The Ontario Securities Commission

OSC Bulletin

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

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Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

July 8, 2011

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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Vern Krishna	—	VK
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Judith N. Robertson	—	JNR
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

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
July 11, 2011 11:30 a.m.	**TBS New Media Ltd., TBS New Media PLC, CNF Food Corp., CNF Candy Corp., Ari Jonathan Firestone and Mark Green** s. 127 H. Craig in attendance for Staff Panel: CP

July 12, 2011 2:00 p.m.	**Citadel Income Fund and Energy Income Fund** s. 8(2)
July 13-14, 2011 10:00 a.m.	S. Angus/M. Vaillancourt in attendance of Staff Panel: JEAT/PLK/CP
July 15, 2011 10:00 a.m.	**Hillcorp International Services, Hillcorp Wealth Management, Suncorp Holdings, 1621852 Ontario Limited, 1694487 Ontario Limited, Steven John Hill, and Danny De Melo** s. 127 A. Clark in attendance for Staff Panel: JEAT
July 15, 2011 11:00 a.m.	**Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos (Also Known As Peter Kuti), Jan Chomica, and Lorne Banks** s. 127 H. Craig/C. Rossi in attendance for Staff Panel: JEAT
July 18 and July 20-25, 2011 10:00 a.m.	**Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt** s. 127 M. Vaillancourt in attendance for Staff Panel: PLK
July 19, 2011 2:30 p.m.	**Heir Home Equity Investment Rewards Inc.; FFI First Fruit Investments Inc.; Wealth Building Mortgages Inc.; Archibald Robertson; Eric Deschamps; Canyon Acquisitions, LLC; Canyon Acquisitions International, LLC; Brent Borland; Wayne D. Robbins; Marco Caruso; Placencia Estates Development, Ltd.; Copal Resort Development Group, LLC; Rendezvous Island, Ltd.; The Placencia Marina, Ltd.; and The Placencia Hotel and Residences Ltd.** s. 127 A. Perschy / B. Shulman in attendance for Staff Panel: CP
July 20, 2011 10:00 a.m.	**Peter Beck, Swift Trade Inc. (continued as 7722656 Canada Inc.), Biremis, Corp., Opal Stone Financial Services S.A., Barka Co. Limited, Trieme Corporation and a limited partnership referred to as "Anguilla LP"** s. 127 B. Shulman in attendance for Staff Panel: JEAT
July 20-22, July 26-27, August 3-4, and August 9-11, 2011 10:00 a.m.	**York Rio Resources Inc., Brilliante Brasilcan Resources Corp., Victor York, Robert Runic, George Schwartz, Peter Robinson, Adam Sherman, Ryan Demchuk, Matthew Oliver, Gordon Valde and Scott Bassingdale** s. 127 H. Craig/C. Watson in attendance for Staff Panel: VK/EPK

July 20, 2011
11:00 a.m.

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

July 26, 2011
11:00 a.m.

Marlon Gary Hibbert, Ashanti Corporate Services Inc., Dominion International Resource Management Inc., Kabash Resource Management, Power to Create Wealth Inc. and Power to Create Wealth Inc. (Panama)

s. 127

S. Chandra in attendance for Staff

Panel: EPK

July 26, 2011
3:00 p.m.

Empire Consulting Inc. and Desmond Chambers

s. 127

D. Ferris in attendance for Staff

Panel: MGC

July 27, 2011
10:00 a.m.

Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton

s. 127

H. Craig in attendance for Staff

Panel: JEAT

July 27, 2011
11:00 a.m.

Peter Sbaraglia

s. 127

S. Horgan/P. Foy in attendance for Staff

Panel: JEAT

July 29, 2011
10:00 a.m.

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

s. 127

M. Vaillancourt in attendance for Staff

Panel: TBA

August 10, 2011
10:00 a.m.

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

s. 127

M. Vaillancourt in attendance for Staff

Panel: JEAT

September 2, 2011
10:00 a.m.

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

September 6, 7, 9 and 12, 2011
10:00 a.m.

Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman

s. 127(7) and 127(8)

H. Craig in attendance for Staff

Panel: TBA

September 6-12, September 14-26 and September 28, 2011 10:00 a.m.	**Anthony Ianno and Saverio Manzo** s. 127 and 127.1 A. Clark in attendance for Staff Panel: EPK/PLK
September 8, 2011 10:00 a.m.	**American Heritage Stock Transfer Inc., American Heritage Stock Transfer, Inc., BFM Industries Inc., Denver Gardner Inc., Sandy Winick, Andrea Lee McCarthy, Kolt Curry and Laura Mateyak** s. 127 J. Feasby in attendance for Staff Panel: TBA
September 8, 2011 11:00 a.m.	**Energy Syndications Inc., Green Syndications Inc., Syndications Canada Inc., Land Syndications Inc. and Douglas Chaddock** s. 127 C. Johnson in attendance for Staff Panel: TBA
September 12, 2011 10:00 a.m. September 13, 2011 2:00 p.m.	**Carlton Ivanhoe Lewis, Mark Anthony Scott, Sedwick Hill, Leverage Pro Inc., Prosporex Investment Club Inc., Prosporex Investments Inc., Prosporex Ltd., Prosporex Inc., Prosporex Forex SPV Trust, Networth Financial Group Inc., and Networth Marketing Solutions** s. 127 and 127.1 H. Daley in attendance for Staff Panel: JDC/MCH
September 14-23, September 28 – October 4, 2011 10:00 a.m.	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: VK/MCH
September 22-23, 2011 10:00 a.m.	**Sextant Capital Management Inc., Sextant Capital GP Inc., Otto Spork, Robert Levack and Natalie Spork** s. 127 T. Center in attendance for Staff Panel: TBA
October 3-7 and October 12-21, 2011 10:00 a.m.	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun** s. 127 C. Price in attendance for Staff Panel: CP
October 5, 2011 10:00 a.m.	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 and 127.1 H. Craig in attendance for Staff Panel: MGC

October 12-24 and October 26-27, 2011 10:00 a.m.	**Helen Kuszper and Paul Kuszper** s. 127 and 127.1 U. Sheikh in attendance for Staff Panel: JDC/CWMS
October 17-24 and October 26-31, 2011 10:00 a.m.	**Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, John Colonna, Pasquale Schiavone, and Shafi Khan** s. 127(7) and 127(8) C. Johnson in attendance for Staff Panel: EPK/MCH
October 31, 2011 10:00 a.m.	**Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang** s. 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
October 31 – November 3, 2011 10:00 a.m.	**QuantFX Asset Management Inc., Vadim Tsatskin, Lucien Shtromvaser and Rostislav Zemlinsky** s. 127 C. Rossi in attendance for Staff Panel: MGC
November 7, November 9-21, November 23 – December 2, 2011 10:00 a.m.	**Majestic Supply Co. Inc., Suncastle Developments Corporation, Herbert Adams, Steve Bishop, Mary Kricfalusi, Kevin Loman and CBK Enterprises Inc.** s. 37, 127 and 127.1 D. Ferris in attendance for Staff Panel: EPK/PLK
November 14-21 and November 23-28, 2011 10:00 a.m.	**Shaun Gerard McErlean, Securus Capital Inc., and Acquiesce Investments** s. 127 M. Britton in attendance for Staff Panel: TBA
December 1-5 and December 7-15, 2011 10:00 a.m.	**Marlon Gary Hibbert, Ashanti Corporate Services Inc., Dominion International Resource Management Inc., Kabash Resource Management, Power to Create Wealth Inc. and Power to Create Wealth Inc. (Panama)** s. 127 S. Chandra in attendance for Staff Panel: JDC
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 Khodjiaints Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation,** **Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
March 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	**Frank Dunn, Douglas Beatty, Michael Gollogly** s. 127 K. Daniels in attendance for Staff Panel: TBA
TBA	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric** s. 127 and 127(1) D. Ferris in attendance for Staff Panel: TBA

TBA

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

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

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

s. 127(1) and (5)

J. Feasby/C. Rossi in attendance for Staff

Panel: TBA

TBA

M P Global Financial Ltd., and Joe Feng Deng

s. 127 (1)

M. Britton in attendance for Staff

Panel: TBA

TBA

Shane Suman and Monie Rahman

s. 127 and 127(1)

C. Price in attendance for Staff

Panel: TBA

TBA

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

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

Abel Da Silva

s. 127

C. Watson in attendance for Staff

Panel: TBA

TBA

Paul Azeff, Korin Bobrow, Mitchell Finkelstein, Howard Jeffrey Miller and Man Kin Cheng (a.k.a. Francis Cheng)

s. 127

T. Center/D. Campbell in attendance for Staff

Panel: TBA

TBA

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

s. 127

A. Perschy/C. Rossi in attendance for Staff

Panel: TBA

TBA

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

s. 127

T. Center in attendance for Staff

Panel: TBA

TBA

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

s. 127

S. Horgan in attendance for Staff

Panel: TBA

TBA

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

s. 127(1) and (5)

A. Heydon in attendance for Staff

Panel: TBA

TBA

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

s. 127

H. Craig/C.Rossi in attendance for Staff

Panel: TBA

TBA

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

s. 127

H. Craig/C. Rossi in attendance for Staff

Panel: TBA

TBA

Paul Donald

s. 127

C. Price in attendance for Staff

Panel: TBA

TBA

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

s. 127

Y. Chisholm in attendance for Staff

Panel: TBA

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

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

s. 127

C. Rossi 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. Boultbee and Peter Y. Atkinson

1.1.2 CSA Staff Notice 31-325 – Marketing Practices of Portfolio Managers

CSA STAFF NOTICE 31-325 –
MARKETING PRACTICES OF PORTFOLIO MANAGERS

PURPOSE

Staff in various provinces from the Canadian Securities Administrators (CSA staff or we) conducted a focused compliance review (the review) of the marketing practices of firms registered as portfolio managers (PMs). This notice summarizes our findings from the review and provides guidance to portfolio managers on suggested practices in the preparation, review and use of marketing materials. We will also use this notice to assess the marketing practices of other registered firms, where appropriate.

BACKGROUND

The marketing practices of PMs are an ongoing area of concern for the CSA because the materials PMs use when marketing their firm's services, skills and experience influence investors.

We continue to see a number of issues in the marketing practices of PMs, including those that advise and market non-prospectus qualified investment funds, such as pooled funds and hedge funds.

As a result, the CSA Compliance Committee (the Committee) decided to conduct the review as part of our goal to better understand the marketing practices used by PMs and to harmonize compliance oversight approaches across Canada.

FOR ONTARIO PMs

In the fiscal year 2006/07, the Ontario Securities Commission (OSC) completed a focused review of the marketing practices of Investment Counsel/Portfolio Managers (now PMs). The concerns identified, as well as suggested practices, were outlined in OSC Staff Notice 33-729 – *Marketing Practices of Investment Counsel/Portfolio Managers* (Ontario Notice). The findings in this notice are generally consistent with the Ontario Notice published in November 2007. However, this notice includes issues and guidance in new areas and includes updates in certain areas previously identified in the Ontario Notice.

The discussion of items 1, 3 and 8 below have been updated from the Ontario Notice based on new guidance. Items 6 and 7 are new issues not previously discussed in the Ontario Notice. All remaining items provide guidance consistent with the Ontario Notice.

This notice also updates the Ontario Notice on the use of hypothetical performance data as a result of further information gathered by the OSC and other CSA staff from ongoing compliance reviews and from industry consultations.

OBJECTIVES OF THE REVIEW

The main objectives of the review were to:

- assess PMs' compliance with applicable securities laws
- broaden our understanding of the types and content of marketing materials PMs use
- develop a consistent compliance approach when reviewing a firm's marketing practices

SCOPE AND METHODOLOGY

The Committee gathered preliminary information on the PM firms' marketing activities through a survey. The Committee then used a risk-based approach to select a representative sample of 56 PMs for a review of their marketing practices. We also reviewed other aspects of the PMs' operations.

The sample included PMs of:

- non-prospectus qualified investment funds (i.e. pooled funds and hedge funds)
- large institutional investors
- retail and private clients

These PMs, in many instances, were also registered in other categories of registration including investment fund manager and exempt market dealer. We did not focus on mutual fund sales communications that are governed under National Instrument 81-102 – *Mutual Funds* as this was beyond the scope of our review.

OUTCOME

We sent a compliance deficiency report to each of the PMs selected for a review. We required each PM to submit a written response to the deficiencies we identified, including the proposed corrective actions they would take.

CSA staff will work with these PMs to ensure they address and resolve the marketing, and any other, deficiencies within a reasonable time frame. Where we continue to have concerns with a firm's actions in resolving deficiencies, we may consider other appropriate regulatory action.

We also sent follow up letters to those PMs that we surveyed, but did not review, where we identified specific breaches of securities laws in the marketing materials the PMs submitted. In these letters, we identified the breaches and required the firms to remedy the deficiencies in a timely manner.

RULES

When reviewing marketing materials for compliance with securities law, we rely on specific rules and instruments, both prescriptive and principles based. These rules require PMs to deal fairly, honestly and in good faith with their clients[1]. They also prohibit any person or company from making statements that are untrue or omitting information that is necessary to prevent the statement from being false or misleading.

While the relevant securities legislation is generally principles based, we intend the guidance in this notice to provide direction to PMs regarding how to meet these obligations. There may be other ways to meet these obligations. The suggested practices will serve as guidelines that the CSA will apply when assessing and determining compliance with securities law.

SUMMARY OF ISSUES

We identified a number of deficiencies in the preparation, review and use of marketing materials by the PMs we reviewed.

Generally, the deficiencies were grouped into one of the following areas:

1. Preparation and use of hypothetical performance data
2. Exaggerated and unsubstantiated claims
3. Policies, procedures and internal controls
4. Use of benchmarks
5. Performance composites
6. Holding out and use of names
7. Other performance return issues
8. Disclosure related issues

SUMMARY OF GUIDANCE

Based on the results of the review, we identify below suggested practices to assist PMs in meeting their obligations under securities law, including the obligation to deal fairly, honestly and in good faith with their clients and to ensure that statements provided to investors are fair and not misleading. We expect and encourage PMs to refer to the suggested practices when preparing their marketing materials.

The following is a summary of the suggested practices we discuss in this notice:

[1] In the participating CSA jurisdictions, this requirement is found in section 2.1 of Ontario Securities Commission Rule 31-505 *Conditions of Registration*, section 14 of the Securities Rules (British Columbia), section 75.2 of the *Securities Act* (Alberta), subsection 33.1(1) of the *Securities Act* (Saskatchewan), subsection 154.2(2) of the *Securities Act* (Manitoba), section 160 of the *Securities Act* (Quebec), subsection 54(1) of the *Securities Act* (New Brunswick) and section 39A of the *Securities Act* (Nova Scotia).

1. presenting actual client performance returns and not hypothetical performance data with its inherent risks and limitations except in limited circumstances when appropriate

2. being able to substantiate all claims made in marketing materials

3. developing and implementing written policies and procedures that govern firms' marketing activities

4. using benchmarks that are relevant and comparable to a PM's investment strategy

5. including all portfolios that meet the criteria of a composite in the composite

6. firms and registered individuals using registered trade names and business titles that are not misleading

7. reporting performance returns from a previous firm or a firm's proprietary account only in limited circumstances where it is appropriate

8. ensuring marketing materials contain disclosure that is accurate, meaningful and up-to-date

USE OF SOCIAL MEDIA WEB SITES

Before we discuss the specific issues and guidance from the review, we want to discuss a recent trend of using social media for marketing. In the review, we found that generally PMs are not currently making use of social media web sites to market the firm's advisory services. However, since there has been a steady increase in the general use of social media web sites such as Facebook, Twitter, LinkedIn and various chat rooms and blogs, we anticipate that firms and their registered individuals may begin to use these methods of communication to market their business activities and communicate with clients. We expect that firms and their registered individuals will comply with applicable regulatory requirements and securities legislation in their use of social media web sites.

Potential concerns

There are compliance and supervisory challenges that we expect registered firms to consider when using social media web sites as a means of communicating with clients and the general public for business purposes. Under subsection 11.5(1) of National Instrument 31-103 – *Registration Requirements and Exemptions* (NI 31-103) registrants are required to maintain records of their business activities, financial affairs and client transactions. There is increased risk that registrants may not be retaining adequate records of their business activities and client communications when using social media web sites. This is the result of interactive social media web sites that include the posting of both real time and static content. Registrants need to consider designing systems that will allow for compliant record retention as well as retrieval capability.

The use of social media web sites poses challenges from a supervisory perspective as firms need to consider the type of supervision that would be appropriate. Registered firms must determine the level or extent of supervision necessary as they have an obligation to protect clients from the use of misleading and false statements. This may include the use of a risk-based approach to determine the extent to which a firm's review of electronic communications is appropriate to meet its supervisory obligations.

Guidance

Registered firms should consider the following when determining whether to use social media web sites for business purposes:

- establishing policies and procedures for the review, supervision, retention and retrieval of materials on social media web sites

- designating an appropriate individual to be responsible for the supervision or approval of communications

- reviewing the adequacy of systems and programs to ensure compliant record retention and retrieval capability

SPECIFIC ISSUES AND GUIDANCE

The following is a more detailed discussion of the issues we identified in the review and suggested practices. We encourage registrants to use this notice as a self-assessment tool and to determine the areas where they can improve their marketing practices.

1. Preparation and use of hypothetical performance data

Hypothetical performance data is performance data that is not the performance of actual client portfolios. It is sometimes referred to as “simulated” or “theoretical” performance data and typically consists of either:

- back-tested performance data (i.e. past period), or
- model performance data (i.e. real time or future periods)

Hypothetical performance data also includes statistics such as standard deviation and Sharpe ratios, which are measures of volatility. Some of the PMs we reviewed presented the hypothetical performance data for the primary purpose of attracting new clients.

Back-tested performance data

Back-tested performance data refers to performance results created by applying a particular investment strategy to historical data over a period of time. PMs may create the data by using quantitative methods or formulas that may use historical index data, historical information about individual securities or historical performance data from existing investment funds the PMs manage.

For example, we identified a few PMs that presented back-tested performance data for fund of funds based on performance of existing funds or the performance of a particular index.

Model performance data

Model performance data refers to simulated investment results of a notional portfolio of securities that are presented over a period of time. In some cases, no actual client accounts follow the model. Generally, model portfolios are forward looking and are presented by the PM on an ongoing basis. They may also include portfolio returns that attempt to illustrate expected future returns.

PMs sometimes present model portfolios to illustrate their primary investment strategy for client portfolios. A PM will typically have clients whose managed account portfolios follow the same investment strategy and hold the same securities as the model. However, there may be variations in the percentage of each security held, the timing of security purchases and sales, and the price of a particular security.

Concerns

Approximately 20% of the PMs we reviewed had deficiencies with the hypothetical performance data they presented to investors. We identified the following general concerns related to the use of hypothetical performance data:

- many investors may not have sophisticated investment knowledge sufficient to fully understand the inherent risks and limitations of this data
- any outcome may be achieved as the performance data is produced with the benefit of hindsight and is subject to potential manipulation
- the data is often combined or linked with actual client performance data, which may give the appearance of a longer track record and that the information is based entirely on actual client performance
- there is inadequate disclosure regarding the methodology and assumptions used by the PM in calculating the data
- PMs can take increased risks with the creation of hypothetical portfolios as they do not have to manage these portfolios in real market conditions
- it is difficult to verify the calculation of hypothetical performance data
- PMs do not always deduct trading and other costs from the performance data (e.g. commissions and custodial fees). If they do, the amounts they deduct are estimates and not actual trading costs

PMs must comply with their obligations to deal fairly, honestly and in good faith with clients in the preparation and presentation of hypothetical performance data. This includes ensuring that the use of hypothetical performance data is fair and not misleading.

Factors we consider

We expect PMs to present actual performance returns for clients of the firm. However, in limited circumstances it may be appropriate to present hypothetical performance data in marketing materials. We consider all of the following factors when determining if the use of hypothetical performance data is fair and not misleading:

- Does the client receiving the information have sophisticated investment knowledge sufficient to fully understand the risks and limitations of the hypothetical performance data?
- Is the performance data calculated on a reasonable basis?
- Is the information provided in a manner that is not widely disseminated (e.g. provided to clients as part of a one-on-one presentation)?
- Is there clear and meaningful disclosure that the data is hypothetical and not actual, as well as the underlying assumptions used, the calculation methodology, the risks and limitations of the hypothetical performance data and other relevant factors?

Guidance

We expect PMs to market their actual client performance results. However, if a PM presents hypothetical performance data, considering the factors described above, we typically expect the following practices to be applied:

- ascertaining an investor's level of investment knowledge sophistication, as part of the PM's obligation to obtain KYC information and assess suitability, prior to the presentation of hypothetical performance data
- restricting the presentation to investors known to have sophisticated investment knowledge (i.e. not widely disseminating the presentation on a website or in an advertisement)
- labelling the presentation as "hypothetical" in a clear and prominent manner
- not linking the hypothetical performance data with actual performance returns of the PM. We expect hypothetical performance data to be presented separately from actual client performance data
- including clear and meaningful disclosure regarding the methodology and assumptions used to calculate the performance data, and any other relevant factors, and
- disclosing clearly a description of the inherent risks and limitations of the hypothetical performance data

2. Exaggerated and unsubstantiated claims

Exaggerated and unsubstantiated claims are statements made by PMs in marketing materials distributed without evidence to verify these claims. Generally, these claims relate to the PMs' performance, skills, proficiency, education, investment experience and client service.

This was the most common deficiency we identified, with approximately 60% of PMs deficient in this area. For example, we identified:

- claims of "superior track record" that were not substantiated or where the actual performance presented was lower than the returns of a relevant benchmark
- claims that individual PMs were "experts" in particular areas of portfolio management without sufficient evidence to support these claims

Concerns

Exaggerated and unsubstantiated claims to existing and prospective clients do not adequately reflect the PM's actual performance, skills, experience and education. Furthermore, prospective investors may place undue reliance on these types of claims when deciding whether or not to contract the services of a PM.

PMs must comply with their obligations to deal fairly, honestly and in good faith with clients in the preparation and review of their marketing materials. This includes avoiding making claims that are exaggerated or unsubstantiated. Certain CSA jurisdictions also have specific securities legislation prohibiting a registrant from making misleading representations. Registrants should not

make a statement that a reasonable investor would consider relevant when deciding to enter into an advisory relationship with that PM if the statement is untrue or omits information necessary to prevent the statement from being false or misleading.

Guidance

PMs should be able to substantiate all claims they make in their marketing materials. We expect to see adequate references to the information supporting their claims so that investors can easily assess the merits of these claims. If a PM cannot verify a particular claim, it may be inappropriate to use.

3. Policies, procedures and internal controls

Approximately 33% of the PMs we reviewed had deficiencies relating to at least one of the following areas:

- no or inadequate written policies and procedures governing the preparation, use and approval of marketing activities
- lack of review of marketing materials by compliance or independent personnel
- no or inadequate books and records to properly record marketing activities conducted

Concerns

There is a risk that misleading statements will be communicated to investors, unless procedures are in place to ensure that this does not occur, such as, procedures to conduct an adequate review and obtain approval for marketing materials. The most common deficiency we identified was inadequate written policies and procedures for marketing activities or policies that did not reflect the actual marketing practices of the firm. For some of the PMs we reviewed, there were inadequate controls in place to ensure that marketing materials were adequately reviewed and approved by an independent individual, other than the preparer, prior to the dissemination of the marketing materials.

Registrants must establish, maintain and apply policies and procedures that establish a system of controls and supervision to ensure compliance with securities legislation and manage the risks associated with the registrant's business in accordance with prudent business practices. This requirement includes having processes in place to ensure that a firm regularly updates its written policies and procedures to reflect changes in the firm's business practices or to securities legislation. See section 11.1 of NI 31-103.

In addition, firms must maintain appropriate books and records to record and demonstrate compliance with their policies and procedures, as well as applicable requirements of securities legislation, as required under subsection 11.5(2) of NI 31-103.

Guidance

PMs should establish, maintain and apply written policies and procedures that are tailored to their marketing activities. At a minimum, we would expect compliant written policies and procedures to include guidance on:

- preparation, review and approval of marketing materials to prevent false and misleading statements
- ensuring compliance with applicable securities legislation, including prohibitions on holding out a non-registered individual as a registrant and misrepresentations
- independent review and approval of marketing materials by individuals with appropriate authority and proficiency (e.g. Chief Compliance Officer (CCO))
- construction, presentation and disclosure of performance composites, hypothetical performance data or any other performance data
- selection and presentation of benchmarks, including blended benchmarks

4. Use of benchmarks

A benchmark is a standard against which the performance of the PMs' investment strategy can be objectively compared and measured. PMs typically use benchmarks to assess the relative performance of their investment strategies, as they select benchmarks to represent the characteristics of the investment strategy.

Approximately 23% of the PMs we reviewed were deficient in the presentation and use of benchmarks in marketing materials.

We identified the use of benchmarks that were not:

- comparable to the PMs' investment strategy
- disclosed with the full name of the benchmark
- presented in the same currency or on the same basis as the investment strategy or investment fund (e.g. total return or return without reinvested dividends)

In some instances, PMs did not maintain adequate books and records to support their calculations of the blended benchmarks or inadequately disclosed the composition of blended benchmarks they used in their marketing materials.

Concerns

Presenting inappropriate benchmarks does not provide a meaningful and relevant comparison to the PM's investment strategy or performance. As a result, investors or clients could draw, or infer, incorrect conclusions from the comparison. Inappropriate benchmarks may also result in the appearance that an investment fund or strategy is performing better than it actually is. PMs must comply with their obligation to deal fairly, honestly and in good faith with their clients when presenting benchmarks in their marketing materials.

Guidance

PMs should compare their performance returns against relevant benchmarks. In most cases, this means that there should be a significant degree of comparability and similarity between the investment strategy and the benchmark used.

In limited instances, it may be appropriate for a PM to compare its performance returns against a benchmark that has a different composition to that of its investment strategy. For example, a PM may compare its investment strategy to the S&P/TSX Composite Index or the S&P 500 Index, which are widely known and followed indices. In these cases, we would typically expect adequate disclosure to be made to explain the relevance of the benchmark in order to make the comparison fair and meaningful to clients. As applicable, we also expect a PM to include a discussion of the differences between the benchmark and the PM's investment strategy as well as the reason for using the benchmark.

5. Performance composites

A performance composite is an aggregation or grouping of the performance of one or more client portfolios that represent a similar investment objective or strategy. Often, PMs use performance composites when reporting performance to prospective clients. In our review, PMs typically presented composites to institutional and high net worth clients.

Approximately 30% of the PMs we reviewed were deficient in the construction, presentation and disclosure of performance composites. These deficiencies included:

- inappropriate grouping of client portfolios into a particular composite (i.e. PMs grouped client portfolios with dissimilar investment mandates and strategies into the same composite)
- composites that did not include all relevant client portfolios
- terminated portfolios not retained in the performance history of the composite up to the last full measurement period
- inappropriate claims of compliance with the CFA Institute's Global Investment Performance Standards (GIPS) when all the requirements of GIPS were not met
- inadequate policies and procedures for constructing, presenting and disclosing performance composites

Concerns

Inadequate construction, presentation and disclosure of performance composites results in inaccurate and unfair presentation of performance data to prospective clients. This is misleading to clients and considered contrary to a PM's requirement to deal fairly, honestly and in good faith with clients.

When PMs do not include all client portfolios with a similar investment strategy or mandate in a performance composite, there is a risk that the PM will "cherry pick" the portfolios with the best performance returns in order to present better than actual results. In some instances, we identified PMs that used one client's performance to represent the investment strategy of the firm instead

of presenting the returns for a composite. We also identified PMs that included some, but not all, relevant client portfolios that followed the same investment strategy or objective in a composite.

As stated above, PMs must deal fairly, honestly and in good faith with their clients. NI 31-103 also requires PMs to establish, maintain and apply policies and procedures that establish a system of controls and supervision to, among other things, manage the risks associated with their business in accordance with prudent business practices. These rules apply to the use of performance composites.

Guidance

The inappropriate omission or inclusion of client portfolios in a composite will generally result in performance returns that do not reflect the actual performance of the PMs investment strategy. To avoid presenting misleading information, we expect PMs to include all portfolios that meet the criteria of a composite in the composite. In addition, we generally expect PMs to calculate composite returns by asset-weighting the individual portfolio returns.

When presenting performance composites in marketing materials, PMs should provide adequate disclosure to ensure the composite presentation is meaningful and not misleading. For example, we would expect the disclosure to:

- clearly outline the investment strategy that is reflected in the composite
- state whether the composite returns are net of fees, or gross of portfolio management fees and/or other expenses
- include any other key information about the composite including minimum asset levels for inclusion of accounts in the composite, if any, or other information such as the use of sub-advisers and currency used to express performance

PMs should also establish written policies and procedures for the construction, presentation and disclosure of composites. Where appropriate, we expect these to include requirements for composite construction, calculation methodology, and the types of disclosure that must accompany a presentation of composites.

6. Holding out and use of names

Approximately 27% of PMs, including their registered individuals, had deficiencies in at least one of the following areas:

- unregistered individuals using business titles that implied that they were registered
- inappropriate use of business or trade names
- use of names of other registered firms without prior consent

For example, we identified some PMs who used a trade name, instead of their full legal name without notifying the applicable regulator. In other instances, individuals used titles on business cards that were misleading as they implied that the individuals were registered in some capacity when they were not. In some cases, PMs used the name of another registrant on its website without the consent of that firm.

Concerns

The use of inappropriate trade names or titles is misleading and confusing to investors as they might not understand which entity they are dealing with or the experience and proficiency of an individual they are dealing with. Subsection 14.2(1) of NI 31-103 requires a firm to deliver to clients all information that a reasonable investor would consider important about its relationship with the firm. Part 14 of Companion Policy 31-103CP – *Registration Requirements and Exemptions* (NI 31-103CP) clarifies that this includes ensuring that the firm's clients understand with whom they are dealing and carrying on all registrable activities in either the PM's full legal name or its registered trade name.

Where a registered firm uses a business or trade name, the firm is required to notify the applicable regulator of its use and must register that trade name under applicable corporate legislation, where required. The securities legislation of certain CSA jurisdictions prohibits firms and individuals from making false representations about their registration. Where a PM uses or makes reference to another registered firm's name, the PM must, where required, obtain written consent prior to the use of this name in their marketing materials.

Guidance

Firms should use their full legal name or registered trade name when marketing their activities. Individuals acting on behalf of a registered firm should use job titles that adequately reflect the nature of their duties or category of registration. Individuals should

not use titles that imply they are registered when they are not. For example, an individual registered as an associate advising representative should not hold out their job title as a portfolio manager.

PMs should also ensure adequate policies and procedures are put in place to review and approve the use of trade names of the firm and of job titles by individuals.

7. Other performance return issues

We identified issues with the use of the following in marketing materials:

- performance returns from an individual's previous firm
- proprietary firm and individual PM's performance returns

Concerns

It may be misleading for PMs to market the performance returns their advising representatives achieved while employed at another firm as well as returns achieved by a firm's proprietary account or an advising representative's personal trading account. Generally, PMs with limited or no track record of their own marketed these types of returns.

In some cases we reviewed, PMs marketed the performance returns from a previous firm when:

- the advising representative was not responsible for generating the presented returns
- the investment strategy at the previous firm was different from that of the new firm

In these cases, it was misleading and not relevant to market the performance results from a previous firm.

We have also seen examples where PMs marketed their proprietary or advising representative's personal performance returns when:

- the advising representative was not employed by the registered firm or registered as an advising representative for the periods presented
- the returns were presented for periods prior to the firm's registration as a PM
- the investment strategy of a newly created investment fund was implemented in a firm's proprietary or individual's personal trading account prior to its launch, and was held out as the performance of the investment fund

It is generally misleading and not relevant to market the returns of a firm's proprietary account or an advising representative's personal trading account. We have concerns where individual PMs market the performance returns of their personal trading accounts since they are not accounts of the registered firm. In addition, PMs can employ different strategies and take greater risks when managing their own investments. We also have concerns if the performance returns are for periods prior to the individual's registration as an advising representative, when the individual was not subject to proficiency or supervision requirements. In such cases, the personal account returns may be difficult to verify.

PMs have an obligation to deal fairly, honestly and in good faith with their clients when presenting performance returns, including returns from a previous firm or from the firm's proprietary account. This includes avoiding the presentation of performance returns that are misleading and not relevant.

Guidance

We expect PMs to present only the performance returns of the firms' actual performance composites or investment funds since the firms have been registered.

There are limited circumstances where it may be appropriate to market the performance from a previous firm. We consider all of the following when determining whether the circumstances are appropriate:

- the key investment decision maker at the previous firm is now employed with the new firm
- the investment strategy at the previous firm is substantially similar to that of the new firm
- the new firm has books and records that adequately support the historical data presented from the previous firm

- there is adequate disclosure that the performance presented is from a previous firm, and of any other relevant facts

There are also limited circumstances where the marketing of a firm's proprietary account may be appropriate. We consider all of the following when determining whether the circumstances are appropriate:

- the PM launches a new investment strategy in the firm's proprietary account prior to its use in a client portfolio
- proprietary returns are for periods since the firm's registration as a PM
- the PM provides adequate disclosure that the performance presented relates to the firm's proprietary account only
- the PM maintains adequate books and records to support the proprietary performance returns

Where a PM uses a substantially similar investment strategy in its proprietary and client accounts, we expect PMs not to present or report proprietary account performance data at all. Instead, we expect the PM to use and present performance composites which include all relevant client portfolios. Also, where applicable, we expect PMs not to link proprietary returns in the same table or graph with the performance returns of an investment fund because doing so would be misleading.

8. Disclosure related issues

Approximately 57% of the PMs we reviewed were deficient in this area. The disclosure related issues included:

- marketing materials that contained outdated information
- no disclosure of the source of third party information (other than data from recognized financial and statistical reporting services)
- inadequate or inconsistent disclosure in offering memoranda and other offering documents of non-prospectus qualified investment funds
- inadequate, or lack of, performance return related disclosures (i.e. performance return data that was not dated, no disclosure of whether returns were net or gross of fees and no disclaimers regarding past performance)

Concerns

Marketing materials that do not contain adequate disclosure relating to a PM's advisory activities, performance, services and product offerings may be misleading to investors, who place significant reliance on and may be influenced by these types of marketing materials. PMs must comply with their obligation to deal fairly, honestly and in good faith with clients in the preparation and review of their marketing materials. This includes ensuring that their marketing materials are not misleading.

Guidance

PMs should ensure that their marketing materials disclose information that is accurate, meaningful and up-to-date. As described above, we expect this to include implementing a process where the CCO and/or other designated individual is involved in the review and approval of marketing materials to ensure adherence to internal policies and obligations under securities legislation.

When presenting performance return data we expect firms to date the period presented and provide adequate disclaimers regarding past performance as appropriate. Where a firm presents third party information, it should disclose the source of the information if it is not obtained from recognized financial and statistical reporting services.

NEXT STEPS

CSA staff will continue to review the marketing practices of PMs through the compliance review process. While the specific securities legislation used is generally principles based, the suggested practices identified in this notice are intended to provide guidance on how the CSA expects registrants to interpret the specific legislation. The suggested practices will serve as a guideline that compliance staff of the CSA will apply when assessing and determining compliance with securities law.

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July 5, 2011

1.1.3 Notice of Ministerial Approval of Amendments to NI 31-103 Registration Requirements and Exemptions and Related Instruments

NOTICE OF MINISTERIAL APPROVAL OF AMENDMENTS TO
NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS AND EXEMPTIONS*

AND

RELATED INSTRUMENTS

On May 30, 2011, the Minister of Finance approved amendments made by the Ontario Securities Commission (the Commission or OSC) to National Instrument 31-103 *Registration Requirements and Exemptions*, now renamed National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103), National Instrument 33-109 *Registration Information* (NI 33-109) and Ontario Securities Commission Rule 33-506 *(Commodity Futures Act) Registration Information* (OSC Rule 33-506) (the Amendments). The Amendments are set out in Appendix A.

An earlier version of the Amendments was approved by the Commission on March 29, 2011. A quorum of the Commission approved the following minor changes which are reflected in the Amendments:

(i) On April 7, 2011, changes to OSC Rule 33-506 and its registration forms and procedures, for the purposes of the *Commodity Futures Act* (Ontario) (CFA), that correspond to the amendments approved by the Commission in respect of NI 33-109; and

(ii) On May 24, 2011, changes to each of the amending instruments to NI 31-103, NI 33-109 and OSC Rule 33-506 expressly inserting a July 11, 2011 coming-into-force date.

The Amendments have an effective date of **July 11, 2011**. Except with regard to the May 24, 2011 changes described above, the Amendments were published in a Supplement to the Bulletin on April 15, 2011.

The Commission also adopted amendments to the policies related to NI 31-103 and NI 33-109 on March 29, 2011. On June 28, 2011, a quorum of the Commission approved corresponding changes, for purposes of the CFA, to the policy related to OSC Rule 33-506 similar to the amendments approved by the Commission in respect of the policy related to NI 33-109 (together, the amendments to the policies related to NI 31-103, NI 33-109 and OSC Rule 33-506 are referred to as the Policy Amendments). The Policy Amendments are set out in Appendix B. The Policy Amendments become effective on the same date as the Amendments. The policies related to NI 31-103 and NI 33-109, and a summary of the policy related to OSC Rule 33-506, were published in a Supplement to the Bulletin on April 15, 2011. The policy related to OSC Rule 33-506 is being published in Chapter 5 of this Bulletin dated July 8, 2011.

July 8, 2011

APPENDIX A

RULES AND AMENDMENTS

Amendments approved by the Minister of Finance on May 30, 2011:

- Amendments to National Instrument 31-103 *Registration Requirements and Exemptions* (now renamed as National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*)
- Amendments to National Instrument 33-109 *Registration Information*
- Amendments to Ontario Securities Commission Rule 33-506 *(Commodity Futures Act) Registration Information*

APPENDIX B

POLICY AMENDMENTS

Policy Amendments adopted by the Commission:

- Amendments to Companion Policy 31-103CP *Registration Requirements and Exemptions* (now renamed as Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations*), adopted on March 29, 2011
- Amendments to Companion Policy 33-109CP *Registration Information*, adopted on March 29, 2011
- Amendments to Companion Policy 33-506CP *(Commodity Futures Act) Registration Information*, adopted on June 28, 2011

1.1.4 Sunil Tulsiani et al.

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

AND

IN THE MATTER OF
SUNIL TULSIANI, TULSIANI INVESTMENTS INC.,
PRIVATE INVESTMENT CLUB INC., AND
GULFLAND HOLDINGS LLC

NOTICE OF WITHDRAWAL

WHEREAS on May 27, 2010, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing to consider whether it was in the public interest to make certain orders against Sunil Tulsiani, Tulsiani Investments Inc., Private Investment Club Inc., and Gulfland Holdings LLC (the "Respondents"), and Staff filed a Statement of Allegations in respect of the Respondents, pursuant to subsection 127 of the *Securities Act*;

TAKE NOTICE that Staff of the Commission hereby withdraws the Statement of Allegations against the Respondents.

June 27, 2011

Staff of the Ontario Securities Commission
20 Queen Street West
PO Box 55, 19th Floor
Toronto, ON M5H 3S8

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

OSC STAFF NOTICE 11-739 (REVISED)

POLICY REFORMULATION TABLE OF CONCORDANCE AND LIST OF NEW INSTRUMENTS

The following revisions have been made to the Table of Concordance and List of New Instruments. A full version of the Table of Concordance and List of New Instruments as of June 30, 2011. This has been posted to the OSC Website at www.osc.gov.on.ca.

Table of Concordance

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

Reformulation

Instrument	Title	Status
	None	

New Instruments

Instrument	Title	Status
11-739	Policy Reformulation Table of Concordance and List of New Instruments (Revised)	***Published April 1, 2011***
41-702	Prospectus Practice Directive #1 – Personal information forms and other procedural matters regarding preliminary prospectus filings	***Published April 1, 2011***
41-703	Corporate Finance Prospectus Practice Directive #2 – Exemption from certain prospectus requirements to be evidenced by a receipt	***Published April 1, 2011***
41-103	Supplementary Prospectus Disclosure Requirements for Securitized Products	***Published for comment April 1, 2011***
51-106	Continuous Disclosure Requirements for Securitized Products	***Published for comment April 1, 2011***
52-109	Certification of Disclosure in Issuers' Annual and Interim Filings – Amendments (tied to 41-103 and 51-106)	***Published for comment April 1, 2011***
45-106	Prospectus and Registration Exemptions – Amendments (tied to 41-103 and 51-106)	***Published for comment April 1, 2011***
45-102	Resale of Securities – Amendments (tied to 41-103 and 51-106)	***Published for comment April 1, 2011***
41-101	General Prospectus Requirements – Amendments (tied to 41-103 and 51-106)	***Published for comment April 1, 2011***
44-101	Short Form Prospectus Distributions – Amendments (tied to 41-103 and 51-106)	***Published for comment April 1, 2011***
51-102	Continuous Disclosure Obligations – Amendments (tied to 41-103 and 51-106)	***Published for comment April 1, 2011***
23-103	Electronic Trading and Direct Electronic Access to Marketplaces	***Published for comment April 8, 2011***

Instrument	Title	Status
43-101	Standards of Disclosure for Mineral Projects - Repeal and Replacement	***Commission approval published April 8, 2011***
44-101	Short Form Prospectus Distributions – Amendments (tied to 43-101)	***Commission approval published April 8, 2011***
51-102	Continuous Disclosure Obligations – Amendments (tied to 43-101)	***Commission approval published April 8, 2011***
45-106	Prospectus and Registration Exemptions – Amendments (tied to 43-101)	***Commission approval published April 8, 2011***
45-101	Rights Offerings – Amendments (tied to 43-101)	***Commission approval published April 8, 2011***
52-328	Disclosures About Accounting Policies in the Year of Changeover to International Financial Reporting Standards	***Published April 15, 2011***
31-103	Registration Requirements and Exemptions – Amendments	***Commission approval published April 15, 2011***
33-109	Registration Information – Amendments	***Commission approval published April 15, 2011***
33-506	(*Commodity Futures Act)* Registration Information - Amendments	***Commission approval published April 15, 2011***
11-201	Delivery of Documents by Electronic Means - Amendments	***Published for comment April 29, 2011***
11-314	Update of CSA Instruments	***Published for comment May 6, 2011***
24-305	Frequently Asked Questions About NI 24-101 – Institutional Trade Matching and Settlement and Related Companion Policy	***Published May 6, 2011***
33-735	Sale of Exempt Securities to Non-Accredited Investors	***Published May 13, 2011***
31-103	Registration Requirements and Exemptions – Amendments	***Published for comment May 13, 2011***
51-718	Key Considerations Relating to an Auditor's Involvement with Interim Financial Reports	***Published May 20, 2011***
34-701	Publication of Decisions of the Director on Registration Matters under Part XI of the Securities Act (Ontario)	***Published May 20, 2011***
81-322	Status Report on the Implementation of the Modernization of Investment Fund Product Regulation Project and Request for Comment on Phase 2 Proposals	***Published May 27, 2011***
11-753	Notice of Statement of Priorities for Financial Year to End March 31, 2012 (Revised)	***Published June 17, 2011***
54-101	Communication with Beneficial Owners of Securities of a Reporting Issuer - Amendments	***Published for comment June 17, 2011***
51-102	Continuous Disclosure Obligations – Amendments (tied to 54-101)	***Published for comment June 17, 2011***
31-103	Registration Requirements and Exemptions – Amendments (Cost Disclosure and Performance Reporting)	***Published for comment June 22, 2011***

Instrument	Title	Status
31-324	Exempt market dealers and account statement requirements in National Instrument 31-103 *Registration Requirements and Exemptions*	***Published June 22, 2011***
91-402	Consultation Paper: Derivatives: Trade Repositories	***Published for comment June 23, 2011***
43-101	Standards of Disclosure for Mineral Projects	***Minister's approval published June 24, 2011***

For further information, contact:

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Project Coordinator
Ontario Securities Commission
416-593-8148

July 8, 2011

1.2 Notices of Hearing

1.2.1 Empire Consulting Inc. and Desmond Chambers – ss. 127, 127.1

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

AND

EMPIRE CONSULTING INC. AND
DESMOND CHAMBERS

NOTICE OF HEARING
(Sections 127 and 127.1)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on June 29, 2011 at 2:30 p.m., or as soon thereafter as the hearing can be held, to consider:

1. Whether, in the opinion of the Commission, it is in the public interest, pursuant to sections 127 and 127.1 of the Act to order that:

   (a) trading in any securities by Empire Consulting Inc. ("Empire") and Desmond Chambers ("Chambers") (collectively the "Respondents"), cease permanently or for such period as is specified by the Commission;

   (b) the acquisition of any securities by the Respondents is prohibited permanently or for such period as is specified by the Commission;

   (c) any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission;

   (d) each of the Respondents disgorge to the Commission any amounts obtained as a result of non-compliance by that Respondent with Ontario securities law;

   (e) the Respondents be reprimanded;

   (f) Chambers resign one or more positions that he holds as a director or officer of any issuer, registrant, or investment fund manager;

   (g) Chambers be prohibited from becoming or acting as a director or officer of any issuer, registrant, and investment fund manager;

   (h) Chambers be prohibited from becoming or acting as a registrant, as an investment fund manager and as a promoter;

   (i) the Respondents each pay an administrative penalty of not more than $1 million for each failure by that Respondent to comply with Ontario securities law; and

   (j) the Respondents be ordered to pay the costs of the Commission investigation and the hearing; and

2. Whether to make such further orders as the Commission considers appropriate.

BY REASON OF the allegations as set out in the Statement of Allegations of Staff of the Commission dated May 26, 2011 and such further additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 26th day of May, 2011.

"Josée Turcotte"
Per: John Stevenson
Secretary to the Commission

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

AND

EMPIRE CONSULTING INC. AND
DESMOND CHAMBERS

STATEMENT OF ALLEGATIONS OF THE
ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission make the following allegations:

I. OVERVIEW

1. Desmond Chambers ("Chambers") and his company, Empire Consulting Inc. ("Empire"), convinced 33 clients to participate in a "Debt Elimination Strategy" by which clients remortgaged their homes and provided the Respondents with funds to invest in a foreign exchange ("Forex") trading program. The Respondents advised clients that:

   a. they would receive returns of 2% to 6% per month plus projected trading profits; and

   b. the profits would be used to pay down their mortgages and other debts.

2. The Respondents received approximately $1.6 million from clients, misappropriated approximately $300,000, refunded approximately $692,000 and lost approximately $469,000 in Forex trading.

II. THE RESPONDENTS

3. Empire is an Ontario company incorporated on September 1, 2005 by Chambers. Chambers operated Empire as a financial consulting firm.

4. Chambers is an individual residing at the material time in Ontario. Chambers was the directing and operating mind of Empire and was an officer and director of Empire.

5. Chambers was registered with the Ontario Securities Commission (the "Commission") as a mutual fund salesperson and limited market dealer from July 6, 1989 to December 31, 2003. Chambers is registered with the Financial Services Commission of Ontario as a life insurance and A & S agent.

6. Neither Empire nor Chambers was registered in any capacity with the Commission during the relevant period of April 2007 to October 2009 inclusive.

III. EMPIRE'S BUSINESS

7. From April 2007 to October 2009 inclusive, Chambers operated Empire as a financial consulting firm which provided tax consulting, investment planning and debt restructuring services to investors. The Respondents also offered and sold to clients investments in a Forex trading program.

8. The investments in a Forex trading program were part of the Respondents' "Debt Elimination Strategy" offered to clients. The "Debt Elimination Strategy" involved either new mortgages placed on clients' existing homes or lines of credit in order to provide monies to refinance clients' debts and provide clients with monies to invest.

9. From April 2007 to October 2009 inclusive, Empire received approximately $1.6 million from approximately 32 Ontario residents and 1 Jamaican resident to invest in a Forex trading program.

10. The Respondents received clients' monies, set up clients' portfolios, placed monies in accounts in the name of Empire held with U.S. based foreign exchange trading brokers and traded in these accounts with clients' monies.

11. Some clients received portfolio statements and half-year and annual reports from the Respondents which contained misleading and untrue statements concerning growth rates, rates of return and valuations of clients' portfolios.

IV. ACTING AS AN ADVISER WITHOUT REGISTRATION

12. The Respondents received instructions from clients to actively manage all aspects of the clients' portfolios including buying, selling, trading and balancing the contents of clients' portfolios. For this service, Empire was paid an upfront fee and an annual management fee.

13. The Respondents advised clients that their portfolios would be invested in a Forex trading program through U.S. based Forex trading businesses. Some clients were also advised that their investments would be locked in for one year and that the principals of their investments were guaranteed.

14. The Respondents provided clients with five to seven year projections which assumed returns of 2% to 6% per month plus projected Forex trading profits in order to entice clients to restructure their debt and invest with Empire.

15. The Respondents acted as advisers to approximately 33 clients without being registered with the Commission contrary to subsection 25(3)

of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").

V. UNREGISTERED TRADING

16. Chambers provided presentations to clients on Forex trading and encouraged clients to set up portfolio accounts with Empire.

17. From April 2007 to October 2009 inclusive, the Respondents received approximately $1.6 million from approximately 33 clients for the purpose of investing in a Forex trading program. The Respondents pooled clients' monies and transferred some but not all clients' monies to U.S. based Forex trading accounts held in the name of Empire.

18. By accepting client monies on the basis that the Respondents would invest these monies for clients in a Forex trading program, the Respondents traded in securities, namely investment contracts, without being registered to trade in such securities contrary to subsection 25(1) of the Act.

VI. ILLEGAL DISTRIBUTION

19. From April 2007 to October 2009 inclusive, the Respondents distributed securities, namely investment contracts, without filing a preliminary prospectus and prospectus and obtaining a receipt therefor from the Director and without an exemption to the prospectus requirement. Accordingly, the Respondents breached subsection 53(1) of the Act.

VII. MISLEADING INVESTORS AND FRAUDULENT CONDUCT

20. The Respondents advised some clients that their principals were guaranteed and locked in for one year.

21. The Respondents provided clients with tables showing that their investments were expected to compound at interest rates of 2% to 6% per month. The tables were misleading and intended to induce clients to invest with the Respondents.

22. From April 2007 to October 2009 inclusive, approximately 12 clients requested refunds and received approximately $692,307 including one client who received $438,622. Approximately 21 clients have not received back any monies notwithstanding their requests for refunds.

23. Some clients were paid back out of:

    a. new monies received from new clients; and/or

    b. clients' own principals.

24. The Respondents made numerous misrepresentations to clients both before and after clients invested including that:

    a. portfolios had achieved specific rates of return on investment as specified on clients' statements;

    b. principals were guaranteed and secure;

    c. values of portfolios were increasing;

    d. all clients' monies were being invested in a Forex trading program;

    e. profits from the Forex trading program would be used to pay down clients' outstanding debts;

    f. longtermtrading.com was serving as Empire's commodity trading adviser and making use of unique and distinct proprietary trading systems;

    g. Empire's "Debt Elimination Strategy" will eliminate debts in five to seven years while simultaneously building clients' retirement portfolios; and/or

    h. Forex trading provides above average returns with less risk.

25. From April 2007 to April 2009 inclusive, approximately $469,446 of clients' monies was lost in Forex trades through Empire's accounts held at three U.S. brokers. Notwithstanding these losses, clients were advised that their accounts were generating significant returns on their initial investments.

26. Approximately $300,000 of clients' monies were used by the Respondents for personal expenses including cash withdrawals, rent, vehicle lease payments, food, liquor, clothing and other miscellaneous items.

27. The misrepresentations set out in paragraphs 20, 21, 23, 24 and 25 and/or the personal use of investor monies set out in paragraph 26 perpetrated a fraud on investors contrary to subsection 126.1(b) of the Act.

VIII. CONDUCT CONTRARY TO THE PUBLIC INTEREST

28. Neither of the Respondents were registered with the Commission during the relevant period. The Respondents have traded in securities and acted as advisers contrary to the public interest.

29. No prospectus receipts have been issued to qualify the sale of investment contracts contrary to the public interest.

30. The Respondents have made misrepresentations to clients and used $300,000 of client monies for personal use contrary to the public interest.

31. As an officer and director of Empire, Chambers has authorized, permitted or acquiesced in breaches by Empire of s. 25, s. 53, s. 126.1 and s. 129.2 of the Act and in doing so was engaged in conduct contrary to the public interest.

32. Such additional allegations as Staff may advise and the Commission may permit.

DATED at Toronto, this 26th day of May, 2011

1.3 News Releases

1.3.1 OSC Panel Issues Sanctions Against Sulja Bros. Building Supplies, Ltd., Petar Vucicevich, Kore International Management Inc., Andrew DeVries, Steven Sulja, Pranab Shah, Tracey Banumas and Sam Sulja for Breaches of the Securities Act

FOR IMMEDIATE RELEASE
June 30, 2011

OSC PANEL ISSUES SANCTIONS AGAINST SULJA BROS. BUILDING SUPPLIES, LTD., PETAR VUCICEVICH, KORE INTERNATIONAL MANAGEMENT INC., ANDREW DEVRIES, STEVEN SULJA, PRANAB SHAH, TRACEY BANUMAS AND SAM SULJA FOR BREACHES OF THE SECURITIES ACT

TORONTO – In a decision released today, an Ontario Securities Commission (OSC) panel made its sanctions order in what it found to be a "pump and dump" scheme that used "overwhelmingly positive and false press releases" to deprive investors of over CDN $5.6 million. In addition to trading, director and officer bans, a total amount of more than $7 million was ordered payable by the respondents.

The Commission Panel ordered that:

- Petar Vucicevich ("Vucicevich") and Andrew DeVries ("DeVries") pay administrative penalties of $750,000 each for breaches of the *Securities Act* (the "Act");
- Vucicevich, DeVries, Kore International Management Inc. ("Kore Canada") and Sulja Bros. Building Supplies, Ltd. ("Sulja Nevada") are jointly and severally liable to disgorge the $5.6 million they obtained from investors;
- Vucicevich, DeVries Steven Sulja, Sam Sulja, Tracey Banumas ("Banumas") and Pranab Shah ("Shah") cease trading or acquiring securities and to not act as directors or officers of issuers or registrants for periods ranging from five years to permanent bans;
- Additional administrative penalties were also levied, ranging from $5,000 up to the $750,000 ordered against DeVries and Vucicevich; and
- The corporate Respondents permanently cease trading or acquiring securities.

In its earlier decisions, Vucicevich and DeVries were found to have breached ss. 25(1)(a), 53(1) and 126.1(b) of the Act. Steven Sulja and Sulja Nevada breached s. 126.2(1)

of the Act. Sam Sulja, Banumas, Shah and Kore Canada were found to have breached s. 126.1(a) of the Act. The panel found that all Respondents acted contrary to the public interest.

The sanctions hearing for all Respondents was held on November 30, 2010. A copy of the Reasons and Decision on Sanctions in this matter is available on the OSC website at www.osc.gov.on.ca. The Commission released two separate judgements on the merits regarding different Respondents on October 28, 2010; a third was released May 25, 2011.

The mandate of the OSC is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets. Investors are urged to check the registration of any person or company offering an investment opportunity and to review the OSC's investor materials available at www.osc.gov.on.ca.

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1.3.2 Canadian Securities Administrators Publish Guidance on Marketing Practices of Portfolio Managers

FOR IMMEDIATE RELEASE
July 5, 2011

CANADIAN SECURITIES ADMINISTRATORS
PUBLISH GUIDANCE ON
MARKETING PRACTICES OF PORTFOLIO MANAGERS

Vancouver – The Canadian Securities Administrators (CSA) today published Staff Notice 31-325 to provide guidance for the preparation, review and use of marketing materials by portfolio managers (PMs).

The guidance is based on findings identified during a recent CSA compliance review of over 50 PMs focused on marketing practices. The CSA encourages PMs and other registered firms and individuals to use the guidance contained in the notice to assess their own marketing practices, and determine the areas where improvements can be made.

"To offer better protection to the investor community, securities regulators need to understand the ways in which portfolio managers are marketing their services and experience, and how these marketing efforts influence investors," said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. "The findings of the review will also be useful to industry, as they generated numerous recommendations that will assist portfolio managers in meeting their legal obligation to deal fairly, honestly and in good faith with their clients."

The CSA is also providing guidance to firms and their registered employees on the use of social media platforms for marketing to clients and the potential supervisory challenges raised by the increasing use of this communication channel.

The notice sets out a series of recommendations to help PMs ensure their marketing practices are in accordance with securities law, including and that statements provided to investors are fair and not misleading.

The suggested practices included in the notice relate to the following issues:

- Preparation and use of hypothetical performance data
- Exaggerated and unsubstantiated claims
- Policies, procedures and internal controls
- Use of benchmarks
- Performance composites
- Holding out and use of names
- Other performance return issues
- Disclosure related issues

The CSA, the council of the securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.
For more information:

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Sylvain Théberge
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Jennifer Anderson
Saskatchewan Financial Services Commission
306-798-4160

Doug Connolly
Financial Services Regulation Div.
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709-729-2594

Louis Arki
Nunavut Securities Office
867-975-6587

1.3.3 OSC Commences Emerging Market Issuers Regulatory Review

FOR IMMEDIATE RELEASE
July 5, 2011

OSC COMMENCES EMERGING MARKET ISSUERS REGULATORY REVIEW

TORONTO – The Ontario Securities Commission (OSC) announced today it is conducting a targeted review of Ontario reporting issuers listed on Canadian exchanges and having significant business operations in emerging markets.

The review is designed to closely examine the disclosure of certain issuers from those markets and the vehicles through which these companies have accessed the Ontario market. OSC staff will also focus on the role of the auditors and underwriters in this process, who act as important gatekeepers with responsibilities under Ontario securities law.

"This targeted review is part of our ongoing effort to protect investors and strengthen market integrity," said OSC Chair and Chief Executive Officer Howard Wetston, Q.C. "Issuers who access our market, and the advisors who support them, have important responsibilities to investors and we will take regulatory action as warranted to ensure these responsibilities are met."

The review will be undertaken by OSC staff from several branches, including Corporate Finance, Market Regulation and the Office of the Chief Accountant. Enforcement will be involved as appropriate. The OSC has already contacted selected issuers and their advisors and will continue to do so over the coming weeks. In addition, the OSC will contact the exchanges and other organizations, including the Investment Industry Regulatory Organization of Canada and the Canadian Public Accountability Board for information where required.

Once the review is completed, the OSC will consider whether the findings have broader policy implications for the regulatory regime in Ontario, given the increasingly globalized marketplace.

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1.3.4 OSC Panel Issues Sanctions Against IMAGIN Diagnostic Centres Inc. and Patrick J. Rooney for Breaches of the Securities Act

FOR IMMEDIATE RELEASE
July 6, 2011

OSC PANEL ISSUES SANCTIONS AGAINST IMAGIN DIAGNOSTIC CENTRES INC. AND PATRICK J. ROONEY FOR BREACHES OF THE SECURITIES ACT

TORONTO – In a decision released this week, an Ontario Securities Commission (OSC) panel issued sanctions in what it found to be a "prolonged, systematic effort to solicit and sell" the securities of IMAGIN Diagnostic Centres Inc. ("Imagin") to residents of Ontario and other provinces without registration.

Among other sanctions, the panel imposed a permanent ban on Patrick J. Rooney ("Rooney"), the "directing mind of IMAGIN" with respect to the trading of IMAGIN securities. Having found that Mr. Rooney "took all steps to facilitate and encourage the systematic solicitation and selling of IMAGIN securities", the panel reprimanded Rooney and ordered the following sanctions for breaches of the Securities Act:

- Rooney and Imagin are jointly and severally liable to pay costs of $57,482.50;
- Rooney shall cease trading in securities of Imagin permanently and any exemptions in Ontario securities law do not apply to Rooney or Imagin for a period of 15 years;
- Rooney is prohibited from acting as a director or officer of any issuer for a period of 15 years and shall resign any position he holds as a director or officer of any issuer;
- Rooney and Imagin are prohibited from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading securities, except that Rooney may telephone a registrant for the purpose of issuing trading instructions.

A copy of the Reasons and Decision on Sanctions in this matter is available on the OSC website.

The mandate of the OSC is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets. Investors are urged to check the registration of any person or company offering an investment opportunity and to review the OSC's investor materials available at www.osc.gov.on.ca.

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1.4 Notices from the Office of the Secretary

1.4.1 Empire Consulting Inc. and Desmond Chambers

FOR IMMEDIATE RELEASE
June 28, 2011

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

AND

EMPIRE CONSULTING INC. AND
DESMOND CHAMBERS

TORONTO – The Office of the Secretary issued a Notice of Hearing on May 26, 2011 setting the matter down to be heard on June 29, 2011, at 2:30 p.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated May 26, 2011 and Statement of Allegations of Staff of the Ontario Securities Commission dated May 26, 2011 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
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1.4.2 Sextant Capital Management Inc. et al.

FOR IMMEDIATE RELEASE
June 28, 2011

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

AND

IN THE MATTER OF
SEXTANT CAPITAL MANAGEMENT INC.,
SEXTANT CAPITAL GP INC., OTTO SPORK,
KONSTANTINOS EKONOMIDIS,
ROBERT LEVACK AND NATALIE SPORK

TORONTO – Following the release of the Reasons and Decision dated May 17, 2011 on the hearing on the merits, a sanctions hearing is set down to be heard on September 22 and 23, 2011 at 20 Queen Street West, 17th Floor, Toronto, in the above named matter.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
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1.4.3 Sunil Tulsiani et al.

FOR IMMEDIATE RELEASE
June 29, 2011

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

AND

IN THE MATTER OF
SUNIL TULSIANI, TULSIANI INVESTMENTS INC.,
PRIVATE INVESTMENT CLUB INC., AND
GULFLAND HOLDINGS LLC

TORONTO – Staff of the Ontario Securities Commission filed a Notice of Withdrawal in the above named matter which provides that Staff of the Ontario Securities Commission withdraws the Statement of Allegations against Sunil Tulsiani, Tulsiani Investments Inc., Private Investment Club Inc., and Gulfland Holdings LLC.

A copy of the Notice of Withdrawal dated June 27, 2011 is available at **www.osc.gov.on.ca**.

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1.4.4 HEIR Home Equity Investment Rewards Inc. et al.

FOR IMMEDIATE RELEASE
June 29, 2011

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing be adjourned to July 19, 2011 at 2:30 p.m., for the purpose of addressing scheduling and any other procedural matters or for such other purposes as may be requested.

A copy of the Order dated June 28, 2011 is available at **www.osc.gov.on.ca**.

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1.4.5 Citadel Income Fund and Energy Income Fund

FOR IMMEDIATE RELEASE
June 29, 2011

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

AND

IN THE MATTER OF
CITADEL INCOME FUND AND
ENERGY INCOME FUND

TORONTO – Take notice that a hearing in the above named matter is set down to be heard on July 12, 2011 at 2:00 p.m. or as soon thereafter as the hearing can be held.

A copy of the Request for a hearing and review of the decision of the Director dated May 31, 2011 is available at **www.osc.gov.on.ca**.

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1.4.6 Empire Consulting Inc. and Desmond Chambers

FOR IMMEDIATE RELEASE
June 30, 2011

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

AND

IN THE MATTER OF
EMPIRE CONSULTING INC. AND
DESMOND CHAMBERS

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing is adjourned to July 26, 2011 at 3:00 p.m. for the purpose of scheduling dates for the hearing on the merits in this matter.

A copy of the Order dated June 29, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.7 Sulja Bros. Building Supplies, Ltd. et al.

FOR IMMEDIATE RELEASE
June 30, 2011

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

AND

IN THE MATTER OF
SULJA BROS. BUILDING SUPPLIES, LTD.,
PETAR VUCICEVICH,
KORE INTERNATIONAL MANAGEMENT INC.,
ANDREW DEVRIES, STEVEN SULJA,
PRANAB SHAH, TRACEY BANUMAS, AND
SAM SULJA

TORONTO – The Commission issued its Reasons and Decision on Sanctions and Costs and an Order in the above noted matter.

A copy of the Reasons and Decision on Sanctions and Costs and the Order dated June 29, 2011 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.8 Public Consultation on Proposed Transaction by TMX Group Inc. and London Stock Exchange Group

FOR IMMEDIATE RELEASE
June 30, 2011

PUBLIC CONSULTATION ON
PROPOSED TRANSACTION BY
TMX GROUP INC. AND
LONDON STOCK EXCHANGE GROUP

TORONTO – Following receipt by the Commission of the withdrawal of the Application of TMX Group Inc. and London Stock Exchange Group plc, the Commission will not proceed with the public consultation on the Application scheduled for July 21 and 22, 2011.

A copy of the notice of withdrawal of the Application dated June 29, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
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1-877-785-1555 (Toll Free)

1.4.9 Goldpoint Resources Corporation et al.

FOR IMMEDIATE RELEASE
June 30, 2011

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

AND

IN THE MATTER OF
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

TORONTO – The sanctions hearing scheduled to commence on Friday, July 8, 2011 at 10:00 a.m. in the above named matter is adjourned to a date to be set.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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

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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)

1.4.10 IMAGIN Diagnostic Centres Inc. et al.

FOR IMMEDIATE RELEASE
July 4, 2011

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

AND

IN THE MATTER OF
IMAGIN DIAGNOSTIC CENTRES INC.,
PATRICK J. ROONEY, CYNTHIA JORDAN,
ALLAN McCAFFREY, MICHAEL SHUMACHER,
CHRISTOPHER SMITH, MELVYN HARRIS AND
MICHAEL ZELYONY

TORONTO – The Commission issued its Reasons and Decision on Sanctions and Costs and an Order in the above noted matter.

A copy of the Reasons and Decision on Sanctions and Costs and the Order dated June 30, 2011 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Russell Investments Canada Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from sections 2.3(f), 2.3(h), 2.5(2)(a) and 2.5(2)(c) of National Instrument 81-102 – Mutual Funds to permit mutual fund to invest in silver and to invest up to 10% of net assets in leveraged ETFs, inverse ETFs, gold ETFs, silver ETFs, leveraged gold ETFs and leveraged silver ETFs traded on Canadian or US stock exchanges, subject to 10% exposure to gold and silver, and certain conditions.

Applicable Legislative Provisions

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

June 28, 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
RUSSELL INVESTMENTS CANADA LIMITED
(RICL)
(THE FILER)

DECISION

BACKGROUND

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

(a) an exemption (the **Silver Exemption**) relieving the existing funds (the **Existing Funds** 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**) from the prohibitions contained in paragraphs 2.3(f) and 2.3(h) of NI 81-102 to permit each Fund to

(A) purchase and hold silver,

(B) purchase and hold a certificate that represents silver that is:

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

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

(III) held in Canada;

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

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

(**Permitted Silver Certificates**)

(C) purchase, sell or use a specified derivative, the underlying interest of which is silver or a specified derivative of which the underlying interest is silver on an unlevered basis

(**Silver Derivatives**, which together with silver and Permitted Silver Certificates are hereinafter referred to as **Silver**),

(b) an exemption (the **ETF Exemption**) relieving the Funds from the prohibitions contained in paragraphs 2.3(h), 2.5(2)(a) and 2.5(2)(c) of NI 81-102, to permit each Fund to purchase and hold securities of

(i) exchange-traded funds (**ETFs**) that seek to provide daily results that replicate the daily performance of a specified widely-quoted market index (the ETF's **Underlying Index**) by a multiple of 200% (**Leveraged Bull ETFs**) or an inverse multiple of 200% (**Leveraged Bear ETFs**, which together with Leveraged

Bull ETFs are referred to collectively in this decision as **Leveraged ETFs**);

(ii) ETFs that seek to provide daily results that replicate the daily performance of their Underlying Index by an inverse multiple of 100% (**Inverse ETFs**);

(iii) ETFs that seek to replicate the performance of gold or silver, or the value of a specified derivative the underlying interest of which is gold or silver on an unlevered basis; and

(iv) ETFs that seek to provide daily results that replicate the daily performance of gold or silver or the value of a specified derivative the underlying interest of which is gold or silver on an unlevered basis (the ETF's **Underlying Gold or Silver Interest**), by a multiple of 200% (**Leveraged Gold ETFs** and **Leveraged Silver ETF**s, respectively),

(the ETFs referred in paragraph (b)(iii) above, Leveraged Gold ETFs and Leveraged Silver ETFs are referred to collectively in this decision as the **Gold and Silver ETFs**, which together with Leveraged ETFs, and Inverse ETFs are referred to collectively in this decision as the **Underlying ETFs**).

The Silver Exemption and the ETF Exemption are collectively, the **Requested Relief**.

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

1. the Ontario Securities Commission is the principal regulator for this application; and

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

INTERPRETATION

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

REPRESENTATIONS

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

The Filer and the Funds

1. The Filer is registered in the Province of Ontario as an investment fund manager, adviser in the category of portfolio manager, a commodity trading manager and an exempt market dealer.

2. The head office of the Filer is located in Ontario.

3. The Filer is the manager of each of the Existing Funds, and will be the manager of each of the Future Funds. The Filer is the portfolio manager of each of the Existing Funds, and will be the portfolio manager of, or will appoint a portfolio manager for, each of the Future Funds.

4. Each Existing Fund is, and each Future Fund will be: (a) an open-ended mutual fund established under the laws of the province of Ontario, (b) a reporting issuer under the laws of some or all of the provinces and territories of Canada, and (c) governed by the provisions of NI 81-102.

5. Securities of each Existing Fund are, and securities of each Future Fund will be, qualified for distribution in some or all of the 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 jurisdiction(s).

6. Neither the Filer nor any of the Existing Funds is in default of securities legislation in the Jurisdictions.

Investments in Silver

7. In addition to investing in gold, the Funds propose to have the ability to invest in Silver.

8. To obtain exposure to gold or silver indirectly, the Filer intends to use specified derivatives the underlying interest of which is gold or silver and invest in Gold and Silver ETFs (which together with gold, silver, permitted gold certificates and Permitted Silver Certificates are referred to collectively in this decision as **Gold and Silver Products**).

9. Permitting a Fund to invest in Gold and Silver Products, will provide the portfolio manager additional flexibility to increase gains for the Fund in certain market conditions, which may have otherwise caused the Fund to have significant cash positions and therefore deter from its ability to achieve its investment objective.

10. The Filer believes that the markets in gold and silver are highly liquid, and there are no liquidity concerns with permitting a Fund to invest in Gold and Silver Products.

11. The Filer believes that the potential volatility or speculative nature of silver (or the equivalent in certificates or specified derivatives of which the underlying interest is silver) is no greater than that of gold, or of equity securities.

12. If the investment in Gold and Silver Products represents a material change for any Existing Fund, the Filer will comply with the material change reporting obligations for that Fund.

13. Any investment by a Fund in Silver will be made in compliance with the custodian requirements in Part 6 of NI 81-102.

The Underlying ETFs

14. In addition to investing in securities of ETFs that are "index participation units" as defined in NI 81-102 (**IPUs**), the Funds propose to have the ability to invest in the Underlying ETFs, whose securities are not IPUs.

15. The amount of the loss that can result from an investment by a Fund in an Underlying ETF will be limited to the amount invested by the Fund in securities of the Underlying ETF.

16. Each Leveraged ETF will be rebalanced daily to ensure that its performance and exposure to its Underlying Index will not exceed +/-200% of the corresponding daily performance of its Underlying Index.

17. Each Inverse ETF will be rebalanced daily to ensure that its performance and exposure to its Underlying Index will not exceed -100% of the corresponding daily performance of its Underlying Index.

18. Each Leveraged Gold ETF and Leveraged Silver ETF will be rebalanced daily to ensure that its performance and exposure to its Underlying Gold or Silver Interest will not exceed +200% of the corresponding daily performance of its Underlying Gold or Silver Interest.

Investment in the Underlying ETFs and Silver

19. Each Existing Fund is, and each Future Fund will be, permitted, in accordance with its investment objectives and investment strategies, to invest in Underlying ETFs and Silver.

20. 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.

21. But for the Silver Exemption, paragraph 2.3(f) of NI 81-102 would prohibit a Fund from purchasing Silver.

22. But for the Silver Exemption, paragraph 2.3(h) of NI 81-102 would prohibit a Fund from entering into Silver Derivatives.

23. But for the ETF Exemption, paragraph 2.3(h) of NI 81-102 would prohibit a Fund from purchasing a Silver ETF or a Leveraged Silver ETF.

24. But for the ETF Exemption, paragraph 2.5(2)(a) of NI 81-102 would prohibit a Fund from purchasing or holding a security of an Underlying ETF, because the Underlying ETFs are not subject to both NI 81-102 and NI 81-101.

25. But for the ETF Exemption, paragraph 2.5(2)(c) of NI 81-102 would prohibit a Fund from purchasing or holding securities of some Underlying ETFs, because some Underlying ETFs will not be qualified for distribution in the local jurisdiction.

26. An investment by a Fund in securities of an Underlying ETF and/or Silver will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Fund.

27. The simplified prospectus of each Fund discloses, or will disclose the next time it is renewed after the date hereof, (i) in the Investment Strategy section of the prospectus, the fact that the Fund has obtained relief to invest in the Underlying ETFs and Silver, together with an explanation of what each Underlying ETF is, and (ii) the risks associated with investments in the Underlying ETFs and Silver.

DECISION

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

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

(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 the purposes of Part 2 of NI 81-102;

(e) a Fund does not purchase securities of an Underlying ETF if, immediately after

the purchase, more than 10% of the net assets of the Fund in aggregate, taken at market value at the time of the purchase, would consist of securities of the Underlying ETFs;

(f) a Fund does not enter into any transaction if, immediately after the transaction, more than 20% of the net assets of the Fund, taken at market value at the time of the transaction, would consist of, in aggregate, securities of Underlying ETFs and all securities sold short by the Fund;

(g) a Fund does not purchase Gold and Silver Products 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 consist of Gold and Silver Products; and

(h) a Fund does not purchase Gold and Silver Products if, immediately after the transaction, the market value exposure to gold or silver through the Gold and Silver Products is more than 10% of the net assets of the Fund, taken at market value at the time of the transaction.

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

2.1.2 I.G. Investment Management, Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – reporting relief granted from the monthly reporting requirement under the Act – the portfolio manager, on behalf of a mutual fund, will purchase and sell mortgages from and to affiliates of the portfolio manager – relief granted to permit alternative reporting of related party transactions.

Applicable Legislative Provisions

Securities Act (Ontario), ss. 117(1)(a), 117(1)(c).

June 28, 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

THE MATTER OF
I.G. INVESTMENT MANAGEMENT, LTD.
(the Filer)

DECISION

Background

The principal regulator of 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 obligation to file a report of every transaction of purchase or sale of securities between Investors Canadian Corporate Bond Fund (the **Fund**) and any related person or company, and of every purchase or sale effected by the Fund with respect to which the related person or company received a fee either from the Fund or from the other party to the transaction, or both, within 30 days after the end of the month in which it occurs (the **Exemption Sought**).

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

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

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

wick, Nova Scotia, and Newfoundland and Labrador.

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. The following additional terms shall have the following meanings:

"Applicable Jurisdictions" means British Columbia, Alberta, Saskatchewan, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador.

"Manager" means I.G. Investment Management, Ltd. and any of its affiliates registered in the category of an Investment Fund Manager or Advisor under NI 31-103;

"NI 31-103" means National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

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

"NI 81-106" means National Instrument 81-106 *Investment Fund Continuous Disclosure*;

"NI 81-107" means National Instrument 81-107 *Independent Review Committee for Investment Funds*;

"NP 29" means National Policy Statement No. 29 *Mutual Funds Investing in Mortgages*; and

"Related Party" means Investors Group Trust Co. Ltd. and its affiliates.

Representations

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

1. The Filer is the Manager, portfolio advisor and trustee of the Fund. The head office of the Filer is located in Winnipeg, Manitoba, and it also has offices in Ontario and Quebec. The Ontario Securities Commission is the principal regulator for the Exemption Sought because there are no equivalent provisions in the legislation of Manitoba (or Quebec)

2. The Fund is a trust established under the laws of Manitoba. The Fund's investment objective and strategies permit it to invest in mortgages on improved real estate in Canada. To achieve its objective, the Fund intends to invest up to 10% of its net assets in a diversified portfolio of first insured and non-insured mortgages. Most of the Fund's mortgage portfolio will be invested in single family residential mortgages, as well as in mortgages on condominiums, multi-unit dwellings and commercial properties, all as permitted under NP 29.

3. The Fund follows the standard investment restrictions and practices applicable to mutual funds pursuant to NI 81-102 and applicable Legislation, except to the extent that the Fund has obtained (or is in the process of obtaining) regulatory relief to deviate from such requirements and, in particular, relief from the self-dealing restrictions under section 4.2 of NI 81-102 and the mortgage investment restrictions under paragraphs 2.3(b) and (c) of NI 81-102. Also, as the Manager is registered as an advisor under NI 31-103 and is a "responsible person" as defined in the Legislation, the Filer is seeking relief from section 13.5(2) of NI 31-103 which prohibits certain trades between the Fund and a responsible person. The Manitoba Securities Commission is the principal regulator for purposes of these applications.

4. The Fund is an open-end mutual fund, and is a reporting issuer in each province and territory of Canada and is not on the list of defaulting issuers maintained under the legislation of the Applicable Jurisdictions.

5. The Related Party is an associate or affiliate of the Manager. The Fund wishes to purchase mortgages for up to 10% of its portfolio from the Related Party.

6. The Fund may acquire mortgages from both the Manager and from arm's length sources. Most often, however, it is expected that all, or substantially all, of its mortgages will be acquired from or through the Manager. The valuation methods for mortgages acquired by the Fund are stipulated in section III of NP 29, which will be applicable to the Fund.

7. The Manager (or its affiliates) has agreed to repurchase from the Fund any mortgage that is not a valid first mortgage or if a mortgage purchased from the Related Party is in default.

8. Neither the Related Party, nor any of its directors, officers or employees participates in the formulation of investment decisions made on behalf of, or advice given to, the Fund by the Manager, and in the circumstances where the Related Party holds mortgages beneficially on behalf of the Fund, no director officer or employee actively involved in the formulation of investment decisions for the Fund is involved in the mortgage business of the Related Party. In all circumstances, the decisions to purchase mortgages from the Related Party for the Fund's portfolio are made based on the judgement or responsible persons uninfluenced by considerations other than the best interests of the Fund.

9. The Manager and its Related Party are "affiliates" within the meaning of the Legislation and

accordingly, the Manager is deemed to own securities beneficially owned by the Related Party.

10. The Manager has appointed an independent review committee (**IRC**) under NI 81-107 for the Funds. The IRC of the Fund has considered the policies and procedures of the Filer and has determined that the proposed Related Party transactions in mortgages achieve a fair and reasonable result for the Fund in accordance with section 5.2(2) of NI 81-107.

11. To the extent that the Fund is purchasing mortgages from, or selling mortgages to, a Related Party, this fact is set out, and will continue to be set out, in the annual information form of the Fund.

12. The legislation in the Applicable Jurisdictions requires the filing of a report by the Filer with respect to each transaction in mortgages between the Fund and a Related Party and with respect to each transaction in mortgages effected by the Manager in respect of which the Related Party receives a fee either from the Manager or from the other party to the transaction or from both.

13. Such report is to be filed within 30 days after the end of the month in which the transaction occurs, disclosing the issuer of the securities purchased or sold, the class or designation of the securities, the amount and number of securities and the consideration paid, together with the name of any related person receiving a fee on the transaction, the name of the person or company that paid the fee and the amount of the fee paid.

14. NI 81-106 requires that the Fund prepare and file annual and interim management reports of fund performance that include a discussion of transactions involving the Related Parties to the Fund. When discussing portfolio transactions with Related Parties, NI 81-106 requires the Fund to include the dollar amount of commission, spread, or any other fee paid to any Related Party in connection with a portfolio transaction.

Decision

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

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

(1) the annual and interim management reports of fund performance for the Fund disclose:

  (i) the name of the Related Party;

  (ii) the amount of fees paid to each Related Party; and

  (iii) the person or company who paid the fees if they were not paid by the Fund; and

(2) the records of portfolio transactions maintained by the Fund include, separately for every portfolio transaction effected by the Fund through a Related Party:

  (i) the name of the Related Party;

  (ii) the amount of fees paid to each Related Party; and

  (iii) the person or company who paid the fees.

"C.W. Scott"
Commissioner
Ontario Securities Commission

"James Turner"
Vice-Chair
Ontario Securities Commission

2.1.3 Canadian Apartment Properties Real Estate Investment Trust

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to a real estate investment trust (REIT) from the requirement to file a business acquisition report (BAR) under Part 8 of National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) in connection with the REIT's acquisition of a 495 suite portfolio – Acquisition is not significant under the asset and investment test in section 8.3(2) of NI 51-102, but is significant under the income test – REIT submitted that the calculation of consolidated income from continuing operations of the REIT for purposes of the income test under section 8.3(2) of NI 51-102 produces anomalous results because the significance of the acquisition is exaggerated out of proportion to its significance on an objective basis in comparison to the results of the other significance tests and all other business, commercial, financial and practical factors – REIT provided the principal regulator with additional measures that show that, as a business, commercial, financial and practical matter, the acquisition should not be considered as a significant acquisition for the REIT – The results from these measures are generally consistent with the results of the asset and investment tests under section 8.3(2) of NI 51-102 – Relief granted based on the REIT's representations that as a business, commercial, financial and practical matter, the acquisition should not be considered as a significant acquisition for the REIT.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, Part 8 and s. 13.1.

June 27, 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
CANADIAN APARTMENT PROPERTIES
REAL ESTATE INVESTMENT TRUST
(THE "FILER" OR THE "REIT")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for relief from the requirement in Part 8 of National Instrument 51-102 *Continuous Disclosure Obligations* ("**NI 51-102**") to a file a business acquisition report ("**BAR**") in connection with the Filer's acquisition of a 495 suite portfolio in New Westminster and Richmond, British Columbia (the "**BC Portfolio**") which was completed on April 15, 2011 (the "**Exemption Sought**").

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

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

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

Interpretation

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

Representations

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

The REIT

1. The REIT is an internally managed unincorporated open-ended real estate investment trust established under the laws of the Province of Ontario by a declaration of trust and its head office is located in Toronto, Ontario.

2. The REIT is a reporting issuer under the securities legislation of each of the provinces and territories of Canada and is not in default of securities legislation in any jurisdiction.

3. The units of the REIT are listed and posted for trading on the Toronto Stock Exchange under the trading symbol CAR.UN.

4. The REIT completed its initial public offering (the "**IPO**") on May 21, 1997 pursuant to its final long form prospectus dated May 12, 1997.

5. The proceeds of the IPO were used by the REIT to satisfy a cash payable on the acquisition of certain properties under contract, to pay a term loan commitment fee, to repay mortgage financing

and a loan provided to acquire certain properties, for future property acquisitions, working capital, mortgage principal repayments and capital improvements.

The BC Portfolio Acquisition

6. On April 15, 2011, the REIT acquired the BC Portfolio for an aggregate purchase price of approximately $74.6 million.

7. The acquisition of the BC Portfolio constitutes a "significant acquisition" of the REIT for the purposes of Part 8 of NI 51-102, requiring the REIT to file a BAR within 75 days of the acquisition pursuant to section 8.2(1) of NI 51-102.

Significance Test for the BAR

8. Under Part 8 of NI 51-102, the REIT is required to file a BAR for any completed acquisition that is determined to be significant based on the acquisition satisfying any of the three significance tests set out in section 8.3(2) of NI 51-102.

9. The acquisition of the BC Portfolio is not a significant acquisition under the asset test in section 8.3(2) of NI 51-102 as the value of the BC Portfolio represented only approximately 3.17% of the consolidated assets of the REIT as of December 31, 2010.

10. The acquisition of the BC Portfolio is not a significant acquisition under the investment test in section 8.3(2) of NI 51-102 as the REIT's acquisition costs represented only approximately 3.17% of the consolidated assets of the REIT as of December 31, 2010.

11. However, the acquisition of the BC Portfolio would be a significant acquisition under the income test in section 8.3(2) of NI 51-102. In particular, the BC Portfolio represents approximately 5,561.40% of the REIT's income from continuing operations as of December 31, 2010.

12. For the purposes of completing its quantitative analysis of the income test, the REIT is required to compare its income from continuing operations against the proportionate share of income from continuing operations of BC Portfolio. The application of the income test produces an anomalous result for the REIT in comparison to the results of the asset test and the investment test. Excluding depreciation of income producing properties when applying the income test would not result in the BC Portfolio acquisition being considered significant, more accurately reflects the significance of the BC Portfolio acquisition from a business and commercial perspective, and its results are generally consistent with the results of the asset test and the investment test. The application of the income test with depreciation of income producing properties excluded results in the BC Portfolio representing only approximately 3.83% of the REIT's income from continuing operations for the fiscal year ended December 31, 2010.

De Minimis Acquisition

13. The REIT does not believe (nor did it believe at the time it made the acquisition) that the acquisition of the BC Portfolio is significant to it from a practical, commercial, business or financial perspective.

14. The Filer has provided the principal regulator with additional measures which further demonstrate the insignificance of the BC Portfolio acquisition to the Filer and which are generally consistent with the results of the asset test and the investment test. These additional measures include measures based on:

    (a) the total number of suites in the BC Portfolio when compared to the total number of residential suites in which the REIT has ownership interests, and

    (b) the percentage of the gross rental income from the REIT's portfolio during the period from January 1, 2010 to December 31, 2010 represented by the gross rental income from the BC Portfolio during that same period.

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.

"Jo-Anne Matear"
Assistant Manager
Ontario Securities Commission

2.1.4 Xtract Energy PLC

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for exemption from the prospectus requirement in connection with the first trade of shares of issuer through exchange or marketplace outside Canada or to person or company outside Canada – issuer acquiring all outstanding shares of Canadian company under plan or arrangement – Canadian shareholders will receive shares of issuer in exchange for their shares of Canadian company – Canadian company not a reporting issuer in any jurisdiction in Canada – issuer not a reporting issuer in any jurisdiction in Canada – conditions of exemption in s. 2.14 of National Instrument 45-102 Resale of Securities not satisfied as residents of Canada will own more than 10% of the outstanding shares of the issuer following completion of plan of arrangement – relief restricted to securities of issuer acquired under plan of arrangement – relief subject to conditions, including condition that residents of Canada, excluding current shareholders of Canadian company, do not hold more than 10% of outstanding securities or represent more than 10% of the number of securityholders of the issuer at the date of distribution and that the first trade be made through an exchange or market outside of Canada or to a person or company outside of Canada.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 53, 74(1).
National Instrument 45-102 Resale of Securities, s. 2.14.

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
XTRACT ENERGY PLC
(THE APPLICANT)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Applicant for a decision under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) that the prospectus requirement contained in the Legislation will not apply to the first trade of ordinary shares of the Applicant to be issued to current shareholders of Elko Energy Inc. (Elko) in connection with its proposed indirect acquisition (the Proposed Transaction) of all of the outstanding common shares of Elko not already owned by the Applicant or its affiliates by way of a plan of arrangement (the Plan of Arrangement) under section 182 of the *Business Corporations Act* (Ontario) and on exercise of the Replacement Options (as such term is defined below, and such requested relief referred to herein as, 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 Applicant 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 and Nova Scotia.

Interpretation

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

Representations

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

The Applicant

1. The Applicant is a company incorporated under the laws of the United Kingdom pursuant to the *Companies Act 2006* (United Kingdom).

2. The head office of the Applicant is located in London, England.

3. The authorized share capital of the Applicant currently consists of one class of ordinary shares (the Xtract Shares).

4. 914,965,026 Xtract Shares are issued and outstanding.

5. 40,500,000 Xtract Shares are issuable upon the exercise of options to acquire Xtract Shares.

6. The Applicant has confirmed with the registrar for the Xtract Shares that there are no registered holders of Xtract Shares resident in Canada.

7. Based on its searches of nominee accounts for underlying registered shareholders of Xtract Shares, the Applicant has concluded that, to the best of its knowledge, Canadian residents currently hold less than 1% of the outstanding Xtract Shares and represent less than 1% of the total number of owners of Xtract Shares.

8. There are no Canadian residents who own, directly or indirectly, any outstanding options to acquire Xtract Shares.

9. The Applicant is not and has no present intention of becoming a reporting issuer, or the equivalent, under the securities legislation of any jurisdiction of Canada. The Applicant has never completed any offering of Xtract Shares in Canada and has no present intention to complete any offering of shares in Canada.

10. The Xtract Shares are admitted to trading on AIM, a market operated by London Stock Exchange plc (AIM) under the symbol "XTR". Xtract Shares are not listed or quoted on any other exchange or marketplace (as such term is defined in National Instrument 21-101 – Marketplace Operation) in Canada or elsewhere and the Applicant has no present intention to apply for a listing in Canada or elsewhere.

11. As at the date hereof and following the Plan of Arrangement, the mind and management of the Applicant are and will be located in Fetcham, England. The Applicant has no operations in Canada or other connection to Canada and has no present intention of establishing a market presence or operations in Canada.

Elko

12. Elko is a corporation incorporated under the *Business Corporations Act* (Ontario) (the OBCA).

13. The registered office of Elko is located in Toronto, Ontario. All of Elko's subsidiaries and assets are located outside of Canada. Elko's executive management is based in Fetcham, England, two of its directors are Canadian residents and all of its operations are located outside of Canada.

14. Upon completion of the Plan of Arrangement, Elko will not have any operations, employees or directors in Canada, other than resident Canadian director(s) to comply with the residency requirements for the board of directors under the OBCA.

15. Elko is not a reporting issuer, or the equivalent, under the securities legislation of any jurisdiction of Canada. Elko is not an "offering corporation" under the OBCA.

16. The authorized capital of Elko consists of an unlimited number of common shares without par value (Elko Common Shares) and an unlimited number of special shares without par value, issuable in series (Elko Special Shares).

17. There are 100,010,049 Elko Common Shares issued and outstanding, which are held by an aggregate of 165 persons. No Elko Special Shares are issued and outstanding.

18. Since Elko's inception, it has completed a total of four offerings of, and two investments by the Applicant in, Elko Common Shares or Elko Warrants. The exemption from the prospectus requirement relied upon for each investor who participated in such offerings was the accredited investor exemption. In addition to the share issuances under the offerings, a small number of Elko Common Shares were issued pursuant to the exercise of Elko Options (as defined below), in exchange for outstanding debt (in one instance) and upon the exercise of a liquidation entitlement issued to certain holders of Elko Common Shares as part of an earlier offering.

19. The Applicant, together with its affiliates, owns 49,975,000 Elko Common Shares, representing approximately 49.97% of the outstanding Elko Common Shares. The largest single holder of Elko Common Shares (other than the Applicant) holds 9,900,000 Elko Common Shares, representing approximately 9.90% of the outstanding Elko Common Shares.

20. 7,742,500 Elko Common Shares are reserved for issuance upon the exercise of options to acquire Elko Common Shares (Elko Options). There are currently 10 holders of Elko Options, each of whom is a former employee or current director, advisor or consultant of Elko.

21. 460,000 Elko Common Shares are reserved for issuance upon the exercise of warrants to acquire Elko Common Shares (Elko Warrants). There is currently one holder of Elko Warrants.

22. No securities of Elko are listed or quoted on any stock exchange or marketplace (as such term is defined in National Instrument 21-101 – *Marketplace Operation*) in Canada or elsewhere.

23. The current shareholders of Elko include residents of Ontario (88), British Columbia (21), Alberta (16), Nova Scotia (2) and jurisdictions outside of Canada (38).

24. The current holders of Elko Options include residents of Ontario (3) and jurisdictions outside of Canada (7) and the current holder of Elko Warrants is a resident of a jurisdiction outside of Canada.

Proposed Transaction

25. Pursuant to the Proposed Transaction, the Applicant proposes to indirectly acquire all of the issued and outstanding Elko Common Shares not already owned by the Applicant or its affiliates. The Proposed Transaction is proposed to be effected pursuant to the Plan of Arrangement

under which each holder of Elko Common Shares (except those held by shareholders who exercise rights of dissent) will be entitled to receive seven Xtract Shares for each Elko Common Share.

26. Under the Plan of Arrangement, all outstanding Elko Options will be exchanged for options to purchase Xtract Shares (Replacement Options) and all outstanding Elko Warrants will be exchanged for warrants to purchase Xtract Shares (Replacement Warrants), each such exchange to be effected on the seven-to-one exchange ratio described in the immediately above paragraph.

27. Upon closing of the Proposed Transaction and payment of the aggregate consideration by the Applicant (and assuming on a *pro forma* basis the exercise of all Replacement Options and Replacement Warrants), the Applicant expects that 130 residents of Canada will own directly or indirectly an aggregate of 149,401,790 Xtract Shares (including those shares to be held by holders of Elko Common Shares who receive Xtract Shares in connection with the Proposed Transaction), representing approximately 10.96% of the Xtract Shares issued and outstanding on a fully-diluted basis and approximately 3.70% of the total number of owners directly or indirectly of Xtract Shares.

28. The Xtract Shares issued in connection with the Proposed Transaction or issuable from time to time on exercise of Replacement Options or Replacement Warrants will be listed on AIM.

29. Upon closing of the Proposed Transaction, the Applicant will provide holders of Xtract Shares resident in Canada the same information and materials that AIM requires the Applicant to provide to all other holders of Xtract Shares.

30. The issuance of the Xtract Shares under the Proposed Transaction is subject to approval by the stockholders of the Applicant. The Proposed Transaction is also subject to approval by the shareholders of Elko. In addition, the Plan of Arrangement is subject to approval by the Ontario Superior Court of Justice.

31. In the absence of the Exemption Sought, the first trade of Xtract Shares issued under the Plan of Arrangement in exchange for Elko Common Shares or issuable from time to time on exercise of Replacement Options will be deemed a distribution pursuant to National Instrument 45-102 — *Resale of Securities* (NI 45-102) unless, among other things, the Applicant has been a reporting issuer for four months immediately preceding the trade in one of the jurisdictions set forth in Appendix B to NI 45-102, which include, among others, the Jurisdiction. As the Applicant is not a reporting issuer, or the equivalent in Canada, the Xtract Shares issued under the Plan of Arrangement in exchange for Elko Common Shares or issuable from time to time on exercise of Replacement Options would be subject to an indefinite hold period.

32. Shareholders of Elko resident in Canada will not be able to rely on the prospectus exemption set out in section 2.14 of NI 45-102 for a first trade of Xtract Shares issued under the Plan of Arrangement in exchange for Elko Common Shares or issuable from time to time on the exercise of Replacement Options because, following the Proposed Transaction, residents of Canada will, collectively, own, directly or indirectly, more than 10% of the Xtract Shares issued and outstanding on a fully-diluted basis.

33. Except for the requirements set out in subsections 2.14(1)(b) and 2.14(2)(c) of NI 45-102, all applicable conditions to the resale of the Xtract Shares issued under the Plan of Arrangement in exchange for Elko Common Shares or issuable from time to time on exercise of Replacement Options contained in section 2.14 of NI 45-102 will be satisfied.

34. As required by the rules of AIM, holders of Xtract Shares issued under the Plan of Arrangement in exchange for Elko Common Shares or issuable from time to time on the exercise of Replacement Options who are residents of Canada will receive copies of all materials and information provided to all other holders of Xtract Shares.

35. Any resale of Xtract Shares issued under the Plan of Arrangement in exchange for Elko Common Shares or issuable from time to time on exercise of Replacement Options is expected to be effected through the facilities of AIM.

Decision

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

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

(a) the Applicant (i) was not a reporting issuer in any jurisdiction of Canada at the distribution date or (ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;

(b) the first trade of Xtract Shares issued under the Plan of Arrangement in exchange for Elko Common Shares or issuable from time to time on exercise of Replacement Options is executed through the facilities of AIM or another exchange or market outside of Canada or to a person or company outside of Canada; and

(c) at the distribution date of such Xtract Shares, after giving effect to the issue of the Xtract Shares pursuant to the Plan of Arrangement, residents of Canada (excluding holders of Elko Common Shares):

(i) did not own directly or indirectly more than 10 percent of the outstanding Xtract Shares; and

(ii) did not represent in number more than 10 percent of the total number of owners directly or indirectly of Xtract Shares.

DATED this 24th day of June, 2011.

"Mary G. Condon"
Vice-Chair
Ontario Securities Commission

"James D. Carnwath"
Commissioner
Ontario Securities Commission

2.1.5 Continental Minerals Corporation

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 under applicable securities laws – requested relief granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).
CSA Staff Notice 12-307 Applications for a Decision that an Issuer is not a Reporting Issuer.

June 29, 2011

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, ALBERTA, SASKATCHEWAN,
MANITOBA, QUEBEC AND NOVA SCOTIA
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
CONTINENTAL MINERALS 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 is not a reporting issuer (the **Exemptive Relief Sought**).

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

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

(b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

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

Representations

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

1. The Filer was incorporated under the laws of British Columbia on February 7, 1962.

2. The Filer's head and registered office is located at Room 2201, Building 2, Huamao Centre 79 Jianguo Road, Chaoyang District, Beijing, China 100025.

3. The Filer is a reporting issuer in each of the Jurisdictions.

4. The Filer's authorized capital consists of an unlimited number of common shares (the **Continental Common Shares**) and preferred shares (the **Continental Preferred Shares**). At the time of the Arrangement (as defined below), there were 154,597,127 Continental Common Shares and 12,483,916 Continental Preferred Shares issued and outstanding.

5. On December 17, 2010, Jinchuan Group Ltd. and its wholly-owned subsidiary, JinQing Mining Investment Limited (collectively **Jinchuan**) and the Filer entered into an arrangement agreement (the **Arrangement Agreement**) pursuant to which Jinchuan agreed to acquire all of the outstanding Continental Common Shares that it did not already hold.

6. Also pursuant to the Arrangement Agreement, the outstanding Continental Preferred Shares were exchanged for common shares of Taseko Mines Limited (the **Taseko Common Shares**), a reporting issuer listed on the Toronto Stock Exchange. The acquisition of the Continental Common Shares by Jinchuan and the exchange of the Continental Preferred Shares for Taseko Common Shares occurred pursuant to a plan of arrangement (the **Arrangement**) under Section 288 of the *Business Corporations Act* (British Columbia).

7. The Arrangement was approved at a special meeting of the shareholders of the Filer held on April 22, 2011 and by the Supreme Court of British Columbia on April 27, 2011. The Arrangement was completed on April 29, 2011.

8. As a result of the Arrangement, Jinchuan acquired all of the issued and outstanding Continental Common Shares of the Filer and no other securities of the Filer are publicly held.

9. The outstanding securities of the Filer, 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.

10. The Continental Common Shares were delisted from the TSX Venture Exchange on May 5, 2011. As such, no securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

11. The Filer 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.

12. The Filer filed a Notice of Voluntary Surrender of Reporting Issuer Status with the British Columbia Securities Commission under BC Instrument 11-502 – *Voluntary Surrender of Reporting Issuer Status* on May 6, 2011. The British Columbia Securities Commission has confirmed the Filer's non-reporting status in British Columbia effective May 16, 2011.

13. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer, other than its obligation to file and deliver on or before May 2, 2011 annual financial statements for the year ended December 31, 2010 and accompanying management's discussion and analysis, as required under NI 51-102 *Continuous Disclosure Obligations*, and the related certifications of such financial statements as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

14. The Filer is not eligible to use the simplified procedure under CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* in order to apply for the Exemptive Relief Sought because it is in default of certain filing obligations under the Legislation as described in paragraph 13 above.

15. The Filer has no current intention to seek public financing by way of an offering of its securities in a jurisdiction in Canada.

16. Upon the granting of the Exemptive Relief Sought, the Filer will no longer be a reporting issuer or the equivalent in any jurisdiction in Canada.

Decision

Each of the Decision Makers in 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 Exemptive Relief Sought is granted.

"Vern Krishna"
Commissioner
Ontario Securities Commission

"James D. Carnwath"
Commissioner
Ontario Securities Commission

2.1.6 Marathon Oil Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from prospectus and registration requirements for spin-off by publicly traded U.S. company to investors by issuing shares of spun off entity as dividends - Reorganization technically not covered by prescribed reorganization exemptions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74(1).

Citation: Marathon Oil Corporation, Re, 2011 ABASC 356

June 28, 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
MARATHON OIL 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**) exempting the Filer from the prospectus requirements of section 110 of the *Securities Act* (Alberta) and section 53 of the *Securities Act* (Ontario) in connection with:

(a) the proposed distribution by the Filer of common shares (**MPC Common Shares**) of Marathon Petroleum Corporation (**MPC**) to holders of common shares of the Filer (**Marathon Shareholders**) resident in Canada by way of a pro rata dividend in kind (the **Spin-off**) whereby each Marathon Shareholder resident in Canada (**Marathon Canadian Shareholder**) will receive one MPC Common Share for every two common shares of the Filer (**Marathon Common Shares**) held; and

(b) the proposed distribution by the Filer and MPC of:

  (i) options to acquire MPC Common Shares (**MPC Options**), to holders of options to purchase Marathon Common Shares (**Marathon Options**) resident in Canada (the **Marathon Canadian Optionholders**), to replace vested but unexercised Marathon Options;

  (ii) MPC Options, to existing Marathon Canadian Optionholders who will become officers or employees of MPC following the Spin-off, to replace unvested Marathon Options; and

  (iii) restricted stock and restricted stock units of MPC (collectively, **MPC Restricted Stock Securities**), to holders of restricted stock and restricted stock units of the Filer (**Marathon Restricted Stock Securities**) resident in Canada (the **Marathon Canadian Restricted Stockholders**) who will become officers or employees of MPC following the Spin-off, to replace Marathon Restricted Stock Securities;

(collectively, the **Requested 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 British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador; 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* or MI 11-102 have the same meanings if used in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is a Delaware company headquartered in Houston, Texas.

2. The authorized capital stock of the Filer consists of 1,100,000,000 Marathon Common Shares and 26,000,000 shares of preferred stock, issuable in series. As of May 31, 2011, there were 712,890,813 Marathon Common Shares issued and outstanding and 57,247,272 Marathon Common Shares were held as treasury shares. As of May 31, 2011, no shares of Marathon preferred stock were issued and outstanding.

3. The Marathon Common Shares are listed on the New York Stock Exchange (the **NYSE**) and trade under the symbol "MRO". The Marathon Common Shares are not listed on any Canadian exchange and the Filer has no intention of listing its securities on any Canadian exchange.

4. The Filer is currently subject to the U.S. *Securities Exchange Act of 1934*, as amended, and the rules, regulations and orders promulgated thereunder.

5. The Filer is a reporting issuer under the securities laws of each of the provinces of Canada (the **Reporting Jurisdictions**). The Filer became a reporting issuer in each of the Reporting Jurisdictions in October 2007 as a result of the issuance of Marathon Common Shares to shareholders of Western Oil Sands Inc. (**Western**) in exchange for all of the common shares of Western pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta). To the knowledge of the Filer, the Filer is not in default of any of its obligations as a reporting issuer under the securities laws of any of the Reporting Jurisdictions.

6. As of May 31, 2011, there were approximately 249 registered Marathon Canadian Shareholders. To the knowledge of the Filer, there are registered and beneficial Marathon Canadian Shareholders resident in each of the provinces of Canada, other than Prince Edward Island. The Marathon Canadian Shareholders constituted less than 0.50% of the approximately 51,515 Marathon Shareholders of record worldwide on May 31, 2011. As of May 31, 2011, the registered Marathon Canadian Shareholders collectively held approximately 55,251 Marathon Common Shares, constituting less than 0.01% of the approximately 712,890,813 issued and outstanding Marathon Common Shares.

7. As of May 31, 2011, there were approximately 23 Marathon Canadian Optionholders. The Marathon Canadian Optionholders constituted approximately 2.96% of the approximately 776 holders of Marathon Options worldwide on May 31, 2011. As of May 31, 2011, Marathon Canadian Optionholders collectively held approximately 255,293 Marathon Options, constituting approximately 1.24% of the approximately 20,539,981 outstanding Marathon Options.

8. As of May 31, 2011, there were approximately 17 Marathon Canadian Restricted Stockholders. The Marathon Canadian Restricted Stockholders constituted approximately 1.65% of the approximately 1,032 holders of Marathon Restricted Stock Securities worldwide on May 31, 2011. As of May 31, 2011, Marathon Canadian Restricted Stockholders collectively held approximately 20,905 Marathon Restricted Stock Securities, constituting approximately 1.5% of the approximately 1,392,183 outstanding Marathon Restricted Stock Securities.

9. MPC is currently an indirect wholly-owned subsidiary of the Filer incorporated in Delaware on November 9, 2009.

10. The authorized capital stock of MPC consists of 1,000,000,000 MPC Common Shares and 30,000,000 shares of preferred stock, issuable in series. As of May 31, 2011, 2 MPC Common Shares are issued and outstanding, all of

which are held by Marathon Oil Company, a wholly-owned subsidiary of the Filer. The Filer and MPC anticipate that, upon completion of the Spin-off, approximately 355,000,000 MPC Common Shares will be issued and outstanding. No shares of MPC preferred stock are expected to be issued and outstanding upon the completion of the Spin-off.

11. The Spin-off was publicly announced by the Filer in a news release dated January 13, 2011, and a Current Report on Form 8-K was filed by the Filer with the applicable Canadian securities regulatory authorities or regulators on the same date.

12. Upon completion of the Spin-off, MPC will cease to be a subsidiary of the Filer and will become an independent, publicly-traded company.

13. Subject to the satisfaction of certain conditions, including the receipt by the Filer of all necessary approvals of the U.S. Securities and Exchange Commission (the **SEC**), it is currently anticipated that the Spin-off will become effective on June 30, 2011.

14. The Spin-off will be effected by the following principal steps:

    (a) by means of a tax-free stock distribution for United States federal income tax purposes, the Filer will distribute the MPC Common Shares to the Marathon Shareholders at the rate of one MPC Common Share for every two Marathon Common Shares held;

    (b) Marathon Shareholders will not be required to pay any consideration for the MPC Common Shares received in the Spin-off or to surrender or exchange their Marathon Common Shares in order to receive MPC Common Shares;

    (c) Marathon Shareholders are not required to vote their Marathon Common Shares in respect of the Spin-off, nor are they required to take any other action in connection with the Spin-off;

    (d) fractional MPC Common Shares will not be issued to Marathon Shareholders in connection with the Spin-off. All fractional MPC Common Shares will be aggregated and sold by the transfer agent, and Marathon Shareholders who would otherwise be entitled to receive a fractional MPC Common Share will receive their pro rata share of the proceeds of such sale in lieu thereof;

    (e) outstanding vested Marathon Options held by current or former officers and employees of the Filer will be replaced with economically equivalent adjusted options to acquire Marathon Common Shares (**Adjusted Marathon Options**) and MPC Options;

    (f) outstanding unvested Marathon Options held by existing officers and employees of the Filer who will not become officers or employees of MPC following the Spin-off will be replaced with economically equivalent Adjusted Marathon Options;

    (g) outstanding unvested Marathon Options held by existing officers and employees of the Filer who will become officers or employees of MPC following the Spin-off will be replaced with economically equivalent MPC Options;

    (h) outstanding vested stock appreciation rights of the Filer (**Marathon SARs**) held by current or former officers and employees of the Filer will be replaced with economically equivalent adjusted stock appreciation rights of the Filer (**Adjusted Marathon SARs**) and stock appreciation rights of MPC (**MPC SARs**). There are no holders of Marathon SARs resident in Canada;

    (i) outstanding Marathon Restricted Stock Securities held by existing directors, officers and employees of the Filer who will not become directors, officers or employees of MPC following the Spin-off will be replaced with economically equivalent adjusted Marathon Restricted Stock Securities (**Adjusted Marathon Restricted Stock Securities**); and

    (j) outstanding Marathon Restricted Stock Securities held by existing directors, officers and employees of the Filer who will become directors, officers or employees of MPC following the Spin-off will be replaced with economically equivalent MPC Restricted Stock Securities.

15. Following the completion of the Spin-off, the Marathon Common Shares will continue to be listed for trading on the NYSE. It is expected that the MPC Common Shares will be listed for trading on the NYSE.

16. MPC does not intend to list any of its securities on any Canadian exchange, and MPC does not intend to become a reporting issuer in any jurisdiction in Canada.

17. The Spin-off will be effected in accordance with the laws of Delaware. Because the Spin-off will be effected by way of a dividend to the holders of Marathon Common Shares, no shareholder approval of the proposed transaction is required under the laws of Delaware.

18. On January 25, 2011, MPC filed a registration statement on Form 10 with the SEC detailing the planned Spin-off, and subsequently filed amendments to the registration statement on March 29, 2011; April 29, 2011; May 17, 2011; May 20, 2011 and May 26, 2011 (the registration statement, as so amended, is referred to as the **Registration Statement**).

19. After the SEC has completed its review of the Registration Statement, Marathon Shareholders will receive a copy of the information statement (the **Information Statement**) comprising part of the Registration Statement. All materials relating to the Spin-off and the dividend sent by or on behalf of the Filer or MPC in the United States (including the Information Statement) will be sent concurrently to the Marathon Canadian Shareholders.

20. The Marathon Canadian Shareholders who receive MPC Common Shares as a dividend pursuant to the Spin-off will have the benefit of the same rights and remedies in respect of the disclosure documentation received in connection with the Spin-off that are available under the laws of the United States to Marathon Shareholders resident in the United States.

21. Because there will be no active trading market for the MPC Common Shares in Canada following the Spin-off and none is expected to develop, it is expected that any resale of the MPC Common Shares distributed in the Spin-off will occur through the facilities of the NYSE. The Filer expects that the MPC Common Shares will be qualified for public distribution in the United States.

22. Following the Spin-off, MPC will send, concurrently to the holders of MPC Common Shares resident in Canada, the same disclosure materials that it sends to holders of MPC Common Shares resident in the United States.

23. The issuance of the Marathon Common Shares and MPC Common Shares on the exercise, conversion or exchange of the Adjusted Marathon Options, the Adjusted Marathon SARs, the Adjusted Marathon Restricted Stock Securities, the MPC Options, the MPC SARs and the MPC Restricted Stock Securities will be made in accordance with all applicable laws of the United States. Because there will be no active trading market for the Marathon Common Shares or the MPC Common Shares in Canada and none is expected to develop, it is expected that any resale of the Marathon Common Shares and MPC Common Shares issued on exercise, conversion or exchange of the Adjusted Marathon Options, the Adjusted Marathon Restricted Stock Securities, the MPC Options, and the MPC Restricted Stock Securities by the Marathon Canadian Optionholders and the holders of Adjusted Marathon Restricted Stock Securities, MPC Options and MPC Restricted Stock Securities resident in Canada will occur through the facilities of the NYSE.

Decision

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

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

(a) the Requested Relief is granted; and

(b) the resale of MPC Common Shares acquired in the Spin-off or on the exercise of MPC Options, and MPC Common Shares represented by MPC Restricted Stock Securities held by Marathon Canadian Restricted Stockholders, will be deemed to be a distribution or primary distribution to the public under the Legislation unless the conditions in section 2.6 or 2.14 of National Instrument 45-102 *Resale of Securities* are satisfied.

For the Commission:

"William Rice, QC"
Chair

"Glenda Campbell, QC"
Vice-Chair

2.1.7 Aston Hill Asset Management Inc. and Aston Hill Capital Growth Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to permit a non-redeemable investment fund converting into a mutual fund from certain new mutual fund requirements: the seed capital requirement and the prohibition against reimbursement of organization costs – the fund is an existing fund expected to have assets in excess of $500,000 on becoming available for sale as a conventional mutual fund – relief also granted to allow mutual fund to short sell up to 20% of net assets subject to certain conditions.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.6(a) & (c), 3.1, 3.3, 6.1(1), 19.1.

May 25, 2011

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

AND

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

AND

IN THE MATTER OF
ASTON HILL ASSET MANAGEMENT INC.
(the Filer)

AND

ASTON HILL CAPITAL GROWTH FUND
(the Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) granting exemptive relief to the Fund from the following provisions of National Instrument 81-102 *Mutual Funds* (**NI 81-102**):

(a) section 3.1 to permit the Fund, at the time it becomes a mutual fund subject to NI 81-102, to rely on its existing net assets;

(b) section 3.3 to permit the costs of preparing and filing the Fund's preliminary and initial simplified prospectus and annual information form to be borne by the Fund (paragraphs (a) and (b), collectively, the **Conversion Relief**);

(c) subsections 2.6(a), 2.6(c) and 6.1(1) in order to permit the Fund to (a) sell securities short; (b) provide a security interest over the Fund's assets in connection with the short sales; and (c) deposit assets of the Fund with a dealer as security in connection with the short sales (the **Short Selling Relief**),

(the Conversion Relief and the Short Selling Relief, collectively, the **Requested Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

(b) the 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 each of the provinces of Canada other than the Jurisdiction.

Interpretation

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

Representations

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

The Filer and the Fund

1. The Filer is a corporation under the laws of the Province of Ontario and is registered in Ontario as a portfolio manager, investment fund manager and exempt market dealer. The Filer is the trustee and manager of the Fund.

2. Prior to May 11, 2011, the Fund was a non-redeemable investment fund that was created as a trust under the laws of Ontario on September 29, 2003. The Fund currently is existing pursuant to an amended and restated master declaration of trust dated May 11, 2011 (as further amended from time to time, the **Declaration of Trust**). The Fund is a reporting issuer in all the provinces of Canada. Securities of the Fund previously were listed and posted for trading on the Toronto Stock Exchange and were delisted from the Toronto Stock Exchange on May 5, 2011.

3. The head office of the Filer and the Fund is located in Ontario. To the best of the Filer's knowledge, the Filer and the Fund are not in default of the securities legislation in any of the provinces of Canada applicable to them.

The Conversion

4. At special meetings (the **Special Meetings**) of the securityholders of the Fund held on April 21, 2011, securityholders of the Fund approved, among other matters, converting the Fund from a closed-end investment fund to an open-end mutual fund (the **Conversion**). The Conversion was implemented on May 11, 2011. The Conversion will provide securityholders of the Fund with enhanced liquidity and an opportunity for the Fund to raise additional capital.

5. The Fund has filed a preliminary simplified prospectus and annual information form with the securities administrators in all the provinces of Canada except Québec and will file the final version of such simplified prospectus and annual information form (collectively, the **Final Prospectus**). The Fund will commence distributing securities to the public as soon as possible pursuant to the Final Prospectus.

6. After Conversion, the Fund will be subject to regulation under NI 81-102.

7. The net asset value (**NAV**) of the Fund as at May 11, 2011 was approximately $20,737,798. The Filer expects the NAV of the Fund to be above $500,000 when units of the Fund become available for sale under the Final Prospectus.

8. On Conversion, the Fund became a North American equity fund whose investment objectives are to seek to achieve returns that are not highly correlated with the Canadian Equity markets. The Fund will invest primarily in a diversified portfolio of equity securities of North American issuers and proposes, from time to time, to take short positions in such securities.

Short Selling

9. The Filer proposes that the Fund be authorized to engage in a limited, prudent and disciplined amount of short selling. The Filer is of the view that the Fund could benefit from the implementation and execution of a controlled and limited short selling strategy. This strategy would operate as a complement to the Fund's primary discipline of buying securities with the expectation that they will appreciate in market value.

10. Any short sales made by the Fund will be subject to compliance with the investment objectives of the Fund.

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

12. The Fund will implement the following controls, policies and procedures when conducting a short sale:

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

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

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

(d) the securities sold short will be liquid securities, and not "illiquid assets" as such term is defined in NI 81-102, and will be securities that either:

(i) are listed and posted for trading on a stock exchange, and

(A) the issuer of which has a market capitalization of not less than C$100 million, or the equivalent thereof, of such security at the time the short sale is effected; or

(B) the Fund has pre-arranged to borrow for the purposes of such short sale; or

(ii) are bonds, debentures or other evidences of indebtedness of or guaranteed by any issuer;

(e) the aggregate market value of all securities of an issuer sold short by the Fund will not exceed 5% of the net assets of the Fund on a daily marked-to-market basis;

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

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

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

(i) the Fund will deposit Fund assets with the Borrowing Agent as security in connection with the short sale transaction;

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

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

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

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

(ii) have a net worth in excess of the equivalent of C$100 million determined from its most recent audited financial statements that have been made public;

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

(n) the Fund will maintain appropriate internal controls regarding its short sales including written policies and procedures, risk management controls and proper books and records.

13. The Fund's initial simplified prospectus and each renewal thereof will include a description of:

    (a) short selling;

    (b) how the Fund intends to engage in short selling;

    (c) the risks associated with short selling; and

    (d) in the Investment Strategy section of the simplified prospectus, the Fund's strategy and this exemptive relief; and

14. The Fund's initial annual information form and each renewal thereof will include disclosure summarizing:

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

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

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

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

    (e) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions.

15. The management information circular dated March 23, 2011 mailed to securityholders of the Fund in connection with the Special Meetings described the Fund's intention to seek relief to engage in short selling on substantially the terms of the Short Selling Relief.

Decision

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

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

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

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

2. any short sales will be effected through market facilities through which the securities sold short are normally bought and sold;

3. securities will be sold short for cash only;

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

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

6. the aggregate market value of all securities of an issuer that are sold short by the Fund will not exceed 5% of the total net assets of the Fund on a daily marked-to-market basis;

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

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

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

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

11. for short sale transactions outside of Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund shall:

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

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

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

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

14. prior to conducting any short sales, the Fund discloses in its annual information form the following information:

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

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

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

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

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

15. prior to conducting any short sales, the Fund has provided to its securityholders not less than 60 days' written notice that discloses the Fund's intent to begin short selling transactions and the disclosure required by the Fund's simplified prospectus and annual information form as outlined in paragraphs 13 and 14 above; and

16. the Short Selling Relief shall terminate upon the coming into force of any legislation or rule of the Decision Makers dealing with matters referred to in subsections 2.6(a), 2.6(c) and 6.1(1) of NI 81-102.

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

2.1.8 AlphaPro Management Inc. and Horizons AlphaPro Managed S&P/TSX 60™ ETF

Headnote

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

Applicable Legislative Provisions

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

June 28, 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
ALPHAPRO MANAGEMENT INC.
(the Filer)

AND

IN THE MATTER OF
HORIZONS ALPHAPRO MANAGED
S&P/TSX 60™ ETF
(AlphaPro HAX)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of AlphaPro HAX for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) granting approval, pursuant to section 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) of the proposed merger of AlphaPro HAX into Horizons AlphaPro S&P/TSX 60 Equal Weight Index ETF (**AlphaPro HEW**) on a non-taxable basis (the **Merger Transaction**).

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

1. the Ontario Securities Commission (the **OSC**) is the principal regulator for this application; and

2. 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 other provinces and territories of Canada (collectively, with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the laws of Canada and is the trustee and manager of each of AlphaPro HAX and AlphaPro HEW (each an **ETF**). The Filer is not in default of securities legislation in any of the Jurisdictions.

2. The Filer's head office is located at 26 Wellington Street East, Suite 920, Toronto, Ontario M5E 1S2.

3. Each of the ETFs is a mutual fund trust established under the laws of Ontario and is a reporting issuer in the Jurisdictions.

4. AlphaPro HAX was established on December 31, 2008, and is currently governed by a master declaration of trust made as of December 31, 2008, and as amended and restated on November 10, 2009, January 11, 2010, February 3, 2010, July 9, 2010, November 15, 2010, February 9, 2011, March 8, 2011 and April 4, 2011 (the **Declaration of Trust**).

5. AlphaPro HEW was established on July 9, 2010, and is currently governed by the Declaration of Trust.

6. Each ETF is a reporting issuer in each of the Jurisdictions and is not in default of securities legislation in any of the Jurisdictions.

7. On March 28, 2011, the Filer issued a press release announcing the calling of a special meeting (the **Meeting**) of unitholders of AlphaPro HAX to consider the Merger Transaction. The press release was disseminated through CNW Group Ltd. and filed on SEDAR. A material change report dated March 28, 2011 and an amendment dated April 7, 2011 to AlphaPro HAX's long form prospectus dated January 19, 2011 was also filed on SEDAR.

8. The management information circular for the Meeting (the **Circular**) dated March 31, 2011, describes the tax implications of the Merger Transaction, the investment objectives and strategies of the ETFs, and the right of unitholders of AlphaPro HAX to redeem their units up to the Effective Date (as defined below) if they do not wish to participate in the Merger Transaction.

9. The Circular contained sufficient disclosure about the Merger Transaction to permit a unitholder of AlphaPro HAX to determine, based on their personal circumstances, if they wanted to participate in the Merger Transaction.

10. The Merger Transaction will be effected on the same business day and the unitholders of AlphaPro HAX will continue to have the right to redeem or sell their units at any time up to the close of business on the day the Merger Transaction is effected (the **Effective Date**).

11. Units of AlphaPro HAX will continue to be available for sale until three business days prior to the Effective Date.

12. The independent review committee (the **IRC**) of the ETFs has concluded that implementing the Merger Transaction achieves a fair and reasonable result for the ETFs. The decision of the IRC of the ETFs was included in the Circular.

13. AlphaPro HAX and AlphaPro HEW will jointly elect for tax purposes for the Merger Transaction to be completed as a "qualifying exchange" in accordance with the mutual fund merger rules in the *Income Tax Act* (Canada). Accordingly, the Merger Transaction will occur on a tax-deferred basis for AlphaPro HAX, AlphaPro HEW and their respective unitholders.

14. The costs of the Merger Transaction will be paid for by AlphaPro.

15. The Meeting was held on May 31, 2011, and at the Meeting, unitholders of AlphaPro HAX approved the Merger Transaction.

16. The Merger Transaction will be structured as follows:

    (a) at the close of business on the Effective Date both ETFs will have their net asset value (**NAV**) per unit struck as normal;

    (b) AlphaPro HEW will purchase the portfolio of AlphaPro HAX in exchange for units of AlphaPro HEW having an aggregate NAV equal to the value of the portfolio assets acquired. Immediately thereafter, AlphaPro HAX will redeem the units of each of its remaining unitholders at the NAV of such units by delivering to them units of AlphaPro HEW with an equal NAV;

(c) AlphaPro HEW will not assume any liabilities of AlphaPro HAX and AlphaPro HAX will retain sufficient assets after the foregoing transfers to satisfy its estimated liabilities, if any, as of the Effective Date;

(d) prior to the final NAV being struck by AlphaPro HAX and AlphaPro HEW, each of these ETFs will distribute a sufficient amount of its net income and net realized capital gains to its unitholders to ensure that it will not be subject to any tax for its current tax year ending on the Effective Date; and

(e) as soon as reasonably possible following the Merger Transaction, AlphaPro HAX will be wound up.

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

(a) a reasonable person would not consider AlphaPro HAX and AlphaPro HEW to have substantially similar fundamental investment objectives; and

(b) a reasonable person would not consider AlphaPro HAX and AlphaPro HEW to have a substantially similar fee structure.

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

19. The Filer submits that the Merger Transaction will result in the following benefits:

(a) unitholders of AlphaPro HAX will enjoy increased economies of scale and lower fund operating expenses as a result of being part of a larger investment fund;

(b) there will be a savings in brokerage charges over a straight liquidation of the portfolio of securities of AlphaPro HAX if it were terminated;

(c) the Merger Transaction will eliminate the administrative and regulatory costs of operating AlphaPro HAX as a separate exchange-traded fund;

(d) following the Merger Transaction, AlphaPro HEW will have a portfolio of greater value, allowing for increased portfolio diversification opportunities; and

(e) AlphaPro HEW, as a result of its greater size, will benefit from a larger profile in the marketplace.

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 Merger Transaction is approved.

“Darren McKall”
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.9 Mantra Resources Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for an order that the filer is not a reporting issuer under applicable securities laws – requested relief granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).
CSA Staff Notice 12-307 Applications for a Decision that an Issuer is not a Reporting Issuer.

June 23, 2011

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, NEW BRUNSWICK,
NOVA SCOTIA, PRINCE EDWARD ISLAND
AND NEWFOUNDLAND
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
MANTRA RESOURCES LIMITED
(the Filer)

DECISION

Background

1 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 that the Filer is not a reporting issuer (the Exemptive Relief Sought).

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

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

(b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

2 Terms defined in National Instrument 14-101 *Definitions* 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 corporation incorporated under the *Corporations Act* (Australia) on September 30, 2005;

2. the Filer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland;

3. the Filer has applied for a decision that it is not a reporting issuer in all of the Jurisdictions in which it is currently a reporting issuer;

4. on June 7, 2011, all of the Filer's outstanding securities were acquired by JSC Atomredmetzoloto by way of a scheme of arrangement (Arrangement) under the provisions of the *Corporations Act* (Australia);

5. as a result of the Arrangement, the outstanding securities of the Filer are beneficially owned by less than 15 security holders in each of the Jurisdictions and less than 51 security holders in total in Canada;

6. the Filer's ordinary shares were delisted from the Toronto Stock Exchange on June 7, 2011 and from the Australian Securities Exchange on June 15, 2011;

7. no securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

8. the Filer did not voluntarily surrender its status as a reporting issuer in British Columbia under British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* in order to avoid the minimum 10 day waiting period under that instrument;

9. the Filer did not use the simplified procedure under CSA Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* because it is a reporting issuer in British Columbia; and

10. the Filer is not in default of any of its obligations under the Legislation as a reporting issuer.

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 Exemptive Relief Sought is granted.

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

2.1.10 Valeura Energy Inc.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from the requirement under Part 8 of National Instrument 51-102 Continuous Disclosure Obligations to include financial statements in a Business Acquisition Report – Filer will provide alternative disclosure on the basis that the acquisition was in substance an acquisition by the Filer of an interest in oil and gas properties.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, Part 8.

Citation: Valeura Energy Inc., Re, 2011 ABASC 357

June 28, 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
VALEURA ENERGY INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filer from the requirement to include in a business acquisition report (**BAR**) certain financial statements and information as required under National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) in respect of a significant acquisition made by the Filer, on the condition that the Filer include in the BAR certain alternative financial information as more particularly described below (the **Exemption Sought**).

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

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

(b) the Filer has provided notice that Subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia and Saskatchewan; 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 or NI 51-102 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:

The Filer

1. The Filer was incorporated under the *Business Corporations Act* (Alberta) and its head office is in Calgary, Alberta.

2. The Filer is engaged in the exploration, development and production of petroleum and natural gas in Turkey and Western Canada.

3. The Filer is a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario, and is not, to its knowledge, in default of its obligations as a reporting issuer under the securities legislation of any of the jurisdictions in which it is a reporting issuer.

4. The Filer is a venture issuer.

The Acquisition

5. Pursuant to certain transactions and agreements, the Filer purchased particular oil and gas lands and assets located in Turkey (the **Assets**) on June 8, 2011. The Assets were owned by Thrace Basin Natural Gas Turkiye Corporation (**TBNG**) and Pinnacle Turkey Inc. (**PTI**). TBNG and PTI were wholly-owned by Mustafa Mehmet Corporation (**MMC**).

6. Due to tax, foreign ownership and government approval considerations, the purchase by the Filer of the Assets (the **Acquisition**) was structured in a certain manner, such that rather than the Filer acquiring the Assets directly, the Filer acquired the Assets via purchasing 100% of the issued and outstanding shares of Corporate Resources B.V. (**Subco**).

7. Subco was incorporated on September 11, 2001 as a shelf company by the Dutch trust company, BFT Nederland B.V.

8. MMC purchased Subco on April 18, 2011 for the sole purpose of facilitating the Acquisition.

9. In contemplation of and prior to the Acquisition, the Assets were transferred to Subco.

10. When Subco was purchased by MMC, Subco had no assets (other than a small amount of cash) and no liabilities. At closing of the Acquisition the only assets of Subco were the Assets.

11. The Acquisition constitutes a significant acquisition for the Filer within the meaning of Part 8 of NI 51-102. Accordingly, the Filer is required to file a BAR in respect of the Acquisition.

12. The financial year end of both the Filer and Subco is December 31.

13. Section 8.4 of NI 51-102 would require the Filer to include certain financial statements and other information in the BAR, including:

    (a) an audited statement of comprehensive income, statement of changes in equity and statement of cash flows for Subco's most recently completed financial year ended on or before the acquisition date, and an audited statement of financial position for Subco as at the end of that year;

    (b) an unaudited statement of comprehensive income, statement of changes in equity and statement of cash flows for Subco's financial year immediately preceding its most recently completed financial year, and an unaudited statement of financial position for Subco as at the end of that year;

    (c) an interim financial report for Subco for the most recently completed interim period that started the day after the date of the most recent statement of financial position specified above and ended before the acquisition date, as well as interim financial information for the comparable period in the preceding financial year;

    (d) a pro forma statement of financial position of the Filer as at the date of the Filer's most recent statement of financial position filed, that gives effect, as if they had taken place as at the date of that pro forma statement of financial position, to significant acquisitions that have been completed, but are not reflected in the Filer's most recent statement of financial position for an annual or interim period;

    (e) a pro forma income statement of the Filer for the Filer's most recently completed financial year for which it has filed financial statements, that gives effect to significant acquisitions completed since the beginning of that financial year as if they had taken place at the beginning of that financial year;

    (f) a pro forma income statement of the Filer for the Filer's most recently completed interim period for which it has filed financial statements that started after the period referred to in paragraph (e) above, and ended before the acquisition date, that gives effect to significant acquisitions completed since the beginning of the financial year referred to in paragraph (e) above as if they had taken place at the beginning of that interim period; and

    (g) pro forma earnings per share based on the pro forma financial statements referred to in paragraphs (e) and (f) above.

14. Section 8.10(3) of NI 51-102 provides an exemption from the financial statement requirements that would otherwise apply under Section 8.4 of NI 51-102 if the significant acquisition is of a business that is an interest in an oil and gas property, provided that, among other things: (i) the acquisition is not an acquisition of securities of another issuer; and (ii) the BAR includes historical operating statements in respect of the assets purchased and pro forma operating statements of the issuer.

15. Although the Acquisition was made via the purchase of securities of another issuer (Subco), the Acquisition was, in substance, an acquisition by the Filer of oil and gas properties constituting a business. At the time of the Acquisition, the other conditions specified in Section 8.10(3) were met.

16. The Filer proposes to include the disclosure specified by Section 8.10(3) of NI 51-102 in the BAR to be filed in respect of the Acquisition, namely:

    (a) an audited operating statement pertaining to the Assets presenting gross revenues, royalty expenses, production costs and operating income for the period that is the same as Subco's most recently completed financial year ended on or before the acquisition date;

    (b) an unaudited operating statement pertaining to the Assets presenting gross revenues, royalty expenses, production costs and operating income for the period that is the same as Subco's financial year

immediately preceding its most recently completed financial year;

(c) an unaudited operating statement pertaining to the Assets presenting gross revenues, royalty expenses, production costs and operating income for the period that is the same as Subco's most recently completed interim period that started after the period referred to in paragraph (a) above and ended before the acquisition date;

(d) a pro forma operating statement of the Filer for the Filer's most recently completed financial year for which financial statements are required to have been filed, that gives effect to significant acquisitions completed since the beginning of that financial year as if they had taken place at the beginning of that financial year;

(e) a pro forma operating statement of the Filer for the Filer's most recently completed interim period for which it has filed an interim financial report that began after the period referred to in paragraph (d) above and ended before the acquisition date, that gives effect to significant acquisitions completed since the beginning of the financial year referred to in paragraph (d) above as if they had taken place at the beginning of that interim period;

(f) a description of the Assets and the interest acquired therein;

(g) disclosure of the annual oil and gas production volumes from the Assets for the periods referred to in paragraphs (a) and (b) above;

(h) the estimated reserves and related future net revenue attributable to the Assets, the material assumptions used in preparing the estimates, and the relationship, if any, between the person who prepared the estimates and any of the Filer, TBNG, PTI or MMC; and

(i) the estimated oil and gas production volumes from the Assets for the first year reflected in the estimates disclosed under paragraph (h) above;

(collectively, the **Alternative 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.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that the Filer includes the Alternative Disclosure in the BAR to be filed in respect of the Acquisition.

"Blaine Young"
Associate Director, Corporate Finance

2.1.11 Eamonn Brian McConnell

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – section 4.1 of National Instrument 31-103 Registration Requirements and Exemptions – an individual registered with a firm prohibited from acting as an officer, partner or director of another registered firm that is not an affiliate of the first mentioned firm – the individual was a director of the other registered firm prior to NI31-103 coming into force – policies in place to handle potential conflicts of interest – Filer exempted from prohibition.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 31-103 Registration Requirements and Exemptions, ss. 4.1, 15.1.

July 4, 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
EAMONN BRIAN MCCONNELL
(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 (the Exemption Sought) from section 4.1 of National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103) to permit the Filer to be a dealing and/or an advising representative of Manna Asset Management Inc. or of Kensington Capital Advisors Inc. while also acting as a director of Desautels Capital Management Inc.

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

(a) The OSC is the principal regulator for this application and

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

Interpretation

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

The following terms shall have the following meanings:

1. **Act** means the *Securities Act* (Ontario).
2. **AMF** means the Autorité des marchés financiers du Québéc.
3. **Desautels** means Desautels Capital Management Inc., a registered adviser, investment fund manager and exempt market dealer in the province of Québec and a registered exempt market dealer in the province of Ontario.
4. **KCAI** means Kensington Capital Advisors Inc., a registered adviser and exempt market dealer in Ontario and a registered adviser in Québec.
5. **OSC** means the Ontario Securities Commission.
6. **Manna** means Manna Asset Management Inc., a registered adviser and exempt market dealer in the provinces of Ontario, Alberta and Québec.

Representations

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

1. The Filer lives in Toronto, Ontario.
2. The Filer is and, since July 2009, has been registered in the provinces of Ontario, Alberta and Québec, as the ultimate designated person, an advising representative and a dealing representative of Manna. The Filer is also a shareholder of Manna. The OSC is the principal regulator of Manna.
3. Since August 2009, the Filer has also been a director of Desautels. The AMF is Desautels' principal regulator.
4. Desautels was established by the Faculty of Management at McGill University, as a hands-on educational facility that allows students to participate as research analysts in an operating "real-life" investment firm. Desautels manages two investment funds, with institutional and high net worth investors.

5. The Filer is a graduate of McGill University and given his professional and educational background agreed to foster the work of the Faculty of Management and Desautels by being a member of the board of directors of Desautels.

6. The Filer's involvement with Desautels is pro bono and involves participating at board of directors meetings and meeting with students. He estimates that he spends around an hour a month on Desautels' duties. The Filer is not involved in any investment decisions or other operational or day-to-day decisions made for Desautels.

7. In late April 2011, the shareholders of Manna, including the Filer, agreed to sell their shares to Kensington Capital Partners Ltd. (KCPL). This share purchase is the subject of a notice filed with the Alberta, Ontario and Québec securities regulators pursuant to section 11.10 of NI 31-103. The OSC, the AMF and the Alberta Securities Commission issued a notice of non-objection to this share purchase pursuant to a notice filed by KCPL pursuant to section 11.10 of NI 31-103. KCPL is the parent company of KCAI. In September 2010, KCAI applied to be registered as an investment fund manager with the OSC, and to extend its registration as an exempt market dealer in the provinces of Alberta, British Columbia, Manitoba, Québec and Saskatchewan.

8. Upon the closing of the share purchase, Manna will become a wholly owned subsidiary of KPCL and an affiliate of KCAI. The Filer has agreed with KPCL to apply to transfer his registration as an advising representative to become an advising representative of KCAI, instead of an advising representative of Manna. The Filer will remain the ultimate designated person of Manna. These relationships will be permitted under section 4.1 of NI 31-103, given the affiliated status of Manna and KCAI.

9. The Filer's directorship duties with Desautels do not conflict with his duties at Manna nor will they conflict with his proposed duties at KCAI. The Filer's directorship duties do not create any conflicts of interest for the Filer or for Manna, nor will they create any conflicts of interest for KCAI, given that the Filer is not involved in any investment decision-making for Desautels and the fact that Desautels primarily operates as an educational investment firm for students of McGill's Faculty of Management.

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.

The decision shall cease to be effective when:

1. The Filer is no longer a director of Desautels or

2. The Filer is not registered in any jurisdiction as a dealing or an advising representative of either Manna or KCAI

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

2.1.12 Procon Mining Holdings Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for an order that the filer is not a reporting issuer under applicable securities laws – Requested relief granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).
CSA Staff Notice 12-307 Applications for a Decision that an Issuer is not a Reporting Issuer.

June 28, 2011

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

AND

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

AND

IN THE MATTER OF
PROCON MINING HOLDINGS LTD.
(the Filer)

DECISION

Background

1 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) that the Filer is not a reporting issuer in the Jurisdictions (the Exemptive Relief Sought).

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

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

(b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

2 Terms defined in National Instrument 14-101 Definitions 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. on June 24, 2011, 0373849 B.C. Ltd., a reporting issuer in British Columbia, Alberta and Ontario, completed an amalgamation (the Amalgamation) with Procon Acquisitionco Ltd. under the *Business Corporations Act* (British Columbia);

2. the Filer is the continuing company pursuant to the Amalgamation and as a result became a reporting issuer in British Columbia, Alberta and Ontario;

3. the head office of the Filer is located at Suite 108, 4664 Lougheed Highway, Burnaby, British Columbia;

4. as a result of the Amalgamation, Procon Mining and Tunnelling Ltd. is the sole holder of all of the Filer's outstanding securities and all of the outstanding securities of the Filer are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the Jurisdictions and fewer than 51 security holders in total in Canada;

5. no securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

6. the Filer has applied for a decision that it is not a reporting issuer in all of the Jurisdictions in which it is currently a reporting issuer;

7. the Filer is not in default of any of its obligations under the Legislation as a reporting issuer;

8. the Filer did not voluntarily surrender its status as a reporting issuer in British Columbia under British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* in order to avoid the minimum 10 day waiting period under such instrument; and

9. the Filer did not use the simplified procedure under CSA Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* because it is a reporting issuer in British Columbia.

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 Exemptive Relief Sought is granted.

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

2.1.13 Penn West Santiago Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for an order that the filer is not a reporting issuer under applicable securities laws – requested relief granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).
CSA Staff Notice 12-307 Applications for a Decision that an Issuer is not a Reporting Issuer.

July 4, 2011

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO, NOVA SCOTIA, NEW BRUNSWICK,
PRINCE EDWARD ISLAND, NEWFOUNDLAND
AND LABRADOR
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
PENN WEST SANTIAGO 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**) that the Filer is not a reporting issuer.

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

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

(b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* 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 amalgamated under the *Business Corporations Act* (Alberta) (the **ABCA**).

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

3. The Filer is a reporting issuer in each of the Jurisdictions.

4. Prior to the Arrangement (as defined herein), the authorized capital of the Filer consisted of an unlimited number of common shares (the **Common Shares**) and an unlimited number of first preferred shares (the **Preferred Shares**), issuable in series, of which 41,604,114 Common Shares and Nil Preferred Shares were issued and outstanding.

5. Pursuant to a plan of arrangement (the **Arrangement**) under section 193 of the ABCA involving the Filer, 1598385 Alberta Ltd., Penn West Petroleum Ltd. (**PWPL**) and the shareholders of the Filer, PWPL acquired all of the issued and outstanding Common Shares. As a result of the Arrangement, the Filer became a wholly-owned subsidiary of PWPL.

6. The Common Shares were delisted from the Toronto Stock Exchange on June 3, 2011 and, accordingly, no securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

7. The Filer has no intention to seek public financing by way of an offering of its securities.

8. The outstanding securities of the Filer, 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.

9. The Filer voluntarily surrendered its status as a reporting issuer in British Columbia pursuant to BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status*.

10. The Filer is applying for a decision that it is not a reporting issuer in all of the Jurisdictions.

11. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer, other than its obligation to file its interim unaudited financial statements and related management's discussion and analysis for the period ended March 31, 2011 and the interim certificates under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* in respect of its interim filings for the interim period ended March 31, 2011 which were due on June 14, 2011 (the **Filings**).

12. The Filer is not eligible to use the simplified procedure under CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* because it is in default of its obligation to file the Filings.

13. The Filer has no current intention to seek public financing by way of an offering of securities.

14. The Filer, upon receipt of the decision, will no longer be a reporting issuer or the equivalent thereof in any jurisdiction in Canada.

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 Filer is deemed to have ceased to be a reporting issuer and that the Filer's status as a reporting issuer is revoked.

"Blaine Young"
Associate Director, Corporate Finance

2.1.14 Medoro Resources (Yukon) Inc. – s. 1(10)(a)(ii)

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.

Applicable Legislative Provisions

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

July 6, 2011

Adam M. Inglis
Macleod Dixon LLP
3700 Canterra Tower
400 Third Avenue SW
Calgary, Alberta
Canada T2P 4H2

Dear Mr. Inglis:

Re: Medoro Resources (Yukon) Inc. (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta and Nova Scotia (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.

"Jo-Anne Matear"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.15 Fidelity Global Large Cap Fund et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Mutual funds granted relief from delivering annual financial statements, and preparing, filing, and delivering annual management reports of fund performance – Funds were operating for a short period – Manager is the sole unitholder.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 4.2, 5.1(2).

June 29, 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
FIDELITY GLOBAL LARGE CAP FUND,
FIDELITY GLOBAL SMALL CAP FUND AND
FIDELITY TACTICAL STRATEGIES FUND
(collectively, the Funds)

AND

FIDELITY INVESTMENTS CANADA ULC
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of each of the Funds, for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the Funds from the following requirements of the Legislation:

(a) the requirement in section 4.2 of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) to file annual management reports of fund performance (**MRFPs**) for the fiscal year ended March 31, 2011 (the **Reporting Period**); and

(b) the requirement in paragraph 5.1(2) of NI 81-106 to send to each securityholder the annual financial statements and annual MRFPs for the Reporting Period

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

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

(a) the Ontario 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 British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut (together with the Jurisdiction, referred to as 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. The following additional terms shall have the following meanings:

Form 81-106F1 means the form in NI 81-106 that prescribes the content disclosure required in an annual or interim management report of fund performance; and

NI 81-102 means National Instrument 81-102 Respecting Mutual Funds.

Representations

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

1. The Manager is a corporation continued under the laws of Alberta, with its head office in Toronto, Ontario.

2. The Manager is the manager and the trustee of each of the Funds.

3. The Funds are open-ended mutual fund trusts established on March 25, 2011 under the laws of Ontario pursuant to a Declaration of Trust.

4. Each Fund became a reporting issuer under applicable securities legislation of the Jurisdictions on March 30, 2011, following the issuance of a receipt by the principal regulator for the final simplified prospectus and annual information form of the Funds dated March 25, 2011.

5. None of the Funds or the Manager are in default of securities legislation in any of the Jurisdictions of Canada.

6. As at March 25, 2011, the only units of each Fund issued were issued to the Filer for $150,000 to satisfy the requirement in paragraph 3.1(1)(a) of NI 81-102, as reflected in the audited statements of net assets of the Funds, which have been filed at the time of the filing of the final simplified

prospectus and annual information form of the Funds.

7. The initial fiscal year end of each Fund is March 31, 2011.

8. As at March 31, 2011, no units of the Funds were issued to the public, the Manager was the sole unitholder in each of the Funds.

9. As at March 31, 2011 each Fund held only cash in its portfolio.

10. In the absence of the Exemption Sought, each of the Funds would be required to deliver audited financial statements, and file and deliver an annual MRFP for the financial year ended March 31, 2011.

11. Given that there was no investment activity in the Funds for the period from March 25, 2011 to March 31, 2011 and given that the units of the Funds were not offered to the public as of March 31, 2011, no significant information or financial highlights can be provided for the purposes of the preparation of the MRFPs as prescribed under NI 81-106.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that the Manager will prepare and file for each Fund an interim MRFP for the period ending September 30, 2011 in accordance with Form 81-106F1, except that the interim MRFP will include financial highlights as required by Part B, Item 3 of Form 81-106F1.

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

2.2 Orders

2.2.1 RBC Global Asset Management Inc. and BlueBay Asset Management Ltd. – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Relief from the adviser registration requirements of subsection 22(1)(b) of the CFA granted to sub-adviser not ordinarily resident in Ontario in respect of advice regarding trades in commodity futures contracts and commodity futures options, subject to certain terms and conditions. Relief mirrors exemption available in section 7.3 of OSC Rule 35-502 – Non-Resident Advisers made under the Securities Act (Ontario).

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22(1)(b), 80.
Securities Act, R.S.O. 1990, c. S.5, as am.
Rule 35-502 – Non Resident Advisers.

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

AND

IN THE MATTER OF
RBC GLOBAL ASSET MANAGEMENT INC. AND
BLUEBAY ASSET MANAGEMENT LTD

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of BlueBay Asset Management Ltd (the **Sub-Adviser**) and RBC Global Asset Management Inc. (the **Principal Adviser**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to section 80 of the CFA that the Sub-Adviser and any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services (as defined below) be exempt, for a period of five years, from the adviser registration requirements of paragraph 22(1)(b) of the CFA when acting as a sub-adviser to the Principal Adviser in respect of the Clients (as defined below) in respect of commodity futures contracts and commodity futures options traded on commodity futures exchanges (collectively, the **Contracts**) and cleared through clearing corporations;

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

AND UPON the Principal Adviser having represented to the Commission that:

1. The Principal Adviser is a corporation organized under the federal laws of Canada, with its head office in Ontario. The Principal Adviser is registered as an adviser in the category of portfolio manager under the securities legislation in all the provinces and territories of Canada and is registered under the *Securities Act* (Ontario) (the **OSA**) and under the securities legislation in Newfoundland and Labrador as a dealer in the category of exempt market dealer. The Principal Adviser is also registered under the CFA as an adviser in the category of commodity trading manager.

2. To the best of the knowledge of the Principal Adviser, the Principal Adviser is not in default of securities legislation of Ontario.

3. The Principal Adviser is the investment manager of and/or provides discretionary portfolio management services in Ontario to (i) investment funds, the securities of which are qualified by prospectus for distribution to the public in Ontario and the other provinces and territories of Canada (the **Investment Funds**); (ii) pooled funds, the securities of which are sold on a private placement basis in Ontario and certain other provinces and territories of Canada pursuant to prospectus exemptions contained in National Instrument 45-106 – *Prospectus and Registration Exemptions* (the **Pooled Funds**); (iii) managed accounts of clients who have entered into investment management agreements with the Principal Adviser (the **Managed Accounts**); and (iv) other Investment Funds, Pooled Funds and Managed Accounts that may be established in the future in respect of which the Principal Adviser engages the Sub-Adviser to provide portfolio advisory services (the **Future Clients)** (each of the Investment Funds, Pooled Funds, Managed Accounts and Future Clients being referred to individually as a **Client** and collectively as the **Clients**).

4. Certain of the Clients may, as part of their investment program, invest in Contracts.

5. The Principal Adviser acts, or will act, as a commodity trading manager in respect of such Clients.

AND UPON the Sub-Adviser having represented to the Commission that:

6. The Sub-Adviser is a company incorporated under the laws of England and Wales. The head office of the Sub-Adviser is located at 77 Grosvenor Street, London W1K 3JR, England.

7. The Sub-Adviser and the Principal Adviser are affiliates, and are, respectively, direct and indirect wholly-owned subsidiaries of Royal Bank of Canada.

8. The Sub-Adviser is authorised and regulated in the United Kingdom by the Financial Services Authority (the **FSA**). The Sub-Adviser is also currently registered as an investment adviser with the U.S. Securities and Exchange Commission and is exempted from registration as a commodity trading adviser and a commodity pool operator with the U.S. Commodity Futures Trading Commission.

9. The Sub-Adviser is or will be registered or licensed or is or will be entitled to rely on appropriate exemptions from such registrations or licenses to provide advice to the Principal Adviser pursuant to the applicable legislation of its principal jurisdiction.

10. The Sub-Adviser is not resident in any province or territory of Canada.

11. The Sub-Adviser is not registered in any capacity under the CFA or the OSA.

12. In connection with the Principal Adviser acting as an adviser to Clients in respect of the purchase or sale of Contracts, the Principal Adviser will, pursuant to a written agreement made between the Principal Adviser and the Sub-Adviser, retain the Sub-Adviser to act as a sub-adviser to the Principal Adviser (the **Proposed Sub-Advisory Services**) in respect of, inter alia, Contracts in which the Sub-Adviser has experience and expertise by exercising discretionary authority on behalf of the Principal Adviser, in respect of all or a portion of the assets of the investment portfolio of the respective Client, including discretionary authority to buy or sell Contracts for the Client, provided that:

    (a) in each case, the Contracts must be cleared through an "acceptable clearing corporation" (as defined in National Instrument 81-102 *Mutual Funds*, or any successor thereto (**NI 81-102**)) or a clearing corporation that clears and settles transactions made on a futures exchange listed in Appendix A of NI 81-102; and

    (b) such investments are consistent with the investment objectives and strategies of the applicable Client.

AND UPON the Principal Adviser and the Sub-Adviser having represented to the Commission that:

13. The written agreement between the Principal Adviser and the Sub-Adviser will set out the obligations and duties of each party in connection with the Proposed Sub-Advisory Services and will permit the Principal Adviser to exercise the degree of supervision and control it is required to exercise

over the Sub-Adviser in respect of the Proposed Sub-Advisory Services.

14. If there is any direct contact between a Client and the Sub-Adviser in connection with the Proposed Sub-Advisory Services, a representative of the Principal Adviser, duly registered in accordance with the CFA, will be present at all times either in person or by telephone.

15. The relationship among the Principal Adviser, the Sub-Adviser and any Client satisfies, or will satisfy, the requirements of section 7.3 of Ontario Securities Commission Rule 35-502 – *Non-Resident Advisers* (**Rule 35-502**).

16. The Sub-Adviser will only provide the Proposed Sub-Advisory Services as long as the Principal Adviser is, and remains, registered under the CFA as an adviser in the category of commodity trading manager.

AND UPON the Principal Adviser having represented to the Commission, further, that:

17. The Principal Adviser will deliver to the Clients all applicable reports and statements under applicable securities and derivatives legislation.

18. As would be required under section 7.3 of Rule 35-502:

    (a) the obligations and duties of the Sub-Adviser in connection with the Proposed Sub-Advisory Services will be set out in a written agreement with the Principal Adviser;

    (b) the Principal Adviser will contractually agree with each Client to be responsible for any loss that arises out of the failure of the Sub-Adviser:

        (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Principal Adviser and the Client; or

        (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances (this obligation, together with the obligation in subparagraph (i), the Assumed Obligations); and

    (c) the Principal Adviser cannot be relieved by any of the Clients from its responsibility for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations.

19. The prospectus or similar offering document for each Client for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Sub-Advisory Services will include the following disclosure:

    (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

    (b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

20. In circumstances where a Client for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Sub-Advisory Services does not prepare a prospectus or similar offering document for delivery to prospective purchasers, all investors of the Client who are Ontario residents will receive written disclosure prior to the purchasing of any Contracts for such Client that includes:

    (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

    (b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

21. Paragraph 22(1)(b) of the CFA prohibits a person or company from acting as an adviser unless the person or company is registered as an adviser under the CFA, or is registered as a representative or as partner or an officer of a registered adviser and is acting on behalf of a registered adviser.

22. By providing the Proposed Sub-Advisory Services to the Principal Adviser in respect of the Clients, the Sub-Adviser and any individuals acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services will be engaging

in, or holding himself, herself or itself out as engaging in, the business of advising others in respect of Contracts and, in the absence of being granted the requested relief, would be required to register as an adviser, or a representative of an adviser, as the case may be, under the CFA.

23. There is presently no rule under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA for a person or company acting as an adviser in respect of commodity futures contracts and commodity futures options that is similar to the exemption from the adviser registration requirement in section 25(3) of the OSA for acting as an adviser (as defined in the OSA) in respect of securities that is provided under section 7.3 of Rule 35-502.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the relief requested;

IT IS ORDERED, pursuant to section 80 of the CFA, that the Sub-Adviser and any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services are exempt, for a period of five years, from the adviser registration requirements of paragraph 22(1)(b) of the CFA when acting as a sub-adviser to the Principal Adviser in respect of the Clients in respect of Contracts, provided that at the relevant time that such activities are engaged in:

(a) the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager;

(b) the Sub-Adviser and any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services are appropriately registered or licensed, or are entitled to rely on appropriate exemptions from such registrations or licences, to provide advice for the particular Client pursuant to the application legislation of their principal jurisdiction;

(c) the obligations and duties of the Sub-Adviser are set out in a written agreement with the Principal Adviser;

(d) the Principal Adviser has contractually agreed with the Clients to be responsible for any loss that arises out of any failure of the Sub-Adviser to meet the Assumed Obligations;

(e) the Principal Adviser cannot be relieved by any of the Clients from its responsibility for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations;

(f) the prospectus or similar offering document for each Client for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Sub-Advisory Services will include the following disclosure:

(i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

(ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada; and

(g) in circumstances where a Client for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Sub-Advisory Services does not prepare a prospectus or similar offering document for delivery to prospective purchasers, all investors of the Client who are Ontario residents will receive written disclosure prior to the purchasing of any Contracts for such Client that includes:

(i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

(ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

June 28, 2011

"C. Wesley M. Scott"
Commissioner
Ontario Securities Commission

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

2.2.2 HEIR Home Equity Investment Rewards Inc. et al. – ss. 127(1), 127.1

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

AND

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

**ORDER
(Sections 127(1) and 127.1)**

WHEREAS on March 29, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Act*") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 29, 2011 in respect of HEIR Home Equity Investment Rewards Inc., FFI First Fruit Investments Inc., Wealth Building Mortgages Inc., Archibald Robertson, Eric Deschamps (collectively the "HEIR Respondents") and 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. (collectively the "Canyon Respondents");

AND WHEREAS the Respondents were served with the Notice of Hearing and Statement of Allegations on March 29 and 30, 2011 and April 5, 2011;

AND WHEREAS the Notice of Hearing provided that a hearing would be held at the offices of the Commission on April 27, 2011;

AND WHEREAS counsel for the Canyon Respondents wished to attend the hearing but was not available on April 27, 2011;

AND WHEREAS, on consent of all the parties, on April 20, 2011, the Commission ordered that the hearing scheduled to commence on April 27, 2011 be rescheduled to commence on May 17, 2011 at 11:00 a.m. or as soon thereafter as the hearing can be held;

AND WHEREAS on May 17, 2011, a first appearance on this matter was held before the Commission, at which Staff attended, counsel from Borden Ladner Gervais LLP attended on behalf of all of the HEIR Respondents, and counsel from Cassels Brock & Blackwell LLP attended on behalf of all of the Canyon Respondents, and at that first attendance, Staff submitted that the hearing on the merits should be scheduled at a future pre-hearing conference or at a subsequent attendance;

AND WHEREAS, on May 17, 2011, the Commission ordered that the hearing be adjourned to June 28, 2011 at 10:00 a.m., or to such other date as may be agreed to by the parties and fixed by the Office of the Secretary, for the purpose of addressing scheduling and any other procedural matters or for such other purposes as may be requested;

AND WHEREAS on June 28, 2011, Staff and counsel for the HEIR Respondents attended, and Staff advised the Commission that counsel for the Canyon Respondents, while not in attendance, had recently indicated that the Canyon Respondents would likely retain new counsel in the near future to represent them before the Commission;

AND WHEREAS on consent of Staff and Counsel for the HEIR Respondents it was agreed that the hearing should be adjourned for three weeks time to allow the Canyon Respondents to formalize their representation in this proceeding;

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

IT IS ORDERED the hearing be adjourned to July 19, 2011 at 2:30 p.m., for the purpose of addressing scheduling and any other procedural matters or for such other purposes as may be requested.

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

"Christopher Portner"

2.2.3 Empire Consulting Inc. and Desmond Chambers – s. 127

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

AND

EMPIRE CONSULTING INC. AND
DESMOND CHAMBERS

ORDER
(Section 127)

WHEREAS on May 26, 2006, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Statement of Allegations with respect to Desmond Chambers ("Chambers") and Empire Consulting Inc. ("Empire");

AND WHEREAS Staff of the Commission ("Staff") attended before the Commission on June 29, 2011 at 2:30 p.m.;

AND WHEREAS Staff filed an affidavit of Raymond Daubney sworn June 29, 2011 setting out Staff's telephone discussions and e-mails with Chambers and efforts to personally serve Chambers and Empire, including contacting local law enforcement authorities in Jamaica;

AND WHEREAS Staff has served the Notice of Hearing and the Statement of Allegations on Chambers and Empire by e-mail, confirmed with Chambers that the e-mail address is accurate and advised Chambers that the documents have been e-mailed to him;

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

IT IS ORDERED that the hearing is adjourned to July 26, 2011 at 3:00 p.m. for the purpose of scheduling dates for the hearing on the merits in this matter.

Dated at Toronto this 29th day of June, 2011.

"Mary G. Condon"

2.2.4 Sulja Bros. Building Supplies, Ltd. et al. – 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
SULJA BROS. BUILDING SUPPLIES, LTD.,
PETAR VUCICEVICH,
KORE INTERNATIONAL MANAGEMENT INC.,
ANDREW DEVRIES, STEVEN SULJA,
PRANAB SHAH, TRACEY BANUMAS, AND
SAM SULJA

ORDER
(Sections 127 and 127.1 of the *Securities Act*)

WHEREAS on December 27, 2006, a Statement of Allegations and a Notice of Hearing were issued pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), in respect of Sulja Bros. Building Supplies, Ltd. (Nevada) ("Sulja Nevada"), Sulja Bros. Building Supplies Ltd. (Ontario), Kore International Management Inc. ("Kore Canada"), Petar Vucicevich ("Vucicevich"), and Andrew DeVries ("DeVries");

WHEREAS on June 16, 2008, an Amended Statement of Allegations and a Notice of Hearing were issued to pursuant to sections 127 and 127.1 of the Act in respect of Sulja Nevada, Vucicevich, Kore Canada, DeVries, Steven Sulja, Pranab Shah ("Shah"), Tracey Banumas ("Banumas"), and Sam Sulja (collectively, the "Respondents");

WHEREAS the Commission conducted the hearing on the merits in this matter on September 13, 14, 24 and 29, 2010;

AND WHEREAS the Commission issued its Reasons and Decisions on the merits on October 28, 2010 and May 25, 2011 (the "Merits Decisions");

AND WHEREAS the Commission is satisfied that the Respondents carried out a fraudulent investment scheme, have not complied with Ontario securities law and have acted contrary to the public interest, as described in the Merits Decisions;

AND WHEREAS the Commission conducted a hearing with respect to the sanctions and costs to be imposed in this matter on November 30, 2010;

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

IT IS HEREBY ORDERED THAT:

(a) pursuant to clause 2 of subsection 127(1) of the Act, Sulja Nevada, Vucicevich, Kore Canada and DeVries shall cease trading in securities permanently;

(b) pursuant to clause 2 of subsection 127(1) of the Act, Steven Sulja and Sam Sulja shall cease trading in securities for a period of 15 years;

(c) pursuant to clause 2 of subsection 127(1) of the Act, Shah and Banumas shall cease trading in securities for a period of 5 years;

(d) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Sulja Nevada, Vucicevich, Kore Canada and DeVries is prohibited permanently;

(e) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Steven Sulja and Sam Sulja is prohibited for a period of 15 years;

(f) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Shah and Banumas is prohibited for a period of 5 years;

(g) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Sulja Nevada, Vucicevich, Kore Canada and DeVries permanently;

(h) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Steven Sulja and Sam Sulja for a period of 15 years;

(i) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Shah and Banumas for a period of 5 years;

(j) pursuant to clause 6 of subsection 127(1) of the Act, each of Vucicevich, DeVries, Steven Sulja, Shah, Banumas and Sam Sulja is reprimanded;

(k) pursuant to clause 7 of subsection 127(1) of the Act, Vucicevich, DeVries, Steven Sulja, Shah, Banumas and Sam Sulja shall resign all positions that they may hold as a director or officer of an issuer;

(l) pursuant to clause 8 of subsection 127(1) of the Act, Vucicevich and DeVries are prohibited permanently from becoming or acting as a director or officer of any issuer;

(m) pursuant to clause 8 of subsection 127(1) of the Act, Steven Sulja and Sam Sulja are prohibited from becoming or acting as a director or officer of any issuer for a period of 15 years;

(n) pursuant to clause 8 of subsection 127(1) of the Act, Shah and Banumas are prohibited from becoming or acting as a director or officer of any issuer for a period of 5 years;

(o) pursuant to clause 8.1 of subsection 127(1) of the Act, Vucicevich, DeVries, Steven Sulja, Shah, Banumas and Sam Sulja shall resign all positions that they may hold as a director or officer of a registrant;

(p) pursuant to clause 8.2 of subsection 127(1) of the Act, Vucicevich and DeVries are prohibited permanently from becoming or acting as a director or officer of any registrant;

(q) pursuant to clause 8.2 of subsection 127(1) of the Act, Steven Sulja and Sam Sulja are prohibited from becoming or acting as a director or officer of any registrant for a period of 15 years;

(r) pursuant to clause 8.2 of subsection 127(1) of the Act, Shah and Banumas are prohibited from becoming or acting as a director or officer of any registrant for a period of 5 years;

(s) pursuant to clause 9 of subsection 127(1) of the Act, Vucicevich and DeVries shall each pay an administrative penalty of $750,000;

(t) pursuant to clause 9 of subsection 127(1) of the Act, Steven Sulja and Sam Sulja shall each pay an administrative penalty of $125,000;

(u) pursuant to clause 9 of subsection 127(1) of the Act, Shah and Banumas shall each pay an administrative penalty of $5,000;

(v) pursuant to clause 10 of subsection 127(1) of the Act, Sulja Nevada, Vucicevich, Kore Canada and DeVries shall disgorge to the Commission $5.6 million on a joint and several basis, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(w) pursuant to section 127.1 of the Act, Sulja Nevada, Kore Canada and DeVries shall jointly and severally pay to the Commission, the Commission's costs of hearing of this matter in the amount of $235,000; and

(x) pursuant to section 127.1 of the Act, Vucicevich, Steven Sulja and Sam Sulja shall each pay to the Commission, the Commission's costs of hearing of this matter in the amount of $25,000.

DATED at Toronto on this 29th day of June, 2011.

"Patrick J. LeSage"

"Sinan O. Akdeniz"

2.2.5 IMAGIN Diagnostic Centres Inc. et al. – 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
IMAGIN DIAGNOSTIC CENTRES INC.,
PATRICK J. ROONEY, CYNTHIA JORDAN,
ALLAN McCAFFREY, MICHAEL SHUMACHER,
CHRISTOPHER SMITH, MELVYN HARRIS AND
MICHAEL ZELYONY

ORDER
(Sections 127 and 127.1 of the *Securities Act*)

WHEREAS on September 27, 2007, a Statement of Allegations was issued and on September 28, 2007 a Notice of Hearing was issued pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether IMAGIN Diagnostic Centres Inc. ("IMAGIN"), Patrick J. Rooney ("Mr. Rooney"), Cynthia Jordan ("Ms. Jordan"), Allan McCaffrey ("Mr. McCaffrey"), Michael Shumacher ("Mr. Shumacher"), Christopher Smith ("Mr. Smith"), Melvyn Harris ("Mr. Harris") and Michael Zelyony ("Mr. Zelyony") breached subsection 25(1)(a) of the Act and engaged in conduct contrary to the public interest;

AND WHEREAS prior to the hearing on the merits, Ms. Jordan, Mr. McCaffrey, Mr. Shumacher, Mr. Smith and Mr. Zelyony settled with the Commission (*Re IMAGIN et al.* (2009), 32 O.S.C.B. 1441 (oral reasons)), and Mr. Harris passed away prior to the commencement of the merits hearing and Staff of the Commission ("Staff") did not proceed with the allegations against this individual;

AND WHEREAS the Commission conducted the hearing on the merits in this matter with respect to IMAGIN and Mr. Rooney on May 19, 20, and 21, June 16, 17, 18, and 19, September 8, 9, and 10 and November 11, 2009;

AND WHEREAS the Commission issued its Reasons and Decision on the merits in this matter on August 31, 2010 (the "Merits Decision");

AND WHEREAS the Commission is satisfied that Mr. Rooney and IMAGIN have not complied with Ontario securities law and have not acted in the public interest, as outlined in the Merits Decision;

AND WHEREAS the Commission conducted a hearing with respect to sanctions and costs on November 12, 2010 (the "Sanctions and Costs Hearing");

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

IT IS HEREBY ORDERED:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, Mr. Rooney cease trading in securities of IMAGIN permanently;

(b) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Mr. Rooney or IMAGIN for a period of 15 years;

(c) pursuant to paragraph 6 of subsection 127(1) of the Act, Mr. Rooney is reprimanded;

(d) pursuant to paragraph 7 of subsection 127(1) of the Act, Mr. Rooney resign any position he holds as a director or officer of any issuer;

(e) pursuant to paragraph 8 of subsection 127(1) of the Act, Mr. Rooney is prohibited from acting as a director or officer of any issuer for a period of 15 years;

(f) pursuant to subsections 127.1(1) and (2) of the Act, Mr. Rooney and IMAGIN are jointly and severally liable to pay the sum of $57,482.50 toward the costs of the hearing that were incurred by the Commission; and

(g) pursuant to subsection 37(1)(b) of the Act, Mr. Rooney and IMAGIN are prohibited from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or in any class of securities, except that Mr. Rooney may telephone a registrant for the purpose of issuing trading instructions.

Dated at Toronto, Ontario this 30th day of June 2011.

"Mary G. Condon"

"Margot C. Howard"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Sulja Bros. Building Supplies, Ltd. et al. – 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
SULJA BROS. BUILDING SUPPLIES, LTD.,
PETAR VUCICEVICH,
KORE INTERNATIONAL MANAGEMENT INC.,
ANDREW DEVRIES, STEVEN SULJA,
PRANAB SHAH, TRACEY BANUMAS, AND
SAM SULJA

REASONS AND DECISION ON SANCTIONS AND COSTS
(Sections 127 and 127.1 of the Act)

Hearing:	November 30, 2010		
Decision:	June 29, 2011		
Panel:	Patrick J. LeSage, Q.C.	–	Commissioner and Chair of the Panel
	Sinan O. Akdeniz	–	Commissioner
Appearances:	Jonathon Feasby Usman M. Sheikh	–	For Staff of the Ontario Securities Commission
	Petar Vucicevich	–	For himself
	Khalid Sheikh	–	For Steven Sulja and Sam Sulja
	Pranab Shah	–	For himself
	Tracey Banumas	–	For herself

TABLE OF CONTENTS

REASONS AND DECISION ON SANCTIONS AND COSTS

I. BACKGROUND

[1] This was a bifurcated hearing before the Ontario Securities Commission (the "**Commission**") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"), to consider whether it is in the public interest to make an order with respect to sanctions and costs against Sulja Bros. Building Supplies, Ltd., (Nevada) ("**Sulja Nevada**"), Petar Vucicevich ("**Vucicevich**"), Kore International Management Inc. ("**Kore Canada**"), Andrew DeVries ("**DeVries**"), Steven Sulja, Pranab Shah ("**Shah**"), Tracey Banumas ("**Banumas**") and Sam Sulja (collectively, the "**Respondents**").

[2] The hearing on the merits commenced on September 13, 2010. Vucicevich, Shah and Banumas agreed to have read into the record uncontested evidence upon which the Panel would make its findings. The proceeding relating to these Respondents was severed and dealt with on September 14, 2010. On September 14, 2010, Steven Sulja and Sam Sulja agreed to proceed in the same expedited manner. The proceeding relating to these two Respondents was severed and dealt with on September 24, 2010 (Vucicevich, Steven Sulja, Shah, Banumas and Sam Sulja will be collectively referred to as the "**Non-Contesting Respondents**"). The hearing on the merits for the remaining Respondents, Sulja Nevada, Kore Canada and DeVries, was held on September 24 and 29, 2010.

[3] The reasons and decisions for the proceeding relating to Vucicevich, Shah and Banumas (2010), 33 O.S.C.B. 10173 (the "**Vucicevich Merits Decision**") and the proceeding relating to Steven Sulja and Sam Sulja (2010), 33 O.S.C.B. 10180 (the "**Sulja Merits Decision**") were issued separately on October 28, 2010. The reasons and decision relating to Sulja Nevada, Kore Canada and DeVries (2011), 34 O.S.B.C. 6356 were delivered on May 25, 2011 (the "**Sulja Nevada Merits Decision**"). Collectively, the Vucicevich Merits Decision, the Sulja Merits Decision and the Sulja Nevada Merits Decision will be referred to as the "**Merits Decisions**".

[4] On November 30, 2010, a hearing was held to consider submissions from Staff of the Commission ("**Staff**") and the Respondents regarding sanctions and costs (the "**Sanctions and Costs Hearing**"). Staff and the Non-Contesting Respondents appeared before the Commission and made submissions. Sulja Nevada, Kore Canada and DeVries did not appear in person or by counsel and made no submissions. On June 2, 2011, following the issuance of the Sulja Nevada Merits Decision, the Panel invited Sulja Nevada, Kore Canada and DeVries to make submissions on sanctions and costs. We received no response from these Respondents.

[5] These are our reasons and decision as to the appropriate sanctions and costs to be ordered against the Respondents.

II. THE MERITS DECISIONS

[6] The Respondents in this matter were involved in a "pump and dump" scheme. They profited from issuing and subsequently trading Sulja Nevada shares in a market that was inflated by overwhelmingly positive but false press releases about the company's prospects that the Respondents participated in issuing. The Respondents further sought to conceal the true extent of their involvement by way of nominee account trading which created a misleading appearance of trading activity in Sulja Nevada securities. The Respondents obtained trading profits of US $5.6 million as a result of this fraudulent scheme.

[7] We found that the Respondents' involvement in this "pump and dump" scheme constituted a violation of a number of key provisions of the Act. More specifically, we made the following findings:

(i) Vucicevich and DeVries traded Sulja Nevada securities or directed trading in Sulja Nevada securities in nominee trading accounts without registration, contrary to subsection 25(1)(a) of the Act;

(ii) Vucicevich and DeVries distributed previously unissued Sulja Nevada securities without a prospectus, contrary to subsection 53(1) of the Act;

(iii) Kore Canada, Shah, Banumas and Sam Sulja engaged in acts, practices or a course of conduct relating to Sulja Nevada securities that they knew or reasonably ought to have known resulted in or contributed to a misleading appearance of trading activity in Sulja Nevada securities, contrary to subsection 126.1(a) of the Act;

(iv) Vucicevich and DeVries participated in acts, practices or a course of conduct relating to Sulja Nevada securities that they knew or reasonably ought to have known perpetrated a fraud on investors, contrary to subsection 126.1(b) of the Act; and

(v) Sulja Nevada and Steven Sulja issued statements in press releases that they knew or reasonably ought to have known in a material respect and at the time and in the 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 statement not misleading and would reasonably be expected to have a significant effect on the market price or value of Sulja Nevada securities, contrary to subsection 126.2(1) of the Act.

III. SUBMISSIONS OF THE PARTIES ON SANCTIONS AND COSTS

A. Staff's Position

1. Specific Sanctions and Costs Requested

[8] Staff requests the following sanctions and costs orders against the Respondents.

[9] With respect to Vucicevich and DeVries, Staff requests:

(a) an order that Vucicevich and DeVries cease trading in securities permanently pursuant to clause 2 of subsection 127(1) of the Act;

(b) an order that the acquisition of any securities by Vucicevich and DeVries is prohibited permanently pursuant to clause 2.1 of subsection 127(1) of the Act;

(c) an order that any exemptions contained in Ontario securities law do not apply to Vucicevich and DeVries permanently pursuant to clause 3 of subsection 127(1) of the Act;

(d) an order reprimanding Vucicevich and DeVries pursuant to clause 6 of subsection 127(1) of the Act;

(e) an order that Vucicevich and DeVries resign all positions that they may hold as a director or officer of an issuer and registrant pursuant to clauses 7 and 8.1 of subsection 127(1) of the Act;

(f) an order that Vucicevich and DeVries are prohibited permanently from becoming or acting as a director or officer of any issuer or registrant pursuant to clauses 8 and 8.2 of subsection 127(1) of the Act; and

(g) an order requiring each of Vucicevich and DeVries to pay an administrative penalty of $750,000 pursuant to clause 9 of subsection 127(1) of the Act.

[10] With respect to Steven Sulja, Shah, Banumas and Sam Sulja, Staff requests:

(a) an order that Steven Sulja, Shah, Banumas and Sam Sulja cease trading in securities for a period of 15 years pursuant to clause 2 of subsection 127(1) of the Act;

(b) an order that the acquisition of any securities by Steven Sulja, Shah, Banumas and Sam Sulja is prohibited for a period of 15 years pursuant to clause 2.1 of subsection 127(1) of the Act;

(c) an order that any exemptions contained in Ontario securities law do not apply to Steven Sulja, Shah, Banumas and Sam Sulja for a period of 15 years pursuant to clause 3 of subsection 127(1) of the Act;

(d) an order reprimanding Steven Sulja, Shah, Banumas and Sam Sulja pursuant to clause 6 of subsection 127(1) of the Act;

(e) an order that Steven Sulja, Shah, Banumas and Sam Sulja resign all positions that they may hold as a director or officer of an issuer and registrant pursuant to clauses 7 and 8.1 of subsection 127(1) of the Act;

(f) an order that Steven Sulja, Shah, Banumas and Sam Sulja are prohibited for a period of 15 years from becoming or acting as a director or officer of any issuer or registrant pursuant to clauses 8 and 8.2 of subsection 127(1) of the Act; and

(g) an order requiring each of Steven Sulja, Shah, Banumas and Sam Sulja to pay an administrative penalty of $125,000 pursuant to clause 9 of subsection 127(1) of the Act.

[11] With respect to Sulja Nevada and Kore Canada (together, the "**Corporate Respondents**"), Staff requests:

(a) an order that each of the Corporate Respondents cease trading in securities permanently pursuant to clause 2 of subsection 127(1) of the Act;

(b) an order that the acquisition of any securities by the Corporate Respondents is prohibited permanently pursuant to clause 2.1 of subsection 127(1) of the Act; and

(c) an order that any exemptions contained in Ontario securities law do not apply to the Corporate Respondents permanently pursuant to clause 3 of subsection 127(1) of the Act.

[12] With respect to all Respondents, Staff requests:

(a) an order pursuant to clause 10 of subsection 127(1) of the Act requiring that the Respondents disgorge to the Commission $5.6 million on a joint and several basis, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act; and

(b) an order requiring payment by the Respondents, on a joint and several basis, of $315,096.63, representing a portion of the costs of the hearing pursuant to section 127.1 of the Act.

2. Staff's Submissions on Sanctions and Costs

[13] Staff submits that the Respondents have each engaged in serious regulatory violations under the Act. Staff submits that the conduct of Vucicevich and DeVries was egregious and demonstrates that these Respondents are a serious threat to the capital markets. In support of this submission, Staff emphasizes that these two Respondents have each been found to have perpetrated a fraud, which has been recognized by the Commission as "one of the most egregious securities regulatory violations", both "an affront to the individual investors directly targeted" and something that "decreases confidence in the fairness and efficiency of the entire capital market system" (*Al-tar Energy Corp* (2010), 33 O.S.C.B. 5535 at para. 214).

[14] Staff submits that Kore Canada, Shah, Banumas and Sam Sulja have similarly engaged in violations that strike at the very heart of investor confidence and place the fair and efficient functioning of the capital markets in jeopardy. Staff submits that as nominee account holders, these Respondents engaged in extensive manipulation of the market through Sulja Nevada's securities which resulted in the securities fraud in this case being concealed for almost one year.

[15] Staff submits that the conduct of Sulja Nevada and Steven Sulja posed a significant risk to investors and the capital markets. Staff takes the position that the extent of deception effected by the misleading and untrue press releases, as well as the sheer magnitude and persistence of these misleading statements, demonstrate the risk that Sulja Nevada and Steven Sulja posed to the capital markets.

[16] Staff also urges us to consider the level of activity by the Respondents in the marketplace when determining the appropriate sanctions. According to Staff, the Respondents' conduct was deliberate, well planned, and "perpetrated…on virtually every trading day over the course of one year" (Transcript, November 30, 2010, p. 17).

[17] In addition, Staff submits that the size of profit raised in this case was considerable. Referring to the Merits Decisions, Staff points out that at least US $5.6 million was generated by the Respondents as a result of this trading scheme. At the Sanctions and Costs Hearing, Staff provided a breakdown of the trading profits retained by the Respondents:

- Vucicevich and Kore Canada retained $2.99 million and US $367,000;
- DeVries retained US $1,377,127.62;
- Banumas retained $159,922.20 less US $40,000;
- Shah retained $420,734.80 less US $217,500; and
- Sam Sulja retained $140,368.74 less US $40,000 from trading in an account in his name. He also obtained $463,623 less US $110,000 through a nominee account in the name of his father, John Sulja;

[18] Staff acknowledges that a mitigating factor applies to Vucicevich, Steven Sulja, Shah, Banumas and Sam Sulja. At the commencement of the hearing on the merits, these Non-Contesting Respondents agreed to have read in as evidence against them certain facts upon which the Panel made its findings. However, Staff submits that while this belated decision may affect the quantum of costs, it should have no bearing on the sanctions to be ordered.

[19] Staff submits that forceful sanctions sought by Staff are warranted in the circumstances of this case. Staff urges the Commission to send a deterrent message that securities fraud and manipulation will not be tolerated.

[20] Staff is seeking permanent market participation prohibitions against Vucicevich and DeVries. Staff argues that the gravity of their conduct demonstrates that these Respondents are a threat to the capital markets and that they cannot be trusted to participate in the capital markets in the future. Staff is seeking 15-year market participation prohibitions against Steven Sulja, Shah and Banumas and Sam Sulja in recognition of their lesser but nonetheless vital roles in this scheme.

[21] Staff is seeking administrative penalties against Vucicevich, DeVries, Steven Sulja, Shah, Banumas and Sam Sulja (collectively, the "**Individual Respondents**"). Referring to *Re Limelight Entertainment Inc.* (2008), 31 O.S.C.B. 12030 ("***Limelight Sanctions and Costs***") at para. 67, Staff points out that the purpose of an administrative penalty is to deter the particular respondents or other like-minded individuals from engaging in similar conduct. Staff emphasizes the need to impose robust sanctions that will actually have a deterrent effect and not be viewed as simply a cost of doing business (*Limelight Sanctions and Costs*, *supra*, at para. 78).

[22] Staff is also seeking disgorgement against the Respondents in the amount of $5.6 million on a joint and several basis, arguing that the Respondents should not be permitted to profit from or retain any financial benefit from their breaches of the Act. Referring to *White et al.* (2010), 33 O.S.C.B. 8893 ("***White Sanctions and Costs***"), Staff maintains that a disgorgement order on a joint and several basis is appropriate in this case. Although the Respondents have played different roles in this scheme, Staff argues that the Respondents were "in the scheme together and their separate roles were integral to executing the investment scheme" (*White Sanctions and Costs*, *supra*, at para. 72). Staff submits that the Respondents can later, as between themselves, sort out in civil court or some other forum what precise quantum they may owe to each other, and this is not a question which concerns the Panel. Instead, Staff urges the Panel to focus on the amounts obtained and to ensure that they are recovered from the Respondents.

[23] Staff submits that the Respondents' inability to pay is not a factor that is determinative or important for disgorgement in the present case. Staff refers to an Ontario Court of Appeal case, *R. v. Castro*, on the issue of an accused's ability to pay restitution in certain types of cases such as breach of trust or fraud:

> Insofar as the nature of the offence is concerned, in cases involving breach of trust, the paramount consideration is the claims of the victims: *Fitzgibbon* at pp. 1014-15. Ability to pay is not the predominant factor. Indeed, where the circumstances of the offence are particularly egregious, such as where a breach of trust is involved, a restitution order may be made even where there does not appear to be any likelihood of repayment: *R. v. Yates* (2002), 169 C.C.C. (3d) 506 (B.C.C.A.), at paras. 12 and 17.
>
> ((2010), 270 O.A.C. 140 at para. 28)

[24] Finally, Staff is seeking to recover a discounted portion of the time spent preparing for the hearing on the merits. Staff is not seeking any costs from the Respondents for Staff's attendance at the hearing on the merits or the Sanctions and Costs Hearing. The costs sought by Staff also exclude the costs of investigation conducted into this matter. Nonetheless, Staff is seeking to recover the costs associated with the preparation of the merits hearing, which Staff submits is extensive due to the nature of the misconduct in this case.

B. The Respondents' Position

[25] The Respondents led no evidence at the Sanctions and Costs Hearing. They did, however, make closing submissions concerning the circumstances in which they became involved in this trading scheme and some mitigating factors that may apply to them. Steven Sulja and Sam Sulja made submissions through their counsel. Vucicevich, Shah and Banumas each made submissions on their own behalf. Sulja Nevada, Kore Canada and DeVries did not appear in person or by counsel and made no submissions.

1. Steven Sulja and Sam Sulja

[26] Counsel for Steven Sulja and Sam Sulja made submissions to the effect that neither of these Respondents is a sophisticated player in the capital markets. Sam Sulja completed grade 12, and Steven Sulja grade 10. They come from a family that operated a building supplies business and have limited knowledge of securities and trading.

[27] Steven Sulja and Sam Sulja through their counsel submit that they only came to be involved in trading securities when Vucicevich, a customer of the Sulja family business, advised them to do so. Vucicevich presented them with a plan to take their company public: the Sulja brothers were to form a corporation in both Canada and the United States, followed by Vucicevich forming a corporation for the purpose of taking over the building supplies business owned by the Sulja family and applying for listing on a stock exchange. To Steven Sulja and Sam Sulja, the picture that was presented to them appeared legal. They believed Vucicevich to be an experienced person and carried out his instructions accordingly.

[28] Vucicevich further instructed these two Respondents to open nominee trading accounts and to trade at his instructions. The father of these two Respondents, John Sulja, later also became involved in this scheme and acted at Vucicevich's behest. A nominee trading account was opened in the name of John Sulja to carry out stock trading for the benefit of Vucicevich.

[29] Counsel for these two Respondents also submits that the press releases that Steven Sulja issued for the company were prepared in advance by Vucicevich. Counsel submits that Steven Sulja did not know what he was doing and was merely making announcements as requested by Vucicevich.

[30] Steven Sulja and Sam Sulja dispute Staff's submission that they made any profits from this investment scheme. Both of these Respondents are currently working at menial jobs. Steven Sulja lost his house and his business. Steven Sulja and Sam Sulja submit that they do not know where the money is, and if the Commission is able to locate any trading profits in their accounts, they are willing and ready to pay those funds to the Commission.

2. Vucicevich

[31] Vucicevich submits that he was not able to defend himself, as any defence he made before this Panel has the potential to prejudice him in his upcoming criminal trial in January 2012. Accordingly, Vucicevich requests that the Sanctions and Costs Hearing be adjourned until the conclusion of his criminal trial.

[32] In the event that this request for adjournment is not granted, Vucicevich does not dispute Staff's request that he be permanently prohibited from participating in the capital markets. However, Vucicevich disputes the quantum of funds that Staff alleges to have been obtained by the Respondents. Vucicevich submits that he did not profit from any of the transactions in the trading scheme. Instead, all of the money raised was paid to Sulja Nevada, suppliers or the credit union for paying off loans for the benefit of the corporation. He claims that he, Steven Sulja, Shah, Banumas and Sam Sulja did not retain any money personally. In particular, he claims that Shah and Banumas, who were acting under his instructions, were not part of the decision making process and could not have retained any money under his supervision. He concludes that "never at any point did anyone in this room walk away with briefcases full of money" (Transcript, November 30, 2010, p. 54).

[33] Vucicevich denies that he wrote or issued any of the press releases, but accepts some responsibility for not reading the press releases fully and not stopping their issuance.

[34] With respect to nominee account trading, Vucicevich submits that while he is a businessman, he is unfamiliar with securities and was not involved in setting up Sulja Nevada's stock structure. Vucicevich submits that he has taken every step legally to consult lawyers and he sent Shah and Banumas to receive legal advice prior to any steps in trading. He submits that he did not instruct anyone to trade securities, and that the trading instructions given to Shah and Banumas were from lawyers and DeVries.

[35] Vucicevich submits that he thought he was doing an "honourable thing" (Transcript, November 30, 2010, p. 61) and it was not "through malice or through some sort of grand scheme that this all transpired" (Transcript, November 30, 2010, pp. 62-63).

3. Shah

[36] At the Sanctions and Costs Hearing, Shah made submissions to the effect that he has little or no securities knowledge. He submits that he did not know anything about stocks or stock trading prior to working for Vucicevich, nor does he have any interest in business or trading. He has an undergraduate degree in urban planning from the University of Windsor and is currently pursuing a master's degree in local economic development at the University of Waterloo. Both of those degrees, he submits, are unrelated to business and as such are an indication of his lack of interest in this field. Shah is currently working as an associate consultant providing strategies for municipalities and local government on economic development and tourism matters.

[37] Shah provided a brief account of the work he performed at Kore Canada. He stated that he originally worked for Kore Canada as an urban planner, but when he was requested to open a nominee trading account, he simply complied with the request after a lawyer advised him that such trading was legitimate.

[38] Shah submits that his actions were not premeditated and he had no intent to cause malice or to profit from the scheme. He submits that he was merely doing what was requested of him at work and that he made "an honest mistake" (Transcript, November 30, 2010, p. 72).

[39] Shah does not dispute Staff's request that he be prohibited from participating in the capital markets for a period of 15 years. However, he rejects Staff's submission that he retained $420,734.80 less US $217,500 for his personal benefit. Shah expressed his willingness to pay the Commission if the Commission is able to locate any trading profits in his account.

4. Banumas

[40] From her submissions, we learned that Banumas attended the University of Windsor for two years where she studied international relations, political science and history, and subsequently attended St. Clair College for one year where she studied office administration. At the time of the Sanctions and Costs Hearing, Banumas indicated she was unemployed and had been so for several years, but it was not for lack of trying. Meanwhile, she had been volunteering with the regional police at a boot camp for young children on a regular basis.

[41] At the Sanctions and Costs Hearing, Banumas provided an account of the work she performed when she was a Kore Canada employee. She indicated that, at the beginning of her employment with Kore Canada, she performed basic office administrative work which involved "a lot of cheque writing", "some of the accounting" and "a lot of data entry" (Transcript, November 30, 2010, p. 75). Her responsibility then was to oversee "the runnings [*sic*] of everything" (Transcript, November 30, 2010, p. 75). With respect to nominee account trading, she submits that she never had a trading account prior to her employment with Kore Canada, but she was informed that such trading was legitimate. She also noted that a corporate lawyer was also engaging in nominee account trading at the time, which further assured her of the legitimacy of such trading.

[42] Banumas rejects Staff's submission that she retained $159,922.20 less US $40,000.

[43] Banumas does not dispute Staff's request for a 15-year trading ban. However, she expressed concerns about the prohibition that would prevent her from becoming a director or officer. She has hopes that she and her family may open up a small family business, and she is concerned that this prohibition will prevent her from becoming a co-owner of her family business.

IV. PRELIMINARY ISSUES

A. Adjournment Request

[44] Vucicevich requests that the Sanctions and Costs Hearing be adjourned until the conclusion of the criminal proceeding against him. The basis for his adjournment request is that he is unable to lead evidence to prove his case before the Commission without potentially prejudicing himself in his criminal trial that is scheduled to be held in January 2012.

[45] Having regard to all of the circumstances, it would be unreasonable to grant Vucicevich's request to adjourn the Sanctions and Costs Hearing.

B. Evidence

[46] It is well established that in imposing sanctions, the Commission considers only the findings in the merits decision, any agreed statement of facts, and evidence and submissions presented at the merits hearing and sanctions hearing. (*Re First Global Ventures, S.A. et al* (2008), 31 O.S.C.B. 10869 at para. 65)

[47] We emphasize the importance of this principle due to the novel procedure that has been applied in this case. To recapitulate, at the hearing on the merits, Vucicevich, Shah and Banumas agreed to have read into the record uncontested evidence upon which the Panel would make its findings, resulting in the proceeding relating to them being severed and disposed of in an expedited manner. Steven Sulja and Sam Sulja subsequently chose to have the proceeding relating to them disposed of in the same expedited manner. As a result, the proceeding relating to these two Respondents was also severed. A full, contested basis hearing was held only in relation to Sulja Nevada, Kore Canada and DeVries, none of whom appeared in person or by counsel.

[48] In light of this novel procedure, we emphasize that the sanctions for each Respondent will be based on the findings in the merits decision and the evidence adduced at the merits and sanctions hearing relating to that Respondent. In particular, the evidence and the findings in the disputed merits hearing are not considered in determining the sanctions for the Non-Contesting Respondents.

V. SANCTIONS

[49] The Commission has a public interest jurisdiction to order sanctions restricting or banning respondents from participating in the Ontario capital markets (*Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, [2001] 2 S.C.R. 132 at para. 43). It is well established in the Commission's jurisprudence that, in determining the appropriate sanctions, we are guided by the factors set out in *Re M.C.J.C. Holdings Inc.* (2002), 25 O.S.C.B. 1133 ("***M.C.J.C. Holdings***") at 1135 and *Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at 7746.

[50] Any sanctions imposed must be proportionate to the circumstances and conduct of each respondent (*M.C.J.C. Holdings*, *supra*, at 1134).

A. Factors Applicable in this Matter

[51] In determining the appropriate sanctions for each of the Respondents, we consider the following factors and circumstances to be relevant in this matter.

1. Factors Applicable to Vucicevich and DeVries

[52] Vucicevich and DeVries were found to have breached subsections 25(1)(a), 53(1) and 126.1(b) of the Act. A violation of subsection 126.1(b), the fraud provision, is a most serious securities regulatory violation. Investors across North America were deprived of at least US $5.6 million as a result of the trading scheme directed by these two Respondents. It is clear that the securities law violations committed by these two Respondents are serious and the amount of profit involved is significant.

[53] Staff submits that the level of activity by the Respondents was deliberate, well planned, and "perpetrated … on virtually every trading day over the course of one year" (Transcript, November 30, 2010, p. 17). Vucicevich takes a different view as to his culpability and the extent of his involvement in this scheme, as described in paragraphs 33 to 35. He submits that it was DeVries who was responsible for issuing the press releases and directing the trading in Sulja Nevada shares. Nonetheless, Vucicevich led no evidence to support his claims.

[54] We understand the circumstances that influenced Vucicevich to choose to lead no evidence at either the merits hearing or the Sanctions and Costs Hearing. However, his submissions could not be tested by cross-examination and were not supported by evidence. We give little weight to his submissions regarding the division of labour as between him and DeVries. Accordingly, in determining the factors applicable to the Respondents, we rely on our findings in the Merits Decisions. In particular, with respect to Vucicevich, we refer to the Vucicevich Merits Decision in which we have found that "Vucicevich created or caused to be created press releases containing both misleading and false representations about, among other things, Sulja Nevada's merger opportunities, revenue potential and audit arrangements" (Vucicevich Merits Decision, *supra*, at para. 38).

2. Factors Applicable to Steven Sulja

[55] We found that Steven Sulja engaged in making false and misleading statements in press releases, contrary to subsection 126.2(1) of the Act:

> … As the CEO of Sulja Nevada, Steven Sulja ought to have taken sufficient steps to ascertain the accuracy of these press releases. However, he did nothing to stop the issuance of the press releases or to correct the false statements contained in the press releases.
>
> (Sulja Merits Decision, *supra*, at para. 32)

[56] Counsel for Steven Sulja submits that Steven Sulja has limited knowledge about the capital markets, that he trusted Vucicevich and acted pursuant to his instructions. We recognize that he was not found to have contravened the fraud provision of the Act. However, having assumed the position of CEO of the company, he had the responsibility to ensure that the content of the company's press releases do not contain false and misleading information. The sanctions to be imposed will reflect that responsibility.

3. Factors Applicable to Sam Sulja

[57] In the Sulja Merits Decision, we concluded that Sam Sulja contravened subsection 126.1(a) of the Act:

> The uncontested evidence shows that Sam Sulja, by trading heavily as a nominee at Vucicevich's behest, played a significant role in concealing Vucicevich's involvement in the trading of Sulja Nevada Shares, which created a misleading appearance of trading activity. Therefore, we find that Sam Sulja breached subsection 126.1(a) of the Act.
>
> (Sulja Merits Decision, *supra*, at para. 34)

[58] Sam Sulja's contravention of the Act contributed to the securities fraud being concealed for a period of one year. There is no doubt that a violation of securities law of this nature is serious.

[59] Sam Sulja through his counsel submits that Sam Sulja has limited securities knowledge and that he acted under Vucicevich's instructions. We recognize Sam Sulja's lesser involvement in this scheme.

4. Factors Applicable to Shah and Banumas

[60] Shah and Banumas were found to have contravened subsection 126.1(a) of the Act. The uncontested evidence disclosed that these two Respondents concealed Vucicevich's involvement by holding nominee trading accounts and trading heavily as nominees for Vucicevich at his behest. As a result, we found the conduct of these Respondents created a misleading appearance in trading activity of Sulja Nevada shares (Vucicevich Merits Decision, *supra*, at paras. 28 and 43).

[61] As in the case of Sam Sulja, the conduct of these Respondents contributed to the securities fraud being concealed for a period of one year. A violation of securities law of this nature is serious.

[62] However, in determining the appropriate sanctions, we must also consider whether the sanctions to be imposed are proportionate to the circumstances and conduct of each particular respondent, the effect any sanctions may have on the livelihood of that respondent, and any other mitigating factors. At the Sanctions and Costs Hearing, we heard submissions from Shah and Banumas with respect to their roles in Kore Canada. Shah was a contract employee and Banumas played an administrative role. Both have little or no knowledge in the field of securities. Their submissions that they played a lesser role in this scheme, in as much as their lower level administrative roles in which they purely followed the instructions of Vucicevich, are consistent with the evidence in the hearing on the merits that they acted for Vucicevich solely at his behest. We accept their much lesser culpability in this scheme.

5. Factors Applicable to the Corporate Respondents

[63] Sulja Nevada engaged in making false and misleading statements in press releases. Kore Canada engaged in nominee account trading which created a misleading appearance in trading activity of Sulja Nevada securities. In the disputed hearing relating to the Corporate Respondents, we heard evidence that Sulja Nevada issued over 96 materially misleading press releases within the span of one year, and that Kore Canada facilitated trading of Sulja Nevada shares on almost a daily basis. The evidence shows that the Corporate Respondents engaged in serious violations of Ontario securities law and the level of activity by the Corporate Respondents in the marketplace was significant.

B. Prohibitions on Participation in the Capital markets

[64] One of the Commission's objectives in imposing sanctions is to restrain future conduct that may be harmful to investors or the capital markets.

[65] Having regard to all of the circumstances, including the Respondents' quite different levels of participation and their differing levels of culpability, we conclude that it is in the public interest to make the following orders:

(a) an order that Sulja Nevada, Vucicevich, Kore Canada and DeVries cease trading in securities permanently;

(b) an order that Steven Sulja and Sam Sulja cease trading in securities for a period of 15 years;

(c) an order that Shah and Banumas cease trading in securities for a period of 5 years;

(d) an order that the acquisition of any securities by Sulja Nevada, Vucicevich, Kore Canada, and DeVries is prohibited permanently;

(e) an order that the acquisition of any securities by Steven Sulja and Sam Sulja is prohibited for a period of 15 years;

(f) an order that the acquisition of any securities by Shah and Banumas is prohibited for a period of 5 years;

(g) an order that any exemptions contained in Ontario securities law do not apply to Sulja Nevada, Vucicevich, Kore Canada and DeVries permanently;

(h) an order that any exemptions contained in Ontario securities law do not apply to Steven Sulja and Sam Sulja for a period of 15 years;

(i) an order that any exemptions contained in Ontario securities law do not apply to Shah and Banumas for a period of 5 years;

(j) an order reprimanding Vucicevich, DeVries, Steven Sulja, Shah, Banumas and Sam Sulja;

(k) an order that Vucicevich, DeVries, Steven Sulja, Shah, Banumas and Sam Sulja resign all positions that they may hold as a director or officer of an issuer or registrant;

(l) an order that Vucicevich and DeVries are prohibited permanently from becoming or acting as a director or officer of any issuer or registrant;

(m) an order that Steven Sulja and Sam Sulja are prohibited from becoming or acting as a director or officer of any issuer or registrant for a period of 15 years; and

(n) an order that Shah and Banumas are prohibited from becoming or acting as a director or officer of any issuer or registrant for a period of 5 years.

C. Disgorgement

[66] Clause 10 of Subsection 127(1) of the Act provides that if a person or company has not complied with Ontario securities law, the Commission can order the person or company to disgorge to the Commission any amounts obtained as a result of the non-compliance. The relevant factors to be taken into account when determining a disgorgement order are set out in *Limelight Sanctions and Costs*, *supra*, at para. 52.

[67] In our view, the imposition of disgorgement order is appropriate in these circumstances, as it will ensure that the Respondents do not benefit from the breaches of the Act and deter like-minded individuals from engaging in similar misconduct. In making the following orders, we note that a respondent's ability to pay is but one of the many factors to be considered. Factors that we wish to emphasize will be addressed below.

[68] We order that Sulja Nevada, Vucicevich, Kore Canada and DeVries disgorge $5.6 million to the Commission on a joint and several basis. Vucicevich in his submissions disputes that he retained any trading profits. However, as discussed in *Limelight Sanctions and Costs*, *supra*, at para. 49, the legal question is not whether a respondent "profited" from the illegal activity, but whether the respondent "obtained amounts" as a result of that activity. The Merits Decisions establish that approximately US $5.6 million of trading profits, which would have been more than $5.6 million in Canadian dollars at the time, flowed through nominee trading accounts controlled by Kore Canada, Vucicevich and DeVries. This satisfies the legal requirement that they "obtained" from investors $5.6 million as a result of their fraudulent activity.

[69] Sulja Nevada, Kore Canada, Vucicevich and DeVries acted in concert with a common purpose in the execution of the fraudulent investment scheme. All of these Respondents were integral to the execution of the fraudulent scheme. We therefore require them to disgorge the entire amount received in connection with this scheme.

[70] We will not order disgorgement against Steven Sulja, Shah, Banumas and Sam Sulja. Although we found that Shah, Banumas and Sam Sulja traded in Sulja Nevada securities, these Respondents appear to have acted only at the specific direction of Vucicevich. In particular, we note that the roles of Shah and Banumas in Kore Canada were low level administrative in nature. We are not prepared to conclude that these two Respondents obtained any amounts as a result of their contraventions of the Act. The involvement of Steven Sulja and Sam Sulja was more culpable than that of Shah or Banumas, but the evidence at their merits hearing is vague as to how much, if at all, they may have profited.

[71] The amount collected by the Commission will be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act.

D. Administrative Penalties

[72] We find that it is in the public interest to impose administrative penalties in this case to deter others from similar misconduct.

[73] We order that Vucicevich and DeVries each pay an administrative penalty of $750,000. In our view, it is in the public interest to impose significant administrative penalties on these two Respondents, whom we found to be the perpetrators of the fraudulent scheme.

[74] We order that Steven Sulja and Sam Sulja each pay an administrative penalty of $125,000. Administrative penalties are warranted with respect to these two Respondents in order to deter others from engaging in similar misconduct. We do, however, recognize the lesser culpability of these two Respondents as compared to Vucicevich and DeVries. We are of the view that the quantum requested by Staff is proportional to the culpability of these Respondents' conduct.

[75] We order that Shah and Banumas each pay an administrative penalty of $5,000. The imposition of administrative penalties is necessary for the overall financial sanctions to be an effective expression of deterrence in light of the lack of disgorgement order against these two Respondents. However, we do not impose administrative penalties to punish the Respondents for their past conduct or to bankrupt them. At the Sanctions and Costs hearing, Shah and Banumas made submissions regarding their roles in Kore Canada as well as their employment and financial situation. Having considered these mitigating factors, we believe that an administrative penalty of $5,000 adequately reflects their culpability and strikes a balance between deterrence and all the mitigating factors.

[76] Staff did not request that an administrative penalty be imposed on any of the Corporate Respondents. As a result, we have not done so.

VI. COSTS

[77] Staff seeks an order for costs in the amount of $315,096.63 against the Respondents on a joint and several basis, supported by a bill of costs submitted by Staff. We accept that the amount claimed by Staff represents a portion of the costs related to the preparation of the hearing, but does not include the costs of investigation and the costs for attendance at the hearing on the merits and the Sanctions and Costs Hearing.

[78] In our view, an order for nominal costs only against Vucicevich, Steven Sulja and Sam Sulja is appropriate in this case. At the commencement of the merits hearing, these Non-Contesting Respondents agreed to have read into the record uncontested evidence upon which the Panel made its findings. The cooperation of Vucicevich, Steven Sulja and Sam Sulja, as Staff's submits, is a mitigating factor to be considered when determining the costs to be awarded. However, we do not believe that Staff's request adequately reflects the cooperation of these Non-Contesting Respondents. Their request to move directly to a sanctions hearing triggered the expedited procedure used in the severed proceedings relating to them which obviated the need for a lengthy hearing. In our view, an outcome that recognizes these Non-Contesting Respondents' cooperation is an order for nominal costs. Accordingly, an order of costs in the amount of $25,000 will be made against each of Vucicevich, Steven Sulja and Sam Sulja.

[79] Because of the much lower level of culpability of Shah and Banumas and their non-contesting position in their merits hearing, no order of costs will be made against them.

[80] We order that Sulja Nevada, Kore Canada and DeVries pay jointly and severally the costs of the hearing in this matter in the amount of $235,000. The contested merits hearing in this matter was necessary because of the non-attendance of these Respondents. The costs order will be made on a joint and several basis given that Sulja Nevada, Kore Canada and DeVries acted in concert with a common purpose in the execution of the fraudulent investment scheme.

VII. CONCLUSION

[81] For the reasons discussed above, we conclude that it is in the public interest to make the following orders. We will issue an order substantially in the form of Schedule "A" to these reasons, giving effect to this decision.

(a) pursuant to clause 2 of subsection 127(1) of the Act, Sulja Nevada, Vucicevich, Kore Canada and DeVries shall cease trading in securities permanently;

(b) pursuant to clause 2 of subsection 127(1) of the Act, Steven Sulja and Sam Sulja shall cease trading in securities for a period of 15 years;

(c) pursuant to clause 2 of subsection 127(1) of the Act, Shah and Banumas shall cease trading in securities for a period of 5 years;

(d) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Sulja Nevada, Vucicevich, Kore Canada and DeVries is prohibited permanently;

(e) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Steven Sulja and Sam Sulja is prohibited for a period of 15 years;

(f) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Shah and Banumas is prohibited for a period of 5 years;

(g) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Sulja Nevada, Vucicevich, Kore Canada and DeVries permanently;

(h) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Steven Sulja and Sam Sulja for a period of 15 years;

(i) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Shah and Banumas for a period of 5 years;

(j) pursuant to clause 6 of subsection 127(1) of the Act, each of Vucicevich, DeVries, Steven Sulja, Shah, Banumas and Sam Sulja is reprimanded;

(k) pursuant to clause 7 of subsection 127(1) of the Act, Vucicevich, DeVries, Steven Sulja, Shah, Banumas and Sam Sulja shall resign all positions that they may hold as a director or officer of an issuer;

(l) pursuant to clause 8 of subsection 127(1) of the Act, Vucicevich and DeVries are prohibited permanently from becoming or acting as a director or officer of any issuer;

(m) pursuant to clause 8 of subsection 127(1) of the Act, Steven Sulja and Sam Sulja are prohibited from becoming or acting as a director or officer of any issuer for a period of 15 years;

(n) pursuant to clause 8 of subsection 127(1) of the Act, Shah and Banumas are prohibited from becoming or acting as a director or officer of any issuer for a period of 5 years;

(o) pursuant to clause 8.1 of subsection 127(1) of the Act, Vucicevich, DeVries, Steven Sulja, Shah, Banumas and Sam Sulja shall resign all positions that they may hold as a director or officer of a registrant;

(p) pursuant to clause 8.2 of subsection 127(1) of the Act, Vucicevich and DeVries are prohibited permanently from becoming or acting as a director or officer of any registrant;

(q) pursuant to clause 8.2 of subsection 127(1) of the Act, Steven Sulja and Sam Sulja are prohibited from becoming or acting as a director or officer of any registrant for a period of 15 years;

(r) pursuant to clause 8.2 of subsection 127(1) of the Act, Shah and Banumas are prohibited from becoming or acting as a director or officer of any registrant for a period of 5 years;

(s) pursuant to clause 9 of subsection 127(1) of the Act, Vucicevich and DeVries shall each pay an administrative penalty of $750,000;

(t) pursuant to clause 9 of subsection 127(1) of the Act, Steven Sulja and Sam Sulja shall each pay an administrative penalty of $125,000;

(u) pursuant to clause 9 of subsection 127(1) of the Act, Shah and Banumas shall each pay an administrative penalty of $5,000;

(v) pursuant to clause 10 of subsection 127(1) of the Act, Sulja Nevada, Vucicevich, Kore Canada and DeVries shall disgorge to the Commission $5.6 million on a joint and several basis, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(w) pursuant to section 127.1 of the Act, Sulja Nevada, Kore Canada and DeVries shall jointly and severally pay to the Commission, the Commission's costs of hearing of this matter in the amount of $235,000; and

(x) pursuant to section 127.1 of the Act, Vucicevich, Steven Sulja and Sam Sulja shall each pay to the Commission, the Commission's costs of hearing of this matter in the amount of $25,000.

Dated at Toronto on this 29th day of June, 2011.

"Patrick J. LeSage"
Patrick J. LeSage, Q.C.

"Sinan O. Akdeniz"
Sinan O. Akdeniz

SCHEDULE "A"

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

AND

IN THE MATTER OF
SULJA BROS. BUILDING SUPPLIES, LTD.,
PETAR VUCICEVICH,
KORE INTERNATIONAL MANAGEMENT INC.,
ANDREW DEVRIES, STEVEN SULJA,
PRANAB SHAH, TRACEY BANUMAS, AND
SAM SULJA

ORDER
(Sections 127 and 127.1 of the *Securities Act*)

WHEREAS on December 27, 2006, a Statement of Allegations and a Notice of Hearing were issued pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), in respect of Sulja Bros. Building Supplies, Ltd. (Nevada) ("Sulja Nevada"), Sulja Bros. Building Supplies Ltd. (Ontario), Kore International Management Inc. ("Kore Canada"), Petar Vucicevich ("Vucicevich"), and Andrew DeVries ("DeVries");

WHEREAS on June 16, 2008, an Amended Statement of Allegations and a Notice of Hearing were issued to pursuant to sections 127 and 127.1 of the Act in respect of Sulja Nevada, Vucicevich, Kore Canada, DeVries, Steven Sulja, Pranab Shah ("Shah"), Tracey Banumas ("Banumas"), and Sam Sulja (collectively, the "Respondents");

WHEREAS the Commission conducted the hearing on the merits in this matter on September 13, 14, 24 and 29, 2010;

AND WHEREAS the Commission issued its Reasons and Decisions on the merits on October 28, 2010 and May 25, 2011 (the "Merits Decisions");

AND WHEREAS the Commission is satisfied that the Respondents carried out a fraudulent investment scheme, have not complied with Ontario securities law and have acted contrary to the public interest, as described in the Merits Decisions;

AND WHEREAS the Commission conducted a hearing with respect to the sanctions and costs to be imposed in this matter on November 30, 2010;

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

IT IS HEREBY ORDERED THAT:

(a) pursuant to clause 2 of subsection 127(1) of the Act, Sulja Nevada, Vucicevich, Kore Canada and DeVries shall cease trading in securities permanently;

(b) pursuant to clause 2 of subsection 127(1) of the Act, Steven Sulja and Sam Sulja shall cease trading in securities for a period of 15 years;

(c) pursuant to clause 2 of subsection 127(1) of the Act, Shah and Banumas shall cease trading in securities for a period of 5 years;

(d) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Sulja Nevada, Vucicevich, Kore Canada and DeVries is prohibited permanently;

(e) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Steven Sulja and Sam Sulja is prohibited for a period of 15 years;

(f) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Shah and Banumas is prohibited for a period of 5 years;

(g) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Sulja Nevada, Vucicevich, Kore Canada and DeVries permanently;

(h) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Steven Sulja and Sam Sulja for a period of 15 years;

(i) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Shah and Banumas for a period of 5 years;

(j) pursuant to clause 6 of subsection 127(1) of the Act, each of Vucicevich, DeVries, Steven Sulja, Shah, Banumas and Sam Sulja is reprimanded;

(k) pursuant to clause 7 of subsection 127(1) of the Act, Vucicevich, DeVries, Steven Sulja, Shah, Banumas and Sam Sulja shall resign all positions that they may hold as a director or officer of an issuer;

(l) pursuant to clause 8 of subsection 127(1) of the Act, Vucicevich and DeVries are prohibited permanently from becoming or acting as a director or officer of any issuer;

(m) pursuant to clause 8 of subsection 127(1) of the Act, Steven Sulja and Sam Sulja are prohibited from becoming or acting as a director or officer of any issuer for a period of 15 years;

(n) pursuant to clause 8 of subsection 127(1) of the Act, Shah and Banumas are prohibited from becoming or acting as a director or officer of any issuer for a period of 5 years;

(o) pursuant to clause 8.1 of subsection 127(1) of the Act, Vucicevich, DeVries, Steven Sulja, Shah, Banumas and Sam Sulja shall resign all positions that they may hold as a director or officer of a registrant;

(p) pursuant to clause 8.2 of subsection 127(1) of the Act, Vucicevich and DeVries are prohibited permanently from becoming or acting as a director or officer of any registrant;

(q) pursuant to clause 8.2 of subsection 127(1) of the Act, Steven Sulja and Sam Sulja are prohibited from becoming or acting as a director or officer of any registrant for a period of 15 years;

(r) pursuant to clause 8.2 of subsection 127(1) of the Act, Shah and Banumas are prohibited from becoming or acting as a director or officer of any registrant for a period of 5 years;

(s) pursuant to clause 9 of subsection 127(1) of the Act, Vucicevich and DeVries shall each pay an administrative penalty of $750,000;

(t) pursuant to clause 9 of subsection 127(1) of the Act, Steven Sulja and Sam Sulja shall each pay an administrative penalty of $125,000;

(u) pursuant to clause 9 of subsection 127(1) of the Act, Shah and Banumas shall each pay an administrative penalty of $5,000;

(v) pursuant to clause 10 of subsection 127(1) of the Act, Sulja Nevada, Vucicevich, Kore Canada and DeVries shall disgorge to the Commission $5.6 million on a joint and several basis, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(w) pursuant to section 127.1 of the Act, Sulja Nevada, Kore Canada and DeVries shall jointly and severally pay to the Commission, the Commission's costs of hearing of this matter in the amount of $235,000; and

(x) pursuant to section 127.1 of the Act, Vucicevich, Steven Sulja and Sam Sulja shall each pay to the Commission, the Commission's costs of hearing of this matter in the amount of $25,000.

DATED at Toronto on this 29th day of June, 2011.

_____ _____

Patrick J. LeSage, Q.C. Sinan O. Akdeniz

3.1.2 IMAGIN Diagnostic Centres Inc. et al.

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

AND

IN THE MATTER OF
IMAGIN DIAGNOSTIC CENTRES INC.,
PATRICK J. ROONEY, CYNTHIA JORDAN,
ALLAN McCAFFREY, MICHAEL SHUMACHER,
CHRISTOPHER SMITH, MELVYN HARRIS AND
MICHAEL ZELYONY

REASONS AND DECISION ON SANCTIONS AND COSTS

Hearing:	November 12, 2010	
Decision:	June 30, 2011	
Panel:	Mary G. Condon	Commissioner and Chair of the Panel
	Margot C. Howard	Commissioner
Appearances:	Jon Feasby	For the Ontario Securities Commission
	Patrick J. Rooney	For himself and IMAGIN Diagnostic Centres Inc.

TABLE OF CONTENTS

REASONS AND DECISION ON SANCTIONS AND COSTS

I. History of the Proceeding

[1] This was a bifurcated hearing before the Ontario Securities Commission (the "Commission") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make an order with respect to sanctions and costs against IMAGIN Diagnostic Centres Inc. ("IMAGIN") and Patrick J. Rooney ("Mr. Rooney") (collectively, the "Respondents").

[2] Prior to the hearing on the merits, Cynthia Jordan ("Ms. Jordan"), Allan McCaffrey ("Mr. McCaffrey"), Michael Shumacher ("Mr. Shumacher"), Christopher Smith ("Mr. Smith"), and Michael Zelyony ("Mr. Zelyony") settled with the Commission (collectively, the "Settling Respondents") (*Re IMAGIN et al.* (2009), 32 O.S.C.B. 1441 (oral reasons)). Melvyn

Harris ("Mr. Harris") passed away prior to the commencement of the merits hearing and Staff of the Commission ("Staff") did not proceed with the allegations against this individual.

[3] The hearing on the merits in this matter took place on May 19, 20 and 21, June 16, 17, 18 and 19, September 8, 9, and 10, and November 11, 2009. During the hearing on the merits, Mr. Rooney represented himself and IMAGIN. The decision on the merits was issued on August 31, 2010 (*Re Imagin Diagnostic Centres Inc. et al* (2010), 33 O.S.C.B. 7761 (the "Merits Decision")).

[4] Following the release of the Merits Decision, we held a separate hearing on November 12, 2010, to consider sanctions and costs (the "Sanctions and Costs Hearing"). Staff of the Commission ("Staff") appeared at the Sanctions and Costs Hearing and Mr. Rooney represented himself and IMAGIN. Staff provided written submissions dated October 28, 2010, along with a book of authorities, and a one page Bill of Costs. Mr. Rooney, on behalf of himself and IMAGIN, provided written submissions dated November 5, 2010, along with a book of authorities, and written submission on costs dated November 29, 2010.

[5] During the Sanctions and Costs hearing, we requested that Staff provide the Panel with further submissions and documentation to support the request for costs. Staff provided us with written submissions on costs dated November 19, 2010, which included an affidavit and dockets in support of the costs request. Mr. Rooney, on behalf of himself and IMAGIN, provided written submissions on costs on November 29, 2010.

[6] These are our Reasons and Decision as to the appropriate sanctions and costs to order against the Respondents.

II. Reasons and Decision Dated August 31, 2010

[7] The Merits Decision addressed the following issues:

1. Did the Respondents breach subsection 25(1)(a) of the Act?
    i. Did the Respondents trade IMAGIN securities?
    ii. Were the Respondents registered under the Act?
    iii. Were there any exemptions available to the Respondents to facilitate their trading without registration?
2. Pursuant to section 129.2 of the Act, was Mr. Rooney a *de facto* officer and director of IMAGIN who authorized, permitted or acquiesced in IMAGIN's breaches of Ontario securities law?

(Merits Decision, *supra* at para. 15)

[8] Upon reviewing all the evidence, the applicable law and the submissions made, the Panel concluded in the Merits Decision that:

1. IMAGIN and Mr. Rooney breached subsection 25(1)(a) of the Act because they:
    i. engaged in trading and acts in furtherance of trades;
    ii. were not registered; and
    iii. did not qualify for any of the registration exemptions under the Act.
2. Mr. Rooney was a *de facto* officer and director of IMAGIN who authorized, permitted and acquiesced in IMAGIN's breaches of Ontario securities law pursuant to section 129.2 of the Act.

(Merits Decision, *supra* at para. 159)

[9] It is this conduct that we must consider when determining the appropriate sanctions to impose in this matter.

III. Sanctions and Costs Requested

1. Staff's Position

[10] Staff requests that the following order be made against the Respondents:

(a) That pursuant to paragraph 2 of subsection 127(1) of the Act, Mr. Rooney cease trading in securities in IMAGIN permanently;

(b) That pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Mr. Rooney or IMAGIN for a period of 15 years;

(c) That pursuant to paragraph 6 of subsection 127(1) of the Act, Mr. Rooney is reprimanded;

(d) That pursuant to paragraph 7 of subsection 127(1) of the Act, Mr. Rooney resign any position he holds as director or officer of any issuer, for a period of 15 years;

(e) That pursuant to paragraph 8 of subsection 127(1) of the Act, Mr. Rooney is prohibited from acting as a director or officer of any issuer for a period of 15 years;

(f) That pursuant to paragraph 9 of subsection 127(1) of the Act, Mr. Rooney is liable to pay an administrative penalty of $100,000;

(g) That pursuant to subsections 127.1(1) & (2) of the Act, Mr. Rooney and IMAGIN are jointly and severally liable to pay the sum of $81,018.75 toward the costs of or related to the investigation and hearing incurred by the Commission; and

(h) That pursuant to section 37 of the Act, Mr. Rooney and IMAGIN are prohibited from telephoning from within or outside Ontario for the purpose of trading in any security or in any class of securities, except that Mr. Rooney may telephone a registrant for the purpose of issuing trading instructions.

[11] In Staff's submission, the sanctions and costs requested are appropriate in light of the conduct of the Respondents.

[12] In support of their sanctions request, Staff also submits that any sanctions imposed on the Respondents should be proportionate and take into consideration the sanctions imposed on the Settling Respondents in this matter, which were as follows:

(a) Ms. Jordan

i. Five year ban from acting as director or officer of an issuer;

ii. Five year ban from acting as a registrant.

(b) Mr. McCaffrey

i. Ten year ban from acting as a director or officer of an issuer;

ii. Ten year ban from acting as a registrant;

iii. Administrative penalty of $15,000.

(c) Mr. Shumacher

i. Five year ban from acting as a director or officer of an issuer;

ii. Five year ban from acting as a registrant.

(d) Mr. Smith

i. Five year ban from acting as a director or officer of an issuer;

ii. Five year ban from acting as a registrant.

(e) Mr. Zelyony

i. Five year ban from acting as a director or officer of an issuer;

ii. Five year ban from acting as a registrant.

[13] According to Staff, the sanctions issued against the Settling Respondents reflect mitigating factors that are not present in Mr. Rooney's case and as a result Mr. Rooney and IMAGIN should be subject to higher sanctions. As explained in their written submissions on sanctions at paragraphs 12 and 13:

> … Rooney contested Staff's allegations in a document-heavy 10 day hearing and, despite no substantial defence, made no effort to "streamline the process" in any way. Rooney's sanctions therefore should not be mitigated by virtue of any saved resources or cooperation, as were the sanctions against the Settling Respondents.
>
> Further, the sanctions against the Settling Respondents should also be viewed from the perspective of the lesser role they played in breaching the Act. Rooney was the mind and management of Imagin, a de facto director and officer of the company and the architect of Imagin's breaches of the Act. His sanctions should reflect his role as the person most responsible for the illegal conduct and should be commensurate with his increased responsibility as an officer and director.

[14] Staff also acknowledges that they were seeking lesser sanctions against IMAGIN compared to Mr. Rooney. Staff explained at paragraph 22 of their written submissions on sanctions that:

> The sanctions sought against Imagin are designed to provide a public acknowledgement of Imagin's role in this matter and to restrain the Corporation from being used as an instrument to conduct further breaches of the *Act*. The necessity of sanctioning Imagin is mitigated by the removal of Rooney from further involvement with the company.

2. The Respondents' Position

[15] The Respondents take the position that the Commission should reject Staff's requested sanctions for being unfair and punitive to the Respondents and to the shareholders of IMAGIN. According to the Respondents, taken as a whole, Staff's request for sanctions is too severe and the Respondents state at paragraph 6 of their written submissions on sanctions that:

> It follows that the sanctions to be imposed on the Respondents must <u>be protective</u> and <u>preventive</u> rather than remedial or punitive. The role of the Commission at the conclusion of this administrative proceeding is to craft sanctions that will protect investors and prevent their exposure to similar behaviour in the future, rather than to punish the Respondents for their past conduct. Mr. Rooney believes that the proposal of the OSC Staff for sanctions is punitive in that it is effectively a call for deportation of Rooney from Ontario and perhaps Canada and perhaps a violation of his Charter Rights. [emphasis in original]

[16] Furthermore, the Respondents take the position at paragraph 7 of their written submissions on sanctions that they were "operating in good faith" and it is Rooney's first violation of the "OSC securities rules". In addition, the Respondents point out that no investors were harmed in this matter.

[17] The Respondents take the position in paragraph 2 of their written submissions that the following sanctions are better suited to be ordered in this matter:

(a) That pursuant to paragraph 2 of subsection 127(1) of the Act, Rooney cease trading in securities of Imagin permanently in the Province of Ontario except with Ontario shareholders to whom he recognizes a fiduciary duty but with the right to apply after three years to the OSC to become an exempt market dealer (EMD);

(b) That pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Rooney or Imagin permanently as they relate to residents of Ontario however with the right to apply after three years to the OSC to become an EMD;

(c) That pursuant to paragraph 6 of subsection 127(1) of the Act, Rooney is reprimanded; with the right of Mr. Rooney to respond at a hearing;

(d) That pursuant to paragraph 7 of subsection 127(1) of the Act, Rooney resign any position he holds as a director or officer of any Ontario issuer not to include Imagin but with [the] right to reapply to the OSC in 3 years;

(e) That pursuant to paragraph 8 of subsection 127(1) of the Act, Rooney is prohibited from acting as a director or officer of any Ontario issuer not to include Imagin permanently but with the right to reapply to the OSC to change this status after 3 years;

(f) That pursuant to paragraph 9 of subsection 127(1) of the Act, Rooney is liable to pay an administrative penalty of $1.00;

(g) That pursuant to subsections 127.1(1) & (2) of the Act, Rooney and Imagin are jointly and severally liable to pay the sum of $1.00 toward the costs of or related to the investigation and hearing incurred by the Commission; and

(h) That pursuant to [section] 37 of the Act, Rooney and Imagin will not be prohibited from telephoning from within or outside Ontario for the purpose of trading in any security or in any class of securities, as long as Rooney is compliant with the securities laws in the place of destination of the telephone call and of Ontario.

[18] With respect to costs, the Respondents submit at paragraph 53 of their written submissions that "Imagin and other Respondents who help clarify ambiguous and dysfunctional rules of the OSC should not be penalized by Staff costs. The Respondents suggest $1.00 in costs."

IV. The Law on Sanctions

[19] Pursuant to section 1.1 of the Act, the Commission has the mandate to: (i) provide protection to investors from unfair, improper or fraudulent practices; and (ii) foster fair and efficient capital markets and confidence in capital markets. As stated by the Supreme Court of Canada in *Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario Securities Commission*, [2001] 2 S.C.R. 132, the Commission's public interest mandate is neither remedial nor punitive; instead, it is protective and preventive, and it is intended to prevent future harm to Ontario's capital markets (at para. 42). Specifically:

> … pursuant to s. 127(1), the OSC has the jurisdiction and a broad discretion to intervene in Ontario capital markets if it is in the public interest to do so. … In exercising its discretion, the OSC should consider the protection of investors and the efficiency of, and public confidence in, capital markets generally. In addition, s. 127(1) is a regulatory provision. The sanctions under the section are preventive in nature and prospective in orientation.
>
> (*Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario Securities Commission*, *supra* at para. 45)

[20] In determining the appropriate sanctions to order in this matter, we must keep in mind the Commission's preventive and protective mandate set out in section 1.1 of the Act. We must also consider the specific circumstances in this case and ensure that the sanctions are proportionate (*Re M.C.J.C. Holdings*, (2002), 25 O.S.C.B. 1133 at 1134).

[21] The case law sets out the following list of non-exhaustive factors that are important to consider when imposing sanctions:

(a) the seriousness of the allegations;

(b) the respondent's experience in the marketplace;

(c) the level of a respondent's activity in the marketplace;

(d) whether or not there has been a recognition of the seriousness of the improprieties;

(e) the need to deter a respondent, and other like-minded individuals from engaging in similar abuses of the capital markets in the future;

(f) whether the violations are isolated or recurrent;

(g) the size of any profit gained or loss avoided from the illegal conduct;

(h) any mitigating factors, including the remorse of the respondent;

(i) the effect any sanction might have on the livelihood of the respondent;

(j) the effect any sanction might have on the ability of a respondent to participate without check in the capital markets;

(k) in light of the reputation and prestige of the respondent, whether a particular sanction will have an impact on the respondent and be effective;

(l) the size of any financial sanctions or voluntary payment when considering other factors.

(*Re M.C.J.C. Holdings*, (2002), 25 O.S.C.B. 1133 at 1136 and *Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at 7746)

[22] The applicability and importance of each factor will vary according to the facts and circumstances of each case.

[23] General deterrence is another important factor that the Commission could consider when determining appropriate sanctions. In *Re Cartaway Resources Corp.*, [2004] 1 S.C.R. 672, the Supreme Court of Canada established that "[…] it is reasonable to view general deterrence as an appropriate, and perhaps necessary, consideration in making orders that are both protective and preventive" (at para. 60).

[24] As stated above, the sanctions imposed must be protective and preventive. The role of the Commission is to impose sanctions that will protect investors and the capital markets from exposure to similar conduct in the future. As articulated by the Commission in *Re Mithras Management Inc.* (1990), 13 O.S.C.B. 1600:

> […] the role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 [now 122] of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In so doing we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.
>
> (*Mithras*, *supra* at 1610 and 1611)

V. Appropriate Sanctions in this Case

1. Specific Sanctioning Factors Applicable in this Matter

[25] Overall, the sanctions we impose must protect investors and Ontario capital markets by barring or restricting the Respondents from participating in those markets in the future.

[26] In considering the sanctioning factors set out in the case law, we find the following specific factors and circumstances to be relevant in this matter, based on our findings in the Merits Decision:

(a) The seriousness of the allegations: The Respondents engaged in unregistered trading. Registration requirements serve an important role in securities regulation and as stated in paragraph 53 of the Merits Decision:

> In order for there to be fairness and confidence in Ontario's capital markets it is critical that brokers, dealers and other market participants who are in the business of selling or promoting securities meet the minimum registration, qualification and conduct requirements of the Act.

The Respondents should have obtained proper registration prior to trading IMAGIN securities and ensured that they qualified for exemptions. The Merits Decision held that IMAGIN was a market intermediary and therefore could not access the accredited investor exemption to distribute securities without being registered. The Respondents chose to ignore the registration requirements. We find it problematic that the Respondents take the liberty of picking and choosing which registration rules to follow. Registration requirements are obligatory for all market participants and must be adhered to by all market participants.

(b) The Respondents' experience in the marketplace: At the merits hearing, Mr. Rooney testified that he had many years of experience working in the capital markets. Staff points out that in a press release dated June 26, 2003, Mr. Rooney was described as:

> … having caused approximately 150 IPOs to be completed through his N.Y.C.-based investment banking firm. He owned or controlled 5 seats on the N.Y.S.E., was the Chairman and CEO of a high-growth N.Y.S.E.-traded company and has established and/or financed leading-edge companies and technologies over the years …

> Mr. Rooney is considered an expert in IPOs, reverse takeovers (RTOs), proxy contests and hostile tender offers.

For someone with so much experience in the capital markets, we find it troublesome that Mr. Rooney did not take all the necessary steps to ensure that he complied with Ontario securities law. In our view, Mr. Rooney chose to disregard the registration requirements in Ontario. In addition, it was brought to our attention during the Sanctions and Costs Hearing that Mr. Rooney has also disregarded securities and tax laws in other jurisdictions (see: *USA v. Rooney*, 1988, 866 F. 2d 28 (U.S. Ct. Ap. 2nd Circuit); SEC News Digest, Dec. 28, 1988, Issue 88-248; SEC News Digest, June 26, 1989, Issue 89-120; *In the matter of Patrick J. Rooney and Adrian Antoniu Alexander*, S.E.C. administrative Proceeding File No. 3-10506, June 13, 2001; *USA v. Rooney*, 1997 U.S. Ap. LEXIS 40507; *U.S. Securities and Exchange Commission Litigation Release* No. 17425/March 20, 2002; and *U.S. Securities and Exchange Commission Litigation Release* No. 16733/September 27, 2000). In our view, this shows a pattern of recidivist behaviour in ignoring securities law.

(c) The Respondents' activity in the marketplace: IMAGIN was involved in a systematic process of soliciting potential investors and selling its securities. At page 5 of their written submissions on sanctions, the Respondents admit that the activity in question "took place over a period of approximately three and a half years and involved hundreds of investors". Soliciting investors and selling IMAGIN securities was a predominant activity of IMAGIN employees. As set out in the Merits Decision at paragraph 120:

> …the evidence shows that IMAGIN was organized to distribute securities. We recognize that selling securities may not have been the only job function of IMAGIN employees, and they may not have engaged in selling IMAGIN securities 100% of the time. However, taken as a whole, there was a team of employees at IMAGIN that was involved in a systematic process to market and solicit sales in IMAGIN securities. As long as there is a predominant function at an entity to distribute securities in an organized fashion (even though the entity might also have other business purposes at the same time), that entity is captured by the definition of a market intermediary.

(d) Whether there has been a recognition of the seriousness of the improprieties: Mr. Rooney has not shown any recognition of the seriousness of his improprieties. As stated on page 5 of the Respondents' written submissions on sanctions:

> There has been no recognition of the seriousness of the improprieties because it is clear that Rooney believes that [IMAGIN] operated within the Rules of 45-501 of the OSC and that [IMAGIN] had no obligation to file as an LMD.

In addition, at paragraph 37 of their written submissions on sanctions the Respondents emphasize that they have no remorse for their actions in this matter:

> … I have no remorse because it is clear to me that it is the modus operandi of entrepreneurs in all jurisdictions globally including the USA that accredited investors can be solicited by entrepreneurs and his or her associates directly without a broker and without an LMD or broker/dealers licence. Any other interruption would stop most all new business formation in Ontario.

Further, at page 6 of their written submissions on sanctions, the Respondents state that:

> There is no remorse since the Respondents acted in good faith on a common sense reading of the rules after seeking advice and guidance from experts including the OSC and legal counsel.

With respect to obtaining legal advice, the Respondents further submit at paragraph 20 of their written submissions on sanctions that:

> … IMAGIN demonstrated and testified that they sought and received favourable advice from legal counsel and from a member of the OSC both of whom blessed the capital raising plan of IMAGIN.

The Respondents take the position that they properly interpreted the law and that their conduct was within the bounds of the regulatory requirements. With respect to the Respondents' reliance on legal advice, we note that although the Respondents did obtain a summons to call their lawyer as a witness, the Respondents

voluntarily decided not to call their lawyer as a witness during the merits hearing. Therefore, we had no evidence before us as to the precise legal advice that the Respondents were given in this matter.

(e) Mitigating factors: The Respondents take the position that since they paid fees to the Commission in relation to Form 45-501 filings, this meant that they were in compliance with securities law in Ontario. Specifically in their written submissions on sanctions the Respondents state at page 5 that:

> It was clear that IMAGIN believed that it was complying with the rules and in fact made initial filings and updated filing of offering memorandums [*sic*] with the OSC and paid fees to the OSC every 10 days or so as designated by the Rules of the OSC. The fact that these procedures and fees exist makes it deductive that the compliance over a 3 ½ year period was consistent with the Rules and implied an acceptance by the OSC of the [IMAGIN] methodology. If there was no acceptance, the rules of filings and paying fees is a form of entrapment by the OSC of [IMAGIN] and all issuers in Ontario (of which there are thousands annually) who choose to raise capital and file with the OSC, by form of a private placement in Ontario.

In our view paying fees to the Commission does not relieve market participants from the responsibility of ensuring that they are in compliance with Ontario securities laws at all times. The onus is on the market participant to ensure that they have ongoing access to the appropriate registration exemption. However, the fact that the Respondents did make payments in good faith to the Commission and never intentionally withheld payments from the Commission is a factor to consider when determining the appropriate sanctions.

(f) The effect any sanction might have on the livelihood of the Respondent: At the Sanctions and Costs Hearing, we were not provided with any evidence that the Respondents did not have the financial means to pay monetary sanctions. However, Mr. Rooney took the position that Staff's proposed sanctions would have the effect of deporting him from Canada and it would prevent him from earning a living in Canada and would be a violation of his Charter rights. Specifically, Mr. Rooney submits at paragraph 40 of the Respondents' written submissions on sanctions that:

> Mr. Rooney was born in Ontario, has doctors in Ontario, has relationships in Ontario, has every one of his 7 brothers and sisters in Ontario. Yet the OSC Staff is now suggesting my life's work cannot be done from Ontario. You must move. That Charter of Rights gives Rooney the right to live in Ontario but the OSC says that you cannot live in Ontario and survive. The OSC's Staff proposes to deport Rooney from Ontario.

Mr. Rooney is not being deported from Canada. Staff's requested sanctions do not prohibit Mr. Rooney from being employed in Ontario.

2. Trading and Other Prohibitions

Trading

[27] Staff takes the position that in the circumstances of this case, it would be appropriate to order that Mr. Rooney cease trading in securities of IMAGIN permanently and that exemptions contained in Ontario securities law not apply to any of the Respondents for a period of 15 years. Staff did not request a cease trading order against IMAGIN itself, nor did Staff request that Mr. Rooney cease trading in securities other that IMAGIN. According to Staff, an order to require Mr. Rooney to permanently cease trading all securities is unnecessary because:

> … the matter is certainly close to the line where it would be appropriate to impose a complete ban, however, the Notice of Hearing makes it clear that the only capital market exclusion being sought is specific to [IMAGIN] and at this point I think it would be a matter of fairness to Mr. Rooney, [that] staff is not seeking to exclude him completely, but just with respect to [IMAGIN] and exemptions as indicated.
>
> So although it's clearly at the very most serious end of the scale of activity where one would not receive a complete cease trade order and other complete exclusions, it's [S]taff's submission it remains on the other side of that line.
>
> (Hearing Transcript, November 12, 2010 at page 36 lines 3 to 16)

[28] Mr. Rooney takes the position that the cease trade order requested by Staff (in combination with the other sanctions requested by Staff) is not appropriate and is too restrictive. As stated above, Mr. Rooney claims that such a cease trade order

will hinder him from working in Ontario. We disagree. Such a cease trade order would only prohibit him from trading IMAGIN securities; it would not preclude Mr. Rooney from trading other securities.

[29] Participation in the capital market is a privilege, not a right (*Erikson v. Ontario (Securities Commission)*, [2003] O.J. No. 593 (Sup. Ct.) at para. 56). As stated in *Manning v. Ontario (Securities Commission)*, [1996] O.J. No. 3414 at para. 47:

> There is no right of any individual to participate in the capital markets in Ontario. […] the Act provides certain exemptions which allows individuals to make certain trades without being registered, however, the OSC has explicit jurisdiction to remove the exemptions if an individual engages in conduct contrary to the letter or spirit of the Act, whether such conduct causes damage to investors or is detrimental to the integrity of the capital markets.

[30] We note that Staff's allegations were limited to a breach of subsection 25(1)(a) of the Act. There were no allegations of misappropriation of funds or harm to investors.

[31] Taking all of this into consideration, we find it appropriate to order that Mr. Rooney shall cease trading IMAGIN securities permanently, and that any exemptions in Ontario securities law do not apply for 15 years to Mr. Rooney and IMAGIN. In our view, it is necessary to impose a permanent ban on Mr. Rooney with respect to the trading of IMAGIN securities because he was the directing mind of IMAGIN and took all steps to facilitate and encourage the systematic solicitation and selling of IMAGIN securities.

Director and Officer Bans

[32] Staff also requests that Mr. Rooney resign any position that he may hold as a director or officer of any issuer, and that he be prohibited from becoming or acting as a director or officer of any issuer for a period of 15 years. Staff takes the position at paragraph 16 of their written submissions on sanctions that:

> … when dealing with a small company, such as Imagin, this type of sanction is necessary to protect against recidivism. This is particularly so in cases where, as here, the Respondent is the sole officer and director or otherwise has substantial influence in the decision-making of the company.

[33] Mr. Rooney takes the position that he should not be restricted from acting as a director or officer of any issuer. As mentioned above, he claims that such a restriction would prevent him from working in Canada and that this would force him to move out of the country. In our view, this submission is exaggerated.

[34] In *Mithras*, the Commission explained that the removal of individuals from the capital markets is an effective mechanism for protecting the public. In addition to trading prohibitions, officer and director bans are another effective way to remove persons from participating in the capital markets.

[35] In our view, the use of director and officer bans will ensure that Mr. Rooney will not be put in a position of control or trust with any issuer. This is important because the misconduct in this matter was facilitated by Mr. Rooney in his capacity as a directing mind who had substantial influence and decision making power over the company. As set out in the Merits Decision, Mr. Rooney "was the directing mind and management of IMAGIN and responsible for the supervision, direction, control and operation of IMAGIN" (at para. 147).

[36] Mr. Rooney also informed us at the Sanctions and Costs Hearing that he has already resigned from IMGAIN. He explained that:

> … Rooney has recently in a shareholder letter disclosed his resignation as CEO while retaining the job of director of corporate development.
>
> The new CEO and chairman, named J.R. Richardson, is a long term resident of Calgary and will run Imagin, a federal corporation, out of Calgary, and he's doing it as we speak.
>
> Mr. Richardson is a talented, creative executive, and there are no side deals with Rooney. The other director is Greg Pappas, an Ontario-based chartered accountant with 20 years experience. Imagin is getting all their filings up-to-date, taxes, et cetera, et cetera, …
>
> (Hearing Transcript, November 12, 2009 at page 51 line 22 to page 52 line 10)

[37] We acknowledge that Mr. Rooney has proactively taken steps to find a successor CEO for IMAGIN and that he informed us that he voluntarily resigned from IMAGIN.

[38] Taking all of this into consideration, we find that it is appropriate that Mr. Rooney resign from any position he may hold as a director or officer of any issuer and that he be prohibited from acting as a director or officer of any issuer for a period of 15 years. The definitions of "director" and "officer" under Ontario securities law are set out in subsection 1.1 of the Act:

> **"director"** means a director of a company or an individual performing a similar function or occupying a similar position for any person;
>
> **"officer"**, with respect to an issuer or registrant, means,
>
> (a) a chair or vice-chair of the board of directors, a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, a secretary, an assistant secretary, a treasurer, an assistant treasurer and a general manager,
>
> (b) every individual who is designated as an officer under a by-law or similar authority of the registrant or issuer, and
>
> (c) every individual who performs functions similar to those normally performed by an individual referred to in clause (a) or (b);

[39] The combined sanctions of trading bans and prohibitions on acting as a director or officer of any issuer will provide general and specific deterrence to help ensure that similar conduct does not take place in the future.

Reprimand

[40] We find that it is appropriate that Mr. Rooney be reprimanded. The reprimand will provide strong censure of his misconduct and will impress on the public the importance of complying with the registration and prospectus provisions of the Act.

[41] As stated above, Mr. Rooney breached subsection 25(1)(a) of the Act by engaging in a prolonged systematic effort to solicit and sell IMAGIN securities. Mr. Rooney was the directing mind behind IMAGIN, he supervised IMAGIN employees and made important decisions at IMAGIN.

[42] Mr. Rooney also believes that he did nothing wrong and that he correctly interpreted the law. As stated above, he has not shown remorse for his actions. Even during the Sanctions and Costs Hearing, Mr. Rooney argued with the findings of the Panel in the Merits Decision and many of the arguments included in the Respondents' written submissions on sanctions are an attempt to re-litigate the merits. In order to participate in Ontario's capital markets, one must comply with the law. Having found non-compliance with the registration requirements in Ontario securities law, Mr. Rooney is reprimanded.

3. Administrative Penalty

[43] Staff requests that an administrative penalty of $100,000 be imposed on Mr. Rooney.

[44] In Staff's submission, any administrative penalty imposed on Mr. Rooney ought to reflect the severity of Mr. Rooney's misconduct. At paragraph 20 of their written submissions on sanctions, Staff submits that:

> The administrative penalty recommended against Rooney is also justified by the flagrant and conscious nature of his conduct and his regulatory history. Further, his seeming inability to accept responsibility for his actions ensures that there is no mitigation of the applicable sanction. Rooney's conduct demands a strong monetary sanction that will serve to remind him of the cost of failing to discharge his duties as a director and officer and the "unprofitability of repeated wrongdoing."

[45] In support of their administrative penalty request, Staff referred us to *Re Limelight et al.* (2008), 31 O.S.C.B. 12030 ("*Limelight Sanctions Decision*") and the *Momentas Sanctions Decision*, *supra*. According to Staff, the amounts of administrative penalties ordered in these cases provide guidance as to the appropriate quantum to apply to this case. Staff pointed out that the *Limelight Sanctions Decision* is helpful because it explains that a $75,000 administrative penalty was imposed specifically to address the breaches of subsections 25(1) and 53(1) of the Act (*Limelight Sanctions Decision*, *supra* at para. 75). While the total administrative penalty imposed against the respondents in the *Limelight Sanctions Decision* was much higher, according to Staff, the amount of $75,000 can be used as a benchmark for other cases involving breaches of subsections 25(1) and 53(1) of the Act.

[46] With respect to the case law referred to by Staff, Mr. Rooney submits that Staff's cases are not on point. Mr. Rooney submitted at the hearing that:

> … the OSC here is clearly punitive and overreaching in their requests. They [use] the Limelight and the Momentas cases to measure penalties. In Limelight, Limelight indiscriminately, using telephone books, called people at home.
>
> (Hearing Transcript, November 12, 2010 at page 41 lines 13 to 17)

[47] In addition, Mr. Rooney pointed out that IMAGIN did not use investor funds indiscriminately as in the *Momentas Sanctions Decision* and *Limelight Sanctions Decision*:

> Imagin is not Momentas or Limelight. Of course, as I reiterate, since we didn't steal one and a half million, the OSC enforcement, as a demonstration of their punitive activity and suggestions, suggests that we should pay a hundred thousand dollars, twice the fine as if we stole it.
>
> (Hearing Transcript, November 12, 2010 at page 45 lines 10 to 15)

[48] In our view, the imposition of an administrative penalty is not required in this case. We find that the imposition of other sanctions such as director and officer bans are better suited to deter Mr. Rooney from engaging in similar conduct in the future. Director and officer bans will have the effect of restricting Mr. Rooney's activities in the capital markets more than any monetary sanction.

[49] In addition, we find that the case before us is not analogous to the administrative penalty case law referred to us by Staff. Staff cited the *Limelight Sanctions Decision*, which is a boiler room investment scheme case, as the basis for imposing an administrative penalty on Mr. Rooney. The *Limelight Sanctions Decision* involved an investment scheme where the company did not have any legitimate business purpose and was set up for the sole purpose of raising investor funds for the benefit of those behind the investment scheme.

[50] In the present case, Staff did not allege that the funds raised were used for inappropriate purposes. Staff did not provide any evidence about the use of funds in this case. And while we have concerns that investors do not appear to have received annual financial statements or to have been invited to annual shareholder meetings in accordance with corporate law, the evidence in this case was not investor focused. Rather, this case centered on the legal interpretation of the definition of a market intermediary and whether IMAGIN fell within it. We do not find it appropriate to impose an administrative penalty.

4. Section 37 of the Act

[51] At the time the conduct in this matter took place, subsection 37(1) of the Act provided:

> 37. (1) The Commission may by order suspend, cancel, restrict or impose terms and conditions upon the right of any person or company named or described in the order to,
>
> (a) call at any residence; or
>
> (b) telephone from within Ontario to any residence within or outside Ontario, for the purpose of trading in any security or in any class of securities.

[52] The current version of subsection 37(1) of the Act is substantially identical except that it also refers to derivatives, in addition to securities.

[53] Staff has requested pursuant to subsection 37(1)(b) of the Act that Mr. Rooney and IMAGIN be prohibited from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or in any class of securities, except that Mr. Rooney may telephone a registrant for the purpose of issuing trading instructions.

[54] In Staff's view, an order under section 37 is appropriate to prevent Mr. Rooney from using a telephone to call anyone at their residence, except a registered representative, for the purpose of effecting a trade in securities. According to Staff, the sanctions imposed as a whole will allow Mr. Rooney to engage in legitimate capital market activities and to invest for his own benefit. He simply will not be able to solicit investors by telephone.

[55] Mr. Rooney argues that a prohibition on calling investors is over reaching and punitive and violates his Charter rights. Specifically, Mr. Rooney submitted at the hearing:

> I would ask the panel to consider Mr. Rooney's right under section 6 of the Charter that reads, "Every citizen has the right to take up residence in any province and, B, to pursue the gaining of a livelihood in any province."
>
> Mr. Feasby would suggest I can't even -- I turn in my Blackberry.
>
> The OSC's suggestions for sanctions is a de facto deportation of Mr. Rooney from Ontario and because of the potential ripple effect to other provincial commissions, securities commissions, perhaps a deportation from Canada.
>
> The OSC would not even have Rooney use his telephone inside or outside of Ontario in his role as CEO of a U.S. based, USA publicly traded company, which I am today.
>
> (Hearing Transcript, November 12, 2010 at page 62 line 15 to page 63 line 5)

[56] We disagree with Mr. Rooney's submissions on this issue. Mr. Rooney can participate in the capital markets. He is precluded from telephoning from within Ontario to any residence within or outside Ontario to sell securities. Mr. Rooney is still able to engage a registrant for the purpose of selling securities.

[57] Since the conduct in this case was a systematic process of solicitation and sale of IMAGIN securities by telephone, we find it appropriate to make an order under subsection 37(1)(b) of the Act to prevent the Respondents from telephoning to solicit trades. They are required to operate through a registrant for capital-raising activities.

[58] With respect to the Charter argument, we refer to our discussion of this issue at paragraph 26(f) of our Reasons. Mr. Rooney is not being deported from Canada and an order imposed under subsection 37(1)(b) of the Act will not restrict him from being employed in Canada or participating in the capital markets, under certain conditions.

VI. Costs

[59] Pursuant to section 127.1 of the Act, the Commission has the discretion to order a person or company to pay the costs of the investigation and hearing if the Commission is satisfied that the person or company has not complied with the Act or has not acted in the public interest.

[60] Staff requested, pursuant to subsection 127.1(2) of the Act, that the Respondents be ordered to pay, jointly and severally, a total of $81,018.75 to cover the costs related to the hearing in this matter (this includes only the costs incurred after the Settlement Agreements with the Settling Respondents were entered into). During the hearing, we asked Staff to provide further written submissions and documentation to support their requests for costs, and we also provided Mr. Rooney with the opportunity to provide us with further written submissions regarding costs.

[61] After the hearing, both Staff and Mr. Rooney provided written submissions on the issue of costs.

[62] When Staff provided their written submissions on costs, Staff amended its costs request to $77,482.50, which can be itemized as follows:

(a) Litigation Counsel – 243.5 hours at $205 per hour for a total of $49,917.50; and

(b) Senior Investigator – 149 hours at $185 per hour for a total of $27,565.00.

[63] Staff explained that its costs were calculated in accordance with Staff's schedule of hourly rates for various members of Staff of the Enforcement Branch. In support of this request, Staff provided written submissions, an affidavit of Kathleen McMillan dated November 19, 2010 and detailed dockets (as required by Rule 18.1(2)(b) of the Commission's *Rules of Procedure*). These timesheets provided dates, numbers of hours worked and details of the tasks performed by each of the individuals listed in the bill of costs.

[64] Staff is only requesting costs relating to the litigation counsel and one senior investigator. In addition, Staff's bill of costs excludes any time spent by students-at-law and assistants and it also does not include disbursements. The costs sought by Staff do not include the costs of the investigation stage of this matter and do not include the time spent preparing for this matter prior to the approval of the Settlement Agreements entered into by the Settling Respondents. In their written submissions on costs at paragraph 15, Staff explained that:

> To insure [*sic*] that the costs sought in this matter do not reflect time incurred dealing with issues related to the Settling Respondents and represent an efficient use of Staff resources, the hours reflected in Staff's Bill of Costs have been substantially reduced:

> (a) Costs have only been calculated subsequent to the February 5, 2009, approval of the Settlement Agreements by the other Respondents. As a result, the costs requested do not include the costs of the investigation in this matter, nor do they include time that could be attributed to the involvement of the other Respondents.

[65] According to Staff, the amount of costs paid by the Respondents should not be discounted because the conduct of the Respondents during the merits hearing unduly lengthened the process and contributed to an unnecessarily contentious hearing on the merits. Specifically, Staff submits at paragraphs 8 and 9 of their written submissions on costs:

> Following objections from Staff, the panel repeatedly cautioned Mr. Rooney to confine his evidence to relevant matters and not to make submissions on matters not in evidence. Mr. Rooney continually failed to heed the panel's directions, contrary to Rule 18.2(a).
>
> The hearing was not complex, nor was there an important legal issue to resolve. On the contrary, the applicable law was settled and the evidence was clear and compelling. Notwithstanding this, Mr. Rooney attempted to raise defences that were wrong on the plain language of the statute and the leading case law, both of which had been drawn to his attention. The Respondents also failed to make factual admissions on issues that were proven with clear and cogent evidence, and sometimes Mr. Rooney's own evidence. These failures on the part of the Respondents unnecessarily lengthened the proceeding, contrary to Rules 18.2(b), (c), (e), (f), (g), (h) and (j).

[66] The Respondents take the position that they should not bear the burden of paying the full amount requested for costs because the legal issues involved in this case were unclear and important to resolve. Specifically, at paragraph 12 of their written costs submissions, the Respondents state that:

> … [the] issues were unclear and needed thoughtful adjudication, therefore they request another result than the costs requested by Staff. According to the Respondents', they alone should not bear the full cost of a hearing that is clarifying an unclear area of the law, such as the definition of a market intermediary.

[67] Further, the Respondents do not take issue with the amount of costs calculated by Staff. They only take issue with the fact that they must bear the burden of paying all costs. As submitted at paragraphs 2 and 3 of the Respondents' written costs submissions:

> The Respondents do not have any challenge of the amount or magnitude of the Staff's submission to costs incurred by the Staff in completing their duty to bring this matter to conclusion. [sic] Because of the Respondents position that this case is in fact very important in setting a precedent for future OSC cases we have asked the Panel to consider that [costs] be set for this purpose alone at $1.00 however if the Staff will agree that this case is important and will sit down with the Respondents with diligence and respect, and negotiate to submit a settlement recommendation mutually agreed upon to the Panel, then the Respondents will endorse the Staff's recommendation for costs.
>
> The Respondents hope that the Panel will focus on just two issues under Rule 18.2 in determining the issue of costs under s.127.1.
>
> (c) The importance of the issues;
>
> (g) Whether the respondent participated in the proceeding in a way that helped the Commission understand the issues before it.

[68] We have reviewed the documentation provided by Staff relating to the costs of this proceeding and we note that Staff is only requesting costs incurred after the other respondents in this matter settled. In the circumstances, we find that it is appropriate to order that the Respondents pay costs, jointly and severally, in the amount of $57,482.50. In this specific case, we have reduced the amount of costs payable by the Respondents by $20,000.

[69] As noted above, the Respondents did make Form 45-501 filing payments to the Commission, which indicates that the Respondents did not seek to ignore all aspects of the application of Rule 45-501 to their activities. The Merits Hearing dealt with Rule 45-501 and provided guidance regarding the definition of a market intermediary and its relationship to capital raising activities. We find that it is appropriate to take this into account as a factor to reduce the amount of costs payable by the Respondents. Nevertheless, Mr. Rooney's conduct in this matter prolonged the hearing and this added to the costs incurred by Staff. Therefore, Mr. Rooney must still bear some of the costs of this matter. Taking into account the full context of the hearing, we find it is appropriate to order costs in the amount of $57,482.50.

VII. Decision on Sanctions and Costs

[70] We consider that it is important in this case to: (1) impose sanctions that reflect the seriousness of the securities law violations that occurred in this matter; and (2) impose sanctions that not only deter the Respondents but also like-minded people from engaging in future conduct that violates securities law.

[71] We will issue a separate order giving effect to our decision on sanctions and costs and we order that:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, Mr. Rooney cease trading in securities of IMAGIN permanently;

(b) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Mr. Rooney or IMAGIN for a period of 15 years;

(c) pursuant to paragraph 6 of subsection 127(1) of the Act, Mr. Rooney is reprimanded;

(d) pursuant to paragraph 7 of subsection 127(1) of the Act, Mr. Rooney resign any position he holds as a director or officer of any issuer;

(e) pursuant to paragraph 8 of subsection 127(1) of the Act, Mr. Rooney is prohibited from acting as a director or officer of any issuer for a period of 15 years;

(f) pursuant to subsections 127.1(1) and (2) of the Act, Mr. Rooney and IMAGIN are jointly and severally liable to pay the sum of $57,482.50 toward the costs of the hearing that were incurred by the Commission; and

(g) pursuant to subsection 37(1)(b) of the Act, Mr. Rooney and IMAGIN are prohibited from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or in any class of securities, except that Mr. Rooney may telephone a registrant for the purpose of issuing trading instructions.

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

"Mary G. Condon"
Mary G. Condon

"Margot C. Howard"
Margot C. Howard

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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
Genesis Worldwide Inc.	04 July 11	15 July 11		
Galahad Metals Inc.	05 July 11	18 July 11		
Ambrilia Biopharma Inc.	06 July 11	18 July 11		
Delta Uranium Inc.	06 July 11	18 July 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 5

Rules and Policies

5.1.1 Amendments to NI 31-103 Registration Requirements and Exemptions

AMENDMENTS TO NATIONAL INSTRUMENT 31-103
REGISTRATION REQUIREMENTS AND EXEMPTIONS

1. National Instrument 31-103 Registration Requirements and Exemptions is amended by this Instrument.

2. The title is amended by replacing "*and Exemptions****" with "****, Exemptions and Ongoing Registrant Obligations****".***

3. Subsection 1.1 is amended by

(a) deleting the definition of "NI 45-106***",***

(b) replacing paragraph (d) of the definition of "permitted client***" with the following:***

(d) a person or company registered under the securities legislation of a jurisdiction of Canada as an adviser, investment dealer, mutual fund dealer or exempt market dealer;***, and***

(c) by replacing "NI 45-106***" wherever the expression occurs with "***National Instrument 45-106 *Prospectus and Registration Exemptions*"**.**

4. Subsection 1.3 (1) is amended

(a) in paragraphs (a) and (b) by replacing "registered firm***" with "***person or company***",***

(b) in subparagraph (b)(i) by replacing "firm***" wherever the expression occurs with "***person or company***", and***

(c) in subparagraph (b)(ii) by replacing "firm's***" with "***person or company's***".***

5. Section 3.1 is amended

(a) in the definition of "Canadian Investment Funds Exam***" by replacing "***Canadian Investment Funds Exam***" with "***Canadian Investment Funds Course Exam***",***

(b) by replacing "Investment Funds Institute of Canada***" wherever it occurs with "***IFSE Institute***"; and***

(c) by adding the following after the definition of "Canadian Securities Course Exam***":***

"Chief Compliance Officers Qualifying Exam" means the examination prepared and administered by CSI Global Education Inc. and so named on the day this Instrument comes into force, and every examination that preceded that examination, or succeeded that examination, that does not have a significantly reduced scope and content when compared to the scope and content of the first-mentioned examination;"

6. Section 3.3 is replaced with the following:

3.3 Time limits on examination requirements

(1) For the purpose of this Part, an individual is deemed to have not passed an examination unless the individual passed the examination not more than 36 months before the date of his or her application for registration.

(2) Subsection (1) does not apply if the individual passed the examination more than 36 months before the date of his or her application and has met one of the following conditions:

(a) the individual was registered in the same category in any jurisdiction of Canada at any time during the 36-month period before the date of his or her application;

(b) the individual has gained 12 months of relevant securities industry experience during the 36-month period before the date of his or her application.

(3) For the purpose of paragraph (2)(a), an individual is not considered to have been registered during any period in which the individual's registration was suspended.

7. Subsection 3.4 (1) is amended by adding ", including understanding the structure, features and risks of each security the individual recommends***" after "***competently***".***

8. Section 3.5 is replaced with the following:

3.5 Mutual fund dealer – dealing representative

A dealing representative of a mutual fund dealer must not act as a dealer in respect of the securities listed in section 7.1(2)(b) unless any of the following apply:

(a) the individual has passed the Canadian Investment Funds Course Exam, the Canadian Securities Course Exam or the Investment Funds in Canada Course Exam;

(b) the individual has met the requirements of section 3.11 [*portfolio manager – advising representative*];

(c) the individual has earned a CFA Charter and has gained 12 months of relevant securities industry experience in the 36-month period before applying for registration;

(d) the individual is exempt from section 3.11 [*portfolio manager – advising representative*] because of subsection 16.10(1) [*proficiency for dealing and advising representatives*].

9. Section 3.6 is amended

(a) in subparagraph (a)(i) by replacing "Canadian Investment Funds Exam" ***with "***Canadian Investment Funds Course Exam***",***

(b) in subparagraph (a)(ii) by replacing "*or****" with "," and by adding "***or the Chief Compliance Officers Qualifying Exam;***" after "***Compliance Exam***"; and***

(c) by adding the following after paragraph (b):

(c) section 3.13 [*portfolio manager – chief compliance officer*] does not apply in respect of the individual because of subsection 16.9(2) [*registration of chief compliance officers*].

10. Section 3.7 is replaced with the following:

3.7 Scholarship plan dealer – dealing representative

A dealing representative of a scholarship plan dealer must not act as a dealer in respect of the securities listed in section 7.1(2)(c) unless the individual has passed the Sales Representative Proficiency Exam.

11. Section 3.8 is amended by adding, in paragraph (c), after "Exam***", "***or the Chief Compliance Officers Qualifying Exam***."***

12. Section 3.9 is replaced with the following:

3.9 Exempt market dealer – dealing representative

A dealing representative of an exempt market dealer must not perform an activity listed in section 7.1(2)(d) unless any of the following apply:

(a) the individual has passed the Canadian Securities Course Exam;

(b) the individual has passed the Exempt Market Products Exam;

(c) the individual has earned a CFA Charter and has gained 12 months of relevant securities industry experience in the 36-month period before applying for registration;

(d) the individual satisfies the conditions set out in section 3.11 [*portfolio manager – advising representative*];

(e) the individual is exempt from section 3.11 [*portfolio manager – advising representative*] because of subsection 16.10(1) [*proficiency for dealing and advising representatives*].

13. Section 3.10 is replaced with the following:

3.10 Exempt market dealer – chief compliance officer

An exempt market dealer must not designate an individual as its chief compliance officer under subsection 11.3(1) [*designating a chief compliance officer*] unless any of the following apply:

(a) the individual has passed the following:

(i) the Exempt Market Products Exam or the Canadian Securities Course Exam; and

(ii) the PDO Exam or the Chief Compliance Officers Qualifying Exam;

(b) the individual has met the requirements of section 3.13 [*portfolio manager – chief compliance officer*];

(c) section 3.13 [*portfolio manager – chief compliance officer*] does not apply in respect of the individual because of subsection 16.9(2) [*registration of chief compliance officers*].

14. Section 3.11 is replaced with the following:

3.11 Portfolio manager – advising representative

An advising representative of a portfolio manager must not act as an adviser on behalf of the portfolio manager unless any of the following apply:

(a) the individual has earned a CFA Charter and has gained 12 months of relevant investment management experience in the 36-month period before applying for registration;

(b) the individual has received the Canadian Investment Manager designation and has gained 48 months of relevant investment management experience, 12 months of which was gained in the 36-month period before applying for registration.

15. Section 3.12 is replaced with the following:

3.12 Portfolio manager – associate advising representative

An associate advising representative of a portfolio manager must not act as an adviser on behalf of the portfolio manager unless any of the following apply:

(a) the individual has completed Level 1 of the Chartered Financial Analyst program and has gained 24 months of relevant investment management experience;

(b) the individual has received the Canadian Investment Manager designation and has gained 24 months of relevant investment management experience.

16. Section 3.13 is amended

(a) by replacing subparagraph (a)(ii) with the following:

(ii) passed the PDO Exam or the Chief Compliance Officers Qualifying Exam and, unless the individual has earned the CFA Charter, the Canadian Securities Course Exam, and***;***

(b) in clause (a)(iii)(B) by adding "also***" after "***and***",***

(c) in paragraph (b) by replacing "the PDO***" with "***either the PDO Exam or the Chief Compliance Officers Qualifying***",***

(d) ***in subparagraph (b)(ii) by adding "***also***" after "***and***", and***

(e) ***in paragraph (c) by replacing "***the PDO***" with "***either the PDO Exam or the Chief Compliance Officers Qualifying***".***

17. Section 3.14 is amended

(a) ***by replacing subparagraph (a)(ii) with the following***:

(ii) passed the PDO Exam or the Chief Compliance Officers Qualifying Exam and, unless the individual has earned the CFA Charter, the Canadian Securities Course Exam, and***,***

(b) ***in clause (a)(iii)(B) by adding "***also***" after "***and***",***

(c) ***in subparagraph (b)(i) by adding "***Course***" after "***Canadian Investment Funds***",***

(d) ***in subparagraph b(ii) by adding "****or the Chief Compliance Officers Qualifying Exam****" after "****Exam***",***

(e) ***by adding the following after paragraph (c)***:

(d) section 3.13 [*portfolio manager – chief compliance officer*] does not apply in respect of the individual because of subsection 16.9(2) [*registration of chief compliance officers*].

18. Section 3.15 is amended

(a) ***in subsection (1) by adding "***that is a member of IIROC***" after "***dealer***", and***

(b) ***in subsection (2) by adding "***that is a member of the MFDA***" after "***dealer***".***

19. Subsection 3.16(3) is replaced with the following:

(3) In Québec, the requirements listed in subsection (2) do not apply to a registered individual who is a dealing representative of a mutual fund dealer to the extent equivalent requirements to those listed in subsection (2) are applicable to the registered individual under the regulations in Québec.

20. Section 4.1 is replaced with the following:

4.1 Restriction on acting for another registered firm

(1) A registered firm must not permit an individual to act as a dealing, advising or associate advising representative of the registered firm if the individual

(a) acts as an officer, partner or director of another registered firm that is not an affiliate of the first-mentioned registered firm, or

(b) is registered as a dealing, advising or associate advising representative of another registered firm.

(2) Paragraph (1)(b) does not apply in respect of a representative whose registration as a dealing, advising or associate advising representative of more than one registered firm was granted before July 11, 2011.

21. Subsection 4.2(3) is amended by adding "or, in Québec, the securities regulatory authority***" after "***the regulator***".***

22. Section 6.7 is replaced with the following:

6.7 Exception for individuals involved in a hearing or proceeding

Despite section 6.6, if a hearing or proceeding concerning a suspended registrant is commenced under securities legislation or under the rules of an SRO, the registrant's registration remains suspended.

23. Section 7.1 is amended

(a) in subparagraph (2)(b)(ii) by striking out "except in Quebec,***", and***

(b) by repealing subsection (3).

24. Section 8.6 is amended

(a) by replacing the heading with "Investment fund trades by adviser to managed account***",***

(b) in subsection (1) by replacing "a non-prospectus qualified***" with "***an***",***

(c) in subsection (2) by striking out "non-prospectus qualified***", and***

(d) in subsection (3) by adding "or, in Québec, the securities regulatory authority***" after "***r***egulator",***

(e) in subsection (3) by replacing "*7 days***" with "****10 days***".***

25. Section 8.14 is amended by replacing "NI 45-106***" with "***National Instrument 45-106 *Prospectus and Registration Exemptions*".***

26. Subsection 8.16 (1) is amended by deleting " "control person" has the same meaning as in section 1.1 of NI 45-106;***" and by replacing "***NI 45-106***" with "***National Instrument 45-106 *Prospectus and Registration Exemptions*" wherever the expression occurs.***

27. Subsection 8.17 (5) is amended by replacing "8.3.1***" with "***8.4***" and "***NI 45-106" ***with "***National Instrument 45-106 *Prospectus and Registration Exemptions*".***

28. Section 8.18 is amended

(a) in subsection (1) by deleting "," after "*In this section****" and by adding the following before the definition of "***foreign security***":***

"Canadian permitted client" means a permitted client referred to in any of paragraphs (a) to (e), (g) or (i) to (r) of the definition of "permitted client" in section 1.1 if

(a) in the case of an individual, the individual is a resident of Canada;

(b) in the case of a trust, the terms of the trust expressly provide that those terms are governed by the laws of a jurisdiction of Canada;

(c) in any other case, the permitted client is incorporated, organized or continued under the laws of Canada or a jurisdiction of Canada.

(b) in subsection (2) by adding "any of***" after "***in respect of***",***

(c) in paragraphs (b), (c) and (d) by adding "Canadian***" before "***permitted client***",***

(d) in subsection (3) by replacing "exemptions***" with "***exemption***" and "***are***" with "***is***",***

(e) by replacing paragraph (3)(d) with the following:

(d) the person or company is acting as principal or as agent for

(i) the issuer of the securities

(ii) a permitted client, or

(iii) a person or company that is not a resident of Canada;

(f) ***by replacing paragraph (4) with the following***:

(4) The exemption under subsection (2) is not available to a person or company in respect of a trade with a Canadian permitted client unless one of the following applies:

(a) the Canadian permitted client is a person or company registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer;

(b) the person or company has notified the Canadian permitted client of all of the following:

(i) the person or company is not registered in the local jurisdiction to make the trade;

(ii) the foreign jurisdiction in which the head office or principal place of business of the person or company is located;

(iii) all or substantially all of the assets of the person or company may be situated outside of Canada;

(iv) there may be difficulty enforcing legal rights against the person or company because of the above;

(v) the name and address of the agent for service of process of the person or company in the local jurisdiction.

(g) ***by replacing subsection (5) with the following***:

(5) A person or company that relied on the exemption in subsection (2) during the 12 month period preceding December 1 of a year must notify the regulator or, in Québec, the securities regulatory authority of that fact by December 1 of that year, ***and***

(h) ***by adding the following after subsection (6)***:

(7) The adviser registration requirement does not apply to a person or company that is exempt from the dealer registration requirement under this section if the person or company provides advice to a client and the advice is

(a) in connection with an activity or trade described under subsection (2), and

(b) not in respect of a managed account of the client.

29. ***Subparagraph 8.19(2)(a)(i) is amended by adding, after*** **"**dealer**",** **"**in respect of securities listed in section 7.1(2)(b)**".**

30. ***Paragraph 8.22 (2)(d) is amended by replacing*** **"**$25 000***" with "***$25,000**".**

31. ***The Note to Section 8.25 is amended by replacing*** **"***7.24***" with "***8.25**".**

32. ***Section 8.26 is amended by***

(a) ***replacing the definition of "***permitted client***" with the following:***

"Canadian permitted client" means a permitted client referred to in any of paragraphs (a) to (c), (e), (g) or (i) to (r) of the definition of "permitted client" in section 1.1 if

(a) in the case of an individual, the individual is a resident of Canada;

(b) in the case of a trust, the terms of the trust expressly provide that those terms are governed by the laws of a jurisdiction of Canada; and

(c) in any other case, the permitted client is incorporated, organized or continued under the laws of Canada or a jurisdiction of Canada, ***and***

(b) replacing paragraphs (3), (4) and (5) with the following:

(3) The adviser registration requirement does not apply to a person or company in respect of its acting as an adviser to a Canadian permitted client if the adviser does not advise that client on securities of Canadian issuers, unless providing that advice is incidental to its providing advice on a foreign security.

(4) The exemption under subsection (3) is not available unless all of the following apply:

(a) the adviser's head office or principal place of business is in a foreign jurisdiction;

(b) the adviser is registered or operates under an exemption from registration, under the securities legislation of the foreign jurisdiction in which its head office or principal place of business is located, in a category of registration that permits it to carry on the activities in that jurisdiction that registration as an adviser would permit it to carry on in the local jurisdiction;

(c) the adviser engages in the business of an adviser in the foreign jurisdiction in which its head office or principal place of business is located;

(d) as at the end of its most recently completed financial year, not more than 10% of the aggregate consolidated gross revenue of the adviser, its affiliates and its affiliated partnerships was derived from the portfolio management activities of the adviser, its affiliates and its affiliated partnerships in Canada;

(e) before advising a client, the adviser notifies the client of all of the following:

(i) the adviser is not registered in the local jurisdiction to provide the advice described under subsection (3);

(ii) the foreign jurisdiction in which the adviser's head office or principal place of business is located;

(iii) all or substantially all of the adviser's assets may be situated outside of Canada;

(iv) there may be difficulty enforcing legal rights against the adviser because of the above;

(v) the name and address of the adviser's agent for service of process in the local jurisdiction;

(f) the adviser has submitted to the securities regulatory authority a completed Form 31-103F2 Submission to Jurisdiction and Appointment of Agent for Service.

(5) A person or company that relied on the exemption in subsection (3) during the 12 month period preceding December 1 of a year must notify the regulator or, in Québec, the securities regulatory authority of that fact by December 1 of that year.

33. Section 8.29 is amended by adding the following after subsection (2):

(3) This section does not apply in Ontario.

Note: In Ontario, subsection 35.1 of the *Securities Act* (Ontario) provides a general exemption from the registration requirement for trust companies, trust corporations and other specified financial institutions.

34. Section 9.3 is amended

(a) in the heading by replacing "SRO***" with "***IIROC***",***

(b) by replacing the introductory sentence in subsection (1) with

(1) Unless it is also registered as an investment fund manager, a registered firm that is a member of IIROC is exempt from the following requirements:"

(c) in subsection (1) by inserting the following after paragraph (l):

(l.1) section 13.15 [*handling complaints*];

(d) by replacing subsection (2) with the following:

(2) If a registered firm is a member of IIROC and is registered as an investment fund manager, the firm is exempt from the following requirements:

(a) section 12.3 [*insurance – dealer*];

(b) section 12.6 [*global bonding or insurance*];

(c) section 12.12 [*delivering financial information – dealer*];

(d) subsection 13.2(3) [*know your client*];

(e) section 13.3 [*suitability*];

(f) section 13.12 [*restriction on lending to clients*];

(g) section 13.13 [*disclosure when recommending the use of borrowed money*];

(h) section 13.15 [*handling complaints*];

(i) subsection 14.2(2) [*relationship disclosure information*];

(j) section 14.6 [*holding client assets in trust*];

(k) section 14.8 [*securities subject to a safekeeping agreement*];

(l) section 14.9 [*securities not subject to a safekeeping agreement*];

(m) section 14.12 [*content and delivery of trade confirmation*]***., and***

(e) by repealing subsections (3), ***(4), (5) and (6).***

35. This instrument is amended by adding the following after section 9.3:

9.4 Exemptions from certain requirements for MFDA members

(1) Unless it is also registered as an exempt market dealer, a scholarship plan dealer or an investment fund manager, a registered firm that is a member of the MFDA is exempt from the following requirements:

(a) section 12.1 [*capital requirements*];

(b) section 12.2 [*notifying the regulator of a subordination agreement*];

(c) section 12.3 [*insurance – dealer*];

(d) section 12.6 [*global bonding or insurance*];

(e) section 12.7 [*notifying the regulator of a change, claim or cancellation*];

(f) section 12.10 [*annual financial statements*];

(g) section 12.11 [*interim financial information*];

(h) section 12.12 [*delivering financial information – dealer*];

(i) section 13.3 [*suitability*];

(j) section 13.12 [*restriction on lending to clients*];

(k) section 13.13 [*disclosure when recommending the use of borrowed money*];

(l) section 13.15 [*handling complaints*];

(m) subsection 14.2(2) [*relationship disclosure information*];

(n) section 14.6 [*holding client assets in trust*];

(o) section 14.8 [*securities subject to a safekeeping agreement*];

(p) section 14.9 [*securities not subject to a safekeeping agreement*];

(q) section 14.12 [*content and delivery of trade confirmation*].

(2) If a registered firm is a member of the MFDA and is registered as an exempt market dealer, scholarship plan dealer or investment fund manager, the firm is exempt from the following requirements:

(a) section 12.3 [*insurance – dealer*];

(b) section 12.6 [*global bonding or insurance*];

(c) section 13.3 [*suitability*];

(d) section 13.12 [*restriction on lending to clients*];

(e) section 13.13 [*disclosure when recommending the use of borrowed money*];

(f) section 13.15 [*handling complaints*];

(g) subsection 14.2(2) [*relationship disclosure information*];

(h) section 14.6 [*holding client assets in trust]*;

(i) section 14.8 [*securities subject to a safekeeping agreement*];

(j) section 14.9 [*securities not subject to a safekeeping agreement*];

(k) section 14.12 [*content and delivery of trade confirmation*].

(3) Subsections (1) and (2) do not apply in Québec.

(4) In Québec, the requirements listed in subsection (1) do not apply to a mutual fund dealer to the extent equivalent requirements to those listed in subsection (1) are applicable to the mutual fund dealer under the regulations in Québec.

36. Section 10.6 is amended

(a) in the heading by adding "or proceeding***" after "***hearing***", and***

(b) by adding "or proceeding***" after "***hearing***".***

37. Subsection 11.2 (2) is replaced with the following:

(2) A registered firm must designate an individual under subsection (1) who is one of the following:

(a) the chief executive officer of the registered firm or, if the firm does not have a chief executive officer, an individual acting in a capacity similar to a chief executive officer;

(b) the sole proprietor of the registered firm;

(c) the officer in charge of a division of the registered firm, if the activity that requires the firm to register occurs only within the division and the firm has significant other business activities.

38. The heading of section 11.4 is amended by replacing "board***" with "***the board of directors***".***

39. Subsection 11.6(1) and (2) are replaced with the following:

(1) A registered firm must keep a record that it is required to keep under securities legislation

(a) for 7 years from the date the record is created,

(b) in a safe location and in a durable form, and

(c) in a manner that permits it to be provided to the regulator or, in Québec, the securities regulatory authority in a reasonable period of time.

(2) A record required to be provided to the regulator, or, in Québec, the securities regulatory authority must be provided in a format that is capable of being read by the regulator or the securities regulatory authority.

40. The note to s. 11.6 is amended by replacing "require***" with "***required***".***

41. Section 11.9 is replaced with the following:

11.9 Registrant acquiring a registered firm's securities or assets

(1) A registrant must give the regulator or, in Québec, the securities regulatory authority written notice in accordance with subsection (2) if it proposes to acquire any of the following:

(a) beneficial ownership of, or direct or indirect control or direction over, a security of a registered firm;

(b) beneficial ownership of, or direct or indirect control or direction over, a security of a person or company of which a registered firm is a subsidiary;

(c) all or a substantial part of the assets of a registered firm.

(2) The notice required under subsection (1) must be delivered to the regulator or, in Québec, the securities regulatory authority at least 30 days before the proposed acquisition and must include all relevant facts regarding the acquisition sufficient to enable the regulator or the securities regulatory authority to determine if the acquisition is

(a) likely to give rise to a conflict of interest,

(b) likely to hinder the registered firm in complying with securities legislation,

(c) inconsistent with an adequate level of investor protection, or

(d) otherwise prejudicial to the public interest.

(3) Subsection (1) does not apply to the following:

(a) a proposed acquisition if the beneficial ownership of, or direct or indirect control or direction over, the person or company whose security is to be acquired will not change;

(b) a registrant who, alone or in combination with any other person or company, proposes to acquire securities that, together with the securities already beneficially owned, or over which direct or indirect control or direction is already exercised, do not exceed more than 10% of any class or series of securities.

(4) Except in Ontario and British Columbia, if, within 30 days of the regulator's, or, in Québec, the securities regulatory authority's receipt of a notice under subsection (1), the regulator or the securities regulatory authority notifies the registrant making the acquisition that the regulator or the securities regulatory authority objects to the acquisition, the acquisition must not occur until the regulator or the securities regulatory authority approves it.

(5) In Ontario, if, within 30 days of the regulator's receipt of a notice under subsection (1)(a) or (c), the regulator notifies the registrant making the acquisition that the regulator objects to the acquisition, the acquisition must not occur until the regulator approves it.

(6) Following receipt of a notice of objection under subsection (4) or (5), the person or company who submitted the notice to the regulator or, in Québec, the securities regulatory authority may request an opportunity to be heard on the matter.

42. Section 11.10 is replaced with the following:

11.10 Registered firm whose securities are acquired

(1) A registered firm must give the regulator or, in Québec, the securities regulatory authority written notice in accordance with subsection (2) if it knows or has reason to believe that any person or company, alone or in combination with any other person or company, is about to acquire, or has acquired, beneficial ownership of, or direct or indirect control or direction over, 10% or more of any class or series of voting securities of any of the following:

(a) the registered firm;

(b) a person or company of which the registered firm is a subsidiary.

(2) The notice required under subsection (1) must,

(a) be delivered to the regulator or, in Québec, the securities regulatory authority as soon as possible,

(b) include the name of each person or company involved in the acquisition, and

(c) after the registered firm has applied reasonable efforts to gather all relevant facts, include facts regarding the acquisition sufficient to enable the regulator or the securities regulatory authority to determine if the acquisition is

(i) likely to give rise to a conflict of interest,

(ii) likely to hinder the registered firm in complying with securities legislation,

(iii) inconsistent with an adequate level of investor protection, or

(iv) otherwise prejudicial to the public interest.

(3) This section does not apply to an acquisition in which the beneficial ownership of, or direct or indirect control or direction over, a registered firm does not change.

(4) This section does not apply if notice of the acquisition was provided under section 11.9 [*registrant acquiring a registered firm's securities or assets*].

(5) Except in British Columbia and Ontario, if, within 30 days of the regulator's or, in Québec, the securities regulatory authority's receipt of a notice under subsection (1), the regulator or the securities regulatory authority notifies the person or company making the acquisition that the regulator or the securities regulatory authority objects to the acquisition, the acquisition must not occur until the regulator or the securities regulatory authority approves it.

(6) In Ontario, if, within 30 days of the regulator's receipt of a notice under subsection (1)(a), the regulator notifies the person or company making the acquisition that the regulator objects to the acquisition, the acquisition must not occur until the regulator approves it.

(7) Following receipt of a notice of objection under subsection (5) or (6), the person or company proposing to make the acquisition may request an opportunity to be heard on the matter.

43. Section 12.1 is replaced with the following:

12.1 Capital requirements

(1) If, at any time, the excess working capital of a registered firm, as calculated in accordance with Form 31-103F1 *Calculation of Excess Working Capital*, is less than zero, the registered firm must notify the regulator or, in Québec, the securities regulatory authority as soon as possible.

(2) The excess working capital of a registered firm, as calculated in accordance with Form 31-103F1 *Calculation of Excess Working Capital*, must not be less than zero for 2 consecutive days.

(3) For the purpose of completing Form 31-103F1 *Calculation of Excess Working Capital*, the minimum capital is

(a) $25,000, for a registered adviser that is not also a registered dealer or a registered investment fund manager,

(b) $50,000, for a registered dealer that is not also a registered investment fund manager, and

(c) $100,000, for a registered investment fund manager.

(4) Paragraph (3)(c) does not apply to a registered investment fund manager that is exempt from the dealer registration requirement under section 8.6 [*investment fund trades by adviser to managed account*] in respect of all investment funds for which it acts as adviser.

(5) This section does not apply to a registered firm that is a member of IIROC and is registered as an investment fund manager if all of the following apply:

(a) the firm has a minimum capital of not less than $100,000 as calculated in accordance with IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report*;

(b) the firm notifies the regulator or, in Québec, the securities regulatory authority as soon as possible if, at any time, the firm's risk adjusted capital, as calculated in accordance with IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report* is less than zero;

(c) the risk adjusted capital of the firm, as calculated in accordance with IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report*, is not less than zero for 2 consecutive days.

(6) This section does not apply to a mutual fund dealer that is a member of the MFDA if it is also registered as an exempt market dealer, a scholarship plan dealer or an investment fund manager and if all of the following apply:

(a) the firm has a minimum capital, as calculated in accordance with MFDA Form 1 *MFDA Financial Questionnaire and Report*, of not less than

(i) $50,000, if the firm is registered as an exempt market dealer or scholarship plan dealer,

(ii) $100,000, if the firm is registered as an investment fund manager;

(b) the firm notifies the regulator or, in Québec, the securities regulatory authority as soon as possible if, at any time, the firm's risk adjusted capital, as calculated in accordance with MFDA Form 1 *MFDA Financial Questionnaire and Report* is less than zero;

(c) the risk adjusted capital of the firm, as calculated in accordance with MFDA Form 1 *MFDA Financial Questionnaire and Report*, is not less than zero for 2 consecutive days.

44. Section 12.2 is amended

(a) ***by replacing the heading with "***Notifying the regulator or the securities regulatory authority of a subordination agreement***".***

(b) ***by adding "***or, in Québec, the securities regulatory authority***" after "***regulator***", and***

(c) ***by replacing "***5 days***" with "***10 days***".***

45. Subsection 12.3(2) is amended by deleting "and***".***

46. Subsections 12.4(2) and (3) are amended by deleting "and***" wherever it occurs after "***Appendix A***".***

47. Subsection 12.5 (2) is amended by deleting "and***" after "***Appendix A***".***

48. Section *12.7 is amended by*

(a) ***Replacing the heading with "***Notifying the regulator or the securities regulatory authority of a change, claim or cancellation***".***

(b) ***by adding "***or, in Québec, the securities regulatory authority***" after "***regulator***".***

49. Section 12.8 is replaced with the following:

12.8 Direction by the regulator or the securities regulatory authority to conduct an audit or review

A registered firm must direct its auditor in writing to conduct any audit or review required by the regulator or, in Québec, the securities regulatory authority during its registration and must deliver a copy of the direction to the regulator or the securities regulatory authority

(a) with its application for registration, and

(b) no later than the 10th day after the registered firm changes its auditor.

50. Section 12.10 is amended in subsections (1) and (2) by adding "or, in Québec, the securities regulatory authority***" after "***regulator***".***

51. Subsection 12.11(1) and (2) is amended by adding "or, in Québec, the securities regulatory authority***" after "***regulator***".***

52. Section 12.12 is amended

(a) by adding "or, in Québec, the securities regulatory authority***" after "***regulator***" wherever the expression occurs.***

(b) by adding, after section (2), the following:

(2.1) If a registered firm is a member of the MFDA and is registered as an exempt market dealer or scholarship plan dealer, the firm is exempt from paragraphs (1)(b) and (2)(b) if all of the following apply:

(a) the firm has a minimum capital of not less than $50,000 as calculated in accordance with MFDA Form 1 *MFDA Financial Questionnaire and Report*;

(b) the firm delivers to the regulator or, in Québec, the securities regulatory authority a completed MFDA Form 1 *MFDA Financial Questionnaire and Report*, no later than the 90th day after the end of its financial year, that shows the calculation of the firm's risk adjusted capital as at the end of the financial year and as at the end of the immediately preceding financial year, if any;

(c) the firm delivers to the regulator or, in Québec, the securities regulatory authority a completed MFDA Form 1 *MFDA Financial Questionnaire and Report*, no later than the 30th day after the end of the first, second and third interim period of its financial year, that shows the calculation of the firm's risk adjusted capital as at the end of the interim period and as at the end of the immediately preceding month, if any.

(c) in subsection (3) by adding "unless it is also registered in another category***" after "***exempt market dealer***".***

53. Section 12.13 is amended by adding "or, in Québec, the securities regulatory authority***" after "***regulator***".***

54. Section 12.14 is amended

(a) by adding "or, in Québec, the securities regulatory authority***" after "***regulator***" wherever the expression occurs;***

(b) by adding, after subsection (3), the following:

(4) If a registered firm is a member of IIROC and is registered as an investment fund manager, the firm is exempt from paragraphs (1)(b) and (2)(b) if

(a) the firm has a minimum capital of not less than $100,000, as calculated in accordance with IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report*;

(b) the firm delivers to the regulator or, in Québec, the securities regulatory authority a completed IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report*, no later than the 90th day after the end of its financial year, that shows the calculation of the firm's risk adjusted capital as at the end of the financial year and as at the end of the immediately preceding financial year, if any, and

(c) the firm delivers to the regulator or, in Québec, the securities regulatory authority a completed IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report*, no later than the 30th day after the end of the first, second and third interim period of its financial year, that shows the calculation of the firm's risk adjusted capital as at the end of the interim period and as at the end of the immediately preceding month, if any.

(5) If a registered firm is a member of the MFDA and is registered as an investment fund manager, the firm is exempt from paragraphs (1)(b) and (2)(b) if

(a) the firm has a minimum capital of not less than $100,000, as calculated in accordance with MFDA Form 1 *MFDA Financial Questionnaire and Report*,

(b) the firm delivers to the regulator or, in Québec, the securities regulatory authority a completed MFDA Form 1 *MFDA Financial Questionnaire and Report*, no later than the 90th day after the end of its financial year, that shows the calculation of the firm's risk adjusted capital as at the end of the financial year and as at the end of the immediately preceding financial year, if any, and

(c) the firm delivers to the regulator or, in Québec, the securities regulatory authority a completed MFDA Form 1 *MFDA Financial Questionnaire and Report*, no later than the 30th day after the end of the first, second and third interim period of its financial year, that shows the calculation of the firm's risk adjusted capital as at the end of the interim period and as at the end of the immediately preceding month, if any.

55. Section 13.1 is amended by adding "an investment fund manager in respect of its activities as***" after "***apply to***".***

56. Section 13.2 is amended

(a) in subsection (3) by deleting "under paragraph (2)(a)***",***

(b) in subparagraph (3)(b)(i) by replacing "10%***" with "***25%***", and***

(c) by adding the following after subsection (6):

(7) Paragraph (2)(b) does not apply to a registrant in respect of a client for which the registrant only trades securities referred to in paragraphs 7.1(2)(b) and 7.1(2)(c).

57. Paragraph 13.6 (b) is amended by adding ", or is managed by an affiliate of,***" after "***affiliate of***".***

58. Section 13.8 is replaced with the following:

Permitted referral arrangements

13.8 A registered firm, or a registered individual whose registration is sponsored by the registered firm, must not participate in a referral arrangement with another person or company unless,

(a) before a client is referred by or to the registrant, the terms of the referral arrangement are set out in a written agreement between the registered firm and the person or company;

(b) the registered firm records all referral fees, and

(c) the registrant ensures that the information prescribed by subsection 13.10(1) [*disclosing referral arrangements to clients*] is provided to the client in writing before the party receiving the referral either opens an account for the client or provides services to the client.

59. Section 13.9 is amended by

(a) replacing "registrant that refers***" with "***registered firm, or a registered individual whose registration is sponsored by the registered firm, must not refer***",***

(b) replacing "must take***" with "***unless the firm first takes"***, and***

(c) deleting "himself, herself, or***".***

60. Subsection 13.10 (1) is amended

(a) in paragraph (a) by replacing "referral arrangement***" with "***agreement referred to in paragraph 13.8(a)***",***

(b) in paragraph (b) by replacing "referral arrangement***" with "***agreement***", and***

(c) in paragraph (c) by replacing "referral arrangement***" with "***agreement***".***

61. Section 13.12 is amended by adding the following:

(2) Notwithstanding subsection (1), an investment fund manager may lend money on a short term basis to an investment fund it manages, if the loan is for the purpose of funding redemptions of its securities or meeting expenses incurred by the investment fund in the normal course of its business.

62. Subsection 13.13 (2) is amended by

(a) adding "one of the following applies***" after "***if***",***

(b) repealing paragraph (b).

63. Section 13.14 is replaced with the following:

13.14 Application of this Division

(1) This Division does not apply to an investment fund manager in respect of its activities as an investment fund manager.

(2) In Québec, a registered firm is deemed to comply with this Division if it complies with sections 168.1.1 to 168.1.3 of the *Securities Act* (Québec).

64. Section 14.1 is replaced with the following:

14.1 Investment fund managers exempt from Part 14

14.1 Other than sections 14.6 [*holding client assets in trust*], 14.12(5) [*content and delivery of trade confirmation*] and 14.14 [*account statements*], this Part does not apply to an investment fund manager in respect of its activities as an investment fund manager.

65. Subsection 14.2 (2) is amended

(a) by replacing paragraph (j) with the following:

(j) If section 13.16 applies to the registered firm, disclosure that independent dispute resolution or mediation services are available at the registered firm's expense, to resolve any dispute that might arise between the client and the firm about any trading or advising activity of the firm or one of its representatives; ***and***

(b) in paragraph (k) by adding "registered***" after "***that the***".***

66. Section 14.5 is replaced with the following:

14.5 Notice to clients by non-resident registrants

(1) A registered firm whose head office is not located in the local jurisdiction must provide a client in the local jurisdiction with a statement in writing disclosing the following:

(a) the firm is not resident in the local jurisdiction;

(b) the jurisdiction in Canada or the foreign jurisdiction in which the head office or the principal place of business of the firm is located;

(c) all or substantially all of the assets of the firm may be situated outside the local jurisdiction;

(d) there may be difficulty enforcing legal rights against the firm because of the above;

(e) the name and address of the agent for service of process of the firm in the local jurisdiction.

(2) This section does not apply to a registered firm whose head office is in Canada if the firm is registered in the local jurisdiction.

67. Section 14.12 is amended

(a) in subsection (1) by replacing "Subject to subsection (2), a***" with "***A***" and by adding "***or, if the client consents in writing, to a registered adviser acting for the client,***" after "***deliver to the client***",***

(b) by replacing subsection (3) with the following:

(3) Paragraph (1)(h) does not apply if all of the following apply:

(a) the security is a security of a mutual fund that is established and managed by the registered dealer or by an affiliate of the registered dealer, in its capacity as investment fund manager of the mutual fund;

(b) the names of the dealer and the mutual fund are sufficiently similar to indicate that they are affiliated or related.***, and***

(c) by adding the following after subsection (4):

(5) A registered investment fund manager that has executed a redemption order received directly from a security holder must promptly deliver to the security holder a written confirmation of the redemption, setting out the following:

(a) the quantity and description of the security redeemed;

(b) the price per security received by the client;

(c) the commission, sales charge, service charge and any other amount charged in respect of the redemption;

(d) the settlement date of the redemption.

(6) Section 14.12 (5) does not apply to trades in a security of an investment fund made on reliance on section 8.6.

68. Section 14.13 is amended

(a) in the heading by replacing "Semi-annual confirmations***" with "***Confirmations***", and***

(b) by repealing paragraph (d).

69. Section 14.14 is amended

(a) in the heading by replacing **"**Client**"** ***with*** **"**Account**",**

(b) in subsection (2) by deleting ", other than a mutual fund dealer,***" after "***registered dealer***",***

(c) by adding the following after subsection (2):

(2.1) Subsection (2) does not apply to a mutual fund dealer in connection with its activities as a dealer in respect of the securities listed in section 7.1(2)(b).

(d) by adding the following after subsection (3):

(3.1) If there is no dealer of record for a security holder on the records of a registered investment fund manager, the investment fund manager must deliver a statement to the security holder at least once every 12 months,

(e) by replacing subsection (4) with the following:

(4) A statement delivered under subsection (1), (2), (3) or (3.1) must include all of the following information for each transaction made for the client or security holder during the period covered by the statement:

(a) the date of the transaction;

(b) the type of transaction;

(c) the name of the security;

(d) the number of securities;

(e) the price per security;

(f) the total value of the transaction.

(f) by replacing subsection (5) with the following:

(5) A statement delivered under subsection (1), (2), (3) or (3.1) must include all of the following information about the client's or security holder's account as at the end of the period for which the statement is made:

(a) the name and quantity of each security in the account;

(b) the market value of each security in the account;

(c) the total market value of each security position in the account;

(d) any cash balance in the account;

(e) the total market value of all cash and securities in the account, ***and***

(g) by adding the following after subsection (5):

(6) Subsections (1) and (2) do not apply to a scholarship plan dealer if both of the following apply:

(a) the dealer is not registered in another dealer or adviser category;

(b) the dealer delivers to the client a statement at least once every 12 months that provides the information in subsections (4) and (5).

70. Subsection 15.1 is amended by adding "in Québec***" after "***regulator***".***

71. Subsection 16.4 is amended

(a) in paragraph (1)(b) by adding "or, in Québec, the securities regulatory authority***" after "***regulator***";***

(b) in subsection (3) by adding "a***" after "***dealer or***".***

72. Subsection 16.5(1) is replaced with the following

(1) A person or company is not required to register in the local jurisdiction as an investment fund manager if it is registered, or has applied for registration, as an investment fund manager in the jurisdiction of Canada in which its head office is located.

(2) Subsection (1) is repealed on September 28, 2012.

73. Subsection 16.6(2) is replaced with the following

(2) Subsection (1) is repealed on September 28, 2012.

74. Subsections 16.7(3) and (4) are amended by adding "or, in Québec, the securities regulatory authority***" after "***regulator***" wherever this expression occurs.***

75. Subsection 16.8(b) is amended by adding "or, in Québec, the securities regulatory authority***" after "***regulator***".***

76. Subsection 16.9 is amended

(a) in paragraph (1)(b), by adding "or, in Québec, the securities regulatory authority***" after "***regulator***", and***

(b) in subsection (2), by adding "in a jurisdiction of Canada***" after "***compliance officer***".***

77. Subsection 16.10 (1) is amended by adding "in a jurisdiction of Canada***" after "***is registered***".***

78. Subsection 16.16(1) is amended

(a) by adding "in a jurisdiction of Canada***" after "***registered firm***", and***

(b) in subsection (2) by replacing "2 years after this Instrument comes into force***" with "***on September 28, 2012***".***

79. Section 16.17 is replaced with the following:

16.17 Account statements – mutual fund dealers

(1) Section 14.14 [*account statements*] does not apply to a person or company that was, on September 28, 2009, either of the following:

(a) a member of the MFDA;

(b) a mutual fund dealer in Québec, unless it was also a portfolio manager in Québec.

(2) Subsection (1) is repealed on September 28, 2011.

80. Form 31-103F1 is replaced with the following:

FORM 31-103F1 CALCULATION OF EXCESS WORKING CAPITAL

_____
Firm Name

Capital Calculation
(as at _____ with comparative figures as at _____)

	Component	Current period	Prior period
1.	Current assets		
2.	Less current assets not readily convertible into cash (e.g., prepaid expenses)		
3.	Adjusted current assets Line 1 minus line 2 =		
4.	Current liabilities		
5.	Add 100% of long-term related party debt unless the firm and the lender have executed a subordination agreement in the form set out in Appendix B and the firm has delivered a copy of the agreement to the regulator or, in Québec, the securities regulatory authority		
6.	Adjusted current liabilities Line 4 plus line 5 =		
7.	Adjusted working capital Line 3 minus line 6 =		
8.	Less minimum capital		
9.	Less market risk		
10.	Less any deductible under the bonding or insurance policy required under Part 12 of National Instrument 31-103, *Registration Requirements, Exemptions and Ongoing Registrant Obligations*		
11.	Less Guarantees		
12.	Less unresolved differences		
13.	**Excess working capital**		

Notes:

This form must be prepared using the accounting principles that you use to prepare your financial statements in accordance with National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*. Section 12.1 of Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* provides further guidance in respect of these accounting principles.

Line 5. Related-party debt – Refer to the CICA Handbook for the definition of “related party” for publicly accountable enterprises.

Line 8. Minimum Capital – The amount on this line must be not less than (a) $25,000 for an adviser and (b) $50,000 for a dealer. For an investment fund manager, the amount must be not less than $100,000 unless subsection 12.1(4) applies.

Line 9. Market Risk – The amount on this line must be calculated according to the instructions set out in Schedule 1 to this Form.

Line 11. Guarantees – If the registered firm is guaranteeing the liability of another party, the total amount of the guarantee must be included in the capital calculation. If the amount of a guarantee is included in the firm's statement of financial position as a current liability and is reflected in line 4, do not include the amount of the guarantee on line 11.

Line 12. Unresolved differences – Any unresolved differences that could result in a loss from either firm or client assets must be included in the capital calculation. The examples below provide guidance as to how to calculate unresolved differences:

(i) If there is an unresolved difference relating to client securities, the amount to be reported on Line 12 will be equal to the fair value of the client securities that are short, plus the applicable margin rate for those securities.

(ii) If there is an unresolved difference relating to the registrant's investments, the amount to be reported on Line 12 will be equal to the fair value of the investments (securities) that are short.

(iii) If there is an unresolved difference relating to cash, the amount to be reported on Line 12 will be equal to the amount of the shortfall in cash.

Please refer to section 12.1 of Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* for further guidance on how to prepare and file this form.

Management Certification

Registered Firm Name: _____

We have examined the attached capital calculation and certify that the firm is in compliance with the capital requirements as at _____.

Name and Title	**Signature**	**Date**
1. _____ _____	_____	_____
2. _____ _____	_____	_____

Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital
(calculating line 9 [market risk])

For purposes of completing this form:

(1) "Fair value" means the value of a security determined in accordance with Canadian GAAP applicable to publicly accountable enterprises.

(2) For each security whose value is included in line 1, Current Assets, multiply the fair value of the security by the margin rate for that security set out below. Add up the resulting amounts for all of the securities you hold. The total is the "market risk" to be entered on line 9.

(a) Bonds, Debentures, Treasury Bills and Notes

(i) Bonds, debentures, treasury bills and other securities of or guaranteed by the Government of Canada, of the United Kingdom, of the United States of America and of any other national foreign government (provided such foreign government securities are currently rated Aaa or AAA by Moody's Investors Service, Inc. or Standard & Poor's Corporation, respectively), maturing (or called for redemption):

within 1 year:	1% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year to 3 years:	1 % of fair value
over 3 years to 7 years:	2% of fair value
over 7 years to 11 years:	4% of fair value
over 11 years:	4% of fair value

(ii) Bonds, debentures, treasury bills and other securities of or guaranteed by any jurisdiction of Canada and obligations of the International Bank for Reconstruction and Development, maturing (or called for redemption):

within 1 year:	2% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year to 3 years:	3 % of fair value
over 3 years to 7 years:	4% of fair value
over 7 years to 11 years:	5% of fair value
over 11 years:	5% of fair value

(iii) Bonds, debentures or notes (not in default) of or guaranteed by any municipal corporation in Canada or the United Kingdom maturing:

within 1 year:	3% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year to 3 years:	5 % of fair value
over 3 years to 7 years:	5% of fair value
over 7 years to 11 years:	5% of fair value
over 11 years:	5% of fair value

(iv) Other non-commercial bonds and debentures, (not in default): 10% of fair value

(v) Commercial and corporate bonds, debentures and notes (not in default) and non-negotiable and non-transferable trust company and mortgage loan company obligations registered in the registered firm's name maturing:

within 1 year:	3% of fair value
over 1 year to 3 years:	6 % of fair value
over 3 years to 7 years:	7% of fair value
over 7 years to 11 years:	10% of fair value
over 11 years:	10% of fair value

(b) Bank Paper

Deposit certificates, promissory notes or debentures issued by a Canadian chartered bank (and of Canadian chartered bank acceptances) maturing:

within 1 year:	2% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year:	apply rates for commercial and corporate bonds, debentures and notes

(c) Acceptable foreign bank paper

Deposit certificates, promissory notes or debentures issued by a foreign bank, readily negotiable and transferable and maturing:

within 1 year:	2% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year:	apply rates for commercial and corporate bonds, debentures and notes

"Acceptable Foreign Bank Paper" consists of deposit certificates or promissory notes issued by a bank other than a Canadian chartered bank with a net worth (i.e., capital plus reserves) of not less than $200,000,000.

(d) Mutual Funds

Securities of mutual funds qualified by prospectus for sale in any jurisdiction of Canada:

(i) 5% of the net asset value per security as determined in accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*, where the fund is a money market mutual fund as defined in National Instrument 81-102 *Mutual Funds*; or

(ii) the margin rate determined on the same basis as for listed stocks multiplied by the net asset value per security of the fund as determined in accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*.

(e) Stocks

In this paragraph, "securities" includes rights and warrants and does not include bonds and debentures.

(i) On securities including investment fund securities, rights and warrants listed on any exchange in Canada or the United States of America:

Long Positions – Margin Required

Securities selling at $2.00 or more – 50% of fair value

Securities selling at $1.75 to $1.99 – 60% of fair value

Securities selling at $1.50 to $1.74 – 80% of fair value

Securities selling under $1.50 – 100% of fair value

Short Positions – Credit Required

Securities selling at $2.00 or more – 150% of fair value

Securities selling at $1.50 to $1.99 – $3.00 per share

Securities selling at $0.25 to $1.49 – 200% of fair value

Securities selling at less than $0.25 – fair value plus $0.25 per shares

(ii) For positions in securities that are constituent securities on a major broadly-based index of one of the following exchanges, 50% of the fair value:

(a) Australian Stock Exchange Limited

(b) Bolsa de Madrid

(c) Borsa Italiana

(d) Copenhagen Stock Exchange

(e) Euronext Amsterdam

(f) Euronext Brussels

(g) Euronext Paris S.A.

(h) Frankfurt Stock Exchange

(i) London Stock Exchange

(j) New Zealand Exchange Limited

(k) Stockholm Stock Exchange

(l) Swiss Exchange

(m) The Stock Exchange of Hong Kong Limited

(n) Tokyo Stock Exchange

(f) Mortgages

(i) For a firm registered in any jurisdiction of Canada except Ontario:

(a) Insured mortgages (not in default): 6% of fair value

(b) Mortgages which are not insured (not in default): 12% of fair value of the loan or the rates set by Canadian financial institutions or Schedule III banks, whichever is greater.

(ii) For a firm registered in Ontario:

(a) Mortgages insured under the National Housing Act (Canada) (not in default): 6% of fair value

(b) Conventional first mortgages (not in default): 12% of fair value of the loan or the rates set by Canadian financial institutions or Schedule III banks, whichever is greater.

If you are registered in Ontario regardless of whether you are also registered in another jurisdiction of Canada, you will need to apply the margin rates set forth in (ii) above.

(g) For all other securities – 100% of fair value.

81. Form 31-103F2 is replaced with the following:

FORM 31-103F2 SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE
(sections 8.18 [international dealer] and 8.26 [international adviser])

1. Name of person or company ("International Firm"):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm.

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's chief compliance officer.

Name:
E-mail address:
Phone:
Fax:

6. Section of National Instrument 31-103 *Registration Requirements, Exceptions and Ongoing Registrant Obligations* the International Firm is relying on:

   ☐ Section 8.18 [*international dealer*]
   ☐ Section 8.26 [*international adviser*]
   ☐ Other

7. Name of agent for service of process (the "Agent for Service"):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on section 8.18 [*international dealer*] or section 8.26 [*international adviser*], the International Firm must submit to the securities regulatory authority

    a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated; and

    b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service.

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

_____
(Signature of the International Firm or authorized signatory)

_____
(Name and Title of authorized signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of (Insert name of International Firm) under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: _____

_____
(Signature of Agent for Service or authorized signatory)

_____
(Name and Title of authorized signatory)

82. Form 31-103F3 is amended by replacing "*and Exemptions****" with "****, Exemptions and Ongoing Registrant Obligations****".***

83. Appendix B is amended

(a) replacing "*and Exemptions****" with "****, Exemptions and Ongoing Registrant Obligations****", and***

(b) in section 1 by replacing "*owned****" with "****owed****", and***

(c) ***in section 4 by adding "***10 days before***" after "***Securities Regulatory Authority***" and by deleting "***prior to***" after "***Securities Regulatory Authority***".***

84. This instrument comes into force on July 11, 2011.

5.1.2 Amendments to NI 33-109 Registration Information

AMENDMENTS TO NATIONAL INSTRUMENT 33-109 *REGISTRATION INFORMATION*

1. National Instrument 33-109 Registration Information is amended by this Instrument.

2. Section 1.1 is amended

(a) by deleting the definitions of "NI 31-102***" and "***NI 31-103***", and***

(b) in the opening statement of the definition of "**permitted individual*****" by deleting the words "***who is not a registered individual and***" and in paragraph (a) by replacing "***and***" with "***or***".***

3. Sections 1.2, 2.1 and 2.2 are amended by replacing "NI 31-102***" wherever the expression occurs with "***National Instrument 31-102 *National Registration Database*****".***

4. Section 2.3 is amended

(a) in subsection (1) by replacing "NI 31-102***" with "***National Instrument 31-102 *National Registration Database*" ,

(b) in subsection (2) by replacing "NI 31-103***" with "***National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*****" and "***NI 31-102***" with "***National Instrument 31-102 *National Registration Database*****", and***

(c) in paragraph (2)(b) by adding "resigned voluntarily,***" after "***resign,***".***

5. Section 2.4 is amended by replacing "NI 31-102***" with "***National Instrument 31-102 *National Registration Database*****".***

6. Section 2.5 is amended

(a) in subsection (1) by replacing "NI 31-102***" with "***National Instrument 31-102 *National Registration Database*****" and "***7 days***" with "***10 days***",***

(b) in subsection (2), by adding "firm***" after "***a former sponsoring***", and***

(c) in paragraph (2)(a) by replacing "NI 31-102***" with "***National Instrument 31-102 *National Registration Database*****", and***

(***d) in subparagraph 2(a)(i) by replacing "***7 days***" with "***10 days***".***

7. Sections 2.6 is amended by replacing "NI 31-102***" with "***National Instrument 31-102 *National Registration Database*****".***

8. Section 3.1 is amended by replacing "7 days***" with "***10 days***" wherever the expression occurs.***

9. Section 3.2 is amended by replacing "NI 31-102***" with "***National Instrument 31-102 *National Registration Database*****" and "***7 days***" with "***10 days***".***

10. Subsection 4.1 is amended

(a) in subsection (1) by replacing "7 days***" with "***10 days***",***

(b) in subsection (3) and (4) by replacing "NI 31-102***" with "***National Instrument 31-102 *National Registration Database*****", and***

(c) by replacing paragraph (4)(b) with the following paragraphs:

(b) the removal or the addition of a category of registration;

(c) the surrender of registration in one or more non-principal jurisdictions."

11. Section 4.2 is amended

(a) in subsection (1) by replacing "NI 31-102***" with "***National Instrument 31-102 *National Registration Database****",***

(b) in paragraph (1)(b) by deleting "or retirement***" and "***or the completion or expiry of an employment or agency contract***", and***

(c) in subsection (2), (3) and (4), by replacing "7 days***" wherever the expression occurs with "***10 days***" and***

(d) in subsections (3) and (4), by replacing "person or company***" wherever the expression occurs with "***registered firm***".***

12. Subsection 5.1 (1) is amended by adding "sponsoring***" after "***A***".***

13. Section 6.2 is amended by replacing "instrument***" wherever it occurs with "***Instrument***" and by replacing "***7 days***" wherever the expression occurs with "***10 days***".***

14. Section 6.4 is amended by replacing "NI 31-102***" with "***National Instrument 31-102 *National Registration Database****".***

15. Form 33-109F1 is amended

(a) under "**General Instructions*****" by replacing "***person***" after "***permitted***" with "***individual***" and by adding at the end "***or has ceased to act in a registerable activity or as a permitted individual***";***

(***b) under "*****Terms*****" by replacing at the end "***;***" with "***.***",***

(c) under "**When to submit the form*****" by replacing "***five business days***" with "***10 days***",***

(d) in Item 5 by replacing the instructions above "[For NRD Format only:]" with the following:

Complete Item 5 except where the individual is deceased. In the space below:

- state the reason(s) for the cessation / termination and
- provide details if the answer to any of the following questions is "Yes".

(e) in Item 5 under "[For NRD Format only:]" by replacing "completed temporary employment contract, retired or***" with "***individual is***"; and***

(f) by repealing Item 6 and Schedule A.

16. Form 33-109F2 is amended

(a) in the heading by replacing "section 4.2 or 2.2(2) or 2.5(2)***" with "***section 2.2(2), 2.4, 2.6(2) or 4.1(4)***",***

(b) by replacing Item 2 with the following:

Item 2 Registration jurisdictions

1. Are you filing this form under the passport system / interface for registration?

Choose "no" if you are registered in:

(a) only one jurisdiction in Canada

(b) more than one jurisdiction in Canada and you are requesting a surrender in a non-principal jurisdiction or jurisdictions, but not in your principal jurisdiction.

(c) more than one jurisdiction in Canada and you are requesting a change only in your principal jurisdiction; ***and***

(c) ***by replacing Item 4 with the following:***

Item 4 Adding categories

1. Categories

What categories are you seeking to add? _____

2. Professional liability insurance (Québec mutual fund dealers and Québec scholarship plan dealers)

If you are seeking registration as a representative of a mutual fund dealer or of a scholarship plan dealer in Québec, are you covered by your sponsoring firm's professional liability insurance?

Yes ☐ No ☐

If "No", state:

The name of your insurer _____

Your policy number _____

3. Relevant securities industry experience

If you have not been registered in the last 36 months and you passed the required examination more than 36 months ago, do you consider that you have gained 12 months of relevant securities industry experience during the 36 month period?

Yes ☐ No ☐ N/A ☐

If you are an individual applying for IIROC approval, select "Not Applicable" above.

If "yes", complete Schedule A.

(d) ***by replacing Schedule A with the following:***

SCHEDULE A

Relevant securities industry experience (Item 4)

Describe your responsibilities in areas relating to the category you are applying for, including the title(s) you have held, as well as start and end dates:

_____

_____

_____

What is the percentage of your time devoted to these activities?

_____ %

Indicate the continuing education activities which you have participated in during the last 36 months and which are relevant to the category of registration you are applying for:

_____

_____

_____

_____

(e) by adding the following after Schedule A:

Schedule B

Contact information for
Notice of collection and use of personal information

Alberta
Alberta Securities Commission,
Suite 600, 250-5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 355-4151

British Columbia
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba
The Manitoba Securities Commission
500 - 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attention: Director of Registrations
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick
New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Regulatory Affairs
Telephone: (506) 658-3060

Newfoundland and Labrador
Securities NL
Financial Services Regulation Division
Department of Government Services
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Tel: (709) 729-5661

Nova Scotia
Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 2P8
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Nunavut
Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6590

Ontario
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

Prince Edward Island
Securities Registry
Office of the Attorney General B Consumer,
Corporate and Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-6288

Québec
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

Saskatchewan
Saskatchewan Financial Services Commission
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Director
Telephone: (306) 787-5842

Yukon
Yukon Securities Office
Department of Community Services
P.O. Box 2703 C-6
Whitehorse, YT Y1A 2C6
Attention: Superintendent of Securities
Telephone: (867) 667-5225

Northwest Territories
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Superintendent of Securities
Telephone: (867) 920-8984

Self-regulatory organization
Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 1600
Toronto, Ontario M5H 3T9
Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iiroc.ca

17. Form 33-109F3 is amended by replacing Schedule A with the following:

Schedule A

Contact information for
Notice of collection and use of personal information

Alberta
Alberta Securities Commission,
Suite 600, 250-5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 355-4151

British Columbia
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

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Attention: Director, Regulatory Affairs
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Securities NL
Financial Services Regulation Division
Department of Government Services
P.O. Box 8700, 2nd Floor, West Block
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St. John's, NL A1B 4J6
Attention: Manager of Registrations
Tel: (709) 729-5661

Nunavut
Legal Registries Division
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Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
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Telephone: (867) 975-6590

Ontario
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
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Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iiroc.ca

18. Form 33-109F4 is amended

(a) in the definition of "*Approved person*" under "*Terms*" by replacing "*member of the IIROC (Member)*" with "*member (Member) of the Investment Industry Regulatory Organization of Canada (IIROC)*",

(b) in the paragraphs "NRD format" and "Format, other than NRD format", under the heading "*How to submit this form*", by adding "*with securities regulation experience*" after "*legal adviser*",

(c) in section 1 of Item 8 by

(i) replacing the title with the following:

"*Course, examination or designation information and other education*",

(ii) replacing "*course and*" with "*course,*" and by adding "*and designation*" in the first sentence of item 1, after "*examination*", and

(iii) replacing "*course or*" with "*course,*" and by adding "*or designation*" in the second sentence of item 1, after "*examination*";

(d) in section 2 of Item 8 by adding the following after "*Advocis (formerly CAIFA): _____*":

RESP Dealers Association of Canada: _____

Other: _____

(e) in section 3 of Item 8 by adding "*, designation*" after the word "*examination*";

(f) in Item 8 by adding the following after section 3:

4. Relevant securities industry experience

If you are an individual applying for IIROC approval, select "Not Applicable below".

If you have not been registered in the last 36 months and you passed the required examination more than 36 months ago, do you consider that you have gained 12 months of relevant securities industry experience during the 36 month period?

Yes ☐ No ☐ N/A ☐

If "yes", complete Schedule F.

(g) in section 4 of Item 9 by adding "*supervisor or*" after "*Name of*".

(h) in Item 14 by replacing "*Immigration Act****" with "****Immigration and Refugee Protection Act****", and "****Young Offenders Act****" wherever the expression occurs with "*former *Young Offenders Act*".***

(i) ***in Item 1.3 of Schedule A to Form 33-109F4 is amended by adding the following after "***No ☐***":***

N/A ☐

(j) ***in Schedule C by replacing "***Investment Industry Regulatory Organization of Canada***" with "***IIROC***".***

(k) ***by replacing Schedule E with the following:***

SCHEDULE E

Proficiency (Item 8)

Item 8.1 Course, examination or designation information and other education

Course, examination, designation or other education	Date completed (YYYY/MM/DD)	Date exempted (YYYY/MM/DD)	Regulator / securities regulatory authority granting the exemption

If you have listed the CFA Charter in Item 8.1, please indicate by checking the box below whether you are a current member of the CFA Institute permitted to use the CFA Charter.

Yes ☐ No ☐

If "no", please explain why you no longer hold this designation:

_____

_____

_____

If you have listed the CIM designation in Item 8.1, please indicate by checking the box below whether you are currently permitted to use the CIM designation.

Yes ☐ No ☐

If "no", please explain why you no longer hold this designation:

_____

_____

_____

(l) ***in Schedule F***

(i) ***in the heading by replacing "***Item 8.3***" with "***Items 8.3 and 8.4***",***

(ii) ***by adding the word "***, designation***" after the word "***examination***" wherever it occurs, and***

(iii) by adding the following after Item 8.3:

Item 8.4 Relevant securities industry experience

Describe your responsibilities in areas relating to the category you are applying for, including the title(s) you have held, as well as the start and end dates:

_____

_____

_____

What is the percentage of your time devoted to these activities?

_____ %

Indicate the continuing education activities which you have participated in during the last 36 months and which are relevant to the category of registration you are applying for:

_____

_____

_____

(m) in Schedule G by replacing section 5 with the following:

5. Conflicts of interest

If you have more than one employer or are engaged in business related activities:

A. Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your multiple employment or business related activities or proposed business related activities.

_____

_____

_____

B. Indicate whether or not any of your employers or organizations where you engage in business related activities are listed on an exchange.

_____

_____

_____

C. Confirm whether the firm has procedures for minimizing potential conflicts of interest and if so, confirm that you are aware of these procedures.

_____

_____

_____

D. State the name of the person at your sponsoring firm who has reviewed and approved your multiple employment or business related activities or proposed business related activities

_____

E. If you do not perceive any conflicts of interest arising from this employment, explain why.

_____

_____

_____

(n) by replacing Schedule O with the following:

Schedule O

Contact information for
Notice of collection and use of personal information

Alberta
Alberta Securities Commission,
Suite 600, 250-5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 355-4151

British Columbia
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba
The Manitoba Securities Commission
500 - 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attention: Director of Registrations
Telephone (204) 945-2548
Fax (204) 945-0330

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New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Regulatory Affairs
Telephone: (506) 658-3060

Newfoundland and Labrador
Securities NL
Financial Services Regulation Division
Department of Government Services
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Tel: (709) 729-5661

Nunavut
Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6590

Ontario
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

Prince Edward Island
Securities Registry
Office of the Attorney General B Consumer,
Corporate and Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-6288

Québec
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

Saskatchewan
Saskatchewan Financial Services Commission
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Director
Telephone: (306) 787-5842

Nova Scotia
Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 2P8
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Yukon
Yukon Securities Office
Department of Community Services
P.O. Box 2703 C-6
Whitehorse, YT Y1A 2C6
Attention: Superintendent of Securities
Telephone: (867) 667-5225

Northwest Territories
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Superintendent of Securities
Telephone: (867) 920-8984

Self-regulatory organization
Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 1600
Toronto, Ontario M5H 3T9
Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iiroc.ca

19. Form 33-109F5 is amended

(a) under "*How to submit this form*" by adding the following after subparagraph b) of the second paragraph:

Name of firm _____

Registration categories _____

NRD number (firm) _____

(b) in Item 1 by adding the following under "*☐ Form 33-109F6*":

*"*If submitting changes to Form 33-109F6, please attach a blackline of the amended sections of the form.*"; and*

(c) in Item 5 by deleting the line "name of firm*".***

(d) by replacing Schedule A with the following:

Schedule A

Contact information for
Notice of collection and use of personal information

Alberta
Alberta Securities Commission,
Suite 600, 250-5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 355-4151

Nunavut
Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6590

British Columbia
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Ontario
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

Manitoba
The Manitoba Securities Commission
500 - 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attention: Director of Registrations
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick
New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Regulatory Affairs
Telephone: (506) 658-3060

Newfoundland and Labrador
Securities NL
Financial Services Regulation Division
Department of Government Services
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Tel: (709) 729-5661

Nova Scotia
Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 2P8
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Northwest Territories
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Superintendent of Securities
Telephone: (867) 920-8984

Prince Edward Island
Securities Registry
Office of the Attorney General B Consumer,
Corporate and Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-6288

Québec
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Attention: Responsable de l'accès à l'information
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Saskatchewan
Saskatchewan Financial Services Commission
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Director
Telephone: (306) 787-5842

Yukon
Yukon Securities Office
Department of Community Services
P.O. Box 2703 C-6
Whitehorse, YT Y1A 2C6
Attention: Superintendent of Securities
Telephone: (867) 667-5225

Self-regulatory organization
Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 1600
Toronto, Ontario M5H 3T9
Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iiroc.ca

20. Form 33-109F6 is amended

(a) in the definition of "*NI 31-103*" by replacing "*and Exemptions*** *" with "****, Exemptions and Ongoing Registrant Obligations*** *",***

(b) under "*Definitions*" by adding the following definitions in alphabetical order:

"*Foreign jurisdiction – see National Instrument 14-101 *Definitions";

"*Jurisdiction or jurisdiction of Canada – see National Instrument 14-101 *Definitions".

"*NI 52-107 – National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards"

(c) under "*Contents of the form*" by replacing "*Alberta and Manitoba*" with "*Alberta, Manitoba and New Brunswick*",

(d) in the next to last paragraph under "*How to complete and submit the form*" by deleting "*and fees*",

(e) ***under "*How to complete and submit the form*" by adding the following paragraph before the last paragraph:***

"In most of this form, answers are required to questions which apply only to Canadian provinces and territories; you will find that the questions are referenced to "jurisdictions" or "jurisdiction of Canada". These refer to all provinces and territories of Canada. However, the questions in Part 4 – *Registration History* and Part 7 – *Regulatory Action* are to be answered in respect of any jurisdiction in the world.***"; and***

(f) ***in section 1.3 of Part 1 by***

(i) ***replacing "***Questions 1.1, 1.2, 1.4, 1.5, 2.4, and Part 9***" with "***Questions 1.1, 1.2, 1.4, 1.5, 2.4, 3.9, 5.4, 5.6*, and Part 9***",***

(ii) ***replacing "***Questions 1.1, 1.2, 1.4, 1.5, 5.1, 5.4, 5.5, 5.6, 5.7, 5.8, Part 6 and Part 9***" with "***Questions 1.1, 1.2, 1.4, 1.5, 3.1, 5.1, 5.4, 5.5*, 5.6*, 5.7, 5.8, Part 6 and Part 9***", and***

(iii) ***adding the following after "***Part 6 and Part 9***":***

"* If the firm is adding Québec as a jurisdiction for registration in the category of mutual fund dealer or scholarship plan dealer, complete question 5.6.***",***

(g) ***in the table in section 1.4 under "*Jurisdiction*" by replacing "*NT*" with "*NS*" and "*NS*" with "*NT*",***

(h) ***in the table in section 1.5 under "*Jurisdiction(s) where the firm has applied for the exemption*" by replacing "*NT*" with "*NS*" and "*NS*" with "*NT*",***

(i) ***in the table in paragraph 2.2(b) of Part 2 by replacing "*NT*" with "*NS*", and "*NS*" with "*NT*", and***

(j) ***in sections 2.5 and 2.6 by replacing the word "*Title*" with:***

Officer title
Telephone number
E-mail address

(k) ***in section 3.3 in Part 3 by replacing "***Alberta or Manitoba***" with "***Alberta, Manitoba or New Brunswick***",***

(l) ***by replacing the first sentence of Part 4 with the following:***

"The questions in Part 4 apply to any jurisdiction and any foreign jurisdiction.***"***

(m) ***in section 4.5 by deleting the word "***ever***" ,***

(n) ***by replacing section 5.1 of Part 5 with the following:***

5.1 Calculation of excess working capital

Attach the firm's calculation of excess working capital.

- Investment dealers must use the capital calculation form required by the Investment Industry Regulatory Organization of Canada (IIROC).
- Mutual fund dealers must use the capital calculation form required by the Mutual Fund Dealers Association of Canada (MFDA), except for mutual fund dealers registered in Québec only
- Firms that are not members of either IIROC or the MFDA must use Form 31-103F1 *Calculation of Excess Working Capital*. See Schedule C.

(o) ***in section 5.4 by replacing "***NT*" with "*NS*", and "*NS*" with "*NT*",***

(p) ***in section 5.5 by adding the following after "***Annual aggregate coverage ($)***":***

Total coverage ($)	

(q) ***in section 5.5 by replacing "***Renewal date***" with "***Expiry date***",***

(r) ***in section 5.6 by adding the following after "***Annual aggregate coverage ($)***":***

Total coverage ($)	

and under "**Jurisdictions covered:***" by replacing "***NT***" with "***NS***", and "***NS***" with "***NT***",***

(s) ***by replacing section 5.13 with the following:***

"(a) Attach, for your most recently completed year, either

(i) non-consolidated audited financial statements; or

(ii) audited financial statements prepared in accordance with section 3.2(3) of NI 52-107.

(b) If the audited financial statements attached for item (a) were prepared for a period ending more than 90 days before the date of this application, also attach an interim financial report for a period of not more than 90 days before the date of this application.

If the firm is a start-up company, you can attach an audited opening statement of financial position instead.***"***

(t) ***in Part 6***

(i) ***by adding the following before section 6.1 and after "31-103CP":***

For guidance regarding whether a firm will hold or have access to client assets see section 12.4 of Companion Policy 31-103CP.***, and***

(ii) ***in section 6.1 by replacing "***does***" with "***will***".***

(u) ***in Part 7 by replacing the first sentence with the following:***

"The questions in Part 7 apply to any jurisdiction and any foreign jurisdiction. The information must be provided in respect of the last 7 years.***"***

(v) ***in section 7.1, by deleting "***ever***",***

(w) ***in Part 8 by replacing the first paragraph with the following:***

"The firm must disclose offences or legal actions under any statute governing the firm and its business activities in any jurisdiction. The information must be provided in respect of the last 7 years.***"***

(x) ***in section 8.1 by deleting "***ever***",***

(y) by replacing Schedule A with the following:

Schedule A

Contact information for
Notice of collection and use of personal information

Alberta
Alberta Securities Commission,
Suite 600, 250-5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
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Department of Justice
Government of Nunavut
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Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iiroc.ca

(z) in Schedule B by adding the following under "Address for service of process on the Agent for Service":

Phone number of the Agent for Service: _____

(a.1) in paragraphs 7(a) and 7(b) of Schedule B by replacing "7th day***" with "***10th day***",***

(b.1) by replacing Schedule C with the following:

FORM 31-103F1 CALCULATION OF EXCESS WORKING CAPITAL

_____
Firm Name

Capital Calculation
(as at _____ with comparative figures as at _____)

	Component	Current period	Prior period
1.	Current assets		
2.	Less current assets not readily convertible into cash (e.g., prepaid expenses)		
3.	Adjusted current assets Line 1 minus line 2 =		
4.	Current liabilities		
5.	Add 100% of long-term related party debt unless the firm and the lender have executed a subordination agreement in the form set out in Appendix B and the firm has delivered a copy of the agreement to the regulator or, in Québec, the securities regulatory authority		
6.	Adjusted current liabilities Line 4 plus line 5 =		
7.	Adjusted working capital Line 3 minus line 6 =		
8.	Less minimum capital		
9.	Less market risk		
10.	Less any deductible under the bonding or insurance policy required under Part 12 of National Instrument 31-103, *Registration Requirements, Exemptions and Ongoing Registrant Obligations*		
11.	Less Guarantees		
12.	Less unresolved differences		
13.	**Excess working capital**		

Notes:

This form must be prepared using the accounting principles that you use to prepare your financial statements in accordance with National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*. Section 12.1 of Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* provides further guidance in respect of these accounting principles.

Line 5. Related-party debt – Refer to the CICA Handbook for the definition of "related party" for publicly accountable enterprises.

Line 8. Minimum Capital – The amount on this line must be not less than (a) $25,000 for an adviser and (b) $50,000 for a dealer. For an investment fund manager, the amount must be not less than $100,000 unless subsection 12.1(4) applies.

Line 9. Market Risk – The amount on this line must be calculated according to the instructions set out in Schedule 1 to this Form.

Line 11. Guarantees – If the registered firm is guaranteeing the liability of another party, the total amount of the guarantee must be included in the capital calculation. If the amount of a guarantee is included in the firm's statement of financial position as a current liability and is reflected in line 4, do not include the amount of the guarantee on line 11.

Line 12. Unresolved differences – Any unresolved differences that could result in a loss from either firm or client assets must be included in the capital calculation. The examples below provide guidance as to how to calculate unresolved differences:

(i) If there is an unresolved difference relating to client securities, the amount to be reported on Line 12 will be equal to the fair value of the client securities that are short, plus the applicable margin rate for those securities.

(ii) If there is an unresolved difference relating to the registrant's investments, the amount to be reported on Line 12 will be equal to the fair value of the investments (securities) that are short.

(iii) If there is an unresolved difference relating to cash, the amount to be reported on Line 12 will be equal to the amount of the shortfall in cash.

Please refer to section 12.1 of Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* for further guidance on how to prepare and file this form.

Management Certification

Registered Firm Name: _____

We have examined the attached capital calculation and certify that the firm is in compliance with the capital requirements as at _____.

Name and Title	Signature	Date
1. _____ _____	_____	_____
2. _____ _____	_____	_____

Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital
(calculating line 9 [market risk])

For purposes of completing this form:

(1) "Fair value" means the value of a security determined in accordance with Canadian GAAP applicable to publicly accountable enterprises.

(2) For each security whose value is included in line 1, Current Assets, multiply the fair value of the security by the margin rate for that security set out below. Add up the resulting amounts for all of the securities you hold. The total is the "market risk" to be entered on line 9.

(a) Bonds, Debentures, Treasury Bills and Notes

(i) Bonds, debentures, treasury bills and other securities of or guaranteed by the Government of Canada, of the United Kingdom, of the United States of America and of any other national foreign government (provided such foreign government securities are currently rated Aaa or AAA by Moody's Investors Service, Inc. or Standard & Poor's Corporation, respectively), maturing (or called for redemption):

within 1 year:	1% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year to 3 years:	1 % of fair value
over 3 years to 7 years:	2% of fair value
over 7 years to 11 years:	4% of fair value
over 11 years:	4% of fair value

(ii) Bonds, debentures, treasury bills and other securities of or guaranteed by any jurisdiction of Canada and obligations of the International Bank for Reconstruction and Development, maturing (or called for redemption):

within 1 year:	2% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year to 3 years:	3 % of fair value
over 3 years to 7 years:	4% of fair value
over 7 years to 11 years:	5% of fair value
over 11 years:	5% of fair value

(iii) Bonds, debentures or notes (not in default) of or guaranteed by any municipal corporation in Canada or the United Kingdom maturing:

within 1 year:	3% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year to 3 years:	5 % of fair value
over 3 years to 7 years:	5% of fair value
over 7 years to 11 years:	5% of fair value
over 11 years:	5% of fair value

(iv) Other non-commercial bonds and debentures, (not in default): 10% of fair value

(v) Commercial and corporate bonds, debentures and notes (not in default) and non-negotiable and non-transferable trust company and mortgage loan company obligations registered in the registered firm's name maturing:

within 1 year:	3% of fair value
over 1 year to 3 years:	6 % of fair value
over 3 years to 7 years:	7% of fair value
over 7 years to 11 years:	10% of fair value
over 11 years:	10% of fair value

(b) Bank Paper

Deposit certificates, promissory notes or debentures issued by a Canadian chartered bank (and of Canadian chartered bank acceptances) maturing:

within 1 year:	2% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year:	apply rates for commercial and corporate bonds, debentures and notes

(c) Acceptable foreign bank paper

Deposit certificates, promissory notes or debentures issued by a foreign bank, readily negotiable and transferable and maturing:

within 1 year:	2% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year:	apply rates for commercial and corporate bonds, debentures and notes

"Acceptable Foreign Bank Paper" consists of deposit certificates or promissory notes issued by a bank other than a Canadian chartered bank with a net worth (i.e., capital plus reserves) of not less than $200,000,000.

(d) Mutual Funds

Securities of mutual funds qualified by prospectus for sale in any jurisdiction of Canada:

(i) 5% of the net asset value per security as determined in accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*, where the fund is a money market mutual fund as defined in National Instrument 81-102 *Mutual Funds*; or

(ii) the margin rate determined on the same basis as for listed stocks multiplied by the net asset value per security of the fund as determined in accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*.

(e) Stocks

In this paragraph, "securities" includes rights and warrants and does not include bonds and debentures.

(i) On securities including investment fund securities, rights and warrants, listed on any exchange in Canada or the United States of America:

Long Positions – Margin Required

Securities selling at $2.00 or more – 50% of fair value

Securities selling at $1.75 to $1.99 – 60% of fair value

Securities selling at $1.50 to $1.74 – 80% of fair value

Securities selling under $1.50 – 100% of fair value

Short Positions – Credit Required

Securities selling at $2.00 or more – 150% of fair value

Securities selling at $1.50 to $1.99 – $3.00 per share

Securities selling at $0.25 to $1.49 – 200% of fair value

Securities selling at less than $0.25 – fair value plus $0.25 per shares

(ii) For positions in securities that are constituent securities on a major broadly-based index of one of the following exchanges, 50% of the fair value:

(a) Australian Stock Exchange Limited

(b) Bolsa de Madrid

(c) Borsa Italiana

(d) Copenhagen Stock Exchange

(e) Euronext Amsterdam

(f) Euronext Brussels

(g) Euronext Paris S.A.

(h) Frankfurt Stock Exchange

(i) London Stock Exchange

(j) New Zealand Exchange Limited

(k) Stockholm Stock Exchange

(l) Swiss Exchange

(m) The Stock Exchange of Hong Kong Limited

(n) Tokyo Stock Exchange

(f) Mortgages

(i) For a firm registered in any jurisdiction of Canada except Ontario:

(a) Insured mortgages (not in default): 6% of fair value

(b) Mortgages which are not insured (not in default): 12% of fair value of the loan or the rates set by Canadian financial institutions or Schedule III banks, whichever is greater.

(ii) For a firm registered in Ontario:

(a) Mortgages insured under the National Housing Act (Canada) (not in default): 6% of fair value

(b) Conventional first mortgages (not in default): 12% of fair value of the loan or the rates set by Canadian financial institutions or Schedule III banks, whichever is greater.

If you are registered in Ontario regardless of whether you are also registered in another jurisdiction of Canada, you will need to apply the margin rates set forth in (ii) above.

(g) For all other securities – 100% of fair value.

22. Form 33-109F7 is amended

(a) in section 1 under "*General Instructions*" by adding "*the end of*" after "*on or before*", and by replacing "*termination*" with "*cessation*",

(b) in section 3 under "*General Instructions*" by deleting "*dismissed, or was*", and adding "*resigned voluntarily or was dismissed*," after "*resign,*",

(c) in the definition for "*you*", "*your*" and "*individual*" under "*Terms*" by adding "*or their status as permitted individual*" after "*registration*".

(d) in section 5 of Item 5 by deleting "*Date on which you will become authorized to act on behalf of the new sponsoring firm as a registered individual or permitted individual _____ (YYYY/MM/DD)*",

(e) in paragraph 2(b) of Item 9 by adding "*or resigned voluntarily*" after "*resign*",

(f) in Schedule B by replacing "*Investment Industry Regulatory Organization of Canada*" with "*IIROC*",

(g) by replacing section 5 of Schedule D with the following:

5. Conflict of Interest

If you have more than one employer or are engaged in businss related activities:

A. Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your multiple employment or business related activities or proposed business related activities.

_____

_____

_____

B. Indicate whether or not any of your employers or organizations where you engage in business related activities are listed on an exchange.

_____

_____

_____

C. Confirm whether the firm has procedures for minimizing potential conflicts of interest and, if so, confirm that you are aware of these procedures.

_____

_____

_____

D. If you do not perceive any conflicts of interest arising from this employment, explain why.

_____

_____

_____

(h) by replacing Schedule F with the following:

Schedule F

Contact information for
Notice of collection and use of personal information

Alberta
Alberta Securities Commission,
Suite 600, 250-5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 355-4151

British Columbia
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba
The Manitoba Securities Commission
500 - 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attention: Director of Registrations
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick
New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Regulatory Affairs
Telephone: (506) 658-3060

Nunavut
Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6590

Ontario
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

Prince Edward Island
Securities Registry
Office of the Attorney General B Consumer,
Corporate and Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-6288

Québec
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

Newfoundland and Labrador
Securities NL
Financial Services Regulation Division
Department of Government Services
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Tel: (709) 729-5661

Nova Scotia
Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 2P8
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Northwest Territories
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Superintendent of Securities
Telephone: (867) 920-8984

Saskatchewan
Saskatchewan Financial Services Commission
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Director
Telephone: (306) 787-5842

Yukon
Yukon Securities Office
Department of Community Services
P.O. Box 2703 C-6
Whitehorse, YT Y1A 2C6
Attention: Superintendent of Securities
Telephone: (867) 667-5225

Self-regulatory organization
Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 1600
Toronto, Ontario M5H 3T9
Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iiroc.ca

23. This Instrument comes into force on July 11, 2011.

5.1.3 Amendments to OSC Rule 33-506 (Commodity Futures Act) Registration Information

AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 33-506 (*COMMODITY FUTURES ACT*)
REGISTRATION INFORMATION

1. ***Ontario Securities Commission Rule 33-506 (Commodity Futures Act) Registration Information is amended by this Instrument.***

2. ***Section 1.1 is amended***

(a) ***by deleting the definitions of "***NI 31-103***" and "***Rule 31-509***", and***

(b) ***in the opening statement of the definition of "permitted individual" by deleting the words "***who is not a registered individual and***" and in paragraph (a) by replacing "***and***" with "***or***".***

3. ***Sections 1.2, 2.1 and 2.2 are amended by replacing "***Rule 31-509***" wherever the expression occurs with "***Ontario Securities Commission Rule 31-509 *National Registration Database (Commodity Futures Act)*****".**

4. ***Section 2.3 is amended***

(a) ***in subsection (1) by replacing "***Rule 31-509***" with "***Ontario Securities Commission Rule 31-509 *National Registration Database (Commodity Futures Act)*****",**

(b) ***in subsection (2) by replacing "***Rule 31-509***" with "***Ontario Securities Commission Rule 31-509 *National Registration Database (Commodity Futures Act)*****", and**

(c) ***in paragraph (2)(b) by adding "***resigned voluntarily,***" after "***resign,***".***

5. ***Section 2.4 is amended***

(a) ***in subsection (1) by replacing "***Rule 31-509***" with "***Ontario Securities Commission Rule 31-509 *National Registration Database (Commodity Futures Act)*****",**

(b) ***in paragraph (1)(a) by replacing "***7 days***" with "***10 days***", and***

(c) ***in paragraph (2)(a) by replacing "***Rule 31-509***" with "***Ontario Securities Commission Rule 31-509 *National Registration Database (Commodity Futures Act)*****", and**

(d) ***in subparagraph 2(a)(i) by replacing "***7 days ***" with "***10 days***".***

6. ***Sections 2.5 is amended by replacing "***Rule 31-509***" with "***Ontario Securities Commission Rule 31-509 *National Registration Database (Commodity Futures Act)*****".**

7. ***Section 3.1 is amended by replacing "***7 days***" with "***10 days***" wherever the expression occurs.***

8. ***Section 3.2 is amended by replacing "***Rule 31-509***" with "***Ontario Securities Commission Rule 31-509 *National Registration Database (Commodity Futures Act)*****" and "***7 days***" with "***10 days***" wherever these expressions occur.***

9. ***Subsection 4.1 is amended***

(a) ***in subsection (1) by replacing "***7 days***" with "***10 days***",***

(b) ***in subsection (4) and (5) by replacing "***Rule 31-509***" with "***Ontario Securities Commission Rule 31-509 *National Registration Database (Commodity Futures Act)*****", and**

(c) ***by replacing paragraph (5)(b) with the following paragraphs***:

(b) the removal or the addition of a category of registration;

(c) the surrender of registration in one or more non-principal jurisdictions.

10. ***Section 4.2 is repealed.***

11. ***Section 4.3 is amended***

(a) ***in subsection (1) by replacing*** **"**Rule 31-5091F2***" with "***Ontario Securities Commission Rule 31-509 *National Registration Database (Commodity Futures Act)*"**,**

(b) ***in paragraph (1)(b) by deleting "***or retirement***" and "***or the completion or expiry of an employment or agency contract***",**

(c) ***in subsection (2), (3) and (4), by replacing "***7 days***" wherever the expression occurs with "***10 days***", and***

(d) ***in subsections (3) and (4), by replacing "***person or company***" wherever the expression occurs with "***registered firm***".***

12. ***Section 6.1 is amended by replacing "***NI 31-103***" with "***National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations****".***

13. ***Section 6.2 is amended by replacing "***7 days***" wherever the expression occurs with "***10 days***".***

14. ***Section 6.3 is amended by replacing*** **"**NI 31-103**" wherever the expression occurs with "**National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*"**.**

15. ***Section 6.4 is amended***

(a) ***in subsection (1) by replacing*** **"**Rule 31-509**" with "**Ontario Securities Commission Rule 31-509 *National Registration Database (Commodity Futures Act)*" **and "**NI 31-103**" with "**National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*"**, and**

(b) ***in subsection (2) by replacing*** **"**NI 31-103**" with "**National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*"**.**

16. ***Section 8.2 is amended by replacing*** **"**NI 31-103***" with "***National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*"**.**

17. ***Form 33-506F1 is amended***

(a) ***under "***General Instructions***" by replacing "***person***" after "***permitted***" with "***individual***" and by adding at the end "***or has ceased to act in a registerable activity or as a permitted individual***";***

(b) ***under "***Terms***" by replacing at the end "***;***" with "***.***",***

(c) ***under "***When to submit the form***" by replacing "***five business days***" with "***10 days***",***

(d) ***in Item 5 by replacing the instructions above "****[For NRD Format only:]****" with the following:***

Complete Item 5 except where the individual is deceased**.** In the space below:

- state the reason(s) for the cessation / termination and
- provide details if the answer to any of the following questions is "Yes".

(e) ***in Item 5 under "****[For NRD Format only:]****" by replacing "***completed temporary employment contract, retired or***" with "***individual is***"; and***

(f) ***by repealing Item 6 and Schedule A.***

18. ***Form 33-506F2 is amended***

(a) ***in the heading by replacing "***section 4.2 or 2.2(2) or 2.5(2)***" with "***section 2.2(2), 2.5(2) or 4.1(5)***",***

(b) ***by replacing Item 2 with the following:***

Item 2 Registration jurisdictions

1. Are you filing this form under the passport system / interface for registration?

Choose "no" if you are registered in:
(a) only one jurisdiction in Canada
(b) more than one jurisdiction in Canada and you are requesting a surrender in a non-principal jurisdiction or jurisdictions, but not in your principal jurisdiction
(c) more than one jurisdiction in Canada and you are requesting a change only in your principal jurisdiction; ***and***

(c) ***by replacing Item 4 with the following:***

Item 4 Adding categories

1. Categories

What categories are you seeking to add? _____

2. Professional liability insurance (Québec mutual fund dealers and Québec scholarship plan dealers)

If you are seeking registration as a representative of a mutual fund dealer or of a scholarship plan dealer in Québec, are you covered by your sponsoring firm's professional liability insurance?

Yes ☐ No ☐

If "No", state:

The name of your insurer _____

Your policy number _____

3. Relevant securities industry experience

If you have not been registered in the last 36 months and you passed the required examination more than 36 months ago, do you consider that you have gained 12 months of relevant securities industry experience during the 36 month period?

Yes ☐ No ☐ N/A ☐

If you are an individual applying for IIROC approval, select "Not Applicable" above.

If "yes", complete Schedule A.

(d) ***by replacing Schedule A with the following:***

SCHEDULE A
Relevant securities industry experience (Item 4)

Describe your responsibilities in areas relating to the category you are applying for, including the title(s) you have held, as well as start and end dates:

_____

_____

_____

What is the percentage of your time devoted to these activities?

_____ %

Indicate the continuing education activities which you have participated in during the last 36 months and which are relevant to the category of registration you are applying for:

_____

_____

_____

_____

(e) by adding the following after Schedule A:

Schedule B
Contact information for
Notice of collection and use of personal information

Alberta
Alberta Securities Commission,
Suite 600, 250-5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 355-4151

British Columbia
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba
The Manitoba Securities Commission
500 - 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attention: Director of Registrations
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick
New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Regulatory Affairs
Telephone: (506) 658-3060

Newfoundland and Labrador
Securities NL
Financial Services Regulation Division
Department of Government Services
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Tel: (709) 729-5661

Nunavut
Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6590

Ontario
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

Prince Edward Island
Securities Registry
Office of the Attorney General B Consumer,
Corporate and Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-6288

Québec
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

Saskatchewan
Saskatchewan Financial Services Commission
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Director
Telephone: (306) 787-5842

Nova Scotia
Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 2P8
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Northwest Territories
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Superintendent of Securities
Telephone: (867) 920-8984

Yukon
Yukon Securities Office
Department of Community Services
P.O. Box 2703 C-6
Whitehorse, YT Y1A 2C6
Attention: Superintendent of Securities
Telephone: (867) 667-5225

Self-regulatory organization
Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 1600
Toronto, Ontario M5H 3T9
Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iiroc.ca

19. ***Form 33-506F3 is amended by replacing Schedule A with the following:***

Schedule A
Contact information for
Notice of collection and use of personal information

Alberta
Alberta Securities Commission,
Suite 600, 250-5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 355-4151

British Columbia
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba
The Manitoba Securities Commission
500 - 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attention: Director of Registrations
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick
New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Regulatory Affairs
Telephone: (506) 658-3060

Nunavut
Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6590

Ontario
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

Prince Edward Island
Securities Registry
Office of the Attorney General B Consumer,
Corporate and Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-6288

Québec
Autorité des marchés financiers
800, square Victoria, 22e étage
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Attention: Responsable de l'accès à l'information
Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

Newfoundland and Labrador
Securities NL
Financial Services Regulation Division
Department of Government Services
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Tel: (709) 729-5661

Saskatchewan
Saskatchewan Financial Services Commission
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Director
Telephone: (306) 787-5842

Nova Scotia
Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 2P8
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Yukon
Yukon Securities Office
Department of Community Services
P.O. Box 2703 C-6
Whitehorse, YT Y1A 2C6
Attention: Superintendent of Securities
Telephone: (867) 667-5225

Northwest Territories
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Superintendent of Securities
Telephone: (867) 920-8984

Self-regulatory organization
Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 1600
Toronto, Ontario M5H 3T9
Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iiroc.ca

20. ***Form 33-506F4 is amended***

(a) ***in the definition of "Approved person" under "*****Terms*****" by replacing "***member of the IIROC (Member)***" with*** "member (Member) of the Investment Industry Regulatory Organization of Canada (IIROC)***",***

(b) ***in the paragraphs "NRD format" and "Format, other than NRD format", under the heading "*****How to submit this form*****", by adding "***with securities regulation experience***" after "***legal adviser***",***

(c) ***in section 1 of Item 8 by***

(i) ***replacing the title with the following:***

"Course, examination or designation information and other education***",***

(ii) ***replacing "***course and***" with "***course,***" and by adding "***and designation***" in the first sentence of item 1, after "***examination***", and***

(iii) ***replacing "***course or***" with "***course,***" and by adding "***or designation***" in the second sentence of item 1, after "***examination***";***

(d) ***in section 2 of Item 8 by adding the following after "***Advocis (formerly CAIFA): _____***":***

RESP Dealers Association of Canada:_____

Other:_____

(e) ***in section 3 of Item 8 by adding "***, designation***" after the word "***examination***";***

(f) ***in Item 8 by adding the following after section 3:***

4. Relevant securities industry experience

If you are an individual applying for IIROC approval, select "Not Applicable below".

If you have not been registered in the last 36 months and you passed the required examination more than 36 months ago, do you consider that you have gained 12 months of relevant securities industry experience during the 36 month period?

Yes ☐ No ☐ N/A ☐

If "yes", complete Schedule F.

(g) ***in section 4 of Item 9 by adding "****supervisor or****" after "****Name of****".***

(h) ***in Item 14 by replacing*** "*Immigration Act*" ***with*** "*Immigration and Refugee Protection Act*", ***and*** "*Young Offenders Act*" ***wherever the expression occurs with*** "former *Young Offenders Act*"***.***

(i) ***in Item 1.3 of Schedule A to Form 33-506F4 is amended by adding the following after "***No ☐***":***

N/A ☐

(j) ***in Schedule C by replacing "***Investment Industry Regulatory Organization of Canada***" with "***IIROC***".***

(k) ***by replacing Schedule E with the following:***

SCHEDULE E
Proficiency (Item 8)

Item 8.1 Course, examination or designation information and other education

Course, examination, designation or other education	**Date completed (YYYY/MM/DD)**	**Date exempted (YYYY/MM/DD)**	**Regulator / securities regulatory authority granting the exemption**

If you have listed the CFA Charter in Item 8.1, please indicate by checking the box below whether you are a current member of the CFA Institute permitted to use the CFA Charter.

Yes ☐ No ☐

If "no", please explain why you no longer hold this designation:

_____

_____

_____

_____

If you have listed the CIM designation in Item 8.1, please indicate by checking the box below whether you are currently permitted to use the CIM designation.

Yes ☐ No ☐

If "no", please explain why you no longer hold this designation:

_____

_____

_____

_____

(l) in Schedule F

(i) in the heading by replacing "Item 8.3***" with "***Items 8.3 and 8.4***",***

(ii) by adding the word ", designation***" after the word "***examination***" wherever it occurs, and***

(iii) by adding the following after Item 8.3:

Item 8.4 Relevant securities industry experience

Describe your responsibilities in areas relating to the category you are applying for, including the title(s) you have held, as well as the start and end dates:

_____

_____

_____

_____

What is the percentage of your time devoted to these activities?

_____ %

Indicate the continuing education activities which you have participated in during the last 36 months and which are relevant to the category of registration you are applying for:

_____

_____

_____

_____

(m) in Schedule G by replacing section 5 with the following:

5. Conflicts of interest

If you have more than one employer or are engaged in business related activities**:**

A. Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your multiple employment or business related activities or proposed business related activities.

_____

_____

_____

_____

B. Indicate whether or not any of your employers or organizations where you engage in business related activities are listed on an exchange.

_____

_____

C. Confirm whether the firm has procedures for minimizing potential conflicts of interest and if so, confirm that you are aware of these procedures.

_____

_____

_____

_____

D. State the name of the person at your sponsoring firm who has reviewed and approved your multiple employment or business related activities or proposed business related activities.

_____

E. If you do not perceive any conflicts of interest arising from this employment, explain why.

_____

_____

_____

(n) by replacing Schedule O with the following:

Schedule O
Contact information for
Notice of collection and use of personal information

Alberta
Alberta Securities Commission,
Suite 600, 250-5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 355-4151

British Columbia
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba
The Manitoba Securities Commission
500 - 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attention: Director of Registrations
Telephone (204) 945-2548
Fax (204) 945-0330

Nunavut
Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6590

Ontario
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

Prince Edward Island
Securities Registry
Office of the Attorney General B Consumer,
Corporate and Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-6288

New Brunswick
New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Regulatory Affairs
Telephone: (506) 658-3060

Québec
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

Newfoundland and Labrador
Securities NL
Financial Services Regulation Division
Department of Government Services
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Tel: (709) 729-5661

Saskatchewan
Saskatchewan Financial Services Commission
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Director
Telephone: (306) 787-5842

Nova Scotia
Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 2P8
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Yukon
Yukon Securities Office
Department of Community Services
P.O. Box 2703 C-6
Whitehorse, YT Y1A 2C6
Attention: Superintendent of Securities
Telephone: (867) 667-5225

Northwest Territories
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Superintendent of Securities
Telephone: (867) 920-8984

Self-regulatory organization
Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 1600
Toronto, Ontario M5H 3T9
Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iiroc.ca

21. ***Form 33-506F5 is amended***

(a) ***under "*How to submit this form*" by adding the following after subparagraph b) of the second paragraph:***

Name of firm_____

Registration categories_____

NRD number (firm) _____

(b) ***in Item 1 by adding the following under "*☐ Form 33-506F6*":***

*"*If submitting changes to Form 33-506F6, please attach a blackline of the amended sections of the form.*"; and*

(c) ***in Item 5 by deleting the line "*name of firm*".***

(d) by replacing *Schedule A with the following:*

Schedule A
Contact information for
Notice of collection and use of personal information

Alberta
Alberta Securities Commission,
Suite 600, 250-5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 355-4151

British Columbia
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba
The Manitoba Securities Commission
500 - 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attention: Director of Registrations
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick
New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Regulatory Affairs
Telephone: (506) 658-3060

Newfoundland and Labrador
Securities NL
Financial Services Regulation Division
Department of Government Services
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Tel: (709) 729-5661

Nova Scotia
Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 2P8
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Nunavut
Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6590

Ontario
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

Prince Edward Island
Securities Registry
Office of the Attorney General B Consumer,
Corporate and Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-6288

Québec
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

Saskatchewan
Saskatchewan Financial Services Commission
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Director
Telephone: (306) 787-5842

Yukon
Yukon Securities Office
Department of Community Services
P.O. Box 2703 C-6
Whitehorse, YT Y1A 2C6
Attention: Superintendent of Securities
Telephone: (867) 667-5225

Northwest Territories
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Superintendent of Securities
Telephone: (867) 920-8984

Self-regulatory organization
Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 1600
Toronto, Ontario M5H 3T9
Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iiroc.ca

22. ***Form 33-506F6 is amended***

(a) ***in the definition of "NI 31-103" by replacing "****and Exemptions****" with "****, *Exemptions and Ongoing Registrant Obligations*",

(b) ***under "*****Definitions****" by adding the following definitions in alphabetical order:***

"**Foreign jurisdiction – see National Instrument 14-101 *Definitions*";**

"**Jurisdiction or jurisdiction of Canada– see National Instrument 14-101 *Definitions*";**

"**NI 52-107 – National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*".**

(c) ***under "*****Contents of the form****" by replacing "*****Alberta and Manitoba****" with "*****Alberta, Manitoba and New Brunswick****",**

(d) ***in the next to last paragraph under "*****How to complete and submit the form****" by deleting "*****and fees****",**

(e) ***under "*****How to complete and submit the form****" by adding the following paragraph before the last paragraph:***

"In most of this form, answers are required to questions which apply only to Canadian provinces and territories; you will find that the questions are referenced to "jurisdictions" or "jurisdiction of Canada". These refer to all provinces and territories of Canada. However, the questions in Part 4 – *Registration History* and Part 7 – *Regulatory Action* are to be answered in respect of any jurisdiction in the world. "; ***and***

(f) ***in section 1.3 of Part 1 by***

(i) ***replacing "*****Questions 1.1, 1.2, 1.4, 1.5, 2.4, and Part 9****" with "*****Questions 1.1, 1.2, 1.4, 1.5, 2.4, 3.9, 5.4, 5.6*, and Part 9****",**

(ii) ***replacing "*****Questions 1.1, 1.2, 1.4, 1.5, 5.1, 5.4, 5.5, 5.6, 5.7, 5.8, Part 6 and Part 9****" with "*****Questions 1.1, 1.2, 1.4, 1.5, 3.1, 5.1, 5.4, 5.5*, 5.6*, 5.7, 5.8, Part 6 and Part 9****", and***

(iii) ***adding the following after "*****Part 6 and Part 9****":***

"*** If the firm is adding Québec as a jurisdiction for registration in the category of mutual fund dealer or scholarship plan dealer, complete question 5.6.****",***

(g) ***in the table in section 1.4 under "Jurisdiction" by replacing "*****NT****" with "*****NS****", and "*****NS****" with "*****NT****",***

(h) ***in the table in section 1.5 under "*****Jurisdiction(s) where the firm has applied for the exemption****" by replacing "*****NT****" with "*****NS****", and "*****NS****" with "*****NT****",***

(i) ***in the table in paragraph 2.2 (b) of Part 2 by replacing "*****NT****" with "*****NS****", and "*****NS****" with "*****NT****", and***

(j) in sections 2.5 and 2.6 by replacing the word "Title***" with:***

Officer title
Telephone number
E-mail address

(k) in section 3.3 in Part 3 by replacing "Alberta or Manitoba***" with "***Alberta, Manitoba or New Brunswick***",***

(l) by replacing the first sentence of Part 4 with the following:

"The questions in Part 4 apply to any jurisdiction and any foreign jurisdiction.***"***

(m) in section 4.5 by deleting the word "ever***" ,***

(n) by replacing section 5.1 of Part 5 with the following:

5.1 Calculation of excess working capital

Attach the firm's calculation of excess working capital.

- Investment dealers must use the capital calculation form required by the Investment Industry Regulatory Organization of Canada (IIROC).
- Mutual fund dealers must use the capital calculation form required by the Mutual Fund Dealers Association of Canada (MFDA), except for mutual fund dealers registered in Québec only
- Firms that are not members of either IIROC or the MFDA must use Form 31-103F1 *Calculation of Excess Working Capital.* See Schedule C.

(o) in section 5.4 by replacing "NT***" with "***NS***", and "***NS***" with "***NT***",***

(p) in section 5.5 by adding the following after "Annual aggregate coverage ($)***":***

Total coverage ($)	

***(q) in section 5.5 by replacing* "**Renewal date**" *with* "**Expiry date**",**

***(r) in section 5.6 by adding the following after* "**Annual aggregate coverage ($)**":**

Total coverage ($)	

and under "Jurisdictions covered:***" by replacing* "**NT**" *with* "**NS**", *and* "**NS**" *with* "**NT**",**

(s) by replacing section 5.13 with the following:

"(a) Attach, for your most recently completed year, either

(i) non-consolidated audited financial statements; or

(ii) audited financial statements prepared in accordance with section 3.2(3) of NI 52-107.

(b) If the audited financial statements attached for item (a) were prepared for a period ending more than 90 days before the date of this application, also attach an interim financial report for a period of not more than 90 days before the date of this application.

If the firm is a start-up company, you can attach an audited opening statement of financial position instead.***"***

(t) in Part 6

(i) by adding the following before section 6.1 and after "31-103CP":

For guidance regarding whether a firm will hold or have access to client assets see section 12.4 of Companion Policy 31-103CP.***, and***

(ii) in section 6.1 by replacing "does***" with "***will***".***

(u) in Part 7 by replacing the first sentence with the following:

"The questions in Part 7 apply to any jurisdiction and any foreign jurisdiction. The information must be provided in respect of the last 7 years.***"***

(v) in section 7.1 by deleting "ever",

(w) in Part 8 by replacing the first paragraph with the following:

"The firm must disclose offences or legal actions under any statute governing the firm and its business activities in any jurisdiction. The information must be provided in respect of the last 7 years.***"***

(x) in section 8.1 by deleting "ever***",***

(y) by replacing Schedule A with the following:

Schedule A
Contact information for
Notice of collection and use of personal information

Alberta
Alberta Securities Commission,
Suite 600, 250-5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 355-4151

British Columbia
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba
The Manitoba Securities Commission
500 - 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attention: Director of Registrations
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick
New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Regulatory Affairs
Telephone: (506) 658-3060

Nunavut
Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6590

Ontario
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

Prince Edward Island
Securities Registry
Office of the Attorney General B Consumer,
Corporate and Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-6288

Québec
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

Newfoundland and Labrador
Securities NL
Financial Services Regulation Division
Department of Government Services
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Tel: (709) 729-5661

Saskatchewan
Saskatchewan Financial Services Commission
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Director
Telephone: (306) 787-5842

Nova Scotia
Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 2P8
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Yukon
Yukon Securities Office
Department of Community Services
P.O. Box 2703 C-6
Whitehorse, YT Y1A 2C6
Attention: Superintendent of Securities
Telephone: (867) 667-5225

Northwest Territories
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Superintendent of Securities
Telephone: (867) 920-8984

Self-regulatory organization
Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 1600
Toronto, Ontario M5H 3T9
Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iiroc.ca

(z) ***in Schedule B by adding the following under "***Address for service of process on the Agent for Service***":***

Phone number of the Agent for Service: _____

(a.1) ***in paragraphs 7(a) and 7(b) of Schedule B by replacing "***7th day***" with "***10th day***",***

(b.1) ***by replacing Schedule C with the following:***

FORM 31-103F1 CALCULATION OF EXCESS WORKING CAPITAL

_____
Firm Name

Capital Calculation
(as at _____ with comparative figures as at _____)

	Component	Current period	Prior period
1.	Current assets		
2.	Less current assets not readily convertible into cash (e.g., prepaid expenses)		
3.	Adjusted current assets Line 1 minus line 2 =		
4.	Current liabilities		
5.	Add 100% of long-term related party debt unless the firm and the lender have executed a subordination agreement in the form set out in Appendix B and the firm has delivered a copy of the agreement to the regulator or, in Québec, the securities regulatory authority		
6.	Adjusted current liabilities Line 4 plus line 5 =		

	Component	Current period	Prior period
7.	Adjusted working capital Line 3 minus line 6 =		
8.	Less minimum capital		
9.	Less market risk		
10.	Less any deductible under the bonding or insurance policy required under Part 12 of National Instrument 31-103, *Registration Requirements, Exemptions and Ongoing Registrant Obligations*		
11.	Less Guarantees		
12.	Less unresolved differences		
13.	**Excess working capital**		

Notes:

This form must be prepared using the accounting principles that you use to prepare your financial statements in accordance with National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*. Section 12.1 of Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* provides further guidance in respect of these accounting principles.

Line 5. Related-party debt – Refer to the CICA Handbook for the definition of "related party" for publicly accountable enterprises.

Line 8. Minimum Capital – The amount on this line must be not less than (a) $25,000 for an adviser and (b) $50,000 for a dealer. For an investment fund manager, the amount must be not less than $100,000 unless subsection 12.1(4) applies.

Line 9. Market Risk – The amount on this line must be calculated according to the instructions set out in Schedule 1 to this Form.

Line 11. Guarantees – If the registered firm is guaranteeing the liability of another party, the total amount of the guarantee must be included in the capital calculation. If the amount of a guarantee is included in the firm's statement of financial position as a current liability and is reflected in line 4, do not include the amount of the guarantee on line 11.

Line 12. Unresolved differences – Any unresolved differences that could result in a loss from either firm or client assets must be included in the capital calculation. The examples below provide guidance as to how to calculate unresolved differences:

(i) If there is an unresolved difference relating to client securities, the amount to be reported on Line 12 will be equal to the fair value of the client securities that are short, plus the applicable margin rate for those securities.

(ii) If there is an unresolved difference relating to the registrant's investments, the amount to be reported on Line 12 will be equal to the fair value of the investments (securities) that are short.

(iii) If there is an unresolved difference relating to cash, the amount to be reported on Line 12 will be equal to the amount of the shortfall in cash.

Please refer to section 12.1 of Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* for further guidance on how to prepare and file this form.

Management Certification

Registered Firm Name: _____

We have examined the attached capital calculation and certify that the firm is in compliance with the capital requirements as at _____.

Name and Title	Signature	Date
1. _____ _____	_____	_____
2. _____ _____	_____	_____

Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital
(calculating line 9 [market risk])

For purposes of completing this form:

(1) "Fair value" means the value of a security determined in accordance with Canadian GAAP applicable to publicly accountable enterprises.

(2) For each security whose value is included in line 1, Current Assets, multiply the fair value of the security by the margin rate for that security set out below. Add up the resulting amounts for all of the securities you hold. The total is the "market risk" to be entered on line 9.

(a) Bonds, Debentures, Treasury Bills and Notes

(i) Bonds, debentures, treasury bills and other securities of or guaranteed by the Government of Canada, of the United Kingdom, of the United States of America and of any other national foreign government (provided such foreign government securities are currently rated Aaa or AAA by Moody's Investors Service, Inc. or Standard & Poor's Corporation, respectively), maturing (or called for redemption):

within 1 year:	1% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year to 3 years:	1 % of fair value
over 3 years to 7 years:	2% of fair value
over 7 years to 11 years:	4% of fair value
over 11 years:	4% of fair value

(ii) Bonds, debentures, treasury bills and other securities of or guaranteed by any jurisdiction of Canada and obligations of the International Bank for Reconstruction and Development, maturing (or called for redemption):

within 1 year:	2% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year to 3 years:	3 % of fair value
over 3 years to 7 years:	4% of fair value
over 7 years to 11 years:	5% of fair value
over 11 years:	5% of fair value

(iii) Bonds, debentures or notes (not in default) of or guaranteed by any municipal corporation in Canada or the United Kingdom maturing:

within 1 year:	3% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year to 3 years:	5 % of fair value
over 3 years to 7 years:	5% of fair value
over 7 years to 11 years:	5% of fair value
over 11 years:	5% of fair value

(iv) Other non-commercial bonds and debentures, (not in default): 10% of fair value

(v) Commercial and corporate bonds, debentures and notes (not in default) and non-negotiable and non-transferable trust company and mortgage loan company obligations registered in the registered firm's name maturing:

within 1 year:	3% of fair value
over 1 year to 3 years:	6 % of fair value
over 3 years to 7 years:	7% of fair value
over 7 years to 11 years:	10% of fair value
over 11 years:	10% of fair value

(b) Bank Paper

Deposit certificates, promissory notes or debentures issued by a Canadian chartered bank (and of Canadian chartered bank acceptances) maturing:

within 1 year:	2% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year:	apply rates for commercial and corporate bonds, debentures and notes

(c) Acceptable foreign bank paper

Deposit certificates, promissory notes or debentures issued by a foreign bank, readily negotiable and transferable and maturing:

within 1 year:	2% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year:	apply rates for commercial and corporate bonds, debentures and notes

"Acceptable Foreign Bank Paper" consists of deposit certificates or promissory notes issued by a bank other than a Canadian chartered bank with a net worth (i.e., capital plus reserves) of not less than $200,000,000.

(d) Mutual Funds

Securities of mutual funds qualified by prospectus for sale in any jurisdiction of Canada:

(i) 5% of the net asset value per security as determined in accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*, where the fund is a money market mutual fund as defined in National Instrument 81-102 *Mutual Funds*; or

(ii) the margin rate determined on the same basis as for listed stocks multiplied by the net asset value per security of the fund as determined in accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*.

(e) Stocks

In this paragraph, "securities" includes rights and warrants and does not include bonds and debentures.

(i) On securities including investment fund securities, rights and warrants, listed on any exchange in Canada or the United States of America:

Long Positions – Margin Required

Securities selling at $2.00 or more – 50% of fair value

Securities selling at $1.75 to $1.99 – 60% of fair value

Securities selling at $1.50 to $1.74 – 80% of fair value

Securities selling under $1.50 – 100% of fair value

Short Positions – Credit Required

Securities selling at $2.00 or more – 150% of fair value

Securities selling at $1.50 to $1.99 – $3.00 per share

Securities selling at $0.25 to $1.49 – 200% of fair value

Securities selling at less than $0.25 – fair value plus $0.25 per shares

(ii) For positions in securities that are constituent securities on a major broadly-based index of one of the following exchanges, 50% of the fair value:

(a) Australian Stock Exchange Limited

(b) Bolsa de Madrid

(c) Borsa Italiana

(d) Copenhagen Stock Exchange

(e) Euronext Amsterdam

(f) Euronext Brussels

(g) Euronext Paris S.A.

(h) Frankfurt Stock Exchange

(i) London Stock Exchange

(j) New Zealand Exchange Limited

(k) Stockholm Stock Exchange

(l) Swiss Exchange

(m) The Stock Exchange of Hong Kong Limited

(n) Tokyo Stock Exchange

(f) Mortgages

(i) For a firm registered in any jurisdiction of Canada except Ontario:

(a) Insured mortgages (not in default): 6% of fair value

(b) Mortgages which are not insured (not in default): 12% of fair value of the loan or the rates set by Canadian financial institutions or Schedule III banks, whichever is greater.

(ii) For a firm registered in Ontario:

(a) Mortgages insured under the National Housing Act (Canada) (not in default): 6% of fair value

(b) Conventional first mortgages (not in default): 12% of fair value of the loan or the rates set by Canadian financial institutions or Schedule III banks, whichever is greater.

If you are registered in Ontario regardless of whether you are also registered in another jurisdiction of Canada, you will need to apply the margin rates set forth in (ii) above.

(g) For all other securities – 100% of fair value.

23. ***Form 33-506F7 is amended:***

(a) in section 1 under "*General Instructions*" by adding "*the end of*" after "*on or before*", and by replacing "*termination*" with "*cessation*",

(b) in section 3 under "*General instructions*" by deleting "*dismissed, or was*", and adding "*resigned voluntarily or was dismissed,*" after "*resign,*",

***(c) in the definition for "*you*", "*your*" and "*individual*" under "*Terms*" by adding "*or their status as permitted individual*" after "*registration",

(d) in section 5 of Item 5 by deleting "*Date on which you will become authorized to act on behalf of the new sponsoring firm as a registered individual or permitted individual _____ (YYYY/MM/DD)*",

(e) in paragraph 2 (b) of Item 9 by adding "*or resigned voluntarily*" after "*resign*",

(f) in Schedule B by replacing "*Investment Industry Regulatory Organization of Canada*" with "*IIROC*".

(g) by replacing section 5 of Schedule D with the following:

5. Conflict of Interest

If you have more than one employer or are engaged in business related activities:

A. Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your multiple employment or business related activities or proposed business related activities.

_____

_____

_____

B. Indicate whether or not any of your employers or organizations where you engage in business related activities are listed on an exchange.

_____

_____

C. Confirm whether the firm has procedures for minimizing potential conflicts of interest and if so, confirm that you are aware of these procedures.

_____

_____

_____

D. If you do not perceive any conflicts of interest arising from this employment, explain why.

_____

_____

_____

(h) by replacing Schedule F with the following:

Schedule F
Contact information for
Notice of collection and use of personal information

Alberta
Alberta Securities Commission,
Suite 600, 250-5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 355-4151

British Columbia
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba
The Manitoba Securities Commission
500 - 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attention: Director of Registrations
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick
New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Regulatory Affairs
Telephone: (506) 658-3060

Nunavut
Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6590

Ontario
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

Prince Edward Island
Securities Registry
Office of the Attorney General B Consumer,
Corporate and Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-6288

Québec
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

Newfoundland and Labrador
Securities NL
Financial Services Regulation Division
Department of Government Services
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Tel: (709) 729-5661

Nova Scotia
Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 2P8
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Northwest Territories
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Superintendent of Securities
Telephone: (867) 920-8984

Saskatchewan
Saskatchewan Financial Services Commission
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Director
Telephone: (306) 787-5842

Yukon
Yukon Securities Office
Department of Community Services
P.O. Box 2703 C-6
Whitehorse, YT Y1A 2C6
Attention: Superintendent of Securities
Telephone: (867) 667-5225

Self-regulatory organization
Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 1600
Toronto, Ontario M5H 3T9
Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iiroc.ca

24. This Instrument comes into force on July 11, 2011.

5.1.4 Companion Policy 33-506CP (Commodity Futures Act) Registration Information

The blackline in this document reflects the amendments that have been approved to Companion Policy 33-506CP *(Commodity Futures Act) Registration Information*. These amendments become effective on July 11, 2011. In addition, Appendix A is new.

Companion Policy 33-506CP *(Commodity Futures Act)*
Registration Information

TABLE OF CONTENTS

Companion Policy 33-506CP *(Commodity Futures Act)*
Registration Information

PART 1 – GENERAL

1.1 Purpose –

This Companion Policy sets out how we interpret ~~and~~or apply OSC Rule 33-506 ~~*Registration Information*~~*(Commodity Futures Act) Registration Information* (the Rule).

The registration requirement in the *Commodity Futures Act* (CFA) provides protection to investors from unfair, improper or fraudulent practices and enhances capital market integrity and efficiency. The information required under the Rule allows the Director to assess a filer's fitness for registration or for permitted individual status, with regard to their solvency, integrity and proficiency. These fitness requirements are the cornerstones of the registration requirement.

1.2 Definition of permitted individuals

Section 1.1 of the Rule defines a permitted individual as an individual who meets the criteria set forth in either subsection (a) or subsection (b) of the definition, or both. A permitted individual may or may not be a registered individual. For example, the chief executive officer of a registered firm is registered as the firm's ultimate designated person and is also a permitted individual. The definition of permitted individual allows the Rule to separate out the filing requirements which are applicable only to permitted individuals from those which are applicable to registered individuals.

1.3 Overview of the forms

The following forms are ~~submitted by~~for firms:

- Form 33-506F6 *Firm Registration* – to apply for registration as a dealer or adviser
- Form 33-506F3 *Business Locations other than Head Office* – to disclose each business location of the firm and any change of location

The following forms are for individuals and are submitted in NRD format:

- Form 33-506F1 *Notice of Termination of Registered Individuals and Permitted Individuals* – to notify the Director that a registered or permitted individual has ceased to have authority to act on behalf of the firm

~~The following forms are for individuals and are submitted in NRD format:~~

- Form 33-506F4 *Registration of Individuals and Review of Permitted Individuals* – to apply for registration or review as a permitted individual
- Form 33-506F2 *Change or Surrender of Individual Categories* – to apply for registration or review in an additional category or to surrender a category
- Form 33-506F7 *Reinstatement of Registered Individuals and Permitted Individuals* – to reinstate an individual's registration or a permitted individual status

~~1.3~~1.4 Notice requirements –

Form 33-506F5 *Change of Registration Information* is used by firms and individuals to notify the Director of any change to their registration information. Under sections 3.1 and 4.1 of the Rule a registrant and a permitted individual must keep their registration information current on an ongoing basis by filing notices of change of information within the required time.

Appendix A summarizes the notice requirements, time periods and the forms under the Rule to notify the Director of a change to a firm's or individual's registration information.

~~1.4~~1.5 Contact information –

When a firm submits a ~~form~~ Form 33-506F6, supporting documents or a ~~form~~ Form 33-506F5, it can make the submission using e-mail, fax or mail. Appendix ~~A~~B attached to this policy sets out the contact information for the Director and for the Investment Industry ~~Directory~~Regulatory Organization of Canada (**IIROC**).

PART 2 – FORMS USED BY INDIVIDUALS

2.1 National Registration Database (NRD) –

The NRD is the database containing information about all registrants and permitted individuals under securities or commodity futures legislation in each jurisdiction of Canada. The requirement for firms to enrol, and to make certain submissions, on NRD are set out in ~~OSC~~Ontario Securities Commission Rule 31-509 *National Registration Database (Commodity Futures Act)*. Detailed information about the NRD and the enrolment process is available in the NRD User Guide published at www.nrd-info.ca.

2.2 Form 33-506F4

Types of submissions using Form 33-506F4

The NRD format for submitting a completed ~~form~~ Form 33-506F4 under subsections 2.2(1) or 2.4(1) of the Rule include four distinct NRD submission types that are made in the following circumstances:

- *Initial Registration*, when an individual is seeking registration, or review as a permitted individual, through NRD for the first time
- *Registration in an Additional Jurisdiction*, when an individual is registered or is a permitted individual in a jurisdiction of Canada and is seeking registration, or review as a permitted individual, in an additional jurisdiction
- *Registration with an Additional Sponsoring Firm*, when an individual is registered, or is a permitted individual, on behalf of one sponsoring firm and applies for registration, or seeks review as a permitted individual, to act on behalf of an additional sponsoring firm
- *Reactivation of registration*, when an individual who has an NRD record is applying for registration, reinstatement of registration or is seeking review as a permitted individual and is not eligible under sections 2.3(2) or 2.4(2) of the Rule to submit a Form 33-506F7

Submissions by permitted individuals

Under subsection 2.4(1) of the Rule, within ~~7~~10 days of becoming a permitted individual, the individual must submit a ~~form~~ Form 33-506F4 for review by the Director. An individual whose registration is suspended may apply to reinstate the registration by submitting a completed ~~form~~ Form 33-506F4 to the Director. This is done with the *Reactivation of registration* submission on NRD. After making this submission the individual may not conduct activities requiring registration unless and until the Director has approved the application. However, an application for reinstatement or review is not required if the individual meets all of the conditions for automatic reinstatement in subsections 2.3(2) or 2.4(2) of the Rule, which include submitting a completed ~~form~~ Form 33-506F7 to the Director as described in section 2.5 below.

Agent for service

Item 18 *Agent for service* of Form 33-506F4 is a certification clause by the individual that he or she has completed the appointment for service required in each relevant jurisdiction. There is no distinct form under the Rule for the appointment of an agent for service for use by individuals. Please refer to the form used by the registered firm. This format is acceptable to the Director.

2.3 Form 33-506F2

This form is used by individuals to apply to add or to surrender a registration category or to seek review of a change in their permitted individual category. If an individual has ceased to have authority to act on behalf of their sponsoring firm as a registered or permitted individual in the last jurisdiction of Canada where they were so acting, they cannot submit a ~~form~~ Form 33-506F2. Instead, the individual's sponsoring firm submits a Form 33-506F1 to notify the Director of the termination or cessation of authority to act on behalf of the firm.

2.4 Form 33-506F5 for individuals

Form 33-506F5 should not be used by an individual applying to add or surrender a registration category or to seek review of a change in his/her permitted individual category. In this case, Form 33-506F2 is used. It should also be noted that Form 33-506F5 is not used by an individual that is registered or is a permitted individual in a jurisdiction of Canada and is seeking registration, or review as a permitted individual, in an additional jurisdiction. In this case, a Form 33-506F4 is used and is

identified on NRD as *Registration in an additional jurisdiction*. This also applies to an individual adding a sponsoring firm; Form 33-506F4 is used and is identified on NRD as *Registration with an additional sponsoring firm*.

2.5 Form 33-506F7 for reinstatement

When an individual leaves a sponsoring firm and joins a new registered firm, they may submit a ~~form~~ Form 33-506F7 to have their registration or permitted individual status reinstated in the same category as before, subject to all of the conditions set out in subsection 2.3(2) or 2.4(2) of the Rule. An individual who meets all of the applicable conditions will be able to transfer directly from one sponsoring firm to another and start engaging in activities requiring registration from the first day that they submit the Form 33-506F7.

~~2.5~~2.6 Ongoing fitness for registration

Every registrant must maintain their fitness for registration on an ongoing basis. Under the CFA, the Director has discretionary authority to suspend or revoke an individual's registration or to restrict it with terms and conditions at any time. The Director may do this, for example, if it receives information through a notice of termination from an individual's former sponsoring firm or any other source that raises concerns about the individual's continued fitness for registration. Individuals will be given an opportunity to be heard before a decision is made to suspend or revoke registration or to impose terms and conditions.

PART 3 – FORMS USED BY FIRMS

3.1 Form 33-506F6

When a firm submits a ~~form~~ Form 33-506F6 to apply for registration it may pay the regulatory fees by cheque or by using the NRD function called *Resubmit Fee Payment*.

If a firm applies for registration under the CFA only, it is not required to complete questions 1.4(a), 2.6 and 6.2 of ~~form~~ Form 33-506F6. However, if it applies for registration under both the CFA and the *Securities Act*, it will be required to complete the entire ~~form~~ Form 33-506F6 pursuant to National Instrument 33-109 *Registration Information*.

3.2 Form 33-506F3

A firm must notify the Director of each business location in ~~the~~ Ontario, including a residence, where a firm's registered individuals are based for the purpose of carrying out activities that require registration. Firms submit this form through the NRD website.

3.3 Discretionary exemption for bulk transfers

The Director will consider an application for an exemption from certain requirements in the Rule to facilitate a reorganization or combination of firms which would otherwise require a large number of submissions to change locations and transfer individuals. The information required, and the conditions to obtain, this type of exemption application are described in the attached Appendix C.

3.4 Form 33-506F1

Under section 4.3 of the Rule, a registered firm must notify the Director no more than ~~7~~10 days after an individual ceased to have authority to act on behalf of the firm, as a registered or permitted individual. Typically, this occurs due to the termination of the individual's employment, partnership or agency relationship with the firm. However, it also occurs when an individual is re-assigned to a different position at the firm that does not require registration or is not a permitted individual category. ~~The form~~ Form 33-506F1 is submitted through the NRD website to give notice of the cessation date and the reason for the termination or cessation.

Under paragraph 4.3(1)(b) of the Rule, the information in item 5 [*Details about the termination*] of a ~~form~~ Form 33-506F1 must be submitted unless the cessation of authority to act on behalf of the firm was caused by the death ~~or retirement~~ of the individual ~~or the completion of an employment or agency contract~~. A firm can submit the information in item 5 either at the time of the making the initial submission on NRD, if the information is available within that ~~7~~10 day period, or within 30 days of the cessation date, by making an NRD submission entitled *Update / Correct Termination Information*.

PART 4 – DUE DILIGENCE BY FIRMS

4.1 Obligations of former sponsoring firm

After submitting a Form 33-506F1 with regard to a former sponsored individual a firm should promptly send the individual a copy of the completed ~~form~~ Form 33-506F1. Under subsections 4.3(3) and (4) of the Rule, within ~~7~~10 days of a request by a former sponsored individual a firm must provide the individual with a copy of the ~~form~~ Form 33-506F1 that was submitted, and if necessary, a further copy that includes the information in item 5 of the ~~form~~ Form 33-506F1, within ~~7~~10 days of submitting that information.

4.2 Obligations of new sponsoring firm

In fulfilling its obligations under subsection 5.1(1) of the Rule a firm should make reasonable efforts to do all of the following:

- establish written policies and procedures to verify an individual's information prior to submitting a Form 33-506F4 or Form 33-506F7 on behalf of the individual
- document the firm's review of an individual's information in accordance with the firm's policies and procedures
- regularly remind registered and permitted individuals about their disclosure obligations under the Rule, such as notifying the Director about changes to their registration information

Under subsection 5.1(2) of the Rule, within 60 days of hiring a sponsored individual a firm must obtain a copy of the most recent Form 33-506F1, if any, for the individual. If a sponsoring firm cannot obtain it from the sponsored individual, as a last resort the individual should request it from the Director.

The information referred to above will assist the firm in meeting its obligations under subsection 5.1(1) of the Rule and should inform the firm's hiring decisions. If an individual is hired before a completed Form 33-506F1 is available and if the firm discovers an inconsistency in the individual's disclosure to the firm or the Director, then the firm should take appropriate action. All of the required information should be available within 60 days of hiring the individual, which will often fall within the individual's probation period under their employment or agency contract.

PART 5 – *SECURITIES ACT* SUBMISSIONS

5.1 If a person or company is required to make a submission under both ~~Multilateral~~National Instrument 33-109 *Registration Information* and the Rule ~~33-506~~ with respect to the same information, the Commission is of the view that a single filing ~~on~~of a form required under either rule satisfies both requirements.

Appendix A

SUMMARY OF NOTICE REQUIREMENTS IN ONTARIO SECURITIES COMMISSION RULE 33-506

Description of Change	Notice Period	Section	Form submitted
Firms – Form 33-506F6 information			**by e-mail, fax or mail**
Part 1 – Registration details	10 days	3.1(1)(b)	Form 33-506F5
Part 2 – Contact information, including head office address (except 2.4)	10 days		
Item 2.4 –Agent and Address for service [items 3 and 4 of Schedule B to Form 33-506F6]	10 days	3.1(1)(b)	Schedule B to Form 33-506F6 *Submission to Jurisdiction*
Part 3 – Business history & structure	30 days	3.1(1)(a)	Form 33-506F5
Part 4 – Registration history	10 days	3.1(1)(b)	
Part 5 – Financial condition	10 days		
Part 6 – Client relationships	10 days		
Part 7 – Regulatory action	10 days		
Part 8 – Legal action	10 days		
Firms – other notice requirements			**in NRD format**
Open / change of business location (other than head office)	10 days	3.2	Form 33-506F3
Termination / Cessation of Authority of a registered or permitted individual – items 1 – 4	10 days	4.3(2)(a)	Form 33-506F1
item 5	30 days	4.3(2)(b)	
Individuals – Form 33-506F4 information			**in NRD format**
Item 1 – Name	10 days	4.1(1)	Form 33-506F5
Item 2 – Address	10 days		
Item 3 – Personal information	No update required	4.1(3)	
Item 4 – Citizenship	30 days	4.1(2)	
Item 5 – Registration jurisdictions	10 days	4.1(1)	
Item 6 – Individual categories	10 days		
Item 7 – Address for service	10 days		
Item 8 – Proficiency	30 days	4.1(2)	
Item 9 – Location of employment	10 days	4.1(1)	
Item 10 – Current employment	10 days		
Item 11 – Previous employment	30 days	4.1(2)	
Item 12 – Terminations	10 days	4.1(1)	
Item 13 – Regulatory disclosure	10 days		
Item 14 – Criminal disclosure	10 days		
Item 15 – Civil disclosure	10 days		
Item 16 – Financial disclosure	10 days		
Item 17 – Ownership of securities	10 days		
Change of F4: registrant position or relationship with sponsoring firm / permitted status	10 days	4.1(5)	Form 33-506F2
Review of a Permitted individual	10 days after appointment	2.4	Form 33-506F4 or Form 33-506F7, subject to conditions
Automatic reinstatement of registration subject to conditions	within 90 days of cessation date	2.4(2)(a)(ii)	Form 33-506F7

Appendix B

Contact Information for the OSC and IIROC

OSC
~~e-mail: registration@osc.gov.on.ca~~
~~fax: (416) 593-8283~~
~~Ontario Securities Commission~~
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

IIROC
e-mail: registration@iiroc.ca
fax: (416) 364-9177
Suite 1600, 121 King Street West
Toronto, ON M5H 3T9
Attention: Registration department

Appendix ~~B~~C

Discretionary Exemption for Bulk Transfers of Locations and Individuals

(1) If a registered firm is acquiring a large number of business locations (for example, as a result of an amalgamation or asset purchase) from one or more other registered firms that are located in Ontario and registered in the same categories as the acquiring firm, and if a significant number of individuals are associated on NRD with the locations, the Director will consider granting an exemption from any or all of the following requirements:

(a) to submit a notice regarding the termination of each employment, partner, or agency relationship under section 4.3 of the Rule;

(b) to submit a registration application or a reinstatement notice for each individual seeking be a registered individual under section 2.2 or 2.3 of the Rule;

(c) to submit a Form 33-506F4 or Form 33-506F7 for each permitted individual under section 2.4 of the Rule;

(d) to notify the Director of a change to the business location information in Form 33-506F3 under section 3.2 of the Rule.

(2) The exemption application should be submitted by the registered firm that will acquire control of the business locations at the closing of the transaction and should be submitted well in advance of the date (**transfer date**) on which the business locations will be transferred. It would typically be sufficient if a firm submits the application at least 30 days before the transfer date. An application for this type of exemption should include the following information:

(a) the name and NRD number of the registered firm that will acquire control of the business locations;

(b) for each registered firm that is transferring control of the business locations;

(i) the name and NRD number of the registered firm,

(ii) the address and NRD number of each business location that is being transferred from the registered firm named in (b)(i) to the registered firm named in (a),

(iii) the date that the business locations and individuals will be transferred to the registered firm named in (a).

(3) If the exemption is granted, as soon as practicable after the transfer date, the Director will instruct the NRD administrator to record on NRD the transfer of the business locations, registered individuals and permitted individuals.

(4) Bulk transfers involving firms that are registered in different categories or different jurisdictions may need to take additional steps. Firms involved in such a transaction should contact the Director to discuss what steps are required for the firm to be eligible for a bulk transfer exemption as described above.

(5) The firm may set out the information referred to in (2) as follows:

A) Registered firm that will acquire the business locations
Name:
Firm NRD number:

B) Registered firm transferring the business locations
Name:
Firm NRD number:

Business locations that will be transferred
Address of business location:
NRD number of business location:
Address of business location:
NRD number of business location:
(Repeat for each business location as necessary)

C) Date that business locations will be transferred:

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Chapter 7

Insider Reporting

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

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

Editorial Note: There was a typographical error in the "No. of Purchasers" column in the July 1 issue of the Bulletin (2011), 34 OSCB on page 7412. The corrected entry appears below:

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
06/09/2011	1	GoldTrain Resources Inc. - Common Shares	350,000.00	7,000,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
06/14/2011	3	2088013 Ontario Inc. - Units	12,800,000.00	12,800,000.00
06/20/2011	1	228447 Villarboit North Bay - Units	4,200,000.00	4,200,000.00
06/17/2011	15	Animas Resources Ltd. - Units	1,015,000.00	5,075,000.00
06/21/2011	3	Applewood II Hotel Holdings Inc. & Combo Construction Limited - Units	950,750.00	950,750.00
06/11/2011	6	Appzero Software Co. - Debentures	1,620,000.00	6.00
06/14/2011	6	Audatex North America, Inc. - Notes	5,668,247.20	4.00
06/20/2011	21	Bandera Gold Ltd. - Units	750,000.00	5,000,000.00
06/14/2011	33	Base Oil & Gas Ltd. - Units	1,400,000.05	7,547,170.00
06/14/2011	74	Bukit Energy Inc. - Units	16,450,000.00	16,450,000.00
06/15/2011	57	Canadian Energy Exploration Inc. - Units	5,880,970.00	60,903,000.00
06/21/2011	4	Cookstown Co-Tenancy - Units	30,000,000.00	30,000,000.00
06/14/2011	17	CounterPath Corporation - Units	5,505,150.00	3,145,800.00
06/16/2011	13	Ecuador Capital Corp. - Common Shares	611,399.75	1,358,660.00
06/16/2011	63	Edgewater Exploration Ltd. - Units	10,424,000.00	13,030,000.00
06/14/2011	2	Fusion-io, Inc. - Common Shares	184,000.00	10,000.00
06/16/2011 to 06/17/2011	2	Huldra Silver Inc. - Common Shares	1,251,999.90	90,909.00
06/15/2011	1	Integra LifeSciences Holdings Corporation - Note	978,000.00	1.00
06/20/2011	5	InvestPlus Opportuinty Fund IV Limited Partnership - Limited Partnership Units	364,500.00	71.00
06/23/2011	1	Isabella Developments Inc. - Units	455,825.92	455,825.92

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
06/20/2011	1	Koffman Enterprises Limited - Units	203,208.00	203,208.00
06/16/2011	32	Logistics Holdings International Inc. - Preferred Shares	6,200,000.00	6,200,000.00
06/14/2011	1	Metropolitan Life Global Funding I - Note	4,837,091.54	1.00
06/20/2011	35	Mobidia Technology Inc. - Preferred Shares	1,361,790.10	1,237,991.00
06/21/2011	11	ONCAP III (Canada) LP - Limited Partnership Interest	67,500,000.00	N/A
05/31/2011	93	Ressources Minieres Pro-OR Inc. - Units	1,720,000.00	860.00
06/15/2011	103	Skyline Apartment Real Estate Investment Trust - Units	9,803,947.00	891,267.90
06/15/2011	2	Tearos Telemetry Ltd. - Common Shares	500,000.00	5,000,000.00
06/14/2011	277	TorcOil & Gas Ltd. - Common Shares	125,000,000.00	31,250,000.00
06/14/2011	2	UBS AG, Jersey Branch - Notes	2,272,379.58	199.98
06/16/2011	1	UBS AG, Jersey Branch - Notes	290,684.68	250.00
06/14/2011 to 06/15/2011	3	UBS AG, Jersey Branch - Notes	517,500.00	N/A
06/20/2011	1	UC Resources Ltd. - Common Shares	87,000.00	870,000.00
06/24/2011	6	Waymar Resources Ltd. - Common Shares	0.00	500,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Black Creek Global Balanced Corporate Class
Black Creek Global Leaders Corporate Class
Black Creek International Equity Corporate Class
Cambridge American Equity Corporate Class
Cambridge Canadian Asset Allocation Corporate Class
Cambridge Canadian Equity Corporate Class
Cambridge Global Equity Corporate Class
CI American Small Companies Corporate Class
CI American Value Corporate Class
CI American Value Fund
CI Can-Am Small Cap Corporate Class
CI Canadian Investment Corporate Class
CI Canadian Investment Fund
CI Emerging Markets Corporate Class
CI Global Bond Corporate Class
CI Global Bond Fund
CI Global High Dividend Advantage Corporate Class
CI Global High Dividend Advantage Fund
CI Global Small Companies Corporate Class
CI International Corporate Class
CI Money Market Fund
CI Short-Term Advantage Corporate Class
Harbour All Cap Corporate Class
Harbour Corporate Class
Harbour Foreign Equity Corporate Class
Harbour Fund
Harbour Growth & Income Corporate Class
Harbour Growth & Income Fund
Select 100e Managed Portfolio Corporate Class
Select 20i80e Managed Portfolio Corporate Class
Select 30i70e Managed Portfolio Corporate Class
Select 40i60e Managed Portfolio Corporate Class
Select 50i50e Managed Portfolio Corporate Class
Select 60i40e Managed Portfolio Corporate Class
Select 70i30e Managed Portfolio Corporate Class
Select 80i20e Managed Portfolio Corporate Class
Select Canadian Equity Managed Corporate Class
Select Income Advantage Managed Corporate Class
Select International Equity Managed Corporate Class
Select U.S. Equity Managed Corporate Class
Signature Canadian Bond Corporate Class
Signature Canadian Bond Fund
Signature Canadian Resource Corporate Class
Signature Corporate Bond Corporate Class
Signature Corporate Bond Fund
Signature Diversified Yield Corporate Class
Signature Diversified Yield Fund
Signature Dividend Corporate Class
Signature Dividend Fund
Signature Global Income & Growth Corporate Class
Signature Global Income & Growth Fund
Signature Gold Corporate Class
Signature High Income Corporate Class
Signature High Income Fund
Signature Income & Growth Corporate Class
Signature Income & Growth Fund
Signature Select Canadian Corporate Class
Signature Select Canadian Fund
Signature Select Global Corporate Class
Synergy Canadian Corporate Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated June 30, 2011
NP 11-202 Receipt dated July 5, 2011
Offering Price and Description:
A, AT5, AT8, E, ET5, ET8, F, FT5, FT8, I, O, OT5 and OT8 Shares and Class E and O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #1769246

Issuer Name:
Brixton Metals Corporation
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated June 29, 2011
NP 11-202 Receipt dated June 29, 2011
Offering Price and Description:
Up to 20,000,000 Units and Up to 5,263,157 Flow-Through Units Price: $0.15 Per Unit; Price: $0.19 Per Flow-Through Unit
Underwriter(s) or Distributor(s):
Global Maxfin Capital Inc.
Promoter(s):
-
Project #1764811

Issuer Name:
Castlerock Enhanced Yield Fund
Castlerock Pure Canadian Equity Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated June 30, 2011
NP 11-202 Receipt dated June 30, 2011
Offering Price and Description:
Series I Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #1769200

Issuer Name:
Citigroup Finance Canada Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated June 29, 2011
NP 11-202 Receipt dated June 30, 2011
Offering Price and Description:
$5,000,000,000.00 - Medium Term Notes (unsecured)
Unconditionally guaranteed as to principal, premium (if any) and interest
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
MERRILL LYNCH CANADA INC.
NATIONAL BANK FINANCIAL INC.
CITIGROUP GLOBAL MARKETS CANADA INC.
EDWARD JONES
Promoter(s):
-
Project #1768531

Issuer Name:
Compton Petroleum Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 29, 2011
NP 11-202 Receipt dated June 29, 2011
Offering Price and Description:
UP TO $15,001,450 3,954,127 RIGHTS TO SUBSCRIBE FOR UP TO 1,918,344 COMMON SHARES - and - 3,690,980 CASHLESS WARRANTS EXCHANGEABLE FOR 3,690,980 COMMON SHARES - and – 5,050,910 COMMON SHARES PRICE: 7.82 PER SHARE
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1767320

Issuer Name:
Currency Exchange International, Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated June 30, 2011
NP 11-202 Receipt dated July 4, 2011
Offering Price and Description:
$6,600,000.00 - 1,200,000 Units Price: $5.50 per Unit
Underwriter(s) or Distributor(s):
Jones, Gable & Company Limited
MGI Securities Inc.
Promoter(s):
Randolph Pinna
Project #1769931

Issuer Name:
EcoSynthetix Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated June 28, 2011
NP 11-202 Receipt dated June 29, 2011
Offering Price and Description:
$* - * Common Shares Price: $* per Common Share
Underwriter(s) or Distributor(s):
UBS Securities Canada Inc.
Canaccord Genuity Corp.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #1767131

Issuer Name:
Horizons Enhanced Income International Equity ETF
Horizons Enhanced Income US Equity (USD) ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated June 24, 2011
NP 11-202 Receipt dated June 30, 2011
Offering Price and Description:
Class E Units and Advisor Class Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
AlphaPro Management Inc.
Project #1768693

Issuer Name:
IAMGOLD Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated June 30, 2011
NP 11-202 Receipt dated June 30, 2011
Offering Price and Description:
US$1,000,000,000.00:
Common Shares
First Preference Shares
Second Preference Shares
Debt Securities
Warrants
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1769184

Issuer Name:
Neurobiopharm inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Long Form Prospectus dated June 28, 2011
NP 11-202 Receipt dated June 30, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1766207

Issuer Name:
New Flyer Industries Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 27, 2011
NP 11-202 Receipt dated June 28, 2011
Offering Price and Description:
49,475,279 RIGHTS TO SUBSCRIBE FOR UP TO * COMMON SHARES OF NEWFLYER INDUSTRIES INC. SUBSCRIPTION PRICE: C$5.53 PRINCIPAL AMOUNT OF 14%SUBORDINATED NOTES OF NEWFLYER INDUSTRIES CANADA ULC
THE SUBSCRIPTION PRICE CANNOT BE PAID IN CASH EACH RIGHT ENTITLES THE HOLDER TO ACQUIRE * COMMON SHARES UPON PAYMENT OF THE SUBSCRIPTION PRICE
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Promoter(s):
-
Project #1765049

Issuer Name:
Sceptre Bond Fund
Fiera Sceptre Canadian Equity Fund
Sceptre Global Equity Fund
Sceptre Money Market Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectus dated June 27, 2011
NP 11-202 Receipt dated June 30, 2011
Offering Price and Description:
Class A Units, B Units, F Units and O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Fiera Sceptre Inc.
Project #1765545

Issuer Name:
Asher Resources Corporation
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated June 29, 2011
NP 11-202 Receipt dated July 5, 2011
Offering Price and Description:
$750,000.00 - 3,750,000 Common Shares PRICE: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
Norman Eyolfson
Project #1744139

Issuer Name:
Atacama Pacific Gold Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 5, 2011
NP 11-202 Receipt dated July 5, 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:
Bank of Nova Scotia, The
Type and Date:
Amendment #1 dated June 29, 2011 to the Base Shelf Prospectus dated January 11, 2010
Receipted on June 30, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1521850

Issuer Name:
BCE Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated June 28, 2011
NP 11-202 Receipt dated June 28, 2011
Offering Price and Description:
$300,000,000.00 - 12,000,000 Cumulative Redeemable First Preferred Shares, Series AK Price: $25.00 per Series AK Preferred Share to yield initially 4.15% per annum
Underwriter(s) or Distributor(s):
CIBCWORLD MARKETS INC.
RBCDOMINION SECURITIES IN.
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
DESJARDINS SECURITIES INC.
HSBCSECURITIES (CANADA) INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
LAURENTIAN BANK SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #1761353

Issuer Name:
Templeton Asian Growth Fund
Bissett U.S. Focus Fund
Franklin Templeton Canadian Large Cap Fund
Franklin Templeton Canadian Core Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 27, 2011
NP 11-202 Receipt dated June 28, 2011
Offering Price and Description:
Series O Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
Promoter(s):
-
Project #1749161

Issuer Name:
BlueBay Global Monthly Income Bond Fund
(Series A, Advisor Series, Series D, Series F and Series O units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated June 29, 2011
NP 11-202 Receipt dated July 4, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
RBC Direct Investing Inc.
Royal Mutual Funds Inc./RBC Direct Investing Inc.
Promoter(s):
RBC Global Asset Management Inc.
Project #1724368, 1750593

Issuer Name:
Phillips, Hager & North Canadian Money Market Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Phillips, Hager & North $U.S. Money Market Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Phillips, Hager & North Short Term Bond & Mortgage Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Phillips, Hager & North Bond Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Phillips, Hager & North Community Values Bond Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units
Phillips, Hager & North Total Return Bond Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Phillips, Hager & North Inflation-Linked Bond Fund (Series D, Series C, Advisor Series, Series F and Series O Units)
Phillips, Hager & North High Yield Bond Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Phillips, Hager & North Short Inflation-linked Bond Fund (Series O units)
Phillips, Hager & North Long Inflation-linked Bond Fund (Series O units)
Phillips, Hager & North Monthly Income Fund (Series D, Series C, Advisor Series, Series F and Series O Units)
Phillips, Hager & North Balanced Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Phillips, Hager & North Community Values Balanced Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Phillips, Hager & North Dividend Income Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Phillips, Hager & North Canadian Equity Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Phillips, Hager & North Community Values Canadian Equity Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Phillips, Hager & North Canadian Equity Value Fund (Series D, Series C, Advisor Series, Series F and Series O Units)
Phillips, Hager & North Canadian Equity Underlying Fund (Series O units)
Phillips, Hager & North Canadian Growth Fund (Series D, Series C, Advisor Series, Series F and Series O Units)
Phillips, Hager & North Canadian Income Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Phillips, Hager & North Vintage Fund (Series D, Series C, Advisor Series, Series F and Series O Units)
Phillips, Hager & North U.S. Dividend Income Fund (Series D, Series C, Advisor Series, Series F and Series O Units)
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund (Series D, Series C, Advisor Series, Series F and Series O Units)
Phillips, Hager & North U.S. Equity Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Phillips, Hager & North Currency-Hedged U.S. Equity Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Phillips, Hager & North U.S. Growth Fund (Series D, Series C, Advisor Series, Series F and Series O Units)
Phillips, Hager & North Overseas Equity Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Phillips, Hager & North Currency-Hedged Overseas Equity Fund (Series D, Series C, Advisor Series, Series F and Series O Units)
Phillips, Hager & North Global Equity Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Phillips, Hager & North Community Values Global Equity Fund (Series D, Series C, Advisor Series, Series F and Series O Units)
Phillips, Hager & North LifeTime 2015 Fund™ (Series D and O units)
Phillips, Hager & North LifeTime 2020 Fund™ (Series D and O units)
Phillips, Hager & North LifeTime 2025 Fund™ (Series D and O units)
Phillips, Hager & North LifeTime 2030 Fund™ (Series D and O units)
Phillips, Hager & North LifeTime 2035 Fund™ (Series D and O units)
Phillips, Hager & North LifeTime 2040 Fund™ (Series D and O units)
Phillips, Hager & North LifeTime 2045 Fund™ (Series D and O units)
BonaVista Global Balanced Fund (Series D, Series C, Advisor Series, Series F, Series O and Series B units)
BonaVista Canadian Equity Value Fund (Series D, Series C, Advisor Series, Series F and Series O Units)
Principal Regulator - Ontario

Type and Date:
Final Simplified Prospectuses dated June 29, 2011
NP 11-202 Receipt dated July 4, 2011

Offering Price and Description:
-

Underwriter(s) or Distributor(s):
Phillips, Hager & North Investment Funds Ltd.

Promoter(s):
RBC Global Asset Management Inc.

Project #1748053, 1748036

Issuer Name:
Brand Leaders Income Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated June 29, 2011
NP 11-202 Receipt dated June 30, 2011
Offering Price and Description:
Maximum: $100,000,000.00 - 8,333,333 Units @ $12.00/Unit - Minimum: $20,000,000.00 - 1,666,667 Units @ $12.00/Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Genuity Corp.
HSBC Securities (Canada) Inc.
Dundee Securities Ltd.
GMP Securities L.P.
Raymond James Ltd.
Wellington West Capital Markets Inc.
Desjardins Securities Inc.
Industrial Alliance Securities Inc.
Macquarie Private Wealth Inc.
Promoter(s):
Harvest Portfolio Group Inc.
Project #1753498

Issuer Name:
Class A units, Class AN units, Class F units, Class FN units, Class L units, Class M units, Class W and Class I units of:
Brandes Global Equity Fund
Brandes International Equity Fund
Brandes Sionna Canadian Equity Fund
Brandes Sionna Canadian Balanced Fund
Class A units, Class AN units, Class F units, Class FN units and Class I units of:
Brandes Sionna Monthly Income Fund
Class A units, Class F units, Class L units, Class M units, Class W units and Class I units of:
Brandes U.S. Equity Fund
Brandes Global Balanced Fund
Class A units, Class F units, Class L units, Class M units and Class I units of:
Brandes Global Small Cap Equity Fund
Brandes Emerging Markets Equity Fund
Brandes U.S. Small Cap Equity Fund
Brandes Canadian Equity Fund
Brandes Sionna Canadian Small Cap Equity Fund
Brandes Sionna Diversified Income Fund
Class A units, Class AH units, Class F units, Class FH units, Class M units, Class MH units, Class I units and Class IH units of:
Brandes Corporate Focus Bond Fund
Class A units and Class F units of:
Brandes Canadian Money Market Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 24, 2011
NP 11-202 Receipt dated June 28, 2011
Offering Price and Description:
Class A units, Class AN units, Class F units, Class FN units, Class L units, Class M units, Class, W and Class I units
Class A units, Class F units, Class L units, Class M units, Class W units and Class I units
Class A units, Class F units, Class L units, Class M units and Class I units
A units, Class AH units, Class F units, Class FH units, Class M units, Class MH units, Class I units and Class IH units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brandes Investment Partners & Co.
Project #1751856

Issuer Name:
BTB Real Estate Investment Trust
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus (NI 44-101) dated July 5, 2011
NP 11-202 Receipt dated July 5, 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:
Canadian Pacific Railway Company
Principal Regulator - Alberta
Type and Date:
Final Base Shelf Prospectus dated June 29, 2011
NP 11-202 Receipt dated June 29, 2011
Offering Price and Description:
$1,500,000,000.00 - Medium Term Notes (Unsecured)
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
MORGAN STANLEY CANADA LIMITED
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
J.P. MORGAN SECURITIES CANADA INC.
NATIONAL BANK FINANCIAL INC.
MERRILL LYNCH CANADA INC.
TD SECURITIES INC.
Promoter(s):
-
Project #1761217

Issuer Name:
Canadian Pacific Railway Limited
Principal Regulator - Alberta
Type and Date:
Final Base Shelf Prospectus dated June 29, 2011
NP 11-202 Receipt dated June 29, 2011
Offering Price and Description:
$1,500,000,000.00:
Common Shares
First Preferred Shares
Second Preferred Shares
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1761213

Issuer Name:
Catch the Wind Ltd.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 27, 2011
NP 11-202 Receipt dated June 28, 2011
Offering Price and Description:
MINIMUM OFFERING OF $15,000,000.00 - MAXIMUM OFFERING OF $30,000,000.00 - MINIMUM OF 37,500,000 UNITS OR 42,857,142 COMMON SHARES, OR ANY COMBINATION THEREOF MAXIMUM OF 75,000,000 UNITS OR 85,714,285 COMMON SHARES, OR ANY COMBINATION THEREOF $0.40 per Unit $0.35 per Offered Share
Underwriter(s) or Distributor(s):
Jacob Securities Inc.
Promoter(s):
-
Project #1744598

Issuer Name:
Coxe Global Agribusiness Income Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated June 28, 2011
NP 11-202 Receipt dated June 29, 2011
Offering Price and Description:
$125,000,000.00 - Maximum 12,500,000 Units; $10.00 per Unit Minimum Subscription: 100 Units
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Desjardins Securities Inc.
Dundee Securities Ltd.
Mackie Research Capital Corporation
Macquarie Private Wealth Inc.
Manulife Securities Incorporated
Wellington West Capital Markets Inc.
Promoter(s):
BMO Nesbitt Burns Inc.
Project #1751304

Issuer Name:
Series A, B and F Shares of:
Creststreet Alternative Energy Class
Creststreet Dividend & Income Class
Series A, B, F, 2012N Series and 2012Q Series Shares of:
Creststreet Resource Class
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 30, 2011
NP 11-202 Receipt dated July 4, 2011
Offering Price and Description:
2012N and 2012Q Series Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Creststreet Asset Management Limited
Project #1748692

Issuer Name:
Series A Units, Series B Units, Series F Units, Series I Units, Series O Units,
Series A(N) Units, Series B(N) Units and Series F(N) Units of:
EdgePoint Canadian Portfolio
EdgePoint Global Portfolio
EdgePoint Canadian Growth & Income Portfolio
EdgePoint Global Growth & Income Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 28, 2011
NP 11-202 Receipt dated June 29, 2011
Offering Price and Description:
Series A Units, Series B Units, Series F Units, Series I Units, Series O Units, Series A(N) Units, Series B(N) Units and Series F(N) Units @ Net Asset Value
Underwriter(s) or Distributor(s):
EdgePoint Wealth Management Inc.
Promoter(s):
-
Project #1755242

Issuer Name:
ENERGY INDEXPLUS Dividend Fund
Principal Regulator - Alberta
Type and Date:
Final Long Form Prospectus dated June 29, 2011
NP 11-202 Receipt dated June 29, 2011
Offering Price and Description:
$150,000,000.00 (maximum); (maximum 12,500,000 Units) $12.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Macquarie Private Wealth Inc.
Raymond James Ltd.
Dundee Securities Ltd.
Mackie Research Capital Corporation
Middlefield Capital Corporation
Wellington West Capital Markets Inc.
Promoter(s):
Middlefield Limited
Project #1753118

Issuer Name:
Floating Rate Income Fund
Principal Regulator - Quebec
Type and Date:
Final Long Form Prospectus dated June 28, 2011
NP 11-202 Receipt dated June 30, 2011
Offering Price and Description:
$200,000,004.00 (16,666,667 Units) Maximum Price: $12.00 per Unit
Minimum Purchase: 100 Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Macquarie Capital Markets Canada Ltd.
Wellington West Capital Markets Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Dundee Securities Ltd.
Mackie Research Capital Corporation
Manulife Securities Incorporated
MGI Securities Inc.
Promoter(s):
O'Leary Funds Management LP
Project #1753218

Issuer Name:
Intact Financial Corporation
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated July 5, 2011
NP 11-202 Receipt dated July 5, 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:
Final Short Form Prospectus dated July 5, 2011
NP 11-202 Receipt dated July 5, 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:
Naturally Advanced Technologies Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated June 29, 2011
NP 11-202 Receipt dated June 30, 2011
Offering Price and Description:
$13,110,000.00 - 3,800,000 Units Price: $3.45 per Unit
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
CORMARK SECURITIES INC.
Promoter(s):
-
Project #1761114

Issuer Name:
NEI Money Market Fund (Series A Units)
NEI Canadian Bond Fund (Series A and F Units)
NEI Income Fund (formerly Credential EnRich Income Pool) (Series A and F Units)
Ethical Balanced Fund (Series A and F Units)
Ethical Canadian Dividend Fund (Series A and F Units)
Ethical Growth Fund (Series A and F Units)
Ethical Special Equity Fund (Series A and F Units)
Ethical American Multi-Strategy Fund (Series A and F Units)
Ethical Global Dividend Fund (Series A and F Units)
Ethical Global Equity Fund (Series A and F Units)
Ethical International Equity Fund (Series A and F Units)
Ethical Select Conservative Portfolio (Series A and F Units)
Ethical Select Canadian Balanced Portfolio (Series A and F Units)
Ethical Select Canadian Growth Portfolio (Series A and F Units)
Ethical Select Global Balanced Portfolio (Series A and F Units)
Ethical Select Global Growth Portfolio (Series A and F Units)
Northwest Canadian Dividend Fund (Series A and F Units)
Northwest Canadian Equity Fund (Series A and F Units)
Northwest Tactical Yield Fund (also Series A, F and T Units)
Northwest Growth and Income Fund (Series A and F Units)
Northwest Global Equity Fund (Series A and F Units)
Northwest U.S. Equity Fund (Series A and F Units)
Northwest EAFE Fund (Series A and F Units)
Northwest Specialty High Yield Bond Fund (Series A and F Units)
Northwest Specialty Global High Yield Bond Fund (Series A and F Units)
Northwest Specialty Equity Fund (Series A and F Units)
Northwest Specialty Growth Fund Inc. (Series A and F Shares)
Northwest Specialty Innovations Fund (Series A and F Units)
Northwest Select Conservative Portfolio (Series A and F Units)
Northwest Select Canadian Balanced Portfolio (Series A and F Units)
Northwest Select Canadian Growth Portfolio (Series A and F Units)
Northwest Select Global Balanced Portfolio (Series A and F Units)
Northwest Select Global Growth Portfolio (Series A and F Units)
Northwest Select Global Maximum Growth Portfolio (Series A and F Units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 30, 2011
NP 11-202 Receipt dated July 5, 2011
Offering Price and Description:
Series A, F and T Units and Series A and F Shares
Underwriter(s) or Distributor(s):
Credential Asset Management Inc.
Promoter(s):
Northwest & Ethical Investments L.P.
Project #1751511

Issuer Name:
Overlord Capital Ltd.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated June 30, 2011
NP 11-202 Receipt dated July 4, 2011
Offering Price and Description:
$200,000.00 - 2,000,000 Common Shares - Price $0.10 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #1749355

Issuer Name:
Phillips, Hager & North Balanced Pension Trust (Series O and Series A units)
Phillips, Hager & North Canadian Equity Pension Trust (Series O)
Phillips, Hager & North Small Float Fund (Series O and Series A units)
Phillips, Hager & North Canadian Equity Plus Pension Trust (Series O and Series A units)
Phillips, Hager & North Overseas Equity Pension Trust (Series O)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 29, 2011
NP 11-202 Receipt dated July 4, 2011
Offering Price and Description:
Series A and O units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1748036, 1748053

Issuer Name:
PIMCO Canadian Short Term Bond Fund
PIMCO Canadian Total Return Bond Fund
PIMCO Canadian Long Term Bond Fund
PIMCO Canadian Real Return Bond Fund
PIMCO Monthly Income Fund (Canada)
PIMCO Global Advantage Strategy Bond Fund (Canada)
PIMCO Global Balanced Fund (Canada)
PIMCO EqS Pathfinder Fund™ (Canada)
(Class A, F, I and O Units)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated June 22, 2011 to the Simplified Prospectuses and Annual Information Form dated January 10, 2011
NP 11-202 Receipt dated July 4, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
PIMCO Canada Corp.
Project #1660628

Issuer Name:
PJX Resources Inc.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated June 29, 2011
NP 11-202 Receipt dated June 29, 2011
Offering Price and Description:
$2,100,000.00 - 10,500,000 Common Shares - $0.20 per Common Share; and $400,000.00 - 1,600,000 Flow□Through Shares $0.25 per Flow□Through Share
Underwriter(s) or Distributor(s):
PI FINANCIAL CORP.
Promoter(s):
John Keating
Linda Brennan
Project #1750922

Issuer Name:
RBC Canadian T Bill Fund (Series A and Series D units)
RBC Canadian Money Market Fund (Series A, Advisor Series, Series D, Series F and Series O units)
RBC Premium Money Market Fund (Series A, Series F and Series I units)
RBC $U.S. Money Market Fund (Series A, Series D and Series O units)
RBC Premium $U.S. Money Market Fund (Series A, Series F and Series I units)
RBC Canadian Short-Term Income Fund (Series A, Advisor Series, Series D, Series F, Series I and Series O units)
RBC Monthly Income Bond Fund (Series A, Advisor Series, Series D, Series F and Series O units)
RBC Bond Fund (Series A, Advisor Series, Series D, Series F, Series I and Series O units)
RBC Advisor Canadian Bond Fund (Advisor Series, Series F and Series O Units)
RBC Canadian Government Bond Index Fund (formerly, RBC Canadian Bond Index Fund) (Series A units)
RBC Global Bond Fund (Series A, Advisor Series, Series D, Series F, Series I and Series O units)
RBC Global Corporate Bond Fund (Series A, Advisor Series, Series D, Series F, Series I and Series O units)
RBC High Yield Bond Fund (Series A, Advisor Series, Series D, Series F and Series O units)
RBC Global High Yield Bond Fund (formerly, RBC Global High Yield Fund) (Series A, Advisor Series, Series D, Series F, Series I and Series O units)
RBC Emerging Markets Bond Fund (Series A, Advisor Series, Series D, Series F and Series O units)
RBC Managed Payout Solution (Series A, Advisor Series and Series F units)
RBC Managed Payout Solution – Enhanced (Series A, Advisor Series and Series F units)
RBC Managed Payout Solution – Enhanced Plus (Series A, Advisor Series, Series D, Series F and Series O units)
RBC Monthly Income Fund (Series A, Advisor Series, Series D, Series F and Series O units)
RBC $U.S. Income Fund (Series A, Advisor Series, Series D and Series F units)
RBC Balanced Fund (Series A, Advisor Series, Series T, Series D, Series F, Series I and Series O units)
RBC Global Balanced Fund (formerly, RBC Balanced Growth Fund) (Series A, Advisor Series, Series T, Series D, Series F and Series O units)
RBC Jantzi Balanced Fund (Series A, Advisor Series, Series D, Series F and Series I units)
RBC Phillips, Hager & North Monthly Income Fund (Series A units)
RBC Select Very Conservative Portfolio (Series A, Advisor Series, Series F and Series O units)
RBC Select Conservative Portfolio (Series A, Advisor Series, Series F and Series O units)
RBC Select Balanced Portfolio (Series A, Advisor Series, Series F and Series O units)

RBC Select Growth Portfolio (Series A, Advisor Series, Series F and Series O units)
RBC Select Aggressive Growth Portfolio (Series A, Advisor Series, Series F and Series O units)
RBC Select Choices Conservative Portfolio (Series A and Advisor Series units)
RBC Select Choices Balanced Portfolio (Series A and Advisor Series units)
RBC Select Choices Growth Portfolio (Series A and Advisor Series units)
RBC Select Choices Aggressive Growth Portfolio (Series A and Advisor Series units)
RBC Target 2015 Education Fund (Series A units)
RBC Target 2020 Education Fund (Series A units)
RBC Target 2025 Education Fund (Series A units)
RBC Canadian Dividend Fund (Series A, Advisor Series, Series T, Series D, Series F, Series I and Series O units)
RBC Canadian Equity Fund (Series A, Advisor Series, Series D, Series F, Series I and Series O units)
RBC Jantzi Canadian Equity Fund (Series A, Advisor Series, Series D, Series F and Series I units)
RBC Canadian Index Fund (Series A units)
RBC O'Shaughnessy Canadian Equity Fund (Series A, Advisor Series, Series D and Series F units)
RBC O'Shaughnessy All-Canadian Equity Fund (Series A, Advisor Series, Series D, Series F and Series O units)
RBC Canadian Equity Income Fund (Series A, Advisor Series, Series D, Series F and Series O units)
RBC North American Dividend Fund (Series A, Advisor Series, Series T, Series D, Series F and Series O units)
RBC North American Value Fund (Series A, Advisor Series, Series D, Series F and Series O units)
RBC North American Growth Fund (Series A, Advisor Series, Series D, Series F, Series I and Series O units)
RBC U.S. Equity Fund (Series A, Advisor Series, Series D, Series F, Series I and Series O units)
RBC U.S. Equity Currency Neutral Fund (Series A, Advisor Series, Series D, Series F and Series O units)
RBC U.S. Index Fund (Series A units)
RBC U.S. Index Currency Neutral Fund (Series A units)
RBC O'Shaughnessy U.S. Value Fund (Series A, Advisor Series, Series D, Series F, Series I and Series O units)
RBC U.S. Mid-Cap Equity Fund (Series A, Advisor Series, Series D, Series F, Series I and Series O units)
RBC U.S. Mid-Cap Equity Currency Neutral Fund (Series A, Advisor Series, Series D, Series F and Series O units)
RBC O'Shaughnessy U.S. Growth Fund (Series A, Series D, Series F and Series O units)
RBC O'Shaughnessy U.S. Growth Fund II (Series A, Advisor Series, Series D and Series F units)
RBC Life Science and Technology Fund (Series A, Series D and Series F units)
RBC International Equity Fund (Series A, Advisor Series, Series D, Series F and Series O units)
RBC International Index Currency Neutral Fund (Series A units)
RBC O'Shaughnessy International Equity Fund (Series A, Advisor Series, Series D, Series F, Series I and Series O units)
RBC European Equity Fund (Series A, Advisor Series, Series D, Series F and Series O units)
RBC Asian Equity Fund (Series A, Advisor Series, Series D, Series F and Series O units)
RBC Emerging Markets Equity Fund (formerly, RBC Emerging Markets Fund) (Series A, Advisor Series, Series D, Series F and Series O units)
RBC Global Dividend Growth Fund (Series A, Advisor Series, Series T, Series D, Series F, Series I and Series O units)
RBC Jantzi Global Equity Fund (Series A, Advisor Series, Series D, Series F and Series I units)
RBC O'Shaughnessy Global Equity Fund (Series A, Advisor Series, Series D, Series F, Series I and Series O units)
RBC Global Energy Fund (Series A, Advisor Series, Series D, Series F and Series O units)
RBC Global Precious Metals Fund (Series A, Advisor Series, Series D, Series F, Series I and Series O units)
RBC Global Resources Fund (Series A, Advisor Series, Series D, Series F and Series O units)
RBC Global Technology Fund (Series A, Advisor Series, Series D and Series F units)
Principal Regulator - Ontario

Type and Date:
Final Simplified Prospectuses dated June 29, 2011
NP 11-202 Receipt dated July 4, 2011

Offering Price and Description:
-

Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
RBC Direct Investing Inc.
Royal Mutual Funds Inc.
RBC Global Asset Management Inc.
RBC Dominion Securities Inc.
Royal Mutual Funds Inc./RBC Direct Investing Inc.

Promoter(s):
RBC Global Asset Management Inc.

Project #1750593, 1724368

Issuer Name:
Samco Gold Limited
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated June 27, 2011
NP 11-202 Receipt dated June 28, 2011
Offering Price and Description:
$25,000,000.00 - 22,727,272 Common Shares Price: $1.10 per Common Share
Underwriter(s) or Distributor(s):
STIFEL NICOLAUS CANADA INC.
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
Promoter(s):
SAMCO INVESTMENTS LIMITED
Project #1749810

Issuer Name:
Sprott SFIF Trust
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated June 28, 2011
NP 11-202 Receipt dated June 29, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Sprott Asset Management LP
Project #1753206

Issuer Name:
Sprott Strategic Fixed Income Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated June 28, 2011
NP 11-202 Receipt dated June 29, 2011
Offering Price and Description:
Maximum $250,000,000
(Maximum 25,000,000 Units)
Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Wellington West Capital Markets Inc.
Desjardins Securities Inc.
Mackie Research Capital Corporation
Macquarie Private Wealth Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Rothenberg Capital Management Inc.
Promoter(s):
Sprott Asset Management LP
Project #1753202

Issuer Name:
Thoroughbred Capital Inc.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated June 28, 2011
NP 11-202 Receipt dated July 5, 2011
Offering Price and Description:
$400,000.00 or 4,000,000 Common Shares PRICE: $0.10 per Common Share
Underwriter(s) or Distributor(s):
FIN-XO Securities Inc.
Promoter(s):
Daniel Hilton
Michael Inskip
Project #1753537

Issuer Name:
Wellington West Franklin Templeton Balanced Retirement Income Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated June 29, 2011
NP 11-202 Receipt dated June 29, 2011
Offering Price and Description:
Series A Units
Underwriter(s) or Distributor(s):
Wellington West Financial Services Inc.
Promoter(s):
-
Project #1750303

Issuer Name:
Everton Resources Inc.
Principal Jurisdiction - Quebec
Type and Date:
Preliminary Short Form Prospectus dated June 7, 2011
Withdrawn on June 23, 2011
Offering Price and Description:
Minimum Offering: $5,000,000 - (* Units) Maximum Offering: $ * - (* Units) Price $* per Unit
Underwriter(s) or Distributor(s):
NCP NORTHLAND CAPITAL PARTNERS INC.
FRASER MACKENZIE LIMITED
STIFEL NICOLAUS CANADA INC.
D & D SECURITIES INC.
Promoter(s):
-
Project #1756202

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Suspended	RDF Capital Management, Inc.	Exempt Market Dealer	May 24, 2011
Change in Registration Category	Artemis Investment Management Limited	From: Portfolio Manager, Exempt Market Dealer, Commodity Trading Manager To: Portfolio Manager, Exempt Market Dealer, Commodity Trading Manager and Investment Fund Manager	June 28, 2011
New Registration	Morningstar Associates Inc.	Portfolio Manager	June 28, 2011
New Registration	IBS Capital S.E.N.C.	Exempt Market Dealer	June 28, 2011
Voluntary Surrender	Catpat Holdings Inc.	Portfolio Manager	June 28, 2011
Change in Registration Category	Barometer Capital Management Inc.	From: Portfolio Manager, Exempt Market Dealer, Commodity Trading Manager To: Portfolio Manager, Exempt Market Dealer, Commodity Trading Manager and Investment Fund Manager	June 29, 2011
Consent to Suspension (Pending Surrender)	Ginsorg International Inc.	Exempt Market Dealer	June 29, 2011

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Perennial Asset Management Corp.	From: Investment Fund Manager, Portfolio Manager, Exempt Market Dealer To: Investment Fund Manager, Portfolio Manager, Exempt Market Dealer, Commodity Trading Manager	June 29, 2011
New Registration	Beattie & Company Limited	Exempt Market Dealer	June 30, 2011
Amalgamation	CI Investments Inc. and Castlerock Investments Inc. To Form: CI Investments Inc.	Exempt market Dealer, Portfolio Manager, Investment Fund Manager, Commodity Trading Counsel, Commodity Trading Manager	June 30, 2011
New Registration	Longview Asset Management Ltd.	Portfolio Manager	June 30, 2011
New Registration	Strathmore Capital Inc.	Portfolio Manager	July 4, 2011
Reinstatement	Redev Corporation	Exempt Market Dealer	July 4, 2011

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 Notice of Rescission of Commission Approval – Amendments to MFDA Rule 1.2.1(d)(vii)(A) – Dual Occupations

MUTUAL FUND DEALERS ASSOCIATION OF CANADA (MFDA)

**AMENDMENTS TO MFDA RULE 1.2.1(D)(VII)(A) –
DUAL OCCUPATIONS**

NOTICE OF RESCISSION OF COMMISSION APPROVAL

The Ontario Securities Commission has rescinded its approval of amendments to MFDA Rule 1.2.1(d)(vii)(A) – Dual Occupations (currently, Rule 1.2.1(c)(vii)(A)). In addition, the Alberta Securities Commission, Manitoba Securities Commission, New Brunswick Securities Commission, Nova Scotia Securities Commission and Saskatchewan Financial Services Commission have revoked or rescinded their approval of the amendments and the British Columbia Securities Commission has revoked its non-objection to the amendments.

Notice of Commission approval of the amendments was published in Chapter 1 of the OSC Bulletin on April 24, 2009.

On July 6, 2011, the MFDA issued Bulletin #0486-P explaining why the amendments were withdrawn.

13.1.2 Proposed Amendments to MFDA Rule 2.2.1 ("Know-Your-Client") and MFDA Policy No. 2 Minimum Standards For Account Supervision

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

PROPOSED AMENDMENTS TO MFDA RULE 2.2.1 ("KNOW-YOUR-CLIENT")

AND

MFDA POLICY NO. 2

MINIMUM STANDARDS FOR ACCOUNT SUPERVISION

I. OVERVIEW

A. Current Rule and Policy

MFDA Rule 2.2.1(c) currently requires each Member and Approved Person to use due diligence to ensure that each order accepted, or recommendation made, for any account of a client, is suitable for the client based on the essential facts relative to the client and any investments within the account.

MFDA Policy No. 2 establishes minimum industry standards for the supervision of client accounts and expands upon the basic requirements contained in Rule 2. Policy No. 2 currently requires Members to have policies and procedures with respect to their suitability obligations, including criteria for the purpose of assessing the suitability of leverage recommendations.

Amendments to Rule 2.2.1, which were approved by Members in December 2010 and are currently subject to a transition period, require Members and Approved Persons to assess the suitability of investments within each client's account when certain triggering events occur. In conjunction with these amendments, revisions were also made to MFDA Policy No. 2 to clarify the responsibilities of Members and Approved Persons in discharging their suitability obligations.

B. The Issues

The requirement to assess suitability under Rule 2.2.1 has always been interpreted by MFDA staff as including a requirement to assess leverage suitability. As currently drafted, the Rule does not expressly refer to recommendations to borrow to invest or transactions involving the use of borrowed funds.

Policy No. 2 sets out a general obligation for Members to establish policies and procedures to assess the suitability of leverage, but does not set minimum criteria in this area. Member Regulation Notice MR-0069 – *Suitability Guidelines* ("MR-0069"), issued on April 14, 2008, sets out guidelines and factors that MFDA staff believes Members and Approved Persons should consider in assessing the suitability of leverage. Unlike MFDA Rules and Policies, Member Regulation Notices are not prescriptive and are intended to provide guidance only.

C. Objectives

The proposed amendments are intended to clarify that the suitability obligations in Rule 2.2.1 with respect to investments apply equally to leverage strategies, and codify minimum standards for Members and Approved Persons in assessing the suitability of client leveraging.

D. Effect of Proposed Amendments

The effect of the proposed amendments will be to clarify the regulatory intent of Rule 2.2.1 in respect of the obligation for Members and Approved Persons to assess leverage suitability, expressly establish transparent minimum regulatory standards that are based on key criteria used in assessing leverage suitability, and ensure a consistent level of investor protection.

II. DETAILED ANALYSIS

A. Relevant History

As noted above, MR-0069 provides guidance on assessing leverage suitability. The Notice reminds Members that leverage is not suitable for all investors and of the Member's responsibility to ensure that all leveraging recommendations are suitable for the client and in keeping with the client's Know-Your-Client ("KYC") information, in accordance with MFDA Rule 2.2.1. In response to requests from Members for more guidance, the Notice also sets out key factors to consider when assessing

leverage suitability. At the time the Notice was issued, MFDA staff explained that the Notice reflects existing regulatory obligations, as well as new guidelines in certain areas, which would result in future corresponding Rule and Policy amendments.

B. Proposed Amendments

Proposed amendments to Rule 2.2.1(c) will clarify that the obligation for Members and Approved Persons to ensure that each order accepted, or recommendation made, for any account of a client, is suitable includes recommendations to borrow to invest. Proposed amendments to Rule 2.2.1(d) will clarify that, where a transaction proposed by the client is not suitable for the client, Member and Approved Person obligations to advise the client of this fact, and maintain evidence of the advice, apply to transactions involving the use of borrowed funds. In addition, proposed Rule 2.2.1(f) will clarify that Members and Approved Persons are required to use due diligence to ensure that the suitability of the use of borrowing to invest is assessed on certain trigger events consistent with the amendments under Rule 2.2.1(e) with respect to investment suitability:

- whenever the client transfers assets purchased using borrowed funds into an account at the Member;
- whenever the Member or Approved Person becomes aware of a material change in client information, as defined in Rule 2.2.4; or
- by the Approved Person, where there has been a change in the Approved Person responsible for the client's account at the Member.

Where the use of borrowing to invest by the client is determined to be unsuitable, proposed Rule 2.2.1(f) will also require the Member, or the Approved Person, to advise the client and make recommendations to address the inconsistency between the use of borrowed funds and the essential facts relative to the client, and maintain evidence of such advice and recommendations.

Amendments have been proposed to Policy No. 2 to reflect the proposed requirements under Rule 2.2.1(f). The proposed amendments also include the following:

- Clarification that the suitability of leverage must be assessed having regard to the client's investment knowledge, risk tolerance, age, time horizon, net worth, income, and investment objectives;
- Minimum criteria that would require further supervisory review and investigation of leverage recommendations;
- The type of documents Members will be required to review and maintain to facilitate proper supervision of a leveraging strategy;
- The respective obligations of the registered salesperson and branch and head office supervisory staff in assessing the suitability of investments and leveraging strategies; and
- Clarification that the obligation to review leveraged trades and leverage recommendations at the branch and head office applies to accounts other than registered retirement savings plans and registered education savings plans.

Attached to this Notice, as Schedule "A", is a chart summarizing the respective obligations of Approved Persons and branch and head office supervisory staff with respect to suitability reviews. The chart will also be included in a companion Member Regulation Notice to the proposed amendments, which will be published once the amendments become effective.

C. Issues and Alternatives Considered

Consideration was given to clarifying the obligation to assess leverage suitability under Rule 2.2.1 without the additional proposed amendments to Policy No. 2 that would codify those aspects of MR-0069 that the MFDA believes should be minimum requirements. However, as noted above, most Members currently comply with the guidelines in MR-0069 and MFDA staff is of the view that including minimum criteria in the Policy will ensure consistent and objective minimum industry standards for assessing leverage suitability for the benefit of Members and investors.

D. Comparison with Similar Provisions

IIROC

Current Rules of the Investment Industry Regulatory Organization of Canada ("IIROC") with respect to suitability do not specifically reference a requirement to assess the suitability of leverage strategies. IIROC Rule 1300 (Supervision of accounts) generally requires that IIROC dealer members use due diligence to ensure, when accepting an order or recommending to a

client the purchase, sale, exchange, or holding of any security, that any such acceptance/recommendation is suitable for the client based on the client's current financial situation, investment knowledge, objectives, and risk tolerance.

On January 7, 2011, IIROC republished for comment proposals to implement the core principles of the Client Relationship Model. The proposed amendments were accompanied by a draft Guidance Note, "Know Your Client and Suitability". With respect to compliance with suitability assessment requirements, the draft Guidance Note provides that the regulatory obligation to ensure that orders and recommendations are suitable includes not only an obligation to ensure that the specific security is suitable for the client, but also that the order type, along with the *trading strategy recommended* and/or adopted are also suitable for the client (emphasis added).

The proposed IIROC amendments include an obligation to assess the suitability of investments in the client's account on certain trigger events consistent with those under MFDA Rule 2.2.1. However, there is no similar requirement under the proposed IIROC Rules to also assess the suitability of leverage on the trigger events.

FINRA

On November 17, 2010, the Securities and Exchange Commission ("SEC") approved proposals made by the Financial Industry Regulatory Authority ("FINRA") to adopt know-your-customer and suitability obligations for the consolidated FINRA Rulebook. New FINRA Rule 2111 (Suitability) requires that a firm or associated person have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on the information obtained through the reasonable diligence of the member or associated person to ascertain the customer's investment profile.

FINRA Regulatory Notice 11-25, issued on May 18, 2011, provides guidance in respect of the new rules implementing FINRA's know your customer and suitability proposals, and notes that these Rules are to be implemented on July 9, 2012.

The Notice clarifies the scope of the term "strategy" as used in Rule 2111, noting that the Rule explicitly states that "strategy" should be interpreted broadly. The Rule would cover a recommended investment strategy regardless of whether the recommendation results in a securities transaction or even references a specific security or securities. By way of example, the Notice provides that the suitability obligations under Rule 2111 would cover a recommendation to purchase securities using margin or liquefied home equity.

E. System Impact of Amendments

As noted, the proposed amendments codify the expectations of the MFDA regarding the minimum standards that must be followed by Members and Approved Persons when assessing the suitability of client leveraging. These standards were initially introduced in MR-0069 and are already being complied with by most Members. Accordingly, it is not anticipated that there will be a significant system impact upon these Members as a result of the proposed amendments. For those Members that do not currently have guidelines in place to assess leverage suitability, there may be significant system changes required to comply with the proposed amendments.

F. Best Interests of the Capital Markets

The Board has determined that the proposed amendments are consistent with the best interests of the capital markets.

G. Public Interest Objective

The proposed amendments establish clear minimum regulatory standards that are based on key criteria used in assessing leverage suitability and will ensure a more consistent level of investor protection.

III. COMMENTARY

A. Filing in Other Jurisdictions

The proposed amendments will be filed for approval with the Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia and Ontario Securities Commissions and the Saskatchewan Financial Services Commission.

B. Effectiveness

The proposed amendments are simple and effective.

C. Process

The proposed amendments have been prepared in consultation with relevant departments within the MFDA. The MFDA Board of Directors approved the proposed amendments on June 9, 2011.

D. Effective Date

The proposed amendments will be effective on a date to be subsequently determined by the MFDA.

IV. SOURCES

MFDA Rule 2.2.1 ("Know-Your-Client")
MFDA Policy No. 2 *Minimum Standards for Account Supervision*
IIROC Proposals to implement the core principles of the Client Relationship Model (Request for Comments – Republication dated January 7, 2011)
FINRA Regulatory Notice 11-25 – Know Your Customer and Suitability

V. REQUIREMENT TO PUBLISH FOR COMMENT

The MFDA is required to publish for comment the proposed amendments so that the issues referred to above may be considered by the Recognizing Regulators.

The MFDA has determined that the entry into force of the proposed amendments would be in the public interest and is not detrimental to the capital markets. Comments are sought on the proposed amendments. Comments should be made in writing. One copy of each comment letter should be delivered by **October 6th, 2011** (within **90** days of the publication of this notice), addressed to the attention of the Corporate Secretary, Mutual Fund Dealers Association of Canada, 121 King St. West, Suite 1000, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of Anne Hamilton, Senior Legal Counsel Capital Markets Regulation Division, British Columbia Securities Commission, 701 West Georgia Street, P.O. Box 10142, Pacific Centre, Vancouver, British Columbia, V7Y 1L2.

Those submitting comment letters should be aware that a copy of their comment letter will be made publicly available on the MFDA website at www.mfda.ca.

Questions may be referred to:

Paige Ward
Director, Policy & Regulatory Affairs
Mutual Fund Dealers Association of Canada
(416) 943-5838

SCHEDULE "A"

Suitability Review Trigger Event	Investment Suitability			Leverage Suitability		
	Registered Salesperson	**Branch Office**	**Head Office**	**Registered Salesperson**	**Branch Office**	**Head Office**
Transfers – Rule 2.2.1(e)(f)(i)	Review all accounts within a reasonable time, but in any event no later than the time of the next trade	No review	Review client accounts on a sample basis within a reasonable time, but in any event no later than the time of the next trade	Review all accounts in a timely manner, as soon as possible after the transfer in accordance with the circumstances, but in any event no later than the time of the next trade	No review	Review all accounts in a timely manner, as soon as possible after the transfer in accordance with the circumstances, but in any event no later than the time of the next trade
Material Change – Rule 2.2.1(e)(f)(ii)	Review all accounts no later than one business day after notice of the change in information is received from the client	Review accounts where Member becomes aware of material change that results in a significant decrease in client risk tolerance, time horizon, income, net worth, or more conservative investment objectives, no later than one business day after notice of the change in information is received from the client	No review	Review all accounts no later than one business day after notice of the change in information is received from the client	Review accounts where Member becomes aware of material change that results in a significant decrease in client risk tolerance, time horizon, income, net worth, or more conservative investment objectives, no later than one business day after notice of the change in information is received from the client	No review
Change in Registered Sales-person – Rule 2.2.1(e)(f)(iii)	Review all accounts within a reasonable time, but in any event no later than the time of the next trade	No review	No review	Review all accounts in a timely manner, as soon as possible after the transfer in accordance with the circumstances, but in any event no later than the time of the next trade	No review	No review

Suitability Review Trigger Event	Investment Suitability			Leverage Suitability		
	Registered Salesperson	**Branch Office**	**Head Office**	**Registered Salesperson**	**Branch Office**	**Head Office**
Order or Recommendation – Rule 2.2.1(c)	Review prior to recommendation or acceptance of the order	Review: • initial trades, trades in: exempt securities, accounts of family members of registered salespersons operating under a POA in favour of the registered salesperson, • redemptions over $10,000, and • trades over: $2,500 in moderate-high or high risk investments, $5,000 in moderate or medium risk investments, and $10,000 in all other investments, one business day after trade	Review: • redemptions over $5,000, • trades over $5,000 in exempt securities (excluding GICs), moderate-high or high risk investments, • trades over $10,000 in moderate or medium risk mutual funds, and • trades over $50,000 in all other investments (excluding money market mutual funds), one business day after trade	Review prior to recommendation or acceptance of the order	Review all leveraged trades or recommendations for all accounts other than RRSPs or RESPs one business day after trade/ recommendation	Review all leveraged trades or recommendations over $5,000 for all accounts other than RRSPs or RESPs one business day after trade/ recommendation

SCHEDULE "B"

MFDA Rule 2.2.1 ("Know-Your-Client")

On June 9, 2011, the Board of Directors of the Mutual Fund Dealers Association of Canada made the following amendments to MFDA Rule 2.2.1 ("Know-Your-Client"):

2.2 CLIENT ACCOUNTS

2.2.1 **"Know-Your-Client".** Each Member and Approved Person shall use due diligence:

(a) to learn the essential facts relative to each client and to each order or account accepted;

(b) to ensure that the acceptance of any order for any account is within the bounds of good business practice;

(c) to ensure that each order accepted or recommendation made, including recommendations to borrow to invest, for any account of a client is suitable for the client based on the essential facts relative to the client and any investments within the account;

(d) to ensure that, notwithstanding the provisions of paragraph (c), where a transaction, including a transaction involving the use of borrowed funds, proposed by a client is not suitable for the client based on the essential facts relative to the client and the investments in the account, the Member or Approved Person has so advised the client before execution thereof and the Member or Approved Person has maintained evidence of such advice;

(e) to ensure that the suitability of the investments within each client's account is assessed:

(i) whenever the client transfers assets into an account at the Member;

(ii) whenever the Member or Approved Person becomes aware of a material change in client information, as defined in Rule 2.2.4; or

(iii) by the Approved Person where there has been a change in the Approved Person responsible for the client's account at the Member;and

(f) and, to ensure that, where investments in a client's account are determined to be unsuitable, the Member or Approved Person so advises the client and makes recommendations to address any inconsistencies between investments in the account and the essential facts relative to the client and the Member or Approved Person maintains evidence of such advice and recommendations.;

(f) to ensure that the suitability of the use of borrowing to invest is assessed:

(i) whenever the client transfers assets purchased using borrowed funds into an account at the Member;

(ii) whenever the Member or Approved Person becomes aware of a material change in client information, as defined in Rule 2.2.4; or

(iii) by the Approved Person where there has been a change in the Approved Person responsible for the client's account at the Member;

and, where the use of borrowing to invest by the client is determined to be unsuitable, the Member or Approved Person so advises the client and makes recommendations to address the inconsistency between the use of borrowed funds and the essential facts relative to the client and the Member or Approved Person maintains evidence of such advice and recommendations.

SCHEDULE "C"

MFDA POLICY NO. 2

MINIMUM STANDARDS FOR ACCOUNT SUPERVISION

On June 9, 2011, the Board of Directors of the Mutual Fund Dealers Association of Canada made the following amendments to MFDA Policy No. 2 *Minimum Standards for Account Supervision*:

Amendments to Policy No. 2
This version of Policy No. 2 is subject to a transition period. As of December 3, 2011, the Policy will read as follows:

Introduction

This Policy establishes minimum industry standards for account supervision. These standards represent the minimum requirements necessary to ensure that a Member has procedures in place to properly supervise account activity. This Policy does not:

(a) relieve Members from complying with specific MFDA By-laws, Rules and Policies and securities legislation applicable to particular trades or accounts; or

(b) preclude Members from establishing a higher standard of supervision, and in certain situations a higher standard may be necessary to ensure proper supervision.

To ensure that a Member has met all applicable standards, Members are required to know and comply with MFDA By-laws, Rules and Policies as well as applicable securities legislation which may apply in any given circumstance. The following principles have been used to develop these minimum standards:

(a) The term "review" in this Policy has been used to mean a preliminary screening designed to detect items for further investigation or an examination of unusual trading activity or both. It does not mean that every trade must be reviewed. The reviewer must use reasonable judgement in selecting the items for further investigation.

(b) It has been assumed that Members have or will provide the necessary resources and qualified supervisors to meet these standards.

(c) The initial compliance with the know-your-client ("KYC") rule and suitability of investment requirements is primarily the responsibility of the registered salesperson. The supervisory standards in this Policy relating to ~~know-your-client~~ KYC and suitability are intended to provide supervisors with a checklist against which to monitor the handling of these responsibilities by the registered salesperson.

Members that seek to adopt policies and procedures relating to branch and head office supervision or the allocation of supervisory activities that differ from those contained in this Policy must demonstrate that all of the principles and objectives of the minimum standards set out in this Policy have been properly satisfied. Further, any such alternative policies and procedures must adequately address the risk management issues of the Member and must be pre-approved by MFDA staff before implementation.

Supervisory staff has a duty to ensure compliance with Member policies and procedures and MFDA regulatory requirements, which includes the general duty to effectively supervise and to ensure that appropriate action is taken when a concern is identified. Such action would depend on the circumstances of each case and may include following up with the registered salesperson and/or the client. Supervisory staff must also maintain records of the issues identified, action taken and resolution achieved.

I. ESTABLISHING AND MAINTAINING PROCEDURES

Effective self-regulation begins with the Member establishing and maintaining a supervisory environment which both fosters the business objectives of the Member and maintains the self-regulatory process. To that end a Member must establish and maintain procedures which are supervised by qualified individuals. A major aspect of self-regulation is the ongoing education of staff in all areas of sales compliance.

Establishing Procedures

1. Members must appoint designated individuals who have the necessary knowledge of industry regulations and Member policies to properly perform the duties.

2. Written policies must be established to document supervision requirements.

3. Written instructions must be supplied to all supervisors and alternates to advise them on what is expected of them.

4. All policies established or amended should have senior management approval.

Maintaining Procedures

1. Evidence of supervisory reviews must be maintained. Evidence of the review, such as inquiries made, replies received, date of completion etc. must be maintained for seven years and on-site for one year.

2. An on-going review of sales compliance procedures and practices must be undertaken both at head office and at branch offices.

Delegation of Procedures

1. Tasks and procedures may be delegated to a knowledgeable and qualified individual but not responsibility.

2. The Member must advise supervisors of those specific functions which cannot be delegated, such as approval of new accounts.

3. The supervisor delegating the task must ensure that these tasks are being performed adequately and that exceptions are brought to his/her attention.

4. Those who are delegated tasks must have the qualifications and required proficiency to perform the tasks and should be advised in writing of their duties. The general expectation is that tasks be delegated only to individuals with the same proficiency as the delegating supervisor. In certain limited circumstances, it may be acceptable to delegate specialized tasks to an individual that has not satisfied the proficiency requirements provided that the individual has equivalent training, education or experience related to the function being performed. The Member must consider the responsibilities and functions to be performed in relation to the delegated tasks and make a determination as to appropriate equivalent qualifications and proficiency. The Member must be able to demonstrate to MFDA staff that the equivalency standard has been met. Tasks related to trade supervision can only be delegated to individuals that possess the proficiency of a branch manager or compliance officer.

Education

1. The Member's current policies and procedures manual must be made available to all sales and supervisory ~~personnel~~ staff.

2. Introductory training and continuing education should be provided for all registered salespersons. For training and enhanced supervisory requirements for newly registered salespersons, please refer to the MFDA Policy No. 1 entitled “New Registrant Training and Supervision Policy.”

3. Relevant information contained in compliance-related MFDA Member Regulation Notices and Bulletins and compliance-related notices from other applicable regulatory bodies must be communicated to registered salespersons and employees. Procedures relating to the method and timing of distribution of compliance-related information must be clearly detailed in the Member's written procedures. Members should ensure that they maintain evidence of compliance with such procedures.

II. OPENING NEW ACCOUNTS

To comply with the ~~"Know-Your-Client"~~ KYC and suitability requirements set out in MFDA Rule 2, each Member must establish procedures to maintain accurate and complete information on each client. The first step towards compliance with this rule is completing proper documentation when opening new accounts. Accurate completion of the documentation when opening a new account allows both the registered salesperson and the supervisory staff to conduct the necessary reviews to ensure that recommendations made for any account are appropriate for the client and in keeping with investment objectives. Maintaining accurate and current documentation will allow the registered salesperson and the supervisory staff to ensure that all recommendations made for any account are and continue to be appropriate for a client's investment objectives.

Documentation of Client Account Information

1. A New Account Application Form ("NAAF") must be completed for each new account.

2. A complete set of documentation relating to each client's account must be maintained by the Member. ~~Approved Persons~~ Registered salespersons must have access to information and documentation relating to the client's account as required to service the account. In the case of a Level 1 Introducing Dealer and corresponding Carrying Dealer, both Members must maintain a copy of each client's NAAF.

3. For each account of a client that is a natural person, the Member must obtain information sufficient to allow for the operation of the account and sufficient to determine the essential facts relative to each client, which would include, at a minimum, the following information:

   (a) name;

   (b) type of account;

   (c) residential address and contact information;

   (d) date of birth;

   (e) employment information;

   (f) number of dependants;

   (g) other persons with trading authorization on the account;

   (h) other persons with a financial interest in the account;

   (i) investment knowledge;

   (j) risk tolerance;

   (k) investment objectives;

   (l) time horizon;

   (m) income;

   (n) net worth;

   (o) for non-registered leveraged accounts, details of the net worth calculation, specifying liquid assets plus any other additional assets less total liabilities;

   (p) information required by other laws and regulations applicable to the Member's business as amended from time to time including information required for relevant tax reporting; information required for compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations* and any authorization necessary to provide information to the MFDA under applicable privacy legislation.

   The preceding provides a list of minimum requirements. The Member may require clients to provide any additional information that it considers relevant. In the case of accounts jointly owned by two or more persons, information required under subparagraphs (a), (c), (d), (e), (f) and (i) must be collected with respect to each owner. Income and net worth may be collected for each owner or on a combined basis as long as it is clear which method has been used.

4. For each account of a client that is a corporation, trust or other type of legal entity, the Member must obtain information sufficient to allow for the operation of the account and sufficient to determine the essential facts relative to the client, which would include, at a minimum, the following information:

   (a) legal name;

   (b) head office address and contact information;

   (c) type of legal entity (i.e. corporation, trust, etc.);

(d) form and details regarding the organization of the legal entity (i.e. articles of incorporation, trust deed, or other constating documents);

(e) nature of business;

(f) persons authorized to provide instructions on the account and details of any restrictions on their authority;

(g) investment knowledge of the persons to provide instructions on the account;

(h) risk tolerance;

(i) investment objectives;

(j) time horizon;

(k) income;

(l) net worth;

(m) information required by other laws and regulations applicable to the Member's business as amended from time to time including information required for relevant tax reporting; information required for compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations* and any authorization necessary to provide information to the MFDA under applicable privacy legislation.

The preceding provides a list of minimum requirements. The Member may require clients to provide any additional information that it considers relevant.

5. For supervisory purposes, registered accounts, leveraged accounts and accounts of any registered salesperson's family member operating under a limited trading authorization or operating under a power of attorney in favour of the registered salesperson must be readily identifiable.

6. If the NAAF does not include KYC information, this must be documented on a separate KYC form(s). Such form(s) must be signed by the client and dated. A copy of the completed NAAF and KYC form, if separate from the NAAF, must be provided to the client.

7. The Member must have internal controls and policies and procedures in place with respect to the entry of KYC information on their back office systems. Such controls should provide an effective means to detect and prevent inconsistencies between the KYC information used for account supervision with that provided by the client.

8. Except as noted in the following paragraph, NAAFs must be prepared and completed for all new clients prior to the opening of new client accounts. The new account or KYC information must be approved by the individual designated as responsible for the opening of new accounts under Rule 2.2.3 no later than one business day after the initial transaction date. Records of all such approvals must be maintained in accordance with Rule 5.

9. Notwithstanding the preceding paragraph, NAAFs for clients of a registered salesperson transferring to the Member must be prepared and completed within a reasonable time (but in any event no later than the time of the first trade). The new accounts or KYC information for clients of the transferring salesperson must be approved by the individual designated as responsible for the opening of new accounts under Rule 2.2.3 no later than one business day after the date that the NAAF is completed. Records of all such approvals must be maintained in accordance with Rule 5.

10. In the event that a NAAF is not completed prior to or within a reasonable time after opening an account, as required by this Policy, the Member must have policies and procedures to restrict transactions on such accounts to liquidating trades until a fully completed NAAF is received.

Changes to ~~Know-Your-Client~~ KYC Information

1. The ~~Approved Person~~registered salesperson or Member must update the KYC information whenever they become aware of a material change in client information as defined in Rule 2.2.4(a).

2. On account opening, the Member should advise the client to promptly notify the Member of any material changes in the client information, as defined in Rule 2.2.4(a), previously provided to the Member and provide examples of the types of information that should be regularly updated.

3. In accordance with Rule 2.2.4(e), Members must also, on an annual basis, request in writing that clients notify them if there has been any material change in client information, as defined in Rule 2.2.4(a), previously provided, or if the client's circumstances have materially changed.

4. Access to amend KYC information must be controlled and instructions to make any such amendments must be properly documented.

5. A client signature, which may include an electronic signature, or other internal controls sufficient to authenticate the client's identity and verify the client's authorization must be used to evidence any change in client name, client address or client banking information.

6. Material changes to client information, as defined in Rule 2.2.4(a), may be evidenced by a client signature, which may include an electronic signature or, alternatively, such changes may be evidenced by maintaining notes in the client file detailing the client's instructions to change the information and verified by providing written confirmation to the client with details of the instructions and providing an opportunity for the client to make corrections to any changes that have been made.

7. All material changes in client information, as defined in Rule 2.2.4(a), must be approved by the individual designated as responsible for the opening of new accounts under Rule 2.2.3 no later than one business day after the date on which notice of the change in information is received from the client. When approving material changes, branch managers should be reviewing the previous KYC information to assess whether the change appears reasonable. Branch managers should be aware of situations where material changes may have been made to justify unsuitable trades or leveraging. For example, branch managers should investigate further material changes that accompany trades in higher risk investments or leveraging or changes made within a short period of time (for example 6 months). Records of all such approvals must be maintained in accordance with Rule 5.

8. Where any material changes have been made to the information contained in the NAAF or KYC form(s), the client must promptly be provided with a document or documents specifying the current risk tolerance, investment objectives, time horizon, income and net worth that applies to the client's account.

9. The last date upon which the KYC information has been updated or confirmed by the client must be indicated in the client's file and on the Member's back office system.

Pending/Supporting Documents

1. Members must have procedures in place to ensure supporting documents are received within a reasonable period of time of opening the account.

2. Supporting documentation that is not received or is incomplete must be noted, filed in a pending documentation file and reviewed on a periodic basis.

3. Failure to obtain required documentation within 25 days of the opening of the account must result in positive actions being taken.

Client Communications

1. All hold mail must be authorized by the client in writing and be controlled, reviewed on a regular basis and maintained by the responsible supervisor. Hold mail should never be permitted to occur over a prolonged period of time (i.e. in excess of 6 months).

2. Returned mail is to be promptly investigated and controlled.

III. ASSESSING SUITABILITY OF INVESTMENTS AND ~~LEVERAGING~~ BORROWING TO INVEST ("LEVERAGING") STRATEGIES

General

~~1.~~ ~~In accordance with Rule 2.2.1, Members and registered salespersons are responsible for the suitability of each recommendation made for an account of a client and must assess the suitability of the investments in each client's account under the circumstances described in Rule 2.2.1(e).~~

~~2.~~1. Members must ~~have~~ establish and maintain policies and procedures with respect to their suitability obligations~~,~~. The policies and procedures must includ~~ing~~ guidance and criteria for registered salespersons to ensure that

recommendations made and orders accepted (with the exception of unsolicited orders accepted pursuant to Rule 2.2.1(d)) are suitable for the client. The policies and procedures must also include criteria for ~~the purpose of assessing~~ supervisory staff at the branch and head office to review the suitability of the investments in each client's account and the ~~a~~ client's use of borrowing to invest ("leverage"). ~~leveraging and describing appropriate client circumstances for recommending the use of leverage.~~

~~3. The Member's policies and procedures must describe the information required to be maintained in the client file to facilitate proper Member supervision. Whenever the Member or registered salesperson recommends or becomes aware that a client is using a leverage strategy, the Member or registered salesperson must either maintain copies of the lending documents or make sufficient inquiries to obtain details of the loan, including interest rate, terms for repayment and the outstanding loan value. Where the Member or registered salesperson assists the client in completing the loan application, the Member must maintain copies of lending documents in the file, including copies of the loan application.~~

42. The ~~Member's~~ criteria for selecting trades and leverage strategies for review, the inquiry and resolution process, supervisory documentation requirements and the escalation and disciplinary process must be documented and clearly communicated to all registered salespersons and all relevant employees. Registered salespersons must be advised of the criteria used in assessing suitability, actions the Member will take when a trade or leverage strategy has been flagged for review and appropriate options for resolution.

Leverage Suitability

1. The suitability of leverage must be assessed having regard to the client's investment knowledge, risk tolerance, age, time horizon, income, net worth and investment objectives. Minimum criteria that require further supervisory review and investigation include the following:

   (a) investment knowledge of low or poor (or similar categories);

   (b) risk tolerance of less than medium (or similar categories);

   (c) age of 60 and above;

   (d) time horizon of less than 5 years;

   (e) total leverage amount that exceeds 30% of the client's total net worth; and

   (f) total debt and lease payments that exceed 35% of the client's gross income, not including income generated from leveraged investments. Total debt payments would include all loans of any kind whether or not obtained for purpose of investment. Total lease payments would include all significant ongoing lease and rental payments such as automobile leases and rental payments on residential property.

2. The objective of the supervisory review is to assess the suitability of the leveraging strategy. The supervisory review and investigation of leverage suitability must be conducted in a fair and objective manner having regard only to the best interest of the client in accordance with Rule 2.1.4 and the general standard of conduct required by Rule 2.1.1. Where the leverage strategy is approved, the analysis and rationale must be documented.

3. With respect to a recommendation for a client to use a leveraging strategy, Members and registered salespersons may not obtain a waiver from the client to exempt the Member and the registered salesperson from their obligations to ensure the suitability of such a recommendation.

4. The Member must review and maintain documents to facilitate proper supervision. This would include:

   (a) Lending documents and details of lending arrangements – The Member or registered salesperson must either maintain copies of the lending documents or make sufficient inquiries to obtain details of the loan, including interest rate, terms for repayment, and the outstanding loan value. Where the Member or registered salesperson assists the client in completing the loan application, the Member must maintain copies of lending documents in the file, including copies of the loan application.

   Where the client arranges their own financing, it may be difficult in some cases for the Member or registered salesperson to obtain details of the lending arrangement from the client. Where a client is unwilling to provide details of the lending arrangement, the Member and registered salesperson should advise the client that they cannot assess the suitability of the leverage strategy without additional information and maintain evidence of such advice.

(b) NAAF and updates to KYC information – Supervisory staff must compare the client's KYC information with all other information received in respect of the loan and follow up on any material inconsistencies, which may require obtaining additional supporting documentation from the client.

(c) Details in support of income and net worth calculations required by sections 1(e) and 1(f) – This would include information on all existing debt payments, as well as the investment loan payments.

(d) Trade documents, notes supporting client instructions or authorizations and notes supporting the rationale for recommending a leverage strategy to the client.

Registered Salespersons

1. All recommendations made and orders accepted by registered salespersons (with the exception of unsolicited orders accepted pursuant to Rule 2.2.1(d)) must be suitable in accordance with Rule 2.2.1(c). Where the registered salesperson recommends a leverage strategy to a client or where the registered salesperson is aware that a transaction proposed by the client involves the use of borrowed funds, the registered salesperson must ensure that the client's account is identified as "leveraged" on the Member's system in accordance with the Member's policies and procedures.

~~5.~~2. Registered salespersons must assess the suitability of investments in each client account whenever: ~~within a reasonable time, but in any event no later than the time of the next trade, whenever:~~

– the client transfers to the Member or transfers assets into an account at the Member;

– the Member or registered salesperson becomes aware of a material change in the client's KYC information; ~~and~~ or

– the client account has been re-assigned to the registered salesperson from another registrant at the Member.

Where there is a transfer of assets into an account at the Member or where the client account is re-assigned to the registered salesperson from another registrant at the Member, the suitability assessment must be performed within a reasonable time, but in any event no later than the time of the next trade. The determination of "reasonable time" in a particular instance will depend on the circumstances surrounding the event that gives rise to the requirement to perform the suitability assessment. For example, with respect to client transfers, the volume of accounts to be reviewed may be a relevant factor in determining reasonable time.

Where the Member or registered salesperson becomes aware of a material change in the client's KYC information, the suitability assessment must be performed no later than one business day after the date on which the notice of change in information is received from the client.

3. Registered salespersons must also assess the suitability of a leverage strategy whenever:

– the client transfers assets purchased using borrowed funds into an account at the Member;

– the Member or registered salesperson becomes aware of a material change in the client's KYC information; or

– the client account has been re-assigned to the registered salesperson from another registrant at the Member.

Where there is a transfer of assets purchased using borrowed funds into an account at the Member or where the client account is re-assigned to the registered salesperson from another registrant at the Member, the suitability assessment must be performed in a timely manner as soon as possible after the transfer in accordance within the circumstances, but in any event no later than the time of the next trade.

Where the Member or registered salesperson becomes aware of a material change in the client's KYC information, the suitability assessment must be performed no later than one business day after the date on which the notice of change in information is received from the client.

~~6.~~4. Should a registered salesperson identify unsuitable investments in a client's account or an unsuitable leverage strategy, the registered salesperson must advise the client and take appropriate steps to determine if there has been any change to client circumstances that would warrant altering the KYC information. Where there has not been a

change in client circumstances, ~~I~~it is inappropriate to alter the KYC information in order to match the investments in the client's account or the leverage strategy. If there is no change to the KYC information, or if investments in the account or the leverage strategy continue to be unsuitable after the KYC information has been amended, the registered salesperson should discuss any inconsistencies with the client and provide recommendations as to rebalancing investments in the account. Transactions in the account must only be made in accordance with client instructions and any recommendations made with respect to the rebalancing of the account must be properly recorded.

Where an existing leverage strategy is determined to be unsuitable, the client must be advised of his/her options.

~~7.~~5. Registered salespersons must maintain evidence of completion of all suitability assessments performed and any follow up action taken with respect to such assessments.

IV. BRANCH OFFICE SUPERVISION

Each branch manager must undertake certain activities within the branch for purposes of assessing compliance with the Member's policies and procedures and regulatory requirements. These activities should be designed to identify failures to adhere to required policies and procedures and provide a means of revealing and addressing undesirable account activity.

Daily ~~Activity~~ Reviews

1. All new account applications and updates to client information must be reviewed and approved in accordance with this Policy.

2. The branch manager (or alternate) must review the previous day's trading for unsuitable trades and any other unusual trading activity using any convenient means. This review must include, at a minimum, all:

   – initial trades;

   – trades in exempt securities (excluding guaranteed investment certificates);

   – leveraged trades/leverage recommendations for ~~open~~ accounts other than registered retirement savings plans or registered education savings plans;

   – trades in accounts of family members of registered salespersons operating under a power of attorney in favour of the registered salesperson;

   – redemptions over $10,000;

   – trades over $2,500 in moderate-high or high risk investments;

   – trades over $5,000 in moderate or medium risk investments; and

   – trades over $10,000 in all other investments.

   For the purposes of this section, "trades" does not include redemptions except where specifically referenced.

3. When reviewing redemptions, branch managers should seek to identify and assess:

   – the suitability of the redemption with regard to the composition of the remaining portfolio;

   – the impact and appropriateness of any redemption charges;

   – possible outside business activity where money may be leaving the Member for reinvestment into other potentially inappropriate or unauthorized investments; and

   – potential churning, including situations where redemption proceeds are being held on a temporary basis pending reinvestment.

4. The branch manager (or alternate) is responsible for following up on unusual trades identified by head office.

Other Reviews

~~5.~~1. The branch manager must assess the suitability of investments in each client account and the suitability of the client's use of leverage, if any, where the Member becomes aware of a material change in the client's KYC information that results in a significant decrease in the client's risk tolerance, time horizon, income or net worth or more conservative investment objectives. The suitability assessment must be performed no later than one business day after the date on which notice of the change in information is received from the client.

~~6.~~2. In addition to transactional activity, branch managers must also keep themselves informed as to other client-related compliance matters such as complaints.

V. HEAD OFFICE SUPERVISION

A two-tier structure is required to adequately supervise client account activity. While the head office or regional area level of supervision by its nature cannot be in the same depth as branch level supervision, it should cover the same elements. Head office review should be focused on unusual activity or reviews that cannot be carried out at the branch level. Head office reviews must include procedures to effectively detect unsuitable investments and excessive trading in client accounts.

Daily Reviews

1. In addition to the trading review criteria for branch managers, head office must conduct daily reviews of account activity which must include, at a minimum, all:

   – redemptions over $50,000;

   – trades over $5,000 in exempt securities (excluding guaranteed investment certificates), moderate-high or high risk investments, or leveraged trades/recommendations for ~~open~~ accounts other than registered retirement savings plans or registered education savings plans;

   – trades over $10,000 in moderate or medium risk mutual funds; and

   – trades over $50,000 in all other investments (excluding money market funds).

   For the purposes of this section, "trades" does not include redemptions except where specifically referenced.

2. There must be closer supervision of trading by registered salespersons who have had a history of questionable conduct. Questionable conduct may include trading activity that frequently raises questions in account reviews, frequent or serious complaints, regulatory investigations or failure to take remedial action on account problems identified.

3. Daily reviews should be completed within one business day unless precluded by unusual circumstances.

4. Daily reviews should be conducted of client accounts of producing branch managers.

Other Reviews

~~5.~~1. On a sample basis, the Member must review the suitability of investments in accounts where clients have transferred assets into an account in accordance with Rule 2.2.1(e)(i). The Member must have policies and procedures regarding sample size and selection, which should be based on the risk level associated with the account, focusing on accounts that hold higher risk investments, exempt securities or products not sold by the Member, accounts that are operated under a power of attorney in favour of a registered salesperson and accounts employing a leverage strategy~~.~~ other than registered retirement savings plans and registered education savings plans. The Member's reviews must be completed within a reasonable time, but in any event no later than the time of the next trade.

2. Members must also review the suitability of the use of leverage in all cases where the client transfers assets purchased using borrowed funds into an account at the Member. Given the high risk nature of leveraging strategies, the Member's reviews must be completed in a timely manner as soon as possible after the transfer in accordance with the circumstances, but in any event no later than the time of the next trade.

VI. IDENTIFICATION OF TRENDS IN TRADING ACTIVITY

1. Members must establish policies and procedures to identify trends or patterns that may be of concern including:

   – excessive trading or switching between funds indicating possible unauthorized trading, lack of suitability or possible issues of churning (for example, redemptions made within 3 months of a purchase, DSC purchases made within 3 months of a DSC redemption or accounts where there are more than 5 trades per month);

   – excessive switches between no load funds and deferred sales charge or front load funds;

   – excessive switches between deferred sales charge funds and front load funds; and

   – excessive switches where a switch fee is charged.

2. Head office supervisory review procedures must include, at a minimum, the following criteria:

   – a review of all accounts generating commissions greater than $1,500 within the month;

   – a quarterly review of reports on assets under administration (“AUA”) comparing current AUA to AUA at the same time the prior year;

   – a quarterly review of commission reports for the previous 12 month period comparing commissions received in the current year to commissions received for the same period in the prior year.

   Significant increases in commissions or AUA beyond those caused by market fluctuations may indicate issues with churning or leveraging strategies. Significant decreases may indicate potential inappropriate outside business activity.

3. Reviews should be completed within 30 days of the last day of the period being reviewed unless precluded by unusual circumstances.

13.2 Marketplaces

13.2.1 TSX Rules – Prioritization of Non-Displayed Orders (Dark Orders) That Have a Minimum Quantity Condition

REQUEST FOR COMMENTS
PRIORITIZATION OF NON-DISPLAYED ORDERS (DARK ORDERS)
THAT HAVE A MINIMUM QUANTITY CONDITION

The Board of Directors of TSX Inc. ("TSX") has approved amendments ("Amendments") to the Rules of the Toronto Stock Exchange ("TSX Rules"). The Amendments, shown as blacklined text, are attached at Schedule A.

The Amendments will be effective upon approval by the Ontario Securities Commission (Commission) following public notice and comment. Comments on the proposed amendments should be in writing and delivered no later than August 8, 2011 to:

Amer Chaudhry
Legal Counsel
TSX Group Inc.
The Exchange Tower
130 King Street West, 3rd Floor
Toronto, Ontario M5X 1J2
Fax: (416) 947-4461
e-mail: amer.chaudhry@tsx.com

A copy should also be provided to:

Barbara Fydell
Senior Legal Counsel, Market Regulation
Capital Markets Branch
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8
Fax: (416) 595-8940
e-mail: marketregulation@osc.gov.on.ca

Terms not defined in this Request for Comments are defined in the TSX Rules.

I. Proposed Change

The Amendments allow non-displayed orders ("Dark Orders") with a minimum size condition to have trading priority over other Dark Orders without such a condition, provided the Dark Orders are at the same price.

II. Background

On March 14, 2011 dark order types were successfully launched on Toronto Stock Exchange and TSX Venture Exchange (collectively, the "Exchanges"). Dark orders are orders that are not displayed in the central limit order book (i.e. are not visible) and are fully integrated into the existing order book on each Exchange, meaning the new dark orders will interact and trade with displayed orders as well as other dark orders. The recently introduced dark orders include an undisclosed order pegged to the mid-point of the national best bid or offer ("Dark Midpoint"), as well as a dark limit order ("Dark Limit") where price and volume are not displayed.

The Dark Midpoint and Dark Limit orders types were introduced as native order features available in our displayed order book and can be entered using two new tags to the FIX and STAMP order entry protocols.

Dark Midpoint orders always provide price improvement of at least a full trading increment unless the national best bid or offer ("NBBO") spread is one trading increment. In this case, the price improvement provided will be half a trading increment.

Dark Limit orders generally offer price improvement but may trade at the NBBO. Dark Midpoint orders are pegged to execute at the floating mid-point of the NBBO with an optional limit price. Mid-point orders will only execute at the NBBO mid-point. If the NBBO mid-point is beyond the range of the limit price the Dark Midpoint order will not execute (remain queued retaining priority). When the NBBO mid-point floats back within range of such order's limit price, the order will become executable again and maintain its previous time priority.

Dark limit orders are entered with a full tick limit price, or a market price. TSX/Venture may assign a limit price based on the original limit or the existing bid/ask tick limits. TSX/Venture automatically protects these orders from unintentional trade-throughs by only executing these orders at prices at or inside the NBBO.

Dark orders interact with displayed orders as well as other dark orders through an allocation sequence that ensures the priority of displayed orders over dark orders. A description of the allocation sequence, in the context of the Amendments is provided in paragraph 4.1 of this Request for Comment.

There is no pre-trade transparency of dark orders, which means order responses and changes in order attributes are not disseminated publicly. All order responses are fully encrypted in the broadcast feed. There is full post-trade transparency of dark execution prices which will update the last sale price and be provided to the TMX information processor's Consolidated Last Sale (CLS) feed, however all dark tag details are classified as private content and therefore fully encrypted. As dark orders are fully hidden, they do not contribute to the symbol's quote.

The TSX/Venture securities that are enabled to accept dark orders are identified based on information communicated by the Exchanges through notices to Participants/Members, as well as designations on a daily basis within the symbol status message distributed on TMX market data feeds. During the trading day, a symbol may become ineligible to accept and trade dark orders due to market issues such as price volatility triggering a market quality safeguard or technical issues such as an alternative trading system (ATS) sending erroneous quote data. Any change to a symbol's eligibility is communicated to all participants through a stock status message which has the "Accept Undisplayed" tag set to "N". Once the issue has been addressed that symbol may have its eligibility reinstated. When this occurs a stock status message will be disseminated with the "Accept Undisplayed" tag set to "Y". These events are followed by external notification by TSX/Venture (Trading Support).

The introduction of the Dark Midpoint and Dark Limit orders provides users an effective facility to seek liquidity with complete pre-trade anonymity, minimizing market impact costs, and protecting their proprietary trading information. Dark Orders maximize execution opportunities by being continuously exposed to Canada's largest pool of streaming visible orders with equal access by all investor types.

Visible orders routed to the Exchanges are provided the opportunity to significantly reduce execution costs and receive price improvement by executing against Dark Orders, and benefit from efficiencies in accessing both dark and visible liquidity through a single destination and transaction.

III. Prioritization of Dark Orders

The Amendments allow for an additional trade prioritization feature for Dark Orders. Such a feature will provide users with the option to "tag" their Dark Orders that meet a certain order size requirement, as an Undisclosed Order (as defined in the current TSX Rules) with a "Minimum Quantity" (as defined in the Amendments). By tagging such an order, it will trade ahead of any other Undisclosed Order at the same price that has not been tagged as an Undisclosed Order with a Minimum Quantity. Before such an order can be tagged it must meet a certain size/volume threshold of shares. The size/volume requirement for the Minimum Quantity will be determined by the Exchange, subject to change at the Exchange's discretion, and will be made public through Exchange documentation. Appropriate advance notice will be provided to Participating Organizations and others of any changes to the size/volume requirement. We are currently in the process of seeking feedback from participants in determining an appropriate minimum volume setting and request specific comments on this item.

The Minimum Quantity functionality will apply only to Dark Midpoints upon approval of the Amendments by the Commission. Appropriate advance notice will be provided to Participating Organizations if we expand this functionality to Dark Limit orders.

Throughout the board lot allocation, fully visible orders and disclosed and undisclosed volume of iceberg orders will have priority over dark orders at the same price. With the proposed amendments to the trade allocation sequence, at each price level the allocation will adhere to the following sequence:

1) Broker preference amongst displayed volume in time priority;

2) Displayed volume in time priority:

3) Undisclosed Iceberg volume in time priority;

4) Broker preference amongst dark volume with a Minimum Quantity in time priority;

5) Dark volume with a Minimum Quantity in time priority;

6) Broker preference amongst dark volume without a Minimum Quantity in time priority; and

7) Dark volume without a Minimum Quantity in time priority.

IV. Rationale for Amendment

To further strengthen TMX's Dark Midpoint and Dark Limit orders as an effective mechanism to facilitate the trading of size we believe it necessary to provide an appropriate incentive to encourage the placement of dark orders of larger size. The Amendments provide such an incentive by providing dark orders of larger size fill priority over dark orders of a smaller size. Furthermore, TMX's ability to set a minimum volume threshold will ensure that those that use the Minimum Quantity condition can only do so for larger size orders, which will facilitate the matching of blocks and larger institutional order flow.

With the rapid electronification of our market, it has become increasingly difficult for participants, specifically institutional investors, to execute large size volume, and to do so without signalling their intentions to the market through information leakage. The Amendments are intended to assist participants with this challenge. The feedback that we have received from interested users supports the introduction of fill priority for larger size orders.

The Minimum Quantity condition will provide an additional anti-gaming benefit for users of Dark Orders. A minimum quantity feature allows the participant to manage the trade-off between the minimum fill they will receive against the potential leakage of post trade information. Certain users of dark pools that do not have an appropriate minimum quantity feature have been known to submit single board lot orders inside the visible quote in order to identify dark liquidity. For example, if a trader determines that there may be a resting buy dark order pegged to the NBBO midpoint, they can push up the visible bid by entering small incremental buy orders, which will increase the executable price of the dark buy order. The trader then submits a sell order which will trade with the dark order at the inflated price. The minimum quantity condition can mitigate such information leakage risk by increasing the potential trading cost for traders attempting to identify dark liquidity.

V. Impact

For the reasons noted above, the impact to the market will be positive because prioritization will:

- Promote the trading of size for institutional order flow;
- Facilitate the matching of blocks; and
- Enhance the anonymity of Dark Order proprietary trading information and discourage gaming activity.

VI. Description of Amendments

Provided below is a summary of the Amendments. A blacklined text of the amendments is provided in Appendix "A".

TSX Rule 1-101 – Definitions: The Amendments add one new definition to each of the Exchange's trading rules. "Minimum Quantity" is defined as the minimum size/volume (as determined by the Exchange) of an order that is required for a trade.

TSX Rule 4-801 – Establishing Priority: The existing subsection (1) has been amended to allow a Dark Order with a Minimum Quantity to execute prior to a Dark Order without a Minimum Quantity at the same price. Furthermore the subsection clarifies that a portion of an undisclosed order (i.e. iceberg order) will execute prior to a Dark Order.

TSX Rule 4-802 – Allocation of Trades: The existing subsection (1) for "Allocation of Trades" has been amended to clarify that the trading rule for "Establishing Priority" (subsection (1) therein) applies to such allocations.

VII. Consultation and Review

The decision to prioritize dark orders with a minimum quantity condition over dark orders without this condition is the result of feedback from interested participants and our commitment to provide a service to facilitate the matching of larger sized orders without revealing proprietary trading information or adversely impacting the market.

VIII. Alternatives

No alternatives were considered.

IX. Comparable Rules

A minimum quantity condition has become a standardized feature associated with dark orders and facilities, and is currently offered on marketplaces such as MatchNow, CHI-X Canada, CS Crossfinder, and Sigma X Canada. In addition, the prioritization of orders with size are reflected in the matching allocations of venues such as Crossfinder and Alpha's Intraspread facility.

X. Public Interest Assessment

We submit that in accordance with the Protocol for Commission Oversight of Toronto Stock Exchange Rule Proposals, the Amendments will be considered "public interest" in nature. The Amendments would, therefore, only become effective following public notice, a comment period and the approval of the Commission.

XI. Questions

Questions concerning this notice should be directed to Kevin Sampson, Director, Product Development and Business Management, TMX Markets at kevin.sampson@tsx.com or Amer Chaudhry, Legal Counsel, TSX Group Inc. at amer.chaudhry@tsx.com.

APPENDIX "A"

PART 1 – INTERPRETATION

1-101 Definitions (Amended)

*****

"Minimum Quantity" means the minimum volume, as determined by the Exchange, of an order that is required for a trade.

Added (●, 2011)

*****

DIVISION 8 – POST OPENING

4-801 "Establishing Priority"

(1) A disclosed order shall be executed prior to an Undisclosed Order or any undisclosed portion of an order at the same price**; an undisclosed portion of an order shall be executed prior to an Undisclosed Order at the same price; and an Undisclosed Order with a Minimum Quantity shall be executed prior to an Undisclosed Order without a Minimum Quantity at the same price**.

Amended (●, 2011)

(2) Subject to Rule 4-801(1) and Rule 4-802, an order at a particular price shall be executed prior to any orders at that price entered subsequently, and after all orders entered previously ("time priority"), except as may be provided otherwise.

(3) An order shall lose time priority if its disclosed volume is increased and shall rank behind all other disclosed orders at that price.

Amended (March 1, 2011)

*****

4-802 Allocation of Trades (Amended)

(1) ~~An~~**Subject to 4-801(1), an** order that is entered for execution on the Exchange may execute without interference from any order in the Book if the order is:

(a) part of an internal cross;

(b) an unattributed order that is part of an intentional cross;

(c) part of an intentional cross entered by a Participating Organization in order to fill a client's Special Trading Session order;

(d) part of an exempt related security cross, provided that the order is exempt from interference only to the extent that there are no offsetting orders entered in the Book, at least one of which is an order entered by the same Participating Organization, which can fill both the client's order for the particular security, in whole or in part, and an equivalent volume of the client's order for the related security. Orders in the Book will only be considered to be offsetting orders if the related security spread on execution of the clients' orders against orders in the Book is equal to or more beneficial than the related security spread offered by the Participating Organization for the contingent cross arrangement;

(e) entered as part of a Specialty Price Cross; or

(f) part of a Designated Trade.

Amended (●, 2011)

13.3 Clearing Agencies

13.3.1 CDS – Notice and Request for Comment – Material Amendments to CDS Procedures – CDCC INTERFACE

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

NOTICE AND REQUEST FOR COMMENT

MATERIAL AMENDMENTS TO CDS PROCEDURES

CDCC INTERFACE

A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTS

Withdrawal of previous procedure amendment submission

On November 2, 2010, CDS submitted a Notice and Request for Comment – Material Amendments to CDS Rules and Procedures Relating to the CDCC Interface for regulatory review.

The procedure amendments identified changes related to two phases of the CDCC Interface project: Phase 1 was intended to address repurchase agreement transactions, while phase 2 would address cash trades. Implementation of phase 1 was initially scheduled for January 10, 2011, with the implementation of phase 2 following closely thereafter.

The Notice and the proposed amendments were published on November 5, 2010 by the Ontario Securities Commission (OSC Bulletin (2010) 33 OSCB 10317), and by the Autorité des marches financiers du Québec (AMF Bulletin 2010-11-05 Vol. 7, n° 44).

Since CDS's original submission, the industry steering committee has amended the effective dates of the implementations as follows:

- Phase 1 implementation has been deferred to October 24, 2011
- Phase 2 implementation has tentatively been scheduled for the end of February, 2012 (no firm date has been set, however)

In addition to the deferral of implementation, and subsequent to the publication of CDS's Notice, the industry steering committee has identified functional enhancements to the initial proposal that impact the previously published proposed amendments.

As a result of these changes to implementation timing and the functional enhancements noted above, the proposed procedure amendments are being withdrawn.

The proposed CDS Rule amendments set out in Appendix A of the previous Notice for Request and Comment remain in effect.

Summary of new proposed amendments to procedures

The proposed amendments outlined in this Notice for Request and Comment are intended to reflect *only* those amendments related to phase 1 of the CDCC Interface project.

The CDS procedure amendments for phase 1 impact the following functionality:

- Participant service eligibility (new service - SOLA netting system)
- Non-exchange trade: new mode of settlement (SNS), new trade type (USR) and addition of the repo tag number field
- Participant merge does not occur for trades with mode of settlement equal to SNS and trades submitted by CDCC
- Modifying trades with mode of settlement equal to SNS
- Modifying trades submitted by CDCC

- CDCC cutoff time and update of mode of settlement from SNS to TFT for current value dated trades entered or modified after the cutoff time

- Neither the participants nor CDCC are permitted to place a hold on a trade involving CDCC as the CCP

Previously submitted procedure amendments relating to the implementation of phase 2 have been redacted, and relate to the following functional changes:

- Cash trades with mode of settlement equal to SNS

- CDSX ISIN eligibility for CDCC novation and netting

- Inter-dealer broker reporting of blind repo trades with mode of settlement equal to SNS

- SOLA zero net matching process for cash trades

- Partial settlement process

B. NATURE AND PURPOSE OF THE PROPOSED CDS PROCEDURE AMENDMENTS

The procedure amendments are considered material. The proposed amendments implement a new process flow and connectivity with the CDCC's fixed income clearing facility and redefine CDS's role in the transmission of information from its participants to third parties, while minimizing changes to participants' in-house and back-office vendors' systems.

C. IMPACT OF THE PROPOSED CDS PROCEDURE AMENDMENTS

Under the new process, confirmed trades that are reported to CDS with a mode of settlement equal to SNS will be reported to CDCC for novation and subsequent netting and clearing if the participant subscribes to CDCC's fixed income clearing facility. Trades with a mode of settlement equal to SNS will not be eligible for settlement in CDSX. CDS will be acting only in the capacity of an intermediary which communicates transactional information between participants and CDCC. Trades novated and netted by CDCC will be reported to CDS by CDCC for subsequent settlement within the CDSX TFT trade settlement process. These Trades will be reported to CDSX in a pre-confirmed status and with a mode of settlement equal to TFT using the CDSX Non-Exchange Trade entry process. The parties to these trades will be CDCC and a CDSX participant

If CDCC rejects a trade transmitted to CDCC by CDSX, the submitter of the trade will be notified of the rejection using existing processes and procedures. The submitter of the trade will be required either to adjust the trade for resubmission to CDCC, or to clear and settle the trade within CDSX either on a Trade-for-Trade basis or through CDS's existing FINet® service.

C.1 Competition

The procedure amendments are being proposed to support the CDS system changes that will allow CDCC to implement a competing solution to FINet as a result of the IIAC RFP process and the requirements of industry participants.

C.2 Risks and Compliance Costs

The proposed amendments are not expected to change the risk profile of CDS or its participants. It is expected that CDCC will settle its fixed income central counterparty trades as a receiver of credit in CDSX and that no changes to the risk model will be required. The payment obligations of CDCC resulting from fixed income settlement will be supported by an extender of credit providing an adequate line of credit to CDCC. Further, the proposed amendments are not expected to result in changes or increases to compliance costs for CDS, its participants, or other market participants.

C.3 Comparison to International Standards – (a) Committee on Payment and Settlement Systems of the Bank for International Settlements, (b) Technical Committee of the International Organization of Securities Commissions, and (c) the Group of Thirty

The proposed system changes and procedure amendments are consistent with international standards and recommendations previously set forth by the International Organization of Securities Commissions and the Committee on Payment and Settlement Systems of the Bank for International Settlements. The process is intended to increase securities repurchase agreement volumes and enhance market liquidity through a more efficient use of such securities.

D. DESCRIPTION OF THE PROCEDURE DRAFTING PROCESS

D.1 Development Context

The industry's desire for an alternative, additional fixed income clearing facility, currently being developed by the CDCC on behalf of the IIAC, is the impetus for the proposed procedure amendments and the systems changes which the proposed amendments will implement. The systems changes and procedure amendments are intended to minimize the impact to the current roles, practices, and systems of all affected market participants.

D.2 Procedure Drafting Process

CDS procedure amendments are reviewed and approved by CDS's Strategic Development Review Committee ("SDRC"). The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SRDC membership includes representatives from the CDS participant community and the committee meets on a monthly basis.

The proposed procedure amendments were reviewed and approved by the SDRC on April 21, 2011.

D.3 Issues Considered

The primary consideration in the development of the procedures in response to the industry initiative was development of the process and the legal framework which was intended to minimize effects on market participants' processes, practices, and systems.

D.4 Consultation

The process, and the procedures, were developed with direct consultation with market participants at the IIAC.

D.5 Alternatives Considered

As the fixed income clearing facility is an industry initiative, alternatives to the new fixed income clearing facility process were considered at the outset of that initiative. In respect of the proposed amendments, CDS was asked only to develop a solution that would implement the CDCC fixed income clearing facility with a minimum of development required by CDS's participants and other affected market participants.

D.6 Implementation Plan

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Ontario *Securities Act*. The *Autorité des marchés financiers* has authorized CDS to carry on clearing activities in Québec pursuant to sections 169 and 170 of the Québec *Securities Act*. In addition CDS is deemed to be the clearing house for CDSX®, a clearing and settlement system designated by the Bank of Canada pursuant to section 4 of the *Payment Clearing and Settlement Act*. The Ontario Securities Commission, the *Autorité des marchés financiers* and the Bank of Canada will hereafter be collectively referred to as the "Recognizing Regulators".

The amendments to the participant procedures may become effective on or after date of approval of the amendments by the Recognizing Regulators following public notice and comment.

E. TECHNOLOGICAL SYSTEMS CHANGES

E.1 CDS

CDS's systems will be modified to accommodate the interface such that the system will support trade submission and confirmation through CDSX. CDSX will perform edits as described in the procedures. CDS will also be receiving information from CDCC, which will communicate net position details and settlement instructions using (modified) CDSX trade functionality.

In particular, new functions within CDSX include:

Service eligibility (SOLA netting system), enables participants to direct trades to CDCC for subsequent processing by entering SNS as the mode of settlement on the non-exchange trade.

A new field will be added to a non-exchange trade (***Repo tag number***). This field will link the near and far legs of a repurchase agreement transaction and is required when a mode of settlement equal to SNS is entered.

and,

Mode of Settlement Conversion, whereby an eligible trade may be modified by CDSX such that the mode of settlement will be changed from SNS to TFT for settlement.

E.2 CDS Participants

CDS participants' systems will be required to determine which transactions should be reported to a Third Party Clearing System (TPCS), and will be required to assign a TPCS mode of settlement in order to instruct CDS accordingly. Further, participants' systems will be required to identify the short and long legs of a repurchase transaction through the use of an identification link assigned to the individual leg transactions. Finally, participants' systems will be required to recognize a new label indicating that the transaction had been novated by a TPCS, a process similar to the current "Deleted by FINet" label in the FINet process.

E.3 Other Market Participants

Where a CDS participant's systems are operated by a third-party vendor, the vendor will be required to make substantially similar modifications to systems as appear in section E.2, above.

F. COMPARISON TO OTHER CLEARING AGENCIES

Netting and novation of fixed income repo trades in the U.S. market occur through the Fixed Income Clearing Corporation (FICC); a subsidiary of the Depository Trust & Clearing Corporation (DTCC). FICC nets and novates transactions on a near real-time basis and provides counterparties with net outstanding obligations on a current and forward-dated basis. Repo transactions with a "start" or "on" leg of the current day are novated by FICC. The "end" or "off" legs are future dated and are novated and netted, with settlement taking place on the net obligation on the value date. In each case the security obligation settles through the Federal Reserve and the funds component is settled through Fedwire.

The model being developed by CDCC follows roughly that of LCH.Clearnet, an independent clearing house that is based in London, U.K. LCH.Clearnet operates RepoClear, a market utility that nets and novates bond and repo transactions between industry participants in 13 European markets. Settlement of these net obligations that have reached their value date is done at the depository in each market.

G. PUBLIC INTEREST ASSESSMENT

CDS has determined that the proposed amendments to the CDS procedures are not contrary to the public interest.

H. COMMENTS

Comments on the proposed amendments should be in writing and submitted within 30 calendar days following the date of publication of this notice in the Ontario Securities Commission Bulletin to:

Toni Manesis
Senior Business Analyst, Business Systems Development and Support
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

Phone: 416-365-3859
Fax: 416-367-2755
Email: amanesis@cds.ca

Copies should also be provided to the Autorité des marchés financiers and the Ontario Securities Commission by forwarding a copy to each of the following individuals:

Me Anne-Marie Beaudoin
Secrétaire de l'Autorité
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Télécopieur: (514) 864-6381
Courrier électronique: consultation-en-cours@lautorite.qc.ca

Manager, Market Regulation
Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55,
20 Queen Street West
Toronto, Ontario, M5H 3S8

Fax: 416-595-8940
e-mail: marketregulation@osc.gov.on.ca

CDS will make available to the public, upon request, all comments received during the comment period.

I. PROPOSED CDS PROCEDURE AMENDMENTS

The proposed procedure amendments are available for review and download on the User Documentation page on the CDS website.

Chapter 25

Other Information

25.1 Consents

25.1.1 Newcastle Resources Ltd. – s. 4(b) of the Regulation

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the Business Corporations Act (British Columbia).

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, O. Reg. 289/00, as am., s. 4(b).

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00, AS AMENDED
(the Regulation) MADE UNDER THE
BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990 c. B.16, AS AMENDED (the OBCA)

AND

IN THE MATTER OF
NEWCASTLE RESOURCES LTD.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Newcastle Resources Ltd. (the Applicant) to the Ontario Securities Commission (the Commission) requesting a consent from the Commission to continue in another jurisdiction pursuant to subsection 4(b) of the Regulation;

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

AND UPON the Applicant representing to the Commission that:

1. The Applicant was incorporated under the OBCA by letters of patent on April 24, 1967 under the name Jolly Jumper Products of America Limited. By Articles of Revival the Applicant changed its name to Sun Valley Hot Springs Ranch Inc. on September 25, 1987. By Articles of Amendment the Applicant changed its name to Tri-Valley Free Trade Inc. on March 26, 1991. By Articles of Amendment the Applicant changed its name to Tri-Lateral Investments Corporation on June 19, 1995. By Articles of Amendment the Applicant changed its name to Tri-Lateral Venture Corporation on October 2, 1998. By Articles of Amendment the Applicant changed its name to Pan American Gold Corporation on May 6, 2004. By Articles of Amendment the Applicant changed its name to Newcastle Resources Ltd. on November 21, 2008.

2. The authorized share capital of the Applicant consists of an unlimited number of Common shares and an unlimited number of preference shares of which 40,550,006 Common shares are issued and outstanding and 13,000,000 class C preference shares are issued and outstanding as at June 1, 2011. The Common shares are listed for trading on the Pink Sheets under the symbol "NCSLF".

3. The Applicant's current registered office is located at 40 King Street West, Suite 5800, Toronto, ON M5H 3S1. The Applicant's current head office is located at 1225 – 888 Dunsmuir Street, Vancouver, BC V6C 3K4.

4. Following the proposed continuance, the registered office of the Applicant will be located at 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

5. The Applicant proposes to make an application to the Director under the OBCA pursuant to Section 181 of the OBCA (the Application for Continuance) for authorization to continue as a corporation under the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57 (the BCBCA) (the Continuance).

6. Pursuant to subsection 4(b) of the Regulation, where a corporation is an offering corporation, the Application for Continuance must be accompanied by a consent from the Commission.

7. The Applicant is an offering corporation under the OBCA and is a reporting issuer under the *Securities Act* (Ontario) (the Act). The Application is also a reporting issuer under the securities legislation of British Columbia.

8. The Applicant is not in default under any provision of the OBCA and the Act or the regulations or rules made under the OBCA and the Act or under the securities legislation of any other jurisdiction where it is a reporting issuer.

9. The Applicant is not a party to any proceedings or, to the best of its knowledge, information and belief, any pending proceedings under the OBCA and the Act or under the securities legislation of any other jurisdiction where it is a reporting issuer.

10. The Continuance was approved by the Applicant's shareholders at the Annual and Special Meeting of the Applicant held on January 5, 2011 (the Meeting). The resolution approving the Continuance was approved by 100% of the votes cast.

11. At the Meeting the Applicant's shareholders, by special resolution, resolved that, upon continuance into British Columbia, the name of the Applicant be changed to RepliCel Life Sciences Inc. The Applicant will continue into British Columbia under the new name of RepliCel Life Sciences Inc.

12. The Applicant's management and head office are located in British Columbia and the Continuance is being proposed to move the jurisdiction of incorporation to the jurisdiction in which the business is being operated.

13. The Applicant intends to remain a reporting issuer in British Columbia and Ontario following the proposed Continuance under the BCBCA.

14. Holders of Common Shares as of the date of the Meeting have the right to dissent from the proposed Continuance under section 185 of the OBCA. The information circular dated November 15, 2010 describing the proposed Continuance that was mailed to holders of common shares on November 19, 2010 disclosed full particulars of the dissent rights.

15. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA.

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant under the BCBCA.

DATED this 17th day of June, 2011.

"Vern Krishna"
Commissioner
Ontario Securities Commission

"Mary Condon"
Commissioner
Ontario Securities Commission

25.1.2 Candax Energy Inc. – s. 4(b) of the Regulation

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the Business Corporations Act (British Columbia).

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, O. Reg. 289/00, as am., s. 4(b).

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00, AS AMENDED
(the "Regulation")
MADE UNDER THE
BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990 c. B.16, AS AMENDED (the "OBCA")

AND

IN THE MATTER OF
CANDAX ENERGY INC.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Candax Energy Inc. (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") requesting the consent of the Commission, pursuant to subsection 4(b) of the Regulation, for the Applicant to continue into the Province of British Columbia (the "**Continuance**") pursuant to Section 181 of the OBCA;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated as Addax Energy Inc. under the laws of Ontario pursuant to Articles of Incorporation adopted on June 4, 2004. The Applicant's named was changed to Candax Energy Inc. pursuant to Articles of Amendment adopted on June 25, 2004.

2. The Applicant's registered and head office is located at 2700 – 130 Adelaide Street West, Toronto, Ontario M5H 3P5.

3. The Applicant intends to apply to the Director under the OBCA pursuant to Section 181 of the OBCA for authorization to continue into the Province of British Columbia under the *Business*

Corporations Act (British Columbia), S.B.C. 2002, c. 57 (the "**BCBCA**").

4. Pursuant to the subsection 4(b) of the Regulation, an application for continuance under Section 181 of the OBCA must, in the case of an "offering corporation" (as that term is defined in the OBCA), be accompanied by a consent from the Commission.

5. The Applicant is an "offering corporation" under the OBCA and is a reporting issuer under the *Securities Act* (Ontario) R.S.O. 1990, c. S.5, as amended (the "**Act**"), and the securities legislation of each of British Columbia, Alberta and New Brunswick.

6. The authorized capital of the Applicant consists of an unlimited number of common shares ("**Common Shares**"), of which 853,565,877 were issued and outstanding as of February 4, 2011. All of the issued and outstanding Common Shares of the Applicant are listed for trading on the Toronto Stock Exchange under the symbol "CAX".

7. The Applicant is not in default under any provision of the OBCA and the Act, or any of the regulations or rules made thereunder, and is not in default under the securities legislation of any other jurisdiction in which it is a reporting issuer.

8. The Applicant is not a party to any proceeding or, to the best of its information, knowledge or belief, any pending proceeding under the Act.

9. A summary of the material provisions respecting the proposed Continuance was provided to the shareholders of the Applicant in the management information circular of the Applicant dated May 14, 2010 (the "**Circular**") in respect of the Applicant's annual and special meeting held on June 22, 2010 (the "**Meeting**"). The Circular was mailed to shareholders of record at the close of business on May 10, 2010 and was filed on SEDAR on May 20, 2010.

10. In accordance with the OBCA and the Act and the Applicant's constating documents, the special resolution of shareholders to be obtained at the Meeting in connection with the proposed Continuance (the "**Continuance Resolution**") required the approval of not less than two-thirds of the aggregate votes cast by the shareholders present in person or by proxy at the Meeting. Each shareholder was entitled to one vote for each Common Share held.

11. The Continuance Resolution was approved at the Meeting by 98% of the votes cast by shareholders of the Applicant in respect of the Continuance Resolution.

12. The Applicant's shareholders had the right to dissent with respect to the proposed Continuance pursuant to Section 185 of the OBCA, and the Circular disclosed full particulars of this right in accordance with the applicable law. No shareholders elected to exercise their dissent rights.

13. The Applicant believes that certain aspects of the BCBCA will better facilitate the Applicant's business and affairs than the OBCA. In particular, the BCBCA will offer the Applicant greater flexibility with respect to the recruitment of non-resident directors.

14. Following the Continuance:

    (a) the Applicant will continue to remain a reporting issuer in Ontario and in each of the other jurisdictions where it is currently reporting issuer; and

    (b) the Applicant's registered office will be located in Vancouver, British Columbia.

15. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA.

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the BCBCA.

DATED at Toronto, Ontario this 24th day of June, 2011.

"Vern Krishna"
Commissioner
Ontario Securities Commission

"James D. Carnwath"
Commissioner
Ontario Securities Commission

25.2 Exemptions

25.2.1 Front Street Global Opportunities Fund and Front Street Growth and Income Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from s. 2.1(2) of NI 81-101 to file a prospectus more than 90 days after the date of the receipt for the preliminary prospectus.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, s. 2.1(2).

June 29, 2010

Blake, Cassels & Graydon LLP

Attention: Michael Sharp

Dear Sirs/Mesdames:

Re: Front Street Global Opportunities Fund and Front Street Growth and Income Fund (the Funds), Combined Preliminary and Pro Forma Simplified Prospectus, Annual Information Form and Fund Facts dated March 23, 2011

Exemptive Relief Application under Part 6 of National Instrument 81-101 Mutual Fund Prospectus Disclosure (NI 81-101)
Application No. 2011/0502; SEDAR Project No. 1717421

By letter dated June 28, 2011 (the Application), the Funds applied to the Director of the Ontario Securities Commission (the Director) under section 6.1 of NI 81-101 for relief from the operation of section 2.1(2) of NI 81-101, which prohibits an issuer from filing a prospectus more than 90 days after the date of the receipt for the preliminary prospectus.

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the requested exemption to be evidenced by the issuance of a receipt for the Funds' prospectus, subject to the condition that the prospectus be filed no later than July 6, 2011.

Yours very truly,

"Darren McKall"
Manager, Investment Funds Branch

Index