pooled Fund that, to a reasonable person, would duplicate a fee payable by an Underlying Fund for the same service;
- (v) no sales or redemption fees are payable by the Pooled Fund in relation to its purchases or redemptions of securities of an Underlying Fund; and
- (vi) investors in each Pooled Fund receive written disclosure that discloses:
 - (1) the intent of the Pooled Fund to invest its assets directly or indirectly in securities of the Underlying Funds;
 - (2) that the Underlying Funds are managed by the Manager or an affiliate of the Manager;
 - (3) the percentage of net assets of the Pooled Fund dedicated to the investment in securities of the Underlying Funds; and
 - (4) the process or criteria used to select the Underlying Funds.

The Consent Requirement Relief and Revocation Relief

"Darren McKall"
Manager, Investment Funds Branch

The Investment Restriction Relief and Revocation Relief

"Paulette L. Kennedy"
Commissioner

"Mary G. Condon"
Commissioner

2.1.8 Magnum Hunter Resources Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer permitted to make disclosure of reserves and future net revenue based on U.S. disclosure requirements, at its option – the Issuer's U.S. disclosure would not meet certain requirements of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (NI 51-101) – the Issuer is subject to the requirements of NI 51-101 and will provide disclosure compliant with that instrument.

Applicable Legislative Provisions

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.
Securities Act, R.S.O. 1990, c.S.5, as am.

Citation: Magnum Hunter Resources Corporation, Re, 2011 ABASC 352

June 22, 2011

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA AND ONTARIO
(THE JURISDICTIONS)

AND

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

AND

IN THE MATTER OF
MAGNUM HUNTER RESOURCES CORPORATION
(THE FILER)

DECISION

Background

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

- (a) sections 5.2 and 5.3 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**) (the **COGEH Relief**);
- (b) section 5.15(b)(iii) of NI 51-101 (the **Transitional F&D Comparative Relief**);
- (c) item 4.1 of Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information (**Form 51-101F1**) (the **Transitional Reconciliation Relief**);
- (d) item 5.1 of Form 51-101F1 (the **Transitional 2011 PUD Relief**); and
- (e) paragraphs 5.1(1)(a) and 5.1(2)(a) of Form 51-101F1 (the **Transitional 2012/2013 PUD Relief**).

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

- (a) the Alberta Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the provinces and territories of Canada; 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

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, NI 51-101 and CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

1. The registered and business offices of the Filer's Canadian subsidiaries are located in Calgary, Alberta.
2. The Filer is a reporting issuer or equivalent in each of the provinces of Canada and is not in default of securities legislation in any of the provinces of Canada.
3. The Filer has securities registered under the 1934 Act.
4. The Filer's capital markets activities have historically been, and are anticipated to continue to be, conducted in the United States of America (the **US**).
5. A majority of the Filer's securities are held, or a majority of its security holders are located, outside Canada.
6. Differences between the requirements and restrictions under NI 51-101 and the requirements and restrictions under US securities laws and guidance applied by the SEC, as they relate to disclosure concerning reserves and future net revenue in material required to be filed with the SEC and in other disclosure made to the public or filed with or furnished to the SEC (collectively, the **US Disclosure Requirements**), are such that, absent relief, some disclosure made in accordance with US Disclosure Requirements would contravene NI 51-101, Form 51-101F1 or both (together, the **Instrument**).
7. For purposes of making an investment decision or providing investment analysis or advice, the Filer's lenders and investment analysts and a significant portion of the Filer's investors would generally compare the Filer to issuers engaged in oil and gas activities that are based in the US, such that comparability of the Filer's disclosure to that of such US-based issuers is of primary relevance to those market participants.
8. Temporary transitional relief would facilitate convergence of certain of the Filer's reserves and future net revenue disclosure practices with the Instrument, without detriment to market participants.
9. The Filer may wish to include, in its disclosure that is subject to Part 5 of NI 51-101, disclosure of reserves and future net revenue prepared in accordance with US Disclosure Requirements (the **Filer's US Disclosure**).

Decision

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

Pursuant to Section 8.1 of NI 51-101:

- (a) the COGEH Relief is granted with respect to the Filer's US Disclosure (if any), and with respect to the Filer's disclosure of finding and development costs based on reserves determined in accordance with US Disclosure Requirements (the **Filer's US F&D Disclosure**)(if any), as the case may be, when and to the extent that the Filer's US Disclosure or the Filer's US F&D Disclosure is filed or disseminated by or on behalf of the Filer in Canada, provided that:
- (i) the Filer describes any material differences between such disclosure and the corresponding disclosure it also makes, as required, under Canadian securities laws (its **Required Canadian Disclosure**), within or proximate to its Required Canadian Disclosure;
 - (ii) in the case of the Filer's US Disclosure (if any), it:
 - A. complies with the US Disclosure Requirements;

- B. is identified as having been prepared in accordance with US Disclosure Requirements;
 - C. discloses the effective date of the estimates disclosed therein; and
 - D. is based on reserves estimates which have been prepared or audited by a qualified reserves evaluator or auditor; and
- (iii) in the case of the Filer's US F&D Disclosure (if any):
- A. all proved reserves, and any probable reserves, are determined in accordance with US Disclosure Requirements and are accompanied by a statement to the effect that the proved reserves, and any probable reserves, have been determined in accordance with US Disclosure Requirements; and
 - B. the Filer provides disclosure in accordance with section 5.15 of NI 51-101 and this disclosure is publicly available to investors;
- (b) the Transitional F&D Comparative Relief is granted for the Filer's disclosure of finding and development costs for the Filer's financial years ending on December 31, 2011, 2012 and 2013, in each case only to the extent that the requisite comparative information for the most recent financial year, the second most recent financial year and the averages for the three most recent financial years is not available to the Filer;
- (c) the Transitional Reconciliation Relief is granted for the Required Canadian Disclosure for the Filer's financial year ending December 31, 2011;
- (d) the Transitional 2011 PUD Relief is granted for the Required Canadian Disclosure for the Filer's financial year ending December 31, 2011, only to the extent that the requisite information about volumes of proved undeveloped reserves or probable undeveloped reserves that were first attributed in each of the most recent three financial years, and the aggregate attributed before that time, is not available to the Filer, provided that the Filer includes in its annual filing under section 2.1 of NI 51-101 an explanation of why this information is omitted; and
- (e) the Transitional 2012/2013 PUD Relief is granted for the Required Canadian Disclosure for the Filer's financial years ending December 31, 2012 and 2013, only to the extent that information about volumes of proved undeveloped reserves or probable undeveloped reserves that were first attributed in each of the most recent three financial years, and the aggregate attributed before that time, is not available to the Filer, provided that the Filer includes in its annual filing under section 2.1 of NI 51-101 an explanation of why this information is omitted.

This decision, as it relates to paragraph (a) above, will terminate on the effective date of any amendment to the Legislation that permits disclosure of the nature contemplated by that paragraph.

"Blaine Young"
Associate Director, Corporate Finance

2.1.9 HSBC Securities (Canada) Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Firm registered in the category of investment dealer and a member of the Investment Industry Regulatory Organization of Canada, with separate private client and institutional operating divisions exempted from the requirement to register an individual as an ultimate designated person (UDP) and a chief compliance officer (CCO) – permitted to register two UDPs and two CCOs, one for each operating division.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements and Exemptions, ss.11.2, 11.3.

June 24, 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
HSBC SECURITIES (CANADA) INC.
(the Filer)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption from the requirement contained in section 11.2 of National Instrument 31-103 *Registration Requirements and Exemptions* (**NI 31-103**) to designate an individual to be the ultimate designated person (UDP) and the requirement contained in section 11.3 of NI 31-103 to designate an individual to be the chief compliance officer (CCO) and instead be permitted to designate and register two individuals as UDP and two individuals as CCO in respect of two distinct lines of securities business of the Filer (the **Exemption Sought**).

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

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in all of the provinces and territories in Canada outside of the Jurisdiction (the **Non-Principal Jurisdictions**, and together with the Jurisdiction, 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

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

1. The Filer is registered under the Legislation in the category of investment dealer, is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**) and has its head office in the Jurisdiction.

2. The Filer is also registered as an investment dealer in each of the Non-principal Jurisdictions.
3. The Filer is not, to the best of its knowledge, in default of any requirements of securities legislation in any of the Jurisdictions.
4. The Filer has adequate resources to ensure compliance with Ontario securities laws.
5. The Filer's business structure is organized as follows:
 - (a) The Filer has two distinct lines of securities business based on the nature of the Filer's client (each, a **Line of Business**).
 - (b) One business line within the Filer's operations is referred to as the Global Banking and Markets Line of Business (the **GMB Line**), which provides a broad range of services to institutional clients, including fixed income sales and trading, equity capital markets, investment banking, and mergers and acquisitions.
 - (c) The other business line within the Filer's operations is referred to as the Retail Banking and Wealth Management Line of Business (the **RBWM Line**), which provides a broad range of services to retail clients, including discretionary managed and non-discretionary advisory and other wealth management related services, and order execution only brokerage services.
 - (d) Each of the GBM Line and the RBWM Line functions independently, as stand-alone operations within the Filer's operations and each reports through separate and distinct senior management structures within the HSBC Group.
 - (e) Currently, there is one UDP responsible for both the GBM Line and the RBWM Line. The Filer proposes to appoint a UDP for each Line of Business.
6. The UDP of each of the GBM Line and the RBWM Line (each a **Business Head**) will hold the title of chief executive officer in respect of his or her Line of Business and is the most senior and final decision maker for their respective Line of Business. This means that each Business Head fulfills the following role for his or her respective Division:
 - (a) runs the Line of Business,
 - (b) has accountability for the operations and financial performance of the Line of Business,
 - (c) provides clear leadership and sets the tone at the top for the Line of Business,
 - (d) is the person that the executive management within the Line of Business reports to,
 - (e) is responsible for the objectives, strategy and plans, and the implementation of these, for the Line of Business,
 - (f) has accountability for reporting to the Board of Directors with respect to the Line of Business, and
 - (g) is responsible for the organizational structure and succession planning for the respective Line of Business.
7. There is no line of reporting between the UDP of the GBM Line and the UDP of the RBWM Line. Each UDP reports independently to the Board of Directors of the Filer and the senior management team of HSBC Bank Canada.
8. The UDP of the GBM Line and the UDP of the RBWM Line are each officers and directors of the Filer.
9. Currently, there is one CCO responsible for both the GBM Line and the RBWM Line. The Filer proposes that each Line of Business will have its own CCO.
10. The CCO for each Line of Business has, or will have, access to their Business Head and direct access to the Filer's Board of Directors, and reports, or will report, independently to the Filer's Board of Directors.

UDP Requirement

11. NI 31-103 was implemented on September 28, 2009 (the **Implementation Date**).
12. Under section 11.2 of NI 31-103, a registered firm is required to designate an individual to be the UDP (the **UDP Requirement**) and the UDP must be the chief executive officer or equivalent of the registered firm.

Decisions, Orders and Rulings

13. Prior to the implementation of NI 31-103, there was no requirement under the securities legislation of any Filing Jurisdiction for an investment dealer to designate an individual, and have him or her registered, as the UDP.
14. Prior to the implementation of NI 31-103, the Filer was permitted by IIROC to have two individuals in the position of UDP.
15. In conjunction with the implementation of NI 31-103, IIROC has amended its rules with respect to its requirements for a UDP to be more consistent with the requirements in NI 31-103. IIROC Rule 38.5(a) now reads:

“A Dealer Member must designate an individual who is approved under the Corporation’s rules in the category of Ultimate Designated Person and who shall be responsible to the Corporation for the conduct of the firm and the supervision of its employees and to perform the functions described in paragraph (c).”

CCO Requirement

16. Under section 11.3 of NI 31-103, a registered firm is required to designate an individual to be the CCO (the *CCO Requirement*).
17. Prior to the implementation of NI 31-103, there was a requirement under the securities legislation of many of the Jurisdictions to designate a registered partner or officer as the “compliance officer” who was responsible for discharging the obligations of the registered dealer under the applicable securities legislation.
18. Prior to the Implementation Date, the Filer was permitted under the IIROC rules to have two individuals fulfil the role of CCO which is equivalent to the role of CCO under NI 31-103.
19. Section 5.2 of Companion Policy 31-103CP *Registration Requirements and Exemptions* states that:

“Firms must designate one CCO. However, in large firms, the scale and kind of activities carried out by different operating divisions may warrant the designation of more than one CCO. We will consider applications, on a case-by-case basis, for different individuals to act as the CCO of a firm’s operating divisions.”

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) each Line of Business shall have its own UDP, who shall be its Business Head;
- (b) each UDP fulfils the responsibilities set out in section 5.1 of NI 31-103, or any successor provision, in respect of the Line of Business of the Filer for which he or she is appointed as UDP;
- (c) the Filer permits each UDP to directly access the Filer’s Board of Directors, or individuals acting in a similar capacity for the Filer, at such times as each UDP may consider necessary or advisable in view of his or her responsibilities; and
- (d) each Line of Business shall have its own CCO.

“Erez Blumberger”

Deputy Director, Registrant Regulation
Compliance and Registrant Regulation

2.2 Orders

DATED at Toronto this 21st day of June, 2011.

2.2.1 Carlton Ivanhoe Lewis et al.

"James D. Carnwath"

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

"Margot C. Howard"

AND

IN THE MATTER OF
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

ORDER

WHEREAS the Hearing on the merits in this matter proceeded on January 10, 12, 13, 14, 17, 18, 19 and 24, 2011;

AND WHEREAS the closing submissions of all parties were scheduled to be heard commencing on April 18, 2011 and continuing on April 20, 2011 as necessary;

AND WHEREAS at the request of the Respondent Sedwick Hill closing submissions were adjourned on April 18, 2011 to be heard on June 14 and June 17, 2011 on a peremptory basis; and

AND WHEREAS on June 13, 2011 Staff of the Commission received an email from the Respondent Carlton Lewis forwarding an email containing a medical certificate pertaining to Carlton Lewis from Dr. J. V. Ford of Kingston, Jamaica.

IT IS ORDERED THAT:

1. Closing submissions shall be adjourned and rescheduled to proceed on September 12 and 13, 2011 on a peremptory basis to the Respondents Mark Scott and Sedwick Hill;
2. Mr. Lewis is ordered to have Dr. J. V. Ford provide signed medical certificates providing updated information concerning the status of Carlton Lewis' health to Helen A. Daley, on behalf of Staff of the Commission, at fax number (416) 351-9196 and to the Secretary of the Commission at fax number (416) 593-2318 on each of July 8, 2011, August 8, 2011 and September 7, 2011;
3. Failure to provide any one of the certificates by the named date set out above shall result in the matter proceeding on September 12, 2011 whether Mr. Lewis is present or not.

2.2.2 Nest Acquisitions and Mergers et al.

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

AND

**IN THE MATTER OF
NEST ACQUISITIONS AND MERGERS,
IMG INTERNATIONAL INC.,
CAROLINE MYRIAM FRAYSSIGNES,
DAVID PELCOWITZ, MICHAEL SMITH, AND
ROBERT PATRICK ZUK**

ORDER

WHEREAS on January 18, 2010, the Secretary to the Ontario Securities Commission (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, January 28th, 2010 at 10 a.m., or as soon thereafter as the hearing can be held;

AND WHEREAS on January 18, 2010, Staff of the Commission ("Staff") filed with the Commission a Statement of Allegations in this matter;

AND WHEREAS on January 25, 2011, counsel for Staff, counsel for Robert Patrick Zuk ("Zuk"), and counsel for Caroline Myriam Frayssignes ("Frayssignes") and Nest Acquisitions and Mergers ("Nest") appeared before the Commission for the purpose of a further pre-hearing conference;

AND WHEREAS on January 25, 2011, no one appeared on behalf of David Paul Pelcowitz ("Pelcowitz"), Michael Smith ("Smith") and IMG International Inc. ("IMG"), and the Commission was satisfied that Pelcowitz, Smith and IMG had been provided with notice of the pre-hearing conference;

AND WHEREAS on January 25, 2011, the Commission heard submissions by counsel for Staff, counsel for Frayssignes and Nest, and counsel for Zuk as to the unavailability of certain documents from a third party and to an anticipated motion to be brought by Frayssignes, Nest and Zuk;

AND WHEREAS on January 25, 2011, counsel for Staff, counsel for Zuk, and counsel for Frayssignes and Nest consented that the dates for the hearing on the merits set for January 31, 2011 to February 11, 2011 (except for February 8, 2011) be vacated and agreed to tentative dates for the hearing on the merits from June 20, 2011 to June 30, 2011 (except June 21, 2011);

AND WHEREAS on January 25, 2011, counsel for Staff, counsel for Zuk, and counsel for Frayssignes and

Nest consented to a hearing for the anticipated motion to be held on June 6, 2011;

AND WHEREAS the Commission wished to allow Pelcowitz a further opportunity to make submissions on the tentative dates for the hearing on the merits prior to making an order;

AND WHEREAS on January 25, 2011, the Commission ordered that the dates for the hearing on the merits set for January 31, 2011 to February 11, 2011 be vacated and that the motion by Zuk, Frayssignes and Nest be heard on June 6, 2011;

AND WHEREAS Pelcowitz consented to the scheduling of the hearing on the merits from June 20, 2011 to June 30, 2011 (except June 21, 2011);

AND WHEREAS on March 4, 2011, the Commission ordered that the hearing on the merits be set for June 20, 2011 to June 30, 2011 (except June 21, 2011);

AND WHEREAS on June 20, 2011, Pelcowitz, counsel for Staff and counsel for Zuk attended before the Commission and no one attended on behalf of the other respondents;

AND WHEREAS counsel for Staff requested that the hearing on the merits be adjourned to June 27, 2011;

AND WHEREAS Zuk, through his counsel, and Pelcowitz consented to the adjournment;

IT IS ORDERED that the hearing on the merits is adjourned to June 27, 2011 at 10:00 a.m. and will continue on June 28, 2011 to June 29, 2011.

DATED at Toronto this 20th day of June 2011.

"James D. Carnwath"

"Margot C. Howard"

2.2.3 **Vengrowth Funds et al. – s. 127 of the Act, s. 9 of the Statutory Powers Procedure Act, R.S.O. 1990, c. S.22, and Rule 5.2 of OSC Rules of Procedure (2010), 33 OSCB 8017**

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

AND

**IN THE MATTER OF
AN APPLICATION BY THE
SPECIAL COMMITTEE OF DIRECTORS OF
THE VENGROWTH FUNDS**

AND

**IN THE MATTER OF
GROWTHWORKS CANADIAN FUND LTD. AND
GROWTHWORKS LTD.**

ORDER

**(Section 127 of the Act, s. 9 of the
Statutory Powers Procedure Act, R.S.O. 1990,
c. S.22, and Rule 5.2 of Ontario Securities
Commission Rules of Procedure (2010),
33 OSCB 8017)**

WHEREAS the Special Committee of Directors (the “Special Committee”) of The VenGrowth Investment Fund Inc., The VenGrowth II Investment Fund Inc., The VenGrowth III Investment Fund Inc., The VenGrowth Advanced Life Sciences Fund Inc., and The VenGrowth Traditional Industries Fund Inc. (the “VenGrowth Funds”) requested a hearing by the Ontario Securities Commission (the “Commission”) (the “Application”) pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) in respect of a solicitation of shareholders of the VenGrowth Funds by GrowthWorks Canadian Fund Ltd. and GrowthWorks Ltd. (“GrowthWorks”);

AND WHEREAS the Special Committee represented at the hearing of the Application that it wished to adduce evidence of a document (the “Document”) received by it on the afternoon of May 31, 2011;

AND WHEREAS the Special Committee represented that publication of the Document would prematurely reveal this otherwise confidential information and requested that the Document and all evidence relating to it be treated as confidential;

AND WHEREAS the Commission ordered that the Document and all evidence relating to it be adduced by the Special Committee *in camera*;

AND WHEREAS GrowthWorks and the intervenors (together, the “Other Parties”) acknowledged that they are subject to the implied undertaking not to use the Document or any information contained in the Document for any purpose other than the Application;

AND WHEREAS the Special Committee and the Other Parties consented to an order being made to maintain confidentiality of the Document in accordance with the terms of this Order;

IT IS ORDERED THAT:

1. The Document and all evidence relating to it shall be subject to the terms of this Order, except as otherwise expressly provided in this Order, or as otherwise agreed in writing by the Special Committee.
2. The Other Parties and their counsel shall maintain the Document in strict confidence and shall not:
 - a. reveal or permit access to the Document or any information contained in it to any person, other than the Commission or staff of the Secretary’s Office of the Commission;
 - b. reproduce, release, disclose or use the Document in any manner, including on any website, in any press release or any other vehicle for the public dissemination of information, other than for purposes of this proceeding, or any appeals therefrom;
 - c. make copies of the Document or transmit it by fax or other electronic means.
3. The Document and the original transcripts of the examination and cross-examination related to the Document, conducted *in camera* before the Commission, shall be segregated by the Commission from the public record of this proceeding and shall be maintained in a confidential file endorsed with:
 - a. the title of this proceeding; and
 - b. the words “CONFIDENTIAL AND SUBJECT TO CONFIDENTIALITY ORDER”;

and the Commission shall take reasonable steps in accordance with its current practices so that such confidential file does not form part of the public record in this proceeding.

Disposition of Document upon Termination of the Application

4. Subject to further order of the Commission, upon final determination of the Application (including the expiry of all rights of further review or appeal), the Document, including all copies thereof, shall be destroyed by the Other Parties but, for greater certainty, not by the Special Committee, Staff of the Commission or the Commission.

5. The final disposition of this proceeding shall not relieve any Other Party or any person to whom a copy of the Document was provided in the hearing from the obligation of maintaining the confidentiality of the Document in compliance with this Order. For greater certainty, the provisions of this Order shall continue after the final disposition of this proceeding.

Order Not Applicable in Certain Circumstances

6. This Order shall not require any person to maintain the confidentiality of, or prevent a person from revealing or permitting access to, or using, reproducing, releasing or disclosing in any manner (including on or in any website, press release or other vehicle for public dissemination of information), or making copies of or transmitting, the Document, its existence or any information contained in it to the extent that the Document or such information is, or subsequently becomes, publicly available (unless through breach of this Order) and upon the Document or any information contained in it becoming publicly available (unless through breach of this Order) this Order shall thereupon cease to apply to such person in respect of the Document or such information, as applicable.

Implied and Deemed Undertaking

7. This Order does not affect or derogate from any undertaking which may be implied at law or imposed by statute or rule restricting the use which a person may make of evidence or information obtained in the course of this proceeding.

Special Committee Not Prevented from Dealing with Document

8. Nothing in this Order shall prevent the Special Committee or the VenGrowth Funds from otherwise dealing with the Document as they see fit.

Continuing Commission Jurisdiction

9. The Commission shall retain jurisdiction, following the disposition of the Application and any appeals therefrom, to deal with any motion relating to this Order, including, without limitation, the enforcement, variation or termination thereof.
10. The Special Committee or the Other Parties may, and the Commission on its own initiative or on the motion of Staff may, on notice to all other affected persons including Staff, seek an order of the Commission varying or terminating this Order or seek directions as to the meaning or application of this Order.

Effective Date

11. This Order shall be in effect and fully operative from the date of issuance and shall remain in effect, subject to such further order the Commission may make.

Dated at Toronto this 1st day of June, 2011.

“James E. A. Turner”

“Mary G. Condon”

2.2.4 New Hudson Television Corporation et al. – ss. 127(1), 127(7), 127(8)

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

AND

**IN THE MATTER OF
NEW HUDSON TELEVISION CORPORATION,
NEW HUDSON TELEVISION L.L.C. &
JAMES DMITRY SALGANOV**

**TEMPORARY ORDER
(Subsections 127(1), (7) and (8))**

WHEREAS on June 8, 2011, 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 New Hudson Television Corporation (“NHTV Corp.”) securities and New Hudson Television L.L.C. (“NHTV LLC”) securities shall cease; that NHTV Corp. and NHTV LLC and their representatives cease trading in all securities; and that any exemptions contained in Ontario securities law do not apply to NHTV Corp. and NHTV LLC (the “Temporary Order”);

AND WHEREAS on June 8, 2011, the Commission ordered that the Temporary Order shall expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS on June 16, 2011, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on June 22, 2011 at 9:00 a.m. (the “Notice of Hearing”);

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 the conclusion of the hearing, or until such further time as considered necessary by the Commission;

AND WHEREAS Staff of the Commission (“Staff”) have served NHTV Corp., NHTV LLC and James Dmitry Salganov (“Salganov”) (collectively, the “Respondents”) with copies of the Temporary Order and the Notice of Hearing, as evidenced by the Affidavit of Charlene Rochman, sworn on June 20, 2011, and filed with the Commission;

AND WHEREAS on June 22, 2011, Staff appeared before the Commission, but no one attended on behalf of any of the Respondents;

AND WHEREAS on June 22, 2011, Staff informed the Commission that Salganov is the sole Director of NHTV

Corp. and NHTV LLC and that he consented to a further extension of the Temporary Order in an email dated June 20, 2011;

AND WHEREAS on June 22, 2011, Staff sought to amend the Temporary Order to include Salganov, thereby making Salganov subject to the Temporary Order;

AND WHEREAS the Panel considered the evidence and submissions before it;

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

IT IS HEREBY ORDERED THAT:

- (i) the Temporary Order is amended to provide that pursuant to clause 2 of subsection 127(1) of the Act, James Dmitry Salganov shall cease trading in securities of NHTV Corp. and NHTV LLC;
- (ii) pursuant to subsection 127(8) of the Act, the Temporary Order as amended by (i), above (the “Amended Temporary Order”) is extended to December 20, 2011; and
- (iii) the hearing to consider any further extension of the Amended Temporary Order will be held on December 19, 2011 at 9:00 a.m., or such other date and time as set by the Office of the Secretary.

Dated at Toronto this 22nd day of June, 2011.

“Mary G. Condon”

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Abel Da Silva – ss. 127, 127.1

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

AND

IN THE MATTER OF
ABEL DA SILVA

HEARING HELD PURSUANT TO SECTIONS 127 AND 127.1 OF THE ACT

REASONS AND DECISION FOR THE HEARING ON THE MERITS
HELD IN WRITING

Written Hearing: June 20, 2011

Panel: James D. Carnwath – Commissioner and Chair of the Panel

Counsel: Matthew Boswell – for Staff of the Ontario Securities Commission
Wayne Vanderlaan

Abel Da Silva – Self-Represented

Chair:

[1] I am satisfied that Abel Da Silva has been effectively served throughout this proceeding.

[2] I granted Staff's motion to proceed in writing on November 29, 2010 at which time I gave Mr. Da Silva until December 8, 2010 to file any written materials for use on the written hearing on the merits.

[3] No written materials have been filed by Mr. Da Silva.

[4] On the basis of Mr. Wayne Vanderlaan's affidavit sworn November 10, 2010 and the attached Exhibits A through S, I make the following findings:

(a) On January 9, 2006, Da Silva made statements to the Commission with respect to his employment history and his financial situation, that, in a material respect and at the time and in light of the circumstances under which they were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading, contrary to section 122(1)(a) of the Act and contrary to the public interest; and

(b) Between and including April 23, 2007 and August 21, 2007, Da Silva breached the Sanctions Decision and the May 10, 2006 Cease Trade Order of the Commission by trading securities of Colby Cooper Inc., contrary to section 122(1)(c) of the Act and contrary to the public interest.

[5] Sanctions hearing on this matter shall take place on a date fixed by the Secretary of the Commission.

DATED at Toronto this 22nd day of June, 2011.

"James D. Carnwath"

3.1.2 Windstar Equities Ltd. – s. 37

**IN THE MATTER OF
STAFF'S RECOMMENDATION FOR
TERMS AND CONDITIONS ON THE REGISTRATION OF
WINDSTAR EQUITIES LTD.**

**OPPORTUNITY TO BE HEARD BY THE DIRECTOR
Section 31 of the Securities Act (Ontario)**

Decision

1. For the reasons outlined below, my decision is to impose on Windstar Equities Limited (Windstar) the terms and conditions set out below for a period of six months.

Overview

2. By letter dated May 4, 2011, Staff of the Ontario Securities Commission advised Windstar that it was recommending to the Director that terms and conditions be imposed on Windstar resulting from the late delivery of its annual audited financial statements. The recommended terms and conditions have two parts. Part one requires the delivery of monthly year-to-date unaudited financial statements and capital calculations for a minimum period of six months. Part two requires Windstar to review its policies and procedures for compliance with Ontario securities law and to provide a report to the Commission. The letter also advised Windstar that late filing fees of \$2,700 were due. The late filing fees have been paid by Windstar.

Process for requesting an opportunity to be heard

3. Under section 31 of the *Securities Act* (Ontario) (the Act), a registrant seeking to oppose Staff's recommendation for terms and conditions, may do so by requesting an opportunity to be heard (OTBH) by the Director. By email dated May 18, 2011, Stephen Ross, Windstar's chief compliance officer requested an OTBH. My decision is based on the written submissions made by Mark Skuce, Legal Counsel, Compliance and Registrant Regulation on behalf of Staff of the Ontario Securities Commission and Stephen Ross on behalf of Windstar.

Applicable Law

4. The fiscal year end for Windstar is November 30. Under subsection 12.12(1)(a) of National Instrument 31-103 *Registration Requirements and Exemptions*, the annual audited financial statements of Windstar were due no later than March 1, 2011. Windstar delivered its annual audited financial statements on April 6, 2011, 27 business days after they were due.
5. Section 28(a) of the Act provides that the Director may impose terms and conditions on the registration of a company if it appears to the Director that the company is not suitable for registration or has failed to comply with Ontario securities law. Subsection 27(2) of the Act enumerates the factors that the Director shall consider in determining whether a company is suitable for registration, which includes prescribed requirements relating to proficiency, solvency and integrity.

Submissions

6. Staff submits that the delivery of annual audited financial statements by registrants is one of the most serious regulatory obligations in the Act and that financial statements are the principal tool enabling Staff to monitor a registrant's financial viability and capital position.
7. For these reasons, Staff uniformly recommends the imposition of terms and conditions on the registration of registrants that do not deliver their annual audited financial statements on a timely basis. Staff submits that delivery of annual audited financial statements is a serious regulatory obligation and only in extremely rare circumstances would Staff not recommend imposing terms and conditions on a registrant that delivered its financial statements late.
8. In its written submissions to the Director dated June 10, 2011, Windstar acknowledges that its annual audited financial statements were due no later than March 1, 2011 and that it did not deliver its financial statements when due. It submits that this was the first year in its 20 year history that these obligations were required and that its former accountants inadvertently did not properly adhere to this new obligation. Windstar further submits it has now implemented appropriate automatic reminder systems and has taken other steps to ensure the future timely delivery of

its financial statements. In this regard, Windstar's Chief Compliance Officer has certified that Windstar has rectified the problem that led to its failure to deliver its annual audited financial statements on time.

9. On June 20, 2011, Staff made certain submissions in reply to the submissions made by Windstar. In particular, Staff cited a number of previous decisions by the Director that stand for the principle that a registrant cannot relieve itself of regulatory obligations by engaging a third party to make its filings, including *Re Enterprise Capital Management* (2005) O.S.C.B 9269, *Re Chou Associates Management Inc.* (2006) 29 OSCB 4773, and *Re AIG Global Investment Corp.* (2008) 31 OSCB 4639.

Decision and reasons

10. My decision is to impose on the registration of Windstar part one of the terms and conditions recommended by Staff: that Windstar file monthly year-to-date unaudited financial statements and capital calculations for a period of six months starting with the month ending July, 2011.
11. It is Staff's longstanding position that it is the responsibility of the registrant to ensure that its annual audited financial statements are delivered on a timely basis. As set out above, Staff's view is that the delivery of annual audited financial statements is one of the most important of a registrant's obligations. In accordance with previously decided cases, including *Re Chou Associates Management Inc.*, *Re AIG Global Investment Corp.*, *Re CR Advisers Corporation* (2008) 31 OSCB 6269 and *Re Minvestec Capital Corp.* (2011) 34 OSCB 5475, the terms and conditions proposed by Staff should be applied to the registration of Windstar. Moreover, in reaching my decision I took into account that there will be minimal hardship involved for Windstar to file monthly year-to-date unaudited financial statements and capital calculations for a period of six months. In *Re CR Advisers Corporation*, the Director specifically addressed the provision of monthly unaudited financial statements, by stating:

"It should not be a burden for the Registrant to provide monthly unaudited financial statements. The financial statements are not required to be reviewed by an auditor and all registrants are required to maintain proper books and records at all times."

12. My further decision, however, is that it is not necessary to impose part two of the terms and conditions recommended by staff, namely the recommendation that Windstar review its policies and procedures for compliance with Ontario securities law and to provide a report to the Commission. I accept Windstar's written submissions that it has taken appropriate action to ensure that in the future it will deliver its annual audited financial statements on a timely basis.
13. Accordingly, for the reasons discussed above, the following terms and conditions are imposed on Windstar's registration for a period of six months:

On a monthly basis, starting with the month ending July, 2011, Windstar shall deliver within three weeks of the end of the month, the following information to the Registrant Conduct and Risk Analysis team of the Ontario Securities Commission, attention Financial Analyst:

- (a) year-to-date unaudited financial statements including a balance sheet and an income statement, both prepared in accordance with generally accepted accounting principles; and
- (b) month end calculation of minimum required capital;
14. As a final matter, Windstar is seeking a reduction or waiver of the late fees it incurred as a result of delivering its annual audited financial statements 27 business days after they were due. Based on the submissions before me, I do not find suitable grounds for ordering a reduction or waiver of the late fees in question.

"Erez Blumberger"
Deputy Director
Compliance and Registrant Regulation Branch
Ontario Securities Commission

June 23, 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
CIC Mining Resources Ltd.	13 June 11	24 Jun 11	24 June 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

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

THERE ARE NO ITEMS FOR THIS WEEK.

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Chapter 6

Request for Comments

6.1.1 CSA Consultation Paper 91-402 – Derivatives: Trade Repositories

CANADIAN SECURITIES ADMINISTRATORS CSA CONSULTATION PAPER 91-402 DERIVATIVES: TRADE REPOSITORIES

Canadian Securities Administrators Derivatives Committee
June 23rd, 2011

On November 2, 2010 the Canadian Securities Administrators Derivatives Committee (the “Committee”) published *Consultation Paper 91-401 on Over-the-Counter Derivatives Regulation in Canada* (“Consultation Paper 91-401”).¹ This public consultation paper addressed regulation of the over-the-counter (“OTC”) derivatives market and presented high level proposals for the regulation of OTC derivatives. The Committee sought input from the public with respect to the proposals and eighteen comment letters were received from interested parties.² The Committee has continued to contribute to and follow international regulatory proposals and legislative developments, and collaborate with other Canadian regulators³, the central bank and market participants. This public consultation paper, one in a series of eight papers that build on the regulatory proposals contained in Consultation Paper 91-401, provides a framework for proposed rules for the reporting of OTC derivatives transactions and the operation of trade repositories.

OTC derivatives are traded in a truly global marketplace and effective regulation can only be achieved through an internationally coordinated and comprehensive regulatory effort. The Committee is committed to working with foreign regulators to develop rules that adhere to internationally accepted standards. As there are currently no mandatory requirements for Canadian market participants to report their OTC derivative transactions and positions, Canadian regulators and the central bank do not have access to a range of relevant data regarding the size and composition of the Canadian OTC derivatives market, the activities of Canadian market participants and “Canadian referenced derivatives”⁴ entered into by foreign participants.

The Canadian OTC derivatives market comprises a relatively small share of the global market with the majority of transactions involving Canadian market participants being entered into with foreign counterparties.⁵ It is therefore crucial that rules developed for the Canadian market accord with international practice to ensure that Canadian market participants have full access to the international market and are regulated in accordance with international principles. The Committee will continue to monitor and contribute to the development of international standards and specifically review proposals on industry standards relating to trade repositories to harmonize the Canadian approach with international efforts.

Executive Summary

The reporting of OTC derivative transaction data to trade repositories will greatly improve market transparency and is one of the most important components of derivative market reform. The following is a summary of the Committee’s key recommendations for trade repositories contained in this consultation report:

1. Trade Repository Requirements

- a) In order to operate in Canada, trade repositories should be required to meet the internationally accepted governance and operational standards recommended by the Committee on Payment and Settlement Systems (“CPSS”) and the Technical Committee of the International Organization of Securities Commissions (“IOSCO”) including standards

¹ Report available at http://www.osc.gov.on.ca/en/NewsEvents_nr_20101102_csa-rfc-derivatives.htm (“Consultation Paper 91-401”).

² Comment letters publicly available at <http://www.osc.gov.on.ca/en/30430.htm> and <http://www.lautorite.qc.ca/en/regulation-derivatives-markets-qc.html>.

³ When referred to in this Consultation Paper, Canadian regulators include market and prudential regulators.

⁴ “Canadian referenced derivatives” include derivatives transactions that reference a Canadian underlying asset (e.g. equity, bond or commodity) or market variable (e.g. interest rate, credit risk, exchange rate or stock index) and transactions that are denominated in Canadian dollars.

⁵ As of December 2009, the outstanding notional value of the OTC Derivative activities by the six major Canadian banks, based on an informal survey they conducted through the Industry Advisory Group (“IAG”), was US \$10.1 Trillion which is less than 2% of all OTC transactions. 78% of the counterparties that the six major Canadian banks transacted with were non-Canadian. Industry Advisory Group for OTC Derivatives, “Policy Paper: Developments in the Canadian Over-the Counter Derivatives Markets” at 7 and 8.

relating to legal framework, governance, market transparency and data availability, operational reliability, access and participation, safeguarding of data, timely recordkeeping and communication procedures and standards.

- b) The boards of directors of trade repositories should be composed of individuals with an appropriate diversity of relevant skills and experience and include appropriate independent representation.
- c) All trade repositories should appoint a chief compliance officer responsible for reviewing compliance with applicable legislation, identifying and resolving conflicts of interest and completing and certifying an annual compliance report.
- d) Trade repositories should have robust operational risk management capabilities including back-up systems that can resume operations within two hours of any disruption.
- e) Trade repositories should provide fair and open access to market participants and be required to accept all trades for each asset class for which the trade repository accepts data.
- f) Trade repositories should safeguard confidential data and prevent any data use that could represent a conflict of interest.
- g) Canadian provincial securities and derivatives laws should, where necessary, be amended to include approved trade repositories in the definition of *market participant*.

2. Reporting Requirements

a) Transactions Required to be Reported

- i) Canadian provincial securities and derivatives laws should, where necessary, be amended to permit mandating the reporting of all OTC derivatives transactions to an approved trade repository and provincial market regulators should mandate such reporting.
- ii) Pre-existing OTC derivative transactions should be reported to an approved trade repository within 180 days from the effective date of the new reporting rules.
 - o Pre-existing transactions terminating or expiring within one year of the effective date of the new reporting rules should be exempted from reporting requirements.
- iii) Records for all OTC derivative transactions should be retained by each counterparty and the relevant trade repository for a period of seven years from the date the transaction terminates or expires.

b) Reporting Obligations

- i) One counterparty to each OTC derivative transaction should be required to report the transaction and any related post execution events to an approved trade repository.
- ii) Transaction reporting obligations should be determined based on counterparty type, and delegation of reporting to a third-party service provider including a central counterparty clearing house should be permitted.
 - o Financial intermediaries should bear the reporting onus in transactions with end users.
 - o Transaction counterparties should be permitted to elect the reporting party for transactions between two financial intermediaries or two end users.
 - o A foreign counterparty may assume reporting obligations provided that the transaction is reported to a trade repository approved in Canada.

c) Reporting to Approved Trade Repository

- i) All OTC derivative transactions entered into by a Canadian counterparty should be reported to an approved trade repository.
- ii) Any trade repository that intends to carry on business in one or more Canadian province should be approved by the applicable provincial market regulator through a recognition or designation process.

- iii) Canadian provincial securities and derivative laws should be amended, where necessary, to create an approval process for the recognition or designation of trade repositories and to facilitate the development of rules for their operation.

d) *Mandating a Canadian Trade Repository*

- i) Mandating the use of a Canadian-based (or domiciled) trade repository by Canadian OTC derivative transaction counterparties should be studied. The Committee will investigate the feasibility of adopting a mandate and options for developing a Canadian trade repository.
- ii) Reporting to a foreign-based trade repository that has been approved by provincial market regulators and meets all the requirements applicable to a Canadian trade repository should be acceptable until a Canadian trade repository is operational or if the mandating of such a repository is rejected by market regulators.

e) *Information Required to be Reported*

- i) OTC derivative transaction data should be reported in accordance with international standards for data reporting.
- ii) Unique identifiers for legal entities, transactions, product types as well as country specific identifiers should be developed in accordance with international standards and reported for each OTC derivative transaction.
- iii) Initial transaction data including the principle economic terms and the full executed legal agreement entered into between the counterparties should be reported for all OTC derivative transactions.
- iv) Continuation data should be reported throughout life of an OTC derivative transaction including valuation data and snapshot or lifecycle data depending on the class of OTC derivative.

f) *Availability of Information to Regulators*

- i) Trade repositories should provide transaction level, position level and aggregated data to Canadian and acceptable foreign regulators and central banks in accordance with their regulatory duties.
- ii) A data aggregator should be developed to assist Canadian regulators and the central bank in the collection and aggregation of trade data from multiple trade repositories (located domestically or internationally) if a Canadian trade repository with aggregation functionality is not developed.

g) *Availability of Information to Public*

Trade repositories should make available to the public aggregate data, including information on positions, transaction volumes and average prices. Anonymous post-trade transaction level data should also be made public provided that it would not be detrimental to market liquidity or function.

h) *Timing of Reporting*

- i) Transaction reporting to trade repositories should be done in real time once feasible for Canadian market participants and within one business day until real time reporting is implemented.
- ii) Once real time reporting is implemented, large trades meeting a to-be-determined block trade threshold should be subject to a delayed reporting requirement in order to preserve the anonymity of market participants and ensure that there is no detrimental impact on market liquidity or function.

3. *Access to Confidential Trade Repository Information*

- a) Provincial market regulators from each jurisdiction should consider whether it is necessary to enact legislation that expressly permits the disclosure of confidential information to and by trade repositories.
- b) Amendments to legislation should be enacted to ensure that confidential trade repository data is not made publicly available pursuant to public disclosure laws.
- c) Canadian regulators and the central bank should establish cooperation agreements with foreign jurisdictions that have equivalent legal and supervisory frameworks to facilitate cross border access to trade repository data. Canadian regulators and the central bank should have access to all trade repository data regarding Canadian counterparties or Canadian referenced derivatives.

Comments and Submissions

The Committee invites participants to provide input on the issues outlined in this public consultation paper. You may provide written comments in hard copy or electronic form. The comment period expires September 12th, 2011.

The Committee will publish all responses received on the websites of the Autorité des marchés financiers (www.lautorite.qc.ca) and the Ontario Securities Commission (www.osc.gov.on.ca).

Please address your comments to each of the following:

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Manitoba Securities Commission
New Brunswick Securities Commission
Ontario Securities Commission
Saskatchewan Financial Services Commission

Please send your comments only to the following addresses. Your comments will be forwarded to the remaining jurisdictions:

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Request for Comments

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1. Introduction

Trade repositories, and the related availability and transparency of transaction and aggregate market data information for market and prudential regulators, central banks and the public, are one of the most important components of OTC derivatives regulatory reform.

The recent financial crisis highlighted a severe lack of price transparency and aggregate market data in OTC derivatives markets. This lack of transparency made it difficult for regulators around the globe to oversee these markets. The opaque nature of the global OTC derivatives market contributed to the loss of market confidence during the financial crisis. The lack of transparency also allowed certain market participants to build up extremely large OTC derivative exposures and created a systemic crisis requiring foreign governments to intervene with public resources. Although OTC derivatives did not have as large an impact on the Canadian market during the global financial crisis as they did on some other G-20 nations, Canadian institutions were not isolated due to the global nature of the financial markets. Canada's compliance with its G-20 commitments will require the development of a comprehensive framework for regulation of the OTC derivatives market.⁶ This new framework will improve upon Canada's ability to fairly and efficiently regulate its derivatives markets.

The G-20 has made transparency of the OTC derivatives market one of the central pillars of reform and agreed that all OTC derivative transactions should be reported to trade repositories.⁷ A trade repository is a centralized facility where OTC derivative transaction data is collected and stored electronically, providing regulators and, for some of this information, the public with a central source of transaction and position data for a given OTC derivatives market. It collects data, derived from centrally cleared or bilateral transactions as reported by parties to a transaction.

Trade repositories support transparency by making transactional and aggregated data available to relevant regulatory authorities on a routine basis and by request. In order to assess potential risks in the Canadian derivatives market, regulators must have access to aggregate and transaction level data for all Canadian entities participating in derivatives transactions and on Canadian referenced derivatives. Timely access to data collected by trade repositories will enable Canadian regulators and the central bank to monitor systemic risk exposures of market participants, detect market abuse, and assist in the performance of systemic risk analysis on these markets. It will also increase transparency of the OTC derivatives market, reducing information imbalances through the public dissemination of appropriate data including aggregate data on open positions and trading volumes on a periodic basis.

The internationally coordinated effort to have OTC derivatives transactions reported to trade repositories is key to ensuring that regulators are in possession of the information necessary to effectively monitor the OTC derivatives market. This consultation paper will describe the framework of rules and policies recommended by the Committee to govern reporting of OTC derivatives transactions and the operation of trade repositories. Each proposed rule is intended to strengthen the Canadian and international OTC derivative market through increased transparency without unduly burdening market participants.

The Committee encourages market participants and the public to submit comment letters addressing any issues or questions raised by this consultation paper.

2. Trade Repository Governance and Operational Guidelines

Trade repositories will provide a vital source of transparency in the OTC derivatives market to regulators and, in a more limited way, to the public. Regulators will rely on accurate and timely information to monitor systemic risk and market abuse. In order to fulfill this crucial role, trade repositories will need to possess sound operational capacity and effective governance. Therefore, robust initial and ongoing standards for trade repositories are necessary, including rules that establish the criteria and procedures for regulatory approval, governance, record keeping requirements, and privacy and confidentiality requirements. A consultative report outlining guidelines for such rules was published in May 2010 by a working group jointly established by CPPS and the Technical Committee of IOSCO entitled *Considerations for trade repositories*.⁸ This working group also recently published another report that is applicable to trade repositories entitled *Principles for financial market infrastructures*.⁹ This report contains a comprehensive set of principles for financial market infrastructures and those that apply to trade repositories have been included in Appendix A to this consultation paper. The CPSS IOSCO working group intends to publish a final report on the topic in early 2012. The Committee supports the recommendations contained in these two reports and will rely on them (as well as the final CPSS IOSCO report) in developing rules for the Canadian market. In order for an OTC derivatives trade

⁶ "Leaders' Statement: The Pittsburgh Summit" (September 24-25, 2009) and "The G-20 Toronto Summit Declaration" (June 26-27, 2010) available at http://www.g20.org/pub_communiques.aspx

⁷ *Ibid.*

⁸ The Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions' consultative report entitled *Considerations for trade repositories in OTC derivatives markets* (May 2010) ("CPSS IOSCO #1") available at <http://www.bis.org/publ/cpss90.pdf>.

⁹ The Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions' consultative report entitled *Principles for financial market infrastructures* (March 2011) ("CPSS IOSCO #2") available at <http://www.bis.org/publ/cpss94.htm>.

repository to be approved¹⁰ by provincial market regulators, the Committee recommends that the following standards be met and serve as ongoing requirements:

(a) Legal Framework¹¹

Trade repositories should be required to possess a clearly defined legal framework and their rules, procedures and contractual arrangements should be supported by the laws and regulations applicable to them. The rights of all participants, owners and regulators that use the information of a trade repository should be clearly stated and its governing rules and procedures made public. Those rules and procedures and related contractual requirements should provide certainty on service levels, rights to access, protection of confidential information and intellectual property rights and operational reliability. The status of the records in the repository, and whether they are the legal contracts of record, should also be clearly established.

(b) Governance¹²

Due to the central transparency role of trade repositories, good governance that promotes the interests of stakeholders and the public will be essential. Each trade repository must establish a robust governance regime that will ensure effective risk management and provide adequate internal controls over the confidentiality of information held by the repository. Trade repository governance frameworks and operating procedures should outline lines of responsibility and accountability and be made available to stakeholders and regulators, and at a more general level to the public. Trade repositories must effectively balance their commercial interests with their public role as a central storage facility of secure data. It is crucial that each trade repository adopt procedures to identify and prevent potential conflicts of interest particularly in cases where derivative market participants will have ownership interests in a trade repository.

Furthermore, policies should be implemented to ensure commercial end-users are represented in the governance arrangements. The Committee believes that trade repository boards of directors should be composed of individuals with an appropriate diversity of relevant skills and experience and that the board of directors include appropriate independent representation.

The Committee recommends that all trade repositories be required to appoint a chief compliance officer with responsibilities including reviewing compliance with applicable legislation or rules, identifying and resolving conflicts of interest and completing and certifying an annual compliance report.¹³ These rules are intended to ensure that trade repositories have a dedicated individual or department charged with maintaining compliance.¹⁴

(c) Market Transparency and Data Availability¹⁵

Trade repositories should provide effective and appropriate disclosure of data to regulators and the public. Regulators will need to have the ability in a timely manner to access information electronically on individual transactions and market participants once such data is submitted to the trade repositories. The repository should also have processes in place to deal with information sharing requests from Canadian and international market and prudential regulators and central banks.

Trade repositories should require that transaction information be reported in an accessible format that conforms to regulatory expectations and international standards or have the capability to convert submitted data into such a format. Trade repositories should also make public, aggregate transaction data on positions and volumes on a periodic basis with additional subset information breakdowns where appropriate. However, information made public by trade repositories should not identify counterparties to specific transactions or otherwise indirectly disclose to the public confidential data regarding derivative counterparties or their positions. Furthermore, to ensure a level playing field for all market participants, it is essential that information not be provided to any market participants on a preferential basis.

¹⁰ Approvals will be determined, depending on the province through designation or recognition. For example see the Ontario Securities Act, *Securities Act*, R.S.O. 1990, c. S.5. ("OSA") at S. 21.2.2.

¹¹ The standards outlined in the following sections are based on those in the two CPSS IOSCO reports referenced above. Each subsection will include a footnote identifying the related sections from the reports. The recommended standards for trade repository legal frameworks can be found at CPSS IOSCO #1, *supra* note 8, at 7 and CPSS IOSCO #2, *supra* note 9, at 19-23.

¹² CPSS IOSCO #1, *supra* note 8, at 9-10 and CPSS IOSCO #2, *supra* note 9, at 23-27.

¹³ This is consistent with Commodity Futures Trading Commission ("CFTC") and Securities and Exchange Commission ("SEC") proposed rules. See Proposed Rule – Swap Data Repositories, 75 Fed. Reg. 80898, 75-246, (Dec. 8, 2010) ("CFTC #1") at 80912 and Proposed Rule – Security-Based Swap Data Repository Registration, Duties, and Core Principles, 75 Fed. Reg. 77306, 75-237 (Dec.10, 2010) ("SEC #1") at 77341.

¹⁴ Chief compliance officer requirements and application will require further ongoing development.

¹⁵ CPSS IOSCO #1, *supra* note 8, at 7-8 and CPSS IOSCO #2, *supra* note 9, at 81-84, 98-100 and 107.

(d) Operational Reliability¹⁶

The failure of a trade repository to perform as expected could have a significant disruptive effect on the OTC derivatives markets for which it is a source of information. Trade repositories should take steps to manage operational risks including risks to data integrity, data security, business continuity and capacity and performance management. Operational risks should be minimized through approved risk management policies, procedures and control systems that identify and manage risks, including regular independent reviews of system integrity¹⁷ and vulnerability assessment focusing on security and confidentiality issues. Business continuity plans, including clear emergency procedures and comprehensive backup facilities and recovery plans, will need to be developed to allow for the timely recovery of information in the event of a disruption. Procedures should include regular testing of backup resources to ensure they are sufficient to facilitate continuity in the event of a disruption and back-up systems that have the capability to resume operations within two hours of any disruptions.¹⁸ In the event of an emergency disruption relevant domestic regulators should receive prompt notification and be briefed on the resolution of the disruption. It is crucial that trade repositories adopt sustainable business models to make certain that no disruptions to information flows are caused by financial difficulties or a disorderly wind down. General business risks should be monitored and addressed to ensure that each trade repository is in a stable and solvent financial position.

(e) Access and Participation¹⁹

Repositories should be required to adopt publicly disclosed requirements for access and participation. The legal requirement that all OTC derivative transactions be reported to trade repositories creates a situation whereby a repository may be in a position to influence a party's ability to participate in the OTC derivatives market. Trade repositories should not adopt any policies or take any actions that constitute an unreasonable restraint on trade, impose material anticompetitive burdens on any market participants or unreasonably prohibit, condition or limit access to its services. Examples of prohibited practices include product or service tying, employing contracts with non-compete and exclusivity clauses, overly restrictive terms of use, or anticompetitive price discrimination. Trade repositories should be required to provide broad access to market participants and ensure that all market participants in a given asset class have access to a trade repository. Therefore, trade repositories that accept derivative data for a particular asset class will be required to accept data for all OTC derivative transactions of that class. Access to a trade repository should only be denied if accepting data from a party would create risks to the security or functioning of the repository.

In addition trade repositories should be cost effective and efficient in the provision of services and provide market participants with information to enable them to assess the risks and costs associated with using a trade repository.

(f) Safeguarding of data²⁰

As a result of the universal reporting of OTC derivatives transactions, trade repositories will be in possession of large amounts of confidential data. All transaction data submitted to trade repositories should be protected from corruption, loss, leakage, unauthorized access and other processing risks. To ensure the safety and confidentiality of transaction information, trade repositories will require highly secure systems and controls regarding the communication and storing of data. Trade repositories will be required to implement and enforce strict policies and procedures to protect privacy and confidentiality of trade data and will be required to conduct periodic independent reviews of system security, to ensure that no breaches have occurred and no vulnerabilities exist, with copies of the review reports being provided to regulators.

Trade repositories should have robust risk mitigation policies regarding links of their data to third parties in order to ensure that no leaks occur during data transfer. A framework for coordination between the regulators of the repository and the linked entities should also be established.

Trade repositories will receive certain data that will be required to be disseminated to the public and other data intended only for use by regulators. Non-public data intended for use only by regulators should be held strictly confidential and not be accessed or disclosed except as required by regulators. Market participants will be prohibited from accessing a trade repository's data unless the data was originally submitted by the accessing party or the accessing party is the non-reporting counterparty to the submitted trade. Information sharing by trade repositories with affiliated entities will be strictly prohibited and confidentiality policies should include limitations to access of confidential trade repository data, and standards pertaining to persons associated with the trade repository trading for their personal benefit or the benefit of others.²¹

¹⁶ CPSS IOSCO #1, *supra* note 8, at 8 and CPSS IOSCO #2, *supra* note 9, at 70-81.

¹⁷ For an example of a system review requirement see National Instrument 21-101. *Marketplace Operation* (November 2, 2001, as amended) – at Section 12.2.

¹⁸ This is consistent with CPSS IOSCO recommendations, see CPSS IOSCO #2, *supra* note 9, at p. 76.

¹⁹ CPSS IOSCO #1, *supra* note 8, at 9-10 and CPSS IOSCO #2, *supra* note 9, at 81-84.

²⁰ CPSS IOSCO #1, *supra* note 8, at 10-11 and CPSS IOSCO #2, *supra* note 9, at 18, 78-79 and 92.

²¹ SEC #1, *supra* note 13, at 77339 and CFTC #1, *supra* note 13, at 80909.

The Committee is concerned with potential conflicts of interest with respect to trade repositories' data and will only permit its use for commercial or business purposes in limited circumstance such as providing aggregate non-confidential data analysis or confidential analysis of a participant's submitted data for that participant.

(g) Timely Recordkeeping²²

Trade repositories should employ timely and accurate record keeping procedures ideally in real time, that adhere to timeliness standards which are currently being developed at the international level. Trade repositories should maintain reported derivative data throughout the life of each reported transaction and for seven years from the date that the transaction expires or terminates in a safe location and durable form and in a manner that permits it to be provided to regulators in a reasonable period of time.

(h) Communication procedures and standards²³

Consistent communication standards should be developed among trade repositories to enable efficient interoperability with regulators and other trade repositories and market infrastructure entities. This will assist in the goal of consistent regulatory reporting and publication of derivative transaction information. Reporting and communication standards are being developed at the international level and will be discussed in greater detail in Section 3.5 below.

2.1 Trade Repositories as Market Participants

Market participants, as defined in each province's securities or derivatives legislation, are subject to a range of standards and market regulator oversight under provincial securities and derivatives laws that accord with and promote the trade repository guidelines described above. For example, provincial market regulators are granted powers to investigate and examine the records of or perform compliance reviews of market participants and prescribe record keeping requirements. These powers would allow provincial market regulators to ensure that approved trade repositories are compliant with the rules governing their operation and therefore the Committee recommends that, where necessary, provincial securities or derivatives legislation be amended to include approved trade repositories in the definition of market participant.²⁴ This would be in addition to the specific rules for trade repositories.

3. Reporting Requirements

3.1 What Transactions Must Be Reported?

The Committee recommends that, where necessary, legislative changes be enacted to enable provincial market regulators to require the reporting of all OTC derivative transactions to an approved trade repository and for provincial market regulators to then enact such a rule.²⁵ This requirement includes all newly executed derivatives as well as post execution events such as, but not limited to, full or partial novations or unwinds. This requirement will address the goal that regulators, at all times, have access to information that provides a complete and comprehensive understanding of the OTC derivatives market. The comment letters to Consultation Paper 91-401 received generally endorsed the reporting of all OTC derivative transactions. However, one comment letter suggested that transactions among non-financial intermediaries below a certain threshold should not be required to be reported.²⁶ It is the view of the Committee that threshold exemptions do not accord with the stated goal of full transparency and that an aggregation of smaller transactions is relevant to the oversight role of regulators. It is recommended that the provincial market regulators provide sufficient time when introducing these rules for market participants to prepare system changes to meet reporting requirements.

(a) Pre-Existing Transaction Reporting

OTC derivative transactions entered into prior to the date the new reporting rules become effective that have outstanding contractual obligations, ("Pre-existing Transactions") will, subject to the exemption described below, also be required to be reported to an approved trade repository. Pre-existing Transactions may have lengthy durations and any contracts that continue to be in effect after the reporting rules become effective are as relevant to market transparency and regulatory oversight as new contracts. The notional amount of OTC derivative transactions currently outstanding globally is extremely large, systemically important and represents an important motivation to the development of OTC derivatives regulation. Without the reporting of Pre-existing Transactions it would not be possible for regulators to ascertain the OTC derivatives market as a whole and the current positions of market participants. However, the Committee recognizes that many market participants are party to a large

²² CPSS IOSCO #1, *supra* note 8, at 11.

²³ *Ibid.*

²⁴ Recent amendments to the *Ontario Securities Act* amended the definition of market participant to include designated trade repositories. OSA, *supra* note 10, at 1(1)(k).

²⁵ Recent amendments to the *Ontario Securities Act* provide the Ontario Securities Commission ("OSC") with the power to require all OTC derivatives transactions be reported to an approved trade repository. OSA, *supra* note 10, at 143(1)11.

²⁶ See Invesco Trimark comment letter to the CSA, January 14, 2011 ("Invesco").

number of transactions, the reporting of which could require significant resources. Therefore, the Committee recommends that a period of 180 days from the effective date of the reporting rules be granted to allow market participants to comply with this requirement.²⁷ The information reported on Pre-existing Transactions should contain the principal economic terms²⁸ of each reportable transaction, including the relevant date of the transaction and the identity of the parties to the contract. The trade confirmation will not be required to be reported for these Pre-existing Transactions. In addition, any other information requested by the relevant provincial market regulator will be required to be reported.

(i) Pre-Existing Transaction Reporting Exemption

The Committee recommends one exception to the mandatory reporting of all existing and new OTC derivative transactions. Pre-existing Transactions that expire within one year from the date that the new reporting rules become effective will not be required to be reported. This exemption will provide relief for transactions that are about to expire allowing market participants to focus their efforts on the reporting of transactions that will represent their exposures going forward. The reporting gap created by this exemption will lapse within one year from the effective date of the new reporting rules at which point regulators will have a fully comprehensive view of all market positions.

(b) Record Retention Requirements

The Committee recommends that records for all OTC derivative transactions be retained by counterparties for seven years from the date that the transaction expires or terminates. They should be retained in a safe location and in electronic form in a manner that permits them to be provided to regulators in a reasonable period of time.²⁹ The information retained must include all documentation relating to the terms of the transaction. This includes the final form of confirmation and all amendments to the terms of the transaction as well as any data necessary to identify and value the transaction. Records pertaining to the date and time of execution, information relevant to the price of the transaction and details regarding whether and with whom the transaction was cleared will also be required to be retained. Regarding record retention requirements for reported transactions, CPSS IOSCO has noted:

[I]t should be clear that the data recorded in a TR [trade repository] cannot be a substitute for the records of transactions at original counterparties. Therefore, it is important that even where TRs have been established and used, market participants maintain their own records of the transactions that they are a counterparty to and reconcile them with their counterparties or TRs on an ongoing basis (including for their own risk management purposes).³⁰

The Committee agrees that counterparties should maintain their own records separately and in addition to the information submitted to a trade repository.

3.2 Who is Required to Report?

One of the counterparties to each OTC derivative transaction will be legally required to report the transaction and any post execution events related to this transaction to an approved trade repository. The rules assigning responsibility for transaction reporting will vary based on the counterparties to a particular transaction. In general, parties acting as financial intermediaries³¹ will bear the reporting onus for transactions to which they are a party because of their level of expertise and the automated reporting systems and infrastructure they will have in place as regular participants in the OTC derivatives market. The reporting rules described below will apply to both Pre-existing Transactions that are not exempt from reporting requirements and those entered into after the reporting rules become effective.

(a) Transactions between Financial Intermediaries and Non-Financial Intermediaries

For OTC derivatives transactions between financial intermediaries and non-financial intermediaries, the financial intermediary will be required to report the relevant transaction to an approved trade repository. This reporting obligation may be delegated to

²⁷ This is consistent with the reporting timeframe for pre-existing derivatives proposed by the SEC. Proposed Rule – Regulation SBSR – Reporting and Dissemination of Security-Based Swap Information, 75 Fed. Reg. 75208, 75-239 (Dec. 2, 2010) (“SEC #2”) at 75209. The CFTC has proposed a shorter reporting timeframe requiring that pre-existing derivatives be reported within 60 days of the publication of a final rule or regulation or 360 days after the enactment of Dodd-Frank. Interim Final Rule for Reporting Pre-Enactment Swap Transactions, 75 Fed. Reg. 63080, 75-198, (Oct. 14, 2010) at 63084.

²⁸ Principal economic terms data represent the basic contractual terms and conditions of an OTC derivative transaction. Principle economic terms may vary based on class of derivative and whether the derivative is standardized but in all cases would include the counterparties to a trade, type of trade, underlying reference, notional amounts, execution and termination date as well as a range of other trade details. Principal economic terms will be discussed in greater detail in Section 3.4.

²⁹ In Ontario, designated trade repositories are required to provide records at such time as the OSC or any member, employee or agent of the OSC may require. OSA at 19(3).

³⁰ CPSS IOSCO #1, *supra* note 8, at 1.

³¹ Activities that constitute financial intermediary behaviour will be discussed in the upcoming CSA consultation paper focusing on registration.

a third party, including a recognized central counterparty clearing house (“CCP”) for cleared transactions; however the financial intermediary retains responsibility for timely and accurate reporting.

(b) Transactions between financial intermediaries

For derivative transactions between financial intermediaries, the parties must select one counterparty to the transaction to be responsible for reporting. This reporting obligation may be delegated to a third party, including a recognized CCP for cleared transactions; however the selected financial intermediary retains responsibility for timely and accurate reporting.

(c) Transactions between Non-Financial Intermediaries

For derivative transactions between non-financial intermediaries, the parties must select one of the counterparties to the transaction to be the reporting party and report the derivatives transaction to an approved trade repository. This reporting obligation may be delegated to a third party, including a recognized CCP for cleared transactions, however the selected counterparty retains responsibility for timely and accurate reporting.

(d) Transactions between Canadian and Foreign Counterparties

For derivatives transactions between Canadian and foreign counterparties, the foreign counterparty may assume the reporting obligation provided that the transaction is reported to a trade repository approved in Canada, or if developed, a mandatory Canadian trade repository as described in Section 3.3(b) below. If the foreign counterparty will not agree to report to such a Canadian trade repository then the Canadian counterparty must report it directly or request the non-Canadian trade repository provide an electronic copy of the report to the Canadian trade repository.

3.3 Where must transactions be reported?

All OTC derivatives transactions entered into by a Canadian counterparty will be required to be reported to an approved trade repository that meets the standards described in Section 2 of this report. To prevent the fragmentation of data, once transaction data is submitted to a trade repository, the same repository must be used for the life of the transaction.³²

(a) Approved Trade Repositories

The Committee recommends that any trade repository that intends to carry on business as a trade repository in one or more provinces of Canada³³ be approved by the applicable provincial market regulators either through a recognition or designation process. Where necessary, legislative changes should be enacted to enable provincial market regulators to either recognize or designate trade repositories and develop rules governing their processes and operations. Ontario has adopted such changes to its securities legislation.³⁴

Provincial market regulators will develop and provide further guidance on the specific approval process to be implemented in each Canadian jurisdiction through legislative amendments and/or the implementation of rules, policies or notices.

(b) Mandating a Canadian Solution

The global nature of the OTC derivatives market is such that counterparties from different jurisdictions regularly engage in OTC derivative transactions. Trade repositories have previously been and are being developed based on asset classes as opposed to jurisdiction. International trade repositories currently exist for interest rate, equity and credit default derivatives and work is under way to create the same for commodities and foreign exchange.³⁵ However, recently, a number of jurisdictions have announced plans to develop domestic multi asset class trade repositories to serve their local markets.³⁶ The comments received to Consultation Paper 91-401 on this topic were split between supporting the development of a Canadian based trade repository³⁷ and endorsing a global approach.³⁸

³² In the event that a trade repository ceases operations during the life of a transaction the parties to that transaction would be permitted to transfer all transaction data stored to a new trade repository.

³³ Any trade repository that offers to provide its data reporting services including aggregation to a person or company residing or registered in a Canadian province would be considered to be carrying on business in that province.

³⁴ OSA, *supra* note 10, at S. 21.2.2

³⁵ However, these repositories do not currently provide the requisite data necessary for regulators and will need changes to their operations and governance before they will meet approval requirements.

³⁶ Jurisdictions planning to develop local trade repositories include Hong Kong, Spain, Mexico, India and possibly South Korea. Please note that some of these local trade repositories may provide services to multiple jurisdictions.

³⁷ See for example comment letter to the CSA from Fidelity Investments, January 17, 2011 (“Fidelity”).

³⁸ See for example comment letters to the CSA from Canadian Life and Health Insurance Association Inc., January 11, 2011 (“CLHIA”), Desjardin, January 2011 and ISDA, January 14, 2011.

After due consideration the Committee believes that there are serious concerns with not having a central collector and aggregator of Canadian derivatives data in Canada. The Committee's concerns are the following:

- It is possible that no suitable trade repository will be developed for certain derivative transactions entered into by Canadian counterparties.³⁹
- Canadian regulators and the central bank may not be granted satisfactory access to a foreign trade repository that holds transaction data regarding Canadian entities.
- Confidentiality and legal barriers may exist in certain jurisdictions thereby restricting the ability of a foreign repository to provide Canadian regulators and the central bank with data.
- Requests for indemnification from foreign trade repositories may prevent relevant information from being shared with Canadian regulators and the central bank.
- Canadian regulators and the central bank may not be able to effectively participate in cooperative oversight over a foreign regulated trade repository.
- Canadian regulators and the central bank will unlikely be able to influence the operations of a foreign trade repository.
- Canadian enforcement authorities may encounter reduced informational access and cooperation if a trade repository is located in a foreign jurisdiction.
- Legal uncertainty with respect to trade repository data in the event of a trade repository insolvency due to the complexity of national and international resolution and insolvency law and potential conflicts of law issues.
- Standards for international cooperative oversight arrangements regarding trade repositories are not yet well defined.
- Data aggregation challenges may arise if Canadian regulators and the central bank rely on multiple trade repositories with inconsistent reporting standards or technological platforms.

Therefore, the Committee feels that mandating the use of a Canadian trade repository to accept OTC derivative trade reporting from Canadian counterparties should be studied.⁴⁰ This would potentially involve mandating that all OTC derivative transactions involving at least one Canadian counterparty be reported to a single Canadian based trade repository. The Committee will study the feasibility of adopting this mandate and will also study the different options for such a Canadian based trade repository that would also act as a data aggregator.⁴¹ These options include an industry developed, owned and operated trade repository and one that is a utility model designed for and operated by provincial market regulators through a request for proposals or similar process. If the Committee determines that mandating the use of a Canadian trade repository is appropriate it would be required to meet the standards and adhere to the rules described in this consultation paper. If this approach is not taken, the Committee expects that reporting would continue to be done to multiple trade repositories located internationally or domestically and provincial market regulators would need to develop a data aggregator to consolidate reported information as discussed in Section 3.4(c) below.

(c) Approval of Foreign-Based Trade Repositories

If the Committee determines that reporting to a Canadian trade repository should not be mandated the Committee recommends permitting the reporting of transactions to trade repositories located in a foreign jurisdiction provided that they have been approved by the relevant provincial market regulators and meet all requirements applicable to a Canadian trade repository. If the use of a Canadian trade repository is mandated, but its development has not been completed when the new reporting rules become effective, reporting to approved foreign trade repositories should be permitted as an interim measure. The Committee recognizes that some foreign-based trade repositories may be subject to a comparable regulatory regime in their home jurisdiction and therefore full provincial regulation may be duplicative. In an effort to achieve international harmonization, the Committee is monitoring international policies for recognition of foreign trade repositories. For example, the European Commission has proposed that foreign trade repositories be recognized provided they are subject to equivalent supervision

³⁹ For example, some Canadian dollar denominated or bespoke, novel or highly specialized transactions may not be accepted by all trade repositories.

⁴⁰ As discussed in Section 3.3(c) below, the Committee believes that Canadian regulators and the central bank will still require access to foreign trade repositories.

⁴¹ Data aggregation is described in more detail in Section 3.4(c).

standards and are accessible to foreign regulators.⁴² The Committee recommends a substantively similar approach requiring that foreign trade repositories satisfy the following conditions, on an initial and ongoing basis for provincial market regulator approval:

1. The trade repository is authorised and subject to effective supervision in a foreign country;
2. The applicable provincial market regulator has determined the foreign country regime to be acceptable;
3. All applicable regulators requiring access have entered into an international agreement with that foreign country regarding the mutual access and exchange of information that is relevant for the exercise of the duties of competent authorities;
4. Cooperation arrangements between the appropriate regulatory authorities in Canada and the relevant competent authorities in the third countries have been established to ensure immediate and continuous access to the relevant information by regulatory authorities in Canada (including their agents) and to specify the mechanism for exchanging information and the procedure for coordinating the supervisory activities; and
5. The trade repository meets all requirements applicable to a Canadian trade repository.

If the Committee determines that trade reporting to a Canadian trade repository should be mandated, Canadian regulators and the central bank will still need to access and aggregate certain Canadian referenced derivative transactions between foreign counterparties that cannot be required to be reported to a Canadian trade repository. Therefore, the Committee recommends that Canadian regulators and the central bank make arrangements with relevant foreign trade repositories and, if necessary, foreign regulators to ensure that this data is accessible.

Question #1: If the use of a Canadian trade repository were to be mandated, should it be privately developed and operated for profit, privately developed and operated on a not-for-profit basis or should provincial market regulators perform this function directly?

3.4 What Information must be Reported?

The information reported by participants to trade repositories will allow regulators to assess systemic risk and financial stability, conduct market surveillance and supervise market participants.⁴³ In order to satisfy these broad objectives, trade repositories will need to collect detailed data relating to the initial terms of each OTC derivatives transaction (including any subsequent corrections of errors or omissions), as well as ongoing data to determine the market value of transactions over time.

As discussed above, the Committee expects that multiple international trade repositories will continue to exist. Therefore, regulators will need to review data aggregated from several sources. In order for data to be effectively aggregated it will need to be reported and recorded in a uniform manner that is consistent across jurisdictions and trade repositories. The Committee believes that it is necessary to ensure that the information that must be provided to a repository approved in Canada be consistent with information that is reported under international standards. This will allow for the necessary exchange of information across borders as well as ensure that trade repositories are able to meet the necessary criteria for recognition or designation across jurisdictions.

At the international level, CPSS and IOSCO, which are recognized as the international standard setting bodies for securities and derivatives markets, will be producing a report prescribing international standards for data reporting. This report will consider recommendations from the Financial Stability Board Data Gaps and Systemic Linkages Group and consult with the Committee on the Global Financial System, the BIS and the OTC Derivatives Supervisors Group and OTC Derivatives Regulators' Forum in order to identify the data that should be reported to trade repositories to enable authorities to carry out their respective regulatory tasks. The report is scheduled for release in July 2011 and according to IOSCO, it:

sets out, both for market participants reporting to trade repositories and for trade repositories reporting to the public and to regulators for the purpose of macro- and micro-surveillance: (1) Minimum data reporting requirements and standardised formats; and (2) the methodology and mechanism for the aggregation of data on a global basis.⁴⁴

⁴² *Proposal for a Regulation of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories, Brussels, COM(2010) 484/5 – 2010/0250 (COD), (“EU”) at Article 63.*

⁴³ Financial Stability Board, *Implementing OTC Derivatives Market Reforms: Report of the OTC Derivatives Working Group*, October 20, 2010, (“FSB”) at 47.

⁴⁴ IOSCO Technical Committee Task Force On OTC Derivatives Regulation, Terms of Reference, at 1–2.

Canadian regulators and the central bank participate in these international forums and policy setting. This effort is crucial to achieving cross-border uniformity and the Committee recommends that Canadian reporting requirements conform to these international standards.

(a) Unique Identifiers

The development of universal, accurate, and trusted methods of identifying particular market participants, derivative transactions, and product types will provide regulators with the ability to monitor entity wide exposures and trading activity, follow transactions throughout their lifespan, and determine product concentrations. The Committee supports the development of international standards for unique identifiers to assist in the management of information relating to OTC derivatives trading.

In order to provide Canadian market participants with some information as to the types of rules they can expect to be developed internationally and implemented in Canada, the following section outlines some characteristics of uniform data requirements modelled on rules developed in the U.S. under the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (the “*Dodd-Frank Act*”).⁴⁵ The Committee believes that an internationally agreed to version of these types of identifiers should be included in the forthcoming international standards.

(i) Legal Entity Identifier⁴⁶

Each derivative market participant should be assigned a unique legal entity identifier based on universal internationally accepted standards. The importance of this type of identifier was recently explained by Daniel K. Tarullo, member of the Board of Governors of the Federal Reserve System, in testimony before the U.S. Senate:

Clearly, the [recent financial] crisis exposed the need for a regulatory mechanism that will provide real time analysis across multiple financial markets to identify systemic risk and stresses in market conditions before they occur. A unique entity identifier for data sharing and use in data collections between the Federal financial regulatory agencies is the critical missing component for this analysis.⁴⁷

The development of a universally accepted legal entity identifier is an important challenge for international regulators and the derivatives industry and will represent a vital first step to establishing a comprehensive internationally harmonized system of regulation. Industry representatives have begun an international consultation process to create legal entity identifiers for OTC derivative counterparties.⁴⁸

Regulators will also need to be able to examine transaction report information on a consolidated basis for institutions composed of multiple business entities and therefore should have the capability to link affiliated entity transactions. The Commodity Futures Trading Commission (“CFTC”) recommends establishing a confidential “corporate affiliations reference database” available only to domestic and international regulators.⁴⁹ The Committee recommends that all Canadian market participants be required to adopt any such universal identification system that identifies corporate or entity affiliations once it has been developed.

(ii) Derivative Identifier⁵⁰

A unique identifier should be assigned to all individual derivative transactions at the time of execution and then used to identify that transaction throughout its life in all recordkeeping and data reporting. The task of creating and assigning the transaction identifier could be undertaken by a service provider, a trading venue recognized or registered in Canada, a financial intermediary counterparty or a trade repository.

In order to ensure continuity, the trade repository first receiving the report of a derivative transaction should be used as the trade repository for the life of that transaction including any assignments. Regardless of whether the trade repository is assigned the responsibility of creating the unique identifier it should send a notice of its identity and the derivative identifier for that transaction to each counterparty and any trading venue or CCP (if applicable for that transaction).

⁴⁵ *Dodd-Frank Wall Street Reform and Consumer Protection Act*, Pub.L.III-203, H.R. 4173, sec. 721(a)(47), online: U.S. Government Printing Office <http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h4173enr.txt.pdf> (“*Dodd-Frank Act*”).

⁴⁶ See Proposed Rule –Swap Data Recordkeeping and Reporting Requirements, 75 Fed. Reg. 76574, 75-235 (Dec. 8, 2010) (“CFTC #2”) at 76589 and SEC #2, *supra* note 27, at 75221.

⁴⁷ Daniel K. Tarullo, Member, Board of Governors of the Federal Reserve System, *Equipping Financial Regulators With the Tools Necessary to Monitor Systemic Risk*, before the Subcommittee on Security and International Trade and Finance, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, DC, February 12, 2010.

⁴⁸ The process is being led for the industry by the Association for Financial Markets in Europe (AFME) and the Securities Industry and Financial Markets Association (SIFMA).

⁴⁹ CFTC #2, *supra* note 46, at 76591 and SEC #2, *supra* note 27, at 75222.

⁵⁰ CFTC #2, *supra* note 46, at 76587 and SEC #2, *supra* note 27, at 75221.

(iii) **Product Identifier**⁵¹

In order to facilitate data aggregation by product, unique product identifiers should be implemented for OTC derivatives and determined based on the underlying instrument, index, asset or entity that the derivative references. These product identifiers could be structured with unique identifiers for the general derivative type and unique identifiers for sub-classes within each class. The development of such identifiers will also require an international classification scheme.

(iv) **Country Specific Identifier**

The Committee believes that Canadian referenced derivative transaction identifiers should also be required and will monitor and comment on international developments to propose that country specific identifiers be a part of any uniform standards developed. If they are not, the Committee will consider whether these identifiers can be mandated for the Canadian market.

(b) **Reporting Data**

Regulators must have access to transaction data at different levels of granularity, from aggregate statistics to transaction level information. This spectrum of data will facilitate the measuring of counterparty risk concentrations both for individual risk categories as well as the overall market and will facilitate regulation of market integrity.⁵² In order to achieve this, market participants will be required to submit three categories of information to trade repositories: transaction data that contains the initial terms of an OTC derivative transaction (creation data), transaction data that reflects changes in contract terms or counterparty positions (continuation data) and valuation data disclosing updated market values of transactions and positions. These categories are discussed below.

(i) **Creation Data**

The Committee recommends that two types of information be reported for new derivatives transactions at the time of execution. The first is the principal economic terms of the derivatives transaction. Principal economic terms data may vary based on the class of derivative and whether the derivative is standardized, but in all cases would include the counterparties to the transaction, type of transaction, underlying reference, notional amounts, price, execution and termination date and a range of other transaction details.⁵³ The second type of data that should be submitted is the full signed legal agreement of the counterparties including all the terms of the transaction (ie. the legal confirmation). The confirmation data should be matched by the trade repository or a related third-party matching service through affirmation by the counterparties. As discussed above minimum reporting requirements and forms will be developed at the international level to ensure reporting uniformity and these will include the recommended components of principle economic terms data. This information will be used for a wide variety of purposes including data aggregation for real time reporting of derivative transactions.

(ii) **Continuation Data**

The nature of many OTC derivatives contracts is such that their value and the position of counterparties thereto fluctuate over time. A particular counterparty's risk exposure may increase significantly over time and it is therefore crucial for regulators to understand positions as they evolve. In order to maintain an accurate view of market positions, regulators will require information throughout the life of each derivatives transaction. The most appropriate form and content for such information varies, based on the type of derivatives transaction. The CFTC has identified this issue and classified continuation data reporting into what it describes as the life cycle and snapshot approaches.⁵⁴

Life cycle data involves all of the data necessary to fully report any event that would result in a change to the data previously submitted to a trade repository regarding the derivatives transaction. This approach is recommended for credit derivatives and may also be appropriate for equity derivatives as these types of derivatives tend to be modified based on events that happen during their existence. This approach is already used by the Depository Trust & Clearing Corporation's Trade Information Warehouse⁵⁵ the existing international trade repository for credit derivatives. Reporting for these types of derivatives should also include all data elements necessary to fully report a scheduled or anticipated event occurring during the lifetime of the derivative that does not result in a change to the contractual terms of the derivative. Therefore, the life cycle data approach does not result in daily reporting of this information.

⁵¹ CFTC #2, *supra* note 46, at 76592.

⁵² FSB, *supra* note 43, at 48.

⁵³ For example the SEC estimates that between 50 and 100 or more data elements could be used to express a typical credit default swap. SEC #2, *supra* note 27, at 75213. See Proposed Rule – Real-Time Public Reporting of Swap Transaction Data, 75 Fed. Reg. 76140, 75-234 (Dec. 7, 2010) ("CFTC #3"), at 76176 ("Appendix A") for examples of principle economic term reporting data for various derivative types.

⁵⁴ CFTC #2, *supra* note 46, at 76577.

⁵⁵ The trade repository is operated by a Depository Trust & Clearing Corporation ("DTCC") subsidiary, The Warehouse Trust Company, LLC, which is registered as a bank and regulated as a member of the U.S. Federal Reserve System and by the New York State Banking Department. In August 2010, DTCC established a trade repository for equity derivative named the Equity Derivatives Reporting Repository.

By contrast, snapshot data includes all data elements necessary to provide a snapshot view on a daily basis of all the principal economic terms of the derivative including any changes from the previous day. The snapshot approach is recommended for all other derivatives including interest rate, commodity and currency derivatives. This approach is preferable for these types of derivatives as it would be more difficult to prescribe the specific events required to be reported because of the wide range and variation of derivative types that make up these classes.⁵⁶ The snapshot approach allows the trade repository to maintain complete up-to-date records for these classes of derivatives and avoids requiring counterparties to make determinations of what events are or are not required to be reported. This approach is currently used by TriOptima,⁵⁷ the existing international trade repository for interest rate derivatives.

An international standard with respect to the most suitable form of continuation data reporting for each class of derivatives is still under development and the Committee recommends adhering to internationally accepted practice once it has been established.

(iii) Valuation Data

The Committee also recommends that valuation data elements necessary to determine the current market value of a derivative be reported by the reporting party on a daily basis. This includes mark-to-market values and any available collateral information for all transactions as well as margin values for all centrally cleared transactions. The Financial Stability Board explained and recommended the reporting of valuation data in the following passage:

TRs should collect data to enable monitoring of gross and net counterparty exposures, wherever possible, not only on notional volumes for each contract but also market values, exposures before collateral, and exposure value net of collateral with a full counterparty breakdown. This would allow for the calculation of measures that capture counterparty risk concentrations both for individual risk categories as well as for the overall market.⁵⁸

Valuation data will allow regulators to monitor up to date information regarding the assets and liabilities of market participants and will also facilitate timely resolution in the case of a counterparty default. The Committee recommends that the reporting of valuation data follows the same guidelines for determining which participant reports an OTC derivative transaction as outlined in Section 3.2.

(c) Position Level and Aggregate Data to be Available to Regulators

The detailed and on-going derivative transaction data required to be reported and maintained in trade repositories will allow regulators to monitor aggregated market data and cumulative exposure of market participants. Provided that reported data is sufficiently uniform and complete, each individual transaction may be aggregated so that regulators can monitor the state of the OTC derivative market on the micro and macro level. OTC derivative market data will be an essential tool for market, and prudential regulators and central banks. Market regulators will require up to date transaction and position level data for counterparties and intermediaries as well as derivatives referencing entities, industries or regions that are related to the market regulator's jurisdiction.⁵⁹ Aggregation of this data will provide market regulators with the ability to monitor market participants, detect market irregularities and a wide range of other responsibilities. Prudential regulators and central banks will also require aggregate and certain position level data relevant to the overall Canadian derivatives market as well as data on the OTC derivative activities of Canadian financial and other institutions referenced or with large positions in the market. An example of the types of aggregated data that will allow for more effective oversight of the OTC derivative markets is illustrated by the following sample data sets⁶⁰:

- Aggregate notional data for all contracts traded or settled in Canadian dollars, including a breakdown by reference entity and/or sector.
- A list of the top counterparties trading Canadian dollar denominated contracts with each counterparty's aggregate notional position and aggregate position by contract type.
- A list of the top counterparty positions for each of the largest financial groups in Canada.

⁵⁶ CFTC #2, *supra* note 46, at 76578 citing TriOptima Letter to the Commodity Futures Trading Commission, October 26, 2010.

⁵⁷ TriOptima's Global OTC Derivatives Interest Rate Trade Reporting Repository was established in January 2010 and is regulated by the Swedish Financial Supervisory Authority.

⁵⁸ FSB, *Supra* note 43, at 48.

⁵⁹ OTC Derivatives Regulators' Forum, *Range of Access to Information stored in The Warehouse Trust LLC*, (June 2010) http://www.dtcc.com/downloads/products/derivserv/ODRF_guidelines.pdf at 2.

⁶⁰ *Adapted and amended from* guidance to The Warehouse Trust; however, the underlying principles could also be used to inform guidance for other global trade repositories.

- Aggregate notional data for contracts written on Canadian-domiciled corporations (reference entities), including a list of the top aggregate notional counterparty positions for contracts written on each firm.
- A list of the top counterparties' aggregate notional positions where the contract references the debt of the government of Canada.
- A list of top counterparties' aggregate notional positions where the contract references a specific commodity.
- A list of the top counterparties' aggregate notional positions where contracts reference the debt of one of the ten largest Canadian financial groups.
- Data on the overall level of activity of each of the Canadian banks in each asset class.
- Each of the Canadian bank's overall positions in specific products within an asset class.

These data sets illustrate the types of macro level information that should be available to market regulators, prudential regulators and central banks and greatly enhance their ability to supervise the OTC derivatives market. Clearly, the drastically improved transparency resulting from detailed universal trade reporting of OTC derivative transactions will provide immense supervisory benefits.

While trade repositories will be expected to aggregate the transaction data in their possession, it is likely that Canadian regulators and the central bank will require data from multiple trade repositories to be aggregated in order to have an accurate view of market participant positions and the market as a whole. As discussed in Section 3.3(a) the Committee intends to study the use of a Canadian trade repository that performs an aggregation function. If developed, this repository would accept and aggregate data for all transactions entered into by Canadian counterparties and could also assume responsibility for aggregating any relevant data maintained at foreign trade repositories. If the use of a single Canadian trade repository is not mandated, then as discussed in Consultation Paper 91-401, the Committee believes that a request for proposal is appropriate to encourage the development of a data aggregator to assist in the collection of trade data from multiple trade repositories for Canadian regulators and the central bank.⁶¹

(d) Data to be made available to Public

The transaction data received by trade repositories will include confidential data, which should only be available to approved regulators, and data that should be publically disseminated. The information that trade repositories are required to make public should at a minimum include aggregate data on positions, transaction volumes and average prices. Trade repositories should also provide more detailed and regularly updated periodic information categorizing data by market characteristic, trading counterparties and trading venue.⁶²

The Committee believes that anonymous post-trade transaction level data should also be made publicly available. This post-trade transparency has the potential to benefit the derivatives market in a number of ways including reducing transaction costs, increasing liquidity and improving confidence in the market.⁶³ A number of comment letters to Consultation Paper 91-401 stressed, and the Committee agrees, that publicly available information should not disclose the identity of counterparties to any transactions or positions of market participants⁶⁴. Under the rules proposed by the CFTC and Securities and Exchange Commission ("SEC"), transaction, volume, and pricing information for all derivative transactions⁶⁵ would be required to be publically disseminated provided that the data made available to the public does not disclose the transactions or positions of any market participants nor any information that would compromise trade secrets. As described in the following section, under the CFTC and SEC rules public reporting would be required to be done in real time where appropriate. The Committee recommends that anonymous transaction level data also be made available in Canada within a timeframe that is appropriate for the Canadian market.

⁶¹ Consultation Paper 91-401, *supra* note 1, at 33.

⁶² Examples of categorized data include aggregated breakdowns by (a) market characteristic – currency and location of reference entity; (b) counterparty – location of counterparty (jurisdiction of incorporation) and type of participant (eg. financial intermediary); (c) trading venue – electronic vs. non-electronic trading platform, electronic vs. manual matching and confirmation, centrally vs., bilaterally cleared. See for example The Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions' *Consultative Report – Principles for financial market infrastructures*, (March 2011), available at <http://www.bis.org/publ/cpss94.htm>.

⁶³ SEC #2, *supra* note 27, at 75224.

⁶⁴ See for example comment letters to the CSA from Fidelity, Global FX Division of AFME, SIFMA and ASIFMA, January 14, 2011 ("GFXD"), Portfolio Management Association of Canada, January 14, 2011 ("PMAC"), Canadian Bankers Association, January 14, 2011, ("CBA"), TD Asset Management Inc. ("TDAM") and Mouvement des caisses Desjardins

⁶⁵ See CFTC #3, *supra* note 53, at 76157 for examples of the required fields and a possible public reporting format.

3.5 When are transactions required to be reported?

Prompt reporting of OTC derivatives transactions is essential to effective oversight of the market. Positions in the OTC derivative market change regularly and risk can accumulate rapidly. To prevent market abuse regulators need to have the ability to monitor market activity as close to real time as possible. The Committee believes that real time reporting would provide regulators with the greatest source of transparency and should ultimately be required in Canada. Real time reporting to trade repositories would be accompanied by public dissemination of appropriate reported data provided that it would not be detrimental to market liquidity or function.

In the U.S., the *Dodd-Frank Act* requires real-time reporting for transactions that are deemed appropriate for real time reporting in all classes of derivative transactions.⁶⁶ Actual timing requirements developed under the *Dodd-Frank Act* vary based on the type of data being submitted and how the transaction is executed but in almost all cases reporting is required to be submitted within a maximum of thirty minutes from the execution of the transaction with most reporting required to be done in real time. The CFTC and SEC have published detailed timing proposals for the reporting of confirmation data,⁶⁷ principle economic term data⁶⁸ and valuation data⁶⁹. Canadian market participants entering into OTC derivative transactions with U.S. counterparties will be required to comply with these rules once they are finalized and enacted in the U.S. later this year.

Timelines initially developed by the European Commission require that the details of any OTC derivative contract be reported no later than the working day following the execution, clearing or modification of the contract.⁷⁰ However, a more recent public consultation paper published by the European Commission with respect to the *Markets and Financial Instruments Directive* (MiFID) indicates that many types of derivatives reporting will be required to be done as promptly and precisely as possible.⁷¹

It is the view of the Committee that real time reporting should be pursued, provided that market participants will be in a position to adopt technology that would permit such disclosure. However, a number of comment letters received in response to Consultation Paper 91-401 have explained that market participants may currently lack the capability to report in real time.⁷² The Committee is requesting further comments on the capacity of Canadian market participants to meet a real time reporting standard. In the interim, the Committee recommends that reporting be required to be submitted by the end of business on the next working day after a transaction is executed until real time reporting can be implemented. The Committee believes that the reporting requirements described in this section will greatly increase market transparency allowing regulators to efficiently monitor market participants and systemic risk.

Question #2: What is required to enable Canadian derivative market participants to be able to report derivatives transaction information in real time and how long will it take to achieve this functionality?

Block Trades: Exception to Real Time Reporting

The Committee appreciates the importance of maintaining the anonymity of OTC derivative transaction counterparties. When real time reporting is mandated in Canada, anonymous public reporting of certain large OTC derivatives transactions, commonly referred to as block trades, could have the potential to allow market participants to determine the identity of one or both of the counterparties. This identification could make hedging the risks of a large transaction more difficult and expensive as market participants anticipate the necessary hedging requirements and adjust pricing in anticipation of the derivative counterparties' immediate hedging needs.⁷³

Three commentators on Consultation Paper 91-401 expressed concern that real-time reporting of block trades could discourage parties from providing liquidity and increase costs of hedging risks to end-users.⁷⁴ The Committee agrees that publicly reported derivatives trading information should not identify the parties to the transactions and seeks to balance the benefits of post-trade transparency against the harm that may be caused to market participants' ability to hedge risk based on this disclosure. Therefore, large transactions may require publication delays to avoid signalling the market. It is important to note that the full details of block trades would still be required to be reported to a trade repository without delay and only publicly disseminated

⁶⁶ Commodity Exchange Act (U.S.) S. 2(a)(13)(C). The draft US rules go on to define real time public reporting as data including price and volume as soon as technologically practicable after the derivative has been executed. As soon as technologically practicable is defined as meaning as soon as possible taking into consideration the prevalence of technology, implementation and use of technology by comparable market participants.

⁶⁷ CFTC #2, *Supra* note 46, at 76583 and SEC #1, *supra* note 13, at 75219.

⁶⁸ CFTC #2, *Supra* note 46, at 76582 and SEC #1, *supra* note 13, at 75219.

⁶⁹ CFTC #2, *supra* note 46, at 76585 and SEC # 2, *supra* note 27, at 77329.

⁷⁰ EU, *supra* note 42, at Article 6, paragraph 1.

⁷¹ European Commission, *Review of the Market in Financial Instruments Directive* (MiFID), December 8, 2010, at 28.

⁷² See for example comment letters to the CSA from Fidelity, GFXD, PMAC and Hunton & Williams LLP, January 14, 2011.

⁷³ SEC #1, *supra* note 13, at 75225.

⁷⁴ See for comment letters to the CSA from CLHIA, ISDA, and Fidelity.

data may be postponed for a designated period. The Montréal Exchange currently prescribes a maximum time delay of 15 minutes for block trades of certain listed derivative instruments.⁷⁵

Further study will be required to determine what constitutes a block trade for various categories of derivatives in the Canadian market. The factors to be considered in making this determination could include the type of asset underlying the derivative, the size of a transaction relative to other similar transactions or the size of the transaction relative to the overall volume for a particular class or instrument. The Committee requests market participant guidance as to the appropriate block size thresholds and publication delays.

By example, the SEC has identified the following criteria by which block trades could be determined for credit default swaps (“CDS”):

1. Fixed minimum notional size thresholds.
2. Dynamic volume-based thresholds based on the aggregate notional amount of all executions in a CDS instrument over the past 30 calendar days.
3. A combination of dynamic volume-based thresholds and fixed minimum thresholds.⁷⁶

The CFTC has proposed two tests to determine the appropriate minimum block size threshold for other classes of derivatives. A distribution test would be used to determine what notional swap values have the most and least liquidity. Under the proposed rules a transaction with a notional amount that is greater than 95% of transaction sizes for a particular category of swap over the prior calendar year would constitute a block trade. The second test, referred to as the social size multiple test, would be used to address any distortions to the distribution of transactions because of a lack of volume in a particular derivative type. The test result that generates the higher block trade threshold would be determinative.⁷⁷

Under the CFTC proposed rules, transactions that qualify as block trades would be permitted to delay all reporting for 15 minutes. The SEC has proposed that all public data regarding a block trade except the notional amount be disseminated to the public according to the normal rules with the full notional size to be publicly disseminated after a delay.⁷⁸ The Committee will consider these approaches and consult with market participants to determine the appropriate treatment for block trades in Canada.

For the reasons described above the Committee is also considering limiting the information required to be disseminated to the market regarding large transactions by creating a maximum threshold amount for reporting. The CFTC has proposed that contracts which exceed the notional principal amount of a specified threshold only identify that they exceed the threshold but not the exact amount.⁷⁹ The SEC rule would require the notional amount to be disclosed after a delay of between eight and 26 hours.⁸⁰

As the Committee is recommending that, at the present time, trade reporting within one business day of the execution of a transaction be acceptable, a further delay for block trades is not necessary. Once a real time transaction reporting requirement is implemented in Canada the Committee recommends reporting delays for block trades.

Question #3: What is the appropriate block trade threshold for the Canadian market?

Question #4: What is the appropriate publication delay for block trades?

Question #5: Would a uniform block trade threshold across asset classes be acceptable or should thresholds be determined based on asset class? If block trade thresholds should be determined based on asset class, what thresholds would be suitable for specific asset classes?

Question #6: If block trade thresholds are determined by asset class and given the changes inherent in liquidity conditions, how often should these be assessed? (As per the CFTC’s two tests proposal for example?)

⁷⁵ TMX/Montreal Exchange, “Procedures For The Execution Of Block Trades”, available at www.m-x.ca/f_en/proce_block_trading_en.pdf.

⁷⁶ SEC #2, *supra* note 27, at 75229.

⁷⁷ CFTC #3, *supra* note 53, at 76162-3.

⁷⁸ SEC #2, *supra* note 27, at 75233.

⁷⁹ The CFTC has proposed a threshold of \$250 million for some transactions. Under the proposed rules all transactions over \$250 Million would be listed as \$250+. CFTC #3, *supra* note 53 at 76152

⁸⁰ SEC #2, *supra* note 27, at 75233.

4. Access to Confidential Trade Repository Information

In order to fulfill their OTC derivative transaction reporting requirements, market participants will be required to provide transaction information to trade repositories. Some of this information will be confidential and will not be made public by the trade repositories. The Committee believes that data maintained by trade repositories, including confidential data, should be made available to domestic prudential and market regulatory authorities as well as appropriate foreign regulators in accordance with their regulatory responsibilities.

4.1 Privacy and Confidentiality Issues

The OTC derivative reporting rules to be enacted will require reporting of confidential information to trade repositories by one party to each transaction. In some jurisdictions, this could represent a breach of confidentiality obligations if the non-reporting counterparty has not consented to such disclosure. Further, the terms of derivative transactions often include confidentiality provisions which could be breached by the reporting of data to trade repositories.⁸¹ However, due to the mandatory nature of transaction reporting, a counterparty that reports transaction data to a trade repository on behalf of itself and its trading partner pursuant to reporting rules should not be considered to be in breach of any restrictions on disclosure. Any party entering into an OTC derivative transaction should be aware that the transaction must be reported and provide their consent to reporting if necessary.

This issue is also relevant to trade repositories in receipt of confidential transaction data as they will be required to disclose transaction information to domestic and international regulators and potentially be required to publically disclose anonymous transaction data. In some jurisdictions this also could be viewed as a breach of confidentiality obligations owed to their clients.

The purpose of the universal reporting of OTC derivative transactions to trade repositories is to enable regulators to monitor and analyse trade repository data and to provide greater pricing transparency to the public. Therefore, there should be no legal or contractual duties that prevent a trade repository from disclosing any information pursuant to the new reporting rules. Derivatives participants reporting data to the repository will not have proprietary rights, including any intellectual property rights, in relation to data maintained by the repository, however the repository will be subject to the confidentiality restrictions discussed above and will be required to provide them with access to such data without unreasonable limitations.

(a) Canadian Amendments to Permit Reporting

Confidentiality obligations between participants in the OTC derivative markets may not contemplate the mandatory reporting regime that will be required for OTC derivatives. However, disclosure of confidential information is permissible in Canada if required by the law applicable to the parties to a transaction. Although the reporting rules to be enacted will create a legal reporting requirement, the Committee recommends that each Canadian jurisdiction consider whether it is necessary enact legislation explicitly permitting the disclosure of confidential information to and by trade repositories.

For example, in Ontario, amendments to the OSA address this issue by including the following provision to the Act:

154. The disclosure of information to the Commission or a trade repository that is made in good faith by a person or company in compliance or attempted compliance with Ontario securities law,

- (a) does not constitute a breach of any contractual provision to which the person or company or any other person or company is subject; and
- (b) does not constitute any other basis of liability against the person or company or any other person or company. 2010, c. 26, Sched. 18, s. 46.⁸²

This applies to disclosures of confidential information by reporting counterparties and disclosure by trade repositories to regulatory authorities. Each provincial jurisdiction will need to determine if similar legislative amendments regarding the reporting of transactions between counterparties and by trade repositories will be required.

(b) Foreign Counterparty Issues

Reporting of transactions involving a foreign counterparty may result in a breach of privacy or confidentiality laws in that counterparty's home jurisdiction. This issue is being reviewed at the international level by market participants, foreign regulators and the International Swaps and Derivatives Association. For situations where a foreign counterparty's home jurisdiction laws prohibit one party disclosure without explicit consent it is possible that an industry driven solution may be required to be developed.

⁸¹ However, there is a common exception to this confidentiality provision which permits disclosures required by law.

⁸² OSA ,*supra* note 10, at Section 154.

(c) Confidential Information not to be Publicly Disclosed

As discussed throughout this paper the Committee believes that market participants should be entitled to maintain their anonymity vis-à-vis the public in order to protect their trading strategies and other proprietary information. Therefore, the Committee recommends that information received by trade repositories pursuant to reporting rules and provided to regulators should not be required to be made publicly available in any way, including pursuant to public disclosure laws. In this regard the Committee recommends that amendments to provincial legislation be enacted in a similar manner to the following recent amendment to the OSA:

153. Despite the *Freedom of Information and Protection of Privacy Act*, the Commission may provide information to and receive information from the following entities, both in Canada and elsewhere, and the information received by the Commission is exempt from disclosure under that Act if the Commission determines that the information should be maintained in confidence:

1. Other securities, derivatives or financial regulatory authorities.
2. Exchanges.
 - 2.1 Trade repositories.
 - 2.2 Clearing agencies.
 - 2.3 Alternative trading systems.
3. Self-regulatory bodies or organizations.
4. Law enforcement agencies.
5. Governmental or regulatory authorities not mentioned in paragraphs 1 to 4.
6. Any person or entity, other than an employee of the Commission, who provides services to the Commission. 2002, c. 18, Sched. H, s. 14; 2010, c. 26, Sched. 18, s. 45.⁸³

Amendments of this nature will ensure that public disclosure laws do not force regulators to reveal confidential market participant information.

In order to achieve the transparency objectives of the new reporting rules certain domestic confidentiality obligations and public disclosure laws and duties will need to be adjusted to reflect the mandatory reporting of OTC derivative transactions. The reporting of transaction data to repositories and disclosure of information to regulatory authorities is a central tenet of the new OTC derivatives regime and the Committee recommends that any necessary amendments are enacted in order to achieve this objective.

4.2 Canadian Regulators

The Committee recommends that trade repositories located in Canada and foreign jurisdictions provide regulators access to all data regarding Canadian counterparties, transactions entered into by Canadian market participants or Canadian referenced derivatives. This unfettered access should be made available to provincial market regulators that have jurisdiction over the counterparty or reference entity and Canadian prudential regulators in accordance with their prudential objectives.

4.3 Cooperation with Foreign Regulators

In accordance with Canada's G-20 commitments, Canadian regulators and the central bank have an obligation to support foreign regulator access to Canadian trade repository data to assist them in achieving their regulatory, supervisory, and oversight responsibilities.⁸⁴ The Committee recommends that provincial market regulators coordinate with foreign jurisdictions to ensure timely and effective cross-border access to relevant market data. Foreign regulators will be approved for access to a Canadian trade repository provided that they are party to an international agreement such as an information sharing memorandum of understanding with the appropriate Canadian regulator or if they have been otherwise approved for access based on statutory authority in the regulators home jurisdiction and have appropriate policies for maintaining data confidentiality.

⁸³ OSA, *supra* note 10, at Section 153.

⁸⁴ CPSS IOSCO #2, *supra* note 9, at 10.

The Committee recommends establishing cooperation agreements with regulators of foreign countries whose legal and supervisory frameworks for trade repositories are equivalent to those in operation in Canada.⁸⁵

5. Conclusion

The mandatory reporting of OTC derivative transactions to an approved trade repository will bring transparency to the market and greatly enhance regulators' oversight and ability to respond to market risks or manipulations. At the systemic level, regulators and central banks will have the ability to take pre-emptive steps to reduce risk in the marketplace by having access to sufficient information across a wide scope of instruments, including OTC derivatives. Provincial market regulators will be able to effectively monitor trading and detect market abuse and enforce rules and regulations. The Committee believes that the proposals outlined in this report will not only increase stability in the OTC market but will also increase market efficiency.

The Committee welcomes public comment on any proposal in this report and requests that comments be submitted by XX, 2011. Once public comments have been received and considered the Committee will finalize rule making guidelines and each province will begin the rule making process.

6. Summary of Questions:

Question #1: If a Canadian trade repository is mandated, should it be privately developed and operated for profit, privately developed and operated on a not-for-profit basis or should provincial market regulators perform this function directly?

Question #2: What is required to enable Canadian derivatives market participants to be able to report derivatives transaction information in real time and how long will it take to achieve this functionality?

Question #3: What is the appropriate block trade threshold for the Canadian market?

Question #4: What is the appropriate publication delay for block trades?

Question #5: Would a uniform block trade threshold across asset classes be acceptable or should thresholds be determined based on asset class? If block trade thresholds should be determined based on asset class, what thresholds would be suitable for specific asset classes?

Question #6: If block trade thresholds are determined by asset class and given the changes inherent in liquidity conditions, how often should these be assessed? (As per the CFTC's two tests proposal for example?)

⁸⁵ EU, *supra* note 42, at Article 62.

Appendix A

CPSS IOSCO Principles for Financial Market Infrastructures Consultative Report (March 2011)

Principles applicable to trade repositories

General organisation

Principle 1: Legal basis

A Financial Market Infrastructure (“FMI”) should have a well-founded, clear, transparent, and enforceable legal basis for each aspect of its activities in all relevant jurisdictions.

Principle 2: Governance

An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.

Principle 3: Framework for the comprehensive management of risks

An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.

General business and operational risk management

Principle 15: General business risk

An FMI should identify, monitor, and manage its general business risk and hold sufficiently liquid net assets funded by equity to cover potential general business losses so that it can continue providing services as a going concern. This amount should at all times be sufficient to ensure an orderly wind-down or reorganisation of the FMI’s critical operations and services over an appropriate time period.

Principle 17: Operational risk

An FMI should identify all plausible sources of operational risk, both internal and external, and minimise their impact through the deployment of appropriate systems, controls, and procedures. Systems should ensure a high degree of security and operational reliability, and have adequate, scalable capacity. Business continuity plans should aim for timely recovery of operations and fulfilment of the FMI’s obligations, including in the event of a wide-scale disruption.

Access

Principle 18: Access and participation requirements

An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.

Principle 19: Tiered participation arrangements

An FMI should, to the extent practicable, identify, understand, and manage the risks to it arising from tiered participation arrangements.

Principle 20: FMI links

An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.

Efficiency

Principle 21: Efficiency and effectiveness

An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.

Principle 22: Communication procedures and standards

An FMI should use or accommodate the relevant internationally accepted communication procedures and standards in order to facilitate efficient recording, payment, clearing, and settlement across systems.

Transparency

Principle 23: Disclosure of rules and procedures

An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.

Principle 24: Disclosure of market data

A trade repository should provide timely and accurate data to relevant authorities and the public in line with their respective needs.

Chapter 7

Insider Reporting

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

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
06/16/2011	1	1525104 Alberta Ltd. - Common Shares	105,000.00	35,000.00
06/15/2011	16	Africmin Resources Inc. - Common Shares	147,500.00	1,475,000.00
06/09/2011	34	AgriMarine Holdings Inc. - Units	1,304,800.00	3,728,000.00
05/24/2011	21	AgriMarine Holdings Inc. - Units	2,367,275.20	6,763,644.00
06/09/2011	65	Annidis Health Systems Corp. - Units	3,337,000.00	4,474,000.00
06/14/2011	1	Augustine Ventures Inc. - Common Shares	80,322.39	1,606,448.00
05/20/2011	17	Aurvista Gold Corporation - Common Shares	837,000.00	2,092,500.00
05/09/2011 to 05/11/2011	1	Baillie Gifford Global Alpha Fund - Units	99,279,142.87	7,558,506.41
05/24/2011	2	Barrick North America Finance LLC - Notes	7,814,196.71	2.00
06/17/2011	4	Bison Gold Resources Inc. - Units	16,999.95	485,713.00
05/31/2011	46	Bold Ventures Inc. - Units	2,219,142.38	9,862,855.00
04/30/2011	13	B.E.S.T. Active Fund 10 LP - Limited Partnership Units	3,412,010.00	3,412,010.00
06/08/2011	13	Calico Resources Corp. - Units	1,312,500.00	2,625,000.00
05/25/2011	11	Canadian Horizons Blended Mortgage Investment Corporation - Preferred Shares	305,023.00	305,023.00
05/25/2011	15	CareVest Capital Blended Mortgage Investment Corp. - Preferred Shares	371,918.00	371,918.00
06/17/2011	1	Caribou Copper Resources Ltd. - Common Shares	97,500.00	500,000.00
06/07/2011	10	Chai Cha Na Mining Inc. - Units	250,790.00	8,359,666.00
06/10/2011	3	Chesswood Group Limited - Common Shares	924,517.72	116,438.00
05/25/2011 to 05/30/2011	17	Chestermere Lands Development Corporation - Common Shares	484,000.00	91,960.00
06/16/2011	1	CHYF Trust - Trust Units	37,779,294.00	3,148,274.50
06/13/2011	3	Cliffs Natural Resources Inc. - Common Shares	5,002,482.85	9,000,000.00
06/15/2011	7	Cobalt Industrial REIT III, L.P. - Units	98,490,000.00	201,000.00
05/31/2011	87	Connacher Oil and Gas Limited - Notes	962,752,373.59	N/A
05/31/2011	41	Cortex Business Solutions Inc. - Units	7,500,150.00	16,667,000.00
06/14/2011	12	Creative Wealth Monthly Pay Trust - Units	770,660.00	77,066.00

Notice of Exempt Financings

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price (\$)	No of Securities Distributed
05/31/2011	68	CuOro Resources Corp. - Special Warrants	15,000,000.00	6,690,000.00
05/25/2011	28	Dia Bras Exploration Inc. - Receipts	137,471,914.58	48,067,103.00
06/06/2011	22	Direct Media Technologies Inc. - Common Shares	1,059,407.20	387,280.00
05/31/2011	23	Element Financial Corporation - Common Shares	3,997,164.00	999,291.00
05/31/2011	74	Empire Industries Ltd. - Units	2,100,000.00	42,000,000.00
06/07/2011	2	Equity Lifestyle Properties, Inc. - Common Shares	4,348,500.00	75,000.00
05/30/2011	1	Evandtec Inc. - Notes	220,787.75	1.00
05/30/2011	4	Evandtec Inc. - Preferred Shares	529,212.24	2,142,558.00
05/16/2011	1	E*Trade Financial Corporation - Notes	1,212,875.00	2.00
05/24/2011	1	First Leaside Mortgage Fund - Trust Units	5,986.00	5,986.00
06/08/2011	1	First Leaside Venture Limited Partnership - Units	25,000.00	25,000.00
05/25/2011 to 05/30/2011	8	First Leaside Wealth Management Fund - Limited Partnership Interest	121,716.00	121,716.00
05/18/2011 to 05/24/2011	3	First Leaside Wealth Management Fund - Limited Partnership Interest	19,345.00	19,345.00
06/01/2011	2	Flatiron Market Neutral LP - Limited Partnership Units	85,000.00	61.58
05/19/2011	1	Foundation Group Capital Trust - Trust Units	9,996.00	833.00
06/10/2011	1	Foundation Group Capital Trust - Units	57,660.00	4,805.00
06/07/2011	1	Fuel Transfer Technologies Inc. - Preferred Shares	10,000.00	2,500.00
06/02/2011	13	Garda World Security Corporation - Notes	53,250,000.00	53,250.00
05/26/2011	30	Golden Dawn Minerals Inc. - Common Shares	810,000.00	8,100,000.00
06/09/2011	1.2	GoldTrain Resources Inc. - Common Shares	350,000.00	7,000,000.00
06/07/2011	25	Habanero Resources Inc. - Units	1,593,899.65	12,722,305.00
06/03/2011	36	Harbour St. John's Limited Partnership - Units	3,700,000.00	74.00
06/14/2011	101	Hathor Exploration Limited - Flow-Through Shares	13,002,000.00	4,334,000.00
06/08/2011	7	Highcourt Partners Limited - Common Shares	500,000.00	500,000.00
05/30/2011 to 06/03/2011	27	IGW Real Estate Investment Trust - Units	871,755.93	N/A
06/03/2011	27	International Samuel Exploration Corp. - Units	624,250.00	3,332,500.00
06/08/2011	5	Ironone Inc. - Units	135,000.00	635,000.00
06/15/2011	4	Kingwest Avenue Portfolio - Units	75,000.00	2,488.14
06/15/2011	1	Kingwest Canadian Equity Portfolio - Units	21,522.08	1,751.89

Notice of Exempt Financings

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price (\$)	No of Securities Distributed
06/15/2011	2	Kingwest High Income Fund - Units	473,826.76	81,729.50
06/15/2011	1	Kingwest U.S. Equity Portfolio - Units	14,080.53	990.00
06/10/2011	3	Klass Capital Fund I, LP - Limited Liability Interest	4,215.00	3.00
11/18/2010	17	Las Vegas From Home.com Entertainment Inc. - Units	220,000.00	4,400,000.00
05/26/2011	1	Legion Strategies, Ltd. - Units	726,825.00	N/A
06/09/2011 to 06/10/2011	3	Magellan Fuel Solutions Inc. - Common Shares	65,000.00	260,000.00
05/18/2011 to 05/27/2011	8	Med BioGene Inc. - Units	215,000.00	4,300,000.00
06/14/2011	1	Micromem Technologies Inc. - Units	160,000.00	1,454,545.00
06/15/2011	1	Midland Power Utility Corporation - Debentures	1,000,000.00	1.00
06/10/2011	1	Molycorp, Inc. - Common Shares	49,816.80	1,000.00
06/08/2011	28	Mongolia Minerals Corporation - Common Shares	20,000,000.00	16,000,000.00
04/28/2011	24	Morrison Laurier Mortgage Corporation - Preferred Shares	1,164,140.00	116,414.00
06/10/2011	13	MPT Mustard Products & Technologies Inc. - Common Shares	299,499.90	855,714.00
06/08/2011	2	Nakina Systems Inc. - Notes	469,440.00	2.00
05/25/2011	2	Nakina Systems Inc. - Notes	439,425.00	2.00
06/10/2011	1	Nederlandse Financierings-Maatschappij voor Ontwikkelingslandend N.V. - Notes	50,000,000.00	49,850.00
06/09/2011	1	New Solutions Financial (II) Corporation - Debentures	220,000.00	1.00
06/09/2011	1	Northern Gold Mining Inc. - Common Shares	66,500.00	175,000.00
04/28/2011 to 05/06/2011	26	Omniarch Capital Corporation - Bonds	529,923.00	26.00
01/07/2011	2	Ona Power Corp. - Units	400,000.00	8,000,000.00
06/01/2011	1	Ottawa Community Housing Corporation - Debentures	4,600,000.00	1.00
06/06/2011	4	Pershimco Resources Inc. - Common Shares	6,000,000.00	12,000,000.00
11/17/2010 to 11/19/2010	8	Polaris Minerals Corporation - Warrants	0.00	625,000.00
06/08/2011	1	PT Salim Ivomas Pratama Tbk - Common Shares	902,577.50	7,135,000.00
06/07/2011	1	Pure Energy Visions Corporation - Common Shares	1,500,000.00	2,142,858.00
05/27/2011	13	Queenston Mining Inc. - Common Shares	0.00	5,000.00
06/06/2011 to 06/08/2011	5	Residences At Quadra Village Limited Partnership - Units	685,000.00	685,000.00

Notice of Exempt Financings

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price (\$)	No of Securities Distributed
05/30/2011 to 06/03/2011	14	Residences at Quadra Village Limited Partnership - Units	590,000.00	590,000.00
05/31/2011	6	Royal Bank of Canada - Notes	242,200.00	250.00
05/30/2011	4	Seahold Investments Inc. - Notes	290,000.00	4.00
05/27/2011	82	Sila Industrial Group Ltd. - Units	4,600,000.00	11,500,000.00
06/07/2011	58	Silver Lake Resources Inc. - Units	3,688,524.75	5,113,833.00
06/20/2011	1	Solarvest BioEnergy Inc. - Common Shares	75,000.00	300,000.00
02/11/2011 to 04/07/2011	72	Southern Legacy Minerals, Inc. - Special Warrants	4,876,042.50	10,835,650.00
05/20/2011	18	Southern Legacy Minerals, Inc. - Special Warrants	2,000,170.88	4,444,823.00
12/17/2010 to 12/24/2010	24	Sunshine Oilsands Ltd. - Special Warrants	871,325.00	N/A
12/29/2010 to 12/31/2010	31	Sunshine Oilsands Ltd. - Special Warrants	2,617,800.00	N/A
06/08/2011	1	Tesla Motors, Inc. - Common Shares	1,687,800.00	60,000.00
06/10/2011	2	TireStamp Inc. - Debentures	200,000.00	2.00
06/10/2011	19	Touchstone Gold Limited - Common Shares	15,876,000.00	37,037,038.00
04/06/2011	2	Treegroup Founders Limited Partnership - Units	24,000.00	N/A
06/03/2011 to 06/14/2011	3	Tricon XII Limited Partnership - Limited Partnership Units	71,250,000.00	1,425.00
05/31/2011	8	Two Harbors Investment Corp. - Common Shares	9,072,000.00	900,000.00
12/07/2010	1	United Mining Group, Inc. - Common Shares	445,000.00	500,000.00
11/12/2010	8	United Reef Limited - Units	132,000.00	2,640,000.00
05/10/2011	19	Vampt Beverage Corp. - Common Shares	552,400.00	1,329,600.00
03/01/2011	2	Vive Nano Inc. - Debentures	75,000.00	2.00
06/15/2011	27	Waldron Energy Corporation - Flow-Through Shares	10,001,400.00	2,532,000.00
06/09/2011	2	Wallbridge Mining Company Limited - Flow-Through Shares	259,900.00	999,615.00
06/10/2011	34	Walton MD Potomac Crossing Investment Corporation - Common Shares	1,054,080.00	105,408.00
06/03/2011	164	Walton MD Potomac Crossing Investment Corporation - Common Shares	2,879,660.00	287,966.00
06/10/2011	7	Walton MD Potomac Crossing LP - Units	1,564,865.46	159,615.00
06/03/2011	13	Walton MD Potomac Crossing LP - Units	3,794,833.20	388,576.00
06/03/2011	29	Walton Silver Crossing Investment Corporation - Common Shares	965,720.00	96,572.00

Notice of Exempt Financings

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price (\$)	No of Securities Distributed
06/10/2011	7	Walton Silver Crossing LP - Limited Partnership Units	1,218,284.26	124,264.00
06/03/2011	6	Walton Silver Crossing LP - Units	1,151,264.91	117,885.00
06/10/2011	25	Walton Silver Crossings Investment Corporation - Common Shares	904,560.00	90,456.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

Atacama Pacific Gold Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated June 27, 2011
NP 11-202 Receipt dated June 27, 2011

Offering Price and Description:

\$30,450,000.00 Treasury Offering: (5,800,000 Common Shares); \$1,575,000 Secondary Offering (300,000 Common Shares) Price: \$5.25 per Offered Share

Underwriter(s) or Distributor(s):

RBC DOMINION SECURITIES INC.
JENNINGS CAPITAL INC.
MACQUARIE CAPITAL MARKETS LTD.
GMP SECURITIES L.P.

Promoter(s):

CARL HANSEN
ALBRECHT SCHNEIDER
Project #1764504

Issuer Name:

Brixton Metals Corporation
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Prospectus dated June 27, 2011
NP 11-202 Receipt dated June 27, 2011

Offering Price and Description:

\$ * - * Units and \$ * - * Flow-Through Units Price \$ \$0.15 per Unit and \$0.19 per Flow-Through Units

Underwriter(s) or Distributor(s):

Global Maxfin Capital Inc.

Promoter(s):

-

Project #1764811

Issuer Name:

BTB Real Estate Investment Trust
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated June 27, 2011
NP 11-202 Receipt dated June 27, 2011

Offering Price and Description:

SERIES D7.25% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
\$20,000,000 Aggregate Principal Amount Price: \$1,000 per Series D Debenture

Underwriter(s) or Distributor(s):

NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
GMP SECURITIES L.P.
HSBC SECURITIES (CANADA) INC.

Promoter(s):

-

Project #1764679

Issuer Name:

DiaMedica Inc.
Principal Regulator - Manitoba

Type and Date:

Preliminary Short Form Prospectus dated June 23, 2011
NP 11-202 Receipt dated June 24, 2011

Offering Price and Description:

\$ * - * Units Price: \$* per Unit

Underwriter(s) or Distributor(s):

Sora Group Wealth Advisors Inc.

Promoter(s):

-

Project #1763070

Issuer Name:

Elemental Minerals Limited
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated June 22, 2011
NP 11-202 Receipt dated June 22, 2011

Offering Price and Description:

C\$ * * Ordinary Shares Price: \$* per Share

Underwriter(s) or Distributor(s):

BMO NESBITT BURNS INC.

Promoter(s):

-

Project #1762320

Issuer Name:

Intact Financial Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Base Shelf Prospectus dated June 27, 2011
NP 11-202 Receipt dated June 27, 2011

Offering Price and Description:

\$2,500,000,000.00:

Debt Securities
Class A Shares
Common Shares
Subscription Receipts
Warrants
Share Purchase Contracts
Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1764579

Issuer Name:

Intact Financial Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated June 27, 2011
NP 11-202 Receipt dated June 27, 2011

Offering Price and Description:

\$225,000,000.00 - 9,000,000 Non-cumulative Rate Reset

Class A Shares Series 1 Price: \$25.00 per Series 1
Preferred Share to yield initially 4.20% per annum

Underwriter(s) or Distributor(s):

CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
MACQUARIE CAPITAL MARKETS CANADA LTD.
HSBC SECURITIES (CANADA) INC.
RAYMOND JAMES LTD.

Promoter(s):

-

Project #1764783

Issuer Name:

Maple Leaf 2011 Energy Income Limited Partnership
Principal Regulator - British Columbia

Type and Date:

Preliminary Long Form Prospectus dated June 24, 2011
NP 11-202 Receipt dated June 24, 2011

Offering Price and Description:

Maximum Offering: \$* (*Units) - Minimum Offering:
\$5,000,000 (50,000 Units) Price: \$100 per Unit Minimum
Purchase: \$5,000 (50 Units)

Underwriter(s) or Distributor(s):

SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
DUNDEE SECURITIES LTD.
GMP SECURITIES L.P.
HSBC SECURITIES (CANADA) INC.
MACQUARIE PRIVATE WEALTH INC.
CANACCORD GENUITY CORP.
DESJARDINS SECURITIES INC.
MANULIFE SECURITIES INCORPORATED
RAYMOND JAMES LTD.
WELLINGTON WEST CAPITAL MARKETS INC.
ACUMEN CAPITAL FINANCE PARTNERS LIMITED
M PARTNERS INC.
MACKIE RESEARCH CAPITAL CORPORATION
UNION SECURITIES LTD.

Promoter(s):

MAPLE LEAF ENERGY INCOME HOLDINGS CORP.
CADO BANCORP LTD.
TOSCANA ENERGY CORPORATION

Project #1763684

Issuer Name:

Stream Oil & Gas Ltd.
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated June 22, 2011
NP 11-202 Receipt dated June 22, 2011

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

CORMARK SECURITIES INC.
HAYWOOD SECURITIES INC.
FIRSTENERGY CAPITAL CORP.
SALMAN PARTNERS INC.
M PARTNERS INC.

Promoter(s):

-

Project #1762392

Issuer Name:

Artis Real Estate Investment Trust
Principal Regulator - Manitoba

Type and Date:

Final Short Form Prospectus dated June 23, 2011
NP 11-202 Receipt dated June 23, 2011

Offering Price and Description:

\$90,240,000.00 - 6,400,000 Trust Units Price: \$14.10 per Unit

Underwriter(s) or Distributor(s):

CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
CANACCORD GENUITY CORP.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
MACQUARIE CAPITAL MARKETS CANADA LTD
NATIONAL BANK FINANCIAL INC.
RAYMOND JAMES LTD.
TD SECURITIES INC.
BROOKFIELD FINANCIAL CORP.
DESJARDINS SECURITIES INC.
GMP SECURITIES L.P.

Promoter(s):

-

Project #1760257

Issuer Name:

Aston Hill Global Resource Fund
(formerly Navina Global Resource Fund)
(Series A, F and I Units)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus dated June 15, 2011
NP 11-202 Receipt dated June 27, 2011

Offering Price and Description:

Series A, F and I Units @ Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1741789

Issuer Name:

BioExx Specialty Proteins Ltd.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated June 27, 2011
NP 11-202 Receipt dated June 27, 2011

Offering Price and Description:

\$20,000,000.00 - 20,000,000 Units Price: \$1.00 per Unit

Underwriter(s) or Distributor(s):

Canaccord Genuity Corp.
Scotia Capital Inc.
Wellington West Capital Markets Inc.
Stonecap Securities Inc.

Promoter(s):

-

Project #1761021

Issuer Name:

Blind Creek Resources Ltd.
Principal Regulator - British Columbia

Type and Date:

Final Long Form Prospectus dated June 24, 2011
NP 11-202 Receipt dated June 27, 2011

Offering Price and Description:

\$7,012,000.00 - 2,658,000 COMMON SHARES AND
1,329,000 SHARE PURCHASE WARRANTS ISSUABLE
UPON THE EXERCISE OR DEEMED EXERCISE OF
2,658,000 PREVIOUSLY ISSUED SPECIAL WARRANTS

Underwriter(s) or Distributor(s):

D & D Securities Company

Promoter(s):

J. Frank Callaghan

Project #1651637

Issuer Name:

Caldwell Balanced Fund
Caldwell Income Fund
Caldwell Meisels Canada Fund (formerly Caldwell Canada Fund)
Caldwell Global Financial Services Fund (formerly Caldwell Exchange Fund)
Caldwell High Income Equity Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated June 21, 2011
NP 11-202 Receipt dated June 22, 2011

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Caldwell Securities Ltd.

Promoter(s):

-

Project #1743387

Issuer Name:

Capstone Infrastructure Corporation
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated June 23, 2011
NP 11-202 Receipt dated June 23, 2011

Offering Price and Description:

\$75,000,000.00 - 3,000,000 Cumulative 5-Year Rate Reset
Preferred Shares, Series A Price: \$25.00 per Series A
Preferred Share to yield initially 5.00% per annum

Underwriter(s) or Distributor(s):

TD SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
CORMARK SECURITIES INC.
JACOB SECURITIES INC.
M PARTNERS INC.

Promoter(s):

-

Project #1760176

Issuer Name:

FÉRIQUE AMERICAN Fund
FÉRIQUE ASIAN Fund
FÉRIQUE BALANCED Fund
FÉRIQUE BOND Fund
FÉRIQUE DIVIDEND FUND
FÉRIQUE EQUITY Fund
FÉRIQUE EUROPEAN Fund
FÉRIQUE MODERATE BALANCED FUND
FÉRIQUE SHORT-TERM INCOME Fund
FÉRIQUE WORLD Fund

Principal Regulator - Quebec

Type and Date:

Final Simplified Prospectuses dated June 23, 2011
NP 11-202 Receipt dated June 23, 2011

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Placements Banque Nationale Inc.
National Bank Securities Inc.

Promoter(s):

Gestion Ferique
Project #1748699

Issuer Name:

MD Balanced Fund (Series A, Series I and Series T units)
MD Bond Fund (Series A and Series I units)
MD Bond and Mortgage Fund (Series A and Series I units)
MD Dividend Fund (Series A, Series I and Series T units)
MD Equity Fund (Series A, Series I and Series T units)
MD Growth Investments Limited (Series A and Series I
shares)
MD Income & Growth Fund (Series A, Series I and Series T
units)
MD International Growth Fund (Series A, Series I and
Series T units)
MD International Value Fund (Series A, Series I and Series
T units)
MD Money Fund (Series A units)
MD Select Fund (Series A, Series I and Series T units)
MD American Growth Fund (Series A, Series I and Series T
units)
MD American Value Fund (Series A, Series I and Series T
units)
MD Conservative Portfolio (Series A units)
MD Moderate Balanced Portfolio (Series A units)
MD Balanced Growth Portfolio (Series A units)
MD Maximum Growth Portfolio (Series A units)
MDPIM Canadian Equity Pool (Series A units)
MDPIM US Equity Pool (Series A units)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated June 20, 2011
NP 11-202 Receipt dated June 22, 2011

Offering Price and Description:

Series A, Series I and Series T units

Underwriter(s) or Distributor(s):

MD Management Limited

Promoter(s):

MD Physician Services Inc.

Project #1744446

Issuer Name:

MDPIM Canadian Bond Pool (Series A units)
MDPIM Canadian Long Term Bond Pool (Series A units)
MDPIM Dividend Pool (Series A and Series T units)
MDPIM Canadian Equity Pool – (Private Trust Series units
and Series T units)
MDPIM US Equity Pool — (Private Trust Series units and
Series T units)
MDPIM International Equity Pool (Series A and Series T
units)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated June 20, 2011
NP 11-202 Receipt dated June 22, 2011

Offering Price and Description:

Private Trust Series, Series A and Series T units

Underwriter(s) or Distributor(s):

MD Management Limited
MD Management Ltd.

Promoter(s):

-

Project #1744466

Issuer Name:

Primary Corp.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated June 23, 2011
NP 11-202 Receipt dated June 24, 2011

Offering Price and Description:

\$75,075,000.00 - 11,550,000 Units Price: \$6.50 per Unit

Underwriter(s) or Distributor(s):

TD Securities Inc.
GMP Securities L.P..
RBC Dominion Securities Inc.
Canaccord Genuity Corp.
Dundee Securities Ltd.
Cormark Securities Inc.
Macquarie Capital Markets Canada Ltd.

Promoter(s):

-

Project #1755165

Issuer Name:

Redwood Diversified Equity Fund
Redwood Diversified Income Fund
Redwood Global Small Cap Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated June 21, 2011
NP 11-202 Receipt dated June 24, 2011

Offering Price and Description:

Series A, F and O Units @ Net Asset Value

Underwriter(s) or Distributor(s):

Redwood Asset Management Inc.

Promoter(s):

REDWOOD ASSET MANAGEMENT INC.

Project #1745925

Issuer Name:

Retrocom Mid-Market Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated June 21, 2011
NP 11-202 Receipt dated June 22, 2011

Offering Price and Description:

\$40,000,000.00 - 5.45% Convertible Unsecured
Subordinated Debentures Price: \$1,000 Per Debenture

Underwriter(s) or Distributor(s):

TD SECURITIES INC.
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
DESJARDINS SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
CANACCORD GENUITY CORP.
NATIONAL BANK FINANCIAL INC.
DUNDEE SECURITIES LTD.

Promoter(s):

-

Project #1758898

Issuer Name:

Silver Mountain Mines Inc.
Principal Regulator - Alberta

Type and Date:

Final Long Form Prospectus dated June 21, 2011
NP 11-202 Receipt dated June 22, 2011

Offering Price and Description:

14,695,533 CLASS "A" COMMON SHARES AND
7,347,767 COMMON SHARE PURCHASE WARRANTS
ISSUABLE UPON EXERCISE OF SPECIAL WARRANTS
and 1,142,608 AGENT'S COMPENSATION WARRANTS
ISSUABLE UPON EXERCISE OF AGENT'S SPECIAL
WARRANTS

Underwriter(s) or Distributor(s):

D&D Securites Inc.

Promoter(s):

Steve Konopelky
Project #1731527

Issuer Name:

TransCanada PipeLines Limited
Principal Regulator - Alberta

Type and Date:

Final Base Shelf Prospectus dated June 24, 2011
NP 11-202 Receipt dated June 24, 2011

Offering Price and Description:

\$2,000,000,000.00 - Medium Term Note Debentures
(Unsecured)

Underwriter(s) or Distributor(s):

BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
HSBC SECURITIES (CANADA) INC.
NATIONAL BANK FINANCIAL INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.

Promoter(s):

-

Project #1760074

Issuer Name:

Canada Dominion Resources 2011 II Limited Partnership
Principal Jurisdiction - Ontario

Type and Date:

Preliminary Long Form Prospectus dated March 21, 2011
Closed on June 27, 2011

Offering Price and Description:

\$50,000,000 (maximum)
2,000,000 Limited Partnership Units
Price per Unit: \$25.00
Minimum Subscription: \$5,000 (200 Units)

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

Promoter(s):

Canada Dominion Resources 2011 II Corporation
Dundee Securities Ltd.
Project #1713286

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Genuity Fund Management Inc	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	June 22, 2011
Change in Registration Category	Bellwether Investment Management Inc.	From: Portfolio Manager and Exempt Market Dealer To: Portfolio Manager, Exempt Market Dealer and Investment Fund Manager	June 23, 2011
New Registration	Northland Wealth Management Inc.	Portfolio Manager	June 23, 2011
New Registration	Elm Park Capital Management, LLC	Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	June 24, 2011
New Registration	Fadine Securities Inc.	Exempt Market Dealer	June 27, 2011
Consent to Suspension	Fadine Enterprises Limited	Exempt Market Dealer	June 27, 2011

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