The Ontario Securities Commission

OSC Bulletin

August 26, 2011

Volume 34, Issue 34

(2011), 34 OSCB

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

The Ontario Securities Commission
Cadillac Fairview Tower
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

Published under the authority of the Commission by:
Carswell, a Thomson Reuters business
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

416-609-3800 or 1-800-387-5164

Contact Centre - Inquiries, Complaints:	Fax: 416-593-8122
Market Regulation Branch:	Fax: 416-595-8940
Compliance and Registrant Regulation Branch	
- Compliance:	Fax: 416-593-8240
- Registrant Regulation:	Fax: 416-593-8283
Corporate Finance Branch	
- Team 1:	Fax: 416-593-8244
- Team 2:	Fax: 416-593-3683
- Team 3:	Fax: 416-593-8252
- Insider Reporting:	Fax: 416-593-3666
- Mergers and Acquisitions:	Fax: 416-593-8177
Enforcement Branch:	Fax: 416-593-8321
Executive Offices:	Fax: 416-593-8241
General Counsel's Office:	Fax: 416-593-3681
Investment Funds Branch:	Fax: 416-593-3699
Office of the Secretary:	Fax: 416-593-2318

THOMSON REUTERS

The OSC Bulletin is published weekly by Carswell, a Thomson Reuters business, under the authority of the Ontario Securities Commission.

Subscriptions are available from Carswell at the price of $649 per year.

Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

U.S.	$175
Outside North America	$400

Single issues of the printed Bulletin are available at $20 per copy as long as supplies are available.

Carswell also offers every issue of the Bulletin, from 1994 onwards, fully searchable on S*ecuritiesSource*™, Canada's pre-eminent web-based securities resource. *SecuritiesSource*™ also features comprehensive securities legislation, expert analysis, precedents and a weekly Newsletter. For more information on *SecuritiesSource*™, as well as ordering information, please go to:

http://www.westlawecarswell.com/SecuritiesSource/News/default.htm

or call Carswell Customer Relations at 1-800-387-5164 (416-609-3800 Toronto & Outside of Canada).

Claims from *bona fide* subscribers for missing issues will be honoured by Carswell up to one month from publication date.

Space is available in the Ontario Securities Commission Bulletin for advertisements. The publisher will accept advertising aimed at the securities industry or financial community in Canada. Advertisements are limited to tombstone announcements and professional business card announcements by members of, and suppliers to, the financial services industry.

ISSN 0226-9325
Except Chapter 7 ©CDS INC.

THOMSON REUTERS

One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

Customer Relations
Toronto 1-416-609-3800
Elsewhere in Canada/U.S. 1-800-387-5164
Fax 1-416-298-5082
www.carswell.com
Email www.carswell.com/email

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

August 26, 2011

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

Telephone: 416-597-0681 Telecopier: 416-593-8348

CDS **TDX 76**

Late Mail depository on the 19th Floor until 6:00 p.m.

S. -

THE COMMISSIONERS

Howard I. Wetston, Chair	—	HIW
James E. A. Turner, Vice Chair	—	JEAT
Lawrence E. Ritchie, Vice Chair	—	LER
Mary G. Condon, Vice Chair	—	MGC
Sinan O. Akdeniz	—	SOA
James D. Carnwath	—	JDC
Margot C. Howard	—	MCH
Sarah B. Kavanagh	—	SBK
Kevin J. Kelly	—	KJK
Paulette L. Kennedy	—	PLK
Edward P. Kerwin	—	EPK
Vern Krishna	—	VK
Christopher Portner	—	CP
Judith N. Robertson	—	JNR
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

August 29, 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
September 1, 2011 11:00 a.m.	**MBS Group (Canada) Ltd., Balbir Ahluwalia and Mohinder Ahluwalia** s. 37, 127 and 127.1 C. Rossi 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 6-12, September 14-26 & September 28, 2011 10:00 a.m.	**Anthony Ianno and Saverio Manzo** s. 127 & 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 20-21, 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
September 21, 2011 1:00 p.m.	**York Rio Resources Inc., Brilliante Brasilcan Resources Corp., Victor York, Robert Runic, George Schwartz, Peter Robinson, Adam Sherman, Ryan Demchuk, Matthew Oliver, Gordon Valde and Scott Bassingdale** s. 127 H. Craig/C. Watson in attendance for Staff Panel: VK/EPK
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
September 26, 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
September 26, 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

September 28, 2011 10:00 a.m.	**TBS New Media Ltd., TBS New Media PLC, CNF Food Corp., CNF Candy Corp., Ari Jonathan Firestone and Mark Green** s. 127 H. Craig in attendance for Staff Panel: CP
September 29, 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 30, 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: JEAT
October 3-7 & 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 3-6 & October 12, 2011 10:00 a.m.	**Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt** s. 127 M. Vaillancourt in attendance for Staff Panel: PLK
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 & 127.1 H. Craig in attendance for Staff Panel: MGC
October 11, 2011 2:30 p.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: TBA
October 12-24 & October 26-27, 2011 10:00 a.m.	**Helen Kuszper and Paul Kuszper** s. 127 & 127.1 U. Sheikh in attendance for Staff Panel: JDC/CWMS
October 13, 2011 10:00 a.m.	**Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg** s. 127 H Craig in attendance for Staff Panel: JEAT

October 17-24 & 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 & 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 & 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 & 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 & 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
January 26-27, 2012 10:00 a.m.	**Empire Consulting Inc. and Desmond Chambers** s. 127 D. Ferris in attendance for Staff Panel: TBA
February 1-13, February 15-17 & 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 & 127.1 H. Craig in attendance for Staff Panel: TBA
March 12, March 14-26, & 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
April 2-5, April 9, April 11-23 & April 25-27, 2012. 10:00 a.m.	**Bernard Boily** s. 127 and 127.1 M. Vaillancourt/U. Sheikh in attendance for Staff Panel: TBA
May 1-7, 9-18 & 23-25, 2012 10:00 a.m.	**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) & (5) A. Heydon in attendance for Staff Panel: TBA
TBA 10:00 a.m.	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA
TBA 10:00 a.m.	**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 10:00 a.m.	**Frank Dunn, Douglas Beatty, Michael Gollogly** s. 127 K. Daniels in attendance for Staff Panel: TBA
TBA 10:00 a.m.	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric** s. 127 & 127(1) D. Ferris in attendance for Staff Panel: TBA

TBA

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

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

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

s. 127(1) & (5)

J. Feasby/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 & 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

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

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

TBA

Peter Sbaraglia

s. 127

S. Horgan/P. Foy in attendance for Staff

Panel: TBA

TBA

Crown Hill Capital Corporation and Wayne Lawrence Pushka

s. 127

A. Perschy in attendance for Staff

Panel: TBA

TBA

Ground Wealth Inc., Armadillo Energy Inc., Paul Schuett, Doug DeBoer, James Linde, Susan Lawson, Michelle Dunk, Adrion Smith, Bianca Soto and Terry Reichert

s. 127

S. Schumacher in attendance for Staff

Panel: TBA

TBA

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

TBA

Normand Gauthier, Gentree Asset Management Inc., R.E.A.L. Group Fund III (Canada) LP, and CanPro Income Fund I, LP

s. 127

B. Shulman in attendance for Staff

Panel: TBA

TBA

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: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

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

LandBankers International MX, S.A. De C.V.; Sierra Madre Holdings MX, S.A. De C.V.; L&B LandBanking Trust S.A. De C.V.; Brian J. Wolf Zacarias; Roger Fernando Ayuso Loyo, Alan Hemingway, Kelly Friesen, Sonja A. McAdam, Ed Moore, Kim Moore, Jason Rogers and Dave Urrutia

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

1.1.2 OSC Staff Notice 81-715 — Cross-Listings by Foreign Exchange-Traded Funds

OSC STAFF NOTICE 81-715

CROSS-LISTINGS BY FOREIGN EXCHANGE-TRADED FUNDS

Purpose

This notice sets out the views of staff of the Ontario Securities Commission (OSC Staff or we) regarding the application of prospectus requirements and investment fund product regulation in connection with cross-listings on an exchange in Ontario by foreign exchange-traded mutual funds.

Background

Exchange-traded mutual funds (ETFs) are open-end mutual funds in continuous distribution whose securities trade over an exchange. We have received several inquiries relating to foreign ETFs that may be interested in cross-listing their securities on an exchange in Ontario.

Regulatory Issues

The increasingly global market for investment products requires balancing the benefits of investor access to potentially high quality foreign products with investor protection and maintaining consistent product regulation between domestic and foreign products. As the ETF industry continues to evolve, its products are becoming more diverse and complex. This requires ensuring that investors fully understand the risks of the products they are purchasing.

Regulatory oversight of investment fund products is achieved primarily through disclosure requirements and product regulation, which arises when an investment fund is either actively selling its securities or conducting a distribution in Ontario.

OSC Staff's view is that a cross-listing of foreign ETF securities would generally be a distribution in Ontario. ETFs differ from other exchange-listed issuers primarily because an ETF's exchange listing functions as the primary distribution channel through which an ETF issues its securities to investors and increases its net assets. As a result, we do not consider the ETF's exchange listing as merely providing a source of secondary market liquidity.

OSC Staff's view is that foreign ETF providers must file a prospectus to qualify their securities and comply with investment fund product regulation in Ontario before applying to cross-list on an exchange in Ontario. Similarly, we take the view that foreign providers of other products that are comparable to ETFs and use a similar distribution structure as ETFs, such as some exchange-traded notes (ETNs), must also file a prospectus before applying to cross-list their securities on an exchange in Ontario.

OSC Staff intend to continue to monitor this issue, as well as developments in the ETF industry generally, with a view to assessing whether a modified approach to cross-listings of foreign investment products may be warranted. We are prepared to discuss whether there may be circumstances in which we are prepared to consider an exception to the approach reflected in this notice.

Further Information

Filers and their counsel are encouraged to contact OSC Staff at an early stage in the planning of any foreign ETF or ETN distribution that may give rise to any questions concerning the issues discussed in this Notice.

Questions

If you have any questions, please refer them to:

Darren McKall
Manager, Investment Funds Branch
Ontario Securities Commission
Phone: 416-593-8118
E-mail: dmckall@osc.gov.on.ca

Doug Welsh
Senior Legal Counsel, Investment Funds Branch
Ontario Securities Commission
Phone: 416-593-8068
E-mail: dwelsh@osc.gov.on.ca

August 26, 2011

1.4 Notices from the Office of the Secretary

1.4.1 Normand Gauthier et al.

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

AND

IN THE MATTER OF
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, and
CANPRO INCOME FUND I, LP

TORONTO – The Commission issued an Order in the above named matter.

A copy of the Order dated August 17, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca
Wendy Dey
Director, Communications & Public Affairs
416-593-8120

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:

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

1.4.2 MBS Group et al.

FOR IMMEDIATE RELEASE
August 18, 2011

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

AND

IN THE MATTER OF
MBS GROUP (CANADA) LTD.,
BALBIR AHLUWALIA
AND MOHINDER AHLUWALIA

TORONTO – The Commission issued an Order in the above named matter which provides that the temporary cease trade order shall expire on September 2, 2011 and the hearing is adjourned to September 1, 2011 at 10:00 a.m. or to such other date as provided by the Office of the Secretary and agreed to by the parties.

A copy of the Order dated August 17, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:
OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.3 Rezwealth Financial Services Inc. et. al.

FOR IMMEDIATE RELEASE
August 18, 2011

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

AND

IN THE MATTER OF
REZWEALTH FINANCIAL SERVICES INC.,
PAMELA RAMOUTAR, JUSTIN RAMOUTAR,
TIFFIN FINANCIAL CORPORATION, DANIEL TIFFIN,
2150129 ONTARIO INC., SYLVAN BLACKETT,
1778445 ONTARIO INC. and WILLOUGHBY SMITH

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing of this matter is adjourned to Friday, March 30, 2012 at 10:00 a.m. for a continued pre-hearing conference; and the hearing on the merits shall commence on April 30, 2012 and continue until May 25, 2012 inclusive, with the exception of May 8, May 21 and May 22, 2012.

A copy of the Order dated August 16, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:
OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.4 M.P. Global Financial Ltd. and John Feng Deng

FOR IMMEDIATE RELEASE
August 22, 2011

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

AND

IN THE MATTER OF
M P GLOBAL FINANCIAL LTD.,
AND JOE FENG DENG

TORONTO – Following the hearing on the merits in the above noted matter, the Panel released its Reasons and Decision.

A copy of the Reasons and Decision dated August 19, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:
OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4. 5 TBS New Media Ltd. al.

FOR IMMEDIATE RELEASE
August 22, 2011

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

AND

TBS NEW MEDIA LTD.,
TBS NEW MEDIA PLC, CNF FOOD CORP.,
CNF CANDY CORP.,
ARI JONATHAN FIRESTONE and MARK GREEN

TORONTO – The Commission issued a Temporary Order in the above named matter which provides that the Temporary Order, as amended by the July 12, 2010 order, is extended to September 29, 2011; and the Hearing is adjourned to September 28, 2011 at 10:00 a.m., or such other date and time as set by the Office of the Secretary and agreed upon by the parties.

A copy of the Temporary Order dated August 17, 2011 is available at **www.osc.gov.on.ca.**

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:
OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.6 Shallow Oil & Gas Inc. et al.

FOR IMMEDIATE RELEASE
August 24, 2011

IN THE MATTER OF
THE SECURITIES ACT

AND

IN THE MATTER OF
SHALLOW OIL & GAS INC.,
ERIC O'BRIEN, ABEL DA SILVA,
GURDIP SINGH GAHUNIA also known as MICHAEL GAHUNIA,
ABRAHAM HERBERT GROSSMAN also known as ALLEN GROSSMAN,
MARCO DIADAMO, GORD McQUARRIE,
KEVIN WASH, and WILLIAM MANKOFSKY

TORONTO – The Commission issued an Order in the above noted matter which provides that the dates set down for the hearing on the merits be vacated; and the hearing be adjourned to November 4, 2011 at 10:00 a.m. for the purpose of continuing the pre-hearing conference, or to such other date as is agreed to by the parties and set by the Office of the Secretary.

A copy of the Order dated August 16, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:
OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.7 Heir Home Equity Investment Rewards Inc. et al.

FOR IMMEDIATE RELEASE
August 24, 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 a pre-hearing conference shall be held on Tuesday, October 11, 2011 at 3:30 p.m.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

Wendy Dey

Director, Communications & Public Affairs
416-593-8120

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:

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

This page intentionally left blank

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 HSBC Global Asset Management (Canada) Limited

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – Exemption from the self dealing prohibitions in the Securities Act (Ontario) and the related party prohibitions in NI 31-103 – An adviser wants relief from the self-dealing and related party transaction prohibitions to it or its affiliates to cause the mutual funds or managed accounts they advise or manage to transact with each other and other related parties. Conditions of prior relief applied to each type of transaction.

Applicable Legislative Provisions

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

June 15, 2011

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

AND

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

AND

IN THE MATTER OF
HSBC GLOBAL ASSET MANAGEMENT
(CANADA) LIMITED (THE FILER)

AND

IN THE MATTER OF
THE EXISTING AND FUTURE MUTUAL FUNDS
MANAGED OR ADVISED BY THE FILER OR
AN AFFILIATE OF THE FILER AND TO WHICH
NATIONAL INSTRUMENT 81-102 MUTUAL FUNDS (NI 81-102)
APPLIES (EACH, A FUND AND, COLLECTIVELY THE FUNDS),
AND THE FULLY MANAGED ACCOUNTS MANAGED BY
THE FILER OR AN AFFILIATE OF THE FILER
(EACH, A MANAGED ACCOUNT AND,
COLLECTIVELY, THE MANAGED ACCOUNTS)

DECISION

Background

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

(a) an exemption (the Principal Trade Related Account Relief) from the requirement (the Related Account Prohibition) that prohibits a registered adviser from knowingly causing an investment portfolio managed by it,

including an investment fund for which it acts as an adviser, to purchase or sell a security of any issuer from or to the investment portfolio of a responsible person (as defined in the Legislation), an associate of a responsible person or an investment fund for which the responsible person acts as an adviser (a Related Account), in order to permit a Fund or a Managed Account to purchase from or sell to a Related Person that is a principal dealer in the Canadian debt securities market (a Principal Dealer) debt securities of an issuer other than the federal or a provincial government (Non-Government Debt Securities) or debt securities issued or fully and unconditionally guaranteed by the federal or a provincial government (Government Debt Securities) in the secondary market (the Principal Dealer Trades);

(b) an exemption (the Inter-Fund Trade Related Account Relief) from the Related Account Prohibition and the requirement that a registered adviser must execute transactions between portfolios managed by the registered adviser or an associate of the registered adviser at current market price to permit the following purchases and sales (the Inter-Fund Trades):

(i) a Fund to purchase exchange-traded securities from or sell exchange-traded securities to another Fund at the last sale price, as defined in the Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, prior to the execution of the trade (the Last Sale Price) in lieu of the closing price, as required by section 6.1(2)(e) of National Instrument 81-107 *Independent Review Committee for Investment Funds* (NI 81-107) because of the definition of "current market price" in section 6.1(1)(a)(i) of NI 81-107 (the Closing Sale Price);

(ii) a Managed Account to purchase securities from or sell securities to a Fund, where such Managed Account is not for a client that is a responsible person; and

(iii) where the transactions contemplated in (ii) involve exchange traded securities the transactions are permitted to occur at the Last Sale Price instead of the Closing Sale Price;

(c) an exemption (the *In Specie* Transaction Related Account Relief) from the Related Account Prohibition to permit a Fund and a Managed Account to engage in *In Specie* Transactions (as described below);

(d) an exemption (the Related Issuer Relief) from the requirement (the Related Issuer Prohibition) that prohibits a registered adviser from causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase a security of an issuer (a Related Issuer) in which a responsible person or an associate of the responsible person is an officer or director or where his or her own interest might distort his or her judgment, unless the specific fact is disclosed to the client and the written consent of the client to the purchase is obtained before the purchase, in order to permit the Funds to purchase and hold non-exchange traded debt securities, other than asset backed commercial paper securities, with a term to maturity of 365 days or more, issued by a Related Person in a primary offering, and to permit the Funds to purchase and hold non-exchange traded debt securities issued by a Related Issuer in the secondary market;

(e) an exemption (the Related Shareholder Relief) from the requirement (the Related Shareholder Prohibition) that prohibits a mutual fund from making or holding an investment in any person or company who is a substantial security holder of the mutual fund, its management company or distribution company (a Related Shareholder), in order to permit the Funds to purchase and hold non-exchange traded debt securities, other than asset backed commercial paper securities, with a term to maturity of 365 days or more, issued by a Related Person in a primary offering, and to permit the Funds to purchase and hold non-exchange traded debt securities issued by a Related Shareholder in the secondary market;

(f) an exemption (the Related Party Relief) from the requirement (the Related Party Prohibition) that prohibits a mutual fund from making or holding an investment in an issuer in which a Related Shareholder has a significant interest (a Related Party), in order to permit the Funds to purchase and hold non-exchange traded debt securities, other than asset backed commercial paper securities, with a term to maturity of 365 days or more, issued by a Related Person in a primary offering, and to permit the Funds to purchase and hold non-exchange traded securities issued by a Related Shareholder in the secondary market; and

(g) an exemption (the Reporting Relief) from the requirement (the Reporting Requirement) that a mutual fund manager or a management company (depending on the jurisdiction) file a report within 30 days after each month end and in respect of each mutual fund to which it provides services, relating to every purchase or sale effected by such mutual fund through any related person or company (a Related Agent) with respect to which the Related Agent received a fee either from the mutual fund or from the other party to the transaction or both, in order that the Funds are not required to comply with the Reporting Requirement

(collectively, the Requested Relief).

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

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

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

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

Interpretation

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

The term Related Person will be used to refer to a Related Account, Related Issuer, Related Shareholder, Related Party, or Related Agent depending on the prohibition or relief referred to.

Representations

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

1. The Filer is a corporation organized under the laws of Canada, with a head office located in Vancouver, British Columbia.

2. The Filer is registered under applicable securities legislation in each province of Canada, other than Prince Edward Island, an adviser in the category of portfolio manager and in Ontario as a dealer in the category of exempt market dealer.

3. Each Fund is or will be an open-ended mutual fund established under the laws of one of the Jurisdictions or the Non-Principal Jurisdictions.

4. Each of the Funds is or will be a reporting issuer under the laws of one or more of the provinces of Canada.

5. Securities of each Fund are or will be qualified for sale in one or more Canadian jurisdictions under a simplified prospectus and annual information form filed in accordance with applicable securities legislation.

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

7. The Filer, or an affiliate of the Filer, is or will be the manager and/or principal portfolio adviser of the Funds and the portfolio manager of each Managed Account.

8. A Fund may be an associate of the Filer, or of an affiliate of the Filer, that is a responsible person in respect of another Fund.

9. A Fund may be an associate of the Filer, or of an affiliate of the Filer, that is the portfolio adviser of a Fund or a Managed Account.

10. A responsible person, or an associate of a responsible person, of the Filer may be an officer or director of a Related issuer.

11. A Related Person of a Fund or a Managed Account may be a Principal Dealer in Non-Government Debt Securities or Government Debt Securities.

12. The purchase of Non-Government Debt Securities and Government Debt Securities from a Related Person of the Funds in the secondary market is subject to the Related Account Prohibition.

13. There is a limited supply of Non-Government Debt Securities and Government Debt Securities available to the Funds and the Managed Accounts, and frequently the only source of Non-Government Debt Securities and Government Debt Securities for a Fund or a Managed Account is a Related Person.

14. The investment strategies of each Fund that relies on the Principal Trade Related Account and Related Issuer Relief permit or will permit it to invest in the securities purchased, either as a principal strategy in achieving its investment objective or as a temporary strategy, pending the purchase of other securities.

15. The Filer wishes to cause each Fund to purchase securities from or sell securities to another Fund or Managed Account.

16. The Filer wishes to cause each Managed Account to purchase securities from or sell securities to another Managed Account or Fund.

17. The Filer wishes to deliver securities to a Fund in respect of subscriptions by a Managed Account of securities of a Fund and may wish to receive securities from a Fund in respect to a redemption of securities of a Fund by a Managed Account (such transactions *In Specie* Transactions).

18. The Filer wishes to cause a Managed Account to engage in *In Specie* Transactions with a Fund in respect of the purchase or redemption of securities of a Fund by a Managed Account.

19. Effecting *In Specie* Transactions between the Funds and the Managed Accounts will allow the Filer to manage each asset class more effectively and reduce transaction costs for the client and the Fund. For example, *In Specie* Transactions reduce market impact costs, which can be detrimental to the client and/or the Fund(s). *In Specie* Transactions also allow a portfolio manager to retain within its control institutional-size blocks of securities that otherwise would need to be broken and re-assembled.

20. The securities transferred under an *In Specie* Transaction will be valued on the same valuation day on which the unit purchase price or redemption price of a Fund is determined. With respect to the purchase of securities of a Fund, the securities transferred to a Fund under an *In Specie* Transaction in satisfaction of the purchase price of those securities will be valued as if the securities were portfolio assets of the Fund, as contemplated by subsection 9.4(2)(b)(iii) of NI 81-102. With respect to the redemption of securities of a Fund, the securities transferred to a Managed Account in satisfaction of the redemption price of those securities will have a value equal to the amount at which those securities were valued in calculating the net asset value per security used to establish the redemption price of the securities of the Fund, as contemplated by subsection 10.4(3)(b) of NI 81-102.

21. The only cost which will be incurred by a Fund or Managed Account for an *In Specie* Transaction is a nominal administrative charge levied by the custodian of the Fund in recording the trade and any commission charged by the dealer executing the trade.

22. The Funds require the relief sought in order to pursue their investment objectives and strategies effectively.

23. Pursuant to section 6.2 of NI 81-107 and concurrent relief under NI 81-102, the Funds are permitted to purchase exchange traded securities of a Related Person.

24. Securities issued by a Related Person that are not listed and traded on an exchange may be appropriate securities for a Fund or Managed Account to purchase, sell or hold.

25. A Related Person (in particular, HSBC Bank Canada) may be an issuer of highly rated commercial paper and other debt securities; the Filer considers that the Funds should have access to such securities for the following reasons:

    (a) there is currently and has been for several years a very limited supply of highly rated corporate debt; to limit the supply available to the Funds even further by removing debt issued by a Related Person puts the Funds at a competitive disadvantage and may increase the cost a Fund pays for available securities;

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

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

26. The Filer is seeking the Related Issuer Relief, the Related Shareholder Relief and the Related Party Relief to permit the Funds to purchase and hold non-exchange traded debt securities issued by a Related Person.

27. Each non-exchange traded debt security purchased by a Fund pursuant to the Requested Relief that is a security issued by a Related Person will have been given, and will continue to have, an approved credit rating (as defined in NI 81-102) by an approved credit rating organization (as defined in NI 81-102).

28. Where a Fund purchases a non-exchange traded debt security in a primary offering pursuant to the Requested Relief, the terms of the primary offering, such as the size and the pricing, will be a matter of public record as evidenced in a prospectus, offering memorandum, press release or other public document.

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

30. An independent review committee (IRC) in accordance with the requirements under NI 81-107 has or will be appointed for each Fund.

31. The mandate of the IRC of a Fund will include: approving purchases and sales of securities between a Fund and another Fund or a Managed Account; approving purchases and sales of Non-Government Debt Securities and Government Debt Securities from or to a Related Person that is a Principal Dealer in the secondary market; and approving purchases by a Fund of securities of a Related Issuer. The IRC of the Funds will be composed in accordance with section 3.7 of NI 81-107 and will be expected to comply with the standard of care set out in section 3.9 of NI 81-107. Further, the IRC of the Funds will not approve purchases of securities of a Related Issuer or purchases and sales of Non-Government Debt Securities or Government Debt Securities from a Related Person that is a Principal Dealer in the secondary market, unless it has made the determination set out in section 5.2(2) of NI 81-107.

32. The investment management agreement or other documentation in respect of a Managed Account will contain the authorization of the client for the portfolio manager to purchase securities from or sell securities to a Fund, and to purchase and sell Non-Government Debt Securities and Government Debt Securities from a Related Person that is a Principal Dealer in the secondary market.

33. Where the Filer or its affiliates or associates act as a portfolio adviser to the Funds, they have discretion to allocate the brokerage transactions of each Fund in a manner that they believe to be in the Fund's best interests. The purchase or sale of securities effected through a Related Person reflects the business judgment of the Filer or its affiliates and associates uninfluenced by considerations other than the best interests of the Funds. The transactions will be on terms and conditions comparable to those offered by unrelated brokers or dealers.

34. The annual information forms or prospectuses of the Funds will disclose on the date which is the earlier of:

    (a) the date when an amendment to the simplified prospectus or annual information form of a Fund is filed, and

    (b) the date on which the initial or renewal simplified prospectus or annual information form is receipted,

    that the portfolio adviser, or sub-advisor as applicable, may allocate brokerage business of the Funds to a Related Person, provided that such transactions are made on terms and conditions comparable to those offered by unrelated brokers and dealers;

35. The Funds prepare and file interim and annual management reports of fund performance (MRFPs) that disclose any transactions involving Related Persons, including the identity of the Related Person, its relationship to the Fund, the purpose of the transaction, the measurement basis used to determine the recorded amount and any ongoing commitments to the Related Person; a discussion of portfolio transactions with a Related Person must include the dollar amount of commission, spread or any other fee that the Fund paid to any Related Party in connection with the transaction;

36. The Filer is seeking the Reporting Relief in respect of the Funds, because, in the absence of the Reporting Relief, the Funds would be obliged to prepare a report of any purchase or sale of securities by a Fund that is effected through a Related Person and file the report with the securities regulatory authority or regulator in the Jurisdictions and the Non-Principal Jurisdictions within 30 days of the end of the month in which the transactions occurs; it would be costly and time consuming to provide the information required by the Reporting Requirement on a monthly and segregated basis for each Fund.

37. At the time of any transaction contemplated in this decision, the Filer will have in place policies and procedures to enable the Funds to engage in the transactions contemplated by the decision with the Managed Accounts.

38. The Filer has determined that it would be in the interests of the Funds and the Managed Accounts to receive the Requested Relief.

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 Requested Relief is granted provided that:

1. with respect to the Principal Trade Related Account Relief:

   (a) the purchase or sale is consistent with the investment objective of each Fund;

   (b) the IRC of each the Funds has approved the transaction in accordance with section 5.2(2) of NI 81-107;

   (c) the manager of the Fund complies with the conflict of interest matter requirements of section 5.1 of NI 81-107;

   (d) the manager of each of the Funds and the IRC of each of the Funds comply with section 5.4 of NI 81-107 for any standing instructions the IRC provides in connection with the transactions;

   (e) a purchase is not executed at a price which is higher than the available ask price of the security and a sale is not executed at a price which is lower than the available bid price;

   (f) the bid and ask price of the Non-Government Debt Security or Government Debt Security are readily available, as provided in commentary 7 to section 6.1 of NI 81-107;

   (g) the purchase or sale is subject to applicable "market integrity requirements" as defined in NI 81-107;

   (h) the Funds keep the written records required by section 6.1(2)(g) of NI 81-107; and

      (i) if the transaction is by a Managed Account, the investment management agreement or other documentation in respect of the Managed Account authorizes the transaction;

2. with respect to the Inter-Fund Trade Related Account Relief as it applies to a purchase or sale of exchange traded securities by a Fund to another Fund, the requirements of Section 6.1 of NI 81-107 apply except that for purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 the current market price of the security may be the Last Sale Price;

3. with respect to the Inter-Fund Trade Related Account Relief, the Filer or its affiliate refers a transaction that involves a Fund to the IRC in the manner contemplated by Section 5.1 of NI 81-107 and the IRC of the Fund complies with Section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the transaction;

4. in the case of an Inter-Fund Trade between a Fund and a Managed Account:

   (a) the purchase or sale of securities is consistent with the investment objectives of the Fund and the Managed Account;

   (b) the IRC of the Fund has approved the transaction on behalf of the Fund in accordance with the terms of subsection 5.2(2) of NI 81-107;

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

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

5. with respect to *In Specie* Transactions in connection with the purchase of units of a Fund by a Managed Account:

(a) the IRC of the Fund has approved the *In Specie* Transaction in respect of the Fund in accordance with section 5.2(2) of NI 81-107;

(b) the Filer or its affiliate, as manager of the Fund, and the IRC of the Fund, comply with the requirements of section 5.4 of NI 81-107 for any standing instructions the IRC provides in respect of an *In-Specie* Transaction;

(c) the Filer or its affiliate obtains the prior written consent of the client of the relevant Managed Account before it engages in any *In-Specie* Transactions;

(d) the Fund would at the time of payment be permitted to purchase the securities;

(e) the securities are acceptable to the Filer or its affiliate as portfolio manager of the Fund and consistent with the Fund's investment objectives;

(f) the value of the securities sold to the Fund is at least equal to the issue price of the securities of the Fund for which they are payment, valued as if the securities were portfolio assets of that Fund;

(g) the account statement next prepared for the Managed Account will include a note describing the securities delivered to the Fund and the value assigned to such securities; and

(h) the Fund keeps written records of all *In Specie* Transactions during a financial year of the Fund, reflecting details of the securities delivered to the Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place;

6. with respect to *In Specie* Transactions in connection with the redemption of units of a Fund by a Managed Account:

(a) the IRC of the Fund has approved the *In Specie* Transaction in respect of the Fund in accordance with section 5.2(2) of NI 81-107;

(b) the Filer or its affiliate, as manager of the Fund, and the IRC of the Fund, comply with the requirements of section 5.4 of NI 81-107 for any standing instructions the IRC provides in respect of an *In-Specie* Transaction;

(c) the Filer or its affiliate obtains the prior written consent of the client of the relevant Managed Account to the payment of redemption proceeds in the form an *In-Specie* Transaction;

(d) the securities are acceptable to the Filer or its affiliate as portfolio manager of the Managed Account and consistent with the Managed Account's investment objectives;

(e) the value of the securities is at least equal to the amount at which those securities were valued in calculating the net asset value per unit of the Fund used to establish the redemption price;

(f) the account statement next prepared for the Managed Account will include a note describing the securities delivered to the Managed Account and the value assigned to such securities; and

(g) the Fund keeps written records of all *In Specie* Transactions during a financial year of the Fund, reflecting details of the securities delivered by the Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place;

7. with respect to the Related Issuer Relief, the Related Shareholder Relief and the Related Party Relief:

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

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

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

(d) if the transaction occurs in the secondary market:

(i) the purchase is not executed at a price which is higher than the available ask price of the security;

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

(A) if the purchase occurs on a marketplace, the price payable is determined in accordance with the requirement of the marketplace;

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

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

(2) if a Fund does not purchase the security from an independent, arm's length seller, such Fund must obtain, immediately before the purchase, at least one quote from an independent, arm's length purchaser or seller and not pay more than that quote;

(iii) the transaction complies with any applicable market integrity requirements as defined in section 6.1(1)(b) of NI 81-107; and

(iv) no later than the time each of the Funds files its annual financial statements, the Filer, or an affiliate or associate of the Filer, files with the securities regulatory authority or regulator the particulars of any investments made in reliance on this relief;

(e) If the transaction occurs in the primary market:

(i) the non-exchange traded debt securities are not asset backed commercial paper securities and have a term to maturity of 365 days or more;

(ii) the size of the primary offering is at least $100 million;

(iii) at least two purchasers who are independent, arm's length purchasers, which may include "independent underwriters" within the meaning of National Instrument 33-105 *Underwriting Conflicts*, collectively purchase at least 20% of the primary offering;

(iv) no Fund shall participate in the primary offering if following its purchase the Fund would have more than 5% of its net assets invested in non-exchange traded debt securities of the Related Issuer;

(v) no Fund shall participate in the primary offering if following its purchase the Fund together with related Fund will hold more than 20% of the securities issued in the primary offering;

(vi) the price paid for the securities by the Fund in the primary offering shall be no higher than the lowest price paid by any of the arm's-length purchasers who participate in the primary offering; and

(vii) no later than the time the Fund files its annual financial statements, the Filer, or an affiliate or associate of the Filer, files with the securities regulatory authority the particulars of such investments, and

8. with respect to the Reporting Relief:

   (a) the annual and interim Management Report of Fund Performance for each Fund discloses:

      (i) the name of the Related Person;

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

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

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

      (i) the name of the Related Person;

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

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

"Sandra Jakab"
Director, Capital Market Regulations
British Columbia Securities Commission

2.1.2 Leith Wheeler Investment Counsel Ltd.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from of the related party prohibitions in NI 31-103 – An adviser wants relief from the related party transaction prohibitions to it or its affiliates to cause the funds or managed accounts they advise or manage to transact with each other and other related parties.

Applicable Legislative Provisions

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

August 10, 2011

In the Matter of
the Securities Legislation of
British Columbia and Ontario
(the Jurisdictions)

and

In the Matter of
the Process for Exemptive Relief
Applications in Multiple Jurisdictions

and

In the Matter of
Leith Wheeler Investment Counsel Ltd.
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (each, a Decision Maker) has received an application from the Filer for a decision:

(a) under section 171 of the *Securities Act*, R.S.B.C. 1996, c. 418 (**Act**) revoking the previous order (**Previous Order**) granted to the Filer on August 29, 2008 (**Revocation Order**); and

(b) under the securities legislation of the Jurisdictions (the **Legislation**), in particular, under section 15.1 of National Instrument 31-103 - Registration Requirements and Exemptions (**NI 31-103**), that the Filer is exempt from the prohibition in paragraph 13.5(2)(b) of NI 31-103 (the **Managed Account Trading Prohibition**) against a registered adviser knowingly causing an investment fund managed by it to purchase or sell from or to the investment fund a security from or to: (i) an associate of a responsible person; or (ii) another investment fund for which a responsible person acts as an adviser, in order to permit:

(A) the purchase and sale of securities:

(I) between a Pooled Fund (defined below) and another Pooled Fund, a Public Fund or a Managed Account (defined below); and

(II) between a Managed Account and a Pooled Fund or a Public Fund;

(each purchased and sale, an **Inter-Fund Trade**)

(B) the purchase by a Managed Account of securities of a Pooled Fund or Public Fund, and the redemption of securities held by a Managed Account in a Pooled Fund or Public Fund, or the purchase by a Public Fund or Pooled Fund of securities of another Public Fund or Pooled Fund and

the redemption of securities held by a Public Fund or Pooled Fund in another Public Fund or Pooled Fund, and, as payment:

(I) for such purchase, in whole or in part, by the Managed Account making good delivery of portfolio securities to the Pooled Fund or Public Fund;

(II) for such redemption, in whole or in part, by the Pooled Fund or Public Fund making good delivery of portfolio securities to the Managed Account; and

(III) for such purchase or redemption by a Pooled Fund or Public Fund, in whole or in part, by making good delivery of portfolio securities that meet the investment criteria of that Pooled Fund or Public Fund;

(each purchase and redemption, an **In Specie Transaction**),

((A) and (B) collectively, the **Requested Relief**).

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

1. the British Columbia Securities Commission (the **BCSC**) is the principal regulator for this application;

2. the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in all of the provinces and territories of Canada, other than British Columbia and Ontario (the **Non-Principal Jurisdictions**); and

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

Interpretation

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

1. **Pooled Fund** means an investment fund managed by the Filer or managed in the future by the Filer, the securities of which are distributed pursuant to exemptions from the prospectus requirement.

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

3. Public Fund means any existing and future mutual fund of which the Filer is the registered adviser and to which National Instrument 81-102 - Mutual Funds (**NI 81-102**) applies.

4. Certain other defined terms have the meanings given to them below under “Representations”.

Representations

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

Existing Decision

1. The Filer previously obtained relief to permit inter-fund trading between the Pooled Funds, the Public Funds and the Managed Accounts from certain of the Jurisdictions on August 29, 2008. The Filer seeks to obtain relief which specifically contemplates In-Specie Transactions by way of this decision. The new relief from NI 31-103 requirements relating to In-Specie Transactions and inter-fund trading will apply in all Jurisdictions. Accordingly, the Filer will no longer rely on the former decision.

The Filer

2. The Filer is a corporation incorporated under the laws of British Columbia, with its head office located in Vancouver, British Columbia.

3. The Filer is registered as an exempt market dealer in Ontario and as an adviser in the appropriate categories to provide discretionary advisory services, in each case in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and the Yukon Territory. The Filer may in the future

apply for registration as an adviser in other provinces or territories if it is requested to promote advice to persons in such other provinces or territories.

4. The Filer is, or will be, the investment fund manager and portfolio adviser of each of the Pooled Funds, and the Public Funds and the portfolio adviser of the Managed Accounts.

The Pooled Funds, the Public Funds and the Managed Accounts

5. Each Pooled Fund is, or will be, an investment fund established as a trust, corporation or limited partnership under the laws of Canada or a jurisdiction of Canada.

6. The Pooled Funds are not, and will not be, reporting issuers in any of the Jurisdictions or Non-Principal Jurisdictions.

7. Securities of the Pooled Funds are, or will be, distributed pursuant to exemptions from the prospectus requirements in the Jurisdictions and Non-Principal Jurisdictions.

8. Each of the Public Funds is, or will be, a reporting issuer whose securities are qualified for distribution in one or more of the provinces and territories of Canada pursuant to a simplified prospectus and annual information form prepared and filed in accordance with the Legislation.

9. The Filer offers investment management services primarily to high net worth individuals, institutions and foundations (**Clients**, each a **Client**) through a Managed Account.

Inter-Fund Trades

10. The Filer may wish to cause a Pooled Fund to engage in an Inter-Fund Trade with another Pooled Fund, a Managed Account or a Public Fund, or cause a Managed Account to engage in an Inter-Fund Trade with a Pooled Fund or Public Fund.

11. When the Filer engages in such Inter-Fund Trades, it will follow the following procedures:

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

    (b) the portfolio manager of the Filer will deliver the trade instructions in respect of a sale or a purchase of a security by a Pooled Fund, Managed Account or a Public Fund (**"Portfolio B"**) to a trader on a trading desk of the Filer;

    (c) the portfolio manager of the Filer will request the approval of the chief compliance officer (the "**CCO**") of the Filer or his or her designated alternate during periods when it is not practicable for the CCO to address the matter to execute the trade as an Inter-Fund Trade;

    (d) once the trader has confirmed that the approval of the CCO is received, the trader on the trading desk will have the discretion to execute the trade as an Inter-Fund Trade between Portfolio A and Portfolio B in accordance with the requirements of paragraphs (c) to (g) of Subsection 6.1(2) of National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107**);

    (e) policies applicable to the trading desk of the Filer will require that all Inter-Fund Trade orders are to be executed on a timely basis; and

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

12. The Filer has appointed the IRC of the Public Funds as the IRC of the Pooled Funds in respect of trades with the Pooled funds and Managed Accounts. The IRC has the same authority regarding Inter-Fund Trades for Pooled Funds as it does for Inter-Trade Funds for Public Funds. The IRC is composed of such members as is required under section 3.7 of NI 81-107 and is obligated to comply with the standard of care set out in section 3.9 of NI 81-107. The IRC reviews all Inter-Fund Trades for Pooled Funds and Public Funds and the IRC will not approve an Inter-Fund Trade unless it has made the determination set out in subsection 5.2(2) of NI 81-107. The IRC may issue standing instructions in respect of Inter-Fund Trades in compliance with section 5.4 of NI 81-107.

13. As the Filer is, or will be, the portfolio adviser of each of the Pooled Funds, the Managed Accounts and the Public Funds, the Filer is, or will be, considered a "responsible person" within the meaning of the Legislation. Accordingly, absent receipt of the Exemption Sought, the Filer is, or will be, prohibited from engaging in Inter-Fund Trades.

14. Because of the various investment objectives and investment strategies utilized by the Pooled Funds, Managed Accounts and Public Funds, it may be appropriate for such Pooled Funds, Public Funds and Managed Accounts to acquire or dispose of the same securities through the same trading system. Authorizing such Inter-Fund Trades may result in such benefits as lower trading costs, reduced market disruption and quicker execution, as well as simpler and more reliable compliance procedures.

15. The Filer has determined that it would be in the best interests of the Pooled Funds, Managed Accounts and the Public Funds for the Requested Relief to be granted because making all of them subject to the same set of rules governing the execution of Inter-Fund Trades will result in:

    (a) cost and timing efficiencies in respect of such Inter-Fund Trades; and

    (b) less complicated and more reliable compliance procedures, as well as simplified and more efficient monitoring thereof, for the Filer in connection with such Inter-Fund Trades.

16. The Filer, the Pooled Funds and the Public Funds are not in default of securities legislation in any of the Jurisdictions.

In-Specie Transactions

17. Investments in individual securities may at certain times not be appropriate in certain circumstances for the Filer's Clients. Consequently, the Filer may, where authorized under the agreement relating to the Managed Account, from time to time invest Client assets in securities of any one or more of the Funds in order to give its Clients the benefit of asset diversification and economies of scale regarding minimum commission charges on portfolio trades and generally to facilitate portfolio management.

18. The Filer wishes to be able to enter into transactions that permit payment, in whole or in part, for units of a Fund (**Fund Securities**) purchased by a Managed Account to be made by making good delivery of portfolio securities, held by such Managed Account, to a Fund, provided those portfolio securities meet the investment criteria of the Fund.

19. Similarly, following a redemption of Fund Securities by a Managed Account, the Filer wishes to be able to enter into transactions that permit payment, in whole or in part, of redemption proceeds to be satisfied by making good delivery of portfolio securities held in the investment portfolio of a Fund to such Managed Account, provided those portfolio securities meet the investment criteria of the Managed Account.

20. The Filer anticipates that such In-Specie Transactions will typically occur following a redemption of Fund Securities where a Managed Account invested in such Fund has experienced a change in circumstances which results in the Managed Account being an ideal candidate for direct holdings of individual portfolio securities rather than Fund Securities, or vice versa.

21. In addition, the Filer wishes to be able to enter into In-Specie Transactions for purchases and redemptions of Fund Securities between two Funds. This will occur where, as part of its portfolio management, a Fund wishes to obtain exposure to certain investments or category of asset classes invested in by a second Fund by investing in Fund Securities of that second Fund. The Filer wishes to be able to enter into transactions that permit payment, in whole or in part, for the Fund Securities to be made by making good delivery of portfolio securities held by the Fund to the second Fund in which it seeks to invest. Similarly, following a redemption of Fund Securities, the Filer wishes to be able to enter into transactions that permit payment, in whole or in part, of the redemption proceeds to be satisfied by making good delivery of portfolio securities held in the investment portfolio of the Fund being redeemed, provided those portfolio securities meet the investment criteria of the Fund accepting those portfolio securities.

22. Each agreement in respect of a Managed Account or other documentation will contain the authorization of the Client for the Filer to engage in In-Specie Transactions on behalf of the Managed Account.

23. The Filer will value portfolio securities under an In-Specie Transaction using the same values to be used on that day to calculate the net asset value for the purpose of the issue price or redemption price of Fund Securities.

24. Each Fund will keep written records of the In-Specie Transactions, including records of each purchase and sale of portfolio securities and the terms thereof, for a period of five years commencing after the end of the financial year in which the trade occurred, the most recent two years in a reasonably accessible place.

25. Since the Filer is the portfolio manager of the Managed Accounts and the Funds, the Filer would be considered a "responsible person" within the meaning of NI 31-103.

26. Prior to entering into an In-Specie Transaction involving a Fund and/or Managed Account, the proposed transaction will be reviewed to determine that the transaction represents the business judgment of the Filer, uninfluenced by considerations other than the best interests of the Fund and/or Managed Account.

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 Requested Relief is granted, provided that:

For Inter-Fund Trades:

1. the Inter-Fund Trade is consistent with the investment objective of the Pooled Fund or the Managed Account or the Public Fund, as applicable;

2. the Filer refers an Inter-Fund Trade that involves a Pooled Fund trading with another Pooled Fund, Public Fund or Managed Account to the IRC of the Pooled Fund in the manner contemplated by section 5.1 of NI 81-107 and the Filer and the IRC of the Pooled Fund comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade;

3. if the Inter-Fund Trade is between two Pooled Funds, the IRC of each Pooled Fund has approved the Inter-Fund Trade in respect of that Pooled Fund in accordance with the terms of subsection 5.2(2) of NI 81-107;

4. if the Inter-Fund Trade is between a Managed Account and a Pooled Fund or Public Fund, the discretionary management agreement or other documentation in respect of the Managed Account contains the authorization of the Client for the Filer to engage in Inter-Fund Trades and the IRC of the Pooled Fund or the Public Fund has approved the Inter-Fund Trade in respect of the Pooled Fund in accordance with the terms of Section 5.2(2) of NI 81-107;

5. if the Inter-Fund Trade is between a Pooled Fund and a Public Fund, the IRC of the Pooled Fund and the Public Fund has approved the Inter-Fund Trade in respect of that Public Fund in accordance with the terms of Section 5.2(2) of NI 81-107; and

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

For In-Specie Transactions:

7. in connection with an In-Specie Transaction where a Managed Account acquires Fund Securities:

   (a) the Filer obtains the prior written consent of the Client of the Managed Account before it engages in any In-Specie Transaction;

   (b) the Fund would, at the time of payment, be permitted to purchase the securities;

   (c) the securities are acceptable to the Filer as portfolio manager of the Fund and consistent with the Fund's investment objective;

   (d) the value of the securities is at least equal to the issue price of the Fund Securities of the Fund for which they are used as payment, valued as if the securities were portfolio assets of that Fund;

   (e) the account statement next prepared for the Managed Account describes the securities delivered to the Fund and the value assigned to such securities; and

(f) the Fund will keep written records of each In-Specie Transaction in a financial year of the Fund, reflecting details of the securities delivered to the Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place;

8. in connection with an In-Specie Transaction where a Managed Account redeems Fund Securities:

(a) the Filer obtains the prior written consent of the Client of the Managed Account before it engages in an In-Specie Transaction and such consent has not been revoked;

(b) the securities are acceptable to the Filer as portfolio manager of the Managed Account and consistent with the Managed Account's investment objective;

(c) the value of the securities is equal to the amount at which those securities were valued in calculating the net asset value per Fund Security used to establish the redemption price;

(d) the account statement next prepared for the Managed Account describes the securities delivered to the Managed Account and the value assigned to such securities; and

(e) the Fund will keep written records of each In-Specie Transaction in a financial year of the Fund, reflecting details of the securities delivered by the Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place;

9. in connection with an In-Specie Transaction where a Fund purchases Fund Securities:

(a) the Fund would, at the time of payment, be permitted to purchase the securities;

(b) the securities are acceptable to the Filer as portfolio manager of the Fund and consistent with such Fund's investment objective;

(c) the value of the securities is equal to the issue price of the Fund Securities of the Fund, valued as if the securities were portfolio assets of that Fund; and

(d) the Fund will keep written records of each In-Specie Transaction in a financial year of the Fund, reflecting details of the securities delivered to the Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place;

10. in connection with an In-Specie Transaction where a Fund redeems Fund Securities:

(a) the securities are acceptable to the Filer as portfolio manager of the Fund and consistent with the Fund's investment objective;

(b) the value of the securities is equal to the amount at which those securities were valued in calculating the net asset value per security used to establish the redemption price; and

(c) the Fund will keep written records of each In-Specie Transaction in a financial year of the Fund, reflecting details of the securities delivered by the Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place;

11. the Filer does not receive any compensation in respect of any In-Specie Transaction and, in respect of any delivery of securities further to an In-Specie Transaction, the only charges paid by the Managed Account or the applicable Fund is the commission charged by the dealer executing the trade (if any) and/or any administrative charges levied by the custodian.

“Sandra Jakab”
Director, Capital Markets Regulation
British Columbia Securities Commission

2.1.3 Torque Energy Inc.

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to no longer be a reporting issuer under securities legislation.

Applicable Legislative Provisions

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

August 19, 2011

Norton Rose OR LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84
Toronto, Ontario
M5J 2Z4

Attn: Michael Wahl

Dear: Mr. Wahl

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

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

"Jo-Anne Matear"
Assistant Manager, Corporate Finance

2.1.4 Westcoast Energy Inc. and Union Gas Limited

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief applications in Multiple Jurisdictions – National Instrument 52-107, s. 9.1 Acceptable Accounting Principles, Auditing Standards and Reporting Currency – the Filer requests relief from the requirements under section 3.2 of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards (NI 52-107) that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises (the Exemption Sought) to permit the Filer to prepare its financial statements in accordance with U.S. GAAP for its financial years that begin on or after 1 January 2012 but before 1 January 2015.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standard, s. 5.1

July 29, 2011

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

AND

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

AND

IN THE MATTER OF
WESTCOAST ENERGY INC. AND
UNION GAS LIMITED

(the Filers)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from Westcoast Energy Inc. (Westcoast) and Union Gas Limited (Union Gas) for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting each Filer from the requirements under section 3.2 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107) that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises (the Exemption Sought) to permit each Filer to prepare its financial statements in accordance with U.S. GAAP for its financial years that begin on or after January 1, 2012, but before January 1, 2015.

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

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

(b) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan, Manitoba, Québec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the Westcoast Passport Jurisdictions) with respect to Westcoast and in Alberta, Saskatchewan, Manitoba, Québec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the Union Gas Passport Jurisdictions) with respect to Union Gas; and

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

Interpretation

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

Representations

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

1. Westcoast is a corporation existing under the *Canada Business Corporations Act*. The head office of Westcoast is in Vancouver, British Columbia;

2. Union Gas is a corporation existing under the *Business Corporations Act* (Ontario). The head office of Union Gas is in Chatam, Ontario;

3. Union Gas has chosen the British Columbia Securities Commission as the principal regulator for this application on the basis that British Columbia is the jurisdiction with which Union Gas has the next most significant connection, as Union Gas is a subsidiary of Westcoast and Westcoast's head office is located in British Columbia. The Ontario Securities Commission has granted its consent to Union Gas's request for a change in principal regulator with respect to this application under section 3.7(2) of National Policy 11-203 *Process for Exemptive Relief in Multiple Jurisdictions*;

4. Westcoast is a reporting issuer or equivalent in the Jurisdictions and each of the Westcoast Passport Jurisdictions; Union Gas is a reporting issuer or equivalent in the Jurisdictions and each of the Union Gas Passport Jurisdictions; Filer is in default of securities legislation in any jurisdiction;

5. the Filers are not SEC issuers;

6. the Filers each have "activities subject to rate regulation", as defined in the Handbook;

7. as a "qualifying entity" for the purposes of section 5.4 of NI 52-107, each Filer is permitted by that provision to prepare its financial statements for its financial year commencing January 1, 2011 and ending December 31, 2011 in accordance with Canadian GAAP – Part V of the Handbook; and

8. if each of the Filers were an SEC issuer, each would be permitted by section 3.7 of NI 52-107 to file its financial statements prepared in accordance with U.S. GAAP, which accords treatment of "activities subject to rate regulation" similar to that under Canadian GAAP – Part V.

Decision

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

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

(a) for its financial years commencing on or after January 1, 2012 but before January 1, 2015 and interim periods therein, each Filer prepares its financial statements in accordance with U.S. GAAP; and

(b) information for comparative periods presented in the financial statements referred to in paragraph (a) is prepared in accordance with U.S. GAAP.

The Exemption Sought will terminate in respect of a Filer's financial statements for annual and interim periods commencing on or after the earlier of:

(a) January 1, 2015; and

(b) the date on which such Filer ceases to have "activities subject to rate regulation" as defined in the Handbook as at the date of this decision.

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

2.1.5 Aston Hill Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from section 2.5(2)(b) of NI 81-102 to permit new top corporate fund to invest in existing middle trust fund which obtains exposure to bottom trust fund through a forward agreement – three-tier structure is transparent and intended to provide new top fund with exposure to existing bottom fund on a tax efficient basis – middle fund also granted relief from 2.5(2)(a) and (c) of NI 81-102 to continue investing in bottom fund after bottom fund's first simplified prospectus lapses – bottom fund not intending to renew first simplified prospectus – bottom fund will remain reporting issuer in same jurisdictions as middle fund after lapse and continue to be subject to NI 81-102, NI 81-106 and NI 81-107 – middle fund and bottom fund granted relief from new funds requirements in sections 3.1 and 3.3. of NI 81-102 – middle fund and bottom fund are an existing two-tier structure expected to have assets well in excess of $500,000.

Relief granted from sections 2.6(a) & (c) and 6.1(1) of NI 81-102 to permit funds to short sell up to 20% of net assets subject to certain conditions – relief varies relief previously granted to existing funds by updating its terms to more recent decisions and consolidating it with relief granted to other funds managed by the same manager.

Relief granted to permit money market corporate class fund to invest in money market trust fund for administrative efficiency on condition that bottom money market fund meets and continues to meet the definition of "money market fund" in NI 81-102 and complies with section 2.5 of NI 81-102.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 1.1, 3.1, 3.3, 2.1(1), 2.2(1)(a), 2.5(2)(a), 2.5(2)(b), 2.5(2)(c) and 19.1.

August 11, 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
ASTON HILL GLOBAL CONVERTIBLE BOND FUND
ASTON HILL GLOBAL CONVERTIBLE BOND TRUST
ASTON HILL GLOBAL RESOURCE FUND
ASTON HILL GROWTH & INCOME FUND
(the Existing Funds)

AND

ASTON HILL CAPITAL GROWTH CLASS
ASTON HILL GLOBAL CONVERTIBLE BOND CLASS
ASTON HILL GLOBAL RESOURCE CLASS
ASTON HILL GROWTH & INCOME CLASS
ASTON HILL MONEY MARKET CLASS
(collectively, together with ASTON HILL MONEY MARKET FUND, the New Funds, and the New Funds together with the Existing Funds, the Current Funds)

DECISION

Background

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

(a) the Current Funds (other than Aston Hill Money Market Fund and Aston Hill Money Market Class) and any future mutual funds managed by the Filer or an affiliate of the Filer that are subject to National Instruments 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**) and 81-102 *Mutual Funds* (**NI 81-102**) (the **Future Funds**, together with the Current Funds, the Funds) from subsections 2.6(a), 2.6(c) and 6.1(1) of NI 81-102 to permit each Fund to (i) sell securities short; (ii) provide a security interest over the Fund's assets in connection with the short sales; and (iii) deposit Fund assets with a dealer as security in connection with the short sales (the **Short Selling Relief**);

(b) Aston Hill Global Convertible Bond Fund (**Global Convertible Fund**) from subsections 2.1(1), 2.2(1)(a), 2.5(2)(a) and 2.5(2)(c) of NI 81-102 to permit Global Convertible Fund to enter into and maintain specified derivatives where the underlying interest is units of Aston Hill Global Convertible Bond Trust (**Global Convertible Trust**) after Global Convertible Trust's prospectus lapses next year (the **Non-Prospectused Investing Relief**);

(c) Aston Hill Global Convertible Bond Class (**Global Convertible Class**) from subsection 2.5(2)(b) of NI 81-102 to permit Global Convertible Class to invest in Global Convertible Fund (the **Three-Tier Relief**);

(d) Aston Hill Money Market Class from the restrictions in section 1.1 of NI 81-102 on the types of investments a money market fund can make to permit Aston Hill Money Market Class to invest in Aston Hill Money Market Fund (the **Money Market Relief**);

(e) Global Convertible Fund from the seed capital requirements in section 3.1 of NI 81-102 to permit Global Convertible Fund to rely on its existing net assets (the **Seed Capital Relief**); and

(f) each of Global Convertible Fund and Global Convertible Trust (the **Global Convertible Trust Funds**) from section 3.3 of NI 81-102 to permit the Global Convertible Trust Funds to bear the costs of the preparation and filing of their respective preliminary and first simplified prospectuses, annual information forms and fund facts (the **First Simplified Prospectus Relief**),

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

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

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

Interpretation

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

Representations

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

The Filer and the Funds

1. The Filer is a corporation amalgamated under the laws of the Province of Ontario with its head office located in Toronto, Ontario. The Filer is registered under the securities legislation of Ontario as a portfolio manager, investment fund manager and exempt market dealer.

2. Each of the Existing Funds and Aston Hill Money Market Fund is a mutual fund trust governed by a declaration of trust under the laws of the Province of Ontario of which the Filer is the trustee and manager.

3. The Filer currently is the portfolio advisor to each Current Fund except Aston Hill Global Resource Fund. Aston Hill Investments Inc., an affiliate of the Filer, currently is the portfolio advisor to Aston Hill Global Resource Fund.

4. Each of the Existing Funds, except Global Convertible Trust, is a reporting issuer under the securities legislation of each province of Canada. Global Convertible Trust is a reporting issuer under the securities legislation of Ontario and Québec.

5. Each of the Existing Funds, except the Global Convertible Trust Funds, currently offers it units for sale to the public in all of the provinces of Canada, other than Québec, under a simplified prospectus and annual information form prepared and filed in accordance with NI 81-101 and may, in the future, offer its units for sale to the public in the province of Québec as well as in Yukon, Northwest Territories and Nunavut. Each of the Global Convertible Trust Funds has filed a preliminary simplified prospectus and annual information form dated June 2, 2011 (collectively, the **2011 Prospectus**) to qualify its units for sale to the public in all the provinces of Canada, other than Québec, and each may, in the future, offer its units for sale to the public in the province of Québec as well as in Yukon, Northwest Territories and Nunavut.

6. Each of the New Funds except Aston Hill Money Market Fund (each, a **Corporate Fund**) will be a mutual fund that is constituted as a class of shares of Aston Hill Corporate Funds Inc. (the **Corporation**). The Corporation is a corporation incorporated under the federal laws of Canada. The Filer will be the manager of each Corporate Fund.

7. The New Funds have filed the 2011 Prospectus in order to qualify their securities for sale to the public in all the provinces of Canada, other than Québec. Each New Fund may, in the future, offer its securities for sale to the public in the province of Québec as well as in Yukon, Northwest Territories and Nunavut.

8. Each Current Fund is, and each Future Fund will be, a mutual fund that is subject to all of the requirements of NI 81-101, NI 81-102, National Instrument 81-106 Investment Fund Continuous Disclosure (**NI 81-106**) and National Instrument 81-107 Independent Review Committee for Investment Funds (**NI 81-107**, together with NI 81-102 and NI 81-106, the **Mutual Fund Instruments**), except to the extent that it may be granted discretionary relief from any such requirements.

9. The Filer and the Current Funds are not in default of applicable securities legislation.

The Previous Short Selling Relief

10. In decision documents dated: November 7, 2007 for Aston Hill Growth & Income Fund; March 5, 2010 for each Global Convertible Trust Fund; June 15, 2010 for Aston Hill Global Resource Fund; and May 25, 2011 for Aston Hill Capital Growth Fund, each of the Existing Funds was granted relief from subsections 2.6(a), 2.6(c) and 6.1(1) of NI 81-102, allowing each Existing Fund to (i) sell securities short; (ii) provide a security interest over the Existing Fund's assets in connection with the short sales; and (iii) deposit Existing Fund assets with a dealer as security in connection with the short sales (the **Previous Short Selling Relief).**

11. The Filer is seeking the Short Selling Relief to vary the Previous Short Selling Relief by updating and consolidating it. The Short Selling Relief updates the Previous Short Selling Relief granted to the Existing Funds except Aston Hill Capital Growth Fund by conforming the representations and conditions to that of more recent decisions which have granted exemptive relief similar to the Short Selling Relief. The Short Selling Relief consolidates Aston Hill Capital Growth Fund's Previous Short Selling Relief with the Short Selling Relief for consistency across the Funds.

12. The representations of the Previous Short Selling Relief do not apply to the Funds and the Funds will not rely on the Previous Short Selling Relief which, as of the date of this decision, will be considered succeeded by this decision.

Proposed Short Selling

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

14. Short sales will be made consistent with each Fund's investment objectives and strategies.

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

16. The Fund will be required to deposit Fund assets with the Borrowing Agent as security in connection with the short sale transaction in accordance with usual industry practice.

17. All short sales will be effected through market facilities through which the securities sold short are normally bought and sold and will be sold short within normal trade settlement periods for the market in which the short sale is effected. Securities will be sold short for cash only with the Fund assuming the obligation to return to the Borrowing Agent the securities borrowed to effect the short sale transaction.

18. The securities sold short will not be "illiquid assets" as such term is defined in NI 81-102, and will be securities that are either:

    (a) listed and posted for trading on a stock exchange and

        (i) the issuer of which has a market capitalization of not less than CDN $100 million, or the equivalent thereof, at the time the short sale is effected, or

        (ii) that the Fund's portfolio advisor has pre-arranged to borrow for the purpose of such sale; or

    (b) bonds, debentures or other evidences of indebtedness of, or guaranteed by, any issuer.

19. Each Fund will hold "cash cover" (as defined in NI 81-102) to cover its obligations in relation to the short sale.

20. The Fund will maintain appropriate internal controls regarding its short sales prior to conducting any short sales, including written policies and procedures and risk management controls.

21. The Fund will keep proper books and records of all short sales and Fund assets deposited with Borrowing Agents as security.

Non-Prospectused Investing

22. The investment objective of Global Convertible Trust is to provide unitholders with the opportunity for capital appreciation by investing in a portfolio comprised primarily of U.S. dollar denominated global convertible bonds.

23. The investment objective Global Convertible Fund is to provide unitholders with monthly tax-efficient distributions and the opportunity for capital appreciation. Global Convertible Fund invests, directly or indirectly, in a portfolio comprised primarily of U.S. dollar denominated global convertible bonds. In order to pursue its investment objective, Global Convertible Fund obtains exposure to Global Convertible Trust by entering into one or more specified derivatives (collectively the **Forward Agreement**) with one or more counterparties. All aspects of the Forward Agreement comply with the requirements of NI 81-102 relating to the use of specified derivatives by mutual funds.

24. Global Convertible Trust will issue units under the 2011 Prospectus. Only investors who qualify as accredited investors will be permitted to purchase units of Global Convertible Trust under the 2011 Prospectus.

25. Global Convertible Trust does not intend to renew its prospectus after the 2011 Prospectus lapses. This will result in cost-savings as Global Convertible Trust will not need to prepare and renew its prospectus annually. After the 2011 Prospectus of Global Convertible Trust lapses in 2012, Global Convertible Trust intends to continue distributing its units only on a basis which is exempt from the prospectus requirements in Canadian securities legislation (principally by distributing its units only to accredited investors).

26. After the 2011 Prospectus lapses in 2012, Global Convertible Trust will remain a reporting issuer in each jurisdiction in which Global Convertible Fund is a reporting issuer and, accordingly, will remain subject to all of the requirements of the Mutual Fund Instruments, except to the extent that Global Convertible Trust may be granted discretionary relief from any such requirements. Global Convertible Fund will not invest, directly or indirectly, in units of Global Convertible Trust if Global Convertible Trust ceases to be a reporting issuer in the same jurisdictions in which Global Convertible Fund is a reporting issuer.

Three-Tier Investing

27. The investment objective of Global Convertible Class is to provide shareholders with monthly tax-efficient distributions and the opportunity for capital appreciation by investing, directly or indirectly, in a portfolio comprised primarily of U.S. dollar denominated global convertible bonds.

28. The Filer believes it would be advantageous for Global Convertible Class and its securityholders to be able to obtain exposure to the investment portfolio of Global Convertible Trust by investing in Global Convertible Fund. It would be inefficient from a tax perspective for Global Convertible Class to invest directly in Global Convertible Trust. It would be administratively inefficient for Global Convertible Class to enter into its own specified derivatives to obtain exposure to Global Convertible Trust.

29. The simplified prospectus and fund facts of Global Convertible Class will disclose that it invests directly in units of Global Convertible Fund which, in turn, obtains exposure to Global Convertible Trust using the Forward Agreement. It will therefore be clear to investors that accountability for portfolio management is at the level of Global Convertible Trust. In addition, Global Convertible Class will comply with the requirements under NI 81-106 relating to top 25 positions disclosure in its management reports of fund performance and the requirements in Form 81-101F3 relating to portfolio holdings disclosure in its fund facts as if Global Convertible Class were investing directly in Global Convertible Trust. This will provide transparency to investors relating to the investment portfolio.

30. Investments by Global Convertible Class in Global Convertible Fund will be permitted by, and consistent with, the investment objective of Global Convertible Class.

31. The investments by Global Convertible Class in Global Convertible Fund, and the exposure of Global Convertible Fund (and, indirectly, Global Convertible Class) to the changes in value of units of Global Convertible Trust:

    (a) will be made in accordance with the requirements of section 2.5 of NI 81-102 except as otherwise permitted by the Exemption Sought; and

    (b) will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of Global Convertible Class and Global Convertible Fund.

Money Market Fund

32. The investment objective of Aston Hill Money Market Class will be to provide the maximum current income that is consistent with preservation of capital and liquidity by investing primarily in Canadian money market securities. Aston Hill Money Market Class seeks to qualify as a “money market fund” as defined in NI 81-102.

33. Aston Hill Money Market Class intends to pursue its investment objective as a money market fund by investing in Aston Hill Money Market Fund. Aston Hill Money Market Fund is a “money market fund” as defined in NI 81-102 and will only invest in securities that are permitted to be held by money market funds under NI 81-102. By investing in Aston Hill Money Market Fund, Aston Hill Money Market Class will be accomplishing indirectly what it would otherwise be able to accomplish directly as a “money market fund” as defined in NI 81-102. Absent the Money Market Relief, Aston Hill Money Market Class will not qualify as a “money market fund” as defined in NI 81-102.

34. Pooling the assets of Aston Hill Money Market Class with those of Aston Hill Money Market Fund will increase the size of Aston Hill Money Market Fund and may lead to better yields for both Aston Hill Money Market Class and Hill Money Market Fund as well as administrative efficiencies.

Seed Capital and First Simplified Prospectus

35. Prior to June 30, 2011, Global Convertible Fund was a non-redeemable investment fund. On June 30, 2011, Global Convertible Fund became a mutual fund (the **Mutual Fund Conversion**) subject to the requirements of NI 81-102. The Filer believes the Mutual Fund Conversion will provide unitholders of Global Convertible Fund with enhanced liquidity and an opportunity for Global Convertible Fund to raise additional capital.

36. Global Convertible Trust has been subject to the requirements of the Mutual Fund Instruments in the provinces of Ontario and Québec since its first distribution of units in December 2009. Upon filing the final version of the 2011 Prospectus, Global Convertible Trust will become a reporting issuer in, and subject to the Mutual Fund Instruments in, all the other provinces of Canada. Global Convertible Trust will continue to be subject to the Mutual Fund Instruments in all provinces of Canada for as long as it remains a reporting issuer.

37. Each Global Convertible Trust Fund has filed the preliminary version of the 2011 Prospectus and expects to shortly file the final version of the 2011 Prospectus, which will constitute the first simplified prospectus filed under NI 81-101 for each Global Convertible Trust Fund.

38. The net asset value of Global Convertible Fund as at July 18, 2011 was approximately $39 million. The Filer expects the net asset value of Global Convertible Fund to be above $500,000 when units of the Fund become available for sale under the final version of the 2011 Prospectus.

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 Seed Capital Relief and the First Simplified Prospectus Relief are granted.

The decision of the principal regulator under the Legislation is that the Three-Tier Relief is granted provided that the Three-Tier Relief shall terminate upon the coming into force of any legislation or rule dealing with the matters referred to in subsection 2.5(2)(b) of NI 81-102.

The decision of the principal regulator under the Legislation is that the Short Selling Relief is granted provided that, in respect of each Fund:

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 Short Selling Relief does not apply to any Fund that is classified as a money market fund;

6. 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;

7. 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;

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

14. 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 the Short Selling Relief;

15. 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;

16. each Existing Fund will provide a written summary of the material differences between the Short Selling Relief and its Previous Short Selling Relief in its next regular mailing to unitholders; and

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

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

1. Aston Hill Money Market Fund meets and continues to meet the definition of "money market fund" in NI 81-102;

2. all investments by Aston Hill Money Market Class in Aston Hill Money Market Fund comply with the requirements of section 2.5 of NI 81-102; and

3. the Money Market Relief shall terminate upon the coming into force of any legislation or rule dealing with the restriction in section 1.1 of NI 81-102 which prohibits a money market fund from investing in another money market fund.

The decision of the principal regulator under the Legislation is that the Non-Prospectused Investing Relief is granted provided that:

1. Global Convertible Trust remains a reporting issuer that is subject to the Mutual Fund Instruments in all jurisdictions in which Global Convertible Fund is a reporting issuer; and

2. the Non-Prospectused Investing Relief shall terminate upon the coming into force of any legislation or rule dealing with the matters referred to in subsections 2.1(1), 2.2(1)(a), 2.5(2)(a) and 2.5(2)(c) of NI 81-102.

"Darren McKall"
Manager, Investment Funds

2.1.6 Invesco Trimark Ltd. et al.

Headnote

NP 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund mergers – approval required because mergers do not meet the criteria for pre-approved re-organizations and transfers in National Instrument 81-102 – continuing funds have different investment objectives than terminating funds – securityholders of terminating funds and continuing funds to vote on approval of the mergers

Applicable Legislative Provisions

National Instrument 81-102 – Mutual Funds, ss. 5.5(1)(b), 5.6(1), 5.7(1)(b) and 19.1

July 19, 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
INVESCO TRIMARK LTD.
(the "Manager")

AND

INVESCO CORE GLOBAL EQUITY CLASS AND
TRIMARK GLOBAL HEALTH SCIENCES CLASS
(each a "Terminating Fund", and together,
the "Terminating Funds")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Manager on behalf of the Terminating Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for approval under subsection 5.5(1)(b) of National Instrument 81-102 Mutual Funds ("**NI 81-102**") to merge each Terminating Fund into the Continuing Fund opposite its name below (the "**Proposed Mergers**").

Terminating Fund
Invesco Core Global Equity Class ("**Core Global Class**")

Continuing Fund
Invesco Intactive Maximum Growth Portfolio Class ("**Intactive Maximum Growth Class**")
Trimark Global Health Sciences Class ("**Trimark Health Class**")
Trimark U.S. Companies Class ("**Trimark U.S. Class**")

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

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

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

Interpretation

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

Representations

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

1. The Manager is a corporation amalgamated under the laws of Ontario. The Manager is an indirect wholly-owned subsidiary of Invesco Ltd., a global investment manager, and is not in default of applicable securities legislation in any jurisdiction. The head office of the Manager is located in Toronto, Ontario.

2. The Manager is the manager of each of the Terminating Funds and the Continuing Funds (the "**Funds**").

3. Each of the Funds is a separate class of Invesco Corporate Class Inc., a mutual fund corporation incorporated by articles of incorporation under the laws of Ontario on October 4, 1994.

4. Shares of the Funds, other than Intactive Maximum Growth Class, are currently qualified for sale by a simplified prospectus and annual information form dated August 11, 2010, as amended, which have been filed and receipted in all of the provinces and territories of Canada.

5. Shares of Intactive Maximum Growth Class are currently qualified for sale by simplified prospectus and annual information form dated April 19, 2011, as amended, which have been filed and accepted in all of the provinces and territories of Canada.

6. Each of the Funds is a reporting issuer under applicable securities legislation of each province and territory of Canada and is not in default of applicable securities legislation in any jurisdiction.

7. Other than circumstances in which the securities regulatory authority of a province or territory of Canada has expressly exempted a Fund therefrom, each of the Funds follows the standard

investment restrictions and practices established by NI 81-102.

8. The net asset value for each series of the Funds is calculated on a daily basis on each day that The Toronto Stock Exchange is open for trading.

9. Pre-approval of the Proposed Mergers under section 5.6 of NI 81-102 is not available as a reasonable person would not consider the fundamental investment objectives of the relevant Terminating Fund and Continuing Fund in each Proposed Merger to be substantially similar.

10. The Manager will be seeking the approval of shareholders of each of the Terminating Funds pursuant to subsection 5.1(f) of NI 81-102. In addition, the Manager will be seeking the approval of shareholders of the Continuing Funds pursuant to section 5.1(g) of NI 81-102 and the *Business Corporations Act (*Ontario).

11. As required by the *Business Corporations Act* (Ontario), Invesco Corporate Class Voting Trust I and Invesco Corporate Class Voting Trust II, the current shareholders of all of the issued and outstanding common shares of Corporate Class, will be asked to approve the Proposed Mergers.

12. Except as described above, the Proposed Mergers meet all of the other criteria for pre-approved reorganizations and transfers under section 5.6 of NI 81-102.

13. Pursuant to the Proposed Mergers, other than Series I shares of Core Global Class, shareholders will receive shares in the same series of the applicable Continuing Fund as they currently own in the Terminating Fund.

14. Pursuant to the Proposed Mergers, shareholders of Series I shares of Core Global Class will receive Series A shares of Intactive Maximum Growth Class.

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

16. The portfolios and other assets of the Terminating Funds to be acquired by the applicable Continuing Fund arising from the Proposed Mergers are currently, or will be, acceptable, prior to the effective date of the Proposed Mergers, to the portfolio advisers of the applicable Continuing Fund and are or will be consistent with the investment objectives of the applicable Continuing Fund.

17. On May 20, 2011, the Manager issued a press release announcing the Proposed Mergers, the proposed date (July 25, 2011) for the special shareholders' meetings to vote on the Proposed Mergers and the proposed merger date (close of business on or about July 29, 2011). A material change report relating to the Proposed Mergers were filed via SEDAR on May 26, 2011 and amendments to the simplified prospectuses and annual information forms of the Funds were filed via SEDAR on May 30, 2011.

18. On June 29, 2011, the Manager issued a press release announcing that, as a result of the Canada Post service disruption, the special shareholders' meetings and proposed merger date were postponed to August 2, 2011 and close of business August 5, 2011, respectively. A material change report relating to the postponement were filed via SEDAR on July 8, 2011 and amendments to the simplified prospectuses and annual information forms of the Funds were filed via SEDAR on July 4, 2011.

19. As required by section 5.1(g) of NI 81-102 and the Business Corporations Act (Ontario), shareholders of the Continuing Funds will also be mailed the Notices of Meetings, Management Information Circulars and Proxies in connection with the meetings of shareholders, and asked to approve the Proposed Mergers at meetings to be held on August 2, 2011.

20. On June 1, 2004, in connection with a prior fund merger, the Manager received exemptions from the requirement to deliver:

    (a) the current simplified prospectus of the continuing fund to shareholders of terminating funds in connection with all future mergers of mutual funds managed by the Manager (the "**Future Mergers**") pursuant to section 5.6(1)(f)(ii) of NI 81-102; and

    (b) the most recent annual and interim financial statements of the continuing fund to securityholders of the terminating funds in connection with all Future Mergers pursuant to section 5.6(1)(f)(ii) of NI 81-102.

    (The relief outlined in (a) and (b) is collectively referred to as the "**Prospectus and Financial Statement Delivery Relief".)**

21. In accordance with the Prospectus and Financial Statement Delivery Relief, the material that will be sent to shareholders of the Terminating Funds will include a tailored simplified prospectus consisting of:

    (a) the current Part A of the simplified prospectus of the applicable Continuing Fund, and

(b) the current Part B of the simplified prospectus of the applicable Continuing Fund.

22. In accordance with the Prospectus and Financial Statement Delivery Relief:

(a) the management information circular sent to shareholders provides sufficient information about the relevant Proposed Merger to permit shareholders to make an informed decision about the Proposed Merger;

(b) the management information circular sent to shareholders with respect to the relevant Proposed Merger prominently discloses that shareholders can obtain the most recent interim and annual financial statements of the applicable Continuing Fund by accessing the SEDAR website at www.sedar.com, by accessing the Manager 's website, by calling the Manager 's toll-free telephone number servicing shareholders both in English and French, or by faxing a request to the Manager;

(c) upon request by a shareholder for financial statements, the Manager will make best efforts to provide the shareholder with financial statements of the applicable Continuing Fund in a timely manner so that the shareholder can make an informed decision regarding the relevant Proposed Merger; and

(d) each Terminating Fund and Continuing Fund has an unqualified audit report in respect of its last completed financial period.

23. Shareholders of a Terminating Fund will continue to have the right to redeem securities of the Terminating Fund for cash at any time up to the close of business on the effective date of the Proposed Mergers. Effective close of business August 2, 2011, the Terminating Funds will cease distribution of securities (including purchases under existing pre-authorized chequing plans which will run in the Continuing Fund on the first business day following the Merger Date). Following the Mergers, all systematic investment programs and systematic withdrawal programs that had been established with respect to the Terminating Funds, will be re-established on a series-for-series basis in the Continuing Fund (except for Series I shares of Core Global Class which will be re-established into Series A shares of Intactive Maximum Growth Class) unless shareholders advise the Manager otherwise. Shareholders may change or cancel any systematic program at any time and shareholders of Terminating Funds who wish to establish one or more systematic programs in respect of their holdings in the Continuing Fund may do so following the Proposed Mergers.

24. The notice of meeting, form of proxy and management information circular were mailed to shareholders of the Funds on or before July 11, 2011 and were filed via SEDAR on July 11, 2011.

25. The management information circular states that (a) shares of the Continuing Funds acquired by shareholders upon the Proposed Mergers are subject to the same redemption charges, to which their shares of the Terminating Funds were subject prior to the Proposed Merger; and (b) any redemption fees payable in connection with shares purchased under the deferred sales charge option when shareholders redeem shares of the Terminating Fund will apply.

26. The Manager believes that the Proposed Merger of Core Global Class into Intactive Maximum Growth Class is in the best interests of the shareholders of:

(a) Core Global Class as Intactive Maximum Growth Class provides enhanced asset class and management style diversification at lower management and advisory fees; and

(b) Intactive Maximum Growth Class as following the Proposed Merger, shareholders will hold shares in a larger, more viable fund.

27. The Manager believes that the Proposed Merger of Trimark Health Class into Trimark U.S. Class is in the best interests of the shareholders of:

(a) Trimark Health Class as Trimark U.S. Class provides enhanced industry sector diversification and following the Proposed Merger shareholders will hold shares in a larger, more viable fund; and

(b) Trimark U.S. Class as following the Proposed Merger, shareholders will hold shares in a larger, more viable fund.

Accordingly, the Manager recommends that shareholders of the Funds vote in favour of the Proposed Mergers.

28. The Funds' independent review committee ("**IRC**") has reviewed and made a positive recommendation with respect to the Mergers, having determined that the Mergers, if implemented, achieve a fair and reasonable result for each Terminating Fund and the Continuing Fund. The decision of the IRC was included in the management information circular as required by section 5.1(2) of National Instrument 81-107 – *Independent Review Committee for Investment Funds*.

29. The Proposed Mergers will each be a tax deferred transaction under subsection 86(1) of the *Income Tax Act* (Canada).

30. Shareholders of the Terminating Funds will be provided with information about the differences between the Terminating Funds and the Continuing Funds as well as the tax implications of the Proposed Mergers in the management information circular, so that the shareholders of the Terminating Funds may consider this information before voting on the Proposed Mergers.

31. The Manager will pay for the costs of the Proposed Mergers. These costs consist mainly of brokerage charges associated with the trades that occur both before and after the date of the Proposed Mergers and legal, proxy solicitation, printing, mailing and regulatory fees.

32. Each Terminating Fund is expected to merge into the applicable Continuing Fund on or about the close of business on August 5, 2011 and the Continuing Funds will continue as publicly offered open-end mutual funds governed by the laws of Ontario.

33. The Proposed Mergers will be structured as follows:

(a) the Manager anticipates that there will be a period of approximately 3 days between the shareholder meetings at which the shareholders will vote on the Proposed Mergers and the implementation of the Proposed Mergers which receive all necessary approvals. If all necessary approvals are obtained, prior to the date of the Proposed Mergers, each of the Terminating Funds will liquidate all of the assets in its portfolio that the portfolio manager(s) of the relevant Continuing Fund do not wish to have in that Continuing Fund, and may hold the proceeds in cash, money market instruments, securities of affiliated money market funds, bonds, other debt securities or in the case of Core Global Class, units of Invesco Intactive Maximum Growth Portfolio, underlying fund to Intactive Maximum Growth Class. Accordingly, the Terminating Funds may not be fully invested in accordance with their investment objectives for this brief period of time prior to its Proposed Merger;

(b) each of the Terminating Funds will satisfy or otherwise make provisions for any liabilities attributable to it out of the assets attributable to it;

(c) the value of the underlying portfolio of assets attributable to each of the Terminating Funds will be determined at the close of business on the effective date of the articles of amendment of Corporate Class that change the shares of each of the Terminating Funds to shares of the relevant Continuing Fund;

(d) all of the issued and outstanding shares of each of the Terminating Funds, other than Series I of Core Global Class, will be converted into shares of the relevant Continuing Fund on a dollar-for-dollar and series-by-series basis and distributed to the shareholders of the relevant Terminating Fund;

(e) all issued and outstanding Series I shares of Core Global Class, will be converted into Series A shares of Intactive Maximum Growth Class on a dollar-for-dollar basis and distributed to the shareholders of Core Global Class;

(f) the shares of the Continuing Fund received by each shareholder of the relevant Terminating Fund will have the same aggregate net asset value as the shares of the Terminating Funds held by that shareholder on the effective date of the relevant Proposed Merger;

(g) the aggregate net asset value of all of the shares of a Continuing Fund received by all shareholders of the relevant Terminating Fund will equal the value of the portfolio and other assets attributable to that Terminating Fund, and the shares of the Continuing Fund will be issued at the applicable series net asset value per share of the relevant Continuing Fund as of the close of business on the effective date of the relevant Proposed Merger;

(h) the underlying portfolio of assets attributable to each of the Terminating Funds will be included in the underlying portfolio of assets attributable to the relevant Continuing Fund; and

(i) as soon as reasonably possible, the shares of each of the Terminating Funds will be cancelled and the Terminating Funds will be terminated.

34. As investors holding Series A shares of Intactive Maximum Growth Class will receive a management fee rebate equal to the difference between the Series A management fee disclosed in the Intactive Maximum Growth Class' simplified prospectus and the management fee currently paid by investors of Series I shares of Core Global

Class, the Manager submits that from an investor perspective the fee structures of Series I shares of Core Global Class and Series A shares of Intactive Maximum Growth Class (combined with the management fee rebates) are substantially similar.

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 Proposed Mergers are approved.

"Darren McKall"
Manager, Investment Funds Branch

2.1.7 Sprott Asset Management LP

Headnote

NP 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-approved re-organizations and transfers in National Instrument 81-102 – terminating fund and continuing fund have different investment objectives – merger not a "qualifying transaction" or a tax-deferred transaction under the Income Tax Act – securityholders of terminating funds provided with timely and adequate disclosure regarding the merger

Applicable Legislative Provisions

National Instrument 81-102 – Mutual Funds, ss. 5.5(1)(b), 5.6(1), 5.7(1)(b) and 19.1

August 5, 2011

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

AND

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

AND

IN THE MATTER OF
SPROTT ASSET MANAGEMENT LP
(the Filer or Sprott)

and

SPROTT GROWTH FUND
(the Terminating Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Terminating Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for approval of the merger (the **Merger)** of the Terminating Fund into Sprott Small Cap Equity Fund (the **Continuing Fund)** (together with the Terminating Fund, the **Funds**) under subsection 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) (the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

The Filer

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

2. Sprott is registered as an adviser in the category of portfolio manager in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Newfoundland and Labrador and as an investment fund manager and exempt market dealer in Ontario.

3. Sprott is the manager and promoter of the Funds.

The Funds

4. Each of the Funds is an open-end mutual fund trust established under the laws of the Province of Ontario by a master trust agreement.

5. Units of the Funds are currently offered for sale under a simplified prospectus and annual information form dated May 11, 2011 in all of the provinces and territories of Canada. The Funds are reporting issuers under the applicable securities legislation of each province and territory of Canada. None of Sprott or the Funds are in default of securities legislation in any province or territory of Canada.

6. Other than circumstances in which the securities regulatory authority of a province or territory of Canada has expressly exempted a Fund therefrom, each of the Funds follows the standard investment restrictions and practices established under the Legislation.

7. The net asset value (**NAV**) for each series of units of each Fund is calculated as at 4:00 p.m. Eastern Time on each day that the Toronto Stock Exchange is open for trading.

The Merger

8. A press release and material change report in respect of the proposed Merger were filed on SEDAR on June 10, 2011. Units of the Terminating Fund ceased to be available for sale on that date.

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

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

11. Sprott will waive any redemption-related costs such as redemption fees and short-term trading fees for investors who redeem their units of the Terminating Fund between June 10, 2011, the date that the proposed Merger was announced, and the date of the Merger.

12. Approval of the Merger is required because the Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers as set out in section 5.6 of NI 81-102, namely because: (i) a reasonable person may not consider the fundamental investment objectives of the Terminating Fund and those of the Continuing Fund to be "substantially similar"; and (ii) the Merger will not be a tax-deferred transaction as described in subsection 5.6(1)(b) of NI 81-102. Except for these two reasons, the Merger will otherwise comply with all of the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

13. Sprott has determined that it would not be appropriate to effect the Merger as a "qualifying exchange" within the meaning of section 132.2 of the *Income Tax Act* (Canada) (the **Tax Act**) or as a tax-deferred transaction under subsections 85(1), 85.1(1), 86(1) or 87(1) of the Tax Act for the following reasons: (i) the Terminating Fund has sufficient loss carry-forwards to shelter any net capital gains that could arise for it on the taxable disposition of its portfolio assets on the Merger; (ii) substantially all the unitholders in the Terminating Fund have an accrued capital loss on their units and effecting the Merger on a taxable basis will afford them the opportunity to realize that loss and use it against current capital gains or even carry it back as permitted under the Tax Act;

(iii) effecting the Merger on a taxable basis would preserve the net losses and loss carry-forwards in the Continuing Fund; (iv) effecting the Merger on a taxable basis will have no other tax impact on the Continuing Fund; and (v) subsections 85(1), 85.1(1), 86(1) and 87(1) of the Tax Act do not apply as both of the Funds are trusts.

14. A management information circular in connection with the Merger was mailed to unitholders of the Terminating Fund on July 26, 2011 and subsequently filed on SEDAR on July 27, 2011. The most recently filed fund facts documents of the Continuing Fund were also included in the meeting materials sent to unitholders of the Terminating Fund.

15. The management information circular provides unitholders of the Terminating Fund with information about the investment objectives of the Funds and tax consequences of the Merger. Accordingly, unitholders of the Terminating Fund will have an opportunity to consider this information prior to voting on the Merger.

16. Sprott will pay all costs and reasonable expenses relating to the solicitation of proxies and holding the unitholder meeting in connection with the Merger as well as the costs of implementing the Merger, including any brokerage fees.

17. Unitholders of the Terminating Fund will be asked to approve the Merger at a special meeting scheduled to be held on or about August 23, 2011. If the meeting is adjourned, the adjourned meeting will be held on or about August 25, 2011.

18. If the requisite approvals are obtained, it is anticipated that the Merger will be implemented on or about August 29, 2011. If unitholder approval is not obtained, the Terminating Fund will be terminated on or about October 31, 2011.

19. Following the Merger, the Continuing Fund will continue as a publicly offered open-end mutual fund and the Terminating Fund will be wound up as soon as reasonably practicable.

20. Following the Merger, units of the Continuing Fund received by unitholders in the Terminating Fund as a result of the Merger will have the same sales charge option and, for units purchased under the low load option, remaining deferred sales charge schedule as their units in the Terminating Fund.

21. The Merger is conditional on the approval of (i) the unitholders of the Terminating Fund; and (ii) the Principal Regulator. If the necessary approvals are obtained, the following steps will be carried out to effect the Merger, which is proposed to occur on or about August 29, 2011 (the **Merger Date**):

(a) Prior to the Merger Date, the Terminating Fund will sell any securities in its portfolio that do not meet the investment objectives and investment strategies of the Continuing Fund. As a result, the Terminating Fund may temporarily hold cash or money market instruments and may not be fully invested in accordance with its investment objectives for a brief period of time prior to the Merger;

(b) The value of the Terminating Fund's portfolio and other assets will be determined at the close of business on the business day prior to the Merger Date in accordance with its trust agreement;

(c) The Continuing Fund will acquire the investment portfolio and other assets of the Terminating Fund in exchange for units of the Continuing Fund;

(d) The Continuing Fund will not assume the Terminating Fund's liabilities and the Terminating Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the Merger Date;

(e) The units of the Continuing Fund received by the Terminating Fund will have an aggregate NAV equal to the value of the Terminating Fund's portfolio assets and other assets that the Continuing Fund is acquiring, which units will be issued at the applicable series NAV per unit as of the close of business on the Merger Date;

(f) On or shortly before the Merger Date, the Terminating Fund will distribute its net income and net realized capital gains for its current taxation year, to the extent necessary to eliminate its liability for tax;

(g) Immediately thereafter, the units of the Continuing Fund will be distributed to unitholders of the Terminating Fund on a dollar for dollar and series by series basis in exchange for their units in the Terminating Fund; and

(h) As soon as reasonably possible following the Merger, the Terminating Fund will be wound up.

22. The Terminating Fund and the Continuing Fund are, and are expected to continue to be at all material times, mutual fund trusts under the Tax Act and, accordingly, units of both Funds are "qualified investments" under the Tax Act for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans,

registered disability savings plans and tax free savings accounts.

23. Sprott believes that the Merger will be beneficial to unitholders of the Funds for the following reasons:

(a) Unitholders of the Terminating Fund and the Continuing Fund will enjoy increased economies of scale and lower fund operating expenses (which are borne indirectly by unitholders) as part of a larger combined Continuing Fund;

(b) The Merger will eliminate the administrative and regulatory costs of operating the Terminating Fund as a separate mutual fund;

(c) By merging the Terminating Fund instead of terminating it, there will be a savings for the Terminating Fund in brokerage charges associated with the liquidation of the Terminating Fund's portfolio on a wind up. The unitholders of the Terminating Fund will not be responsible for the costs associated with the Merger;

(d) The Continuing Fund will have a portfolio of greater value, allowing for increased portfolio diversification opportunities; and

(e) The Continuing Fund, as a result of its greater size, will benefit from its larger profile in the marketplace,and accordingly has recommended to the unitholders of the Terminating Fund that they vote for the resolutions that will authorize Sprott to effect the Merger.

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.

"Raymond Chan", Manager
Investment Funds Branch

2.1.8 Fronsac Capital inc.

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to no longer be a
reporting issuer under securities legislation

Applicable Legislative Provisions

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

August 22, 2011

Fronsac Capital inc.
3241, rue Principale
Saint-Jean-Baptiste-de-Rouville,
Québec J0L 2B0

Re: Fronsac Capital inc. (the "Applicant") – Application for a decision under the securities legislation of Québec, Ontario and Alberta (the "Jurisdictions") that the Applicant is not a reporting issuer

Dear Sir/Madam:

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 Regulation 21-101 respecting *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's status as a reporting issuer is revoked.

"Josée Deslauriers", Director
Investment Funds and Continuous Disclosure

2.1.9 The Goldfarb 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., ss.1(10)(a)(ii)
CSA Staff Notice 12-307 Applications for a Decision that an Issuer is not a Reporting Issuer

August 18, 2011

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, SASKATCHEWAN, MANITOBA

ONTARIO AND NOVA SCOTIA
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
THE GOLDFARB CORPROATION
(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 Order 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* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer was amalgamated under the *Business Corporations Act* (Ontario).

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

3. The Filer is a reporting issuer in each of Alberta, Saskatchewan, Manitoba and Nova Scotia.

4. The authorized share capital of the Filer consists of an unlimited number of class A subordinate voting shares (the Subordinate Voting Shares) and an unlimited number of class B voting shares (the Class B Shares).

5. On July 14, 2011, a consolidation of the Subordinate Voting Shares was effected such that there is now a sole holder of Subordinate Voting Shares and Class B Shares. Accordingly, the outstanding securities of the Filer, including debt securities, are now 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.

6. On July 18, 2010, the Subordinate Voting Shares were delisted from trading on the NEX board of the TSX Venture Exchange. The Class B Shares are not listed. Accordingly, no securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

7. The Filer voluntarily surrendered its status as a reporting issuer in British Columbia pursuant to BC Instrument 11-102 *Voluntary Surrender of Reporting Issuer Status*.

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

9. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer as of the date hereof, other than the obligation to file its interim financial statements, management's discussion and analysis and certification of interim filings for the interim period ended March 31, 2011 (the Interim Filings).

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

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

12. The Filer, upon the granting of the Order Sought, will no longer be a reporting issuer or the equivalent therof 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 Order Sought is granted.

"James Turner"
Commissioner
Ontario Securities Commission

"Paulette Kennedy"
Commissioner
Ontario Securities Commission

2.1.10 Altus Group Limited

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief applications in Multiple Jurisdictions – Exemption from requirement in subsection 4.11(4) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards (NI 52-107) to reconcile acquisition statements to the issuer's GAAP – The issuer wants relief from the requirement to include in a reconciliation to Canadian GAAP in annual financial statements of the acquired business – The issuer will prepare pro forma financial statements as set out in section 8.7(9) of Companion Policy 51-102CP as it applies to financial years beginning on or after January 1, 2011 for all periods presented

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
ALTUS GROUP LIMITED
(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**) exempting the Applicant from the requirement in subsection 4.11(4) of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (**NI 52-107**) that it reconcile the financial statements of Realm Solutions, Inc. (**Realm**) to be filed with the BAR (as defined below) to Canadian GAAP (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 (the **Principal Regulator**), and

(b) The Applicant has provided notice that pursuant to paragraph 4.7(1)(c) of Multilateral Instrument 11-102 – *Passport System* (MI 11-102), the requested approval and relief under MI 11-102 is to be relied upon by the Applicant with respect to the equivalent provisions of the legislation of the local jurisdictions of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador Yukon, Northwest Territories and Nunavut.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 52-107 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:

1. The Applicant is a company incorporated under the laws of the Province of Ontario pursuant to the *Business Corporations Act* (Ontario).

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

3. The Applicant is a reporting issuer under the securities legislation of each of the provinces and territories of Canada.

4. The common shares of the Applicant are listed and posted for trading on the Toronto Stock Exchange under the trading symbol "AIF".

Transaction

5. Pursuant to an agreement and plan of merger, dated April 11, 2011, the Applicant indirectly acquired all of the issued and outstanding shares of Realm for consideration of US$130 million on June 1, 2011.

6. Under Part 8 of National Instrument 51-102 – Continuous Disclosure Obligations (**NI 51-102**), the Applicant is required to file a business acquisition report (**BAR**) for any significant acquisitions that it completes. The applicant has determined that the acquisition of Realm is a significant acquisition and therefore it intends to file a BAR.

7. As required by Part 8 of NI 51-102, the BAR filed by the Applicant will contain (or incorporate by reference):

   (a) the audited consolidated financial statements of the Applicant for the years ended December 31, 2010 and December 31, 2009 which have been prepared in accordance with Canadian

generally accepted accounting principles (**Canadian GAAP**);

(b) the unaudited interim consolidated financial statements of the Applicant for the three month periods ended March 31, 2011 and March 31, 2010 (the **Applicant Interim Statements**) which have been prepared in accordance with international financial reporting standards (**IFRS**);

(c) the audited consolidated financial statements of Realm for the years ended December 31, 2010 and December 31, 2009 (the **Realm Annual Statements**) which have been prepared in accordance with United States generally accepted accounting principles (**US GAAP**);

(d) the unaudited interim consolidated financial statements of Realm for the three month periods ended March 31, 2011 and March 31, 2010 (the **Realm Interim Statements**) which have been prepared in accordance with US GAAP; and

(e) the pro forma financial statements of the Applicant (the **Pro Forma Statements**) which reflect the completion of the Transaction as if it had occurred as at the beginning of the Applicant's most recently completed financial year and carried through the most recent interim period for the purposes of the pro forma consolidated statement of operations (being the year ended December 31, 2010 and the three month period ended March 31, 2011), and as of March 31, 2011 for the purposes of the pro forma balance sheet, all of which have been prepared in accordance with IFRS.

8. For financial years beginning before January 1, 2011, Section 4.11(4) of NI 52-107 requires that acquisition statements prepared using accounting principles that are different from the issuer's GAAP (in this case, the Realm Annual Statements) be reconciled to the issuer's GAAP, with further disclosure required in the notes to such financial statements (the Reconciliation Requirement).

9. Although Realm prepared the Realm Interim Statements using US GAAP, the Reconciliation Requirement does not apply to the Realm Interim Statements as they relate to a financial year beginning on or after January 1, 2011.

10. The Applicant's Interim Statements and the Pro Forma Statements will be prepared in accordance with IFRS. The Realm Interim Statements were prepared using US GAAP, however, the Reconciliation Requirement does not apply to them as they relate to a financial year beginning on or after January 1, 2011. Due to these facts, it is the Applicant's view that the reconciliation of the Realm Annual Statements to Canadian GAAP will not provide investors with any incremental or useful information as they would not be directly comparable to the Pro Forma Statements, nor would they be directly comparable to the Applicant Interim Statements.

11. The cost of preparing a reconciliation of the Realm Statements to Canadian GAAP, and the time required to prepare such a reconciliation, would outweigh any benefit that investors may get from such reconciled financial statements. In fact, in the Applicant's view the filing of such reconciled financial statements may be confusing to investors since such financial statements would not be directly comparable to other financial statements filed with the BAR.

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 pro forma financial statements are prepared as set out in section 8.7(9) of Companion Policy 51-102CP as it applies to financial years beginning on or after January 1, 2011 for all periods presented; and

(b) the BAR otherwise complies with the requirements of Form 51-102F4.

DATED this 18th day of August, 2011.

"Cameron McInnis"
Chief Accountant

2.1.11 Pacific Northern Gas Ltd.

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – An issuer that is not an SEC issuer wants to file financial statements prepared in accordance with U.S. GAAP – The Filer does not currently intend to become a SEC registrant – The Filer has activities subject to rate regulation – U.S. GAAP has standards that apply to activities subject to rate regulation – The Filer will prepare its financial statements in accordance with U.S. GAAP for its financial years that begin on or after January 1, 2012 – The relief is temporary, ending for financial periods that begin on or after January 1, 2015.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, sections 3.2 and 5.1

August 18, 2011

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

AND

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

AND

IN THE MATTER OF
PACIFIC NORTHERN GAS LTD.
(The Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) have received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting the Filer from the requirements under section 3.2 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107) that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises (the Exemption Sought) to permit PNG to prepare its financial statements in accordance with U.S. GAAP for its financial years that begin on or after January 1, 2012 but before January 1, 2015.

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

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

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

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

Interpretation

2 Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 52-107 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 existing under the laws of British Columbia; the head and registered offices of the Filer are in Vancouver, British Columbia;

2. the Filer is a reporting issuer or equivalent in each jurisdiction; the Filer is not in default of securities legislation in any jurisdiction;

3. the Filer is not an SEC issuer;

4. the Filer has activities subject to rate regulation as defined in the Handbook;

5. as a qualifying entity for the purposes of section 5.4 of NI 52-107, the Filer is permitted by that provision to prepare its financial statements for its financial year commencing January 1, 2011 and ending December 31, 2011 in accordance with Canadian GAAP - Part V of the Handbook; and

6. if the Filer were an SEC issuer, it would be permitted by section 3.7 of NI 52-107 to file its financial statements prepared in accordance with U.S. GAAP, which accords treatment of activities subject to rate regulation – similar to that under Canadian GAAP – Part V.

Decision

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 Maker under the Legislation is that the Exemption Sought is granted provided that:

(a) for its financial years commencing on or after January 1, 2012 but before January 1, 2015 and interim periods therein, the Filer prepares its financial statements in accordance with U.S. GAAP; and

(b) information for comparative periods presented in the financial statements referred to in paragraph (a) is prepared in accordance with U.S. GAAP.

The Exemption Sought will terminate in respect of the Filer's financial statements for annual and interim periods commencing on or after the earlier of:

(a) January 1, 2015; and

(b) the date on which the Filer ceases to have activities subject to rate regulation as defined in the Handbook as at the date of this decision.

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

2.2 Orders

2.2.1 Normand Gauthier, et. al.

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

AND

**IN THE MATTER OF
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, and
CANPRO INCOME FUND I, LP**

**ORDER
(Section 127)**

WHEREAS on August 15, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") for a hearing to commence at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on Wednesday, August 17, 2011 at 10:00 a.m., or as soon thereafter as the hearing can be held:

AND WHEREAS the Notice of Hearing provides for the Commission to consider whether, in the opinion of the Commission, it is in the public interest, pursuant to subsections 127(1), (4), (5), (6), (7) and (8) of the Act, for the Commission to issue a temporary order that:

(a) Under s. 127(1)1 of the Act, the registration of Normand Gauthier ("Gauthier") and Gentree Asset Management Inc. ("Gentree") be suspended until the conclusion of the hearing on the merits or until such period as the Commission may order;

(b) Under s. 127(1)2 of the Act, all trading in any securities by the Respondents cease until the conclusion of the hearing on the merits or until such period as the Commission may order;

(c) Under s. 127(1)2 of the Act, all trading in securities of Gentree, R.E.A.L. Group Fund III (Canada) LP and CanPro Income Fund I, LP cease until the conclusion of the hearing on the merits or until such period as the Commission may order;

(d) Under s. 127(1)3 of the Act, all exemptions contained in Ontario securities law do not apply to the Respondents until the conclusion of the hearing on the merits or until such period as the Commission may order; and

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

AND WHEREAS Staff of the Commission ("Staff') served the Respondents with the Notice of Hearing on August 15, 2011;

AND WHEREAS on August 15, 2011, counsel for the Respondents delivered to Staff an undertaking, signed by Gauthier, in his personal capacity and on behalf of Gentree and any other related or connected issuers, agreeing to the following terms:

1. Gauthier may not solicit, raise, or accept any funds or capital from investors;

2. No issuer or registrant related to or connected to Gauthier, including but not limited to Gentree, R.E.A.L. Group Fund III (Canada) LP or CanPro Income Fund I, LP may solicit, raise, or accept any funds or capital from investors;

3. Gauthier and Gentree may not perform any trades involving any related and/or connected issuer;

4. Gentree may not assume any new clients of any kind; and

5. No issuer related to or connected to Gauthier may transfer any funds to Gauthier or any person or entity related to or connected to Gauthier.

AND WHEREAS on August 17, 2011 Staff of the Commission and counsel for the Respondents appeared before the Commission at the hearing to consider whether to issue the Temporary Order;

AND WHEREAS the Respondents, through their counsel, have indicated they will consent to an Order on terms;

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

IT IS HEREBY ORDERED pursuant to section 127 of the Act and on consent of all parties that:

1) Under s. 127(1)1 of the Act, the registration of Gentree as a dealer in the category of exempt market dealer be suspended;

2) Under s. 127(1)2 of the Act, all trading in securities of Gentree, R.E.A.L. Group Fund III (Canada) LP and CanPro Income Fund I, LP cease;

3) Under s. 127(1)3 of the Act, all exemptions contained in Ontario securities law do not apply to the Respondents;

4) Under s. 127(2) of the Act, the following terms and conditions apply to the Respondents and any other related or connected issuers:

i. Gauthier may not solicit, raise, or accept any funds or capital from investors;

ii. No issuer or registrant related to or connected to Gauthier, including but not limited to Gentree, R.E.A.L. Group Fund III (Canada) LP or CanPro Income Fund I, LP may solicit, raise, or accept any funds or capital from investors;

iii. Gauthier and Gentree may not perform any trades involving any related and/or connected issuer;

iv. Gentree may not assume any new clients of any kind; and

v. No issuer related to or connected to Gauthier may transfer any funds to Gauthier or any person or entity related to or connected to Gauthier.

(the "Temporary Order");

IT IS FURTHER ORDERED that:

a) the Temporary Order shall remain in effect until such further order of the Commission; and

b) the hearing is adjourned to a date no later than August 29, 2011, such date to be agreed to by the parties and fixed by the Office of the Secretary for a hearing or for such other purposes as may be requested.

DATED at Toronto this 17th day of August, 2011.

"Mary Condon"

2.2.2 MBS Group et. al. – s. 127(1), 127(5)

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

AND

**IN THE MATTER OF MBS GROUP (CANADA) LTD.,
BALBIR AHLUWALIA AND
MOHINDER AHLUWALIA**

**TEMPORARY ORDER
(Subsections 127(1) & 127(5))**

WHEREAS it appears to the Ontario Securities Commission (the "Commission") that:

1. MBS Group (Canada) Ltd. ("MBS Group") is a corporation incorporated pursuant to the laws of Ontario;

2. Mohinder Ahluwalia ("Mohinder") is a resident of Ontario and a director of MBS Group;

3. Balbir Ahluwalia ("Balbir") is a resident of Ontario and a director of MBS Group;

4. From approximately June 2004 to June 2007 (the "Material Time"), MBS Group, Balbir and Mohinder (collectively the "Respondents"), directly and/or through representatives, distributed, offered for sale, and sold securities in The Electrolinks Corporation ("Electrolinks") to members of the public in Ontario;

5. During the Material Time, the Respondents engaged in and held themselves out as engaging in the business of trading in securities;

6. During the Material Time, Electrolinks was not a reporting issuer and the Electrolinks securities were not qualified by a prospectus; and

7. None of the Respondents have ever been registered with the Commission in any capacity;

AND WHEREAS on June 30, 2011, the Commission issued a Notice of Hearing accompanied by Staff's Statement of Allegations, alleging the following:

(i) that the Respondents traded in securities without being registered to trade in securities, contrary to subsection 25(1) of *the Securities Act*, R.S.O. 1990, c. S.5, as amended, ("the Act") and contrary to the public interest;

(ii) that the actions of the Respondents related to the sale of securities of Electrolinks constituted distributions of securities of Electrolinks where no preliminary prospectus and prospectus were issued nor receipted by the Director, contrary to subsection 53(1) of the Act and contrary to the public interest;

(iii) that Balbir being a director and/or officer of MBS Group authorized, permitted or acquiesced in the violations of subsections 25(1) and 53(1) of the Act, as set out above, by MBS Group or by the salespersons, representatives or agents of MBS Group, contrary to section 129.2 of the Act and contrary to the public interest; and

(iv) that Mohinder being a director and/or officer of MBS Group authorized, permitted or acquiesced in the violations of subsections 25(1) and 53(1) of the Act, as set out above, by MBS Group or by the salespersons, representatives or agents of MBS Group, contrary to section 129.2 of the Act and contrary to the public interest;

AND WHEREAS by Notice of Motion dated August 5, 2011, Staff brought this motion for a temporary cease trade order on notice to the Respondents;

AND WHEREAS on August 17, 2011, Staff, Balbir and Mohinder attended before the Commission and Balbir and Mohinder consented to the making of this order;

AND WHEREAS the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest as contemplated in subsection 127(5) of the Act;

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

IT IS ORDERED:

1. pursuant to clause 2 of subsection 127(1) of the Act, that MBS Group, Mohinder and Balbir cease trading in all securities, with the exception that Mohinder and Balbir are permitted to trade securities in mutual funds that are reporting issuers through a registered dealer (to whom a copy of this order is delivered in advance of any such trading) for the account only of their own respective registered retirement savings plans (as defined in the *Income Tax Act* (Canada));

2. pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to MBS Group, Mohinder or Balbir;

3. this temporary cease trade order shall take effect immediately and shall expire on September 2, 2011 unless extended by order of the Commission; and

4. a hearing to consider an extension of this temporary cease trade order is scheduled for September 1, 2011 at 10:00 a.m. at the offices of the Commission.

DATED at Toronto this 17th day of August, 2011.

"James E. A. Turner"

2.2.3 Rezwealth Financial Services Inc. – s. 127

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

AND

IN THE MATTER OF
REZWEALTH FINANCIAL SERVICES INC.,
PAMELA RAMOUTAR,
JUSTIN RAMOUTAR,TIFFIN FINANCIAL CORPORATION,
DANIEL TIFFIN, 2150129 ONTARIO INC.,
SYLVAN BLACKETT,1778445 ONTARIO INC.,
AND WILLOUGHBY SMITH

ORDER
(Section 127)

WHEREAS on January 24, 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, accompanied by a Statement of Allegations dated January 24, 2011 issued by Staff of the Commission ("Staff"), with respect to Rezwealth Financial Services Inc. ("Rezwealth"), Pamela Ramoutar ("Pamela"), Justin Ramoutar ("Justin"), Tiffin Financial Corporation ("Tiffin Financial"), Daniel Tiffin ("Tiffin"), 2150129 Ontario Inc. ("215 Inc."), Sylvan Blackett ("Blackett"), 1778445 Ontario Inc. ("177 Inc.") and Willoughby Smith ("Smith") (collectively, the "Respondents");

AND WHEREAS the Commission ordered on March 16, 2011 that the hearing of this matter be adjourned to June 16, 2011 for a pre-hearing conference and that the Amended Temporary Order in this matter be extended to the conclusion of the hearing on the merits;

AND WHEREAS the Commission ordered on June 16, 2011 that the hearing of this matter be adjourned to August 16, 2011 at 2:30 p.m. for a continued pre-hearing conference (the "Prior Order");

AND WHEREAS the Commission held a pre-hearing conference on August 16, 2011;

AND WHEREAS the Commission heard submissions from counsel for Staff, counsel for Tiffin and Tiffin Financial, and Smith on his own behalf and on behalf of 177 Inc.;

AND WHEREAS no one appeared at the pre-hearing conference on behalf of Rezwealth, Pamela, Justin, 215 Inc. or Blackett;

AND WHEREAS counsel for Rezwealth, Pamela and Justin attended the pre-hearing conference on June 16, 2011 at which the Prior Order was made;

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

IT IS ORDERED THAT:

1. The hearing of this matter is adjourned to Friday, March 30, 2012 at 10:00 a.m. for a continued pre-hearing conference; and

2. The hearing on the merits shall commence on April 30, 2012 and continue until May 25, 2012 inclusive, with the exception of May 8, May 21 and May 22, 2012.

DATED at Toronto this 16th day of August, 2011.

"Christopher Portner"

2.2.4 Royal Oak Ventures Inc. – s. 144

Headnote

Application by an issuer for a revocation of a cease trade order issued by the Commission -- cease trade order issued because the issuer had failed to file certain continuous disclosure materials required by Ontario securities law -- defaults subsequently remedied by bringing continuous disclosure filings up-to-date -- cease trade order revoked.

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
ROYAL OAK VENTURES INC.
(formerly, Royal Oak Mines Inc.)

ORDER
(Section 144)

WHEREAS the securities of Royal Oak Ventures Inc. (the "**Applicant**") are subject to a cease trade order made by the Director dated February 16, 2000 pursuant to paragraph 2 of subsection 127(1) and subsection (5) of the Act, as extended by a further order made by the Director dated March 1, 2000 pursuant to subsection 127(8) of the Act (together, the "**Ontario Cease Trade Order**") ordering that trading in the securities of the Applicant cease until the Ontario Cease Trade Order is revoked;

AND WHEREAS the Applicant has made an application to the Ontario Securities Commission (the "**Commission**") for an order pursuant to Section 144 of the Act to revoke the Ontario Cease Trade Order;

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated under the Business Corporations Act (Ontario) on July 23, 1991.

2. The head office of the Applicant is located at Suite 300 – 181 Bay Street, Toronto, Ontario M5J 2T3.

3. The Applicant is a reporting issuer or the equivalent under the securities legislation of each of the provinces and territories of Canada (the "**Reporting Jurisdictions**").

4. The Applicant's authorized capital consists of an unlimited number of common shares (the

"**Common Shares**"), non-voting shares ("**Non-Voting Shares**") and special shares ("**Special Shares**").

5. The Applicant currently has 3,157,189 Common Shares, 159,339,267 Non-Voting Shares and nil Special Shares issued and outstanding.

6. The Applicant's Common Shares were delisted from the Toronto Stock Exchange on April 27, 2000 and from the American Stock Exchange on March 12, 1999 because the Applicant failed to maintain listing requirements. The Applicant currently has no securities listed or quoted on any market.

7. The Applicant is also subject to cease trade orders issued by the British Columbia Securities Commission on July 19, 1999, Alberta Securities Commission on September 13, 2002 and Commission des valeurs mobilières du Québec on July 20, 1999 (together with the Ontario Cease Trade Order, the "**Cease Trade Orders**").

8. The Cease Trade Orders were issued as a result of the Applicant's failure to file certain financial statements with the Reporting Jurisdictions.

9. On April 16, 1999, the Applicant was placed into interim receivership. From that date, the Applicant has undergone a reorganization from a mining and exploration company to an investment holding company and its principal business relates to its investment holdings.

10. Commencing with the appointment of the interim receiver, PricewaterhouseCoopers LLP (the "**Interim Receiver**"), the Applicant began winding down its exploration activities. Under an order of the Ontario Court of Justice ("**Court**"), the Interim Receiver was directed to sell the Applicant's assets and distribute the proceeds to its creditors. The Interim Receiver undertook the disposition of the Applicant's Giant and Colomac Mines in the Northwest Territories, the Pamour and Nighthawk Mines in Ontario, the Hope Brook Mine in Newfoundland, numerous exploration properties and the Applicant's equity investments, including its 44.2% interest in Asia Minerals Corporation and 38.6% interest in Highwood Resources Ltd. These dispositions all took place during 1999, with the Applicant's remaining operating asset being the Kemess Mine in Northern British Columbia.

11. On December 3, 1999, the Applicant filed a proposal (the "**Proposal**") under the Companies' Creditors Arrangement Act (the "**CCAA**") with the Court and the Applicant's creditors. The purpose of the Proposal was to compromise the claims of the Applicant's creditors, to provide for the satisfaction of the claims of the Applicant's unaffected creditors, to permit the Applicant to continue as a going concern and to allow for the possibility of a new business being introduced into the Applicant in the future. The Proposal considered a reorganization of the capital and assets of the Applicant, consolidating its shares on the basis of 100 old shares for one new share, renaming Royal Oak Mines Inc. to its current name and a compromise of the liabilities of the Applicant. The Proposal involved the following three principal steps:

    (a) the sale of a convertible royalty interest (the "**Royalty**") in the Kemess Mine to Northgate Exploration Limited ("**Northgate**"), equal to 95 percent of the net cash flow of the Kemess Mine, which Royalty was converted by into a 95 percent equity interest in the Kemess Mine;

    (b) the transfer of all remaining assets of the Applicant, other than or relating to the Kemess Mine, to a whollyowned subsidiary, which assets were sold by the Interim Receiver and the proceeds distributed to the creditors; and

    (c) the satisfaction or assumption of all of the outstanding indebtedness of the Applicant through the issuance of promissory notes and other notes which were convertible into common shares and non-voting shares of the Applicant (the "**Distributions**"), details of which issuances are as follows:

        (i) 1,530,288 common shares and 107,341,027 non-voting shares of the Applicant to Brascan Financial Corporation, formerly Trilon Financial Corporation ("**Trilon**");

        (ii) 48,748,350 non-voting shares of the Applicant to holders of certain notes issued by the Applicant;

        (iii) 3,249,890 non-voting shares of the Applicant to certain unsecured creditors of the Applicant; and

        (iv) three promissory notes in the aggregate principal amount of US$2.1 million, due and payable in February 2005, issued to certain secured creditors of the Applicant.

12. The Proposal was accepted by the Applicant's creditors on December 14, 1999 and approved by the Court on January 4, 2000. The Proposal was implemented effective on February 11, 2000, at

which point a new board of directors and officers assumed control of the Applicant.

13. On March 13, 2000, the Commission granted an order partially revoking the cease trade order issued in Ontario to permit the Distributions to Trilon and 509 unsecured creditors of the Applicant resident in Ontario.

14. On February 29, 2000, the British Columbia Securities Commission granted an order partially revoking the cease trade order issued in British Columbia to permit the Distributions to unsecured creditors in British Columbia.

15. Since the issuance of the latest Cease Trade Order by the Alberta Securities Commission, the Applicant has filed, among other things, the following continuous disclosure documents with the Reporting Jurisdictions:

(a) on December 12, 2002, unaudited interim financial statements for the periods ended March 31, 2002, June 30, 2002 and September 30, 2002;

(b) on December 8, 2003, unaudited interim financial statements for the periods ended March 31, 2003, June 30, 2003 and September 30, 2003

(c) on November 1, 2010, audited annual financial statements for the year ended December 31, 2009 along with the corresponding management discussion and analysis and the Certificates of Annual Filings required under National Instrument 52-109 – *Certificate of Disclosure In Issuers' Annual and Interim Filings* ("**NI-52-109**");

(d) on November 1, 2010, unaudited interim financial statements for the periods ended June 30, 2010 and March 31, 2010 along with the corresponding management discussion and analysis for each such period and the Certificates of Interim Filings required under NI 52-109;

(e) on November 8, 2010, audited annual financial statements for the years ended December 31, 2008, 2007, 2006, 2005, 2004, 2003 and 2002;

(f) on December 8, 2010, unaudited interim financial statements for the period ended September 30, 2010 along with the corresponding management discussion and analysis and the Certificates of Interim Filings required under NI 52-109;

(g) on June 16, 2011, audited annual financial statements for the year ended December 31, 2010 along with the corresponding management discussion and analysis and the Certificates of Annual Filings required under NI 52-109;

(h) on June 16, 2011, audited annual financial statements for the year ended December 31, 2008 along with the corresponding management discussion and analysis and the Certificates of Annual Filings required under NI 52-109; and

(i) on June 29, 2011, unaudited interim financial statements for the period ended March 31, 2011 along with the corresponding management discussion and analysis the Certificates of Interim Filings required under NI 52-109.

16. The Applicant has not filed with the Commission:

(a) the interim financial statements for the periods ended March 31, 2004 through September 30, 2009, the corresponding management discussion and analysis for each such period, and the corresponding certificates for each such period;

(b) the interim management discussion and analysis for the periods ended March 31, 2001 through September 30, 2003; and

(c) management discussion and analysis for the years ended December 31, 2007, 2006, 2005, 2004, 2003 and 2002 and the corresponding certificates for the years ended December 31, 2007, 2006, 2005 and 2004.

(the "**Outstanding Filings**").

17. Except for the failure to file the Outstanding Filings, the Applicant is not in default of any of its obligations as a reporting issuer under the Act.

18. Since the issuance of the Ontario Cease Trade Order, material changes in the Applicant's business were disclosed in material change reports filed by the Applicant on February 18, 2000, January 3, 2001, February 21, 2003 and June 17, 2011.

19. The Applicant has paid all outstanding filing fees, participation fees and late filing fees in the Reporting Jurisdictions.

20. The Applicant's SEDAR and SEDI profiles are current and accurate.

21. The Applicant is not considering, nor is it involved in any discussions relating to, a reverse take-over, merger, amalgamation or other form of

combination or transaction similar to any of the foregoing.

22. Upon the issuance of this revocation order, the Applicant will issue a news release announcing the revocation. The Applicant will concurrently file the news release and material change report on SEDAR.

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

AND UPON the Director being satisfied that it would not be prejudicial to the public interest to revoke the Ontario Cease Trade Order.

IT IS ORDERED pursuant to Section 144 of the Act that the Ontario Cease Trade Order is revoked.

DATED this 19 of August, 2011.

"Michael Brown"
Assistant Manager, Corporate Finance

2.2.5 TBS New Media Ltd. et al. – ss. 127(7) and 127(8)

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

AND

TBS NEW MEDIA LTD., TBS NEW MEDIA PLC,
CNF FOOD CORP., CNF CANDY CORP.,
ARI JONATHAN FIRESTONE and MARK GREEN

TEMPORARY ORDER
(Subsections 127(7) & 127(8))

WHEREAS on June 29, 2010, the Ontario Securities Commission (the "Commission")
issued a temporary order (the "Temporary Order") pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering the following:

(i) that all trading in the securities of TBS New Media Ltd. ("TBS"), TBS New Media PLC ("TBS PLC"), CNF Food Corp. ("CNF Food") and CNF Candy Corp. ("CNF Candy") shall cease;

(ii) that TBS, TBS PLC, CNF Food, CNF Candy, Ari Jonathan Firestone ("Firestone") and Mark Green ("Green"), collectively the "Respondents", cease trading in all securities; and

(iii) that any exemptions contained in Ontario securities law do not apply to TBS, TBS PLC,CNF Food, CNF Candy, Firestone and Green;

AND WHEREAS on June 29, 2010, the Commission ordered that the Temporary Order
shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on July 5, 2010, the Commission issued a notice of hearing to
consider, among other things, the extension of the Temporary Order, to be held on July 12, 2010 at 10:00 a.m. (the "Notice of Hearing");

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

AND WHEREAS on July 12, 2010, a hearing was held before the Commission which counsel for Staff of the Commission ("Staff") attended, counsel attended on behalf

of TBS, TBS PLC, CNF Food, CNF Candy and Firestone, but no one attended on behalf of Green;

AND WHEREAS on July 12, 2010, Staff provided the Commission with the Affidavit of Dale Victoria Grybauskas, sworn on July 9, 2010, describing the attempts of Staff to serve the Respondents with copies of the Temporary Order, the Notice of Hearing, and the Affidavit of Stephen Carpenter;

AND WHEREAS on July 12, 2010, the Commission was satisfied that Staff had properly served or attempted to serve the Respondents with copies of the Temporary Order, the Notice of Hearing and the Affidavit of Stephen Carpenter;

AND WHEREAS on July 12, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that satisfactory information has not been provided to it by the Respondents and the Commission was of the opinion that it was in the public interest to extend the Temporary Order, subject to an amendment of the Temporary Order for the benefit of Firestone;

AND WHEREAS Staff did not object to amending the Temporary Order, as submitted by counsel for Firestone;

AND WHEREAS on July 12, 2010, the Commission ordered that the Temporary Order be amended by including a paragraph as follows: Notwithstanding the provisions of this Order, Firestone is permitted to trade, solely through a registered dealer or, as appropriate, a registered dealer in a foreign jurisdiction (which dealer must be given a copy of this order) in (a) any "exchange-traded security" or "foreign exchange-traded security" within the meaning of National Instrument 21-101 provided that he does not own beneficially or exercise control or direction over more than 5 percent of the voting or equity securities of the issuer(s) of any such securities; or (b) any security issued by a mutual fund that is a reporting issuer; and provided that Firestone provides Staff with the particulars of the accounts in which such trading is to occur (as soon as practicable before any trading in such accounts occurs) including the name of the registered dealer through which the trading will occur and the account numbers, and Firestone shall instruct the registered dealer to provide copies of all trade confirmation notices with respect to trading in the accounts directly to Staff at the same time that such notices are provided to him;

AND WHEREAS pursuant to subsections 127(7) and (8) of the Act the Commission ordered that the Temporary Order, as amended by the July 12, 2010 order, be extended to September 9, 2010;

AND WHEREAS on September 3, 2010, the Office of the Secretary issued a notice of hearing accompanied by a Statement of Allegations setting the matter down to be heard on September 8, 2010 at 10:00 a.m.;

AND WHEREAS on September 8, 2010, a hearing was held before the Commission which counsel for Staff attended, counsel attended on behalf of TBS, TBS PLC, CNF Food, CNF Candy and Firestone, but no one attended on behalf of Green;

AND WHEREAS at the hearing on September 8, 2010, a pre-hearing in this matter was set down for October 21, 2010

AND WHEREAS on September 8, 2010, counsel for TBS, TBS PLC, CNF Food, CNF Candy and Firestone consented to an extension of the Temporary Order to October 22, 2010;

AND WHEREAS on September 8, 2010, the Commission extended the Temporary Order, as amended by the July 12, 2010 order, to October 22, 2010 and an order was issued by the Commission on September 10, 2010;

AND WHEREAS on October 21, 2010, a hearing was held before the Commission which counsel for Staff attended, but no one attended on behalf of any of the Respondents;

AND WHEREAS on October 21, 2010, Staff informed the Commission that counsel for TBS, TBS PLC, CNF Food, CNF Candy and Firestone consented to a further extension of the Temporary Order, as amended by the July 12, 2010 order, by email dated October 19, 2010;

AND WHEREAS by order dated October 22, 2010, the Commission extended the Temporary Order, as amended by the July 12, 2010 Order, to December 7, 2010;

AND WHEREAS on December 6, 2010, a hearing was held before the Commission which counsel for Staff attended, but no one attended on behalf of any of the Respondents;

AND WHEREAS on December 6, 2010, Staff informed the Commission that counsel for TBS, TBS PLC, CNF Food, CNF Candy and Firestone consented to a further extension of the Temporary Order, as amended by the July 12, 2010 order;

AND WHEREAS by order dated December 6, 2010, the Commission extended the Temporary Order, as amended by the July 12, 2010 Order, to February 9, 2011;

AND WHEREAS on February 8, 2011, a hearing was held before the Commission which counsel for Staff attended, but no one attended on behalf of any of the Respondents;

AND WHEREAS on February 8, 2011, Staff informed the Commission that counsel for TBS, TBS PLC, CNF Food, CNF Candy and Firestone consented to a further extension of the Temporary Order, as amended by the July 12, 2010 order;

AND WHEREAS by order dated February 8, 2011, the Commission extended the Temporary Order, as amended by the July 12, 2010 Order to March 14, 2011;

AND WHEREAS on March 11, 2011, a hearing was held before the Commission which counsel for Staff attended, but no one attended on behalf of any of the Respondents;

AND WHEREAS on March 11, 2011, Staff informed the Commission that counsel for TBS, TBS PLC, CNF Food, CNF Candy and Firestone did not oppose a further extension of the Temporary Order, as amended by the July 12, 2010 order;

AND WHEREAS the Commission ordered that the Temporary Order, as amended by the July 12, 2010 order, be extended to May 18, 2011 and that the Hearing be adjourned to May 17, 2011 at 10:00 a.m.;

AND WHEREAS on May 17, 2011, a hearing was held before the Commission which counsel for Staff attended, but no one attended on behalf of any of the Respondents;

AND WHEREAS the Commission was satisfied that counsel for TBS, TBS PLC, CNF Food, CNF Candy and Firestone was properly served with notice of the hearing;

AND WHEREAS the Commission ordered that the Temporary Order, as amended by the July 12, 2010 order, be extended to July 12, 2011 and that the Hearing be adjourned to July 11, 2011 at 11:30 a.m., and an order to such effect was issued by the Commission on May 20, 2011;

AND WHEREAS on July 11, 2011, counsel for Staff and counsel for Firestone, TBS, TBS PLC, CNF Candy and CNF Food attended before the Commission, and no one appeared on behalf of Green, and submissions were made regarding the deferral of the matter for one month;

AND WHEREAS on July 11, 2011, the Commission ordered that the Temporary Order, as amended by the July 12, 2010 order, be extended to August 18, 2011 and that the Hearing be adjourned to August 17, 2011 at 10:00 a.m.;

AND WHEREAS on August 17, 2011, counsel for Staff attended before the Commission and no one appeared on behalf of the Respondents;

AND WHEREAS counsel for Staff advised the Commission that counsel for Staff and counsel for Firestone, TBS, TBS PLC, CNF Candy and CNF Food were requesting that the matter be put over for an additional six weeks;

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

IT IS ORDERED that the Temporary Order, as amended by the July 12, 2010 order, is extended to September 29, 2011;

AND IT IS FURTHER ORDERED that the Hearing is adjourned to September 28, 2011 at 10:00 a.m., or such other date and time as set by the Office of the Secretary and agreed upon by the parties.

Dated at Toronto this 17th day of August, 2011.

"Christopher Portner"

2.2.6 The Options Clearing Corporation – s. 144

Headnote

Application under section 144 of the Securities Act (Ontario) (OSA) to vary and restate the interim order of The Options Clearing Corporation (OCC) to extend its interim exemption, which exempts OCC under section 147 of the OSA on an interim basis from recognition as a clearing agency under subsection 21.2(0.1) of the OSA.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 21.2(0.1), 147 and 144

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

AND

IN THE MATTER OF
THE OPTIONS CLEARING CORPORATION (OCC)

VARIATION TO THE INTERIM ORDER
(Section 144 of the Act)

WHEREAS the Ontario Securities Commission (**Commission**) issued an interim order dated March 1, 2011 pursuant to section 147 of the Act exempting OCC from the requirement to be recognized as a clearing agency under section 21.2(0.1) of the Act (**Interim Order**);

AND WHEREAS OCC filed an application received on August 4, 2011 (**Application**) with the Commission pursuant to section 144 of the Act requesting that the Commission vary and restate the Interim Order to extend OCC's interim exemption from the requirement to be recognized as a clearing agency pursuant to section 21.2(0.1) of the Act;

AND WHEREAS the Commission has received certain representations from OCC in connection with their Application to vary and restate the Interim Order;

AND WHEREAS the Commission has determined that it is not prejudicial to the public interest to issue this order that varies and restates the Interim Order to extend OCC's interim exemption from the requirement to be recognized as a clearing agency pursuant to section 21.2(0.1) of the Act and to include information sharing requirements;

IT IS ORDERED, pursuant to section 144 of the Act, that the Interim Order be varied and restated as follows:

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

AND

IN THE MATTER OF
THE OPTIONS CLEARING CORPORATION (OCC)

ORDER
(Section 147 of the Act)

WHEREAS OCC filed an application dated January 10, 2011 (**January Application**) with the Ontario Securities Commission (**Commission**) pursuant to section 147 of the Act requesting an interim order exempting OCC from the requirement to be recognized as a clearing agency under section 21.2(0.1) of the Act;

AND WHEREAS the Commission granted such order dated March 1, 2011 (**Interim Order**);

AND WHEREAS the Interim Order will terminate on the earlier of (i) September 1, 2011 and (ii) the effective date of a subsequent order recognizing OCC as a clearing agency under subsection 21.2(0.1) of the Act or exempting it from the requirement to be recognized as a clearing agency under section 147 of the Act;

AND WHEREAS OCC has filed an application received on August 4, 2011 (**August Application**) with the Commission pursuant to section 144 of the Act requesting that the Commission vary and restate the Interim Order to extend OCC's interim exemption from the requirement to be recognized as a clearing agency pursuant to section 21.2(0.1) of the Act (**Order**);

AND WHEREAS OCC has represented to the Commission that:

1.1 OCC is a corporation organized under the laws of the state of Delaware;

1.2 Founded in 1973, OCC is the world's largest equity derivatives clearing organization;

1.3 OCC is registered as a securities clearing agency under Section 17A of the U.S. Securities Exchange Act of 1934 (**Exchange Act**) and registered as a derivatives clearing organization (**DCO**) under Section 5b of the Commodity Exchange Act;

1.4 In the United States, OCC operates under the jurisdiction of both the Securities and Exchange Commission (**SEC**) and the Commodity Futures Trading Commission (**CFTC**). Under the SEC's jurisdiction, OCC clears or is qualified to clear transactions in "standardized options," as defined in SEC regulations. These include options on common stocks and other equity issues, stock indices (including volatility, variance, and strategy-based indices), foreign currencies, interest rate composites, and credit default options. Under SEC jurisdiction, OCC also clears futures on single equity issues and narrow-based stock indices (**security futures**), which were authorized to be traded pursuant to the Commodity Futures Modernization Act of 2000. As a DCO under CFTC jurisdiction, OCC offers clearing and settlement services for transactions in commodity futures (i.e., futures other than security futures) and options on commodity futures and is qualified to clear options on commodities;

1.5 The derivatives contracts traded on U.S. exchanges of which OCC is also the nominal "issuer" are sold by regulated foreign market participants worldwide. The Applicant is primarily regulated by the SEC and CFTC in the United States. The Applicant is not subject to regulatory oversight by any other foreign securities or futures regulatory authority in any jurisdiction outside the United States, including in the United Kingdom, Continental Europe, Australia, or by any other Canadian provincial or territorial securities regulatory authority except the Autorité des marchés financiers in Quebec. In Quebec, the Applicant has received an exemption from certain requirements of the *Derivatives Act* (Quebec) subject to conditions;

1.6 OCC is currently equally owned by the following five participant securities exchanges that trade options, all of which are currently registered with the SEC:

(i) NYSE Amex;
(ii) Chicago Board Options Exchange;
(iii) International Securities Exchange;
(iv) NYSE Arca; and
(v) NASDAQ OMX PHLX (formerly the Philadelphia Stock Exchange);

1.7 OCC also serves other exchange constituents. OCC currently clears options traded on a total of nine U.S. securities exchanges (including those named in paragraph 1.6), security futures traded on OneChicago, and commodity futures and in some cases futures options traded on four U.S. futures exchanges. OCC also clears stock loan transactions executed on a broker-to-broker basis and on AQS, an electronic trading platform regulated by the SEC as an alternative trading system;

1.8 OCC operates as an industry utility and receives most of its revenue from clearing fees charged to its members;

1.9 OCC currently clears the following products:

(i) Options on equity securities (including exchange-traded funds);
(ii) Options on stock indices (including volatility indices);
(iii) Foreign currency options;
(iv) Interest rate options (cash settled options on the yields of U.S. Treasury securities);
(v) Security futures, including single stock futures and narrow-based stock index futures; and
(vi) Broad-based stock index, volatility and variance futures (collectively, Products);

1.10 OCC has approximately 130 clearing members representing the largest U.S. broker-dealers and futures commission merchants and a small number of regulated Canadian securities firms;

1.11 OCC initiates no direct contact with Canadian clients of Canadian securities firms for which it provides clearing services;

1.12 OCC does not have any office or maintain other physical installations in Ontario or any other Canadian province or territory;

1.13 OCC currently has six Ontario-resident investment dealers that are direct OCC clearing members and one Ontario-resident approved clearing bank (collectively, **Ontario Participants**);

1.14 The new section 21.2 of the Act, that became effective on March 1, 2011, prohibits clearing agencies from carrying on business in Ontario unless they are recognized by the Commission as a clearing agency;

1.15 On June 3, 2011, OCC submitted an application to the Commission for permanent relief pursuant to section 147 of the Act exempting OCC from the requirement to be recognized as a clearing agency pursuant to section 21.2(0.1) of the Act and such application explains how OCC meets the relevant criteria for recognition and exemption for clearing agencies (**Subsequent Order**); and

1.16 Commission staff is currently reviewing OCC's application for the Subsequent Order. OCC understands that the standard process for review of the Subsequent Order can not be completed by September 1, 2011;

AND WHEREAS based on the January Application and the August Application, and the representations OCC has made to the Commission, the Commission has determined that the granting of the Order would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, OCC is exempt on an interim basis from recognition as a clearing agency under section 21.2(0.1);

PROVIDED THAT:

1. This Order shall terminate the earlier of (i) September 1, 2012 and (ii) the effective date of the Subsequent Order;

2. OCC shall:

   (a) continue to be registered as a clearing agency under Section 17A of the Exchange Act and registered as a DCO under Section 5b of the Commodity Exchange Act;

   (b) promptly notify staff of the Commission of:

      (i) any material change or proposed material change in the regulatory oversight by the SEC or the CFTC;
      (ii) any material problems with the clearance and settlement of transactions in Products cleared by OCC that could materially affect the financial viability of OCC; and
      (iii) any new Ontario Participants;

3. OCC shall provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff; and

4. OCC shall share information and otherwise cooperate with other recognized and exempt clearing agencies, as appropriate.

DATED March 1, 2011, as varied on August 19, 2011.

"Edward P. Kerwin"

"Vern Krishna"

2.2.7 LCH.Clearnet Limited – s. 144

Headnote

Application under section 144 of the Securities Act (Ontario) (OSA) to vary and restate the interim order of LCH.Clearnet Limited (LCH) to extend its interim exemption, which exempts LCH under section 147 of the OSA on an interim basis from recognition as a clearing agency under subsection 21.2(0.1) of the OSA.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss.21.2(0.1), 147 and 144

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

AND

IN THE MATTER OF
LCH.CLEARNET LIMITED (LCH)

VARIATION TO THE INTERIM ORDER
(Section 144 of the Act)

WHEREAS the Ontario Securities Commission (**Commission**) issued an interim order dated March 1, 2011 pursuant to section 147 of the Act exempting LCH from the requirement to be recognized as a clearing agency under section 21.2(0.1) of the Act (**Initial Order**);

AND WHEREAS LCH filed an application received on May 2, 2011 with the Commission pursuant to section 144 of the Act requesting that the Commission vary and restate the Initial Order;

AND WHEREAS on May 17, 2011, the Commission issued an order that varied and restated the Initial Order (**Interim Order**) to clarify that LCH may provide additional clearing services, including the LCH Enclear OTC service to Ontario-resident clients;

AND WHEREAS LCH filed an application received on July 21, 2011 (**Application**) with the Commission pursuant to section 144 of the Act requesting that the Commission vary and restate the Interim Order which expires on the earlier of (i) September 1, 2011 and (ii) the effective date of a Subsequent Order (as defined in the Interim Order);

AND WHEREAS the Commission has received certain representations from LCH in connection with their Application to vary and restate the Interim Order;

AND WHEREAS the Commission has determined that it is not prejudicial to the public interest to issue this order that varies and restates the Interim Order to extend LCH's interim exemption from the requirement to be recognized as a clearing agency under section 21.2(0.1) of the Act, subject to additional terms and conditions;

IT IS ORDERED, pursuant to section 144 of the Act, that the Interim Order be varied and restated as follows:

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

AND

IN THE MATTER OF
LCH.CLEARNET LIMITED (LCH)

ORDER
(Section 147 of the Act)

WHEREAS LCH filed an application dated January 13, 2011 (**January Application**) with the Ontario Securities Commission (**Commission**) pursuant to section 147 of the Act requesting an interim order exempting LCH from the requirement to be recognized as a clearing agency under section 21.2(0.1) of the Act;

AND WHEREAS the Commission had granted such order dated March 1, 2011 (**Initial Order**);

AND WHEREAS LCH filed an application received on May 2, 2011 (**May Application**) with the Commission pursuant to section 144 of the Act requesting that the Commission vary and restate the Initial Order to clarify that LCH may provide additional clearing services, including the LCH EnClear OTC service (**EnClear**), to Ontario-resident clients;

AND WHEREAS the Commission granted such order dated May 17, 2011 (**Interim Order**);

AND WHEREAS LCH filed an application received on July 21, 2011 (**July Application**) with the Commission pursuant to section 144 of the Act requesting that the Commission vary and restate the Interim Order to extend LCH's interim exemption from the requirement to be recognized as a clearing agency under section 21.2(0.1) of the Act (**Order**);

AND WHEREAS LCH has represented to the Commission that:

1.1 LCH is a clearing house incorporated under the laws of England and Wales;

1.2 LCH is a Recognised Clearing House (**RCH**) in the United Kingdom (**UK**) under the UK's Financial Services and Markets Act 2000 (**FSMA**) and, as such, is approved by the UK Financial Services Authority (**FSA**) to clear a broad range of asset classes including: securities, exchange traded derivatives, energy, freight, interest rate swaps and euro and sterling denominated bonds and repurchase transactions;

1.3 As of May 25, 2010, LCH.Clearnet Group Ltd., the parent company of LCH, is owned 83 percent by users (clearing members) and 17 percent by exchanges;

1.4 LCH operates as an industry utility and receives most of its revenue from clearing fees charged to its members;

1.5 LCH works closely with market participants and exchanges to identify and develop clearing services for new asset classes;

1.6 Pursuant to FSA approval, LCH clears a broad range of asset classes including: securities, exchange traded derivatives, commodities, energy, freight, interest rate swaps, credit default swaps and euro and sterling denominated bonds and repos. More specifically, exchange-traded futures and options on futures, exchange-traded options on equity indices and individual equities, and exchange-traded cash equities. The exchange-traded futures and options on futures relate to underlyings in short-term interest rates (Euro, Sterling, Swiss Franc); government bonds (UK Gilts and Japanese Government Bonds); medium and long-term swap rates (Euro); equity indices (UK-related FTSE indices and FTSE and MSCI pan-European indices); and individual stocks (British, Dutch, French, German, Italian, Spanish and US companies); and to a broad range of commodities (non-ferrous metals – aluminium (primary and secondary), copper, lead, nickel, tin and zinc; plastics; and 'softs' and agriculturals – cocoa, coffee, white (refined) sugar, wheat, barley and potatoes). In addition, LCH clears cash-settled OTC freight forwards and options, OTC emissions contracts, iron and fertilizer swaps and clears cash-settled electric power and natural gas futures on two platforms, a screen-traded nodal auction market and an OTC negotiated (broker-matched) trade submission facility, for participants of the Nodal Exchange;

1.7 Currently, LCH provides clearing services for the following UK Recognised Investment Exchanges: NYSE Liffe Futures & Options, the London Metal Exchange and EDX London, as well as for the London Stock Exchange and in Switzerland, SIX Swiss Exchange AG;

1.8 LCH has approximately 130 members consisting of banks, securities houses/investment banks, commodity brokers and traders and, to a very limited extent, industrial companies;

1.9 LCH does not have any office or maintain other physical installations in Ontario or any other Canadian province or territory;

1.10 LCH currently offers Ontario-resident clients access to its RepoClear, SwapClear and EnClear, and intends to offer Ontario resident-clients access to LCH Nodal Service and other clearing services;

1.11 RepoClear is a service clearing cash bond and repo trades across a number of European markets and is the second largest clearer of fixed income and repo products in the world;

1.12 RepoClear clears cash bond and repo trades in the following markets: Austrian, Belgian, Dutch, German, Irish, Finnish, Portuguese and UK government bonds. Additional markets served include: German Jumbo Pfandbriefe and Supranationals, Agency and Sovereign. RepoClear accepts the following types of specific bond repo trades: classic fixed rate repos with 1st leg settlement on a same day and forward start basis with a term not greater than one year;

1.13 A RepoClear participant has to either be a clearing member or have a clearing arrangement with a firm that is a clearing member. A RepoClear participant who clears repos is a RepoClear Clearing Member (**RCM**). A participant who has a clearing arrangement with an RCM is a RepoClear Dealer;

1.14 SwapClear was launched in 1999 and has grown to become the largest central counterparty for OTC interest rate derivatives globally. LCH anticipates clearing an expanded list of swap products and OTC derivatives on exempt commodities. Transactions cleared through SwapClear are traded by LCH members on a bilateral basis, either inter-office, or through brokers, or on automated trading systems recognized by LCH;

1.15 There are broadly two recognised participants in SwapClear: (i) members; and (ii) clients of these members. A SwapClear Clearing Member is eligible to clear trades on their own behalf, and on behalf of their branches, affiliated companies and clients. A SwapClear Dealer is an affiliate company of a SwapClear Clearing Member which is identified separately within SwapClear and whose trades clear through the affiliated SwapClear Clearing Member based on a clearing agreement between the SwapClear Clearing Member and the SwapClear Dealer;

1.16 An applicant for either RepoClear or SwapClear must enter into a Clearing Membership Agreement with LCH before it can become a member of LCH. Applicants that wish to clear trades through RepoClear or SwapClear on their own behalf or on behalf of others must enter into a Clearing Membership Agreement. RepoClear Dealers and SwapClear Dealers must clear trades through a RepoClear Clearing Member or SwapClear Clearing Member and are not considered clearing members of LCH;

1.17 EnClear is comprised of three divisions, namely, the Energy Division, Freight Division, and Precious Metals Division;

1.18 EnClear's Energy Division provides independent multilateral netting and clearing for the global OTC spot and forward carbon allowance markets. It clears OTC emissions spot and forward contracts, specifically OTC Spot and Forward European Union Allowances contracts issued in accordance with the terms of Directive 1003/87/EC and OTC Spot and Forward Certified Emissions Reductions contracts issued pursuant to Article 12 of the Kyoto Protocol;

1.19 EnClear's Freight Division clears Forward Freight Agreement products, Container Freight Swap Agreement products and commodities (e.g., iron ore swaps, steel swaps, fertilizer swaps, coal swaps and coal options);

1.20 EnClear's Precious Metals Division only clears OTC gold bullion contracts;

1.21 EnClear's OTC emissions contract clearing solution gives the end user the option to use its preferred voice broker or broker trading platform to capitalize on a single pool of open interest. OTC emissions contracts can be manually entered or uploaded in batch format into LCH's Extensible Clearing System (**ECS**), an electronic platform accessible to Approved Emissions Brokers;

1.22 EnClear's OTC spot emissions contracts cleared by LCH are physically delivered and therefore place an obligation on Clearing Members that hold an open position at expiry to deliver emissions credits;

1.23 LCH's OTC emissions clearing services allow for spot and forward contracts that have been concluded either bilaterally or through Approved Emissions Brokers to be registered for clearing. Trades are entered using the ECS by Approved Emissions Brokers, subject to the following criteria:

(a) Each party to the spot and forward trade must either be a Clearing Member or a client of a Clearing Member of LCH; and

(b) The terms of the OTC spot and forward contracts to be registered must adhere to those of an eligible trade as specified by LCH;

1.24 Applicants that wish to clear trades through EnClear on their own behalf or on behalf of others must either enter into a Clearing Membership Agreement with LCH or extend their current membership to include EnClear;

1.25 LCH Nodal Service clears cash-settled electric power and natural gas futures for participants of the Nodal Exchange on two platforms, a screen-traded nodal auction market and an OTC negotiated (broker-matched) trade submission facility;

1.26 LCH Nodal Service does not cover options contracts and there is no provision for allocation or give-ups;

1.27 LCH Nodal Service allows for futures contracts that have been concluded either bilaterally or through a broker-matched trade submission facility to be registered for clearing. Trades executed or registered through the Nodal Trading System in accordance with Nodal Exchange Rules will be designated as "Nodal Transactions" eligible for registration by LCH, subject to satisfying LCH's requirements as set out in LCH's Rules;

1.28 To date, LCH has admitted four Ontario-resident clients as SwapClear Clearing Members;

1.29 LCH currently has two Ontario-resident clients that are RepoClear Dealers but are not RepoClear Clearing Members. These clients clear through a non-Canadian, third party RepoClear Clearing Member;

1.30 An existing Ontario-resident Clearing Member wishes to utilize LCH Nodal Service for clearing of electric power and natural gas contracts;

1.31 The new section 21.2 of the Act, that became effective March 1, 2011, prohibits clearing agencies from carrying on business in Ontario unless they are recognized by the Commission as a clearing agency;

1.32 On May 3, 2011, LCH submitted an application to the Commission for relief pursuant to section 147 of the Act exempting LCH from the requirement to be recognized as a clearing agency pursuant to section 21.2(0.1) of the Act, and such application explains how LCH meets the relevant criteria for recognition and exemption for clearing agencies (**Subsequent Order**); and

1.33 Commission staff is currently reviewing LCH's application for the Subsequent Order. LCH understands that the standard process for review of the Subsequent Order can not be completed by September 1, 2011;

AND WHEREAS based on the January Application, the May Application and the July Application, and the representations LCH has made to the Commission, the Commission has determined that the granting of the exemption on an interim basis from recognition as a clearing agency under section 21.2(0.1) of the Act would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, LCH is exempt on an interim basis from recognition as a clearing agency under section 21.2(0.1) of the Act;

PROVIDED THAT:

1. This Order shall terminate on the earlier of: (i) September 1, 2012 and (ii) the effective date of the Subsequent Order;

2. LCH shall:

   (a) continue to be a RCH under the FSMA;

   (b) promptly notify staff of the Commission of:

      (i) any material change or proposed material change in the regulatory oversight by the FSA;

      (ii) any material problems with the clearance and settlement of transactions in its RepoClear, SwapClear, EnClear, LCH Nodal Service or other clearing services that could materially affect the financial viability of LCH; and

      (iii) any new Ontario-resident clients of the RepoClear, SwapClear, EnClear, LCH Nodal Service or other clearing services;

3. LCH shall provide 60 days prior written notice and a detailed description of any new clearing service to be offered to Ontario-resident clients;

4. LCH shall maintain the following updated information and submit such information to the Commission on at least a quarterly basis, and at any time promptly upon request of staff of the Commission:

   (a) for each LCH clearing service provided to Ontario-resident clients, the average daily trading volume and average aggregate outstanding notional amount during the previous quarter, for each Ontario-resident client;

(b) for each LCH clearing service provided to Ontario-resident clients, the aggregate outstanding notional amounts and the associated mark-to-market values of the outstanding positions held by each Ontario-resident client at the end of the previous quarter;

(c) for each LCH clearing service provided to Ontario-resident clients, the portion of total global trading volume conducted by each Ontario-resident client for the previous quarter and outstanding notional held by each Ontario-resident client as at the end of the previous quarter; and

(d) for each LCH clearing service provided to Ontario-resident clients, the quarter-end outstanding collateral value (variation and initial margins) provided by each Ontario-resident client;

5. LCH shall provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff; and

6. LCH shall share information and otherwise cooperate with other recognized and exempt clearing agencies as appropriate.

DATED March 1, 2011, as varied on May 17, 2011 and August 19, 2011.

“Edward P. Kerwin”

“Vern Krishna”

2.2.8 Shallow Oil & Gas Inc. et al.– ss. 127(1), 127(8

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

AND

**IN THE MATTER OF
SHALLOW OIL & GAS INC.,
ERIC O'BRIEN, ABEL DA SILVA,
GURDIP SINGH GAHUNIA
also known as MICHAEL GAHUNIA,
ABRAHAM HERBERT GROSSMAN
also known as ALLEN GROSSMAN,
MARCO DIADAMO, GORD McQUARRIE,
KEVIN WASH, and WILLIAM MANKOFSKY**

**ORDER
(Subsections 127(1) & 127(8))**

WHEREAS on January 16, 2008, the Ontario Securities Commission ("the Commission") issued a Temporary Order pursuant to subsections 127(1) and (5) of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act") that: (i) all trading in securities by Shallow Oil & Gas Inc. ("Shallow Oil") shall cease and that all trading in Shallow Oil securities shall cease; and (ii) Eric O'Brien ("O'Brien"), Abel Da Silva ("Da Silva"), Gurdip Singh Gahunia, also known as Michael Gahunia ("Gahunia"), and Abraham Herbert Grossman, also known as Allen Grossman ("Grossman"), cease trading in all securities (the "Temporary Order");

AND WHEREAS on January 16, 2008, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on January 18, 2008, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, such hearing to be held on January 30, 2008 commencing at 2:00 p.m.;

AND WHEREAS hearings to extend the Temporary Order were held on January 30 and 31, and March 31, 2008. The Temporary Order was extended by the Commission on each date;

AND WHEREAS on June 11, 2008, the Commission issued a Notice of Hearing for June 18, 2008 to consider, among other things:

(a) the issuance of a temporary cease trade order against Diadamo, McQuarrie, Wash, and Mankofsky; and,

(b) the extension of the original Temporary Order dated January 16, 2008.

AND WHEREAS on June 18, 2008, a hearing was held commencing at 10:00 a.m. and Staff and Grossman appeared, presented evidence and made submissions, and Diadamo, McQuarrie, and Mankofsky appeared before the panel of the Commission and made submissions as to the issuance of a temporary cease trade order against them;

AND WHEREAS on June 18, 2008, the panel of the Commission considered the evidence and submissions of Staff and Grossman, and the submissions of Diadamo, McQuarrie, and Mankofsky;

AND WHEREAS on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that the Temporary Order as against Shallow Oil, O'Brien, Da Silva, and Grossman be extended until the conclusion of the hearing on the merits in this matter;

AND WHEREAS on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that the Temporary Order as against Gahunia be extended until November 26, 2008;

AND WHEREAS on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(5) of the Act, that Diadamo, McQuarrie, Wash, and Mankofsky cease trading in any securities (the "Second Temporary Order"), with the following exception:

Diadamo shall be permitted to trade in securities that are listed on a public exchange recognized by the Commission and only in his own existing trading accounts. Furthermore, any such trading by Diadamo shall be for his sole benefit and only through a dealer registered with the Commission.

AND WHEREAS on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that the Second Temporary Order be extended until November 26, 2008 and that the hearing with respect to the Second Temporary Order in this matter be adjourned to November 25, 2008, at 2:30 p.m.;

AND WHEREAS on November 25, 2008, a hearing was held and the panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that:

- the Temporary Order is extended as against Gahunia until the conclusion of the hearing on the merits in this matter and the Second Temporary Order is extended as against Diadamo, McQuarrie, Wash, and Mankofsky until the conclusion of the hearing on the merits in this matter; and,

- the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 is adjourned to June 4, 2009 at 10:00 a.m. for a status hearing.

AND WHEREAS on May 12, 2009, the Commission approved a settlement agreement between McQuarrie and Staff of the Commission, and on July 24,

2009, the Commission approved a settlement agreement between Mankofsky and Staff of the Commission;

AND WHEREAS on June 4th and September 10th, 2009, and January 12th, 2010 status hearings were held before the Commission and, on each date, a panel of the Commission ordered that the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 be adjourned;

AND WHEREAS on June 28th, 2010, a status hearing was held commencing at 10:00 a.m. and Staff appeared before the panel of the Commission and provided the panel of the Commission with a status update with respect to this matter;

AND WHEREAS on June 28th, 2010, none of the respondents attended and a panel of the Commission considered the submissions of Staff;

AND WHEREAS on June 28th, 2010, the Commission ordered that the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 be adjourned to February 11, 2011 at 10:00 a.m. for the purpose of a status hearing;

AND WHEREAS on February 11, 2011, a status hearing was held and Staff appeared before the panel of the Commission and provided the panel of the Commission with a status update with respect to this matter;

AND WHEREAS on February 11, 2011, none of the respondents attended and a panel of the Commission considered the submissions of Staff;

AND WHEREAS on February 11, 2011, the Commission ordered that the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 be adjourned to May 24, 2011 at 2:30 p.m., for the purpose of a status hearing and to consider setting dates for the hearing on the merits in this matter;

AND WHEREAS on May 24, 2011, a status hearing was held, and Staff and Diadamo attended and no other respondents attended, although properly served with notice of the hearing;

AND WHEREAS on May 24, 2011, Staff appeared before the panel of the Commission and provided the panel of the Commission with a status update with respect to this matter;

AND WHEREAS on May 24, 2011, scheduling of the hearing on the merits was discussed, and Diadamo consented to setting the dates for the hearing on the merits;

AND WHEREAS on May 24, 2011, it was ordered that the hearing on the merits shall commence on September 6, 2011, and shall continue on September 7, 9, and 12, 2011;

AND WHEREAS on May 24, 2011, it was further ordered that the parties attend before the Commission on July 26, 2011 at 2:00 p.m. for a pre-hearing conference;

AND WHEREAS on July 26, 2011, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents;

AND WHEREAS the Commission was satisfied that all parties had been properly served with notice of the hearing;

AND WHEREAS on July 26, 2011, it was ordered that the hearing be adjourned to August 16, 2011 at 3:30 p.m. for the purpose of continuing the pre-hearing conference;

AND WHEREAS on August 16, 2011, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents, although properly served with notice of the hearing;

AND WHEREAS on August 16, 2011, Staff informed the panel that Da Silva and O'Brien will be sentenced on October 19, 2011 in the related section 122 proceedings before the Ontario Court of Justice, and Staff requested that the hearing on the merits be adjourned until after the sentencing decision is rendered in the section 122 proceedings;

IT IS HEREBY ORDERED that the dates set down for the hearing on the merits be vacated;

IT IS FURTHER ORDERED that the hearing be adjourned to November 4, 2011 at 10:00 a.m. for the purpose of continuing the pre-hearing conference, or to such other date as is agreed to by the parties and set by the Office of the Secretary.

DATED at Toronto this 16th day of August, 2011.

"Mary G. Condon"

2.2.9 Heir Home Equity Rewards Inc. et al. – ss. 127(1) and 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 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 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 June 28, 2011, the Commission ordered 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;

AND WHEREAS on July 19, 2011, McCarthy Tétrault LLP served a notice that it had been engaged to represent the Canyon Respondents as of that date;

AND WHEREAS at the attendance before the Commission on July 19, 2011, counsel from McCarthy Tétrault LLP attended on behalf of the Canyon Respondents and confirmed the firm's engagement;

AND WHEREAS at the attendance before the Commission on July 19, 2011, counsel made submissions regarding the scheduling of a further status conference or a pre-hearing conference in light of McCarthy Tétrault LLP having been retained that day and the on-going investigation by the Commission;

AND WHEREAS on July 19, 2011, the Commission ordered that the hearing be adjourned to August 22, 2011 at 10:00 a.m., for the purpose of discussing scheduling and any other procedural matters or for such other purposes as may be appropriate;

AND WHEREAS on August 22, 2011, Staff and counsel for the HEIR Respondents and counsel for the Canyon Respondents appeared and made submissions regarding the scheduling of a pre-hearing conference;

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

IT IS ORDERED that a pre-hearing conference shall be held on Tuesday, October 11, 2011 at 3:30 p.m.

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

"Christopher Portner"

2.3 Rulings

2.3.1 Macquarie Futures USA Inc. – s. 38 of the CFA and s. 6.1 of Rule 91-502

Headnote

Application to the Commission, pursuant to section 38 of the Commodity Futures Act (CFA), for a ruling that the Applicant be exempted from the dealer registration requirement in paragraph 22(1)(a) and the prohibition against trading on non-recognized exchanges in section 33 of the CFA. The Applicant will offer to certain of their clients in Ontario who meet the definition of "permitted client" in NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations the ability to trade in commodity futures contracts and commodity futures options that trade on exchanges located outside Canada through the Applicant.

Application to the Director for an exemption, pursuant to section 6.1 of OSC Rule 91-502 – Trades in Recognized Options (Rule 91-502), exempting the Applicants and their Representatives from the proficiency requirements in section 3.1 of Rule 91-502 for trades in commodity futures options on exchanges located outside Canada.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C. 20, as am., ss. 22, 33 and 38.

Rules Cited

Ontario Securities Commission Rule 91-502 Trades in Recognized Options, ss.3.1 and 6.1.

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

AND

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

AND

IN THE MATTER OF
MACQUARIE FUTURES USA INC.

RULING & EXEMPTION
(Section 38 of the CFA and Section 6.1 of Rule 91-502)

UPON the application (the **Application**) of Macquarie Futures USA Inc. (the **Applicant** or **MFUSA**) to the Ontario Securities Commission (the **Commission**) for:

(a) a ruling of the Commission, pursuant to section 38 of the CFA, that the Applicant be exempted from the dealer registration requirements in the CFA (as defined below) and the trading restrictions in the CFA (as defined below) in connection with trades (**Futures Trades**) in contracts (as defined below) where the Applicant is acting as principal or agent in such trades to, from or on behalf of Permitted Clients (as defined below), or acting as agent on behalf of Permitted Clients; and

(b) an exemption of the Director, pursuant to section 6.1 of OSC Rule 91-502 – *Trades in Recognized Options* (**Rule 91-502**), exempting the Applicant and its salespersons, directors, officers and employees (the **Representatives**) from section 3.1 of Rule 91-502 in connection with Futures Trades;

AND WHEREAS for the purposes of this ruling and exemption (the Decision):

(i) the following terms shall have the following meanings:

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

"contract" means a commodity futures contract or a commodity futures option that trades on one or more organized exchanges located outside of Canada and cleared through one or more clearing corporations located outside of Canada;

"dealer registration requirements in the CFA" means the provisions of section 22 of the CFA that prohibit a person or company from trading in a contract unless the person or company satisfies the applicable provisions of section 22 of the CFA;

"FINRA" means the Financial Industry Regulatory Authority in the United States;

"NFA" means the National Futures Association in the United States;

"Permitted Client" means a client in Ontario that is a "permitted client" as that term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

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

"trading restrictions in the CFA" means the provisions of section 33 of the CFA that prohibit a person or company from trading in a contract unless the person or company satisfies the applicable provisions of section 33 of the CFA; and

(ii) terms used in the Decision that are defined in the OSA, and not otherwise defined in the Decision or in the CFA, shall have the same meaning as in the OSA, unless the context otherwise requires;

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

AND UPON the Applicant having represented to the Commission and the Director as follows:

1. The Applicant is a corporation incorporated under the laws of the State of Delaware. Its head office is located in New York, New York, United States of America.

2. The Applicant is a wholly-owned indirect subsidiary of Macquarie Group Limited (**"Macquarie"**). Macquarie is a bank holding company subject to the regulation and oversight of the Australian Prudential Regulatory Authority.

3. Macquarie owns, directly or indirectly, subsidiaries other than the Applicant in the United States and Canada which are registered, and/or relying on the international dealer registration exemption or the international advisor registration exemption, in Ontario and certain other Canadian jurisdictions, as more particularly described on the websites of the Canadian Securities Administrators and the Commission, respectively. Two such subsidiaries, being Macquarie Capital Markets Canada Ltd. and Macquarie Private Wealth Inc., are both members of the Investment Industry Regulatory Organization of Canada and registered under the CFA. Neither Macquarie nor any of its non-Canadian subsidiaries, including the Applicant, is registered in any capacity under the CFA.

4. The Applicant is a registered futures commission merchant with the CFTC, and is a member of the NFA.

5. The Applicant is also a clearing member of the Chicago Board of Trade, the Chicago Mercantile Exchange, the New York Mercantile Exchange, Commodity Exchange, ICE Futures U.S. and the Green Exchange.

6. Pursuant to its registrations and memberships, the Applicant is authorized to handle customer orders and receive and hold customer margin deposits, and otherwise act as a futures broker, in the United States. Rules of the CFTC and NFA require the Applicant to maintain adequate capital levels, make and keep specified types of records relating to customer accounts and transactions, and comply with other forms of customer protection rules including know-your-customer obligations, account opening, suitability, anti-money laundering checks, credit checks, delivery of confirmation statements, clearing deposits and initial and maintenance margins. These rules do not permit the Applicant to treat Permitted Clients materially differently from the Applicant's US customers. In order to protect customers in the event of the insolvency or financial instability of the Applicant, the Applicant is required to ensure that customer securities and monies be separately accounted for, segregated at all times from the securities and monies of the Applicant and custodied exclusively with such banks, trust companies, clearing organizations or other licensed futures brokers and intermediaries as may be approved for such purposes under the U.S. Commodity Exchange Act and the rules promulgated by the CFTC thereunder (the **"MFUSA Approved Depositories"**). The Applicant is also required to obtain acknowledgements from any MFUSA Approved Depository holding customer funds or securities that such funds and securities are to be separately held on behalf of such customers, with no right of set-off against the Applicant's obligations or debts.

Activities in Ontario

7. The Applicant proposes to effect Futures Trades acting as principal to or from Permitted Clients or acting as agent on behalf of Permitted Clients; and will conduct execution and clearing services with respect to such Futures Trades.

8. The Applicant will not maintain an office, sales force or physical place of business in Ontario.

9. The Applicant will solicit business in Ontario only from persons who qualify as Permitted Clients.

10. The Applicant will not provide advice relating to Futures Trades to Permitted Clients and does not intend to act as an adviser to such Permitted Clients in respect of Futures Trades.

11. The Applicant will only offer Permitted Clients the ability to effect Futures Trades on exchanges based outside Canada (the **"Non-Canadian Exchanges"**).

12. The contracts to be traded by Permitted Clients may include, but will not be limited to, contracts for equity index, interest rate, foreign exchange, energy, agricultural and other commodity products.

13. Permitted Clients will be able to execute Futures Trades through the Applicant by contacting the Applicant's exchange floor staff or global execution desk. Permitted Clients may also be able to self-execute Futures Trades electronically via an independent service vendor and/or other electronic trading routing.

14. The Applicant may execute a Permitted Client's order on the relevant Non-Canadian Exchange in accordance with the rules and customary practices of the exchange, or engage another broker to assist in the execution of orders. The Applicant will remain responsible for the execution of each such order.

15. The Applicant may perform both execution and clearing functions for Futures Trades or may direct that a trade executed by the Applicant be cleared through a carrying broker if the Applicant is not a member of the Non-Canadian Exchange or clearing house on which the trade is executed and cleared. Alternatively, the Permitted Client will be able to direct that trades executed by the Applicant be cleared through clearing brokers not affiliated with the Applicant in any way (each a **"Non-Macquarie Clearing Broker"**). In addition, the Applicant may, from time to time, act as a clearing broker under give-up arrangements entered into with futures brokers that will execute Futures Trades for the Applicant's customers on a Non-Canadian Exchange.

16. If the Applicant performs only the execution of a Permitted Client's contract order and "gives-up" the transaction for clearance to a Non-Macquarie Clearing Broker, such clearing broker will also be required to comply with the rules of the exchanges and clearing houses of which it is a member and any relevant regulatory requirements, including requirements under the CFA as applicable. Each such Non-Macquarie Clearing Broker will represent to the Applicant in an industry-standard give-up agreement that it will perform its obligations in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange and clearing house rules and the customs and usages of the exchange or clearing house on which the relevant Permitted Client's contract orders will be executed and cleared. The Applicant will not enter into a give-up agreement with any Non-Macquarie Clearing Broker located in the United States unless such clearing broker is registered with the CFTC and/or the SEC, as applicable.

17. As is customary for all Futures Trades, a clearing corporation appointed by the exchange or clearing division of the exchange is substituted as a universal counterparty on all Futures Trades and Permitted Client orders will be submitted to the exchange in the name of the Non-Macquarie Clearing Broker or the Applicant or, on exchanges where the Applicant is not a member, in the name of another carrying broker. The Permitted Client will be responsible to the Applicant for payment of initial margin in respect of all newly open positions, as well as daily mark-to-market variation margin and the Applicant, the carrying broker or the Non-Macquarie Clearing Broker will be, in turn, responsible to the clearing corporation/division for payment.

18. Permitted Clients that direct the Applicant to give up transactions in contracts for clearance and settlement by Non-Macquarie Clearing Brokers will execute the give-up agreements described above.

19. Permitted Clients will pay commissions for trades to the Applicant or the Non-Macquarie Clearing Broker or such commissions may be shared with the Non-Macquarie Clearing Broker.

20. The trading restrictions in the CFA apply unless, among other things, a contract is traded on a recognized or registered commodity futures exchange and the form of the contract is approved by the Director. To date, no foreign commodity futures exchanges have been recognized or registered under the CFA.

21. If the Applicant is exempted from the dealer registration requirements in the CFA, the Applicant will be precluded from relying upon the statutory exemptions from the trading restrictions in the CFA that the Commission has granted to date.

22. Section 3.1 of Rule 91-502 states that any person who trades as agent in, or gives advice in respect of, a recognized option is required to successfully complete the Canadian Options Course (which has been replaced by the Derivatives Fundamentals Course and the Options Licensing Course).

23. All Representatives who trade options in the United States have passed the futures and options proficiency examination (i.e., the National Commodity Futures Examination (Series 3) administered by FINRA.

AND UPON the Commission and Director being satisfied that it would not be prejudicial to the public interest to grant the order requested;

IT IS ORDERED pursuant to section 38 of the CFA, that the Applicant be exempted from the dealer registration requirements in the CFA and the trading restrictions in the CFA in connection with Futures Trades where the Applicant is acting as principal or agent in such trades to, from or on behalf of Permitted Clients provided that:

(a) each client effecting Futures Trades is a Permitted Client and, if using a Non-Macquarie Clearing Broker, has represented and covenanted that the broker is or will be appropriately registered or exempt from registration under applicable legislation;

(b) the Applicant only executes Futures Trades for Permitted Clients on exchanges based outside Canada; and

(c) at the time trading activity is engaged in, the Applicant:

  (i) has its head office or principal place of business in the United States;

  (ii) is registered as a futures commission merchant with the CFTC in good standing;

  (iii) is a member in good standing with the NFA;

  (iv) engages in the business of a futures commission merchant in contracts in the United States;

(d) has provided to the Permitted Client the following disclosure in writing:

  (i) a statement that the Applicant is not registered in Ontario to trade in contracts as principal or agent;

  (ii) a statement that the Applicant's head office or principal place of business is located in New York, New York, United States of America;

  (iii) a statement that all or substantially all of the Applicant's assets may be situated outside of Canada;

  (iv) a statement that there may be difficulty enforcing legal rights against the Applicant because of the above; and

  (v) the name and address of the Applicant's agent for service of process in Ontario;

(e) the Applicant has submitted to the Commission a completed *Submission to Jurisdiction and Appointment of Agent for Service* in the form attached as Appendix "A";

(f) by December 1 of each year, the Applicant notifies the Commission of its continued reliance on the exemption from registration granted pursuant to the Order; and

(g) this Order shall expire five years after the date hereof.

19th August, 2011

"Vern Krishna"
Commissioner
Ontario Securities Commission

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

IT IS THE DECISION of the Director, pursuant to section 6.1 of Rule 91-502, that section 3.1 of Rule 91-502 does not apply to the Applicant and its Representatives in respect of Futures Trades, provided that:

(a) the Applicant and its Representatives maintain their respective registrations with the CFTC and NFA which permit them to trade commodity futures options in the United States; and

(b) this Decision shall expire five years after the date hereof.

August 19, 2011

"Marrianne Bridge"
Deputy Director
Ontario Securities Commission

APPENDIX A

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE *COMMODITY FUTURES ACT*, ONTARIO

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 individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:

   E-mail address:

   Phone:

   Fax:

6. The International Firm is relying on an exemption order under section 38 or section 80 of the Commodity Futures Act (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "Relief Order"):

   ☐ Section 8.18 [international dealer]

   ☐ Section 8.26 [international adviser]

   ☐ Other [specify]:

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 the Relief Order, the International Firm must submit to the regulator

    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 of signatory)

_____
(Title of 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 the Agent for Service or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Desron Financial Services Inc.

IN THE MATTER OF
STAFF'S RECOMMENDATION FOR THE
REFUSAL OF REGISTRATION OF
DESRON FINANCIAL SERVICES INC.

OPPORTUNITY TO BE HEARD BY THE DIRECTOR
SECTION 31 OF THE SECURITIES ACT

Decision

1. For the reasons outlined below, my decision is to refuse the registration of Desron Financial Services Inc. (Desron).

Overview

2. On June 3, 2011, Staff recommended that Desron's application for registration as an exempt market dealer (EMD) be refused. Under section 31 of the *Securities Act* (Ontario) (Act), Desron is entitled to an opportunity to be heard (OTBH) before a decision is made by me, as Director.

3. My decision is based on the:

   a. arguments of Michael Denyszyn, Senior Legal Counsel, Compliance and Registrant Regulation Branch of the Ontario Securities Commission (OSC) for Staff,

   b. arguments and testimony of David Roberts (currently the sole shareholder of Desron) on behalf of Desron, and

   c. testimony of Kelly Everest and Albert Ciorma (Staff of the OSC).

Suitability for registration generally

4. Subsection 25(1) of the Act requires any person that engages in the business of trading to be registered in the relevant category. As set out in numerous prior decisions of the Director, a registrant is in a position to perform valuable services to the public, both in the form of direct services to individual investors and as part of the larger system that provides the public benefits of fair and efficient capital markets. A registrant also has a corresponding capacity to do material harm to individual investors and to the public at large. Determining whether an applicant should be registered is thus an important component of the work undertaken by the OSC.

5. Subsection 27(1) of the Act provides that the Director shall register a person applying for registration unless it appears to the Director that the person is not suitable for registration or that the registration is otherwise objectionable. In the recent case of *Ittihad Securities Inc., Re* (2010) 33 OSCB 10458, I, as Director, stated that:

> "The OSC has, over time, articulated three fundamental criteria for determining suitability for registration – integrity (which includes honesty and good faith, particularly in dealings with clients, and compliance with Ontario securities law), proficiency, and solvency. These three fundamental criteria have been codified in subsection 27(2) of the Act, which provides that in determining whether a person is suitable for registration, the Director shall consider whether the person has satisfied the requirements prescribed in the regulations relating to proficiency, solvency and integrity, and such other factors as the Director considers relevant.
>
> The determination of whether an applicant's registration may be otherwise objectionable goes beyond the three suitability criteria above. Prior OSC decisions have held that registration is "otherwise objectionable" if it is determined, with reference to the purposes of the Act, that it is not in the public interest for the person or company to be registered. For example, see *Mithras Management Ltd., Re* (1990), 13 OSCB 1600."

The issues at hand are Desron's proficiency, integrity and solvency.

Submissions relating to the recommendation to refuse registration of Desron

Summary of the submissions

6. Staff argues that the proposed registration of Desron should be refused on the grounds that Desron is unsuitable for registration due to;

   a. Roberts' affiliation with, and activities on behalf of, HEIR Home Equity Investment Rewards Inc. (HEIR) and its related entities, and

   b. The inconsistencies, errors and deficiencies in Desron's registration application.

   Staff further argues that the proposed registration of Desron would be objectionable because of the objectionable purpose of Desron's registration.

Roberts' affiliation with, and activities on behalf of, HEIR

OSC statement of allegations against HEIR

7. HEIR, FFI First Fruits Investments Inc. (FFI), related entities, and principals Archibald Robertson and Eric Deschamps (collectively, the Respondents) are the subject of a Statement of Allegations dated March 29, 2011 (Statement of Allegations) issued by the OSC. In the Statement of Allegations, the OSC alleges that the Respondents engaged in acts in furtherance of trades (HEIR trading) including:

   a. Advertising and promoting HEIR and various securities

   b. Holding one-on-one sessions with investors that promoted HEIR and various securities

   c. Holding HEIR seminars and meetings with potential investors and arranging for third party entities to attend and give presentations promoting their securities and providing promotional and other materials, including offering memoranda, to potential investors, and

   d. Employing and contracting commissioned sales agents to bring in new investors and solicit investment in securities.

   The OSC also alleges that the Respondents engaged in advising by offering their opinions on the investment merits of various specific securities by expressly or impliedly recommending and endorsing them to potential investors (HEIR advising).

Desron's and Roberts' affiliations with HEIR

8. Staff alleges that Desron's and Roberts' well documented affiliation with HEIR and its related entities makes Desron unsuitable for registration. For example, in Desron's registration application, Mr. Roberts discloses under current employment that:

   a. 7605072 Canada Inc., a holding company, owns 100% of Desron and its affiliate HEIR Inc. Mr. Roberts owns 22.5% of the holding company, Eric Deschamps owns 22.5% of the holding company, and Archibald Robertson (more commonly known as Archie Robertson) owns 55% of the holding company. Both Robertson and Deschamps are Respondents in the Statement of Allegations, and

   b. he is employed by HEIR Inc. (with Robertson, the CEO, as his immediate supervisor). The application form states that "HEIR, Inc. is an **affiliate** of [Desron]. Desron will work with HEIR, Inc. to gather clients. HEIR, Inc. is a wealth building education company…" (emphasis added).

   I was advised by Roberts during the OTBH that Messrs. Robertson and Deschamps divested their indirect holdings in Desron on July 20 (five days before the OTBH) for a total of $775. I was also advised by Staff that Deschamps, who had originally applied for registration alongside Roberts with Desron, withdrew his individual submission on June 3.

9. Other affiliations between HEIR (and its related companies) and Desron or Roberts include:

   a. Desron's website address is www.HEIR.ca and his email address is droberts@heir.ca,

b. An HEIR consultant list obtained by Staff shows Roberts as VP of Business Development of HEIR,

c. Roberts advised me that he is an independent contractor for HEIR,

d. Desron loaned funds to FFI, one of the Respondents in the Statement of Allegations

e. Roberts received (through his personal holding company) cheques from HEIR totaling over $269,000 over approximately 26 months, and

f. Roberts spoke at a number of HEIR events and membership meetings and Roberts was used as a "marketing tool" by Robertson.

CMHC

10. I was advised by Staff that the United States Securities and Exchange Commission issued a complaint against Capital Mountain Holding Corp. (CMHC) and others in November 2009 alleging that CMHC entities raised over $25 million in an offering fraud. The complaint states in part:

> "Defendants' representations to investors were false. Instead of investing offering proceeds … Defendants used most of the funds to: make Ponzi payments; purchase luxury items…; pay Nelson's personal expenses; and pay overhead for various companies… In summer 2009, Defendants' scheme collapsed, payments to investors ceased and lien holders began foreclosure proceedings on the properties acquired and held by the Defendants".

11. Roberts advised that he heard about CMHC in 2008 from Robertson. He advised that he paid his own way to Texas to perform due diligence on this investment at about that time. He also performed due diligence in March 2009 at CMHC's offices in Texas with Robertson. He described his role at the second meeting as that of a "concerned investor". His due diligence on the second visit included due diligence on four properties of the approximately 250 properties held by CMHC. Based on this visit, HEIR issued an undated letter (believed to be issued in March 2009) from Robertson indicating that:

> "I am presently in Dallas, Texas with Dave Roberts, a Chartered Accountant, and Derek Nelson. We have spent the morning together… Dave and I were impressed with the openness, honesty and integrity displayed by Derek and his staff… Your deposits remain safe… We then chose four properties to verify the purchase prices, any liens against the properties, appraised values and ownership. Legal and file documentation were in good order. All properties had upside realizable potential…"

12. Roberts also went to CMHC in Texas in August 2009. Following that visit, Robertson on behalf of HEIR issued a communication to HEIR members dated September 1, 2009. Staff argued that rather than suggesting the existence of internal financial difficulties (as above the SEC alleges that CMHC collapsed in the summer of 2009), the communication cites "the present conditions of the U.S. real estate market" as one of the reasons for the delay in payments owed to CMHC investors. The communication goes on to recommend that HEIR members move their unsecured loans to limited partnerships created by CMHC and concludes with "Dave Roberts… and I believe that CMHC is taking the appropriate and viable means to return our capital in the best manner possible".

13. I was also referred to the sworn affidavit of "G" dated July 8, 2011 (the G Affidavit) which stated that Robertson would refer to:

> "due diligence performed by Mr. Roberts on certain issuers and highlight Mr. Roberts' accounting expertise to bolster the impression that HEIR had performed adequate due diligence on issuers it promoted including [CMHC] and Canyon Acquisitions, LLC (Canyon). Archie would refer to Mr. Roberts' efforts at seminars open to HEIR members, seminars open to the public, on radio broadcasts and in marketing literature. I recall Mr. Roberts personally addressing HEIR members in seminars in Ottawa, Hamilton and Toronto. I recall Mr. Roberts telling HEIR members about the due diligence he performed on CMHC, indicating that he had travelled to CMHC's offices in Dallas, Texas and reviewed their books and records. I recall Mr. Roberts and Archie emphasizing the amount of time and effort Mr. Roberts spent on due diligence on CMHC, and I recall Mr. Roberts expressing his view that CMHC's books and records were in order"

Roberts as independent wealth coach with HEIR

14. Staff also argues that in his capacity as "independent wealth coach" with HEIR, Roberts engaged in many of the examples of HEIR trading and HEIR advising described above.

15. As an example, Staff points to the Affidavit of OSC Staff member Kelly Everest dated July 8, 2011 which relates to an investment by the S's in Canyon. I was advised that the S's invested approximately $30,000 through Roberts and his spouse, that the S's combined income is $145,000, and that their total assets are approximately $49,000. As a result, Staff argues that there is no apparent basis to conclude that the S's are accredited investors.

16. Roberts advised me that he has been an independent wealth building coach with HEIR since 2008. His spouse is also a wealth building coach. As wealth building coaches, they are each paid $5,000 per month. When Roberts starting providing further services to HEIR (reviewing new business opportunities, performing due diligence on investments, giving HEIR seminars, general business consulting, etc.) his compensation was increased to $10,000 per month.

17. Roberts described his role as wealth building coach with HEIR and claimed that he was not performing any registerable activity while performing those activities. He described his activities as very similar to financial planners by making HEIR presentations, collecting financial information, discussing a financial plan, and referring potential clients to dealers for completion of their trades. He told me that he did not advise or recommend purchases of securities, recommend specific products, hand out subscription materials, complete KYC forms, forecast future performance, or make guarantees. However, in responding to questions from Staff under oath, Roberts identified five other clients other than the S's (G, B, C, M and F) for whom the only security recommended to them as part of their financial plan was securities of Canyon.

The inconsistencies, errors and deficiencies in Desron's registration application

18. Staff provided me with a number of examples of inconsistencies, errors and deficiencies in Desron's registration application including:

    a. Roberts does not have the necessary proficiency to be the Chief Compliance Officer of Desron,

    b. The start date of Roberts' employment with HEIR was disclosed as 2010 instead of 2008,

    c. Roberts was registered with another EMD ("R"), but the only compensation he received during his registration with R was from HEIR,

    d. Roberts is shown as a VP of HEIR, and

    e. Roberts showed his life insurance registration as still being in effect when it had lapsed in March 2010.

19. Roberts told me that, although he tried to correct some of the errors in his registration application, his proposed changes were not picked up by his counsel. He also advised that he didn't review the final copy of his registration application.

20. Roberts also testified about the relationship between R and HEIR. He testified that there was no relationship between these two entities. However he also testified that despite being employed at R, all of his compensation came from HEIR and that he did no trading on behalf of R during his period of registration with them.

Desron's registration is objectionable

21. The Director has the clear power under the Act to determine that it would be objectionable to approve a registration application on broader public interest grounds, regardless of the determination as to suitability. Staff argues that the proposed registration of Desron would be objectionable on public interest grounds. A selection of the support provided by Staff in support of this position is outlined in the following paragraphs.

22. Staff referred me to the G affidavit which states that:

> "Archie and I had numerous conversations… concerning his plans to create an exempt market dealer… in Ontario. These discussions… were fairly detailed and included discussions on structure and personnel and evolution. It was made clear to me that Mr. Roberts and Eric Deschamps would have key roles within [Desron] with Mr. Roberts leading the application process and heading the company… HEIR planned to change and offer only education and paid memberships while Desron was to handle all of the investments and investment transactions. Archie emphasized to me that he could not be perceived as having anything to do with a newly created exempt market dealer. He told me he considered himself to be "toxic" to an application for registration in light of the [OSC's] ongoing investigations of him and of HEIR. He also told me that he planned to assume an active role in [Desron] when the "dust settled" around the investigation… he said he would always have a significant influence in the direction of [Desron] and that him and Mr. Roberts would "work something out"…"

23. I was also referred to the transcript of an interview with "M" with Staff on February 19, 2010 (the M transcript) which states at page 91:

> "I think a lot of the stuff that [Robertson] has been doing with the pulling back [of] the submission for the LMD [Life Giving Securities Inc.] and taking his name off any of the submission information for [Desron] and having Eric or at least Dave Roberts, who was the president of both the prior LMD application and [Desron], and Archie's admission that his toxic and he cannot be perceived as being involved in any of these, yet he is funding [Desron]".

24. As an aside, Staff advised me that the registration application for Life Giving Securities Inc. had three registered and/or permitted individuals — Roberts, Robertson and Dave Robertson (unrelated to Archie Robertson). Roberts was intended to be a trading officer, director, shareholder and designated compliance officer with Life Giving Securities Inc.

25. With respect to Robertson's involvement with Desron, Roberts suggested that Robertson didn't "fund" Desron except for his purchase of 55% of the shares of the holding company for Desron and HEIR Inc. Roberts also advised that Robertson is not "involved with Desron" and that HEIR members can use any EMD that choose to in executing trades, including Desron.

26. Lastly, I was referred to several communications between HEIR and its members including:

a. The April 9, 2010 email from HEIR to its members which states that "[T]hese last two years, [Roberts] has spent with HEIR where he was involved with assisting Archie Robertson in various projects. In the near future, [Roberts] will be the CEO for [Desron] overseeing investment opportunities for HEIR members",

b. The September 22, 2010 email from HEIR to its members which states that "HEIR is in the process of creating a new company that will serve as an Exempt Market Dealer. With the launch of [Desron]… HEIR will be positioned to offer greater financial education and referral services than ever before. As part of these changes, our HEIR consultants have been undergoing industry training and examinations to become properly licensed", and

c. The October 20, 2010 email from Robertson to HEIR members which states that "[O]ur new Exempt Market Dealer [Desron] has been applied for… This will allow our consultants to more actively counsel and advise you regarding your investments with the HEIR family".

Refusal of registration or terms and conditions

27. Depending on the degree to which an applicant for registration has failed to satisfy one or more of the criteria for registration, Staff will often recommend that registration be subject to terms and conditions tailored to the suitability concerns that are specific to the individual applicant. Less often, Staff will recommend that registration be denied altogether because of the extent or persistence of an applicant's failure to satisfy the suitability criteria or because the proposed registration is otherwise objectionable. In *Jaynes, Re* (2000), 23 OSCB 1543, the OSC stated that "[w]hile terms and conditions restricting registration may be appropriate in a wide variety of circumstances, they should not be used to "shore up" a fundamentally objectionable registration".

28. Staff argues that Desron's registration would be fundamentally objectionable and that it cannot be shored up by terms and conditions.

Reasons

29. My decision is to refuse the registration of Desron.

30. I concur with Staff's submissions that Desron was and is affiliated with HEIR based on the examples set out in this decision. This was confirmed in my mind by the number of times that Roberts referred to HEIR as "we" or "our" during his submissions, including in response to a question from Staff regarding whether HEIR was expecting the Statement of Allegations. Roberts' answer, in part, was "we were expecting that".

31. I also concur with Staff that Roberts' registration application contained a number of inconsistencies, errors and deficiencies, some of which are identified in this decision. While these inconsistencies, errors and deficiencies, in and of themselves may not have resulted in a decision to refuse Desron's registration, I do not think that Roberts — or any other applicant for registration for that matter — should file a registration application that they have not thoroughly reviewed. It is not appropriate for an applicant for registration to blame counsel for mistakes in a registration application. Nor is it appropriate to not review the registration application before it is filed.

32. I also concur with Staff's arguments with respect to the objectionable purpose of Desron's registration application. In my view, Staff clearly established a significant relationship between Roberts (and thus Desron) and HEIR during the OTBH. Staff also referred me to a recent OTBH decision in the matter of *Stephen Lorne Elias, Re* (2011) 34 OSCB 7041. Staff argues, and I agree, that the conduct outlined in the Elias case is very similar to the conduct Staff alleges that Roberts did. I, in fact, would go further. In my view, Roberts' conduct was far more egregious that Elias' conduct in that, in addition to being a wealth building coach for HEIR, Roberts was also actively promoting his accounting designation and his knowledge in support of HEIR activities, events and investments (such as CMHC). As well, as set out elsewhere in this decision, I believe that there was and is a significant relationship between Roberts/Desron and HEIR and I believe that Desron was set up to be the EMD of choice for HEIR members to execute trades.

33. As to whether Roberts' registration is otherwise objectionable or can be shored up by the use of terms and conditions, I refer to the *Elias* decision, which set out my views which are equally applicable here:

> "Prior OSC decisions have held that registration is "otherwise objectionable" if it is determined… that it is not in the public interest for the person or company to be registered. As per the test set out in *Mithras*, in my view Elias' unregistered trading in the past leads me to conclude that his conduct in the future (i.e. his possible registration) may be detrimental to the integrity of the capital markets. As a result, I concluded that it is not in the public interest to register Elias.
>
> Lastly, as a result of my finding that Elias' proposed registration is objectionable, I concur with Staff's submissions that the use of proposed terms and conditions in this case would be shoring up a fundamentally objectionable registration."

"Marrianne Bridge", FCA
Deputy Director
Compliance and Registrant Regulation Branch
Ontario Securities Commission
August 17, 2011

3.1.2 MP Global Financial Ltd. and Joe Feng Deng

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

AND

IN THE MATTER OF
M P GLOBAL FINANCIAL LTD.,
AND JOE FENG DENG

REASONS AND DECISION

Hearing: February 17, 18, 19, 22, 23, 24 and 25, 2010

March 1, 2010

April 13, 14, 23, 26, 27, 28, 29 and 30, 2010

May 4, 2010

June 2, 2010

Decision: August 19, 2011

Panel: David L. Knight, FCA - Commissioner and Chair of the Panel
Margot C. Howard, CFA - Commissioner

Appearances: Matthew Britton - For the Ontario Securities Commission

Anthony M. Speciale - For M P Global Financial Ltd. and Joe Feng Deng

TABLE OF CONTENTS

REASONS AND DECISION

A. OVERVIEW

1. History of the Proceeding

[1] This was a hearing before the Ontario Securities Commission (the "Commission") pursuant to section 127 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act")[1], to consider whether: (a) M P Global Financial Ltd. ("MP") and Joe Feng Deng also known as Feng Deng and Yue Wen Deng ("Mr. Deng") (collectively, the "Respondents") breached subsections 25(1)(a), 25(1)(c) and 53(1) of the Act; (b) by reason of section 129.2 of the Act, Mr. Deng, as a director and officer of MP, should be deemed to have not complied with Ontario securities law; and (c) the Respondents engaged in conduct contrary to the public interest.

[2] This proceeding was commenced by a Statement of Allegations and a Notice of Hearing dated September 10, 2009.

[3] This case involves allegations by Staff of the Commission ("Staff") that between 2006 and February 28, 2009 (the "Material Time"):

(1) the Respondents breached subsection 25(1)(a) of the Act by trading "Guarantee Corporation Debentures" issued in the name of MP Global (the "Debentures");

(2) the Respondents breached subsection 25(1)(c) of the Act by advising investors;

(3) the Respondents breached subsection 53(1) of the Act by distributing Debentures without having filed a preliminary prospectus and a prospectus;

(4) Mr. Deng, as a director of MP, authorized, permitted or acquiesced in the conduct of MP, which was contrary to Ontario securities law and therefore, pursuant to section 129.2 of the Act, himself failed to comply with Ontario securities law; and

(5) the Respondents' conduct described above in points (1) to (4) is contrary to the public interest.

[4] During the course of this proceeding, the Respondents were represented by counsel. We heard the evidence in this matter on February 17, 18, 19, 22, 23, 24, and 25, 2010, March 1, 2010, April 13, 14, 23, 26, 27, 28, 29, and 30, 2010 and May 4, 2010. Closing submissions were heard on June 2, 2010.

[5] During the course of the hearing, we heard testimony from 18 witnesses, which included Senior Investigative Counsel from the Commission, a Senior Forensic Accountant from the Commission, MP employees and MP investors. To protect the

[1] The version of the Act referred to in our Reasons is the version which was in force during the material time between 2006 and February 28, 2008 when the conduct in this matter took place.

privacy of the MP employees and MP investors, we will refer to those witnesses by their initials throughout our Reasons. In addition, to protect the personal information of the MP employees and MP investors in this matter, Staff provided a redacted version of the record.

[6] Mr. Deng testified on his own behalf.

[7] For the reasons set out below, we conclude that: (a) the Respondents breached subsections 25(1)(a) and 53(1) of the Act; (b) Mr. Deng is liable for MP's breaches of the Act pursuant to section 129.2 of the Act; and (c) the Respondents engaged in conduct contrary to the public interest.

2. The Respondents

[8] MP is an Ontario corporation. It was incorporated on February 8, 2006 and is located in Markham, Ontario. Its business is the delivery of financial services. It is not a reporting issuer in Ontario. It has never been a registrant pursuant to the Act.

[9] Mr. Deng is an individual who sells investment and insurance products. He resides in Ontario. He is the sole shareholder and director of MP. From May 27, 2004 to June 20, 2006, he was registered as a salesperson under the category of Mutual Fund Dealer with Excel Financial Growth Inc. He was also registered as a salesperson, effective July 25, 2006, and as a branch manager, effective July 18, 2007, under the categories of Mutual Fund Dealer and Limited Market Dealer until July 31, 2008 with Info Financial Consulting Group Inc. ("Info Financial").

3. The Allegations

[10] It is alleged that Respondents engaged in unregistered trading (subsection 25(1)(a)) and advising (subsection 25(1)(c)) and an illegal distribution (subsection 53(1)).

[11] According to Staff, between 2006 and February 28, 2009 the Respondents traded the Debentures to more than 150 individuals. By these trades, the Respondents raised substantial amounts. Investors paid for the Debentures primarily by cheques or bank drafts made payable to MP or to MP Group Ltd., a corporation under Mr. Deng's control. With respect to the funds raised, Staff alleges that some of the funds were used for purposes other than investing. Staff also alleges that MP did not have "$100 million USD and over $1 billion of assets under management" as advertised on its website, and MP no longer appears to have assets sufficient to repay investors.

[12] According to Staff, depending on the amount of money invested, investors were promised a monthly return of 1% to 4% (12% to 48% annually).

[13] In addition, according to Staff, through MP's website, the Respondents engaged in or were holding themselves out to be engaged in the business of advising others as to investing in or the buying or selling of securities without being registered to act as an adviser. Specifically, it is alleged that the website and promotional material distributed to the public mentioned the discretionary manner in which MP invested funds raised from investors.

[14] According to Staff, during the period of time that MP raised the monies by the sale of the Debentures to investors, it was not registered to trade securities or to advise and did not qualify for an exemption from the registration requirement. While until July 31, 2008, Mr. Deng was registered as a Mutual Fund Dealer and Limited Market Dealer with Info Financial, the trades of the Debentures were not processed through Info Financial. Furthermore, Mr. Deng traded the Debentures after July 31, 2008 when he was not registered to trade securities in any capacity.

[15] Staff also alleges that the trades of Debentures were distributions of securities because the Debentures had not been previously issued. Staff alleges that the Respondents engaged in a distribution without a preliminary prospectus and a prospectus and without an appropriate exemption from the prospectus requirement.

[16] Further, Staff alleges that Mr. Deng, as a director of MP, authorized, permitted or acquiesced in the conduct of MP contrary to Ontario securities law.

[17] Staff alleges that overall, the conduct of the Respondents was contrary to Ontario securities law and thereby contrary to the public interest.

[18] The Respondents contest all of Staff's allegations. They take the position that Staff has not made out the allegations because the Debentures are not a security, and therefore, there is no basis for the allegations of breaches of the Act.

4. MP Group Ltd.

[19] MP Group Ltd. ("Group") is an Ontario corporation incorporated on February 28, 2007. Like MP, it is located in Markham, Ontario. Mr. Deng is the sole shareholder and director. It is not a respondent in this matter.

[20] While the majority of investor funds were deposited into MP bank accounts, additional funds received from some investors were deposited in bank accounts in the name of Group. Some payments to investors were made from Group's bank accounts. Large amounts were transferred between bank accounts of MP and Group. 95% of the funds that Mr. Deng put into foreign exchange trading came from the accounts of Group. Mr. Deng appears to have managed the bank accounts of MP and Group as if they were one entity.

B. ISSUES

[21] This case raises the following issues for our consideration:

1. Did MP and Mr. Deng engage in unregistered trading in securities in breach of subsection 25(1)(a) of the Act, without any available exemptions?

2. Did MP and Mr. Deng engage in unregistered investment advisory activity in breach of subsection 25(1)(c) of the Act, without any available exemptions?

3. Did MP and Mr. Deng engage in a distribution of securities contrary to subsection 53(1) of the Act?

4. Is Mr. Deng responsible for the breaches of MP, pursuant to section 129.2 of the Act?

5. Did MP and Mr. Deng act contrary to the public interest?

[22] We need to assess each of these issues by examining the evidence in this matter and determining whether on a balance of probabilities "…it is more likely than not that the event occurred" (*F.H. v. McDougall*, [2008] 3 S.C.R. 41 at para. 44). As stated by the Supreme Court, "…evidence must always be sufficiently clear, convincing and cogent to satisfy the balance of probabilities test" (*F.H. v. McDougall*, *supra* at para. 46).

C. Overview of MP's Operations

[23] During the proceeding we heard evidence which provided a detailed understanding of MP's operations – how funds were raised, what they were used for and how MP found itself in the position of being unable to meet promised investment returns or redemption requests.

[24] MP, and its associated legal entities, were created by Mr. Deng to market and manage different types of financial products. There were a number of individuals associated with MP, including Mr. Deng, who were licensed to advise on mutual funds and life insurance products. This part of MP's business was not at issue during the proceedings. Rather, the evidence focused on the sale of Debentures which raised amounts aggregating in excess of $25 million that were received by MP and Group and the understanding that funds from investors were to be used to fund currency trading.

[25] Investors purchased Debentures from MP, and were given a certificate entitled "MP Global Financial Guarantee Corporation Debenture", which specified, among other things, the investor's name, the amount invested, the rate of return to be paid and a date after which the investor could redeem the investment. The majority of the investors were from the Chinese-Canadian community in and around the Greater Toronto Area and there were also investments made through accounts in Hong Kong and certain Caribbean islands. The rates of return promised to the holders of the Debentures were high and ranged from 1% to 4% per month.

[26] During the course of the hearing, evidence was adduced that:

1. amounts aggregating $18,452,272 and US$3,003,674 were received from investors pursuant to trades in Debentures;

2. amounts aggregating US$1,084,862 were received from parties who may have been investors;

3. amounts aggregating $2,765,780 and US$344,250 were received from unidentified sources, and

4. funds received by the Respondents were used as follows:

    a. $10,432,649 and US$3,108,882 was paid to investors (the funds of investors were used to make interest payments or to return capital to other investors);

b. $2,053,785 and US$5,283,102 (net of withdrawals) was paid to Forex.com for foreign currency trading;

c. $360,649 was paid to CMC Markets for foreign currency trading;

d. $678,134 and US$1,387,794 was paid to Mr. Deng or for his personal benefit;

e. $383,044 and US$108,900 was spent on credit card payments, of which $127,945 was in respect of jewellery purchases by Mr. Deng; and

f. $864,196 and US$382,536 was used for unknown purposes.

[27] Aside from a small personal account in Mr. Deng's name, the trading records submitted in evidence focused on three accounts held in MP's or Group's name. From September 2006 until August 2007, deposits and foreign exchange trading occurred in the MP account and from August 2007, deposits and foreign exchange trading occurred in two accounts opened in Group's name. Just over $1.2 million was deposited into the MP trading account and just over $7 million was deposited into the Group trading accounts.

[28] Other than inter-account transfers, there were only three withdrawals totaling nearly $450,000 from the three main foreign exchange trading accounts - $19,975 in December 2006 from that of MP, $400,000 from the account of Group in December 2008 and a final $29,996 from the Group account in March 2009 to bring the Group account to a zero balance. The remaining $7.75 million was lost through unprofitable trades by March 2009. Although there were periods of profitable trading, the trend was negative, with one notable period of profitable trading from April 2008 until mid July 2008, where prior losses were recouped, only to be lost again in subsequent months.

[29] Given the currency trading losses and the high rates of return promised to holders of the Debentures, Mr. Deng found himself in the position of having to use new investors' money to fund returns and redemptions. This situation was not sustainable as the more money raised from investors, the higher the monthly return commitment, and monthly return cheques and redemptions were suspended in March 2009.

D. CREDIBILITY OF WITNESSES

[30] The Respondents submitted that a number of the investor witnesses we heard from were not credible for a variety of reasons. We disagree. We find that the testimony given by non-Respondent witnesses regarding the nature of the Debentures, the process for investing in the Debentures and Mr. Deng's role at MP, was consistent. In addition, the documentary evidence submitted during the hearing corroborates the testimony that we heard.

[31] We find Mr. Deng's testimony to be unreliable and he was not a credible witness. Throughout his testimony Mr. Deng changed his story a number of times and he also refused to answer some questions put to him. For example, Mr. Deng's testimony regarding the purchase of a diamond ring for his wife, a New Years' celebration held on January 23, 2009 and an investor meeting held on June 7, 2009 was inconsistent and contradicted other witnesses and the documentary evidence presented. In addition, Mr. Deng denied knowledge and refused to answer Staff's cross-examination questions relating to certain deposits into offshore accounts. Later, when questioned by the panel on the same matter, he admitted to knowledge of the deposits and subsequently stated he hadn't answered truthfully in the first instance as he did not want information regarding the offshore depositors to become public.

E. HEARSAY

[32] Subsection 15(1) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S. 22 ("SPPA") states:

> Subject to subsections (2) and (3), a tribunal may admit as evidence at a hearing, whether or not given or proven under oath or affirmation or admissible as evidence in a court,
>
> (a) any oral testimony; and
>
> (b) any document or other thing,
>
> relevant to the subject-matter of the proceeding and may act on such evidence, but the tribunal may exclude anything unduly repetitious.

[33] In *The Law of Evidence in Canada*, it is stated that:

> In proceedings before most administrative tribunals and labour arbitration boards, hearsay evidence is freely admissible and its weight is a matter for the tribunal or board to decide, unless its receipt would amount to a clear

> denial of natural justice. So long as such hearsay evidence is relevant it can serve as the basis for the decision, whether or not it is supported by other evidence which would be admissible in a court of law.
>
> (John Sopinka, Sidney N. Lederman & Alan W. Bryant, *The Law of Evidence in Canada*, 2d ed. (Markham, Ont.: LexisNexis Butterworths,1999) at p. 308)

[34] Although hearsay evidence is admissible under the SPPA, the weight to be accorded to such evidence must be determined by the panel. Care must be taken to avoid placing undue reliance on uncorroborated evidence that lacks sufficient indicia of reliability (*Starson v. Swayze*, [2003] 1 S.C.R. 722 at para. 115). In the circumstances, we admitted the hearsay evidence tendered by Staff, subject to our consideration of the weight to be given to that evidence.

F. ANALYSIS

1. Did MP and Mr. Deng Breach Subsection 25(1)(a) of the Act?

i. The Law

The Elements for a Breach of Subsection 25(1)(a) of the Act

[35] Subsection 25(1)(a) of the Act prohibits trading in securities without being registered:

> No person or company shall,
>
> (a) trade in a security or act as an underwriter unless the person or company is registered as a dealer, or is registered as a salesperson or as a partner or as an officer of a registered dealer and is acting on behalf of the dealer;
>
> …
>
> and the registration has been made in accordance with Ontario securities law and the person or company has received written notice of the registration from the Director and, where the registration is subject to terms and conditions, the person or company complies with such terms and conditions.

[36] Accordingly, the elements of a breach of subsection 25(1)(a) of the Act are findings that, in the absence of an exemption:

1. a respondent traded, which includes any act in furtherance of a trade of a security as defined in the Act; and
2. the person or company was unregistered at the time of the trade.

Securities and Investment Contracts

[37] Subsection 1(1) of the Act defines a "security". The relevant parts of that subsection provide that a security includes:

> (a) any document, instrument or writing commonly known as a security,
>
> …
>
> (e) any bond, debenture, note or other evidence of indebtedness, share, stock, unit, unit certificate, participation certificate, certificate of share or interest, preorganization certificate or subscription …,
>
> …
>
> (n) any investment contract,
>
> …
>
> whether any of the foregoing relate to an issuer or proposed issuer.

[38] The definition of a "security" uses the term "investment contract". While the Act does not define that term, an investment contract is defined by the Supreme Court of Canada as being an investment of money in a common enterprise with profits to come from the efforts of others (*Pacific Coast Coin Exchange v. Ontario Securities Commission*, [1978] 2 S.C.R. 112). According to the Supreme Court, a "common enterprise" describes a situation where investors' fortunes are interwoven with and

dependent upon the efforts and success of those seeking the investment of third parties (*Pacific Coast Coin Exchange v. Ontario Securities Commission, supra* at 128 ("*Pacific Coast*")).

[39] The elements of an investment contract that constitute a security are therefore:

a. an investment of money;

b. with an intention or expectation of income or profit from its employment in the investment;

c. in a common enterprise, where the investors' fortunes are interwoven and dependent upon the efforts of those seeking to raise money for the investment or of third parties; and

d. where the efforts made by those other than the investor are the significant ones with respect to the affect on the failure or success of the enterprise.

(*Pacific Coast, supra* at 128 to 132)

Trading and Acts in Furtherance of Trades

[40] Under subsection 1(1) of the Act, a "trade" in securities includes:

(a) any sale or disposition of a security for valuable consideration, whether the terms of payment be on margin, instalment or otherwise, but does not include a purchase of a security or, except as provided in clause (d), a transfer, pledge or encumbrance of securities for the purpose of giving collateral for a debt made in good faith,

(b) any participation as a trader in any transaction in a security through the facilities of any stock exchange or quotation and trade reporting system,

(c) any receipt by a registrant of an order to buy or sell a security,

(d) any transfer, pledge or encumbrancing of securities of an issuer from the holdings of any person or company or combination of persons or companies described in clause (c) of the definition of "distribution" for the purpose of giving collateral for a debt made in good faith, and

(e) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any of the foregoing.

[41] The Commission has interpreted the term "trade" in many previous decisions. The Commission has established that trading is a broad concept that includes any sale or disposition of a security for valuable consideration, including any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of such a sale or disposition. This interpretation has also been confirmed by the Ontario courts in their acknowledgement that "[r]egarding "trade", the legislature has chosen to define the term and they have chosen to define it broadly in order to encompass almost every conceivable transaction in securities" (*R v. Allan Sussman* (1993), 16 O.S.C.B. 1209 (Ont. Ct.) at 1230).

[42] The Commission has found that a variety of activities constitute acts in furtherance of trades in securities. For example, the Commission has found that accepting money from investors and depositing investor cheques for the purchase of shares in a bank account constitute acts in furtherance of trades (*Re Limelight Entertainment Inc*. (2008), 31 O.S.C.B. 1727 ("Limelight") at para. 133). Other examples of activities that have been considered acts in furtherance of trades by the Commission include, but are not limited to:

(a) providing potential investors with subscription agreements to execute;

(b) distributing promotional materials concerning potential investments;

(c) issuing and signing share certificates;

(d) preparing and disseminating of materials describing investment programs;

(e) preparing and disseminating of forms of agreements for signature by investors;

(f) conducting information sessions with groups of investors; and

(g) meeting with individual investors.

(*Re Momentas Corporation* (2006), 29 O.S.C.B. 7408 ("*Momentas*") at para. 80)

[43] The inclusion of the word "indirectly" in the definition of "acts in furtherance" (cited above in paragraph (e) of the definition of a trade) reflects an express intention on the part of the Legislature to capture conduct which seeks to avoid the registration requirement by doing indirectly that which is prohibited directly.

[44] Any act in furtherance of a trade in securities that occurs in Ontario constitutes trading in securities under the definition in the Act (*Re Lett* (2004), 27 O.S.C.B. 3215 at para. 64). Whether an act is in furtherance of a trade in securities is a question of fact, to be determined in each case, based on whether there is a sufficiently proximate connection to the trade (*Re Costello* (2003), 26 O.S.C.B. 1617 at para. 47).

Registration

[45] Registration requirements play a key role in Ontario securities law. They impose requirements of proficiency, good character and ethical standards on those people and companies trading in and advising on securities. As the Commission stated in *Re Limelight, supra* at para. 135:

> Registration serves as an important gate-keeping mechanism ensuring that only properly qualified and suitable individuals are permitted to be registrants and to trade with or on behalf of the public. Through the registration process, the Commission attempts to ensure that those who trade in securities meet the applicable proficiency requirements, are of good character, satisfy the appropriate ethical standards and comply with the Act.

[46] 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.

[47] Therefore, the requirement that individuals and companies be registered to trade and advise in securities is an essential element of the regulatory framework put in place to achieve the purposes of the Act.

Availability of Exemptions

[48] As specified in subsection 25(1)(a) of the Act cited above, no person or company shall "trade in a security" unless the person or company "is registered as a salesperson or as a partner or as an officer of a registered dealer and is acting on behalf of the dealer".

[49] However, there are numerous exemptions from the registration requirement. Many of these exemptions for registration also have parallels in the exemptions from the prospectus requirement. Some exemptions are explicitly set out in securities legislation or rules, while other exemptions are granted on a discretionary basis by the Commission.

[50] Once Staff has shown that the Respondents have traded without registration, the onus shifts to the Respondents to establish that one or more exemptions from the registration requirements was available to them (*Limelight, supra* at para. 142 and *Re Ochnik* (2006), 29 O.S.C.B. 3929 at para. 67).

ii. Discussion

Overview of the Parties' Positions

[51] Staff takes the position that the Respondents were engaging in unregistered trading of the Debentures. According to Staff, the Debentures constitute securities under subsection 1(1) of the Act because they are investment contracts and they are debentures. Acts in furtherance of trades and trades occurred as investors were solicited, and they invested in the Debentures. The Respondents were not registered and there were no exemptions available to them.

[52] The Respondents take the position that subsection 25(1)(a) of the Act was not breached because there was no security and no investment contract present. To summarize, the Respondents argue that:

- the Commission does not have jurisdiction over foreign currency trading;
- no debenture ever came into legal existence, and there is no other evidence of indebtedness that can satisfy the requirements of the definition of a security set out in subsection 1(1)(e) of the Act;
- in respect of the definition of a security set out in subsection 1(1)(g) of the Act, there is no written agreement signed by all the parties;

- according to the Respondents, profit generated from currency trading was not paid out to investors, any revenue generated was from the mutual fund and insurance product side of the business, and investors did not share in the risk associated with the Respondents' business. Instead they received a flat interest rate despite whether profit was generated;

- no investment contract ever came into existence. The Debentures were nothing but an acknowledgement of a receipt of monies having been advanced. The Respondents argue that the Debenture document in and of itself never came into legal existence and that there is no support for "guarantee" in the document. As well, the Respondents argue that the Debentures are unclear, contradictory, ambiguous and not a document signed under a corporate seal;

- the fortunes of the investors were not interwoven with and dependent upon the efforts and success of those seeking the investment or of third parties; and

- there was no reporting to investors as to how the funds were going to be used, no reporting as to the progress of the foreign currency trading activity, and no expectation that losses or profits in the foreign currency trading activity would be shared with the individual who provided the money.

[53] According to the Respondents, there is insufficient evidence to find the existence of an investment contract and therefore there was no security present and subsection 25(1)(a) of the Act could not have been breached in the absence of the existence of a security.

The Debentures are a Security

[54] The Respondents have submitted that there is no security and that what we are dealing with is nothing more than an advance of monies. Whether an advance of monies is considered a security will depend on the circumstances and in this circumstance we have no doubt that the Debentures are a security and that the Act applies. In order to come to this conclusion, we have looked at the applicability of the Pacific Coast case, which defines an investment contract and also at the terms of the Debentures.

[55] The criteria for an investment contract as set out by the Supreme Court of Canada in *Pacific Coast* must be applied. An investment contract involves:

a. an investment of money;

b. with an intention or expectation of income or profit from its employment in the investment;

c. in a common enterprise, where the investors' fortunes are interwoven and dependent upon the efforts of those seeking to raise money for the investment or of third parties; and

d. where the efforts made by those other than the investor are the significant ones with respect to the affect on the failure or success of the enterprise.

[56] In our view, the Debentures satisfy the criteria of an investment contract.

[57] With respect to the first point, "an investment of money", the evidence in this matter demonstrates that many individuals provided funds to Mr. Deng and MP or Group for investment. Specifically, we were provided in evidence with copies of cheques from investors made out to MP or Group. Some investors specified in the memo line on their cheques that the funds were for investment. The investor witnesses explained that once funds were provided, they were issued a document with the title "Guarantee Corporation Debenture", which set out the amount of money invested and had a reference number assigned to it (although there seemed to be no methodology with respect to how the reference numbers were assigned).

[58] During cross-examination by Respondents' counsel, some of the investor witnesses testified that they provided funds for investment and not a loan. For example, in cross-examination by Respondents' counsel, S.H. testified:

Q. And to be fair to you, the only thing you were looking for is to have a return of the monies that you loaned to MP together with interest, correct?

A. It's not a loan.

Q. What is it? Do you know?

A. At that time, we were talking about investment.

(Transcript, Feb. 23, 2010 at p. 29 lines 4-10)

[59] In addition, L.B. provided the following testimony during cross-examination by Respondents' counsel:

> …my understanding, it has never been a loan. It's an investment, very clear. Even in the debenture certificate, it clearly says it's an investment, and I'm the investor.
>
> (Transcript, Feb. 25, 2010 at p. 68 lines 11-14)

[60] The majority of investor witnesses in this proceeding gave testimony that corroborated what S.H. and L.B. said and that the investor witnesses understood that the funds being forwarded to MP and Mr. Deng were for investment and not a loan. In addition, the MP website referred to the Debentures as an investment and it explained the risks related to the Debentures and that interest payments are not certain:

> Debentures are "fixed interest" investments. This means that the interest rate on the money you lend is set in advance. However, interest payments on your money and return of your capital are not certain. A debenture is not the same as a term deposit.

[61] With respect to the second point, providing funds "with an intention or expectation of income or profit", the individuals who provided funds to Mr. Deng and MP did so with the understanding that their funds would be invested to generate a profit sufficient to pay their promised returns. Most investors were informed that they would receive a specific return for a fixed period of time. This was specified on the Debenture document itself. While not all the Debentures contained the exact same rates of return, they all specified a rate of return. For example:

- The Debentures provided to J.W. and L.B. stated that "The coupon rate is 2% per month".
- The Debenture provided to F.L. stated that "The coupon rate is 4.0% per month" and also included a clause which stated, "…The client can't disclosure [*sic*] this special rate 4% to anybody and will invest at least over 400,000 before June 10, 2008. Otherwise the rate will be back to normal".
- The Debenture provided to A.H., an employee of MP, stated that "The coupon rate is 2.5% per month".

[62] Some investors also testified that they understood the rate of return on their investment was based on the amount they would invest. For example:

- S.H. testified that she would receive 2% interest on $10,000 and 3% interest if $30,000 or more was invested. She also understood that her principal was guaranteed, otherwise she would have not have invested.
- F.L. testified that "My rate at that time was not determined. He [Mr. Deng] mentioned about – there's a rate based on the amount you invest" (Transcript, March 1, 2010, at p. 12 lines 22-24).

[63] Overall, we find that the testimony we heard during the hearing from the different investors and documents provided in evidence demonstrated that there was an intention or expectation of income or profit when deciding to invest in the Debentures.

[64] With respect to the third point that the funds invested must be "in a common enterprise, where the investors' fortunes are interwoven and dependent upon the efforts of those seeking … the investment", the evidence in this matter demonstrated that the Respondents pooled all the investors' monies from various MP and Group accounts and used the funds for various purposes including foreign currency trading, at the Respondents' absolute discretion. Some investor witnesses thought that all their funds would be used for foreign currency trading, while others thought that some of their funds would be invested in other investments such as term deposits.

[65] With respect to the fourth point that "efforts made by those other than the investor are the significant ones with respect to the affect on the failure or success of the enterprise", we find that Mr. Deng's efforts in trading foreign currency underpinned the whole investment scheme. While many investors provided cheques for their investment made out to MP and to a lesser extent Group, the evidence demonstrated that Mr. Deng was personally and solely responsible for the foreign currency trading activity. The potential for profits was dependent on Mr. Deng's success at trading foreign currency.

[66] Investors were told and understood that their funds would be used for foreign currency trading; however they did not participate in foreign currency trading directly themselves, all they did was provide funds to MP, Group and Mr. Deng. For example, F.L. explained during cross-examination that:

> Q. And you knew that your money, in whole or in part, was dedicated or would be dedicated to foreign exchange trading, didn't you?

A. That's what he mentioned, yes.

Q. You knew that?

A. Yeah. But they misled me, said there's no risk. No risk at all.

Q. That's what Mr. Deng said to you?

A. Yeah, no risk. Guaranteed return.

Q. So that I'm clear, will you agree with me that if Mr. Deng told you that he was in Forex trading, and the Forex trading business was doing okay, and that's an honest fact at that time --

A. He told me he can make the money at any kind of market condition. If market goes up, goes down, has no impact to him. That's what he told me.

(Transcript, March 1, 2010 at p. 120 line 22 to p. 121 line 12)

[67] A.H. an employee of MP, who also was an investor, explained how the investment worked:

Q. What was your understanding of what the money you were investing was going to be used for?

A. Foreign currency exchange trading.

Q. And what is your understanding of what foreign currency exchange trading is?

A. It was to invest our money into the foreign exchange market.

Q. And did you ever discuss with Mr. Deng what markets he invested in, which form of currency markets he invested in?

A. I knew that he traded eight major currencies in the market.

Q. Do you recall any of which of those currencies?

A. I remember there were American dollars, Canadian dollars, Switzerland dollars, Japanese yen -- I don't remember if there were Japanese yen or not -- Australian dollars, francs, and euros.

Q. And do you know when Mr. Deng did his trading?

A. I assumed he was supposed to do the trading at home.

Q. Why did you assume that?

A. Because he came to the office only to meet with his clients.

(Transcript, March 1, 2010 at p. 189 line 3 to p. 190 line 2)

[68] In addition, some investors understood that they would only make a profit if MP did well. For example, A.L. testified that:

I was able to get my principal back plus the interest, but I also know if the company -- if one company doesn't do well, investor is not expected to get the money back.

…

I was mentally prepared in some way. I assumed that the company was doing well. I invested the money and I would get the money back, but on the other hand, I was somewhat mentally prepared that if the company doesn't do well, you won't get your money back. If the company goes bankrupt, you won't get the money back.

(Transcript, Feb. 24, 2010 at p. 70 line 22 to p. 71 line 13)

[69] Mr. Deng clearly had control of investors' funds and made all the decisions relating to foreign currency trading in his attempt to generate a profit to pay the interest on the Debentures to investors.

[70] The Respondents submitted that the Commission does not have jurisdiction over foreign currency trading, a position with which we agree. The trading we are concerned with here are the trades that occurred when the Respondents sold Debentures to investors. As seen from applying the criteria from *Pacific Coast*, an investment contract was in place between the investors and MP. Investors purchased a security, the Debenture, and all funds from the sale of Debentures were pooled together so that Mr. Deng could operate an entity which traded in foreign currencies to generate a profit. The profits generated were to be used to pay the Debenture interest owed to investors. The manner in which the profits were to be generated (i.e. through Mr. Deng's foreign currency trading) does not preclude the application of the Act. Regardless of how Mr. Deng planned to generate profits to pay interest to investors, he created an investment product, the Debentures, provided investors with a certificate of their investment, and promised to pay investors a rate of return as specified in the certificate. We find there are many similarities to the case *Re WNBC et al* (2010), 33 O.S.C.B. 1569 ("*WNBC*"), where the Commission found that pooled funds which were used to trade in foreign currencies satisfied the definition of an investment contract. Specifically, paragraphs 65 to 67 of the WNBC decision explain:

> White and Qureshi created Eggvestments as a fund in which investors purchased units to give them exposure and participation on a pooled basis to foreign currency markets. Each Egg unit in itself constitutes a security, and the sale of these securities constitutes a trade.
>
> The Eggvestment contracts also fulfill the requirements for an investment contract as described in *Pacific Coast Coin Exchange v. Ontario Securities Commission* …:
>
> (i) the Eggvestment investors provided money to be invested;
>
> (ii) the investors had expectations of profit from the rates of return of up to 20% per annum guaranteed to them;
>
> (iii) the Eggvestment program was a common enterprise, where the fortunes of the Eggvestment investors were dependent upon White's management of their money and Qureshi's successful trading of their investments in the Eggs on foreign currency markets; and
>
> (iv) the investors themselves had no role in the scheme, beyond providing the investment money. White, Qureshi and WNBC's management control of the Eggvestments and Qureshi's expert trading were the only efforts that mattered.

The Eggvestments contracts therefore constituted securities under the Supreme Court of Canada's definition of "investment contracts". As a result, any acts by the Respondents in furtherance of these contracts would constitute trades governed by Ontario securities law.

[71] Considering all of the evidence, we find that all the criteria for an investment contract are met. Funds were invested and there was an expectation of profit. The Respondents sold Debentures to investors, all investors' funds were pooled together, investors expected to be paid a fixed rate of interest on the Debentures and the ability to pay interest depended on Mr. Deng's generation of profits by trading in the foreign currency markets. Debenture investors had no role other than providing funds to the Respondents. Everything was under the control of Mr. Deng. This fulfills the criteria for the existence of an investment contract, which is a security.

[72] In addition to the investment contract analysis, we also find that the Debentures qualify as a security as defined in subsection 1(1)(e) of the Act, which defines a security to include "any bond, debenture, note or other evidence of indebtedness…". The Debenture itself has numerous aspects that one would expect to see in a debt security regardless of whether the language was naïve in places. While all Debenture certificates that were introduced into evidence were similar, they did have differences depending on the amount invested and the date invested. The following attributes were common to all Debentures introduced into evidence:

- a certificate issued with the name "MP Global Financial" at the top of one page, the term "Guarantee Corporation Debenture" underneath and a border around the page that one would expect to see on a security certificate;
- the name of the Investor and the amount invested;
- the signature of the President of MP Global Financial;
- the issue date;

- the interest (coupon) rate; and
- numerous terms consistent with a security:

  "The debentures are convertible and redeemable."

  "The interest rate is guarantee [*sic*] at [coupon rate specified] % per month payable at end of each month start [*sic*] from [month and year specified]."

  "The investors have right to convert debenture to preferred share if MP Global decided [*sic*] to do so."

  "The record date for redemption is any day after [date specified – 6 months from issue] and MP Global will pay in full after two week [*sic*] late of record date of redemption including principle [*sic*] plus unpaid interest." and

  "Each investor has right [*sic*] to have physical debenture certificate."

[73] The Respondents argued that the form and features of the Debentures were not identical to actual debentures and that Mr. Deng used different terminology compared to conventional debentures. While the Debentures created by the Respondents had some unconventional features, we find that the intent was to create an investment product and that this investment product displayed many characteristics that one would associate with a security. The title "Guarantee Corporation Debenture" was listed on the investment document and each one was assigned a contract number. Investors were provided with a certificate when they invested in a Debenture which displayed the amount invested. Each Debenture had a term and specified a rate of return. The Debentures also included a redemption feature and conversion feature. For example, a Debenture provided to L.B. stated:

> **FEATURES OF DEBENTURES**
>
> **What is the salient features of a Debentures and its redemption?**
>
> The following is the salient features of debentures. The issue date is May 29, 2008. The debentures are convertible and redeemable. The interest (coupon) rate is guarantee [*sic*] at 2.0% per month payable at the end of each month start from May, 2008. The investors have right [*sic*] converting debenture to preferred shares if MP Global Financial decide [*sic*] to do so.

[74] In addition, an MP brochure which was provided to investors provided the following description of the Debentures:

> **MP Corporate Debenture**
>
> A bond is an agreement on a loan between the issuer and the bondholder, that the bondholder has lent a certain amount of money to a government or corporation, and is given interest payments throughout the term of the loan. Term of the bond [*sic*] is given at time of issue and expires on a specified maturity date. At that time, the issuer must pay the bondholder the face amount of the bond.
>
> A debenture is similar to a bond except debentures have no pledges on specific assets, but is [*sic*] secured by the issuer's earning power.
>
> MP Global Financial introduced the MP Global Corporate Debenture in 2006. The feature of this debenture is to preserve invested principle [*sic*] and to provide a constant rate of return. Investments can be as low as $10,000, giving fair opportunity to average investors. For the past two years, we have successfully managed the MP Global Corporate Debenture and proved our earning power with an outstanding record. Reasons to [*sic*] our success include:
>
> - Alternative investment tools
> - Professional manager with years of experience operating this investment on a daily basis
> - Strong team of analysts who watch the market 24/5 [*sic*] and react to trading opportunities in a timely manner
> - Proven trading strategy combined with strict risk controls to reduce risk and gain profit

[75] The description above explains (although in a rudimentary fashion) characteristics of securities such as bonds and debentures and then goes on to explain the characteristics of MP's Debentures. We find that grouping the Debentures into a discussion about bonds and debentures on the website was meant to show that the Debentures created by MP are an investment product and a type of security.

[76] Investors were to be paid interest on their Debenture investment. In evidence we saw records of MP which noted interest payments to specific individuals. The Respondents promoted the Debentures as a successful interest-bearing investment product that they created and the MP website also specified that "MP successfully launched their corporate debenture in 2006, and has achieved excellence in fulfilling their obligation of all their debenture contracts".

[77] In addition, the Respondents submitted that the Debentures were not a security because they were issued by a sole proprietorship. We do not agree with the Respondents' position. Many of the Debentures that we saw in evidence at the hearing were issued by a corporation, MP, and signed by Mr. Deng in his capacity as President of MP. The Debenture itself uses the language "Debenture". Proprietorships do not issue debentures. The Debentures provided a right to convert to preferred shares and a proprietorship does not have the power to issue preferred shares (only a corporation can). The Debentures also contained a clause which referred to the "Transmission in Case of Deceased Shareholder". Shareholders can only hold shares in corporations and not in proprietorships. In addition, during his testimony, Mr. Deng often used the words proprietorship and company interchangeably, but in our view it is evident from the following testimony that Mr. Deng intended and knew that MP was a corporation:

> When I first started the company, I always had the idea I wanted to make the company go public. So I created this debenture document and provided the document to the customers who required a document. Like I said, the ultimate purpose of setting up the company limited was to make the company go public.
>
> (Transcript, April 26, 2010 at p. 26 lines 20-25)

[78] While the investment product created by the Respondents displayed some naïveté in the language used in drafting the Debenture document and contained some unusual features and grammatical and spelling mistakes, we find that the Debenture falls into the definition of a security.

The Respondents Engaged in Trading the Debentures

[79] Having found that the Debentures constitute a security, we must now examine whether the Respondents engaged in trading.

[80] As stated above, the case law established that trading in securities includes both trades and acts in furtherance of trades.

[81] With respect to MP, the following conduct, which constitutes trades in securities or acts in furtherance of trades in securities took place:

- investors provided cheques made out to MP for the purpose of investing in the Debentures. Some investors specified on the memo line of the cheque that the purpose was for investment;
- in exchange for their funds, investors were provided with a certificate, the Debenture, which specified the amount invested, term, rate of return and other features of the Debenture; and
- investors provided large sums of money and in many cases made repeated investments.

[82] Certain investors were informed that all or part of the money invested in the Debentures would be used by Mr. Deng for trading in foreign currency. All investors were informed they would receive a guaranteed return on their investment as specified on the Debenture certificate.

[83] Investors were solicited to invest in Debentures through:

- individual meetings with Mr. Deng where Mr. Deng answered potential investors' questions as to foreign currency trading and the terms of the Debentures;
- marketing material provided on MP's website;
- other promotion materials; and
- word of mouth of other MP employees and investors.

[84] With respect to Mr. Deng, the following conduct, which constitutes acts in furtherance of trades or trades took place:

- Mr. Deng personally accepted investor funds. While he did not receive cheques personally from all the investors (some investors provided their cheques to other MP employees), investor funds were deposited in accounts that were controlled by Mr. Deng.

- Mr. Deng dealt directly with certain investors who made very large investments and he also met with some of the investors to explain the investment to them. In our view, meeting with investors to explain the investment to them is a form of solicitation which constitutes an act in furtherance of a trade. For example, he met with investors who invested very large sums of money, such as F.L., to discuss the investment. In addition, some investors, such as J.D., testified that Mr. Deng explained that their investment was "guaranteed":

  Q. Did you meet anybody while you were there?

  A. Yeah, I meet Mr. Deng.

  Q. Was that the first time you had met him?

  A. Yeah, right.

  Q. How long did the meeting last?

  A. About an hour.

  Q. Did you talk about how your money was going to be used?

  A. Yes.

  Q. How was your money going to be used, as you understood?

  A. Okay. They say that they do the foreign currency exchange trading. But they put only the 50 percent in the foreign currency trading. And other 50 percent fund, they put in very safe place.

  Q. When you say 'they', who do you mean?

  A. Safe, that means no loss, something like that, no risk.

  Q. But when you said they said this, who do you mean? Who said that?

  A. Mr. Deng.

  Q. And you said that he said that it was 50 percent foreign exchange trading and 50 percent safe?

  A. Safe, yeah, in safe place. Investment in safe place, yeah.

  Q. What did that mean to you, in a safe place?

  A. Maybe in GIC or something. Guaranteed certificate, something like that.

  Q. This investment of $12,000 that you made on November the 3rd of 2008, did you think it was guaranteed?

  A. Yeah.

  Q. Why did you think it was guaranteed?

  A. Mr. Deng told me that time, also explained this certificate is guaranteed.

  (Transcript, Feb. 23, 2010 at p. 72 line 11 to p. 73 line 23)

- Mr. Deng's name, signature and title of president were on each Debenture. He also testified that he created the Debenture documents for investors:

  Q. Now, many of the investors that we heard testify, Mr. Deng, said that when they came in to make -- when they came in to receive their debenture that you actually created it on the computer. Do you remember them testifying to that?

A. Yes, correct, especially for some later investors, but for earlier, the earliest investors, I handwrote those debentures.

(Transcript, April 27, 2010 at p. 51 lines 13 to 20)

- Investor funds were deposited in accounts of MP or Group (which were controlled by Mr. Deng) or into Mr. Deng's personal account. The Respondents argued that Mr. Deng did not receive the funds and that the funds were paid to either MP or Group. However, this is not entirely accurate. We were provided with evidence of cheques made out specifically to "MP Global Financial", and Mr. Deng personally received some of the investor cheques and some investor funds were deposited directly into Mr. Deng's personal accounts. In any event, Mr. Deng admits he was the sole owner, shareholder or proprietor of all the MP related companies, and, therefore Mr. Deng was controlling all investor funds received regardless of which MP entity actually received the funds.

- Mr. Deng oversaw the payment of interest and the repayment of principal to investors. He signed the cheques making the interest and principal payments.

[85] The Respondents submitted that a trade in securities could not have taken place because the Debentures were not traded on an exchange in the secondary market. However, in order for a trade to occur, a trade does not need to take place between two investors through an exchange. A trade also occurs when an issuer, such as MP, issues a security (such as the Debenture) for the first time to an investor. This constitutes a distribution of securities as defined in subsection 1(1) of the Act. The evidence shows that many investors provided funds to the Respondents in exchange for a Debenture.

Investors' Funds were Deposited into Accounts Controlled by Mr. Deng

[86] The Respondents submitted that much of the conduct at issue was carried out by Mr. Deng through a sole proprietorship and therefore the legal structure required for the issuance of securities and a breach of the Act did not exist. As stated above in paragraph 77, we do not accept this argument.

[87] The evidence in this matter focused on cash flows involving investors' funds. In excess of $21.4 million was received from investors and in excess of $1 million from parties who may have been investors. The investors who provided evidence in this hearing all provided cheques to Mr. Deng, MP or Group which were deposited into corporate bank accounts (which were all controlled by Mr. Deng) and investors were issued Debenture certificates which bore the name of "MP Global Financial" at the top of the certificate along with the title "Guarantee Corporation Debenture".

[88] While Mr. Deng did receive funds directly from certain parties, in making our findings we have focussed on the evidence that Staff introduced relating to the MP corporate bank accounts.

[89] Considering all of the above evidence, we find that both MP and Mr. Deng engaged in acts in furtherance of trades and trades of Debentures.

The Respondents were not Registered Under the Act

[90] Staff provided section 139 certificates which provide a statement as to "the registration or non-registration of any person or company" (subsection 139(a) of the Act).

[91] These section 139 certificates, which were prepared by the Assistant Manager of Registrant Regulation at the Commission, confirmed that there is no record of MP ever being registered under the Act.

[92] The section 139 certificates confirmed that Mr. Deng was only registered as a salesperson under the categories of mutual fund dealer with Excel Financial Growth Inc. from May 27, 2001 to June 20, 2006 and registered as a salesperson under the categories of mutual fund dealer and limited market dealer with Info Financial Consulting Group Inc., from July 25, 2006 to July 31, 2008.

[93] During the Material Time, Mr. Deng's salesperson registration was specifically with Excel Financial Growth Inc. or Info Financial Consulting Group Inc. He was never registered as a salesperson in any category with MP and, as mentioned above, MP itself was never registered.

There were no Exemptions Available to the Respondents

[94] The Respondents take the position that they were not dealing with the public, and that they were only advanced money by either family members, friends, existing customers or individuals introduced by the aforementioned. Basically, the

Respondents sought to demonstrate that they qualify for an exemption from the registration requirements of the Act pursuant to the private issuer exemption set out in section 2.4 of NI 45-106.

[95] In our view, the Respondents do not qualify for the private issuer exemption. This exemption is only available for an issuer that is limited to not more than 50 security holders. This exemption is not available to the Respondents because they issued Debentures to over 150 individuals. While the Debenture investment started off as an investment between close family and friends, the evidence at the hearing revealed that Debenture investors referred other people they knew in their community who did not have a personal relationship with Mr. Deng.

[96] We also note that the majority of the investor witnesses we heard from were not accredited investors as defined in section 1.1 of NI 45-106 and therefore the accredited investor exemption was also not available. Staff questioned investor witnesses about their financial circumstances, financial background and knowledge. The testimony of the investors reveals that certain of them did not qualify as accredited investors, and in fact many of them borrowed funds in order to invest with the Respondents.

[97] Therefore, there were no exemptions available to the Respondents.

iii. Findings

[98] Based on the conduct described above, we find that the Respondents were not registered, engaged in trading in securities and acts in furtherance of trades contrary to subsection 25(1)(a) of the Act, and there were no registration exemptions available to them.

[99] As part of their defense, the Respondents submitted at paragraph 87 of their written submissions that "it was incumbent upon investors to exercise a minimum level of due diligence" before investing. We do not accept this as a valid defense. Regardless of whether investors conduct their own due diligence, MP and Mr. Deng had a requirement under subsection 25(1)(a) of the Act to ensure that they had the proper registration in place in order to trade in securities. They cannot blame the naïveté of investors for their failure to comply with the securities laws in place. In addition, the Respondents did not verify whether any of the investors they dealt with qualified as accredited investors. Inquiries were not made as to the financial background and/or knowledge of investors.

2. Did MP and Mr. Deng Breach subsection 25(1)(c) of the Act?

i. The Law

[100] Subsection 25(1)(c) of the Act prohibits acting as an advisor without being registered:

> No person or company shall,
>
> …
>
> (c) act as an adviser unless the person or company is registered as an adviser, or is registered as a representative or as a partner or as an officer of a registered adviser and is acting on behalf of the adviser,
>
> and the registration has been made in accordance with Ontario securities law and the person or company has received written notice of the registration from the Director and, where the registration is subject to terms and conditions, the person or company complies with such terms and conditions.

[101] An "advisor" is defined in subsection 1(1) of the Act as "a person or company engaging in or holding himself, herself or itself out as engaging in the business of advising others as to the investing in or the buying or selling of securities."

[102] In *Costello v. Ontario (Securities Commission),* [2004] 242 D.L.R. (4th) 301 (Div. Ct.) at para. 62, the court applied a business purpose requirement for advising, but noted that it need not be the only business the person or company in question is engaged in.

[103] The British Columbia Securities Commission set a low threshold for the business purpose requirement in Re Donas 1995 LNBCSC 18. The requirement can be met even if the business purpose behind the advising is not the primary business of the person or company (*Jack Maguire and J.K. Maguire & Associates* (1995), 18 O.S.C.B. 4623), or in situations where there is no evidence that investors acted on the advice given (*Re Hrappstead (c.o.b. North American Group)* [1999] 15 B.C.S.C. Weekly Summary 13).

[104] As for the nature of the communication, providing factual information is not sufficient to constitute advising under the Act:

> A person who does nothing more than provide factual information about an issuer and its business activities is not advising in securities. A person who recommends an investment in an issuer or the purchase or sale of an issuer's securities, or who distributes or offers an opinion on the investment merits of an issuer or an issuer's securities, is advising in securities.
>
> (*Re Donas* 1995 LNBCSC 18 at 5 (QL))

[105] Advising requires subjective commentary on the value of the investment.

ii. Discussion

Overview of the Parties' Positions

[106] Staff takes the position that the Respondents were acting as unregistered investment advisors. Specifically, Staff submits that:

> MP Global maintained an on-line website. Through the website, through the promotional material they distributed to the public and through the discretionary manner in which they invested funds raised from investors, the [R]espondents engaged in or held themselves out to be engaged in the business of advising others as to investing in or buying or selling securities while they are not registered to act as advisors.
>
> (Transcript, February 17, 2010 at p. 34 lines 4 to 12)

[107] Paragraphs 7 and 8 of the Statement of Allegations also provide further particulars about the alleged unregistered advising conduct and MP's website:

> 7. MP Global maintained an online website at www.mpgf.com. As at April 1, 2009, the "about us" section stated:
>
> > *Who are we?*
> >
> > *MP Global Financial is a fully integrated wealth management organization that focuses on building financial prosperity. Founded in 2004, MP Global Financial is one of Canada's fastest growing wealth management companies and our sound history is complemented by a proven track record of accomplishment. We strive to achieve global recognition with branches in Toronto Canada, California USA, and Hong Kong China.*
> >
> > *Over the years, we have built trust within the communities and successfully launched our own product, the MP Global Corporate Bond, which promises a definite percentage of return and provides protection against lost of wealth accumulation. We are now managing more than $100 million USD and over $1 billion of assets under management.*
> >
> > *What do we do?*
> >
> > *We offer tailored products that meet the independent financial needs of our investors. We are devoted to provide [sic] a safeguard and protection of capital for those seeking for short or long term financial plans. We provide a broad range of investment services to investors through mutual funds, insurance, fixed income equities, and segregated funds*. [italics in original]
>
> 8. Through the website, through the promotional material they distributed to the public and through the discretionary manner in which they invested funds raised from investors, the Respondents engaged in or were holding themselves out to be engaged in the business of advising others as to investing in or the buying or selling of securities without being registered to act as an adviser.

[108] Staff further submits in their written submissions at paragraph 47 that:

> … the Respondents engaged in advising through the discretionary manner in which they invested monies provided by investors. The Respondents pooled all the investors' monies and made investment decisions in their absolute discretion. To exercise absolute discretion over investment decisions with a view to profit is to engage in the business of advising.

[109] At the hearing, counsel for the Respondents questioned whether sufficient evidence had been led by Staff to establish that the Respondents engaged in advising. The Respondents take the position that Staff did not make out the alleged breach of subsection 25(1)(c) of the Act against the Respondents. Specifically, in their written submissions at paragraphs 79 to 81, the Respondents explain that:

> The evidence is clear that neither Respondents [*sic*] engaged in the business of providing advice. What the Respondents did is to provide nothing but financial information. At no time did the Respondents provide any opinion. The Respondents received no commissions or paid referral fees as a result of forex trading activity. The Respondents only engaged in or held themselves out in respect to the buying or selling of insurance and mutual fund products.
>
> It is submitted that the MP Global website does not totality [*sic*] support Staff Submission [*sic*] that the acts of advising occurred. There is no reference in the web site [*sic*] regarding foreign currency exchange activity but, a reference to "MP Global Corporate Bond". This reference is clearly incorrect and cannot mean the "Guarantee Corporation Debenture". At best it can be taken that the Respondents were advising on a product which did not exist.
>
> Furthermore, there was absolutely no evidence addressed that any person read or relied upon the website in relation to his or her decision to advance money. …

The Respondents did not Engage in Advising

[110] From the evidence presented at the hearing, we find that there is insufficient evidence to demonstrate that the Respondents engaged in advising.

[111] The testimony of the investor witnesses did not demonstrate that Mr. Deng himself directly engaged in advising although he certainly met with individuals interested in investing in the Debentures. Mr. Deng provided investors information about the interest rate and term of the Debentures and answered questions about the Debentures as did some MP employees. However, we find that the information provided to investors by MP employees and Mr. Deng was done in order to solicit funds from investors and the information provided to investors falls short of advising. The information was a factual description of the Debentures and, as established by the case law, providing factual information about an investment is not sufficient to constitute advising (*Re Donas, supra*).

[112] MP's website clearly indicated that MP provided financial advice, however, it is unclear from the evidence that such advice relates to the Debentures. The context is such that the advising reference could relate to insurance and mutual fund products, which certain individuals were appropriately licensed to provide advice on.

[113] As a whole, the evidence in this matter demonstrates that investors invested in the Debentures based on Mr. Deng's reputation as a business man in the Chinese-Canadian community in Toronto. Their investment was not based on investment advice from Mr. Deng or MP.

iii. Findings

[114] We find that there is insufficient evidence to establish that the Respondents breached subsection 25(1)(c) of the Act.

3. Did MP and Mr. Deng Breach Subsection 53(1) of the Act?

i. The Law

[115] Subsection 53(1) of the Act sets out the prospectus requirement for trades that comprise a distribution:

> No person or company shall trade in a security on his, her or its own account or on behalf of any other person or company if the trade would be a distribution of the security, unless a preliminary prospectus and a prospectus have been filed and receipts have been issued for them by the Director.

[116] The definition of "distribution" under subsection 1(1) of the Act states that:

> "distribution", where used in relation to trading in securities, means,
>
> (a) a trade in securities of an issuer that have not been previously issued
>
> […]

[117] The prospectus requirement plays an essential role for the protection of investors. As stated by the Court in *Jones v. F.H. Deacon Hodgson Inc.* (1986), 9 O.S.C.B. 5579 (H.C.) at 5590: "There can be no question but that the filing of a prospectus

and its acceptance by the Commission is fundamental to the protection of the investing public who are contemplating purchase of the shares". The prospectus requirement ensures that prospective investors have sufficient information to ascertain the risk level of their investment and to make informed investment decisions (*First Global, supra* at para. 145).

[118] For a trade in securities of an issuer that have not been previously issued, it is therefore important that a prospectus be issued to protect the public.

ii. Discussion

Overview of the Parties' Positions

[119] Staff takes the position that the evidence in this proceeding demonstrates that investors purchased Debentures that had not previously been issued. Staff also emphasizes that for a distribution a prospectus plays an important role to provide disclosure to investors to remedy information asymmetry between the issuer and the investor. In this specific case, Staff submits that investors did not have full disclosure as to how their funds would be used and that their funds were used to pay other investors, pay credit card accounts and/or pay Mr. Deng directly. The investors were also unaware of Mr. Deng's performance in trading foreign currencies. Had investors been provided with a prospectus and disclosure, Staff submit that investors might not have invested in the Debentures.

[120] The Respondents take the position that since the Debentures do not constitute securities, trading did not take place and therefore a distribution did not take place. In addition, the Respondents submit that none of the investors were taken advantage of and there is no evidence that money received from one investor was paid to another investor. The Respondents take the position that they did not need to disclose to investors any information about MP.

The Respondents Distributed the Debentures

[121] As established above in our discussion of section 25(1)(a) of the Act, the Respondents engaged in trades in securities and/or acts in furtherance of trades, as defined in the Act. The Respondents have therefore met the trading requirement under part (a) of the definition of "distribution" under the Act.

[122] The second requirement of this definition is that the securities in question have not been previously issued. We note that the Debentures were an investment product created by MP. This was explained on MP's website:

MP Global Financial introduced the MP Global Corporate Debenture in 2006. The feature of this debenture is to preserve invested principle [*sic*] and to provide a constant rate of return.

[123] The Debentures were not previously issued, and there is no record that MP was ever a reporting issuer or filed a prospectus in Ontario.

[124] Additionally, there is no evidence that any investors were provided with a prospectus with respect to the Debentures. Indeed, there is evidence that investors were not provided with a prospectus.

[125] To prove a breach of subsection 53(1) of the Act, it is unnecessary to prove that investors were taken advantage of or to prove exactly how the investment funds were used. What is necessary is that a distribution of securities occurred, that no prospectus was issued and no exemptions were available. We find that Staff has provided sufficient evidence to prove this breach.

iii. Findings

[126] We conclude that the Respondents engaged in trades in securities and acts in furtherance of trades. At the time of these acts, the Debentures were not previously issued, and we therefore conclude that the trades constitute a distribution. Since no prospectus was filed for these trades, we find that the Respondents contravened subsection 53(1) of the Act. As stated above at paragraphs 95 to 97, there were no exemptions available to the Respondents.

4. Is Mr. Deng Responsible for MP's Breaches of the Act Pursuant to Section 129.2 of the Act?

i. The Law

[127] Pursuant to section 129.2 of the Act, a director or officer is deemed to be liable for a breach of securities law by the issuer where the director or officer authorized, permitted or acquiesced in the issuer's non-compliance with the Act. Specifically, section 129.2 states:

> 129.2 For the purposes of this Act, if a company or a person other than an individual has not complied with Ontario securities law, a director or officer of the company or person who authorized, permitted or acquiesced in the non-compliance shall be deemed to also have not complied with Ontario securities law, whether or not any proceeding has been commenced against the company or person under Ontario securities law or any order has been made against the company or person under section 127.

[128] Basically, the director or officer is also held responsible as the directing mind behind the company's actions if the director or officer authorized, permitted or acquiesced in the company's actions.

[129] In subsection 1(1) of the Act, a "director" is defined as "a director of a company or an individual performing a similar function or occupying a similar position for any person" and an "officer" is defined as:

> (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).

[130] The language of section 129.2 uses the terms "authorize", "permit" and "acquiesce". "Acquiesce" means to agree or consent quietly without protest. "Authorize" means to give official approval or permission, to give power or authority or to give justification. "Permit" means to allow, consent, tolerate, give permission or authorize permission particularly in writing.

ii. Discussion

[131] Mr. Deng is the sole director of MP. The articles of incorporation for MP list Mr. Deng as the sole director. His MP business card states that he is the President. As well, the Respondents' written submissions specify at paragraph 10 that "At all times Mr. Deng was sole director, sole officer, sole shareholder and sole proprietor, as applicable to all the combined businesses".

[132] During his testimony Mr. Deng stated that MP was a sole proprietorship and not a corporation, and there was testimony as to the timing of events in this matter and when MP became incorporated. Also, throughout his testimony Mr. Deng used the terms sole proprietorship, company and corporation interchangeably.

[133] Based on the documents filed at the hearing, we find that Mr. Deng was the sole director of MP, and based on the testimony of the witnesses that were MP employees, we find that Mr. Deng was the directing mind of MP.

[134] Mr. Deng's testimony also demonstrates that he was responsible for MP's issuance of the Debentures. For example, Mr. Deng testified:

> Q. And the other question I wanted to ask you about the corporation debenture is if it was the proprietorship that was issuing the debenture, why was it signed by Mr. Deng as president?
>
> A. So I assumed three roles. I was the president and person in charge for the company limited. I was the person in charge for sole proprietorship, and I was responsible for my person -- for the person myself. So I actually combined the responsibilities of the three different roles into one.
>
> Q. So you were signing as the president of the corporation then?
>
> A. My name appeared on the document of the sole proprietorship.
>
> Q. I thought your evidence was you were acting in three capacities ?
>
> A. In that particular document, I signed as a person in charge of the sole proprietorship as the company name appeared on the right-hand, top corner when the company's name appeared there, and the person in charge of that company signed at the bottom. I had the letterhead there as all other companies have.

[135] Mr. Deng tried to give the impression that he was acting as a sole proprietor and not acting through MP as President. However, the documentary evidence at the hearing shows that Mr. Deng signed documents, including the Debentures, in his capacity as President of MP.

[136] Mr. Deng also controlled the MP bank accounts. He testified that:

> So I believe I transferred the money from the company to my personal account, and then I transferred the money out of my personal account back into the company account.
>
> (Transcript, April 28, 2010 at page 41 lines 16 to 19)

[137] Through his conduct, it is clear that Mr. Deng was the directing mind behind MP's actions and the creation of the Debentures, and as the sole director, Mr. Deng authorized the conduct of MP. For example, Mr. Deng signed, on behalf of MP, documents to open bank accounts, cheques to investors and the actual Debentures. Pursuant to section 129.2 of the Act, Mr. Deng is liable for MP's breaches of the Act.

[138] The fact that certain transactions took place in Mr. Deng's personal account does not convince us that MP was operating as a "sole proprietorship". Investors' cheques were deposited in MP's or Group's corporate accounts, over which Mr. Deng had sole control. The majority of funds returned to investors came from MP's corporate accounts and the majority of foreign currency trading occurred in the MP and Group accounts.

iii. Findings

[139] We conclude that Mr. Deng authorized, permitted or acquiesced in MP's contraventions of the Act and he is responsible for MP's conduct in this matter pursuant to section 129.2 of the Act.

5. Did the Respondents Act Contrary to the Public Interest?

i. The Law

[140] The Commission has a public interest jurisdiction to prevent likely future harm to Ontario's capital markets (*Committee for the Equal Treatment of Asbestos Minority Shareholders v. Her Majesty in Right of Quebec*, [2001] 2 S.C.R. 132 at para. 42). The scope of the Commission's discretion in defining the public interest is limited by the general purposes of the Act (*Gordon Capital Corp. v. Ontario (Securities Commission)* (1991), 14 O.S.C.B. 2713 (Ont. Ct. J.) at para. 37).

[141] As set out in section 1.1 of the Act, it is the Commission's mandate to:

(a) provide protection to investors from unfair, improper or fraudulent practices; and

(b) foster fair and efficient capital markets and confidence in those capital markets.

[142] In pursuing the purposes of the Act, the Commission must consider fundamental principles as stated in section 2.1 of the Act. The relevant parts of section 2.1 of the Act are as follows:

i. requirements for timely, accurate and efficient disclosure of information;

ii. restrictions on fraudulent and unfair market practices and procedures; and

iii. requirements for the maintenance of high standards of fairness and business conduct to ensure honest and responsible conduct by market participants.

[143] Staff alleges that the Respondents engaged in conduct contrary to the public interest.

ii. Discussion

[144] Both of the Respondents breached two key provisions of the Act, by trading without registration (subsection 25(1)(a)) and by engaging in a distribution without satisfying the distribution requirements under the Act (subsection 53(1)), which are intended to protect investors.

[145] These breaches of the Act caused harm to investors and to the integrity of Ontario's capital markets, and were clearly contrary to the public interest. They are contrary to the public interest because registration and distribution requirements are essential to protect investors and to ensure the integrity of the capital markets. Through this conduct, the Respondents failed to maintain high standards of fairness and business conduct to ensure honest and responsible conduct.

[146] The Respondents received substantial amounts from investors pursuant to trades in Debentures. Some investors made requests to redeem their investments and many of them did not receive repayment of their principal, not to mention the interest

promised to them by the Respondents. In addition, investors were not provided with full disclosure as to how Mr. Deng was managing their money. Investors were under the impression that Mr. Deng was generating profits through his foreign currency trading to pay interest owed to investors on their Debentures, however, the foreign currency trading records show that for the majority of the time, Mr. Deng actually lost investors' funds by trading in foreign currencies.

[147] Mr. Deng was the mind and management of the operation and was responsible for the acts of MP.

iii. Findings

[148] Based on the conduct described above, we find that the Respondents engaged in conduct contrary to the public interest by breaching Ontario securities law.

G. CONCLUSION

[149] For the reasons stated above we find that:

(a) the Respondents breached subsection 25(1)(a) of the Act;

(b) the Respondents did not breach subsection 25(1)(c) of the Act;

(c) the Respondents breached subsection 53(1) of the Act;

(d) Mr. Deng is liable for MP's breaches of the Act pursuant to section 129.2 of the Act; and

(e) the Respondents engaged in conduct contrary to the public interest by virtue of the breaches referred to in points (a), (c) and (d).

[150] The parties are directed to contact the Office of the Secretary within the next 10 days to set a date for a sanctions hearing, failing which a date will be set by the Office of the Secretary.

Dated at Toronto this 19th day of August, 2011.

"David L. Knight, FCA"

"Margot C. Howard, CFA"

This page intentionally left blank

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
Royal Oak Ventures Inc.	16 Feb 00	28 Feb 00	19 Aug 11	
Aerocast Inc.	11 Aug 11	23 Aug 11	23 Aug 11	
Canoro Resources Ltd.	11 Aug 11	23 Aug 11	23 Aug 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.

This page intentionally left blank

Chapter 7

Insider Reporting

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

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
07/26/2011 to 08/05/2011	32	0910703 B.C. LTD (Rodeo Subco) - Receipts	15,236,440.10	46,083,976.00
07/25/2011	25	Algonquin Power Co. - Debentures	134,767,800.00	135,000.00
07/26/2011	3	Alpaca Resources Inc. - Units	61,250.00	490,000.00
08/08/2011	57	Amarone Oil & Gas Ltd. - Common Shares	9,117,500.25	36,470,000.00
06/23/2011	3	AMR Mineral Metal Inc. - Units	2,750,000.00	1,457,500.00
08/09/2011	7	Anglo Swiss Resources Inc. - Units	719,899.92	5,686,666.00
07/29/2011	1	Archstone Multifamily Partners AC LP - Limited Partnership Interest	95,380,000.00	1.00
07/28/2011	28	Argos Therapeutics, Inc. - Units	3,330,599.99	N/A
08/02/2011	1	Armtec Infrastructure Inc. - Warrants	0.00	3,043,307.00
08/17/2011	1	Armtec Infrastructure Inc. - Warrants	0.00	1,521,653.00
02/15/2011	1	ASP Offshore Company Limited - 2011 Direct Fund - Common Shares	4,943,500.00	50,000.00
02/15/2011	1	ASP Offshore Company Limited - 2011 Emerging Market Fund - Common Shares	11,864,400.00	120,000.00
02/15/2011	1	ASP Offshore Company Limited - 2011 Non-US Developed Markets Fund - Common Shares	19,774,000.00	200,000.00
02/15/2011	1	ASP Offshore Company Limited - 2011 US Fund - Common Shares	27,683,600.00	280,000.00
07/29/2011	30	Atlanta Gold Inc. - Units	947,700.00	13,538,570.00
08/11/2011	1	Bank of Montreal - Notes	1,000,000.00	1,000,000.00
08/16/2011	1	Bank of Montreal - Notes	1,516,726.50	1,545,000.00
07/27/2011	29	Biosign Technologies Inc. - Units	1,907,640.87	2,384,551.00
08/04/2011	12	Blackbird Energy Inc. - Flow-Through Units	187,000.00	935,000.00
07/26/2011	116	Canadian Coyote Energy Trust - Trust Units	3,407,500.00	3,407,500.00
07/26/2011	12	Canadian Horizons Blended Mortage Investment Corporation - Common Shares	339,589.00	339,589.00
07/26/2011 to 07/28/2011	16	Canadian Horizons First Mortage Investment Corporation - Common Shares	537,160.00	537,160.00
08/17/2011	4	Canadian Oil Recovery & Remediation Enterprises Ltd. - Units	375,200.00	987,367.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
08/02/2011	6	Capital Direct I Income Trust - Units	270,000.00	27,000.00
07/20/2011	2	Capsugel FinanceCo S.C.A. - Notes	473,950.00	500,000.00
07/26/2011	5	CareVest First Mortgage Investment Corporation - Common Shares	171,790.00	171,790.00
08/12/2011	1	Carpathian Gold Inc. - Common Shares	20,000,000.00	38,461,538.00
07/29/2011	42	Centurion Apartment Real Estate Investment Trust - Units	3,035,368.19	300,027.88
07/22/2011	22	Century Energy Ltd. - Units	285,000.00	5,700,000.00
07/29/2011	1	China Pacific Insurance - Units	4,914,000.00	1,300,000.00
08/15/2011	1	Cleanfield Alternative Energy Inc. - Common Shares	20,000.00	250,000.00
08/10/2011	2	Debut Diamonds Inc. - Flow-Through Units	2,000,000.00	5,714,285.00
07/21/2011	4	Dentonia Resources Ltd. - Units	68,000.00	1,360,000.00
07/27/2011	31	Discovery-Corp. Enterprises Inc. - Units	265,000.00	5,300,000.00
08/03/2011	16	Duncan Park Holdings Corporation - Common Shares	600,000.00	6,000,000.00
08/03/2011	16	Duncan Park Holdings Corporation - Common Shares	600,000.00	6,000,000.00
07/25/2011	5	Duncastle Gold Corp - Common Shares	45,000.00	900,000.00
07/27/2011	3	Entourage Metals Ltd. - Common Shares	9,600.00	15,000.00
07/26/2011	36	Eurotin Inc. - Special Warrants	12,500,000.00	15,625,000.00
12/10/2010 to 12/15/2010	2	Exro Technologies Inc. - Notes	100,000.00	N/A
07/27/2011	2	First Leaside Global Limited Partnership - Units	176,974.32	186,800.00
07/29/2011	1	First Leaside Global Limited Partnership - Units	24,902.76	26,109.00
07/21/2011 to 07/27/2011	2	First Leaside Venture Limited Partnership - Units	1,075,000.00	1,075,000.00
08/03/2011	1	First Leaside Venture Limited Partnership - Units	100,000.00	100,000.00
08/02/2011 to 08/03/2011	3	First Leaside Wealth Management Fund - Units	187,506.00	187,506.00
07/25/2011	18	Fjordland Exploration Inc. - Common Shares	491,589.88	2,282,456.00
07/27/2011	3	Flex Fund - Trust Units	274,543.00	274,543.00
08/02/2011	1	Flex Fund - Trust Units	375,000.00	375,000.00
07/27/2011	6	Francesca's Holdings Corporation - Common Shares	5,316,300.00	330,000.00
07/27/2011 to 08/04/2011	3	Geminare Incorporated - Common Shares	450,001.06	405,406.00
07/27/2011	32	Gryphon Gold Corporation - Units	3,000,000.00	3,000.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
07/29/2011 to 08/04/2011	43	Guyana Frontier Mining corp. - Units	1,352,665.50	5,410,662.00
07/25/2011	2	Halo Resources Ltd. - Common Shares	44,703.72	194,364.00
07/25/2011	1	Heritage Grove Center Inc. - Loans	267,755.00	267,755.00
07/29/2011	39	Hospital Infrastructure Partners (NOH) Partnership - Bonds	543,491,000.00	543,491,000.00
07/29/2011	2	HSBC Bank Canada - Notes	600,000.00	6,000.00
07/29/2011	4	HSBC Bank Canada - Notes	800,000.00	8,000.00
07/20/2011 to 07/28/2011	4	iCanTrade Corporation - Common Shares	97,069.00	97,069.00
07/25/2011 to 07/29/2011	45	IGW Real Estate Investment Trust - Units	1,738,920.03	N/A
07/19/2011	3	InvestPlus Finance IV Corp. - Bonds	117,000.00	117.00
07/19/2011	3	InvestPlus Investments IV Corp. - Common Shares	11.70	117.00
07/28/2011	1	Isabella Developments Inc. - Loans	328,774.00	328,774.00
06/15/2011 to 07/27/2011	11	Iskander Energy Corp. - Special Warrants	1,558,125.25	2,077,499.00
08/02/2011	6	Jiminex Inc. - Units	194,719.85	1,112,684.00
07/19/2011	14	Knightscove Media Corp. - Units	424,500.00	4,245,000.00
07/29/2011 to 08/05/2011	11	Landdrill International Inc. - Debentures	4,750,000.00	4,750,000.00
08/05/2011	9	Lassonde Industries Inc. - Receipts	31,500,000.00	420,000.00
07/28/2011	57	Majescor Resources Inc. - Units	3,229,000.00	16,145,000.00
08/03/2011	6	Microbix Biosystems Inc. - Units	359,258.80	1,026,452.00
07/28/2011	91	Mineral Mountain Resources Ltd. - Common Shares	2,823,000.00	5,900,000.00
06/23/2011	162	Mongolia Growth Group Ltd. - Common Shares	17,099,572.38	4,871,673.00
07/29/2011	20	Morrison Laurier Mortgage Corporation - Common Shares	730,000.00	73,000.00
07/26/2011	72	Muirfield Resources Ltd. - Common Shares	27,449,600.00	17,156,000.00
07/29/2011 to 08/03/2011	35	Nevada Exploration Inc. - Units	560,000.00	7,000,000.00
08/02/2011	1	Noorani Holdings Inc. - Units	5,700,000.00	5,700,000.00
08/01/2011	1	Noorani Holdings Inc. - Units	6,500,000.00	6,500,000.00
07/28/2011	1	North Atlantic Trading Company, Inc. - Notes	4,189,500.00	N/A
08/04/2011	1	NSGold Corporation - Common Shares	4,400,000.01	8,627,451.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
07/19/2011 to 08/12/2011	1	O'Leary Floating Rate Portfolio Trust - Units	62,703,000.00	5,225,250.00
07/28/2011	1	Overstone Fund plc - Units	71,174,810.92	571,777.00
06/23/2011 to 06/30/2011	10	P1 Energy Corp. - Common Shares	107,204,002.00	35,734,668.00
08/08/2011	26	Parkside Resources Corporation - Units	182,000.00	1,820,000.00
07/27/2011	18	Pitchstone Exploration Ltd. - Units	749,980.00	5,357,000.00
07/28/2011	38	PNG Gold Corporation (formerly International Silver Ridge Resources Inc.) - Common Shares	38,368,141.50	51,157,522.00
08/15/2011	4	Prosperity Goldfields Corp. - Units	1,700,000.00	2,500,000.00
07/25/2011	1	Queensway 427 Center Inc. - Loans	2,500,000.00	2,500,000.00
07/25/2011	2	Rainy Mountain Royalty Corp. - Common Shares	5,000.00	50,000.00
07/25/2011 to 07/28/2011	73	Redux Duncan City Centre Limited Partnership - Notes	4,835,000.00	N/A
07/29/2011	36	RESAAS Services Inc. - Units	1,397,400.00	931,600.00
08/03/2011	8	Rock Tech Lithium Inc. - Units	2,650,080.00	8,833,600.00
08/09/2011	10	Romios Gold Resources Inc. - Units	704,799.68	1,355,384.00
08/03/2011	2	Sarup Enterprises Incorporated - Loans	616,165.00	616,165.00
08/17/2011	3	Sea Green Capital Corp. - Units	500,000.00	10,000,000.00
08/15/2011	3	Shoal Point Energy Ltd. - Units	106,250.00	350,000.00
07/19/2011 to 07/29/2011	128	Silver Quest Resources Ltd. - Common Shares	12,319,694.80	11,664,952.00
07/27/2011	3	Sinclair Cockburn Mortgage Investment Corporation - Common Shares	750,000.00	750,000.00
07/25/2011	5	Skullcandy, Inc. - Common Shares	2,685,405.80	9,441,693.00
07/18/2011 to 07/25/2011	92	Skyline Gold Corporation - Units	5,999,999.72	22,627,820.00
08/10/2011	14	Solara Exploration Ltd. - Units	1,167,000.00	2,917,500.00
08/10/2011	1	Solarvest BioEnergy Inc. - Common Shares	100,000.00	400,000.00
07/31/2011	18	Souche Holding Inc. - Common Shares	380,666.40	951,666.00
07/25/2011	1	Special Notes Limited Partnership - Units	250,000.00	250,000.00
07/28/2011 to 08/03/2011	2	Special Notes Limited Partnership - Units	340,834.00	340,834.00
08/05/2011	1	Sprott SFIF Trust - Units	13,563,500.00	1,356,350.00
08/01/2011	1	Stacey Muirhead Limited Partnership - Units	2,500.00	72.00
08/01/2011	1	Stacey Muirhead RSP Fund - Units	500.00	54.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
08/09/2011	15	Stakeholder Gold Corp. - Units	287,000.00	820,000.00
07/28/2011	39	Stronghold Metals Inc. - Units	3,353,000.00	8,382,500.00
07/26/2011	2	SunCoke Energy, Inc. - Common Shares	2,632,000.00	175,000.00
07/20/2011	7	SunCoke Energy, Inc. - Notes	10,212,500.00	10,750,000.00
07/21/2011	1	Sussex Centre Inc. - Loans	32,594,000.00	32,594,000.00
07/21/2011 to 07/29/2011	48	The Newport Strategic Yield LP - Units	2,438,407.03	N/A
07/27/2011	1	The PNC Financial Services Group Inc. - Common Shares	80,529,000.00	85,000.00
07/25/2011	16	Thornapple Capital Inc. - Common Shares	403,250.00	8,065,000.00
05/07/2010 to 11/30/2010	45	Tigris Resources Limited - Common Shares	590,000.00	18,000,000.00
07/22/2011	1	UBS AG, London Branch - Notes	199,500.00	N/A
08/01/2011	1	Value Partners Group Inc. - Common Shares	10,000.00	726.00
07/26/2011	2	Vision Interactive Technologies Inc. - Debentures	650,000.00	N/A
08/03/2011	1	Vital Alert Communication Inc. - Preferred Shares	300,000.00	1,666,666.00
08/03/2011	1	Wabi Exploration Inc - Notes	65,000.00	65,000.00
08/03/2011	2	Zelos Therapeutics Inc. - Exchangeable Shares	1,348,918.90	1,400,165.00
07/25/2011	3	Zillow Inc. - Units	281,206.40	16,000.00
08/03/2011	1	Zorzal Incorporated - Units	50,000.00	83,333.30

This page intentionally left blank

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Aumento Capital II Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated August 18, 2011
NP 11-202 Receipt dated August 18, 2011
Offering Price and Description:
Minimum of $400,000.00 - 2,000,000 Common Shares; Maximum of $600,000.00 - 3,000,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
David Danziger
Project #1787818

Issuer Name:
Aumento Capital III Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated August 18, 2011
NP 11-202 Receipt dated August 18, 2011
Offering Price and Description:
Minimum of $400,000.00 - 2,000,000 Common Shares; Maximum of $600,000.00 - 3,000,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
David Danziger
Project #1787827

Issuer Name:
Base Oil & Gas Ltd.(formerly Torrential Energy Ltd.)
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated August 22, 2011
NP 11-202 Receipt dated August 22, 2011
Offering Price and Description:
$* - * Common Shares issuable on exercise of outstanding Special Warrants Price: $* per Common Share
Price: $0.27 per Special Warrant
Underwriter(s) or Distributor(s):
Dundee Securities Ltd.
Casimir Capital Ltd.
Macquarie Capital Markets Canada Ltd.
NCP Northland Capital Partners Inc.
Promoter(s):
-
Project #1789098

Issuer Name:
Blackheath Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated August 19, 2011
NP 11-202 Receipt dated August 19, 2011
Offering Price and Description:
$2,100,000.00 - 6,000,000 Shares Price: $0.35 per Share
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
James Robertson
Project #1788702

Issuer Name:
BMO Canadian Dividend ETF
BMO Covered Call Dow 30 ETF
BMO Covered Call Utilities ETF
BMO High Beta Canadian Equity ETF
BMO Low Volatility Canadian Equity ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated August 19, 2011
NP 11-202 Receipt dated August 19, 2011
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
BMO Asset Management Inc.
Project #1788366

Issuer Name:
Claymore Silver Bullion Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated August 23, 2011
NP 11-202 Receipt dated August 23, 2011
Offering Price and Description:
$* (* Hedged Units) Maximum $* per Hedged Unit Price: $* per Hedged Unit Maximum Purchase: * Hedged Units
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
HSBC SECURITIES (CANADA) INC.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
MACQUARIE PRIVATE WEALTH INC.
HAYWOOD SECURITIES INC.
MACKIE RESEARCH CAPITAL CORPORATION
ROTHENBERG CAPITAL MANAGEMENT INC.
Promoter(s):
CLAYMORE INVESTMENTS, INC.
Project #1789411

Issuer Name:
Creststreet 2011 (II) FT Québec Class
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated August 19, 2011
NP 11-202 Receipt dated August 19, 2011
Offering Price and Description:
Maximum Offering: $10,000,000.00 (1,000,000 Creststreet 2011 (II) FT Québec Class Units)
Price: $10.00 per Creststreet 2011 (II) FT Québec Class Unit Minimum Purchase: 250 Québec Class Units
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
BMO CAPITAL MARKETS INC.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
HSBC SECURITIES (CANADA) INC.
INDUSTRIAL ALLIANCE SECURITIES INC.
MANULIFE SECURITIES INCORPORATED
Promoter(s):
Creststreet General Partner Limited
Creststreet Asset Management Limited
Project #1788412

Issuer Name:
Creststreet 2011 (II) FT National Class
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated August 19, 2011
NP 11-202 Receipt dated August 19, 2011
Offering Price and Description:
Maximum Offering: $25,000,000.00 (2,500,000 Creststreet 2011 (II) FT National Class Units)
Price: $10.00 per Creststreet 2011 (II) FT National Class Unit Minimum Purchase: 250 National Class Units
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
BMO CAPITAL MARKETS INC.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
HSBC SECURITIES (CANADA) INC.
INDUSTRIAL ALLIANCE SECURITIES INC.
MANULIFE SECURITIES INCORPORATED
Promoter(s):
Creststreet General Partner Limited
Creststreet Asset Management Limited
Project #1788413

Issuer Name:
IA Clarington Global Equity Exposure Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectus dated August 18, 2011
NP 11-202 Receipt dated August 19, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
IA Clarington Investments Inc.
Project #1788508

Issuer Name:
Jarislowsky Fraser Select Balanced Fund
Jarislowsky Fraser Select Canadian Equity Fund
Jarislowsky Fraser Select Income Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectuses dated August 22, 2011
NP 11-202 Receipt dated August 23, 2011
Offering Price and Description:
O Series Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
National Bank Securities Inc.
Project #1789106

Issuer Name:
Marret High Yield Strategies Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated August 18, 2011
NP 11-202 Receipt dated August 18, 2011
Offering Price and Description:
Maximum $* (Maximum* Units) Price: $* per Offered Unit
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
GMP SECURITIES L.P.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
HSBC SECURITIES (CANADA) INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
MACQUARIE PRIVATE WEALTH INC.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #1787869

Issuer Name:
Norrep Short Term Income Fund
Norrep Tactical Opportunities Class
Principal Regulator - Alberta
Type and Date:
Preliminary Simplified Prospectus dated August 18, 2011
NP 11-202 Receipt dated August 18, 2011
Offering Price and Description:
Mutual Fund Series, Series F and Series I Units and Mutual Fund Series, Series F and Series I Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Norrep Inc.
Project #1788073

Issuer Name:
Spara Acquisition One Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated August 19, 2011
NP 11-202 Receipt dated August 22, 2011
Offering Price and Description:
$700,000.00 - 7,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Fin-XO Securities Inc.
Promoter(s):
Jason Sparaga
Project #1788648

Issuer Name:
Symphony Floating Rate Senior Loan Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated August 16, 2011
NP 11-202 Receipt dated August 18, 2011
Offering Price and Description:
Maximum $* (* Units) Price: $10.00 per Class A Unit and US$10.00 per Class U Unit
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
GMP SECURITIES L.P.
HSBC SECURITIES (CANADA) INC.
RAYMOND JAMES LTD.
CANACCORD GENUITY CORP.
MACQUARIE PRIVATE WEALTH INC.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
MACKIE RESEARCH CAPITAL CORPORATION
MANULIFE SECURITIES INCORPORATED
Promoter(s):
BROMPTON FUNDS LIMITED
Project #1787750

Issuer Name:
TransForce Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated August 22, 2011
NP 11-202 Receipt dated August 23, 2011
Offering Price and Description:
$85,000,000.00 - 5.65% Convertible Unsecured Subordinated Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Desjardins Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
Cormark Securities Inc.
Promoter(s):
-
Project #1789266

Issuer Name:
Uranium Energy Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary MJDS Prospectus dated August 19, 2011
NP 11-202 Receipt dated August 19, 2011
Offering Price and Description:
$50,000,000.00:
Common Shares
Debt Securities
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1788636

Issuer Name:
Vanguard Canadian Aggregate Bond Index ETF
Vanguard Canadian Short-Term Bond Index ETF
Vanguard MSCI Canada Index ETF
Vanguard MSCI EAFE Index ETF (CAD-hedged)
Vanguard MSCI Emerging Markets Index ETF
Vanguard MSCI U.S. Broad Market Index ETF (CAD-hedged)
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated August 22, 2011
NP 11-202 Receipt dated August 22, 2011
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Vanguard Investments Canada Inc.
Project #1788883

Issuer Name:
Wi-LAN Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated August 23, 2011
NP 11-202 Receipt dated August 23, 2011
Offering Price and Description:
$200,000,000.00 - 6.00% Extendible Convertible Unsecured Subordinated Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
CIBC World Markets Inc.
Paradigm Capital Inc.
National Bank Financial Inc.
Fraser Mackenzie Limited
NCP Northland Capital Partners Inc.
Promoter(s):
-
Project #1789478

Issuer Name:
Aston Hill Capital Growth Class (Series A, F and I shares) (shares of Aston Hill Corporate Funds Inc.)
Aston Hill Capital Growth Fund (Series A, F and I units)
Aston Hill Global Convertible Bond Class (Series A, F and I shares) (shares of Aston Hill Corporate Funds Inc.)
Aston Hill Global Convertible Bond Fund (Series A, F and I units)
Aston Hill Global Convertible Bond Trust (Series I units)
Aston Hill Global Resource Class (Series A, F and I shares) (shares of Aston Hill Corporate Funds Inc.)
Aston Hill Growth & Income Class (Series A, F and I shares) (shares of Aston Hill Corporate Funds Inc.)
Aston Hill Growth & Income Fund (Series A, F and I units)
Aston Hill Money Market Class (Series A, F and I shares) (shares of Aston Hill Corporate Funds Inc.)
Aston Hill Money Market Fund (Series A, F and I units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated August 11, 2011
NP 11-202 Receipt dated August 19, 2011
Offering Price and Description:
Series A, F and I units
Underwriter(s) or Distributor(s):
Aston Hill Asset Management Inc.
Promoter(s):
Aston Hill Asset Management Inc.
Project #1755111

Issuer Name:
Aston Hill Global Resource Fund
Principal Regulator - Ontario
Type and Date:
Amended and Restated Simplified Prospectus and Annual Information Form dated August 11, 2011 (the amended prospectus) amending and restating the Simplified Prospectus and Annual Information Form of dated June 15, 2011.
NP 11-202 Receipt dated August 19, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Aston Hill Asset Management Inc.
Project #1741789

Issuer Name:
Horizons AlphaPro Dividend ETF
Horizons AlphaPro Global Dividend ETF
Horizons AlphaPro North American Value ETF
Horizons AlphaPro North American Growth ETF
Horizons AlphaPro S&P/TSX 60 Equal Weight Index ETF
Horizons AlphaPro Balanced ETF
Horizons AlphaPro Corporate Bond ETF
Horizons AlphaPro Preferred Share ETF
Horizons AlphaPro Floating Rate Bond ETF
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated July 28, 2011 to the Long Form Prospectus dated January 19, 2011
NP 11-202 Receipt dated August 19, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
ALPHAPRO MANAGEMENT INC.
Project #1674846

Issuer Name:
Horizons AlphaPro Enhanced Income Equity ETF
Principal Regulator - Ontario
Type and Date:
Amendment No. 1 dated July 28, 2011 (amendment no. 1) to the Amended and Restated Long Form Prospectus dated April 4, 2011, amending and restating the prospectus dated March 8, 2011.
NP 11-202 Receipt dated August 18, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
AlphaPro Management Inc.
Project #1689529/1725637

Issuer Name:
Horizons AlphaPro Gartman ETF
Horizons AlphaPro Seasonal Rotation ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 28, 2011 to the Long Form Prospectus dated October 19, 2010
NP 11-202 Receipt dated August 18, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
ALPHAPRO MANAGEMENT INC.
Project #1635224

Issuer Name:
Horizons AlphaPro Tactical Bond ETF
Principal Regulator - Ontario
Type and Date:
Amendment No. 1 dated July 28, 2011 (amendment no. 1) to the Amended and Restated Long Form Prospectus dated April 15, 2011, amending and restating the Long Form Prospectus dated September 24, 2010.
NP 11-202 Receipt dated August 19, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
AlphaPro Management Inc.
Project #1687603/1599229

Issuer Name:
Horizons S&P 500® Index (C$ Hedged) ETF
Principal Regulator - Ontario
Type and Date:
Amendment No. 1 dated July 28, 2011 (amendment no. 1) to the Amended and Restated Long Form Prospectus dated February 14, 2011, amending and restating the Long Form Prospectus dated November 24, 2010.
NP 11-202 Receipt dated August 18, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
BetaPro Management Inc.
Project #1681738/1637099/1577962

Issuer Name:
Horizons S&P 500® Index (C$ Hedged) ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 28, 2011 to the Long Form Prospectus dated March 18, 2010
NP 11-202 Receipt dated August 18, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
BETAPRO MANAGEMENT INC.
Project #1637099, 1577962, 1681738

Issuer Name:
HORIZONS S&P/TSX 60 130/30 Index ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 28, 2011 to the Long Form Prospectus dated February 9, 2011
NP 11-202 Receipt dated August 18, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
ALPHAPRO MANAGEMENT INC.
Project #1680550

_____

Issuer Name:
Trimark Interest Fund (Series SC and Series DSC units)
Trimark U.S. Money Market Fund (Series SC and Series DSC units)
Trimark Advantage Bond Fund (Series A, Series F and Series I units)
Trimark Canadian Bond Fund (Series A, Series F and Series I units)
Trimark Canadian Bond Class (Series P, Series PF, Series PF4 and Series PT4 shares) (Class of
Invesco Corporate Class Inc.) (formerly Trimark Canadian Bond Private Pool)
Trimark Floating Rate Income Fund (Series A, Series F and Series I units)
Trimark Global High Yield Bond Fund (Series A, Series F and Series I units)
Trimark Government Plus Income Fund (Series A, Series F and Series I units)
Trimark Diversified Income Class (Series A, Series F, Series F8, Series I, Series T4, Series T6 and
Series T8 shares) (Class of Invesco Canada Fund Inc.)
Trimark Diversified Yield Class (Series A, Series F, Series P, Series PF, Series PF6, Series PT4,
Series PT6, Series PT8, Series T4, Series T6 and Series T8 shares) (Class of Invesco Corporate
Class Inc.) (formerly Trimark Monthly Income Private Pool)
Trimark Global Balanced Fund (Series A, Series D, Series F, Series H, Series I, Series T4, Series
T6 and Series T8 units)
Trimark Global Balanced Class (Series A, Series F, Series FH, Series H, Series P, Series PF, Series
PH, Series T4, Series T6 and Series T8 shares) (Class of Invesco Corporate Class Inc.)
Trimark Income Growth Fund (Series A, Series SC, Series F, Series I, Series T4, Series T6 and
Series T8 units)
Trimark Select Balanced Fund (Series A, Series F, Series I, Series T4, Series T6 and Series T8
units)
Trimark Canadian Endeavour Fund (Series A, Series F and Series I units)
Trimark Canadian Fund (Series A, Series SC, Series F and Series I units)
Trimark Canadian Class (Series A, Series F, Series I, Series T4, Series T6 and Series T8 shares)
(Class of Invesco Canada Fund Inc.) (formerly Trimark Canadian First Class)
Trimark Canadian Plus Dividend Class (Series A, Series F, Series F4, Series F6, Series F8, Series I,
Series T4, Series T6 and Series T8 shares) (Class of Invesco Corporate Class Inc.)
Trimark Canadian Small Companies Fund (Series A, Series F and Series I units)
Trimark North American Endeavour Class (Series A, Series F and Series I shares) (Class of
Invesco Corporate Class Inc.)
Trimark U.S. Companies Fund (Series A, Series D, Series F, Series H and Series I units)
Trimark U.S. Companies Class (Series A, Series F, Series FH, Series H, Series P, Series PF and
Series PH shares) (Class of Invesco Corporate Class Inc.)
Trimark U.S. Small Companies Class (Series A, Series D, Series F and Series I shares) (Class of
Invesco Corporate class Inc.)
Trimark Europlus Fund (Series A, Series F and Series I units)
Trimark Fund (Series A, Series SC, Series F, Series H, Series I, Series T4, Series T6 and Series T8
units)
Trimark Global Dividend Class (Series A, Series F, Series F4, Series F6, Series F8, Series I, Series
T4, Series T6 and Series T8 shares) (Class of Invesco Corporate Class Inc.)
Trimark Global Endeavour Fund (Series A, Series D, Series F, Series H and Series I units)
Trimark Global Endeavour Class (Series A, Series F, Series H, Series P and Series PF shares)
(Class of Invesco Corporate Class Inc.)
Trimark Global Fundamental Equity Fund (Series A, Series F, Series H, Series I, Series T4, Series
T6 and Series T8 units) (formerly Trimark Select Growth Fund)
Trimark Global Fundamental Equity Class (Series A, Series F, Series FH, Series H, Series I, Series
P, Series PF, Series PH, Series T4, Series T6 and Series T8 shares) (Class of Invesco Corporate
Class Inc.) (formerly Trimark Select Growth Class)
Trimark Global Small Companies Class (Series A, Series F and Series I shares) (Class of Invesco
Corporate Class Inc.)
Trimark International Companies Fund (Series A, Series F and Series I units)
Trimark International Companies Class (Series A, Series F, Series P and Series PF shares) (Class
of Invesco Corporate Class Inc.) (formerly Trimark EAFE Equity Private Pool)
Trimark Energy Class (Series A, Series F and Series I shares) (Class of Invesco Corporate Class
Inc.)
Trimark Resources Fund (Series A, Series F and Series I units)
Invesco Allocation Fund (Series A, Series SC, Series D and Series F units)
Invesco Canada Money Market Fund (Series A, Series DCA and Series DCA Heritage units)
Invesco Short-Term Income Class (Series A, Series B and Series F shares) (Class of Invesco
Corporate Class Inc.)
Invesco Emerging Markets Debt Fund (Series A, Series F and Series I units)

Invesco Canadian Balanced Fund (Series A, Series D, Series F, Series I, Series T4, Series T6 and
Series T8 units)
Invesco Core Canadian Balanced Class (Series A, Series F, Series I, Series T4, Series T6 and
Series T8 shares) (Class of Invesco Canada Fund Inc.)
Invesco Global Balanced Fund (Series A, Series F, Series H and Series I units)
Invesco Canadian Equity Growth Class (Series P and Series PF shares) (Class of Invesco
Corporate Class Inc.) (formerly Invesco Canadian Equity Growth Private Pool)
Invesco Canadian Premier Growth Fund (Series A, Series D, Series F and Series I units)
Invesco Canadian Premier Growth Class (Series A, Series F, Series I, Series T4, Series T6 and
Series T8 shares) (Class of Invesco Canada Fund Inc.)
Invesco Core Canadian Equity Class (Series A, Series F and Series I shares) (Class of Invesco
Canada Fund Inc.)
Invesco Pure Canadian Equity Fund (Series A, Series F and Series I units)
Invesco Pure Canadian Equity Class (Series A, Series F and Series I shares) (Class of Invesco
Corporate Class Inc.)
Invesco Select Canadian Equity Fund (Series A, Series D, Series F, Series I, Series T4, Series T6
and Series T8 units)
Invesco Select Canadian Equity Class (Series A, Series F, Series P and Series PF shares) (Class
of Invesco Corporate Class Inc.) (formerly Invesco Canadian Equity Private Pool)
Invesco Emerging Markets Class (Series A, Series F and Series I shares) (Class of Invesco
Corporate Class Inc.)
Invesco European Growth Class (Series A and Series F shares) (Class of Invesco Corporate Class
Inc.)
Invesco Global Growth Class (Series A, Series F, Series H and Series I shares) (Class of Invesco
Corporate Class Inc.)
Invesco International Growth Fund (Series A, Series F and Series I units)
Invesco International Growth Class (Series A, Series F, Series I, Series P and Series PF shares)
(Class of Invesco Corporate Class Inc.)
Invesco Global Equity Fund (Series A, Series F and Series I units)
Invesco Global Equity Class (Series A, Series F and Series I shares) (Class of Invesco Corporate
Class Inc.)
Invesco Indo-Pacific Fund (Series A, Series F and Series I units)
Invesco Global Real Estate Fund (Series A, Series F, Series I, Series T4, Series T6 and Series T8
units)
PowerShares Tactical Canadian Asset Allocation Fund (Series A, Series F, Series T6 and Series
T8 units)
PowerShares 1-5 Year Laddered Corporate Bond Index Fund (Series A, Series F and Series I
units)
PowerShares High Yield Corporate Bond Index Fund (Series A, Series F and Series I units)
PowerShares Real Return Bond Index Fund (Series A, Series F and Series I units)
PowerShares Tactical Bond Capital Yield Class (Series A, Series F, Series F4, Series F6, Series I,
Series T4 and Series T6 shares) (Class of Invesco Corporate Class Inc.)
PowerShares Tactical Bond Fund (Series A, Series F and Series I units)
PowerShares Canadian Dividend Index Class (Series A, Series F and Series I shares) (Class of
Invesco Corporate Class Inc.)
PowerShares Canadian Preferred Share Index Class (Series A, Series F and Series I shares)
(Class of Invesco Corporate Class Inc.)
PowerShares Diversified Yield Fund (Series A, Series F, Series T6 and Series T8 units)
PowerShares Global Dividend Achievers Fund (Series A and Series F units)
PowerShares FTSE RAFI® Canadian Fundamental Index Class (Series A, Series F and Series I
shares) (Class of Invesco Corporate Class Inc.)
PowerShares FTSE RAFI® Emerging Markets Fundamental Class (Series A and Series F shares)
(Class of Invesco Corporate Class Inc.)
PowerShares FTSE RAFI® Global+ Fundamental Fund (Series A and Series F units)
PowerShares FTSE RAFI® U.S. Fundamental Fund (Series A and Series F units)
PowerShares Global Agriculture Class (Series A and Series F shares) (Class of Invesco Corporate
Class Inc.)
PowerShares Global Clean Energy Class (Series A and Series F shares) (Class of Invesco
Corporate Class Inc.)
PowerShares Global Gold and Precious Metals Class (Series A and Series F shares) (Class of
Invesco Corporate Class Inc.)
PowerShares Global Water Class (Series A and Series F shares) (Class of Invesco Corporate
Class Inc.)
PowerShares Golden Dragon China Class (Series A and Series F shares) (Class of Invesco
Corporate Class Inc.)
PowerShares India Class (Series A and Series F shares) (Class of Invesco Corporate Class Inc.)
PowerShares QQQ Class (Series A and Series F shares) (Class of Invesco Corporate Class Inc.)
Invesco Intactive Diversified Income Portfolio (Series A, Series F, Series I, Series P, Series PF,
Series T4 and Series T6 units)
Invesco Intactive Diversified Income Portfolio Class (Series A, Series F, Series P, Series PF, Series
T4 and Series T6 shares) (Class of Invesco Corporate Class Inc.)
Invesco Intactive Balanced Income Portfolio (Series A, Series F, Series I, Series P, Series PF,
Series T4 and Series T6 units)
Invesco Intactive Balanced Income Portfolio Class (Series A, Series F, Series P, Series PF, Series
T4 and Series T6 shares) (Class of Invesco Corporate Class Inc.)

Invesco Intactive Balanced Growth Portfolio (Series A, Series F, Series I, Series P, Series PF,
Series T4, Series T6 and Series T8 units)
Invesco Intactive Balanced Growth Portfolio Class (Series A, Series F, Series P, Series PF, Series
T4, Series T6 and Series T8 shares) (Class of Invesco Corporate Class Inc.)
Invesco Intactive Growth Portfolio (Series A, Series F, Series I, Series P, Series PF, Series T4,
Series T6 and Series T8 units)
Invesco Intactive Growth Portfolio Class (Series A, Series F, Series P, Series PF, Series T4, Series
T6 and Series T8 shares) (Class of Invesco Corporate Class Inc.)
Invesco Intactive Maximum Growth Portfolio (Series A, Series F, Series I, Series P, Series PF,
Series T4, Series T6 and Series T8 units)
Invesco Intactive Maximum Growth Portfolio Class (Series A, Series F, Series P, Series PF, Series
T4, Series T6 and Series T8 shares) (Class of Invesco Corporate Class Inc.)
Invesco Intactive 2023 Portfolio (Series A, Series F, Series I and Series P units)
Invesco Intactive 2028 Portfolio (Series A, Series F, Series I and Series P units)
Invesco Intactive 2033 Portfolio (Series A, Series F, Series I and Series P units)
Invesco Intactive 2038 Portfolio (Series A, Series F, Series I and Series P units)
Principal Regulator - Ontario

Type and Date:
Amendment #1 dated August 18, 2011 to the Simplified Prospectuses dated July 29, 2011
NP 11-202 Receipt dated August 22, 2011

Offering Price and Description:
Series A, Series F, Series I, Series P, Series PF, Series T4, Series T6 and Series T8 @ Net Asset Value

Underwriter(s) or Distributor(s):
-

Promoter(s):
Invesco Canada Ltd.
Invesco Trimark Ltd.

Project #1760534

Issuer Name:
Class A, F and I Units of:
JOV BOND FUND
JOV LEON FRAZER DIVIDEND FUND
Offering Class A, F, I and T Units of:
JOV LEON FRAZER PREFERRED EQUITY FUND
JOV CONSERVATIVE ETF PORTFOLIO
JOV INCOME & GROWTH ETF PORTFOLIO
JOV GROWTH ETF PORTFOLIO
Principal Regulator - Ontario

Type and Date:
Amendment #1 dated August 4, 2011 to the Simplified Prospectuses and Annual Information Form dated May 17, 2011
NP 11-202 Receipt dated August 18, 2011

Offering Price and Description:
-

Underwriter(s) or Distributor(s):
-

Promoter(s):
JovFinancial Solutions Inc.

Project #1727010

Issuer Name:
Jov Canadian Equity Class
Principal Regulator - Ontario

Type and Date:
Amendment #1 dated August 4, 2011 to the Simplified Prospectus and Annual Information Form dated April 30, 2011
NP 11-202 Receipt dated August 18, 2011

Offering Price and Description:
-

Underwriter(s) or Distributor(s):
-

Promoter(s):
-

Project #1712376

Issuer Name:
Mackenzie Universal International Stock Class
(Series A, E, F, J, O, T6 and T8)
Mackenzie Universal International Stock Fund
(Series A, F, I and O)
Mackenzie Focus Canada Fund
(Series A, F and O)
Mackenzie Focus Far East Class
(Series A, F and O)
Mackenzie Focus International Class
(Series A, F, O and T8)
Mackenzie Focus Japan Class
(Series A, F and O)
Principal Regulator - Ontario
Type and Date:
Amendment #5 dated August 12, 2011 to the Simplified Prospectuses and Annual Information Form dated November 3, 2010
NP 11-202 Receipt dated August 19, 2011
Offering Price and Description:
Series A, E, F, J, O, T6 & T8 @ Net Asset Value
Underwriter(s) or Distributor(s):
Quadrus Investment Services Ltd.
Promoter(s):
Mackenzie Financial Corporation
Project #1638629

Issuer Name:
Madison Capital Corporation
Principal Regulator - Alberta
Type and Date:
Final CPC Prospectus dated August 18, 2011
NP 11-202 Receipt dated August 23, 2011
Offering Price and Description:
Minimum Offering: $500,000.00 (5,000,000 Common Shares); Maximum Offering: $600,000.00 (6,000,000 Common shares) Price: $0.10 per common share
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Promoter(s):
Theodore (Ted) J.A. Rousseau
Project #1770817

Issuer Name:
Advisor Series, Series B, Series D, Series F, Series FT6, Series I, Series IT, Series T5, Series T6
and Series T8 Securities (as indicated) of:
Manulife Leaders Balanced Growth Portfolio (Advisor Series, Series F, Series I, Series IT and T6
Securities)
Manulife Leaders Balanced Income Portfolio (Advisor Series, Series F, Series I, Series IT and T5
Securities)
Manulife Leaders Opportunities Portfolio (Advisor Series, Series F, Series I, Series IT and T6
Securities)
Manulife Simplicity Conservative Portfolio (Advisor Series, Series F and Series I Securities)
Manulife Simplicity Moderate Portfolio (Advisor Series, Series F and Series I Securities)
Manulife Simplicity Balanced Portfolio (Advisor Series, Series F, Series I, Series IT and T6
Securities)
Manulife Simplicity Global Balanced Portfolio (Advisor Series, Series F, Series I, Series IT and T6
Securities)
Manulife Simplicity Growth Portfolio (Advisor Series, Series F, Series I, Series IT and T8
Securities)
Manulife Simplicity Aggressive Portfolio (Advisor Series, Series F and Series I Securities)
Manulife Canadian Opportunities Balanced Fund (Advisor Series, Series F and Series I Securities)
Manulife Canadian Opportunities Fund (Advisor Series, Series F and Series I Securities)
Manulife European Opportunities Fund (Advisor Series, Series F and Series I Securities)
Manulife Global Opportunities Balanced Fund (Advisor Series, Series F and Series I Securities)
Manulife Global Opportunities Fund (Series I Securities)
Manulife Growth Opportunities Fund (Advisor Series, Series F and Series I Securities)
Manulife U.S. Opportunities Fund (Advisor Series, Series F and Series I Securities)
Manulife Yield Opportunities Fund (Advisor Series, Series F and Series I Securities)
Manulife Advantage Fund (Advisor Series, Series F and Series I Securities)
Manulife Advantage Fund II (Advisor Series, Series F and Series I Securities)
Manulife American Advantage Fund (Advisor Series, Series F and Series I Securities)
Manulife Canadian Focused Fund (Advisor Series, Series F and Series I Securities)
Manulife Diversified Canada Fund (Advisor Series, Series F and Series I Securities)
Manulife Global Advantage Fund (Advisor Series, Series F, Series I and Series T5 Securities)
Manulife Global Focused Balanced Fund (Advisor Series, Series F and Series I Securities)
Manulife Global Focused Fund (Advisor Series, Series F and Series I Securities)
Manulife Canadian Value Fund (Advisor Series, Series F, Series I, Series IT and T8 Securities)
Manulife Dividend Fund (Advisor Series, Series F, Series I, Series IT and T6 Securities)

Manulife Global Dividend Income Fund (Advisor Series, Series F, Series I, Series IT, FT6 Series and T6 Securities)
Manulife Global Monthly Income Fund (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife International Dividend Income Fund (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife International Value Equity Fund (Advisor Series, Series F and Series I Securities)
Manulife Monthly High Income Fund (Advisor Series, Series B, Series F, Series I, Series IT and T6 Securities)
Manulife Small Cap Value Fund (Series I Securities)
Manulife U.S. All Cap Equity Fund (Advisor Series, Series F and Series I Securities)
Manulife U.S. Large Cap Equity Fund (Advisor Series, Series F and Series I Securities)
Manulife Value Balanced Fund (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife Value Fund (Advisor Series, Series F and Series I Securities)
Manulife Canadian Balanced Growth Fund (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife Canadian Core Fund (Advisor Series, Series F, Series I, Series IT and T8 Securities)
Manulife Canadian Equity Fund (Advisor Series, Series F, Series I, Series IT and T8 Securities)
Manulife Canadian Growth Fund (Series I Securities)
Manulife Sector Rotation Fund (Advisor Series and Series F Securities)
Manulife U.S. Mid-Cap Fund (Advisor Series, Series F and Series I Securities)
Manulife Canadian Balanced Fund (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife Canadian Investment Fund (Series I Securities)
Manulife Diversified Investment Fund (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife Global Small Cap Balanced Fund (Advisor Series, Series F and Series I Securities)
Manulife Global Small Cap Fund (Advisor Series, Series F and Series I Securities)
Manulife Tax-Managed Growth Fund (Advisor Series, Series F and Series I Securities)
Manulife U.S. Equity Fund (Advisor Series, Series F and Series I Securities)
Manulife World Investment Fund (Series I Securities)
Manulife Asia Total Return Bond Fund (Advisor Series, Series F and Series I Securities)
Manulife Bond Fund (Advisor Series, Series F and Series I Securities)
Manulife Canadian Bond Fund (Advisor Series, Series F and Series I Securities)
Manulife Canadian Bond Plus Fund (Advisor Series, Series F and Series I Securities)
Manulife Canadian Universe Bond Fund (Series F and Series I Securities)
Manulife Corporate Bond Fund (Advisor Series, Series F and Series I Securities)
Manulife Diversified Income Portfolio (formerly Manulife Simplicity Income Portfolio) (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife Dollar-Cost Averaging Fund (Advisor Series Securities)
Manulife Emerging Markets Debt Fund (Advisor Series, Series F and Series I Securities)
Manulife Floating Rate Income Fund (Advisor Series, Series F and Series I Securities)
Manulife High Yield Bond Fund (Advisor Series, Series F and Series I Securities)
Manulife Investment Savings Fund (Advisor Series and Series F Securities)
Manulife Money Fund (Advisor Series, Series D, Series F and Series I Securities)
Manulife Preferred Income Fund (Advisor Series, Series F and Series I Securities)
Manulife Short Term Bond Fund (Advisor Series, Series F and Series I Securities)
Manulife Strategic Income Fund (Advisor Series, Series F and Series I Securities)
Manulife Diversified Strategies Fund (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife Emerging Markets Balanced Fund (Advisor Series, Series F and Series I Securities)
Manulife Emerging Markets Equity Fund (formerly Manulife Emerging Markets Fund) (Advisor Series, Series F and Series I Securities)
Manulife Global Infrastructure Fund (Advisor Series, Series F and Series I Securities)
Manulife Global Natural Resources Fund (Advisor Series, Series F and Series I Securities)
Manulife Global Real Estate Fund (Advisor Series, Series F and Series I Securities)
Manulife Leaders Balanced Growth Class* (Advisor Series, Series F, Series I and Series T6 Securities)
Manulife Leaders Balanced Income Class* (Advisor Series, Series F, Series I and Series T5 Securities)
Manulife Leaders Opportunities Class* (Advisor Series, Series F, Series I and Series T6 Securities)
Manulife Canadian Opportunities Balanced Class* (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife Canadian Opportunities Class* (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife Global Opportunities Balanced Class* (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife Global Opportunities Class* (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife Growth Opportunities Class* (Advisor Series, Series F and Series I Securities)
Manulife U.S. Opportunities Class* (Advisor Series, Series F and Series I Securities)
Manulife Yield Opportunities Class* (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife Advantage II Class* (Advisor Series, Series F and Series I Securities)

Manulife Canadian Focused Class* (Advisor Series, Series F and Series I Securities)
Manulife Diversified Canada Class* (Advisor Series, Series F and Series I Securities)
Manulife Global Focused Class* (Advisor Series, Series F and Series I Securities)
Manulife Canadian Value Class* (Advisor Series, Series F and Series I Securities)
Manulife Canadian Large Cap Value Class* (Advisor Series, Series F and Series I Securities)
Manulife Dividend Class* (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife International Value Class* (Advisor Series, Series F and Series I Securities)
Manulife International Value Equity Class* (Advisor Series, Series F and Series I Securities)
Manulife Monthly High Income Class* (Advisor Series, Series F, Series I and T6 Securities)
Manulife U.S. All Cap Equity Class* (Advisor Series, Series F and Series I Securities)
Manulife U.S. Large Cap Equity Class* (Advisor Series, Series F and Series I Securities)
Manulife Value Balanced Class* (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife Canadian Core Class* (Advisor Series, Series F and Series I Securities)
Manulife Canadian Equity Class* (Advisor Series, Series F and Series I Securities)
Manulife Global Leaders Class* (Advisor Series, Series F and Series I Securities)
Manulife Canadian Investment Class* (Advisor Series, Series F and Series I Securities)
Manulife Global Equity Class* (Advisor Series, Series F and Series I Securities)
Manulife World Investment Class* (Advisor Series, Series F, Series I and T6 Securities)
Manulife Floating Rate Income Class* (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife Short Term Yield Class* (Advisor Series, Series F and Series I Securities)
Manulife Strategic Income Class* (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife Structured Bond Class* (Advisor Series, Series F and Series T6 Securities)
Manulife Total Yield Class* (Advisor Series, Series F, Series I, Series IT and T6 Securities)
Manulife Asia Equity Class* (Advisor Series, Series F and Series I Securities)
Manulife China Class* (Advisor Series, Series F and Series I Securities)
Manulife Emerging Markets Equity Class* (Advisor Series, Series F and Series I Securities)
Manulife Global Infrastructure Class* (Advisor Series, Series F and Series I Securities)
Manulife Global Real Estate Class* (Advisor Series, Series F and Series I Securities)
Manulife Japan Class* (Advisor Series, Series F and Series I Securities)
Manulife Leveraged Company Class* (Advisor Series, Series F and Series I Securities)
(*Shares of Manulife Investment Exchange Funds Corp.)
Principal Regulator - Ontario

Type and Date:
Final Simplified Prospectuses dated August 19, 2011
NP 11-202 Receipt dated August 23, 2011
Offering Price and Description:
Advisor Series, Series B, Series D, Series F, Series FT6, Series I, Series IT, Series T5, Series T6 and Series T8 @ Net Asset Value
Underwriter(s) or Distributor(s):
Manulife Asset Management Limited
Elliott & Page Limited
Promoter(s):
Manulife Asset Management Limited
Project #1771558

Issuer Name:
UI Capital Inc.
Principal Regulator - Quebec
Type and Date:
Final CPC Prospectus dated August 19, 2011
NP 11-202 Receipt dated August 22, 2011
Offering Price and Description:
MINIMUM OFFERING: $500,000.00 or 1,000,000 Common Shares; MAXIMUM OFFERING: $600,000.00 or 1,200,000 Common Shares - PRICE: $0.50 per Common Share
Underwriter(s) or Distributor(s):
MACQUARIE PRIVATE WEALTH INC.
Promoter(s):
-
Project #1748674

Issuer Name:
Volta Resources Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated August 22, 2011
NP 11-202 Receipt dated August 22, 2011
Offering Price and Description:
$40,000,700.00 - 21,053,000 Common Shares Issuable on Exercise of 21,053,000 Special Warrants
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.
Jennings Capital Inc
M Partners Inc.
Promoter(s):
-
Project #1781982

Issuer Name:
Webb Enhanced Growth Fund
Webb Enhanced Income Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated August 16, 2011
NP 11-202 Receipt dated August 22, 2011
Offering Price and Description:
Series A, F and I Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Webb Asset Management Canada, Inc.
Project #1754913

_____

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: USC Education Savings Plans Inc./USC Regimes D'Epargne-Etudes Inc. To: Knowledge First Financial Inc./ La premiere financiere du savoir Inc.	Investment Fund Manager and Scholarship Plan Dealer	August 9, 2011
Change in Registration Category	Redwood Asset Management Inc.	From: Exempt Market Dealer To: Exempt Market Dealer and Investment Fund Manager	August 17, 2011
Change in Registration Category	Northwest & Ethical Investments L.P.	From: Portfolio Manager To: Portfolio Manager and Investment Fund Manager	August 17, 2011
New Registration	Samara Capital Inc.	Portfolio Manager Exempt Market Dealer Investment Fund Manager	August 17, 2011
New Registration	Trafalgar Associates Limited	Exempt Market Dealer	August 19, 2011
Name Change	From: Family Wealth Advisors Ltd. To: Certika Investments Ltd.	Mutual Fund Dealer	August 22, 2011

This page intentionally left blank

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 Notice of Commission Approval – IIROC UMIR Amendments Relating to Market Maker, Odd Lot and Other Marketplace Trading Obligations

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROVISIONS RESPECTING MARKET MAKER, ODD LOT AND OTHER MARKETPLACE TRADING OBLIGATIONS

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved proposed amendments to the Universal Market Integrity Rules (UMIR). In addition, the British Columbia Securities Commission did not object to, and the Alberta Securities Commission, the Autorité des marchés financiers, the Saskatchewan Financial Services Commission, the Nova Scotia Securities Commission and the New Brunswick Securities Commission approved the proposed amendments. The objective of the amendments is to make changes to UMIR that would replace the definition of "Market Maker Obligations" with "Marketplace Trading Obligations". The new definition would differ from the current definition in two material respects.

The proposed amendments were published for comment on April 23, 2010, at (2010) 33 OSCB 3865, and one comment was received. A summary of the comment and IIROC's response and a copy of the approved amendments are included in Chapter 13 of this Bulletin.

NOTICE OF COMMISSION APPROVAL – PROVISIONS RESPECTING MARKET MAKER, ODD LOT AND OTHER MARKETPLACE TRADING OBLIGATIONS

11-0251
August 26, 2011

Provisions Respecting Market Maker, Odd Lot and Other Marketplace Trading Obligations

Summary

This IIROC Notice provides notice that, on August 26, 2011, the applicable securities regulatory authorities approved amendments ("Amendments") to the Universal Market Integrity Rules ("UMIR") respecting market maker, odd lot and other marketplace trading obligations ("Marketplace Trading Obligations").[1] In particular, the Amendments which are **effective August 26, 2011**:

- replace the definition of "Market Maker Obligations" with a definition of "Marketplace Trading Obligations" that:
    - includes contractual arrangements between a marketplace and a member, user or subscriber to that marketplace to guarantee the execution of orders for purchase or sale of a security that are for less than one standard trading unit by means of orders for the member, user or subscriber being automatically generated by the trading system of the marketplace, and
    - allows Exchanges and QTRSs to have Marketplace Rules that provide for either an obligation to maintain reasonably continuous two-sided market or a guarantee of execution of orders which are less than a minimum number of units of the security as designated by the marketplace; and
- make a number of editorial changes to various Rules to reflect the replacement of the definition of "Market Maker Obligations" with "Marketplace Trading Obligations".

Summary of the Amendments

The following is a summary of the principal components of the Amendments:

Definition of "Marketplace Trading Obligations"

The Amendments replace the definition of "Market Maker Obligations" with a definition of "Marketplace Trading Obligations". The new definition is different from the previous definition of "Market Maker Obligations" in two material respects.

The definition of "Market Maker Obligations" required that an Exchange or QTRS obligate the person to guarantee a two-sided market **and** guarantee the execution of any order which is less than a minimum number of units of the security as designated by the Exchange or QTRS. The Amendments allow more flexibility for an Exchange or a QTRS to structure their market maker system by permitting a market maker to be obligated to provide either one or both functions.

The Amendments recognize that a marketplace (be it an Exchange, QTRS or ATS) might introduce elements of a market making system by means of a contract between the marketplace and a member, user or subscriber to guarantee the execution of "odd lot" orders, being orders for less than one standard trading unit[2]. However, the "odd lot" orders for the member, user or subscriber must be automatically generated by the trading system of the marketplace.

---

1 Reference should be made to IIROC Notice 10-0113 – Rules Notice – Request for Comments – UMIR – *Provisions Respecting Market Maker, Odd Lot and Other Marketplace Trading Obligations* (April 23, 2010) with which the proposed amendments were published for public comment. There has been no change in the text of the Amendments from the proposed amendments set out in that notice.

2 For the purposes of UMIR, a standard trading unit is: 100 units of a security trading at $1.00 or more per unit; 500 units of a security trade at $0.10 or more per unit and less than $1.00 per unit; and 1,000 units of a security trading at less than $0.10 per unit. An "odd lot" order qualifies as a "Special Terms Order" which does not establish the best ask price or the best bid price and, upon execution, does not establish the last sale price.

Protections and Exemptions for Persons with Marketplace Trading Obligations

The Amendments extend certain protections under UMIR and certain exemptions from the requirements of UMIR that were previously applicable to persons with "Market Maker Obligations" to persons with "Marketplace Trading Obligations". In particular:

Consequential Amendments

With the replacement of the definition of "Market Maker Obligations" with "Marketplace Trading Obligations", there was a need to conform the language used in various provisions of UMIR including:

- Rule 1.1 – Definitions (definition of "dealer-restricted person");
- Policy 2.1 – Just and Equitable Principles;
- Rule 2.2 – Manipulative and Deceptive Activities;
- Rule 3.1 – Restrictions on Short Selling;
- Rule 3.2 – Prohibition on Entry of Orders;
- Rule 5.3 – Client Priority; and
- Rule 7.7 and Policy 7.7 – Trading During Certain Securities Transactions.

Prior to the approval of the Amendments, IIROC had, on an informal basis, allowed subscribers with "odd lot" obligations to use various exemptions under UMIR which were available to persons with "Market Maker Obligations". IIROC permitted this since at least one ATS was allowed by the securities regulatory authorities to introduce an odd-lot arrangement which requires participating subscribers who are Participants to execute at the prevailing market price executable orders for less than one standard trading unit.

Rule 2.1 - Prohibition on the Abuse of Persons with Market Maker Obligations

Rule 2.1 of UMIR requires each Participant and Access Person to transact business openly and fairly when trading on a marketplace. Without limiting the generality of the Rule, Policy 2.1 sets out a number of examples of activities that would be considered to be in violation of requirements to conduct business openly and fairly, including a provision to prevent "abuse of a person with Marketplace Trading Obligations". Under clause (d) of Part 1 of Policy 2.1, a Participant or Access Person may not, when trading a security on a marketplace that is subject to Marketplace Trading Obligations, intentionally enter on that marketplace on a particular trading day two or more orders which would impose an obligation on the person with Marketplace Trading Obligations to:

- execute with one or more of the orders, or
- purchase at a higher price or sell at a lower price with one or more of the orders

in accordance with the Marketplace Trading Obligations that would not be imposed on that person if the orders had been entered on the marketplace as a single order or entered at the same time. In essence, this provision stipulates that an order cannot be "shredded" to intentionally trigger the Marketplace Trading Obligation to fill the "shredded portions" of the order.

Rule 2.2 – Manipulative and Deceptive Activities

Rule 2.2 of UMIR provides that a Participant or Access Person shall not, directly or indirectly, engage in or participate in the use of any manipulative or deceptive method, act or practice in connection with any order or trade on a marketplace if the Participant or Access Person knows or ought reasonably to know the nature of the method, act or practice. In addition, a Participant or Access Person shall not, directly or indirectly, enter an order or execute a trade on a marketplace if the Participant or Access Person knows or ought reasonably to know that the entry of the order or the execution of the trade will create or could reasonably be expected to create:

- a false or misleading appearance of trading activity in or interest in the purchase or sale of the security; or
- an artificial ask price, bid price or sale price for the security or a related security.

The Rule also confirms that the entry of an order or the execution of a trade on a marketplace by a person in accordance with the Marketplace Trading Obligations shall not be considered a violation of prohibitions on manipulative and deceptive activities provided such order or trade complies with applicable Marketplace Rules or marketplace requirements and the order or trade was required to fulfill applicable Marketplace Trading Obligations.

Rule 3.1 - Restrictions on Short Selling

Rule 3.1 provides that a short sale may not be made at a price which is less than the last sale price for that security.[3] A person with Marketplace Trading Obligations is exempt from this restriction in respect of a sale made in furtherance of their Marketplace Trading Obligations. The exemption is necessary to ensure that a person with an obligation to maintain a two-side market is able to do so. In addition, the trading system of the marketplace will automatically generate certain sell orders to match against orders to purchase less than a standard trading unit or other "minimum guaranteed size" and these automatically generated trades could be short sales. In these circumstances, the person with Marketplace Trading Obligations does not have any discretion in undertaking the trade and, as such, the trade is not being undertaken with the intent to negatively affect market prices. However, if a person with Marketplace Trading Obligations enters a short sale for a particular security that is outside their Marketplace Trading Obligations, the order will be subject to any applicable restrictions on the price at which the short sale may be made.

Rule 3.2 – Prohibition on Entry of Orders

Rule 3.2 of UMIR provides that an order may not be entered on a marketplace that would on execution be a short sale unless the order has been marked as a "short sale". The Rule also prohibits the entry of a short sale order if the security has been designated as a "Short Sale Ineligible Security".[4] Persons with Marketplace Trading Obligations are exempted from the marking requirement for orders which are automatically generated by the trading system of a marketplace in respect of the Marketplace Trading Obligations of that marketplace. Persons with Marketplace Trading Obligations are also given an exemption to be able to make a short sale in a security that has been designated as a "Short Sale Ineligible Security" provided such sale is made in furtherance of the Marketplace Trading Obligations.

Rule 5.3 – Client Priority

Rule 5.3 provides that a Participant may not knowingly execute a principal or non-client order in priority to a client order on the same side of the market at the same or better price than the client order. An exemption is provided for orders of a person with Marketplace Trading Obligations if the order is automatically generated by the trading system of a marketplace in respect of the Marketplace Trading Obligations of that marketplace. As the orders are being generated without the intervention of the Participant, such orders are not considered to be an attempt to trade ahead of a client order.

Rule 7.7 – Trading During Certain Securities Transactions

Rule 7.7 restricts the price at which a "dealer-restricted person", generally a Participant involved in certain securities transactions that involve the issuance of treasury securities and for which the Participant acts as an underwriter, adviser or agent, may bid for or purchase a "restricted security" at various times during the transaction. An exemption is provided for persons with Marketplace Trading Obligations to allow them to fulfill their obligations as market makers, including their ability to cover a short position resulting from sales made under their Marketplace Trading Obligations.

Summary of the Impact of the Amendments

The following is a summary of the most significant impacts of the adoption of the Amendments:

- confirm that the "abuse" of an odd-lot dealer is a violation of the requirement to conduct trading openly and fairly;
- confirm that Participants with contractual odd-lot arrangements are able to rely on various exemptions in UMIR principally related to short selling, client priority and trading during certain securities transactions; and
- provide marketplaces with more flexibility in structuring their market making systems by:

[3] IIROC has proposed the repeal of Rule 3.1. See IIROC Notice 11-0075 – Rules Notice – Request for Comments – UMIR – *Provisions Respecting Regulation of Short Sales and Failed Trades* (February 25, 2011).

[4] For more details on Rule 3.2, reference should be made to IIROC Notice 08-0143 – Rules Notice – Notice of Approval – UMIR – *Provisions Respecting Short Sales and Failed Trades* (October 15, 2008).

- o allowing Exchanges and QTRSs to have Marketplace Rules that provide for an obligation to maintain reasonably continuous two-sided market and/or a guarantee of execution of orders which are less than a minimum number of units, or

- o allowing marketplaces (including an Exchange or QTRS) to provide for an odd-lot arrangement by a contract.

Exemption from the Payment of Regulation Fees

IIROC has provided an exemption of trades made on a marketplace pursuant to Market Maker Obligations from the payment of the Market Regulation Fee charged by IIROC (the "Exemption").[5] Since October 1, 2004, the Exemption provides a 70% reduction of the Market Regulation Fee that would otherwise be payable by market makers in respect of such trades.

The exemption is limited to market makers who are:

- obligated to provide both a reasonably continuous two-sided market **and** to execute trades in amounts less than a specified minimum number;[6] and

- required to perform a regulatory function which relates principally to the "gatekeeper" obligations to monitor for unusual trading patterns in their securities of responsibility and a positive obligation to report such anomalous trading activity to IIROC and to provide assistance to IIROC in the review and investigation of the trading.

The presence of the obligation to provide a continuous or reasonably continuous two-sided market assists in maintaining a fair and orderly market which is one of the cornerstones of market integrity. The inclusion of the requirement of maintaining a two-sided market contributes to a reduction of the overall cost of regulating trading on that marketplace and to minimizing the cost of regulation of all marketplaces on which the security is traded.

The replacement of the definition of "Market Maker Obligations" with "Marketplace Trading Obligations" will not extend the Exemption to trades involving odd-lot arrangements on an ATS as Participants undertaking odd-lot arrangements on a marketplace are not required to perform a regulatory function. Market Makers who perform a regulatory function and who also have other market maker obligations, including responsibilities for odd-lot trades, will continue to qualify for the Exemption in respect of such odd-lot trades.

IIROC has proposed to replace the existing Market Regulation Fee model which allocates the costs of market regulation based on volume traded with a new model that will recover information technology costs of the surveillance system based on the number of messages processed by the surveillance system and recover other market regulation costs based on the number of trades.[7] Under the proposed new Market Regulation Fee model, which is subject to approval by the applicable securities regulatory authorities and has a proposed effective date of April 1, 2012, there would be no discount in the number of messages generated by market makers for the purpose of calculating the recovery of information technology costs but the number of trades by market makers would be discounted by 70% for the purposes of calculating the recovery of other market regulation costs. Under the proposed Regulation Fee Model, there is no change in the qualifications which a market maker must meet in order to be entitled to the discount.

Appendices

- Appendix "A" sets out the text of the Amendments to UMIR respecting Market Maker, Odd Lot and Other Marketplace Trading Obligations; and

- Appendix "B" sets out a summary of the comment letter received in response to the Request for Comments on the proposed amendments as set out in IIROC Notice 10-0113 – Rules Notice – Request for Comments – UMIR – *Provisions Respecting Market Maker, Odd Lot and Other Marketplace Trading Obligations* (April 23, 2010). Appendix "B" also sets out the response of IIROC to the comment received and provides additional commentary on the Amendments. Appendix "B" contains the text of the relevant provisions of the Rules and Policies as they read following the adoption of the Amendments. There have been no changes in the text of the Amendments from the proposed amendments set out in IIROC Notice 10-0113

---

5 Market Integrity Notice 2004-028 – Guidance - *Revised Exemption of Trades Pursuant to Market Maker Obligations from Payment of Regulation Fees* (October 6, 2004).

6 Under the Amendments, a "market maker" in accordance with the rules of an Exchange or QTRS who performs only one of the functions of providing a reasonably continuous two-sided market and execution of trades in amounts less than a specified minimum number will be entitled to protections and exemptions available under UMIR for persons with Marketplace Trading Obligations but such persons will not receive the Exemption.

7 For more information on the proposed new model, see IIROC Notice 11-0125 – Administrative Notice – Request for Comments – *Republication of Market Regulation Fee Model* (April 14, 2011).

Appendix "A"

Provisions Respecting Market Maker, Odd Lot and Other Marketplace Trading Obligations

The Universal Market Integrity Rules are hereby amended as follows:

1. Rule 1.1 is amended by:

   (a) in the definition of "dealer-restricted person", deleting the phrase "Market Maker Obligations" and substituting "Marketplace Trading Obligations";

   (b) deleting the definition of "Market Maker Obligations"; and

   (c) inserting the following definition of "Marketplace Trading Obligations":
   "Marketplace Trading Obligations" means obligations imposed by:

      (a) Marketplace Rules on a member or user or a person employed by a member or user to guarantee:

         (i) a two-sided market for a particular security on a continuous or reasonably continuous basis, or

         (ii) the execution of orders for the purchase or sale of a particular security which are less than a minimum number of units of the security as designated by the marketplace; or

      (b) contract between a marketplace and a member, user or subscriber to guarantee the execution of orders for the purchase or sale of a particular security which are less than a minimum number of units of the security as stipulated by the terms of the contract provided such number is less than one standard trading unit and the orders for the member, user or subscriber are automatically generated by the trading system of the marketplace.

2. Subsection (3) of Rule 2.2 is amended by:

   (a) inserting after the phrase "Marketplace Rules" the phrase "or terms of the contract with the marketplace"; and

   (b) deleting each occurrence of the phrase "Market Maker Obligations" and substituting "Marketplace Trading Obligations".

3. Clause (b) of subsection (2) of Rule 3.1 is deleted and the following substituted:

      (b) made in furtherance of the Marketplace Trading Obligations of that marketplace.

4. Subsection (2) of Rule 3.2 is amended by:

   (a) deleting the phrase "an Exchange or QTRS in accordance with the Marketplace Rules" and inserting "a marketplace"; and

   (b) deleting the phrase "applicable Market Maker Obligations" and substituting "Marketplace Trading Obligations of that marketplace".

5. Clause (a) of subsection (3) of Rule 3.2 is deleted and the following substituted:

      (a) in furtherance of the Marketplace Trading Obligations of that marketplace.

6. Subclause (i) of clause (b) of subsection (2) of Rule 5.3 is deleted and the following substituted:

      (i) automatically generated by the trading system of a marketplace in respect of the Marketplace Trading Obligations of that marketplace.

7. Subsection (7) of Rule 7.7 is deleted and the following substituted:

      (7) **Transactions by Person with Marketplace Trading Obligations -** Despite subsection (1), a dealer-restricted person with Marketplace Trading Obligations for a restricted security may, for their trading account in respect of such Marketplace Trading Obligations:

(a) with the prior approval of a Market Integrity Official, enter a bid to move the calculated opening price of a restricted security to a more reasonable level;

(b) purchase a restricted security pursuant to their Marketplace Trading Obligations; and

(c) bid for or purchase a restricted security:

(i) that is traded on another marketplace or foreign organized regulated market for the purpose of matching a higher-priced bid posted on such marketplace or foreign organized regulated market,

(ii) that is convertible, exchangeable or exercisable into another listed security for the purpose of maintaining an appropriate conversion, exchange or exercise ratio, and

(d) to cover a short position resulting from sales made under their Marketplace Trading Obligations.

The Policies to the Universal Market Integrity Rules are hereby amended as follows:

1. Clause (d) of Part 1 of Policy 2.1 is deleted and the following substituted:

(d) when trading a security on a marketplace that is subject to Marketplace Trading Obligations, intentionally entering on that marketplace on a particular trading day two or more orders which would impose an obligation on the person subject to the Marketplace Trading Obligations:

(i) execute with one or more of the orders, or

(ii) purchase at a higher price or sell at a lower price with one or more of the orders

In accordance with the Marketplace Trading Obligations that would not be imposed if the orders had been entered on the marketplace as a single order or entered at the same time.

2. Policy 7.7 is amended by:

(a) in Part 3, deleting each occurrence of the phrase “Market Maker Obligations” and substituting “Marketplace Trading Obligations”; and

(b) deleting Part 5 and substituting the following:

Part 5 – Trading Pursuant to Marketplace Trading Obligations

Under Rule 7.7(7)(b), a dealer-restricted person with Marketplace Trading Obligations for a restricted security may, for their trading account in connection with such Marketplace Trading Obligations, purchase a restricted security pursuant to their Marketplace Trading Obligations. Not every purchase of a restricted security by a person with Marketplace Trading Obligations will be considered to undertaken pursuant to their Marketplace Trading Obligations. For example, if a market making system of an Exchange or QTRS permits a market maker to voluntarily participate in trades that participation may only result in purchases that are:

- made at prices which are permitted by Rule 7.7(4)(a); or
- to cover a short position resulting from sales made under their Marketplace Trading Obligations.

Use of a voluntary participation feature in other circumstances, may result in the market maker not complying with the prohibitions or restrictions on trading under Rule 7.7.

Appendix "B"

Comments Received in Response to
Rules Notice 10-0113 – Request For Comments – UMIR
Provisions Respecting Market Maker, Odd Lot and Other Marketplace Trading Obligations

On April 23, 2010, the Investment Industry Regulatory Organization of Canada ("IIROC") issued Rules Notice 10-0113 requesting comments on Provisions Respecting Market Maker, Odd Lot and Other Marketplace Trading Obligations ("Proposed Amendments"). IIROC received comments on the Proposed Amendments from:

QJ Trader Software ("QJ")

A copy of the comment letter in response to the Proposed Amendments is publicly available on the website of IIROC (www.iiroc.ca under the heading "Policy" and sub-heading "Market Proposals/Comments"). The following table presents a summary of the comments received on the Proposed Amendments together with the responses of IIROC to those comments. There has been no change in the text of the Amendments from the Proposed Amendments set out in IIROC Notice 10-0113.

Text of Provisions Following Adoption of the Amendments	Commentator and Summary of Comment	IIROC Response to Commentator and Additional IIROC Commentary
1.1 Definitions **"dealer-restricted person"** means, in respect of a particular offered security: … (b) a related entity of the Participant referred to in clause (a) but does not include such related entity, or any separate and distinct department or division of the Participant if: (i) the Participant maintains and enforces written policies and procedures in accordance with Rule 7.1 that are reasonably designed to prevent the flow of information from the Participant regarding the offered security and the related transaction, (ii) the Participant has no officers or employees that solicit client orders or recommend transactions in securities in common with the related entity, department or division, and (iii) the related entity, department or division does not during the restricted period in connection with the restricted security: (A) act as a market maker (other than pursuant to Market Maker Obligations), (B) solicit client orders, or (C) enter principal orders or otherwise engage in proprietary trading; …		
1.1 Definitions **"Marketplace Trading Obligations"** means obligations imposed by: (a) Marketplace Rules on a member or user or a person employed by a member or user to guarantee: (i) a two-sided market for a particular security	**QJ** - Recommends that contractual users should be limited to the predominant marketplace on a particular stock and that such contract should have predetermined limits	The Amendments do not provide any "benefits" relating to a marketplace entering into contractual relationships with a member, user or subscriber as it relates to "Marketplace Trading Obligations". Any marketplace which intends to introduce "Marketplace Trading

Text of Provisions Following Adoption of the Amendments	Commentator and Summary of Comment	IIROC Response to Commentator and Additional IIROC Commentary
on a continuous or reasonably continuous basis, or (ii) the execution of orders for the purchase or sale of a particular security which are less thana minimum number of units of the security as designated by the marketplace; or (b) contract between a marketplace and a member, user or subscriber to guarantee the execution of orders for the purchase or sale of a particular security which are less than a minimum number of units of the security as stipulated by the terms of the contract provided such number is less than one standard trading unit and the orders for the member, user or subscriber are automatically generated by the trading system of the marketplace.	fixed by IIROC in the trading facilities offered by the marketplace to such user.	Obligations" would be subject to all applicable CSA approvals and any applicable public comment periods. If the activity is governed by "contract", the maximum obligation must be less than one standard trading unit (100 shares if the security trades for $1.00 or more; 500 shares for securities trading at $0.10 or more and less than $1.00; and 1,000 shares for securities trading at less than $0.10). In essence, persons with contractual obligations are limited to acting as "Odd Lot" Dealers.
2.2 Manipulative and Deceptive Activities (3) For greater certainty, the entry of an order or the execution of a trade on a marketplace by a person in accordance with the Marketplace Trading Obligations shall not be considered a violation of subsection (1) or (2) provided such order or trade complies with applicable Marketplace Rules or terms of the contract with the marketplace and the order or trade was required to fulfill applicable Marketplace Trading Obligations.		
3.1 Restrictions on Short Selling (2) A short sale of a security may be made on a marketplace at a price below the last sale price if the sale is: …. (b) made in furtherance of the Marketplace Trading Obligations of that marketplace; ….		
3.2 Prohibition on Entry of Orders (1) A Participant or Access Person shall not enter an order to sell a security on a marketplace that on execution would be a short sale: (a) unless the order is marked as a short sale in accordance with subclause 6.2(1)(b)(viii) or subclause 6.2(1)(b)(ix); or (b) if the security is a Short Sale Ineligible Security at the time of the entry of the order. (2) Clause (a) of subsection (1) does not apply to an order automatically generated by the trading system of a marketplace in respect of		

Text of Provisions Following Adoption of the Amendments	Commentator and Summary of Comment	IIROC Response to Commentator and Additional IIROC Commentary
the Marketplace Trading Obligations of that marketplace. (3) Clause (b) of subsection (1) does not apply to an order entered on a marketplace: (a) in furtherance of the Marketplace Trading Obligations of that marketplace; ….		
5.3 Client Priority (2) Despite subsection (1) but subject to Rule 4.1, a Participant is not required to give priority to a client order if: …. (b) the principal order or non-client order is: (i) automatically generated by the trading system of a marketplace in respect of the Marketplace Trading Obligations of that marketplace, ….		
7.7 Trading During Certain Securities Transactions (7) **Transactions by Person with Marketplace Trading Obligations –** Despite subsection (1), a dealer-restricted person with Marketplace Trading Obligations for a restricted security may, for their trading account in respect of such Marketplace Trading Obligations: (a) with the prior approval of a Market Integrity Official, enter a bid to move the calculated opening price of a restricted security to a more reasonable level; (b) purchase a restricted security pursuant to their Marketplace Trading Obligations; and (c) bid for or purchase a restricted security: (i) that is traded on another marketplace or foreign organized regulated market for the purpose of matching a higher-priced bid posted on such marketplace or foreign organized regulated market, (ii) that is convertible, exchangeable or exercisable into another listed security for the purpose of maintaining an appropriate conversion, exchange or exercise ratio, and		

Text of Provisions Following Adoption of the Amendments	Commentator and Summary of Comment	IIROC Response to Commentator and Additional IIROC Commentary
(iii) to cover a short position resulting from sales made under their Marketplace Trading Obligations.		
Policy 2.1 - Just and Equitable Principles **Part 1 – Examples of Unacceptable Activity** …. Without limiting the generality of the Rule, the following are examples of activities that would be considered to be in violation of requirements to conduct business openly and fairly or in accordance with just and equitable principles of trade: …. (d) when trading a security on a marketplace that is subject to Marketplace Trading Obligations, intentionally entering on that marketplace on a particular trading day two or more orders which would impose an obligation on the person subject to the Marketplace Trading Obligations: (i) execute with one or more of the orders, or (ii) purchase at a higher price or sell at a lower price with one or more of the orders in accordance with the Marketplace Trading Obligations that would not be imposed if the orders had been entered on the marketplace as a single order or entered at the same time.		
Policy 7.7- Trading During Certain Securities Transactions **Part 3 – Short Position Exemption** Rule 7.7(4)(h) provides an exemption from the prohibitions in subsection (1) for a dealer-restricted person in connection with a bid for or purchase to cover a short position provided that short position was entered into before the commencement of the restricted period. Short positions entered into during the restricted period may be covered by purchases made in reliance upon the market stabilization exemption in Rule 7.7(4)(a), subject to the price limits set out in that exemption. (See "Part 5 – Trading Pursuant to Market Maker Obligations" for a discussion of the ability of persons with Market Maker Obligations to cover short positions arising during the restricted period pursuant to their Market Maker Obligations.)		
Policy 7.7- Trading During Certain Securities Transactions **Part 5 – Trading Pursuant to Marketplace Trading Obligations** Under Rule 7.7(7)(b), a dealer-restricted person with Marketplace Trading Obligations for a restricted security may, for their trading account in connection with such Marketplace		

Text of Provisions Following Adoption of the Amendments	Commentator and Summary of Comment	IIROC Response to Commentator and Additional IIROC Commentary
Trading Obligations, purchase a restricted security pursuant to their Marketplace Trading Obligations. Not every purchase of a restricted security by a person with Marketplace Trading Obligations will be considered to undertaken pursuant to their Marketplace Trading Obligations. For example, if a market making system of an Exchange or QTRS permits a market maker to voluntarily participate in trades that participation may only result in purchases that are: • made at prices which are permitted by Rule 7.7(4)(a); or • to cover a short position resulting from sales made under their Marketplace Trading Obligations. Use of a voluntary participation feature in other circumstances, may result in the market maker not complying with the prohibitions or restrictions on trading under Rule 7.7.		

13.1.2 Notice of Commission Approval – IIROC Over-the-Counter Fair Pricing Rule and Confirmation Disclosure Requirements

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

OVER-THE-COUNTER FAIR PRICING RULE AND CONFIRMATION DISCLOSURE REQUIREMENTS

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission (Commission) approved the enactment of a new IIROC Dealer Member Rule regarding the fair pricing of over-the-counter securities. The Commission also approved amendments to Dealer Member Rules 29 and 200.1(h) regarding the fair pricing of over-the-counter securities and associated confirmation disclosure requirements. In addition, the British Columbia Securities Commission did not object to, and the Alberta Securities Commission, the Autorité des marchés financiers, the Saskatchewan Financial Services Commission, the Financial Services Regulation Division of the Department of Government Services of Newfoundland and Labrador, the Nova Scotia Securities Commission and the New Brunswick Securities Commission approved the new and amended rules. The purpose of the new and amended rules is to enhance the fairness of pricing and transparency of over-the-counter securities transactions.

The proposed amendments were published for comment on June 4, 2010, at (2010) 33 OSCB 5165. IIROC summarized the comments it received on the proposed amendments and provided responses. A summary of the comments and IIROC's responses, a blacklined copy of the amendments showing the changes to the version published in June 2010, a clean version of the amendments and a Guidance Note are included in Chapter 13 of this Bulletin.

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

OVER-THE-COUNTER SECURITIES FAIR PRICING RULE AND CONFIRMATION DISCLOSURE REQUIREMENTS

PROPOSED AMENDMENTS

1. A new Dealer Member Rule regarding the fair pricing of over-the-counter securities is enacted as follows:

"RULE XXXX

Fair Pricing of Over-the-Counter Securities

1. For purposes of this rule, "over-the-counter securities" includes contracts for difference and foreign exchange contracts, but does not include:

   (a) primary market transactions in securities; and

   (b) over-the-counter derivatives with non-standardized contract terms that are customized to the needs of a particular client and for which there is no secondary market.

2. Every Dealer Member, when executing a transaction in over-the-counter securities for or on behalf of a customer as agent, shall make a reasonable effort to obtain a price for the customer that is fair and reasonable in relation to prevailing market conditions.

3. A Dealer Member must not:

   (a) purchase over-the-counter securities for its own account from a customer or sell over-the-counter securities for its own account to a customer except at an aggregate price (including any mark-up or mark-down) that is fair and reasonable, taking into consideration all relevant factors, including the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the Dealer Member is entitled to a profit, and the total dollar amount of the transaction; and

   (b) purchase or sell over-the-counter securities as agent for a customer for a commission or service charge in excess of a fair and reasonable amount, taking into consideration all relevant factors, including the availability of the securities involved in the transaction, the expense of executing or filling the customer's order, the value of the services rendered by the Dealer Member, and the amount of any other compensation received or to be received by the Dealer Member in connection with the transaction."

2. Dealer Member Rule 29 is amended by repealing sections 29.9 and 29.10 as follows:

"29.9. A Dealer Member which purchases debt securities taken in trade shall purchase the securities at a fair market price at the time of purchase.

A Dealer Member, in the course of a distribution of a fixed price offering of debt securities, shall ensure that any purchase of other debt securities taken in trade in relation to that offering is done at fair market price.

29.10. For the purpose of Rule 29.9, unless the subject matter or context otherwise requires, the expression:

"**Taken in Trade**" means the purchase by a Dealer Member as principal, or as agent, of a debt security from a customer pursuant to an agreement or understanding that the customer purchase other debt securities from or through the Dealer Member;

"**Fair market Price**" means a price not higher than the price at which the securities would be purchased from the customer or from a similarly situated customer in the ordinary course of business by a dealer in such securities in transactions of similar size and having similar characteristics but not involving a security taken in trade."

3. Dealer Member Rule 200.1(h) is repealed and replaced as follows:

"(h) Copies of confirmations of all purchases and sales of securities and of all trades in commodity futures contracts and commodity futures contract options and copies of notices of all other debits and credits of money, securities, property, proceeds of loans and other items for the account of customers. Such written confirmations are required to be sent promptly to customers and shall set forth at least the day and the stock exchange or commodity futures exchange upon which the trade took place; the commission, if any, charged in respect of the trade; the fee or other charge, if any, levied by any securities regulatory authority in connection with the trade; the name of the salesman, if any, in the transaction; the name of the dealer, if any, used by the Dealer Member as its agent to effect the trade; and,

In the case of a trade in securities:

(1) The quantity and description of the security,

(2) The consideration,

(3) Whether or not the person or company registered for trading acted as principal or agent,

(4) If acting as agent in a trade upon a stock exchange the name of the person or company from or to or through whom the security was bought or sold,

In the case of trades in commodity futures contracts:

(5) The commodity and quantity bought or sold,

(6) The price at which the contract was entered into,

(7) The delivery month and year,

In the case of trades in commodity futures contract options:

(8) The type and number of commodity futures contract options,

(9) The premium,

(10) The delivery month and year of the commodity futures contract that is the subject of the commodity futures contract option,

(11) The declaration date,

(12) The striking price;

And in the case of trades in mortgage-backed securities and subject to the proviso below:

(13) The original principal amount of the trade,

(14) The description of the security (including interest rate and maturity date),

(15) The remaining principal amount (RPA) factor,

(16) The purchase/sale price per $100 of original principal amount,

(17) The accrued interest,

(18) The total settlement amount,

(19) The settlement date,

Provided that in the case of trades entered into from the third clearing day before month end to the fourth clearing day of the following month, inclusive, a preliminary confirmation shall be issued showing the trade date and the information in clauses (13), (14), (16) and (19) and indicating that the information in clauses (15), (17) and (18) cannot yet be determined and that a final confirmation will be issued as soon as such information is available. After the remaining principal amount factor for the security is available from the

central payor and transfer agent, a final confirmation shall be issued including all of the information required above;

And in the case of stripped coupons and residual debt instruments:

(20) The yield thereon calculated on a semi-annual basis in a manner consistent with the yield calculation for the debt instrument which has been stripped,

(21) The yield thereon calculated on an annual basis in a manner consistent with the yield calculation for other debt securities which are commonly regarded as being competitive in the market with such coupons or residuals such as guaranteed investment certificates, bank deposit receipts and other indebtedness for which the term and interest rate is fixed.

And in the case of all other debt instruments, other than stripped coupons and residual debt instruments:

(22) The yield to maturity calculated in a manner consistent with market conventions for the security traded. Where the debt security is subject to call prior to maturity through any means, a notation of "callable" shall be included; and for debt securities carrying a variable coupon rate, the following notation must be included: "The coupon rate may vary."

And in the case of all over-the-counter traded securities, including contracts for difference and foreign exchange contracts, but excluding primary market transactions and over-the-counter derivatives with non-standardized contract terms that are customized to the needs of a particular client and for which there is no secondary market, where the amount of the mark-up or mark-down and other service charges applied by the Dealer Member has not been disclosed on the confirmation sent to retail clients, a statement as follows:

(23) "The investment dealer's remuneration on this transaction has been added to the price in the case of a purchase or deducted from the price in the case of a sale."

Each such confirmation shall, in respect of transactions involving securities of the Dealer Member or a related issuer of the Dealer Member, or in the course of a distribution to the public, securities of a connected issuer of the Dealer Member, state that the securities are securities of the Dealer Member, a related issuer of the Dealer Member or a connected issuer of the Dealer Member, as the case may be. For the purposes of this paragraph, the terms "related issuer" and "connected issuer" shall have the same meaning as ascribed to them in the Regulation made under the *Securities Act* (Ontario).

In the case of a Dealer Member controlled by or affiliated with a financial institution, the relationship between the Dealer Member and the financial institution shall be disclosed on each confirmation slip in connection with a trade in securities of a mutual fund sponsored by the financial institution or a corporation controlled by or affiliated with the financial institution.

The Corporation's policies with respect to electronic delivery of documents are set out in the applicable guideline.

Notwithstanding the provisions of this Rule 200.1(h), a Dealer Member shall not be required to provide a confirmation to a client in respect of a trade in a managed account, provided that:

(i) Prior to the trade, the client has consented in writing to waive the trade confirmation requirement;

(ii) The client may terminate a waiver by notice in writing. The termination notice shall be effective upon receipt of the written notice by the Dealer Member, for trades following the date of receipt;

(iii) The provision of a confirmation is not required under any applicable securities law, regulation or policy of the jurisdiction in which the client resides or the Dealer Member has obtained an exemption from any such law, regulation or policy by the responsible securities regulatory authority; and

(iv)

(a) where a person other than the Dealer Member manages the account

(A) a trade confirmation has been sent to the manager of the account, and

(B) the Dealer Member complies with the requirements of Rule 200.1(c); or

(b) where the Dealer Member manages the account:

(A) the account is not charged any commissions or fees based on the volume or value of transactions in the account;

(B) the Dealer Member sends to the client a monthly statement that is in compliance with Rule 200.1(c) and contains all of the information required to be contained in a confirmation under this Rule 200.1(h) except:

(1) the day and the stock exchange or commodity futures exchange upon which the trade took place;

(2) the fee or other charge, if any, levied by any securities regulatory authority in connection with the trade;

(3) the name of the salesman, if any, in the transaction;

(4) the name of the dealer, if any, used by the Dealer Member as its agent to effect the trade; and,

(5) if acting as agent in a trade upon a stock exchange the name of the person or company from or to or through whom the security was bought or sold,

(C) the Dealer Member maintains the information not required to be in the monthly statement pursuant to paragraph (B) and discloses to the client on the monthly statement that such information will be provided to the client on request."

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

OVER-THE-COUNTER SECURITIES FAIR PRICING RULE AND CONFIRMATION DISCLOSURE REQUIREMENTS

PROPOSED AMENDMENTS

1. A new Dealer Member Rule regarding the fair pricing of over-the-counter securities is enacted as follows:

"RULE XXXX

Fair Pricing of Over-the-Counter Securities

1. For purposes of this rule, "over-the-counter securities" includes contracts for difference and foreign exchange contracts, but does not include:

   (a) primary market transactions in securities; and

   (b) over-the-counter derivatives ~~which are~~ with non-standardized ~~contracts~~ contract terms that are customized to the needs of a particular client and for which there is no secondary market.

2. Every Dealer Member, when executing a transaction in over-the-counter securities for or on behalf of a customer as agent, shall make a reasonable effort to obtain a price for the customer that is fair and reasonable in relation to prevailing market conditions.

3. A Dealer Member must not:

   (a) purchase over-the-counter securities for its own account from a customer or sell over-the-counter securities for its own account to a customer except at an aggregate price (including any mark-up or mark-down) that is fair and reasonable, taking into consideration all relevant factors, including the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the Dealer Member is entitled to a profit, and the total dollar amount of the transaction; and

   (b) purchase or sell over-the-counter securities as agent for a customer for a commission or service charge in excess of a fair and reasonable amount, taking into consideration all relevant factors, including the availability of the securities involved in the transaction, the expense of executing or filling the customer's order, the value of the services rendered by the Dealer Member, and the amount of any other compensation received or to be received by the Dealer Member in connection with the transaction."

2. Dealer Member Rule 29 is amended by repealing sections 29.9 and 29.10 as follows:

"29.9. A Dealer Member which purchases debt securities taken in trade shall purchase the securities at a fair market price at the time of purchase.

A Dealer Member, in the course of a distribution of a fixed price offering of debt securities, shall ensure that any purchase of other debt securities taken in trade in relation to that offering is done at fair market price.

29.10. For the purpose of Rule 29.9, unless the subject matter or context otherwise requires, the expression:

"**Taken in Trade**" means the purchase by a Dealer Member as principal, or as agent, of a debt security from a customer pursuant to an agreement or understanding that the customer purchase other debt securities from or through the Dealer Member;

"**Fair market Price**" means a price not higher than the price at which the securities would be purchased from the customer or from a similarly situated customer in the ordinary course of business by a dealer in such securities in transactions of similar size and having similar characteristics but not involving a security taken in trade."

3. Dealer Member Rule 200.1(h) is repealed and replaced as follows:

"(h) Copies of confirmations of all purchases and sales of securities and of all trades in commodity futures contracts and commodity futures contract options and copies of notices of all other debits and credits of money, securities, property, proceeds of loans and other items for the account of customers. Such written confirmations are required to be sent promptly to customers and shall set forth at least the day and the stock exchange or commodity futures exchange upon which the trade took place; the commission, if any, charged in respect of the trade; the fee or other charge, if any, levied by any securities regulatory authority in connection with the trade; the name of the salesman, if any, in the transaction; the name of the dealer, if any, used by the Dealer Member as its agent to effect the trade; and,

In the case of a trade in securities:

(1) The quantity and description of the security,

(2) The consideration,

(3) Whether or not the person or company registered for trading acted as principal or agent,

(4) If acting as agent in a trade upon a stock exchange the name of the person or company from or to or through whom the security was bought or sold,

In the case of trades in commodity futures contracts:

(5) The commodity and quantity bought or sold,

(6) The price at which the contract was entered into,

(7) The delivery month and year,

In the case of trades in commodity futures contract options:

(8) The type and number of commodity futures contract options,

(9) The premium,

(10) The delivery month and year of the commodity futures contract that is the subject of the commodity futures contract option,

(11) The declaration date,

(12) The striking price;

And in the case of trades in mortgage-backed securities and subject to the proviso below:

(13) The original principal amount of the trade,

(14) The description of the security (including interest rate and maturity date),

(15) The remaining principal amount (RPA) factor,

(16) The purchase/sale price per $100 of original principal amount,

(17) The accrued interest,

(18) The total settlement amount,

(19) The settlement date,

Provided that in the case of trades entered into from the third clearing day before month end to the fourth clearing day of the following month, inclusive, a preliminary confirmation shall be issued showing the trade date and the information in clauses (13), (14), (16) and (19) and indicating that the information in clauses (15), (17) and (18) cannot yet be determined and that a final confirmation will be issued as soon as such information is available. After the remaining principal amount factor for the security is available from the

central payor and transfer agent, a final confirmation shall be issued including all of the information required above;

And in the case of stripped coupons and residual debt instruments:

(20) The yield thereon calculated on a semi-annual basis in a manner consistent with the yield calculation for the debt instrument which has been stripped,

(21) The yield thereon calculated on an annual basis in a manner consistent with the yield calculation for other debt securities which are commonly regarded as being competitive in the market with such coupons or residuals such as guaranteed investment certificates, bank deposit receipts and other indebtedness for which the term and interest rate is fixed.

And in the case of all other debt instruments, other than stripped coupons and residual debt instruments:

(22) The yield to maturity calculated in a manner consistent with market conventions for the security traded. Where the debt security is subject to call prior to maturity through any means, a notation of "callable" shall be included; and for debt securities carrying a variable coupon rate, the following notation must be included: "The coupon rate may vary."

And in the case of all over-the-counter traded securities, including contracts for difference and foreign exchange contracts, but excluding primary market transactions and over-the-counter derivatives with non-standardized contract terms that are customized to the needs of a particular client and for which there is no secondary market, where the amount of the mark-up or mark-down~~, commissions~~ and other service charges applied by the Dealer Member has not been disclosed on the confirmation sent to retail clients, a statement as follows:

(23) "The investment dealer's remuneration on this transaction has been added to the price in the case of a purchase or deducted from the price in the case of a sale."

Each such confirmation shall, in respect of transactions involving securities of the Dealer Member or a related issuer of the Dealer Member, or in the course of a distribution to the public, securities of a connected issuer of the Dealer Member, state that the securities are securities of the Dealer Member, a related issuer of the Dealer Member or a connected issuer of the Dealer Member, as the case may be. For the purposes of this paragraph, the terms "related issuer" and "connected issuer" shall have the same meaning as ascribed to them in the Regulation made under the *Securities Act* (Ontario).

In the case of a Dealer Member controlled by or affiliated with a financial institution, the relationship between the Dealer Member and the financial institution shall be disclosed on each confirmation slip in connection with a trade in securities of a mutual fund sponsored by the financial institution or a corporation controlled by or affiliated with the financial institution.

The Corporation's policies with respect to electronic delivery of documents are set out in the applicable guideline.

Notwithstanding the provisions of this Rule 200.1(h), a Dealer Member shall not be required to provide a confirmation to a client in respect of a trade in a managed account, provided that:

(i) Prior to the trade, the client has consented in writing to waive the trade confirmation requirement;

(ii) The client may terminate a waiver by notice in writing. The termination notice shall be effective upon receipt of the written notice by the Dealer Member, for trades following the date of receipt;

(iii) The provision of a confirmation is not required under any applicable securities law, regulation or policy of the jurisdiction in which the client resides or the Dealer Member has obtained an exemption from any such law, regulation or policy by the responsible securities regulatory authority; and

(iv)

(a) where a person other than the Dealer Member manages the account

(A) a trade confirmation has been sent to the manager of the account, and

(B) the Dealer Member complies with the requirements of Rule 200.1(c); or

(b) where the Dealer Member manages the account:

(A) the account is not charged any commissions or fees based on the volume or value of transactions in the account;

(B) the Dealer Member sends to the client a monthly statement that is in compliance with Rule 200.1(c) and contains all of the information required to be contained in a confirmation under this Rule 200.1(h) except:

(1) the day and the stock exchange or commodity futures exchange upon which the trade took place;

(2) the fee or other charge, if any, levied by any securities regulatory authority in connection with the trade;

(3) the name of the salesman, if any, in the transaction;

(4) the name of the dealer, if any, used by the Dealer Member as its agent to effect the trade; and,

(5) if acting as agent in a trade upon a stock exchange the name of the person or company from or to or through whom the security was bought or sold,

(C) the Dealer Member maintains the information not required to be in the monthly statement pursuant to paragraph (B) and discloses to the client on the monthly statement that such information will be provided to the client on request."

DRAFT Guidance Note XXXX

Fair Pricing of Over-the-Counter Securities

I. INTRODUCTION

Section 1 of Dealer Member Rule XXXX regarding the fair pricing of over-the-counter (OTC) traded securities (the Rule) delineates the scope of the Rule by setting out the exclusion of primary market transactions and OTC derivatives. Section 2 of the Rule establishes a general duty to use "reasonable efforts" to obtain a price that is fair and reasonable in relation to prevailing market conditions. Section 3 of the Rule addresses the fairness and reasonableness of mark-ups and mark-downs in the case of principal transactions, and commissions or service charges in the case of agency transactions, in arriving at an aggregate fair price for customers.

This Guidance Note discusses the scope of the Rule and the pricing considerations by Dealer Members in arriving at a fair price for both principal and agency transactions in OTC-traded securities, including IIROC's expectations regarding the "reasonable efforts" required of Dealer Members under section 2 of the Rule. The Guidance Note also outlines instances where supporting documentation may need to be maintained by Dealer Members for certain transactions.

II. SCOPE OF THE RULE

Section 1 of the Rule excludes the application of fair pricing requirements to primary market transactions and OTC derivatives with non-standardized contract terms tailored to the needs of a particular client and for which there is no secondary market.

Aside from the noted exclusions for primary market transactions and OTC derivatives, references within the Rule and this Guidance Note to "over-the-counter securities", "OTC securities", "OTC-traded securities", and any other similar derivations of such terms, are intended to refer to securities where the purchase or sale of such securities is not executed through a marketplace. In particular, Dealer Members should take note of the application of the fair pricing rule to structured products commonly made available to retail clients, including Contracts for Difference (CFDs) and foreign exchange contracts.

III. OTC SECURITIES FAIR PRICING CONSIDERATIONS

Principal transactions

In the case of principal transactions, section 3(a) of the Rule states that the aggregate transaction price to the customer, including any mark-up or mark-down, must be fair and reasonable taking into consideration all relevant factors. The Rule itself states that relevant factors for consideration include the following:

- the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction;
- the expense involved in effecting the transaction;
- the fact that the Dealer Member is entitled to a profit; and
- the total dollar amount of the transaction.

Determining a "fair and reasonable" price includes the concept that the price must bear a reasonable relationship to the prevailing market price of the security. Dealer Member compensation on a principal transaction is considered to be a mark-up or mark-down that is computed from the market price prevailing at the time of the customer transaction. As part of the aggregate price to the customer, a mark-up or mark-down also must be a fair and reasonable amount, taking into account all relevant factors.

Mark-ups and mark-downs

A "mark-up" refers to the Dealer Member's remuneration on a transaction that has been added to the price in the case of a purchase, while a "mark-down" refers to the Dealer Member's remuneration on a transaction that has been deducted from the price in the case of a sale. The starting point for the calculation of mark-ups and mark-downs is always the fair market value of the securities at the time of the transaction, or in other words, the prevailing market price where there is a sufficiently liquid market to establish a prevailing market price. Where an illiquid market exists for the OTC securities transacted, fair market value for the OTC securities transacted may be determined by the pricing considerations discussed in this Guidance Note. It should be noted that a Dealer Member may not be able to establish prevailing market price with reference to its contemporaneous cost. While in many instances a Dealer Member's contemporaneous cost may approximate the prevailing market price, there may be

occasions where, through misjudgment, error, or other factors, the Dealer Member's contemporaneous cost on a particular transaction may exceed the prevailing market value.

Agency transactions

Dealer Member compensation in agency transactions is usually taken in the form of a commission charged by the Dealer Member. For agency transactions, section 3(b) of the Rule states that a Dealer Member's commissions or service charges must not be in excess of a fair and reasonable amount, taking into consideration all relevant factors. The Rule indicates factors for consideration in determining fair and reasonable commissions or service charges, including the following:

- the availability of the securities involved in the transaction;
- the expense of executing or filling the customer's order;
- the value of the services rendered by the Dealer Member; and
- the amount of any other compensation received or to be received by the Dealer Member in connection with the transaction.

"Reasonable efforts" requirement

Aside from the compensation component of agency transactions, section 2 of the Rule establishes a duty for Dealer Members, when executing transactions in OTC securities for or on behalf of customers as agents, to use "reasonable efforts" to obtain a price for the customer that is fair and reasonable in relation to prevailing market conditions. In carrying out this duty, a Dealer Member will be held to the standard of exercising the same level of care and diligence that it would if undertaking an OTC transaction for its own account. When executing an OTC trade as agent for a customer, a Dealer Member will have to use diligence to ascertain a fair price. For example, in the context of an illiquid security this "reasonable efforts" requirement may require the Dealer Member to canvass various parties to source the availability and the price of the specific security. Passive acceptance of the first price quoted to a Dealer Member executing an agency transaction will not be sufficient.

It should be noted that carrying brokers executing trades on behalf of an introducing broker are also subject to the "reasonable efforts" requirement. This means that carrying brokers must make a "reasonable effort" to procure a price that is fair and reasonable in light of prevailing market conditions for the security and must employ the same care and diligence in doing so as if the transaction were being done for its own account. The carrying broker will need to know the current market value of the security, or use the requisite diligence discussed in the preceding paragraph in the attempt to ascertain a fair and reasonable price.

Other pricing factors

The foregoing identifies a number of factors that may be relevant to the determination of whether the aggregate transaction price is fair and reasonable, including any commission, mark-up or mark-down. For both principal and agency transactions, additional factors that may be relevant to the determination of whether the aggregate transaction price is fair and reasonable include the following:

- the service provided and expense involved in effecting the transaction;
- the availability of the securities in the market;
- the fact that the dealer is entitled to a profit;
- the total dollar amount and price of the transaction;
- the duration;
- the size of issue and market saturation from both the issuer and the industry/sector;
- the rating and call features of the security; and
- the fair market value at time of transaction and of any securities exchanged or traded in connection with the transaction.

A few of these factors have been mentioned in the discussion relating to either principal or agency transactions, but may be applicable to both types of transactions. Some of these factors relate primarily to the dealer compensation component of the

transaction (e.g., the services provided by the dealer); others relate primarily to the question of market value (e.g., call features or the rating of the security). Both the compensation component and the market value/price component are relevant in arriving at an aggregate transaction price which is fair and reasonable.

Aside from the factors mentioned above, IIROC believes that one of the most important factors in determining whether the aggregate price to the customer is fair and reasonable is that the yield should be comparable to the yield on other securities of comparable quality, maturity, coupon rate, and block size then available in the market.

Similar securities

Where pricing information cannot be obtained on the basis of the above factors, perhaps because there are no comparable trades for the security in question, pricing consideration may be based on comparable or "similar" securities. Generally, a "similar" security should be sufficiently equivalent to the subject security that it would serve as a reasonably fungible alternative investment. For purposes of pricing considerations based on "similar" securities, factors that Dealer Members should take into account include the following:

- credit quality of both securities;
- ratings;
- collateralization;
- spreads (over Canadian securities of similar duration) at which the securities are usually traded;
- general structural similarities (such as calls, maturity, embedded options);
- the size of the issue or float;
- recent turnover; and
- transferability.

The pricing factors incorporating "similar" securities are not hierarchal; that is, they may be considered in any order.

Economic models

In situations where neither the pricing factors above nor similar securities can be used to establish the prevailing market price, the Dealer Member may use pricing information derived from an economic model to determine a fair and reasonable price. An economic model used to identify fair market price should take into account issues such as credit quality, interest rates, industry sector, time to maturity, call provisions and other embedded options, coupon rate and face value, and all applicable pricing terms and conventions (e.g., coupon frequency and accrual methods).

Reasonable compensation is not the same as fair pricing

It is important to note that the fair pricing responsibility of Dealer Members requires attention both to the market value of the security as well as to the reasonableness of compensation. Excessive commissions, mark-ups or mark-downs obviously may cause a violation of the fair pricing standards described above. However, it is also possible for a Dealer Member to restrict its profit on transactions to reasonable levels and still violate the Rule because of inattention to market value. For example, a Dealer Member may fail to assess the market value of a security when acquiring it from another dealer or customer and in consequence may pay a price well above market value. It would be a violation of fair pricing responsibilities for the Dealer Member to pass on this misjudgment to another customer, as either principal or agent, even if the Dealer Member makes little or no profit on the trade.

Pricing considerations – OTC securities other than debt securities

The fair pricing principles apply to both principal and agency transactions for all OTC securities, other than those excluded in the Rule. In general, the pricing considerations for OTC securities other than debt should follow a similar approach to that outlined above for debt securities. Where an active market exists for the OTC securities, it may be relatively straight forward to establish a fair price based on prevailing market values. Where the OTC securities traded are less liquid, pricing considerations may be based on comparable or similar securities; and where no comparable or similar securities exist, Dealer Members may choose to use economic models where feasible.

Structured Products

IIROC understands that the industry standard in regards to secondary trading in structured products is for a Dealer Member to obtain a bid from the institution that originated the product and pass on that price to its client. Structured products that have been sold to retail or institutional clients will be subject to the same standards as any other OTC transaction under the Rule and a Dealer Member may not simply pass on an unreasonable bid to a customer. This will require that the Dealer Member make a determination on whether or not the bid is reasonable given the circumstances (both client and market) and inform the client of their determination.

Contracts for Difference (CFDs) and foreign exchange contracts

With respect to CFDs, the prevailing market price of the underlying assets at the time of the transaction is the primary consideration for determining the fair pricing of CFDs. Similarly, for foreign exchange contracts, the exchange rate of the underlying interest (the currency pair) is the primary consideration for determining the fair pricing of foreign exchange contracts.

IV. DOCUMENTATION

IIROC expects Dealer Members to maintain adequate documentation to support the pricing of OTC securities transactions. In most instances, existing transactions records, including audio recordings, will allow Dealer Members to reconstruct the basis on which an OTC transaction price was determined to be fair, and will therefore suffice for purposes of supporting the fairness of a transaction. IIROC anticipates that hard-to-value transactions, are likely to require additional supporting documentation. Proper documentation of such transactions may be the subject of IIROC trading reviews, and the failure to maintain documentation to support the fairness of pricing of hard-to-value transactions will be a consideration in any potential enforcement actions.

IIROC has identified some instances where Dealer Members will likely need to maintain supporting documentation beyond existing transaction records. These situations include hard-to-value securities, bid-wanted procedures, structured products, and introducing broker/carrying broker arrangements. In arriving at a fair price for transactions, Dealer Members should document some of the information, processes and/or considerations with respect to each of the situations discussed below. Supporting documentation should be maintained to the extent necessary to establish the basis on which a customer transaction has received a fair and reasonable price.

Hard-to-value securities

Many debt securities issues are small in size and infrequently traded. For some of these issues, it may be difficult to obtain timely and reliable information on the features of the issue or its credit quality. These factors may make it difficult for a Dealer Member to determine market value with precision and may require that the assessment of market value be in the form of a wider range of values than would be possible for well-known, more liquid issues. Although it is expected that the intra-day price differentials for obscure and illiquid issues might generally be larger than for more well-known and liquid issues, Dealer Members nevertheless should be cognizant of their duty to establish market value as accurately as possible using reasonable diligence.

The degree of accuracy to which that market value can be determined will depend on the facts and circumstances of the particular issue and transaction, including such factors as the nature of the security, available information on the issue, etc. The specific actions that a Dealer Member may need to take to assess market value may also vary with the facts and circumstances. When a Dealer Member is unfamiliar with a security, the efforts necessary to establish its value may be greater than if the dealer is familiar with the security. The lack of a well-defined and active market for an issue does not negate the need for diligence in determining the market value as accurately as reasonably possible when fair pricing obligations apply. A Dealer Member may need to review recent transaction prices for the issue, and/or transaction prices for issues with similar credit quality and features as part of the duty to use diligence to determine the market value of the securities. If the features and credit quality of the issue are not known, it also may be necessary to obtain information on these factors from established industry sources. For example, the current rating or other information on credit quality, the specific features and terms of the security, and any material information about the security such as issuer plans to call the issue, defaults, etc., all may affect the market value of securities.

Dealer Members should document their efforts in relation to hard-to-value securities.

The use of bid-wanted procedures

A widely disseminated and properly run bid-wanted procedure will offer important and valuable information on the market value of an issue. The effectiveness of this process in obtaining the true market value of a security, however, may vary depending on the nature of the security and how the procedure is conducted. A bid-wanted procedure is not always a conclusive determination of market value. Therefore, particularly when the market value of an issue is not known, a Dealer Member subject to the requirements of the fair pricing rule may need to check the results of the bid-wanted process against other data to fulfill its fair

pricing obligations. Nonetheless, any reliance by Dealer Members on bid-wanted procedures to establish fair pricing should be documented.

Structured products

As with hard-to-value securities, Dealer Members should document the basis on which structured product transactions are fairly priced unless the fair market value of a particular structured product is readily ascertainable. With respect to CFDs, IIROC anticipates that in most instances additional supporting documentation for CFDs will not be necessary since the prevailing market price of the underlying assets at the time of the transaction should be the primary consideration for determining the fairness of pricing. Similarly, in the case of foreign exchange contracts, additional documentation is unlikely to be necessary presuming the exchange rate of the underlying currency pair is readily available and the primary consideration for determining the fairness of pricing. However, in instances where a CFD or foreign exchange contract may be hard-to-value, documentation supporting the fairness of pricing should be maintained.

Introducing broker/carrying broker arrangements

Dealer Members have the responsibility of ensuring that the end prices it is offering to clients are reasonable even when the Dealer Member acts as an introducing broker and utilizes the systems, personnel or inventory of a carrying broker to execute OTC trades.

There may be situations where a carrying broker has added its mark-up and offered a security to an introducing broker at a reasonable price, however the addition of another commission at the introducer level may push the final client transaction to a price level that no longer appears to be fair and reasonable. In order to avoid this type of situation, introducing brokers must be diligent and ensure that they are receiving as competitive a price as possible. A review of the carrying brokers' prices against other possible sources on a frequent basis (at least semi-annually) is one way in which this may be accomplished. Any such review should be documented by the introducing broker.

Carrying brokers, in turn, as discussed in the section above relating to the "reasonable efforts" requirement, are also subject to the fair pricing requirement when executing trades on behalf of an introducing broker, and must document transactions where warranted.

IIROC RESPONSE TO COMMENTS ON
OVER-THE-COUNTER SECURITIES FAIR PRICING RULE
AND CONFIRMATION DISCLOSURE REQUIREMENTS

May 5, 2011

Re: IIROC response to comments on over-the-counter securities fair pricing rule and confirmation disclosure requirements

This summary responds to the four comment letters received on the proposed over-the-counter securities fair pricing rule and confirmation disclosure requirements that were re-published for comment on June 4, 2010. We have considered the comments received and we thank all the commenters for their submissions. The comments specific to the proposed Rule and draft Guidance Note have been summarized to correspond with the major components of the proposed amendments, followed by IIROC staff response to the comments.

Over-the-counter traded security fair pricing rule and draft Guidance Note

We have received the following comments regarding the over-the-counter (OTC) securities fair pricing rule:

- Three comment letters indicated their support for the proposed fair pricing initiative.

- One comment letter stated that minimal guidance was provided in the Notice as to how market participants fulfill their obligations or what amount of effort constitutes "reasonable" in terms of effort and price fairness. The comment letter indicated that guidance by regulators suggesting that access to the consolidated prices from Canada's primary dealers, such as those that form the basis of the CanDeal composite, would constitute "reasonable effort" will standardize the application of the rule while increasing compliance by marketplace constituents.

IIROC staff response

We refer the commenter to the draft Guidance Note attached to the IIROC Notice requesting comments which provides guidance relating to the "reasonable efforts" requirement. We believe that the guidance provided therein is sufficient in that it states the standard which must be met in carrying out this duty, and provides an example in the context of an illiquid security. The proposed fair pricing rule is drafted as a principles-based rule. The context of each transaction will determine the manner in which a Dealer Member satisfies the fair pricing requirement and the degree of effort required. As a result, it would be inappropriate for IIROC to designate the consultation of one specific source of market information as a means of satisfying the fair pricing requirement.

Fixed income security yield disclosure to clients

We have received the following comments regarding the requirement to disclose on trade confirmations the yield to maturity for fixed income securities:

- One comment letter indicated its support for the inclusion of a requirement to disclose the yield on fixed income securities on trade confirmations delivered to clients.

- One comment letter indicated that some clarification regarding the disclosure of yield may be appropriate, particularly regarding the types of securities that are included in (or excluded from) "fixed income" securities. The comment letter asked whether guaranteed investments or principal protected notes were included in the definition.

- One comment letter suggested that the yield disclosure should only apply to retail clients, and would appreciate specific clarification from IIROC as to whether the yield disclosure requirement also applies to institutional clients.

- One comment letter stated that IIROC should be clearer on whether it is necessary to print "callable" or "the coupon rate may vary" for the applicable debt securities, on the front or back of the confirmation. The letter indicates that a service bureau has confirmed that they will encounter difficulties in adding this information due to the restricted space available, and therefore it would be preferable if a brief statement could be added to the back of the confirmation.

IIROC staff response

As the proposed amendments relating to yield disclosure indicate, the requirements apply to "all other debt instruments, other than stripped coupons and residual debt instruments." The yield disclosure requirements applicable to stripped coupons and residual debt instruments will continue to exist in clauses (20) and (21) of Dealer Member Rule 200.1(h). Since the proposed

amendments apply to debt securities only, guaranteed investment certificates (GICs) and principal protected notes (PPNs) are not subject to the yield disclosure requirements. It should be noted with respect to GICs and PPNs that the concept of yield disclosure is basically inapplicable. In the case of GICs, the yield is the stated coupon rate. With PPNs, the yield is generally unknown at the time of purchase.

The yield disclosure requirements apply to debt transactions executed by both retail and institutional clients, therefore no distinction is made between retail and institutional clients in the proposed amendments. We have deliberately framed the rule in this manner to reflect IIROC's strongly held view regarding the significance of yield information to both retail and institutional clients.

The notations of "callable" and "the coupon rate may vary" for applicable debt securities must be printed on the front of the trade confirmation, as is the practice with other requirements contained in Dealer Member Rule 200.1(h) concerning confirmation requirements. We believe that allowing these notations to be printed on the back of the confirmation may often result in the client missing this important disclosure item.

As we have indicated in response to previous comments regarding the operational issues associated with the proposed amendments, we acknowledge that the proposed requirements will require Dealer Members to update their systems in order to include the required information on trade confirmations. Having said that, IIROC has consulted with the major service bureaus to ensure the rules can come into effect according to a reasonable implementation plan. Similar proposals are being passed by FINRA in the United States that are more complex than the IIROC proposed requirements in terms of the amount and possible variations of disclosure required, yet implementation issues do not appear to be an impediment to the viability of the FINRA proposals. IIROC believes its proposed requirements relating to disclosure achieve an effective and relatively streamlined form of disclosure.

Remuneration disclosure statement to retail clients

We have received the following comments regarding the remuneration disclosure requirement on trade confirmations sent to retail clients:

- One comment letter states that that the mark-up or mark-down on OTC equity security trades should be required to be disclosed on trade confirmations. The proposed inclusion of the statement "The investment dealer's remuneration on this transaction has been added to the price in the case of a purchase or deducted from the price in the case of a sale" is an improvement on the current state of disclosure, but does not go far enough to give retail investors concrete information on what they, in fact, have paid for their trades.

- One comment letter suggests that IIROC should allow for the remuneration statement to be situated on the back of the trade confirmation, due to its lengthy explanation. The comment letter also indicates that it may be difficult for service providers to differentiate between some dealer members' retail and institutional trades.

IIROC staff response

As we have previously indicated, there are structural impediments to determining the actual, dollar amount of remuneration received by a Dealer Member with respect to a transaction involving an OTC debt security. These impediments could result in clients receiving inaccurate information which would, in all likelihood, give rise to greater client confusion. IIROC believes that the same structural impediments and possibility of client confusion exists for OTC equity transactions.

With respect to the suggestion that the remuneration disclosure statement be situated on the back of the confirmation, it should be kept in mind that the remuneration disclosure statement is proposed as an alternative to disclosing the actual amount of the Dealer Member's remuneration on the trade confirmation. In light of that fact, we believe that allowing the remuneration disclosure statement to be printed on the back of the confirmation would diminish the value of the disclosure to a point that it could no longer be considered to be an appropriate alternative to disclosure of the actual dollar amount of remuneration.

With respect to the operational issues relating to the printing of the remuneration disclosure statement, we refer the commenter to our response on the preceding page regarding the operational issues associated with the proposed amendments generally. Furthermore, there is no requirement to suppress the remuneration disclosure statement on confirmations for institutional clients. To be clear, the requirement applies only in respect of retail clients; however, we have no objection to Dealer Members providing the statement to both retail and institutional clients.

Other Issues - Implementation

We have received the following comments regarding the implementation of the proposed amendments:

- One comment letter indicated that the proposed effective date of six months from publication for the confirmation disclosure requirement does not provide enough time for Dealer Members to make the required system changes as Dealer Members will be reliant upon third-party service providers for many of the systems changes. Aside from the vendors' work requirements, Dealer Members will also need to make necessary changes to some of their in-house systems and allow time for adequate testing. The likely timing of IIROC's approval of the rule is also problematic as the six month implementation period will straddle firms' fiscal and calendar year end where system freezes are common. The limited amount of space currently available on the client confirmation continues to be an issue in need of address by Dealer Members and also contributes to the need for some additional time.

- In respect of the yield disclosure and remuneration disclosure statement requirements, one comment letter stated that Dealer Members need to avoid any manual interventions in order to comply with these new requirements. The comment letter suggests that the cost of monitoring these new processes will outweigh the benefit, which may result in Dealer Members being non-complainant with IIROC regulations.

IIROC staff response

We have agreed to lengthen the period of time in which Dealer Members must implement the system changes, relating to confirmation disclosure, to one year after IIROC staff issues a Notice confirming that approval of the amendments has been received from IIROC's recognizing regulators. Dealer Members will need to revise their systems as required to include the required information on trade confirmations. The level of manual intervention will need to be determined by each Dealer Member, although we anticipate that Dealer Members will design their systems to avoid manual intervention to the greatest extent possible. The confirmation disclosure requirements have not changed from the time IIROC first proposed these amendments and the service bureaus have been aware of this proposal since that time. IIROC firmly believes that the direct benefit to investors, and the related enhancement of investor confidence in the industry, outweighs the associated costs. IIROC has given careful consideration to the appropriate length of time for the implementation period relating to the confirmation disclosure requirements and we expect Dealer Members to be compliant with these requirements by the implementation date, particularly in light of the one year implementation period.

13.3 Clearing Agencies

13.3.1 CDS – Notice of Withdrawal – Material Amendments to CDS Procedures – Class Code for Federally Guaranteed Securities

CDS CLEARING AND DEPOSITORY SERVICES INC.

MATERIAL AMENDMENTS TO CDS PROCEDURES

CLASS CODE FOR FEDERALLY GUARANTEED SECURITIES

NOTICE OF WITHDRAWAL OF MATERIAL AMENDMENTS TO CDS PROCEDURES

In accordance with the provisions of the Rule Protocol between the Ontario Securities Commission ("OSC") and CDS Clearing and Depository Services Inc. ("CDS®"), CDS hereby officially withdraws its submission to its Regulators of the proposed Material Amendments to CDS Procedures concerning Class Code for Federally Guaranteed Securities. The proposed Procedure amendments were submitted by CDS for regulatory approval on March 24, 2011.

A copy and description of the amendments were published for comment on April 8, 2011 in Ontario Securities Commission Bulletin (OSCB) Volume 34, Issue 14.

David Stanton
Chief Risk Officer
CDS Clearing and Depository Services Inc.

13.3.2 The Options Clearing Corporation – Notice of Commission Order – Application for Variation and Restatement of OCC's Interim Order

THE OPTIONS CLEARING CORPORATION (OCC)

APPLICATION FOR VARIATION AND RESTATEMENT OF OCC's INTERIM ORDER

NOTICE OF COMMISSION ORDER

On August 19, 2011, the Commission issued an order under section 144 of the *Securities Act* (Ontario) (Act) varying and restating the interim order exempting OCC from the requirement in subsection 21.2(0.1) of the Act to be recognized as a clearing agency (Order). The Order extends OCC's interim exemption and includes information sharing requirements. OCC is exempted from the requirement until the earlier of (i) September 1, 2012, and (ii) the effective date of the Subsequent Order (as defined in the Order).

A copy of the Order is published in Chapter 2 of this Bulletin.

13.3.3 LCH.Clearnet Limited – Notice of Commission Order – Application for Variation and Restatement of LCH's Interim Order

LCH.CLEARNET LIMITED (LCH)

APPLICATION FOR VARIATION AND RESTATEMENT OF LCH's INTERIM ORDER

NOTICE OF COMMISSION ORDER

On August 19, 2011, the Commission issued an order under section 144 of the Securities Act (Ontario) (Act) varying and restating the interim order exempting LCH under section 147 of the Act from the requirement in subsection 21.2(0.1) of the Act to be recognized as a clearing agency (Order). The Order extends LCH's interim exemption subject to additional terms and conditions.

LCH continues to be exempted from the recognition requirement until the earlier of (i) September 1, 2012, and (ii) the effective date of the Subsequent Order (as defined in the Order).

A copy of the Order is published in Chapter 2 of this Bulletin.

Chapter 25

Other Information

25.1 Approvals

25.1.1 Kensington Capital Advisors Inc.

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager, with prior track record acting as trustee, for approval to act as trustee of pooled funds and future pooled funds to be managed by the applicant and offered pursuant to a prospectus exemption.

Statutes Cited:
Loan and Trust Corporations Act, R.S.O. 1990, c. L. 25, as am., s. 213(3)(b).

August 16, 2011

Borden Ladner Gervais LLP
Scotia Plaza, 40 King St. West
Toronto, ON M5H 3Y4

Attention: Matthew P. Williams

Dear Sirs/Mesdames:

Re: Kensington Capital Advisors Inc. (the "Applicant")
Application pursuant to clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario) for approval to act as trustee

Application No. 2011/0497

Further to your application dated June 24, 2011 (the **"Application"**) filed on behalf of the Applicant, and based on the facts set out in the Application and the representation by the Applicant that the assets of Manna Canadian Managers Fund I and any other future mutual fund trusts that the Applicant may establish and manage from time to time, will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction, or a bank listed in Schedule I, II or III of the Bank Act (Canada), or an affiliate of such bank or trust company, the Ontario Securities Commission (the **"Commission"**) makes the following order.

Pursuant to the authority conferred on the Commission in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of Manna Canadian Managers Fund I and any other future mutual fund trusts that may be established and managed by the Applicant from time to time, the securities of which will be offered pursuant to a prospectus exemption.

Yours truly,

"James D. Carnwath"

"Edward P. Kerwin"

25.2 Exemptions

25.2.1 United Funds

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from general instruction 8 of the Form to include fund codes in the Fund Facts document.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, Part 6.
General Instruction 8 to Form 81-101F3 Contents of Fund Facts Document.

July 26, 2011

CI Investments Inc.
2 Queen Street East
Twentieth Floor
Toronto, Ontario M5C 3G7

Attention: Chris von Boetticher

Dear Sirs/Mesdames:

Re: United Funds

Exemptive Relief Application under Part 6 of National Instrument 81-101
***Mutual Fund Prospectus Disclosure* (NI 81-101)**

Application No. 2011/0554 SEDAR Project No. 1769143

By letter dated June 28, 2011 (the Application), the Funds applied to the Director of the Ontario Securities Commission (the Director) under Part 6 of NI 81-101 for relief from General Instruction 8 to Form 81-101F3 *Contents of Fund Facts* (the Form), which prohibits an issuer including any information not specifically prescribed by the Form to include fund codes in the Fund Facts document.

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 Fund's prospectus, subject to the condition that the prospectus be filed no later than July 30, 2011.

Yours very truly,

"Raymond Chan"
Manager, Investment Funds Branch

25.2.2 Castlerock Mutual Funds

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from general
instruction 8 of the Form to include fund codes in the Fund Facts document.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, Part 6.
General instruction 8 to Form 81-101F3 Contents of Fund Facts Document.

July 26, 2011

CI Investments Inc.

Attention: Chris von Boetticher

Dear Sir:

Re: Castlerock Mutual Funds

Exemptive Relief Application under Part 6 of National Instrument
81-101 Mutual Fund Prospectus Disclosure (NI 81-101)
Application No. 2011/0555; SEDAR Project No. 1769200

By letter dated June 30, 2011 (the Application), the Funds applied to the Director of the Ontario Securities Commission (the Director) under Part 6 of NI 81-101 for relief from General Instruction 8 to Form 81-101F3 *Contents of Fund Facts* (the Form), which prohibits an issuer from including any information not specifically prescribed by the Form, in order to include fund codes in the Fund Facts document.

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 Fund's prospectus, subject to the condition that the prospectus be filed no later than July 30, 2011.

Yours very truly,

"Raymond Chan"
Manager, Investment Funds Branch

Index