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ONTARIO SECURITIES COMMISSION

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OSC

ONTARIO SECURITIES COMMISSION

The Ontario Securities Commission

OSC Bulletin

September 30, 2011

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Securities Act of Ontario (R.S.O. 1990, c. S.5) and the
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Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

October 3, 2011

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

SCHEDULED OSC HEARINGS

October 3, 2011 9:30 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
October 3-7 and October 12-21, 2011 10:00 a.m.	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun** s. 127 C. Price in attendance for Staff Panel: CP
October 3-6 and 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 2:30 p.m.	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: VK/MCH

October 5, 2011 10:00 a.m.	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 and 127.1 H. Craig in attendance for Staff Panel: JEAT
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: CP
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 and October 26-31, 2011 10:00 a.m.	**Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, John Colonna, Pasquale Schiavone, and Shafi Khan** s. 127(7) and 127(8) C. Johnson in attendance for Staff Panel: EPK
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: MGC
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: JDC
November 1, 2011 2:00 p.m. December 19, 2011 10:00 a.m.	**York Rio Resources Inc., Brilliante Brasilcan Resources Corp., Victor York, Robert Runic, George Schwartz, Peter Robinson, Adam Sherman, Ryan Demchuk, Matthew Oliver, Gordon Valde and Scott Bassingdale** s. 127 H. Craig/C. Watson in attendance for Staff Panel: VK/EPK
November 7, 2011 10:00 a.m.	**Application for Reactivation of Sanjiv Sawh and Vlad Trkulja** s. 8(2) R. Goldstein/S. Horgan in attendance for Staff Panel: MGC/JNR

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 7, 2011

10:00 a.m.

Zungui Haixi Corporation

s. 127

J. Superina in attendance for Staff

Panel: CP

November 14-21 and November 23-28, 2011

10:00 a.m.

Shaun Gerard McErlean, Securus Capital Inc., and Acquiesce Investments

s. 127

M. Britton in attendance for Staff

Panel: VK

November 21, 2011

10:00 a.m.

Investment Industry Regulatory Organization Of Canada v. Mark Allen Dennis

S. 21.7

S. Horgan in attendance for Staff

Panel: MGC

November 23, 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: CP

November 28, 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

December 1, 2011

10:00 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

December 1-5 and December 7-15, 2011

10:00 a.m.

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

s. 127

S. Chandra in attendance for Staff

Panel: JDC

December 5 and December 7-16, 2011

10:00 a.m.

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

s. 127

M. Britton in attendance for Staff

Panel: EPK/PLK

December 7, 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
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 18-23, 2012 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: TBA
January 18-30 and February 1-10, 2012 10:00 a.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 37, 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
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 and February 21-23, 2012 10:00 a.m.	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 and 127.1 H. Craig in attendance for Staff Panel: TBA

February 15-17, 2012 10:00 a.m.	**Maitland Capital Ltd., Allen Grossman, Hanoch Ulfan, Leonard Waddingham, Ron Garner, Gord Valde, Marianne Hyacinthe, Dianna 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
February 29-March 12 and March 14-March 21, 2012 10:00 a.m.	**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
March 8, 2012 10:00 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
March 12, March 14-26, and March 28, 2012 10:00 a.m.	**David M. O'Brien** s. 37, 127 and 127.1 B. Shulman in attendance for Staff Panel: TBA
April 2-5, April 9, April 11-23 and 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
April 30-May 7, May 9-18 and May 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) and (5) A. Heydon in attendance for Staff Panel: TBA
TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA
TBA	**Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell** s. 127 J. Waechter in attendance for Staff Panel: TBA
TBA	**Frank Dunn, Douglas Beatty, Michael Gollogly** s. 127 K. Daniels in attendance for Staff Panel: TBA
TBA	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric** s. 127 and 127(1) D. Ferris in attendance for Staff Panel: TBA

TBA

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

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

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

s. 127(1) and (5)

J. Feasby/C. Rossi in attendance for Staff

Panel: TBA

TBA

M P Global Financial Ltd., and Joe Feng Deng

s. 127 (1)

M. Britton in attendance for Staff

Panel: TBA

TBA

Shane Suman and Monie Rahman

s. 127 and 127(1)

C. Price in attendance for Staff

Panel: TBA

TBA

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

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

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

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

Abel Da Silva

s. 127

C. Watson in attendance for Staff

Panel: TBA

TBA

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

s. 127

T. Center/D. Campbell in attendance for Staff

Panel: TBA

TBA

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

s. 127

A. Perschy/C. Rossi in attendance for Staff

Panel: TBA

TBA

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

s. 127

T. Center in attendance for Staff

Panel: TBA

TBA

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

s. 127

S. Horgan in attendance for Staff

Panel: TBA

TBA

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

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

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

TBA

Sino-Forest Corporation, Allen Chan, Albert Ip, Alfred C.T. Hung, George Ho and Simon Yeung

s. 127

A. Perschy/H. Craig in attendance for Staff

Panel: TBA

TBA

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: 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

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: TBA

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

s. 127

M. Vaillancourt in attendance for Staff

Panel: TBA

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 CSA Staff Notice 31-329 – Omnibus/blanket orders exempting registrants from certain provisions of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and related staff positions

CSA STAFF NOTICE 31-329

OMNIBUS/BLANKET ORDERS EXEMPTING REGISTRANTS FROM CERTAIN PROVISIONS OF NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS* AND RELATED STAFF POSITIONS

September 28, 2011

Purpose

Since the coming into effect of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103), the Canadian Securities Administrators (the CSA or we) have received applications for exemptive relief, comments and inquiries in respect of certain provisions of NI 31-103. CSA members have issued a number of parallel orders (the "orders") or related staff positions, as described in this notice and relating to:

1. the requirement to register when trading in short-term debt instruments;

2. the restrictions on the registration exemptions for international dealers and international advisers in sections 8.18 [*international dealer*] and 8.26 [*international adviser*]; and

3. the requirement in section 14.2(1) to provide relationship disclosure information.

This Notice summarizes the orders and related staff positions.

1. Interim relief exempting certain persons and companies from the requirement to register when trading in short-term debt instruments

Background

All CSA members except Ontario issued parallel orders of general application, effective March 27, 2010 (the "2010 orders"), that provided that the dealer registration requirement does not apply to

(i) a bank listed in Schedule I, II or III to the *Bank Act* (Canada);

(ii) an association to which the *Cooperative Credit Associations Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473 (1) of that Act;

(iii) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or of a jurisdiction in Canada to carry on business in Canada or in any jurisdiction in Canada, as the case may be; and

(iv) the Business Development Bank of Canada;

in respect of a trade in a negotiable promissory note or commercial paper maturing not more than one year from the date of issue, if the note or commercial paper traded

(a) is not convertible or exchangeable into or accompanied by a right to purchase another security other than a security described in the order, and

(b) has an approved credit rating as specified in the order.

Ontario

In Ontario there are alternate exemptions from the dealer registration requirement that may be available for trading in short-term debt, such as the exemption in section 8.5 [*trades through or to a registered dealer*] of NI 31-103 and, in the case of financial institutions, the exemptions in section 35.1 of the *Securities Act* (Ontario) and section 4.1 of the Ontario Securities Commission ("OSC") Rule 45-501 *Ontario Prospectus and Registration Exemptions*.

New orders

The 2010 orders expire on September 28, 2011. CSA members, other than the OSC (for the reasons indicated above), have issued parallel orders that continue to provide interim relief exempting certain persons and companies from the requirement to register when trading in short-term debt instruments, on the same terms and conditions as the 2010 orders. These new orders will expire on September 28, 2014.

Ongoing work

We are continuing our work in this area and may publish proposed amendments to NI 31-103 for comment in the future.

2. Interim relief from the new restrictions on registration exemptions for international dealers and international advisers in sections 8.18 and 8.26 of NI 31-103

Background

Effective July 11, 2011, amendments to NI 31-103 came into effect. The amendments incorporated new restrictions in the registration exemptions in sections 8.18 [*international dealer*] and 8.26 [*international adviser*] of NI 31-103. These sections now contemplate an international dealer or adviser dealing with a "Canadian permitted client" instead of a "permitted client". After we published the amendments, it was brought to CSA staff's attention that the new definition may be more restrictive than we intended.

As we indicated in our June 25, 2010 notice[1], the purpose of these amendments was to clarify our intent that the exemptions may not be relied upon to trade with (or advise) foreign clients. Instead, as we had previously indicated in our response to comments on the first publication of NI 31-103, the intention of these exemptions was to allow Canadian investors access to foreign securities offerings and foreign expertise.[2]

Relief being provided (other than by the OSC)

As a result, all CSA members, other than the OSC, have issued parallel orders that provide interim relief from the new restrictions. This relief allows a person or company to rely on the exemptions in section 8.18 (the "international dealer exemption") or section 8.26 (the "international adviser exemption") of NI 31-103, as if the term "Canadian permitted client" is read as "permitted client".

OSC staff position

The OSC will not be issuing an order of this nature given that orders of general application are not authorized under Ontario securities law. However, OSC staff are of the view that, while work in this area is ongoing, there is no public interest in recommending or pursuing an enforcement action against a person or company for failure to comply with the applicable dealer or adviser registration requirement in circumstances where the person or company:

(a) would satisfy the requirements of the corresponding international dealer exemption or international adviser exemption, if the definition of "Canadian permitted client" in these sections instead referred to a "permitted client" (as now defined in section 1.1 [*definitions of terms used throughout this Instrument*] of NI 31-103 but excluding, in the case of the international adviser exemption, a dealer or adviser registered under the securities legislation of a jurisdiction of Canada);

(b) complies with the other provisions of Ontario securities law applying to those who rely on the international dealer exemption or international adviser exemption, including OSC Rule 13-502 Fees; and

(c) identifies on the Form 31-103F2 *Submission to Jurisdiction and Appointment of Agent for Service* required to be filed under section 8.18(3)(e) or section 8.26(4)(f) that, in addition to the corresponding international dealer exemption or international adviser exemption, the person or company is also relying on this notice (by checking, in paragraph 6, the applicable exemption and also checking the "other" box with a notation stating that "*CSA Staff Notice 31-329 is being relied on*").

The above position of OSC staff may be withdrawn after further consideration of this matter. OSC staff expect that this position will be withdrawn on the coming into effect of any amendments to NI 31-103 dealing with the definition of "Canadian permitted client".

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1 Notice and Request for Comments on Proposed Amendments to National Instrument 31-103 and National Instrument 33-109, published on June 25, 2010.

2 See page 18 of "Summary of Comments received by June 30, 2007", published on February 29, 2008.

Ongoing work

We are continuing our work in this area and expect to publish proposed amendments to NI 31-103 for comment in the future.

3. Interim relief from the requirement in section 14.2(1) of NI 31-103 to provide relationship disclosure information for SRO members and for mutual fund dealers in Québec

Background

Section 14.2(1) of NI 31-103 sets out the principle that a registered firm must deliver to a client all information that a reasonable investor would consider important about the client's relationship with the registrant. All CSA members have issued parallel orders that extend previously issued temporary relief from the requirement to provide relationship disclosure information in compliance with section 14.2(1) of NI 31-103:

- for firms that are members of the Investment Industry Regulatory Organization of Canada (IIROC);
- for members of the Mutual Fund Dealers Association of Canada (the MFDA); and
- for mutual fund dealers in Québec.

Relief from the requirement to provide the relationship disclosure information prescribed by section 14.2(1) of NI 31-103 for IIROC member firms

IIROC is currently finalizing its proposal on relationship disclosure information (the IIROC RDI proposal). The purpose of the IIROC RDI proposal is to set out detailed requirements to assist IIROC member firms to comply with the general principle in section 14.2(1) of NI 31-103.

It is anticipated that the IIROC RDI proposal will be finalized and new IIROC member rules reflecting the IIROC RDI proposal (the IIROC RDI rules) will be approved before the end of 2011, with provisions for their implementation in phases over a two-year transition period.

All CSA members have issued parallel orders that exempt a dealer that is a member of IIROC from the application of the requirements of section 14.2(1) of NI 31-103 provided that after the IIROC RDI rules are approved, the IIROC member complies with them, subject to applicable transition periods. The orders will expire on December 31, 2013, by which time the IIROC RDI rules are expected to be fully implemented.

Relief from the requirement to provide the relationship disclosure information prescribed by section 14.2(1) of NI 31-103 for mutual fund dealers

(a) MFDA members

The MFDA has adopted new member rules for relationship disclosure information (the MFDA RDI rules). The purpose of the MFDA RDI rules is to set out detailed requirements to assist MFDA member firms to comply with the general principle in section 14.2(1) of NI 31-103. The MFDA RDI rules will be implemented in phases, starting on September 28, 2011 and ending December 3, 2013.

All CSA members except Québec have issued parallel orders that exempt a dealer that is a member of the MFDA from the application of the requirements of section 14.2(1) of NI 31-103 provided it complies with the MFDA RDI rules, subject to applicable transition periods.

The orders will expire on December 31, 2013, by which time the MFDA RDI rules are expected to be fully implemented.

This relief applies to MFDA members notwithstanding their registration in other categories.

(b) Mutual fund dealers registered in Québec

In Québec, the Autorité des marchés financiers issued an order on September 1, 2010 exempting mutual fund dealers in Québec from the requirement, in section 14.2(1) of NI 31-103, to provide relationship disclosure information until the earlier of September 28, 2011 or the coming into effect of new regulations for mutual fund dealers in Québec.

There is currently no equivalent requirement, under the regulations in Québec, relating to relationship disclosure information. This renders the exemption provided in section 9.4(4) of NI 31-103, in respect of the application of section 14.2(2) of NI 31-103, unavailable to mutual fund dealers in Québec.

Beginning on September 28, 2011, the requirement to provide relationship disclosure information, as provided in section 14.2 of NI 31-103, will apply to mutual fund dealers in Québec. However, the Autorité des marchés financiers has issued a new order exempting mutual fund dealers in Québec from the application of the requirements of section 14.2(1) of NI 31-103, but in respect of existing clients only.

This order will expire on December 31, 2013.

This relief applies to mutual fund dealers in Québec notwithstanding their registration in other categories.

We are publishing the orders with this Notice. The orders are also available on websites of CSA members, including:

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
www.msc.gov.mb.ca
www.gov.ns.ca/nssc
www.nbsc-cvmnb.ca
www.osc.gov.on.ca
www.sfsc.gov.sk.ca

Questions

If you have questions regarding this Notice or the orders please direct them to any of the following:

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lbremner@bcsc.bc.ca

Sarah Corrigall-Brown
Senior Legal Counsel, Capital Markets Regulation
British Columbia Securities Commission
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Navdeep Gill
Legal Counsel, Market Regulation
Alberta Securities Commission
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Dean Murrison
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The Manitoba Securities Commission
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Frederik J. Pretorius
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Dept of Community Services
Government of Yukon
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Fred.Pretorius@gov.yk.ca

1.1.3 TBS New Media Ltd. et al.

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

NOTICE OF WITHDRAWAL

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing on September 3, 2010, to consider whether it was in the public interest to make certain orders against TBS New Media Inc., TBS New Media PLC, CNF Food Corp., CNF Candy Corp., Ari Jonathan Firestone and Mark Green, pursuant to sections 37, 127 and 127.1 of the *Securities Act*;

AND WHEREAS Staff of the Commission filed a Statement of Allegations, Amended Statement of Allegations and Further Amended Statement of Allegations (collectively, "Staff's Allegations") in connection with the Notice of Hearing dated September 3, 2010;

TAKE NOTICE that Staff of the Commission hereby withdraws Staff's Allegations against Mark Green.

September 27, 2011

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

1.2 Notices of Hearing

1.2.1 TBS New Media Ltd. et al. – ss. 37, 127

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

AND

IN THE MATTER OF
TBS NEW MEDIA LTD., TBS NEW MEDIA PLC,
CNF FOOD CORP., CNF CANDY CORP.,
ARI JONATHAN FIRESTONE
AND MARK GREEN

AND

IN THE MATTER OF
SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND
TBS NEW MEDIA LTD., TBS NEW MEDIA PLC,
CNF FOOD CORP., CNF CANDY CORP.,
AND ARI JONATHAN FIRESTONE

NOTICE OF HEARING
(Sections 37 and 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 37 and 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission located at 20 Queen Street West, Toronto, 17th Floor, on September 27, 2011 at 2:30 p.m. or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve a settlement agreement entered into between Staff of the Commission and TBS New Media Ltd., TBS New Media PLC, CNF Food Corp., CNF Candy Corp. and Ari Jonathan Firestone;

BY REASON OF the allegations set out in the Statement of Allegations, Amended Statement of Allegations, and Further Amended Statement of Allegations of the Staff of the Commission dated September 3, 9, and 22, 2011 respectively, and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel, if that party attends or submits evidence at the hearing;

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

DATED at Toronto this 23rd day of September, 2011.

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

1.3 News Releases

1.3.1 IAP Submits Cost Disclosure and Performance Reporting Comment Letter

FOR IMMEDIATE RELEASE
September 26, 2011

IAP SUBMITS COST DISCLOSURE AND PERFORMANCE REPORTING COMMENT LETTER

TORONTO – The OSC Investor Advisory Panel has submitted its comment letter to the Ontario Securities Commission regarding the proposed amendments to National Instrument 31-103 *Cost Disclosure and Performance Reporting*.

The Panel gave a wholehearted endorsement to the proposed initiative and indicated their overall support. "We are pleased that the CSA is taking this step. The proposed changes are necessary amendments to the disclosure landscape to help redress the information imbalance between financial advisors and their clients, especially in terms of information that investors receive from their dealers. However, we believe that some additional changes in the law are necessary and our submission speaks to these changes." said Professor Anita Anand, Chair of the Investor Advisory Panel.

The submission covered significant terrain and consisted of the following main points:

- Investors should receive annual statements disclosing costs in BOTH dollar and percentage terms.
- The format for performance report should be standardized. Combining the cost and performance reports would increase the impact of these reports – and the likelihood that they would be read by investors.
- Benchmarks are important and useful but require additional study.
- CSA should explore imposing significant penalties for non-compliance.
- The proposal should be implemented in one year rather than two.

The Panel expressed its view that speedy implementation of the proposed amendments are long overdue and serve to benefit investor interests.

The Investor Advisory Panel was created in 2010 as an independent body to contribute an investor perspective to the OSC's rule and policy making process. The comment letter and additional information about the Investor Advisory Panel are available on the OSC website at www.osc.gov.on.ca.

For media inquiries:

Anita Anand
Chair, Investor Advisory Panel
c/o Allan Krystie
Senior Administrator, Investor Advisory Panel

For investor inquiries:

Allan Krystie
Senior Administrator, Investor Advisory Panel
416-593-2189
iap@osc.gov.on.ca

1.4 Notices from the Office of the Secretary

1.4.1 Global Partners Capital et al.

FOR IMMEDIATE RELEASE
September 22, 2011

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

AND

IN THE MATTER OF
GLOBAL PARTNERS CAPITAL,
ASIA PACIFIC ENERGY, INC.,
1666475 ONTARIO INC.
OPERATING AS "ASIAN PACIFIC ENERGY",
ALEX PIDGEON, KIT CHING PAN
aka CHRISTINE PAN,
HAU WAI CHEUNG,
aka PETER CHEUNG, TONY CHEUNG,
MIKE DAVIDSON, OR PETER MCDONALD,
GURDIP SINGH GAHUNIA
aka MICHAEL GAHUNIA OR SHAWN MILLER,
BASIL MARCELLINIUS TOUSSAINT
aka PETER BECKFORD, AND
RAFIQUE JIWANI
aka RALPH JAY

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

A copy of the Reasons and Decision on Sanctions and Costs and the Order dated September 21, 2011 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.2 TBS New Media Ltd. et al.

FOR IMMEDIATE RELEASE
September 23, 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 – Staff of the Ontario Securities Commission filed a Further Amended Statement of Allegations dated September 22, 2011 with the Office of the Secretary in the above noted matter.

A copy of the Further Amended Statement of Allegations dated September 22, 2011 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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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

The Respondents

FURTHER AMENDED STATEMENT OF ALLEGATIONS OF STAFF OF THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. This proceeding involves the unregistered trading and illegal distribution of securities of CNF Candy Corp. ("CNF Candy") and CNF Food Corp. ("CNF Food") to shareholders of TBS New Media Ltd. ("TBS New Media"), a company incorporated in Ontario, and TBS New Media PLC ("TBS PLC"), a company created pursuant to the laws of the United Kingdom.

2. Between 2004 and 2008, securities in TBS New Media and TBS PLC (collectively "TBS") were distributed to investors in Ontario and throughout Canada purportedly pursuant to a private placement. Some of the persons who originally acquired securities of TBS New Media were asked to return these securities in exchange for securities of TBS PLC.

3. In 2009 and 2010, TBS investors in Canada were then solicited to exchange their shares in TBS for securities in CNF Candy and/or CNF Food. TBS shareholders wishing to acquire securities of CNF Candy and/or CNF Food (collectively "CNF") were also required to provide additional funds.

4. From September of 2009 until March of 2010 (the "Material Time"), TBS investors sent approximately $109,639 to accounts in Toronto, Ontario controlled by Firestone in order to acquire CNF securities.

5. Ari Jonathan Firestone ("Firestone") was at all material times the sole directing mind of TBS and CNF. Firestone was the sole signatory on the CNF Account.

6. These solicitations to TBS shareholders were made by a person using the name Mark Green ("Green") under the direction and supervision of Firestone.

II. THE CORPORATE RESPONDENTS

7. TBS New Media was originally incorporated in the Province of Ontario on January 30, 1995 under the name Telxl Inc. and changed its name to TBS New Media Ltd. on September 29, 2004. During the Material Time, the registered office of TBS New Media was located in Ontario.

8. TBS PLC was a company governed by the laws of the United Kingdom which was created as a result of a change of name made on January 30, 2008. TBS PLC was previously called Bobcat PLC which incorporated under the *Companies Act 1985* on June 14, 2006.

9. Neither TBS New Media nor TBS PLC have ever been registered with the Ontario Securities Commission (the "Commission") in any capacity.

10. CNF Candy was incorporated pursuant to the laws of Canada on May 3, 2007. CNF Candy changed its named to CNF Food on November 21, 2007. CNF Candy was again incorporated on December 5, 2007. During the Material Time, the registered office of CNF Candy was located in Ontario.

11. CNF Food was dissolved under section 212 of the *Canada Business Corporations Act* on March 2, 2010. During the Material Time, the registered office of CNF Food was located in Ontario.

12. CNF Candy and CNF Food have never been registered in any capacity with the Commission.

III. THE INDIVIDUAL RESPONDENTS

13. Firestone is a resident of Ontario. At all times, he was the directing mind of TBS New Media, TBS PLC, CNF Candy and CNF Food.

14. Firestone was last registered in any capacity with the Commission on July 25, 2000 and has not been registered in any capacity since that date.

15. According to Firestone, Green was the investor relations representative for CNF and solicited TBS investors to acquire CNF securities during the Material Time from the offices of CNF in Ontario.

16. There is no record of a person named Mark Green having ever been registered with the Commission.

IV. UNREGISTERED TRADING IN SECURITIES OF TBS AND CNF CONTRARY TO SECTION 25(1) OF THE ACT

17. Staff allege that members of the public in Canada who had acquired securities of TBS were solicited by salespersons, agents and representatives of CNF to acquire securities of CNF in exchange for their existing shares of TBS and additional funds. As a result, approximately $109,639 was raised from existing investors of TBS.

18. The actions of TBS New Media, TBS PLC, CNF Candy, CNF Food, Firestone and Green in relation to the securities of TBS and CNF constituted the trading of securities without registration contrary to section 25(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act")

V. ILLEGAL DISTRIBUTION OF SECURITIES OF CNF CONTRARY TO SECTION 53(1) OF THE ACT

19. Neither CNF Candy nor CNF Food have ever filed a prospectus or a preliminary prospectus with the Commission or obtained receipts for them from the Director as required by section 53(1) of the Act.

20. The trading of securities of CNF Candy and/or CNF Food as set out above constituted distributions of these securities by TBS New Media, TBS PLC, CNF Candy, CNF Food, Firestone and/or Green in circumstances where there were no exemptions available to them under the Act contrary to section 53 of the Act.

VI. MISLEADING STATEMENT MADE TO THE COMMISSION CONTRARY TO SECTION 122(1)(A) OF THE ACT

21. Firestone was interviewed by Staff appointed to investigate this matter on March 24, 2010 and May 28, 2010 (the "Examinations"). Firestone provided sworn testimony at the Examinations and the Examinations were transcribed by a court reporter.

22. Firestone was subsequently interviewed by Staff on December 3, 2010 (the "December 3 Examination"). During the December 3 Examination Staff confronted Firestone with evidence contradicting statements made by Firestone at the Examinations and Firestone declined to answer Staff's questions with respect to these prior statements.

23. Firestone later acknowledged that during the Examinations Firestone made materially misleading and/or untrue statements to Staff.

24. This conduct was contrary to s. 122(1)(a) of the Act.

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

25. The specific allegations advanced by Staff related to the trades in TBS and CNF securities during the Material Time are as follows:

(a) TBS New Media, TBS PLC, CNF Candy, CNF Food, Firestone and Green traded in securities without being registered to trade in securities, contrary to section 25(1) of the Act and contrary to the public interest;

(b) The actions of TBS New Media, TBS PLC, CNF Food, CNF Candy, Firestone and Green related to the sale of securities of CNF Candy and CNF Food constituted distributions of securities of CNF Food and CNF Candy where no preliminary prospectus and prospectus were issued nor receipted by the Director, contrary to section 53(1) of the Act and contrary to the public interest;

(c) Firestone being a director and/or officer of TBS New Media, TBS PLC, CNF Candy and CNF Food did authorize, permit or acquiesce in the commission of the violations of sections 25(1) and 53(1) of the Act, as set out above, by TBS New Media, TBS PLC, CNF Candy or CNF Food or by the salespersons, representatives or agents of TBS New Media, TBS PLC, CNF Candy or CNF Food, including Green, contrary to section 129.2 of the Act and contrary to the public interest; and

(d) Firestone made statements to Staff appointed to make an investigation or examination under the Act that in a material respect and at the time and in the light of the circumstances, were misleading or untrue and did not state facts that were required to be stated or that were necessary to make the statements not misleading, contrary to s.122(1)(a) of the Act and contrary to the public interest.

26. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto, September 22, 2011.

1.4.3 TBS New Media Ltd. et al.

FOR IMMEDIATE RELEASE
September 23, 2011

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

AND

IN THE MATTER OF
TBS NEW MEDIA LTD., TBS NEW MEDIA PLC,
CNF FOOD CORP., CNF CANDY CORP.,
ARI JONATHAN FIRESTONE
AND MARK GREEN

AND

IN THE MATTER OF
SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND
TBS NEW MEDIA LTD., TBS NEW MEDIA PLC,
CNF FOOD CORP., CNF CANDY CORP.,
AND ARI JONATHAN FIRESTONE

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and TBS New Media Ltd., TBS New Media PLC, CNF Food Corp., CNF Candy Corp. and Ari Jonathan Firestone. The hearing will be held on September 27, 2011 at 2:30 p.m. in Hearing Room B on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated September 23, 2011 is available at **www.osc.gov.on.ca**.

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JOHN P. STEVENSON
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1.4.4 TBS New Media Ltd. et al.

FOR IMMEDIATE RELEASE
September 27, 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 – Staff of the Ontario Securities Commission filed a Notice of Withdrawal against Mark Green today.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.5 TBS New Media Ltd. et al.

FOR IMMEDIATE RELEASE
September 27, 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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF
OF THE ONTARIO SECURITIES COMMISSION
AND ARI JONATHAN FIRESTONE,
TBS NEW MEDIA LTD., TBS NEW MEDIA PLC,
CNF FOOD CORP. AND CNF CANDY CORP.

TORONTO – Following a hearing held today, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Ari Jonathan Firestone, TBS New Media Ltd., TBS New Media PLC, CNF Food Corp. and CNF Candy Corp.

A copy of the Order dated September 27, 2011 and Settlement Agreement dated September 23, 2011 are available at **www.osc.gov.on.ca**.

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1.4.6 Zungui Haixi Corporation

FOR IMMEDIATE RELEASE
September 28, 2011

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

AND

IN THE MATTER OF
ZUNGUI HAIXI CORPORATION

TORONTO – The Commission issued an order in the above named matter which provides that pursuant to subsections 127(7) and 127(8) of the Act the Temporary Order is extended until November 10, 2011 and the hearing to consider a further extension of the Temporary Order is scheduled for November 9, 2011 at 10:00 a.m.

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

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 New Generation Biotech (Equity) Fund Inc. et al.

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund reorganization – approval required because transaction does not meet the criteria for pre-approval – labour sponsored investment funds with different managers – reorganization not a "qualifying exchange" or a tax-deferred transaction under the Income Tax Act (Canada) – current simplified prospectus not required to be sent to shareholders of the selling funds.

Applicable Legislative Provisions

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

August 31, 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
NEW GENERATION BIOTECH (EQUITY) FUND INC.,
THE VENGROWTH INVESTMENT FUND INC.,
THE VENGROWTH II INVESTMENT FUND INC.,
THE VENGROWTH III INVESTMENT FUND INC., THE VENGROWTH
ADVANCED LIFE SCIENCES FUND INC.
and THE VENGROWTH TRADITIONAL INDUSTRIES FUND INC.
(Collectively, The "Selling Funds")

AND

COVINGTON CAPITAL CORPORATION
(The "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received a joint application from the Selling Funds and the Filer for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") for approval pursuant to:

(i) subsection 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* ("**NI 81-102**") for the sale of assets of the Selling Funds to Covington Fund II Inc. (the "**Asset Transfer Approval**"); and,

(ii) subsection 5.5(1)(a) of NI 81-102 for the change of manager of certain Selling Funds in connection with the sale of assets (the "**Change of Manager Approval**").

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

Interpretation

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

Representations

The decision is based on the following facts represented by the Selling Funds and/or the Filer:

The Selling Funds

1. The Selling Funds are not in default of securities legislation in any Jurisdiction.

2. Information about the Selling Funds consists of the following:

New Generation Biotech (Equity) Fund Inc. ("NGBE")

(a) NGBE was incorporated on October 31, 2000 under the *Business Corporations Act* (Ontario) (the "**OBCA**").

(b) NGBE is registered as a labour sponsored investment fund corporation ("**LSIF**") under the Community Small *Business Investment Funds Act* (Ontario) (the "**CSBIF Act**") and is a prescribed labour-sponsored venture capital corporation ("LSVCC") under the *Income Tax Act* (Canada) (the "**Tax Act**"). NGBE's investment activities are governed by the CSBIF Act.

(c) NGBE is a reporting issuer in Ontario only.

(d) The fundamental investment objective of NGBE is to achieve long-term capital appreciation by investing in a diversified portfolio of securities of biotechnology and health care related ventures.

*The VenGrowth Investment Fund Inc. ("**VGI**")*

(a) VGI was incorporated by articles of incorporation dated November 9, 1994 under the Canada Business Corporations Act (the "**CBCA**") and was continued under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") in December 2009.

(b) VGI is registered as a LSIF under the CSBIF Act and is registered as a LSVCC under the Tax Act. VGI's investment activities are governed by the CSBIF Act and the Tax Act.

(c) VGI is a reporting issuer in Ontario only.

(d) The fundamental investment objective of VGI is to invest in small to medium-sized eligible businesses with the objective of achieving long-term capital appreciation.

*The VenGrowth II Investment Fund Inc. ("**VGII**")*

(a) VGII was incorporated by articles of incorporation dated October 18, 1999 under the CBCA and was continued under the BCBCA in December 2009.

(b) VGII is registered as a LSIF under the CSBIF Act and is a registered as a LSVCC under the Tax Act. VGII's investment activities are governed by the CSBIF Act and the Tax Act.

(c) VGII is a reporting issuer in all Jurisdictions.

(d) The fundamental investment objective of VGII is to invest in small to medium-sized eligible businesses with the objective of achieving long-term capital appreciation.

*The VenGrowth III Investment Fund Inc. ("**VGIII**")*

(a) VGIII was incorporated by articles of incorporation dated April 26, 2004 under the CBCA.

(b) VGIII is registered as a LSIF under the CSBIF Act and is registered as a LSVCC under the Tax Act. VGIII's investment activities are governed by the CSBIF Act and the Tax Act.

(c) VGIII is a reporting issuer in all provinces of Canada.

(d) The fundamental investment objective of VGIII is to invest in small to medium-sized eligible businesses with the objective of achieving long-term capital appreciation.

*The VenGrowth Advanced Life Sciences Fund Inc. ("**VGALS**")*

(a) VGALS was incorporated by articles of incorporation dated October 31, 2001 under the CBCA.

(b) VGALS is registered as a LSIF under the CSBIF Act and is a registered as a LSVCC under the Tax Act. VGALS's investment activities are governed by the CSBIF Act and the Tax Act.

(c) VGALS is a reporting issuer in all Jurisdictions.

(d) The fundamental investment objective of VGALS is to invest in small and medium-sized eligible Canadian businesses in the life sciences sector with the objective of achieving long-term capital appreciation.

*The VenGrowth Traditional Industries Fund Inc. ("**VGTI**")*

(a) VGTI was incorporated by articles of incorporation dated August 3, 2003 under the CBCA.

(b) VGTI is registered as a LSIF under the CSBIF Act and is registered as a LSVCC under the Tax Act. VGTI's investment activities are governed by the CSBIF Act and the Tax Act.

(c) VGTI is a reporting issuer in all provinces of Canada.

(d) The fundamental investment objective of VGTI is to invest in small and medium-sized eligible Canadian businesses with the objective of generating interest and dividend income as well as long-term capital appreciation

3. Information about Covington Fund II Inc. (the "**Covington Fund II**") consists of the following:

(a) Covington Fund II was incorporated under the OBCA by articles of incorporation dated September 20, 1999 and was continued under the CBCA by articles of continuance dated November 25, 2010.

(b) Covington Fund II is a registered LSIF under the CSBIF Act and is a prescribed LSVCC under the Tax Act. Covington Fund II's investment activities are governed by the CSBIF Act and will, following the Transaction, be governed by the CSBIF Act and the Tax Act.

(c) Covington Fund II is a reporting issuer in Ontario only and is not in default of securities legislation in Ontario. Covington Fund II will become a reporting issuer in the remaining Jurisdictions upon closing of the Transaction.

(d) The fundamental investment objective of Covington Fund II is to earn long-term capital appreciation on part of its investment portfolio and current yield and early return of capital on the remainder of its investment portfolio through investment in common shares, convertible preference shares or other instruments which create a right to acquire common shares, debt (with or without conversion features), warrants and other securities of both early stage, high growth companies as well as established businesses.

The Transaction

4. The shareholders of the Selling Funds approved the Transaction at shareholders' meetings held on August 25, 2011. Over 90% of votes cast by Class A shareholders of each of VGI, VGII, VGALS and VGTI and NGBE were cast in favour of the Transaction. Approximately 88% of votes cast by Class A shareholders of VGIII were cast in favour of the Transaction.

5. The shareholders of Covington Fund II approved the Transaction at a shareholders' meeting to be held on August 25, 2011. Approximately 97% of votes cast by Class A shareholders of Covington Fund II were cast in favour of the Transaction.

6. The Transaction is expected to close on a date (the "**Closing Date**") to be determined by the Selling Funds and Covington Capital Corporation, the manager of Covington Fund II (the "Covington Manager"), currently expected to be on or about September 1, 2011.

7. Details of the proposed sale of assets of the Selling Funds which would result in securityholders of the Selling Funds becoming securityholders of Covington Fund II (the "**Transaction**") were contained in (i) the information circular dated July 6, 2011 (the "**VenGrowth Circular**") sent by VGI, VGII, VGIII, VGALS and VGTI (collectively, the "**VenGrowth Funds**"), and (ii) the information circular dated July 14, 2011 (the "**NGBE Circular**") sent by NGBE, to their respective shareholders, which contains details of the Transaction, including income tax considerations associated with the Transaction. A copy of the VenGrowth Circular was filed on SEDAR on July 14, 2011. A copy of the NGBE Circular was filed on SEDAR on July 22, 2011.

8. In connection with the Covington Shareholders' Meeting, Covington Fund II shareholders were sent an information circular dated July 12, 2011 (the "**Covington Circular**") which contained details of the Transaction. A copy of the Covington Circular was filed on SEDAR on July 22, 2011.

9. The Selling Funds, Covington Fund II, the Covington Manager and each of VGI Manager, VGII Manager, VGIII Manager, VGALS Manager and VGTI Manager (collectively, the "**VenGrowth Managers**") have entered into an asset purchase agreement dated July 6, 2011 (the "APA") setting out the terms and conditions of the Transaction. A copy of the APA was filed on SEDAR.

10. Each Class A shareholder of Covington Fund II approved the Transaction by ordinary resolution, and approved the amendment of the articles of Covington Fund II to create two series of Class A shares by special resolution of such class (i.e. to pass, two-thirds of votes cast must vote in favour).

11. Each class of shareholder of the Selling Funds approved the Transaction by special resolution (i.e. to pass, two-thirds of votes cast must vote in favour). As part of such approval resolutions, approval was obtained by special resolution of such class to amend the rights attached to each series of Class A shares of each Selling Fund to add a merger redemption procedure (the "**Transaction Redemption Procedure**") so that on the Closing Date each Selling Fund may

redeem its issued Class A shares in exchange for the Transaction Shares (defined below) it receives in connection with the sale of its assets to Covington Fund II.

12. Prior to the Closing Date, Covington Fund II will amend its articles to create two series of Class A shares. On the Closing Date, Covington Fund II will issue either Class A shares, Series I or Class A shares, Series II, or both (the "**Transaction Shares**"), as described in the VenGrowth Circular and NGBE Circular, to each of the Selling Funds in exchange for the assets of the Selling Funds. The number of Transaction Shares issued to a Selling Fund will be determined by reference to the net asset value of the relevant Selling Fund (as determined in accordance with that fund's valuation policies and procedures) as at the Closing Date. The series of Transaction Shares issued to a Selling Fund has been determined based upon amount and manner in which the sales commissions were paid upon the issuance of the Class A shares of the Selling Funds.

13. Pursuant to the Transaction Redemption Procedure, each of the Selling Funds will redeem their respective Class A shares in exchange for the Transaction Shares received by such Selling Fund.

14. Shareholders of the Selling Funds will receive an equivalent value of Transaction Shares in payment for the Class A shares of the Selling Fund held by such shareholder on the Closing Date. The number of Transaction Shares of a series delivered in payment of the redemption price of the redeemed Class A shares of a shareholder of a Selling Fund will be equal to the number of Class A shares of the Selling Fund held by the shareholder multiplied by the "Exchange Ratio". For the purposes of the foregoing, the Exchange Ratio equals the Transaction NAV per Share of the Selling Fund's Class A shares divided by the Transaction NAV per Share of the Transaction Shares where "Transaction NAV per Share" means:

    (a) The NAV of a fund (as determined in accordance with that fund's valuation policies and procedures and adjusted as necessary to account for any proceeds to be paid under any dissent rights) as at the Closing Date allocated to each series of Class A shares of that fund; divided by

    (b) The number of outstanding Class A shares of that series of that fund (adjusted for shareholders exercising dissent rights) as of the Closing Date.

15. Redemptions of Class A shares of Covington Fund II, VGTI and VGIII are currently occurring without suspension. Upon completion of the Transaction, holders of Class A shares of Covington Fund II, VGTI and VGIII will not be subject to any new redemption fees or redemption restrictions on their Class A shares of Covington Fund II.

16. Redemptions of Class A shares of NGBE, VGI, VGII and VGALS are currently suspended. Upon the completion of the Transaction, holders of Class A shares of NGBE, VGI, VGII and VGALS will have two options from which to select should they wish to redeem their Transaction Shares

    (a) they may request a redemption of some or all of their Transaction Shares on the Closing Date. The redemption will be subject to the payment of a 15% redemption fee. This redemption fee will be retained by Covington Fund II for the benefit of all non-redeeming shareholders. This fee is payable to Covington Fund II and is intended to allow Covington Fund II to better manage its cash resources post-Transaction. A total of up to $30 million is available to be paid to holders of Transaction Shares who received those shares in payment of the redemption price for Class A shares of NGBE, VGI, VGII or VGALS on the implementation of the Transaction and who request to redeem those Transaction Shares pursuant to a Redemption Request Form. Accounting for the 15% redemption fee set out above, the total value of Transaction Shares of NGBE, VGI, VGII and VGALS that may be redeemed under this option will not be greater than $35.3 million. If redemption requests exceed $35.3 million, shareholders requesting this early redemption will have their Transaction Shares redeemed on a pro rata basis and will receive their pro rata share of the amount available to fund the early redemptions; or

    (b) they may retain some or all of their Transaction Shares (reflecting the full NAV of their Class A shares at the Closing Date less the NAV of any Transaction Shares that were redeemed under (a) above) and they will be able to redeem 15% of the number of Transaction Shares that they received on the Closing Date (not including the Transaction Shares that were redeemed under (a) above) without a redemption fee during each 12 month period, the first such period commencing on the Closing Date and successive periods running through to the fourth anniversary of the Closing Date.

The shareholder will be able to request the first redemption (this redemption being for the first 12 month period starting from the Closing Date) on the date on which the integration of the back office of the VenGrowth Funds with Covington Fund II is completed, which date is expected to occur within 6 months of the Closing Date (the "Integration Date"). Covington Fund II will publicly announce the Integration Date and communicate that information to investment advisors through electronic means. The shareholder will then be able to request further annual redemptions at any time commencing 12 months from the first anniversary of the Closing Date, and continuing for successive 12 month periods from the anniversary of the Closing Date until the fourth anniversary of the Closing Date, after which they will be able to redeem all or any of their Transaction Shares. The redemption rights under (b) above cannot be accumulated from one 12 month period to another.

17. All redemptions, whether under paragraphs 15 or 16 above, will also be subject to tax credit recapture withholdings under the CSBIFA or the Tax Act and applicable deferred sales commissions if Class A shares are redeemed at a date when they have been issued for less than eight years. The Selling Funds and Covington Fund II have received from the Canada Revenue Agency an advance income tax ruling (the "ITA Ruling") under which each Transaction Share will be deemed pursuant to paragraph 204.85(3)(a) of the Tax Act to have been issued by Covington Fund II at the time the Selling Fund issued the Class A share which such Transaction Share replaced.

18. The Covington Manager will continue to serve as manager for Covington Fund II.

19. If the Transaction is completed, the existing management agreements between the VenGrowth Funds and the VenGrowth Managers would not continue. Although the structure relating to the elimination of these agreements is not yet settled, the VenGrowth Managers have agreed to certain payments in consideration therefore (the "**VenGrowth Contract Termination Arrangement**"). Additionally, to facilitate the Transaction, the Selling Funds, Covington Fund II, the VenGrowth Managers and the Covington Manager have agreed that the combined payments from Covington Fund II to the Covington Manager and the VenGrowth Managers following the Transaction shall not exceed 2.75% of NAV annually. The total amount of management fees currently charged by Covington Manager is 2.75% of NAV annually. The elimination of the VenGrowth Managers' agreements will not result in any aggregate incremental cost borne by the VenGrowth Funds , NGBE or Covington Fund II.

20. Under the VenGrowth Contract Termination Arrangement, the timing and amount of payments to be made to the VenGrowth Managers shall be as follows (i) the VenGrowth Managers will receive a payment at a rate of 1.4% of the NAV of Covington Fund II annually, paid monthly; (ii) the VenGrowth Managers will receive a payment equal to 35% of the Incentive Participation Amount earned on the venture investments of Covington Fund II until July 2013, thereafter, the VenGrowth Managers will receive 50% of the incentive participation amount earned on the venture investments of Covington Fund II, payable quarterly; (iii) the VenGrowth Managers will be entitled to receive a payment equal to on-going capital maintenance fees and any deferred sales commissions (described below); and (iv) management fees payable for any new retail funds raised and managed by the Covington Manager will also be shared equally between the Covington Manager and the VenGrowth Managers. The payments in (i) and (ii) shall continue for at least eight years, and the payments in (iii) will continue as set out below.

21. There is no provision in the VenGrowth Contract Termination Agreement or elsewhere in the documents effecting the Transaction that contemplates the payments to the VenGrowth Managers described in the immediately preceding paragraph being increased. The payments listed in subsections (i), (ii) or (iii) of the immediately preceding paragraph (the "**VenGrowth Manager Payments**") will be subject to Part 5 of NI 81-102 in Ontario and, in particular, securityholder approval will be required for any increase in the VenGrowth Manager Payments.

22. The Covington Manager will enter into a new Management Agreement for Covington Fund II, reducing its management fee for the combined Covington Fund II from 2.75% of the NAV of Covington Fund II, to 1.35% of the NAV of the combined Covington Fund II.

23. Upon Closing, the obligation to make the contemplated payments to the VenGrowth Managers will become an obligation of the Covington Fund II.

24. Any future sales communications and disclosure documents of Covington Fund II will disclose both the amounts payable to the Covington Manager under the new Management Agreement and the VenGrowth Manager Payments.

25. Upon completion of the Transaction, the existing management agreement and servicing agreement between NGBE and Covington Manager shall be terminated without compensation to Covington Manager and the capital maintenance fees for NGBE will be pre-paid as described below.

26. The capital maintenance fee payable to the VenGrowth Manager is an annual fee per share of 1.15% (calculated on the original cost of the share in question) on all series A and B Class A shares of the VenGrowth Funds which, under the Transaction, will be exchanged for Series II Class A shares of Covington Fund II (in the case of Class A series A shares of VGALS and in the case of all VGII Class A shares (for Series I), this only applies to the shares issued after December 31, 2003). The capital maintenance fee for all Class A series C shares of each VenGrowth Fund is 1.65% which, under the Transaction, will be exchanged for Series II Class A shares of Covington Fund II (calculated on the original cost of the share in question).

27. The sales commission on a Class A share of a VenGrowth Fund was either zero, six or ten percent (depending on the series) of the net proceeds from the sale of such VenGrowth Fund Class A share. Such commission is deferred and is reduced by 1/8th every year for eight years from the date of issuance of the share in question, following which no commission on such share is payable by the holder thereof. If such share is redeemed at a date prior to eight years from the date such share was issued, the holder (indirectly) must pay the unamortized commission applicable at the date of redemption to the VenGrowth Managers. As noted above, the VenGrowth Managers will be entitled to the recovery of any deferred sales commissions related to all Class A shares of the VenGrowth Funds that were exchanged for Transaction Shares, on an on-going basis but only to the extent, with respect to each Transaction Share, that such Transaction Share is redeemed on a date that is prior to eight years from the date the Class A share for which it was exchanged was issued. For certainty, the exchange of Transaction Shares for Class A shares pursuant to the Transaction shall not cause deferred sales commissions to be recoverable by the VenGrowth Managers.

28. Capital maintenance fees also currently apply to NGBE. Covington Manager is also responsible for managing the relationships with registered dealers selling the Class A shares of NGBE. Prior to the cessation of new sales of Class A shares by NGBE, Covington financed the payment of a 10% or a 6% sales commission to such dealers in respect of sales of Class A shares, Series II and Class A shares, Series III, respectively sold prior to January 1, 2006. Covington Manager is remunerated for this service through a monthly fee of 0.160% of the original issue price of the Class A shares, Series II (1.92% annually) and 0.096% of the original issue price of the Class A shares, Series III (1.152% annually) which are still issued and outstanding during that month. In the event that such shares are redeemed prior to the eighth anniversary of the date of their issue, NGBE charges redeeming shareholders a fee equal to 1.25% and 0.75% of the original issue price for Class A shares, Series II and Class A shares, Series III respectively times the number of years until the eighth anniversary of the sale of the shares. NGBE pays this redemption fee to Covington Manager in lieu of the monthly fee on such redeemed shares. In merging NGBE and the VenGrowth Funds with Covington Fund II, two series of Class A shares are being created. The distinguishing difference between the two series is that Series I has very few remaining fees payable with respect to deferred sales commissions while Series II will have capital maintenance fees payable to reimburse remaining deferred sales commission amounts. The remaining distribution service fees will be prepaid as part of the Transaction.

29. After the Selling Funds redeem all Class A shares and the VenGrowth Funds pay to the holders of Class C shares of each VenGrowth Fund $1 and cancel the Class C shares, the Class B shares will be the only outstanding shares of each Selling Fund.

30. The Selling Funds will retain the Covington Manager as the manager of such funds for the purpose of winding up the Selling Funds as soon as reasonably possible after the Closing Date.

31. The NGBE Sponsor has agreed, upon completion of the Transaction, that it will execute an agreement with NGBE which will terminate its sponsorship agreement and facilitate the wind-up of NGBE without further compensation payable to the NGBE Sponsor over the fees due to the date of Closing.

32. Under the Transaction, pursuant to an agreement between the VenGrowth Sponsor, the Covington Sponsor and Covington Fund II, the VenGrowth Sponsor and the Covington Sponsor will become co-sponsors of Covington Fund II, and the total sponsor fees will not exceed 0.16% per annum of NAV of Covington Fund II, representing a reduction in the aggregate sponsor fees being paid by Covington Fund II. The VenGrowth Sponsor will be entitled to an aggregate sponsor fee of 0.11% per annum and the Covington Sponsor will be entitled to a sponsor fee of 0.05% per annum of NAV of Covington Fund II.

33. The VenGrowth Funds were interested in a purchaser that could acquire all of their assets and the Covington Manager met that requirement, as well as other relevant requirements of the Board.

34. Subsequent to the announcement of the Transaction, GrowthWorks Canadian Fund Ltd. ("**GrowthWorks**") issued a press release and filed a dissident proxy circular urging shareholders of the VenGrowth Funds to vote against the

Transaction and providing certain details of a transaction they would propose if the Transaction failed.

35. Under Section 5.5(1)(b) of NI 81-102, each of the Selling Funds is required to obtain the approval of the securities regulatory authority or regulator where a transfer of its assets is implemented, if the transaction will result in the securityholders of a Selling Fund becoming securityholders in another mutual fund. Each securityholder of a Selling Fund would, as a result of the Transaction, become a securityholder of Covington Fund II.

36. Under Section 5.5(1)(b) of NI 81-102, regulatory approval is required before the Covington Manager can become the manager of the VenGrowth Funds for the purpose of winding up those funds.

37. The Selling Funds will be wound up as soon as reasonably possible following the Closing Date. The Covington Manager will be retained as manager by the VenGrowth Funds after they (and NGBE) redeem all of their issued and outstanding Class A shares for the purpose of effecting the wind up of those funds. As the Covington Manager and the VenGrowth Managers are not affiliated, regulatory approval pursuant to section 5.5(1)(a) of NI 81-102 is required for this change.

38. The Transaction was negotiated through a thorough process conducted by a special committee (the "**Special Committee**") of the boards of directors of each of the VenGrowth Funds, which process is described in the VenGrowth Circular, during which process the Special Committee:

    (a) retained independent legal counsel; and

    (b) retained the services of an independent financial advisor (the "**Financial Advisor**"), to assist in its review process of alternative strategic proposals and, if requested, to assist in pursuing a transaction.

39. The Transaction was considered by the independent members of the board of directors of NGBE through a process described in the NGBE Circular. Such directors considered four different strategic options, determined that the Transaction was the most attractive option for the shareholders of NGBE and unanimously recommended that the shareholders of NGBE adopt the resolutions approving the Transaction and the amendment of articles.

40. The Transaction was considered by the independent members of the board of directors of Covington Fund II through a process described in the Covington Circular. Such directors explored strategic options that would allow Covington Fund II to better manage liquidity, stabilize the size of Covington Fund II and optimize returns to shareholders and unanimously recommended that the shareholders of Covington Fund II adopt the resolutions approving the Transaction..

41. As part of the evaluation of alternative strategic proposals, the Special Committee, with the assistance of the Financial Advisor, reviewed all strategic proposals presented, including the outline of a proposal contained in the dissident circular filed by GrowthWorks. The Special Committee determined that the Transaction was the most attractive option for the shareholders of the VenGrowth Funds and unanimously recommended that the shareholders of the VenGrowth Funds adopt the resolutions approving the Transaction and the amendment of articles.

42. The independent review committee of each of the Selling Funds and Covington Fund II has reviewed the terms of the Transaction and confirmed that, in their respective opinions, the Transaction achieves a fair and reasonable result for the respective funds.

43. The Financial Advisor also delivered a written fairness opinion addressed to the Board of Directors of each VenGrowth Fund concluding, that the Transaction is fair from a financial point of view to the Class A shareholders of that fund.

44. Notwithstanding any provision in a cost and expenses agreement (the "**Cost and Expenses Agreement**"), the particulars of which are described in the VenGrowth Circular and NGBE Circular and a copy of which was filed on SEDAR as a schedule to the APA governing the Transaction, the costs of effecting the Transaction will not be borne by the Selling Funds or Covington Fund II. Such costs (defined in the Costs and Expenses Agreement as the "**Transaction Costs**") will be borne by the Covington Manager and the VenGrowth Managers.

45. As disclosed in the press release of the VenGrowth Funds dated August 20, 2011, it was discovered that during the proxy solicitation process inaccurate information about redemption options available to shareholders of the Selling Funds was provided to a limited number of those shareholders by Georgeson Shareholder Communications Canada Inc. ("**Georgeso**n"). Georgeson acted as the VenGrowth Funds' proxy solicitation agent. Based on internal investigations conducted by Georgeson, the misinformation was unintentional and appears to have been isolated to a relatively small number of shareholders. Nonetheless, the VenGrowth Funds and Georgeson took certain corrective steps, as detailed in the August 20, 2011 press

release issued by the VenGrowth Funds, in an effort to confirm that shareholders who were contacted by Georgeson were made aware of the correct information in respect of their redemption options, as well as the process for changing their vote.

46. Given the small number of shareholders that were likely affected, as well as the corrective action taken to provide shareholders with the correct information, the VenGrowth Funds believe that the requisite approval by shareholders of each of the VenGrowth Funds would have been obtained whether or not the inaccurate information about redemption options was disseminated as described.

47. The Filer is the manager of the Covington Fund II, NGBE and a number of other LSIFs. The Filer is not the manager, or an affiliate of the manager, of the VenGrowth Funds.

48. The VenGrowth Funds will retain the Filer as the new manager of such funds for the purpose of winding up each of those funds as soon as reasonably possible after the Closing Date. NGBE also will be wound up as soon as reasonably possible after the Closing Date.

49. The Transaction is not a "qualifying exchange" within the meaning of Section 132.2 of the Tax Act and will not be a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the Tax Act.

50. Shareholders of the Selling Funds were permitted to dissent from the Transaction pursuant to the dissent rights contained in the CBCA, the OBCA or the *Business Corporations Act* (British Columbia), as applicable. A shareholder who dissents will be entitled, in the event the Transaction becomes effective, to be paid fair value for the Class A Shares of a Fund held by such shareholder determined as at the close of business on the day before the resolutions approving the Transaction were passed. If a shareholder dissents from the Transaction and receives a cash payment for his shares, the shareholder is considered to have realized proceeds of disposition equal to the amount of the payment received by the shareholder. The proceeds of disposition will be reduced by the amount withheld and paid to the Receiver General for Canada as a return of the federal tax credit, the amount withheld from the proceeds and paid by the Covington Fund II to the Ministry of Finance (Ontario) as a return of the Ontario tax credit and applicable early redemption fees.

51. The Transaction meets all of the conditions contained in Section 5.6(1) of NI 81-102 for the pre-approval of the Transaction except for the following:

(a) the Covington Manager is not the manager of the VenGrowth Funds or an affiliate of any of the VenGrowth Managers;

(b) the VenGrowth Funds are reporting issuers in several local jurisdictions and Covington Fund II does not have a current prospectus in any jurisdiction other than Ontario;

(c) the Transaction is not a "qualifying exchange" within the meaning of Section 132.2 of the Tax Act as it does not involve a transfer of property of the Selling Funds to a mutual fund trust. The Transaction will not be a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the Tax Act;

(d) the shareholders of each of the Selling Funds have received a prospectus summary, describing, in prospectus level detail, the attributes of Covington Fund II as they would exist should the Transaction proceed, rather than a copy of the current prospectus of Covington Fund II; and

(e) the shareholders of NGBE, VGI, VGII and VGALS do not have the right to redeem their shares until the date of the Transaction.

52. Shareholders of Covington Fund II will not be subject to tax as a result of the Transaction.

53. Shareholders of the Selling Funds who hold their Class A shares in a registered plan, such as an RRSP or RRIF, will not pay any income tax as a result of the redemption of their Class A shares pursuant to the Transaction.

54. Shareholders of the Selling Funds who hold their Class A shares outside a registered account may realize a capital gain or a capital loss as a result of the Transaction.

55. The ITA Ruling which has been obtained confirms that the Transaction is a "merger" within the meaning of subsection 204.85(3) and subsection 211.7(2) of the Tax Act such that the Class A shares of the Selling Funds will be deemed not to be redeemed, acquired or cancelled by the Selling Funds and, consequently, the shareholders of the Selling Funds will not be subject to a repayment of their tax credits under the Tax Act as a result of the Transaction.

56. The Transaction will result in the securityholders of the Selling Funds becoming securityholders of the Covington Fund II thereby requiring the

approval of the Regulators pursuant to section 5.5(1)(b) of NI 81-102.

57. Under Section 5.5(1)(b) of NI 81-102, regulatory approval is required before the Covington Manager can become the manager of the VenGrowth Funds for the purpose of winding up those funds.

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 Asset Transfer Approval and the Change of Manager Approval are granted.

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

2.1.2 Desjardins Securities Inc. and IIROC member firms registered as of the date of this decision

Headnote

The applicant and other IIROC members are temporarily exempted from the requirement in section 14.2(1) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations to provide relationship disclosure information.

IN THE MATTER OF
NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*

AND

DESJARDINS SECURITIES INC.
(the Lead Filer) AND
IIROC MEMBER FIRMS REGISTERED AS OF THE DATE OF THIS DECISION

DECISION

Interpretation

1. Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) or National Instrument 14-101 *Definitions* have the same meaning.

Background

2. Under section 14.2(1) [*relationship disclosure information*] of NI 31-103, a registered firm must deliver to a client all information that a reasonable investor would consider important about the client's relationship with the registrant.

3. The Investment Industry Regulatory Organization of Canada (IIROC) is currently finalizing its proposal on relationship disclosure information (the IIROC RDI proposal), most recently published on January 7, 2011 in IIROC Notice 11-0005 *Proposals to implement the core principles of the Client Relationship Model – Proposed amendments – New Rule XX00 – Relationship disclosure*.

4. The purpose of the IIROC RDI proposal is to set out detailed requirements to assist registered firms who are IIROC members to comply with the general principle in section 14.2(1) of NI 31-103.

5. Under section 16.14 of NI 31-103, temporary relief from the application of section 14.2(1) of NI 31-103 was available until September 28, 2010 to persons or companies that were registered on the date when NI 31-103 came into effect.

6. Under a decision granted to the Lead Filer on September 9, 2010, further temporary relief from the application of section 14.2(1) of NI 31-103 was made available until September 28, 2011 to IIROC members that were registered on the date of the decision.

7. The temporary relief was provided in anticipation of the finalization of the IIROC RDI proposal. It is now anticipated that the IIROC RDI proposal will be finalized and new IIROC member rules reflecting the IIROC RDI proposal (the IIROC RDI rules) will be approved before the end of 2011 with provisions for their implementation in phases over a two-year transition period.

Application

8. The Lead Filer has applied to the Director, under section 15.1 of NI 31-103, for exemptions for itself and each registered firm that is a member of IIROC as of the date of this decision from paragraph 14.2(1) of NI 31-103, subject to the conditions and restrictions set out in this decision.

9. The Lead Filer represents that if it is required to comply with section 14.2(1) of NI 31-103 on September 28, 2011, it will be required to prepare detailed relationship disclosure information and may incur significant costs changing its relationship disclosure communications when the IIROC RDI rules are implemented.

10. The Lead Filer further represents that since the IIROC RDI rules are likely to come into force before the end of 2011, and be implemented in phases during a two-year transition period, the cost that it will incur by having to comply with section 14.2(1) of NI 31-103 on September 28, 2011 is not justified.

Decision

11. Section 14.2(1) of NI 31-103 does not apply to the Lead Filer or any registered firm that is a member of IIROC as of the date of this decision, provided in each case that, after the IIROC RDI rules are approved, it complies with the IIROC RDI rules subject to applicable transition provisions set out in the IIROC RDI rules.

12. This decision comes into effect on September 28, 2011 and expires on December 31, 2013.

September 20, 2011

"Erez Blumberger"
Deputy Director
Compliance and Registrant Regulation

2.1.3 Scotia Securities Inc. and MFDA member firms registered as of the date of this decision

Headnote

The applicant and other MFDA members are temporarily exempted from the requirement in section 14.2(1) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations to provide relationship disclosure information.

IN THE MATTER OF
NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*

AND

SCOTIA SECURITIES INC.
(the Lead Filer) AND
MFDA MEMBER FIRMS REGISTERED AS OF THE DATE OF THIS DECISION

DECISION

Interpretation

1. Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) or National Instrument 14-101 *Definitions* have the same meaning.

Background

2. Under section 14.2(1) [*relationship disclosure information*] of NI 31-103, a registered firm must deliver to a client all information that a reasonable investor would consider important about the client's relationship with the registrant.

3. The Mutual Fund Dealers Association of Canada (the MFDA) has adopted new member rules for relationship disclosure information (the MFDA RDI rules) finalizing a proposal (the MFDA RDI proposal) published on July 26, 2010 in MFDA Bulletin 0444-P – *Proposed amendments to MFDA Rule 2.2 (Client accounts), Policy No. 2 Minimum Standards for account supervision, Rule 2.8 (Client communications) and Rules 5.3 (Client reporting)*.

4. The purpose of the MFDA RDI rules is to set out detailed requirements to assist registered firms who are MFDA members to comply with the general principle in section 14.2(1) of NI 31-103.

5. Under section 16.14 of NI 31-103, temporary relief from the application of section 14.2(1) of NI 31-103 was available until September 28, 2010 to persons or companies that were registered on the date when NI 31-103 came into effect.

6. Under a decision granted to TD Investment Services Inc. on September 9, 2010, further temporary relief from the application of section 14.2(1) of NI 31-103 was made available to registered firms that were MFDA members on the date of the decision, expiring on the earlier of September 28, 2011 or the coming into force date of the MFDA RDI proposal.

7. The MFDA RDI rules will be implemented in phases over a transition period starting on September 28, 2011 and ending December 3, 2013.

Application

8. The Lead Filer has applied to the Director, under section 15.1 of NI 31-103, for exemptions for itself and each registered firm that is a member of the MFDA as of the date of this decision from paragraph 14.2(1) of NI 31-103, subject to the conditions and restrictions set out in this decision.

9. The Lead Filer represents that if it is required to comply with section 14.2(1) of NI 31-103 during the transition period leading to full implementation of the MFDA RDI rules, it will be required to prepare detailed relationship disclosure information and may incur significant costs changing its relationship disclosure communications when the MFDA RDI rules are fully implemented.

10. The Lead Filer further represents that since the MFDA RDI rules will be fully implemented by December 3, 2013, the cost that it will incur by having to comply with section 14.2(1) of NI 31-103 in the interim is not justified.

Decision

11. Section 14.2(1) of NI 31-103 does not apply to the Lead Filer or any registered firm that is a member of the MFDA as of the date of this decision, provided that, in each case, it complies with the MFDA RDI rules subject to applicable transition provisions set out in the MFDA RDI rules.

12. This decision comes into effect on September 28, 2011 and expires on December 31, 2013.

September 20, 2011

"Erez Blumberger"
Deputy Director
Compliance and Registrant Regulation

2.1.4 Ondine Biomedical 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).

September 22, 2011

Ondine Biomedical Inc.
c/o Fraser Milner Casgrain LLP
20th Floor, 250 Howe Street
Vancouver, BC V6C 3R8

Dear Sirs/Mesdames:

RE: Ondine Biomedical Inc. (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan and Manitoba (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

2.1.5 Primero Mining Corp.

Headnote

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions – business combination – related party of an issuer has entered into a connected transaction to a business combination – related party has agreed to amend agreements with the issuer in order to facilitate the business combination and without any economic enhancements or ancillary benefits to the related party – MI 61-101 requires that the votes attached to securities of interested parties to the business combination, including related parties that a party to a connected transaction, cannot be included in the minority approval of the business combination – relief granted allowing the votes attached to the related party's shares to be included as part of the minority.

Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 8.1(2), 9.1(2).

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

AND

IN THE MATTER OF
PRIMERO MINING CORP.

DECISION

UPON the application (the "**Application**") of Primero Mining Corp. ("**Primero**") to the Ontario Securities Commission (the "**Commission**") for a decision pursuant to section 9.1 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") exempting Primero from the requirement to exclude the votes attached to common shares of Primero held by (i) Goldcorp Inc. ("**Goldcorp**"), (ii) its related parties, and (iii) joint actors of (i) and (ii), as a result of the Commercial Agreement (defined below), in determining minority approval of the Proposed Transaction (defined below) pursuant to section 4.5 of MI 61-101 (the "**Requested Relief**");

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

AND UPON Primero having represented to the Commission that:

1. Primero is a corporation existing under the laws of British Columbia. Primero is a reporting issuer in each province and territory in Canada, except Québec, and is not in default of securities legislation in any province or territory of Canada.

2. The authorized share capital of Primero consists of an unlimited number of common shares (the "**Primero Shares**") and an unlimited number of preferred shares without par value, of which approximately 88,249,829 Primero Shares and no preferred shares are issued and outstanding as at July 19, 2011. The Primero Shares are listed and posted for trading on the TSX under the symbol "P".

3. Northgate Minerals Corporation ("**Northgate**") is a corporation existing under the laws of British Columbia. Northgate is a reporting issuer in each province and territory in Canada.

4. The authorized share capital of Northgate consists of 100,000,000,000,000 common shares (the "**Northgate Shares**"), 100,000,000,000,000 Class A preferred shares and 100,000,000,000,000 Class B preferred shares, of which approximately 291,975,845 Northgate Shares and no Class A or Class B preferred shares are issued and outstanding as at July 19, 2011. The Northgate Shares are listed and posted for trading on the TSX under the symbol "NGX" and on NYSE AMEX under the symbol "NXG".

5. Goldcorp is the largest shareholder of Primero, holding approximately 35.5% of the outstanding Primero Shares.

6. Goldcorp is a corporation existing under the laws of Ontario. Goldcorp's common shares trade on the TSX and the New York Stock Exchange. Goldcorp is a reporting issuer in each province and territory in Canada.

7. Primero and Northgate have entered into a definitive arrangement agreement dated July 12, 2011 (the "**Arrangement Agreement**") pursuant to which Northgate will acquire all of the issued and outstanding Primero Shares (the "**Proposed Transaction**") on the basis of 1.5 Northgate Shares per Primero Share (the "**Exchange Ratio**").

8. The transaction will be effected by way of a plan of arrangement completed under the *Business Corporations Act* (British Columbia) (the "**Arrangement**"). Completion of the Arrangement is subject to, among other things, receipt of all necessary approvals, including regulatory and shareholder approvals and consents.

9. Upon completion of the transaction, existing Northgate and Primero shareholders will own approximately 69% and 31%, respectively, of the outstanding shares of the combined company. Goldcorp is expected to own approximately 11% of the outstanding shares of the combined company.

10. Goldcorp has entered into an agreement to vote in favour of the Arrangement at the meeting of Primero shareholders. Certain directors and officers of Primero and Northgate have also entered into agreements to vote in favour of the Arrangement at their respective shareholder meetings.

11. On July 12, 2011, Primero, Goldcorp, and Northgate, among others, entered into the commercial agreement ("**Commercial Agreement**") to amend the terms of certain agreements and debt instruments previously entered into by Primero with Goldcorp at the time of Primero's acquisition of the San Dimas Mine from Goldcorp in August 2010 (the "**Acquisition**").

12. The Acquisition was completed for a purchase price consisting of cash, Primero Shares, a convertible promissory note in the principal amount of US$60 million dated August 6, 2010 (the "**Convertible Promissory Note**") payable by Primero to a subsidiary of Goldcorp, and a promissory note in the principal amount of US$50 million dated August 6, 2010 (the "**Promissory Note**") payable by a subsidiary of Primero to a subsidiary of Goldcorp. The Convertible Promissory Note and the Promissory Note are collectively referred to as the "Primero Notes".

13. Concurrent with the completion of the Acquisition, a subsidiary of Goldcorp entered into a transition services agreement (the "**Transition Services Agreement**") with Primero and a subsidiary of Primero, which provided for the orderly transfer of the operations of the San Dimas Mine to the subsidiary of Primero.

14. On the closing of the Acquisition, Primero entered into a participation agreement with a subsidiary of Goldcorp (the "**Participation Agreement**"). Under the terms of the Participation Agreement, Goldcorp and its affiliates will, provided they continue to beneficially own at least 10% of the issued and outstanding Primero Shares, have the right to (i) maintain their aggregate percentage of issued Primero Shares following completion of the Acquisition, and (ii) designate, after consultation with Primero, a number of individuals (currently two persons) to be initially appointed and to serve as directors of Primero and thereafter to be nominated at each meeting of shareholders at which directors are to be elected.

15. The Promissory Note bears interest at a rate of 6% per annum, payable annually on December 31 of each year. The principal will be repaid in equal annual instalments of $5 million during each of the four years beginning on December 31, 2011 with the balance of the unpaid principal being due and payable on December 31, 2015, provided that if the "free cash flow" from the San Dimas Mine

exceeds $40 million in any year, then 50% of such excess will be used to repay the Promissory Note.

16. The Convertible Promissory Note has an initial maturity date of August 6, 2011 (the "**Initial Maturity Date**") and carries an annual interest rate of 3%. In certain circumstances, the holder of the Convertible Promissory Note may extend the maturity date to August 6, 2012 (the "**Extended Maturity Date**"). The Convertible Promissory Note is convertible into Primero Shares at the option of the holder at any time before the Initial Maturity Date at a price of $6.00 per share.

17. On the Initial Maturity Date, Primero has the option to repay the principal amount of the Convertible Promissory Note in cash or in Primero Shares (the "**Primero Share Payment Option**"). Primero's ability to exercise the Primero Share Payment Option at the Initial Maturity Date is subject to the ability of the holder to extend the maturity date to the Extended Maturity Date.

18. Pursuant to the Commercial Agreement, Primero has agreed to provide notice to Goldcorp that it intends to exercise the Primero Share Payment Option and Goldcorp has agreed to elect to extend the Initial Maturity Date to the Extended Maturity Date.

19. The Primero Notes contain two covenants linked to the financial performance of Primero (the "**Financial Covenants**"), each of which is to be measured at the end of each of Primero's fiscal quarters and fiscal years.

20. The first financial covenant requires Primero to maintain on a consolidated basis a Tangible Net Worth of at least US$400 million dollars (the "**Tangible Net Worth Test**"). The Primero Notes define Tangible Net Worth as the total of the Company's "Equity" less "intangibles, deferred charges, leasehold improvements and deferred tax credits". "Intangibles" are defined as "assets lacking physical substance", and "Equity" is defined as "the total of share capital (excluding preferred shares redeemable within one year), contributed surplus and retained earnings" plus postponed debt.

21. The second financial covenant requires Primero, commencing at the end of Primero's first fiscal quarter following August 6, 2011, to maintain on a consolidated basis, Free Cash Flow (as defined in the Primero Notes) of at least US$10 million calculated on a rolling four fiscal quarter basis (the "**Free Cash Flow Test**"). The Primero Notes defined "Free Cash Flow" as cash provided by operating activities as set out in the consolidated statement of cash flows of Primero (as determined on a consolidated basis in accordance with Canadian generally accepted accounting principles ("**Canadian GAAP**")) less, to the extent not already deducted, all capital expenditures of the San Dimas Mine, all principal and interest payable to the holders of the Primero Notes pursuant to the terms and conditions of the Primero Notes, and up to US$5 million per year on account of acquisition opportunities.

22. The wording of the Tangible Net Worth Test under the Primero Notes as described above had implications that fell outside the intention of Primero and the parties to the Primero Notes. Primero and Goldcorp had intended that Primero's share purchase warrants (the "**Share Purchase Warrants**") be included in the calculation of Tangible Net Worth. However, as Primero discloses the Share Purchase Warrants separately from its share capital on its balance sheet, the Share Purchase Warrants fell outside the definition of Equity under each of the Primero Notes.

23. Furthermore, warrants are treated differently under International Financial Reporting Standards ("**IFRS**") than under Canadian GAAP. Under Canadian GAAP, the fair value of the Share Purchase Warrants is classified as shareholders' equity and qualified as Equity for the purposes of the Tangible Net Worth Test under the Primero Notes. Under IFRS, however, Share Purchase Warrants that are denominated in a currency other than a company's functional currency are classified as liabilities and would not be treated as Equity under the Primero Notes.

24. In addition, and as noted above, the definition of Tangible Net Worth under each of the Primero Notes described "intangibles" as assets lacking physical substance, which is not a definition typically used in determining if an asset is an intangible asset. Under this definition, assets such as cash and receivables could, on a strict interpretation, be considered intangibles and not included in the calculation of Primero's Tangible Net Worth. The practice of Primero and Goldcorp, however, was to include intangibles that would normally be considered current assets, such as cash and receivables, in calculating Primero's Tangible Net Worth, which was reflected in the quarterly compliance certificates delivered under the Primero Notes and accepted by the holders of the Primero Notes.

25. The Tangible Net Worth Test called for Primero's Tangible Net Worth to be at least US$400 million. This limited Primero's flexibility to respond to economic and market fluctuations.

26. With respect to the Free Cash Flow Test, the definition of "Free Cash Flow" under each of the Primero Notes combined cash flows from Primero's consolidated financial statements and the San Dimas Mines statements. The inclusion of the capital expenditures associated with the San

Dimas Mine in the Free Cash Flow Test further limited Primero's financial flexibility.

27. On July 12, 2011, Primero entered into the Commercial Agreement with Goldcorp, two subsidiaries of Goldcorp, and Northgate (collectively, the "**Parties**") whereby, in connection with the Proposed Transaction, the Parties (i) agreed that the Participation Agreement will terminate on completion of the Proposed Transaction, (ii) obtained certain consents and acknowledgements from Goldcorp and its affiliates in connection with the Primero Notes, the Participation Agreement, an indemnity provided by Primero to Goldcorp in connection with a silver purchase agreement with an affiliate of Silver Wheaton Corp. (the "**Indemnity**"), and the Transition Services Agreement, and (iii) amended each of the Primero Notes to establish financial covenants which would provide Primero with greater financial flexibility.

28. Upon termination of the Participation Agreement, Goldcorp will cease to have the right to nominate members of the Primero board of directors and will cease to have pre-emptive share purchase rights for the Primero Shares. Goldcorp has also agreed to trading restrictions on the Northgate Shares to be received by Goldcorp on completion of the Arrangement, which restrictions are modelled on the restrictions in respect of the Primero Shares currently in the Participation Agreement.

29. With respect to the Primero Notes, the Parties agreed to amend, effective on completion of the Proposed Transaction, the definition of Tangible Net Worth in each of the Primero Notes to ensure that the Share Purchase Warrants are included in the calculation of Tangible Net Worth under the Tangible Net Worth Test. The explicit reference to the Share Purchase Warrants in the definition of Tangible Net Worth also ensures that the Share Purchase Warrants are captured in view of the reclassification of the Share Purchase Warrants under IFRS. Furthermore, to avoid the possible non-inclusion of assets such as cash and receivables from Tangible Net Worth, the Parties amended, effective the date of the Commercial Agreement, the definition of Tangible Net Worth to remove the reference to intangibles being assets without physical substance and replaced it with a reference to intangibles as characterized by GAAP. Lastly, the Parties agreed to reduce, effective on completion of the Proposed Transaction, the financial threshold of the Tangible Net Worth Test from US$400 million to US$220 million, the effect of which will be to provide the combined company with greater financial flexibility to react to economic and market fluctuations.

30. The Parties also agreed to amend, effective on completion of the Proposed Transaction, the Free Cash Flow Test in each of the Primero Notes, by, in part, limiting the definition of "Free Cash Flow" to cash flow from operating activities in Primero's consolidated financial statements only. Although the Free Cash Flow threshold was increased by US$2.5 million from US$10 million to US$12.5 million, the removal of costs such as the capital expenditures of the San Dimas Mine from the Free Cash Flow Test effectively results in a threshold for the Free Cash Flow Test which is easier for Primero to satisfy, and will provide the combined company with further financial flexibility.

31. The Parties further agreed effective on completion of the Proposed Transaction, to deem the Proposed Transaction a "Capital Reorganization" as contemplated under the Convertible Promissory Note, with the effect that if the holder of the Convertible Promissory Note exercises the right to convert the Convertible Promissory Note after the completion of the Proposed Transaction, the holder will be entitled to receive the Northgate Shares calculated in accordance with the Exchange Ratio, rather than Primero Shares.

32. Furthermore, effective on the date of the Commercial Agreement, Goldcorp and its two subsidiaries agreed, as and if required, to consent to the Proposed Transaction under each of the Primero Notes, the Indemnity and the Transition Services Agreement, as applicable, and Goldcorp and one of its subsidiaries agreed to acknowledge and confirm that they will not take any action with respect to any breach of the financial covenants in each of the Primero Notes which may have occurred prior to the effective date of the Arrangement Agreement.

33. The overall effect of the Commercial Agreement is to terminate Goldcorp's rights under the Participation Agreement, clarify and confirm the intentions of the Parties with respect to the Primero Notes and, by amending the terms of the Tangible Net Worth Test and the Free Cash Flow Test, improve Primero's (and therefore the combined company's) financial flexibility and clarify that Goldcorp will not take any action with respect to any past breach. The changes effected or to be effected by the Commercial Agreement do not provide any economic enhancements or other ancillary benefits to Goldcorp.

34. The Commercial Agreement may be considered a "connected transaction" to the Proposed Transaction. The Proposed Transaction could reasonably be determined to constitute a "business combination" under MI 61-101 because Goldcorp, a related party to Primero, is a party to a connected transaction to the Proposed Transaction. As a consequence, Goldcorp would be an "interested party" in respect of the business combination and prevented from voting as part of

the "minority" to approve the Arrangement pursuant to subsection 8.1(2) of MI 61-101.

35. As Goldcorp is a related party of Primero, the Commercial Agreement as it relates to the amendments to the Primero Notes (the "**Note Amendments**") could reasonably be determined to constitute a "related party transaction" under MI 61-101. However, pursuant to section 5.1 of MI 61-101, the provisions relating to related party transactions in Part 5 of MI 61-101 (the "**Related Party Requirements**") do not apply to Primero because the Proposed Transaction is a business combination for Primero.

36. Assuming the Related Party Requirements did apply to the Proposed Transaction, Primero would not be required to obtain a formal valuation of the Commercial Agreement under section 5.4 of MI 61-101 as neither of the Note Amendments are a related party transaction described in any of paragraphs (a) to (g) of the definition of "related party transaction" in MI 61-101. Therefore, Primero is not required to obtain a valuation of the Proposed Transaction pursuant to clause 4.3(1)(b) of MI 61-101.

37. In the absence of the relief sought, subsection 8.1(2) of MI 61-101 would require Primero to exclude the votes attached to Primero Shares held by (i) Goldcorp, (ii) its related parties, and (iii) joint actors of (i) and (ii), in determining minority approval of the Proposed Transaction pursuant to section 4.5 of MI 61-101.

AND UPON the Commission being satisfied to do so would not be prejudicial to the public interest;

IT IS DECIDED pursuant to section 9.1 of MI 61-101 that the Requested Relief is granted.

Dated August 3, 2011.

"Naizam Kanji"
Deputy Director, Corporate Finance

2.1.6 Sunshine Silver Mines Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from the prospectus requirements in connection with the use of electronic roadshow materials – cross-border offering of securities – compliance with U.S. offering rules leads to non-compliance with Canadian regime – relief required as use of electronic roadshow materials constitutes a distribution requiring compliance with prospectus requirements – relief granted from sections 25 and 53 of the Securities Act (Ontario) in connection with a cross-border offering – decision subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74.
National Policy 47-201 Trading Securities Using the Internet and Other Electronic Means, s. 2.7.

September 23, 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
SUNSHINE SILVER MINES CORPORATION
(THE FILER)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the posting of certain roadshow materials on one or more commercial services such as www.retailroadshow.com and/or www.netroadshow.com during the period (the **Waiting Period**) between the issuance of a receipt for a preliminary prospectus and a receipt for a final prospectus from the prospectus requirement under the Legislation (the **Exemption Sought**).

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

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

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

Representations

This decision is based on the following facts and representations made by the Filer:

1. The Filer was incorporated under the Delaware General Corporation Law on February 2, 2011.

2. The Filer's principal office is located at 370 17th Street, Suite 3800, Denver, Colorado. United States 80202.

3. On July 7, 2011, the Filer filed a registration statement with the United States Securities and Exchange Commission (the **SEC**) in respect of a proposed initial public offering (the **Offering**) of its shares of common stock (the **Offered Shares**) in order to register the Offered Shares under the U.S. Securities Act of 1933, as amended.

4. On July 8, 2011, the Filer filed a preliminary long form base PREP prospectus (the **Preliminary Prospectus**) with the Commission and the Passport Jurisdictions in respect of the Offering.

5. The Filer also intends to file an amended and restated preliminary long form base PREP prospectus in connection with the Offering in Canada (the **Amended Preliminary Prospectus**) and to commence the marketing of the Offering in both Canada and the United States after a receipt is obtained evidencing receipt of the Amended Preliminary Prospectus from the Commission under MI 11-102.

6. Between the time that the Commission issues a receipt for the Amended Preliminary Prospectus and the final long form base PREP prospectus (the **Final Prospectus**), the Filer intends to use electronic roadshow materials (the **Website Materials**) to promote the Offering, as is now typical for initial public offerings in the United States.

7. Compliance with U.S. securities laws in an initial public offering requires either making a bona fide version of the roadshow, such as the Website Materials, available in a manner that affords unrestricted access to the public, or filing a copy of the roadshow on the SEC's Electronic Data-Gathering Analysis and Retrieval System (known by its acronym, **EDGAR**), which will have the same effect of affording unrestricted access. We understand that, in the view of the SEC, making documents available in a manner that affords unrestricted access to the public means that no restrictions on access or viewing may be imposed, such as password protection, both with respect to persons inside and outside of the United States.

8. The Filer and the underwriters of the Offering wish to carry out the Offering in a manner that is typical for initial public offerings in the United States, and consistent with United States federal securities law, by posting the Website Materials on an Internet-based commercial service such as www.retailroadshow.com or www.netroadshow.com, without password or other access restrictions.

9. Affording unrestricted access to Website Materials during the Waiting Period is, however, contrary to the prospectus requirement and the restrictions on permissible marketing activities during the Waiting Period, such that the Legislation would require that access to Website Materials be controlled by the Filer or the underwriters by such means as password protection and other measures, as suggested by National Policy 47-201 – *Trading Securities Using the Internet and Other Electronic Means*.

10. As the Legislation does not permit Website Materials to be made generally available to prospective purchasers in Canada without restriction during the Waiting Period, the Filer and the underwriters of the Offering cannot carry out the Offering in Canada in a manner that is typical for initial public offerings in the United States unless the Exemption Sought is granted.

11. The Website Materials will contain a statement informing readers that the Website Materials do not contain all of the information in the Preliminary Prospectus, including any amendments, or the Final Prospectus, as supplemented and including any amendments, and that prospective purchasers should review all of those documents, in addition to the Website Materials, for complete information regarding the Offered Shares.

12. The Website Materials will be fair and balanced.

13. The Filer will include a hyperlink in the Website Materials to the documents referred to in paragraph 11, at such time as a particular document is filed.

14. The Filer will state in any amendment to the Preliminary Prospectus and the Final Prospectus that, in connection with the information contained in the Website Materials posted on one or more commercials services, such as www.retailroadshow.com and/or www.netroadshow.com, purchasers of the Offered Shares in each of the provinces of Canada in which the Final Prospectus is filed and a receipt therefore is issued (or is deemed to have been issued) will have a contractual right of action for any misrepresentation in the Website Materials against the Filer and the Canadian underwriters who sign the Final Prospectus.

15. At least one underwriter that signed the Preliminary Prospectus was, and in respect of any amendment to the Preliminary Prospectus and the Final Prospectus will be, registered in each of the provinces of Canada other than Québec.

16. Canadian purchasers will only be able to purchase the Offered Shares through an underwriter that is registered in the purchaser's Canadian province of residence, unless an exemption from the dealer registration requirement is available.

17. The Filer acknowledges that the Exemption Sought relates only to the posting of the Website Materials on one or more commercial services, such as www.retailroadshow.com and/or www.netroadshow.com, and not in respect of the Preliminary Prospectus, any amendment to the Preliminary Prospectus or the Final Prospectus.

18. The Filer is not in default of any of its obligations under the Legislation or the securities legislation of any of the Passport Jurisdictions.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation of 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:

1. Any amendment to the Preliminary Prospectus after the date of this decision and the Final Prospectus will state that purchasers of the Offered Shares in each of the provinces of Canada in which the Final Prospectus is filed and a receipt is issued (or is deemed to have been issued) will have a contractual right of action for any misrepresentation in the Website Materials against the Filer and the Canadian underwriters who sign the Final Prospectus, substantially in the following form:

> "We may make available certain materials describing the offering (the **Website Materials**) on the website of one or more commercial services such as www.retailroadshow.com or www.netroadshow.com under the heading "Sunshine Silver Mines Corporation" during the period prior to obtaining a final receipt for the final base PREP prospectus in connection with this offering (the **Final Prospectus**) from the securities regulatory authorities in the Canadian offering jurisdictions. In order to give purchasers in each of the Canadian offering jurisdictions the same unrestricted access to the Website Materials as provided to U.S. purchasers, we have applied for and obtained exemptive relief from the securities regulatory authority in each of the Canadian offering jurisdictions. Pursuant to the terms of that exemptive relief, we and each of the Canadian underwriters signing the certificate contained in the Final Prospectus have agreed that, in the event that the Website Materials contained any untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made (a **misrepresentation** within the meaning of Canadian securities laws), a purchaser resident in a Canadian offering jurisdiction who purchases our shares of common stock pursuant to the Final Prospectus during the period of distribution shall have, without regard to whether the purchaser relied on the misrepresentation, rights against us and each Canadian underwriter signing the certificate contained in the Final Prospectus with respect to such misrepresentation as are equivalent to the rights under section 130 of the Securities Act (Ontario) or the comparable provision of the securities legislation of the particular province where that purchaser is resident, as the case may be, subject to the defences, limitations and other terms thereof, as if such misrepresentation were contained in the Final Prospectus."

2. The Website Materials will not include information that compares the Filer to one or more other issuers (**Comparables**) unless the Comparables are also included in the preliminary prospectus for the Offering, including any amendments, and the Final Prospectus.

"Wes M. Scott"
Commissioner
Ontario Securities Commission

"Paulette Kennedy"
Commissioner
Ontario Securities Commission

2.1.7 Burcon Nutrascience Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from the requirement in subsection 4.2(1) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards that financial statements be prepared in accordance with Canadian GAAP – issuer, a reporting issuer, wants to file a document required by a foreign regulator that contains financial statements prepared using IFRS for financial years beginning before January 1, 2011 – issuer intends to file a registration statement with the SEC that will contain the issuer's first IFRS financial statements; the registration statement will be filed after the issuer files its first IFRS interim report; the first IFRS interim report will contain disclosure as required under IFRS 1, as will the IFRS annual financial statements included in the registration statement; the interim reports for the second and third quarter of the changeover year will contain a statement directing investors to the registration statement for IFRS 1 disclosure – Confidentiality of decision granted for limited period.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, s. 4.2(1).

August 24, 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
BURCON NUTRASCIENCE CORPORATION
(THE FILER)

DECISION

Background

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

(a) exempting the Filer from the requirements of section 4.2 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107) and allowing it instead to comply with Part 3 of NI 52-107 with respect to annual financial statements for the fiscal year ended March 31, 2011 (the 2011 IFRS Statements) to be prepared in accordance with IFRS and to be filed pursuant to section 11.1 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) in connection with the filing of a registration statement on Form 40-F (the Registration Statement) with the U.S. Securities and Exchange Commission (SEC) (the IFRS Exemption); and

(b) that the application and this decision be held in confidence by the Decision Makers (the Confidentiality Relief).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 Passport System (MI 11-102) is intended to be relied upon in each of the provinces of Alberta, Saskatchewan, Manitoba, New Brunswick and Nova Scotia, 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 used in this decision and defined in National Instrument 14-101 *Definitions*, NI 52-107 and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. the Filer is a corporation incorporated under the *Business Corporations Act* (Yukon) and extra-provincially registered in British Columbia; the head office of the Filer is located at 1946 West Broadway, Vancouver, British Columbia, V6J 1Z2;

2. the Filer is a reporting issuer or its equivalent in the provinces of British Columbia, Ontario, Alberta, Saskatchewan, Manitoba, New Brunswick and Nova Scotia; the Filer is not in default of securities legislation in any jurisdiction;

3. the Filer's securities are listed on the Toronto Stock Exchange under the symbol BU;

4. NI 52-107 sets out acceptable accounting principles for financial reporting by domestic issuers, foreign issuers, registrants and other market participants; the Filer is currently a domestic issuer; under Part 4 of NI 52-107, a domestic issuer must use Canadian GAAP – Part V in preparing financial statements for periods relating to financial years beginning before January 1, 2011, with the exception that an SEC registrant may use U.S. GAAP; for financial years beginning before January 1, 2011, only foreign issuers may use IFRS;

5. the Filer has not previously prepared financial statements that contain an explicit and unreserved statement of compliance with IFRS;

6. as required by Part 4 of NI 52-107, the Filer has prepared its most recent annual financial statements as at and for the year ended March 31, 2011 (the 2011 Canadian GAAP Statements) in accordance with Canadian GAAP – Part V; the financial year end of the Filer is March 31;

7. the Canadian Accounting Standards Board adopted IFRS as Canadian GAAP for most publicly accountable enterprises for fiscal years beginning on or after January 1, 2011; the Filer is a publicly accountable enterprise;

8. the Filer intends to prepare and file its unaudited interim financial report for the three months ended June 30, 2011 (the Interim Report) which, as required under section 3.2 of NI 52-107, will be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, which is IFRS incorporated into the Handbook;

9. following the filing of the Interim Report, the Filer intends to file the Registration Statement with the SEC in order to register the common shares of the Filer as required in connection with the anticipated listing of the common shares on the NASDAQ Stock Market;

10. the Registration Statement will include the:

    (a) 2011 Canadian GAAP Statements, and

    (b) 2011 IFRS Statements;

11. the 2011 IFRS Statements contained in the Registration Statement will be the Filer's first IFRS financial statements, as defined in Appendix A of IFRS 1 *First-time Adoption of International Financial Reporting Standards*;

12. at the time of filing of the Form 40-F, the 2011 IFRS Statements will be filed pursuant to section 11.1 of NI 51-102;

13. under section 2.1(2)(e) of NI 52-107, the filing of the 2011 IFRS Statements in Canada brings such financial statements within the scope of NI 52-107 and, in particular, Part 4 *Rules Applying to Financial Years*

Beginning Before January 1, 2011 given that the 2011 IFRS Statements are in respect of the financial year ended March 31, 2011, which began before January 1, 2011;

14. under Part 4 of NI 52-107, only foreign issuers may file financial statements prepared in accordance with IFRS; the Filer is not and will not be, at the time of the filing of the 2011 IFRS Statements, a foreign issuer;

15. in CSA Staff Notice 52-321 *Early Adoption of International Financial Reporting Standards, Use of US GAAP and Reference to IFRS-IASB*, staff of the Canadian Securities Administrators recognized that some issuers may wish to prepare their financial statements in accordance with IFRS for periods beginning prior to January 1, 2011 and indicated that staff were prepared to recommend exemptive relief on a case by case basis to permit a domestic issuer to do so;

16. the Filer intends to use April 1, 2009 as its transition date to IFRS for purposes of the Interim Report and the 2011 IFRS Statements;

17. at the time of filing the Interim Report, no annual financial statements prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, which is IFRS incorporated into the Handbook, will have been filed; as such, for the purposes of preparing the Interim Report, the year ending March 31, 2012 would be considered to be the first year of adoption of IFRS by the Filer;

18. the Interim Report will include all the requirements of IFRS 1 for an interim financial report presented in accordance with IAS 34 *Interim Financial Reporting* for part of the period covered by an issuer's first IFRS financial statements, including the following reconciliations:

    (a) reconciliation of shareholders' equity as at:

        March 31, 2011;
        June 30, 2010;
        March 31, 2010; and
        April 1, 2009 (opening statement of financial position);

    (b) reconciliation of comprehensive income for the period ended:

        three months ended June 30, 2010;
        year ended March 31, 2011; and
        year ended March 31, 2010;

19. the 2011 IFRS Statements will include all the requirements of IFRS 1 for first IFRS financial statements, as defined in Appendix A of IFRS 1 *First-time Adoption of International Financial Reporting Standards*, including an explicit and unreserved statement of compliance with IFRS and an opening statement of financial position as at the transition date to IFRS, required reconciliations to previous GAAP, and required disclosures regarding the transition;

20. following the filing of the Interim Report and the 2011 IFRS Statements, interim and annual financial statements for periods relating to the financial year ending March 31, 2012 and thereafter (the Subsequent Statements) will be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, which is IFRS incorporated into the Handbook, as required by section 3.2 of NI 52-107; in the case of the second and third quarter interim financial statements for the financial year ending March 31, 2012, a statement will be included advising readers that such interim financial statements should be read in conjunction with the 2011 IFRS Statements;

21. the audited financial statements for the financial year ended March 31, 2011 prepared in accordance with Canadian GAAP – Part V will remain available to the public, as previously filed;

22. in preparing for the mandatory conversion to IFRS and in seeking the IFRS Exemption, the Filer has worked closely with its external auditors, PwC; PwC has significant experience with companies that have already transitioned to IFRS or have been reporting under IFRS;

23. the Filer has considered the implications of adopting IFRS on its obligations under securities legislation including, but not limited to those relating to CEO and CFO certifications, business acquisition reports, offering documents, and previously released material forward looking information; and

24. the Filer has carefully assessed the readiness of its staff, board of directors, audit committee, auditors, investors and other market participants for the adoption by the Filer of IFRS and has concluded that the Filer will be adequately prepared for the preparation of the Interim Report and the 2011 IFRS Statements in accordance with IFRS.

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:

1. the Exemption Sought is granted, provided that:

   (a) the Registration Statement containing the 2011 IFRS Statements is filed with the SEC;

   (b) the Filer prepares all Subsequent Statements in accordance with Canadian GAAP applicable to publicly accountable enterprises, which is IFRS incorporated into the Handbook;

   (c) the Interim Report complies with IFRS 1 for an interim financial report presented in accordance with IAS 34 *Interim Financial Reporting* for part of the period covered by an issuer's first IFRS financial statements and with Part 3 of NI 52-107 and include:

      (i) an opening statement of financial position as at April 1, 2009 presented with prominence equal to the other statements that comprise the Interim Report;

      (ii) the reconciliations described in paragraph 18 above, including sufficient information to enable users to understand material adjustments to the Filer's statement of financial position as at April 1, 2009 and March 31, 2011, and the Filer's statements of comprehensive income for the three months ended June 30, 2010 and the years ended March 31, 2010 and March 31, 2011; and

      (iii) material differences, if any, between the statement of cash flows as previously reported in accordance with Canadian GAAP – Part V and restated IFRS amounts for the three months ended June 30, 2010;

   (d) the 2011 IFRS Statements comply with IFRS 1 for first IFRS financial statements, as defined in Appendix A of IFRS 1 *First-time Adoption of International Financial Reporting Standards* and with Part 3 of NI 52-107; and

   (e) the Filer includes the statement described in paragraph 20 above in its second and third quarter interim financial statements for the financial year ending March 31, 2012; and

2. the Confidentiality Relief is granted until the earlier of:

   (a) the date on which the Filer files the Registration Statement with the SEC;

   (b) the date the Filer advises the principal regulator that there is no longer any need for the application and this decision to remain confidential; and

   (c) that date that is 60 days after the date of this decision.

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

2.1.8 Breakwater Resources Ltd.

Headnote

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

Ontario Statutes

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

September 26, 2011

Breakwater Resources Ltd.
95 Wellington Street West
Suite 950
Toronto, Ontario
M5J 2N7

Dear Sirs/Mesdames:

Re: Breakwater Resources Ltd. (the "Applicant") – application for a decision under the securities legislation of Ontario, Quebec, Alberta, Saskatchewan, Manitoba, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Nunavut and Yukon (the "Jurisdictions") that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.9 TD Waterhouse Canada Inc.

Headnote

Revocation of previous decision of Director dated January 19, 2011, In the Matter of TD Waterhouse Canada Inc. OSC PR, January 19, 2011 which permits large investment dealer (the Dealer) with three (3) operating divisions each headed by a co-CEO to be exempted from requirements to register as single ultimate designated person (UDP) and permit it to register three (3) UDPs, one (1) for each operating division.

Current decision exempts Dealer from UDP requirements and permits it to register two (2) UDPs, one (1) for each operating division following changes to the business structure by the Dealer.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 11.2.
Multilateral Instrument 11-102 Passport System, s. 4.7.

September 23, 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
TD WATERHOUSE CANADA INC.
(the Filer)

DECISION

Background

1. The principal regulator in the Jurisdiction has received an application from the Filer for an amendment to an existing decision (as described below) under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption from the requirement contained in section 11.2 of NI 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI-31-103**) to designate an individual to be the ultimate designated person (**UDP**) and permit the Filer to designate and register two individuals as UDP in respect of several distinct lines of securities business of the Filer (the **Exemption Sought**).

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

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

   (b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in all of the jurisdictions in Canada outside of Ontario (the **Non-principal Jurisdictions**, or collectively with the Jurisdiction, the **Filing Jurisdictions**).

2. The Director previously issued a decision (the **Decision**) *In the Matter of TD Waterhouse Canada Inc.*, OSC PR January 19, 2011 (File Number 2009/0804), which exempts the Filer from the UDP requirement of NI 31-103, and permits the Filer to designate and register three individuals as UDP, i.e. one for each of the three distinct lines of business.

3. The Decision should be reconsidered at this time given the Exemption Sought by the Filer to designate and register two individuals as UDP further to changes to the business structure of the Filer.

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

2. The Filer is also registered as an investment dealer in each of the Non-principal Jurisdictions.

3. The Filer is not, to the best of its knowledge, in default of the securities legislation of any of the Filing Jurisdictions.

4. The Filer's business is structured as follows:

    (a) There are several distinct lines of securities business as follows:

        (i) discount brokerage,

        (ii) institutional services,

        (iii) private investment advice; and

        (iv) financial planning.

    (b) Discount brokerage and institutional services (i.e. carrying broker activities for introducing brokers and similar activities for registered portfolio managers) are referred to collectively as the **Direct Investing Businesses**.

    (c) Financial planning offers a broad range of financial planning services (e.g. estate planning, tax planning and investments (primarily mutual funds)) to retail clients and is referred to as the **Financial Planning Business**.

    (d) Private investment advice is the full service brokerage group for retail clients and is referred to as the **Private Investment Advice Business**.

    (e) The Financial Planning Business and the Private Investment Advice Business are referred to collectively as the **Advice Businesses**.

    (f) Each of the Direct Investing Businesses and the Advice Businesses will report to a different person.

    (g) The Direct Investing Businesses will report to the person at the Filer who is referred to for purposes of this Decision Document as the Head of Direct Investing Businesses.

    (h) The Advice Businesses will report to the person at the Filer who is referred to for the purposes of this Decision Document as the Head of Advice Businesses.

    (i) Each of the Head of Direct Investing Businesses and the Head of Advice Businesses, has the role that is the equivalent of CEO in respect of the lines of business for which they are responsible. This means that each fulfills the following role for his or her respective lines of business:

        - runs the business lines,

        - has accountability for the operations and financial performance of the business lines,

        - provides clear leadership and sets the tone at the top for the business lines,

        - is the person that the executive management within the business lines reports to,

- prepares the objectives, strategy and plans, and implements these, for the business lines,
- has accountability for reporting to the Board of Directors with respect to the business lines, and
- is responsible for the business lines' organizational structure and succession planning.

(j) There is no line of reporting between the Head of Direct Investing Businesses and the Head of Advice Businesses and each reports directly to the Board of Directors of the Filer and to the person with the title of Group Head, Wealth Management, Insurance, and Corporate Shared Services of TD Bank Financial Group.

5. As measured by the number of trades executed on The Toronto Stock Exchange, TD Waterhouse is among the largest securities brokerages in Canada.

UDP Requirement

6. NI 31-103 was implemented on September 28, 2009 (the **Implementation Date**).

7. Under section 11.2 of NI 31-103, a registered firm is required to designate an individual to be the UDP (the UDP Requirement) and the UDP must be the chief executive officer, or the equivalent, of the registered firm.

8. If the Exemption Sought is granted, the Filer intends to have two UDPs.

9. In conjunction with the implementation of NI 31-103, IIROC amended its rules with respect to its requirements for a UDP to be more consistent with the requirements in NI 31-103. IIROC Rule 38.5 now reads:

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

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:

(i) each UDP fulfils the responsibilities set out in section 5.1 of NI 31-103, or any successor provision, in respect of the business lines of the Filer for which he or she is appointed as UDP; and

(ii) the Filer permits each UDP to directly access the Filer's board of directors, or individuals acting in a similar capacity for the Filer, at such times as each UDP may consider necessary or advisable in view of his or her responsibilities.

The Decision that was previously issued by the Director with respect to the Filer *In the Matter of TD Waterhouse Canada Inc.*, OSC PR on January 19, 2011 (File Number 2009/0804) is hereby revoked.

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

2.1.10 Friedberg Mercantile Group Ltd. and Toronto Trust Management Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to a commodity pool from paragraph 2.5(2)(a) and (c) of National Instrument 81-102 Mutual Funds to permit a commodity pool to gain exposure to another commodity pool implementing a two tiered structure, subject to certain conditions – Relief granted to the underlying commodity pools the same short selling exemption granted to the top funds.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.5(2)(a), (c), 2.6(a), (c), 6.1(1), 19.1.

September 22, 2011

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO

AND

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

AND

IN THE MATTER OF
FRIEDBERG MERCANTILE GROUP LTD. AND
TORONTO TRUST MANAGEMENT LTD.
(the Filers)

DECISION

Background

The securities regulatory authority or regulator in Ontario has received an application from the Filers for a decision under the securities legislation of the jurisdiction of the principal regulator (the **Principal Regulator Legislation**) for

(i) exemptive relief (the **Fund on Fund Relief**) from sections 2.1, 2.2 and paragraphs 2.5(2)(a) and (c) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) in respect of each of Friedberg Global-Macro Hedge Fund and Friedberg Asset Allocation Fund (the **Existing Funds**) and

(ii) exemptive relief (the **Fund LP Relief**) from sections 2.6(a), 2.6(c) and 6.1(1) of NI 81-102 in respect of each of Friedberg Global-Macro Hedge Fund LP (the **Global LP**) and Friedberg Asset Allocation Fund LP (the **Asset Allocation LP**, collectively, the **Fund LPs**).

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

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

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

Interpretation

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

Representations

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

Background

2. Friedberg Mercantile Group Ltd. (**FMGL**) is a corporation that is existing under the *Canada Business Corporations Act* and Toronto Trust Management Ltd. (**TTML**) is a corporation that is existing under the *Business Corporations Act* (Ontario). TTML is a subsidiary of FMGL

3. FMGL is registered as an investment dealer in each of the provinces and territories of Canada. FMGL is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**).

4. TTML has carried on (and continues to carry on) the activities of an investment fund manager, and has applied for registration as such under NI 31-103.

5. Each of the Existing Funds:

   (a) is an investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust;

   (b) is a commodity pool (as such term is defined in section 1.1 of National Instrument 81-104 *Commodity Pools* (**NI 81-104**)), in that each Existing Fund has adopted fundamental investment objectives that permit it to gain exposure to or use or invest in specified derivatives in a manner that is not permitted under NI 81-102;

   (c) has TTML as its trustee and manager, and has FMGL as its portfolio manager;

   (d) offers its trust units to the public by long form prospectus in each of the Jursidictions; and

   (e) is therefore subject to NI 81-102, NI 81-104, National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**), and other national instruments and securities legislation and policies applicable in the Jurisdictions.

6. Each Existing Fund is a multi-strategy commodity pool whose investment objective is to seek significant total investment returns, consisting of a combination of interest income, currency gains and capital appreciation by investing in discrete groups of investments. Investment strategies of each of the Existing Funds include investing in long and short positions in securities and investing in long and short positions in currency and commodity derivatives instruments. In such regard, each of the Existing Funds has been granted exemptions dated July 10, 2008 and May 13, 2009 respectively from the applicable provisions of NI 81-102 to permit them to engage in limited short selling of securities, the representation and conditions for which are set out below (the **Existing Short Selling Exemptions**):

   (a) each short sale made by an Existing Fund is subject to compliance with the investment objective of the Existing Fund;

   (b) in order to effect short sales of securities, the Existing Fund borrows 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;

   (c) the Existing Fund has implemented the following controls when conducting short sales of securities:

      (i) securities are sold short for cash, with the Existing Fund assuming the obligation to return to the Borrowing Agent the securities borrowed to effect the short sale;

      (ii) the short sales are effected through market facilities through which the securities sold short are normally bought and sold;

      (iii) the Existing Fund receives cash for securities sold short within normal trading settlement periods for the market in which the short sale is effected;

      (iv) the securities sold short are liquid securities that:

         A. are listed and posted for trading on a stock exchange, and

1. the issuer of the security has a market capitalization of not less than CDN$300 million, or the equivalent thereof, of such security at the time the short sale is effected; or

2. the investment advisor has pre-arranged to borrow for the purposes of such short sale; or

B. are bonds, debentures or other evidences of indebtedness of or guaranteed by the Government of Canada or any province or territory of Canada or the Government of the United States of America;

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

A. the aggregate market value of all securities of that issuer sold short by the Existing Fund do not exceed 2% of the net assets of the Existing Fund; and

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

(vi) the Existing Fund deposits assets with the Borrowing Agent as security in connection with the short sale transaction;

(vii) the Existing Fund keeps proper books and records of all short sales and assets deposited with Borrowing Agents as security;

(viii) the Existing Fund has written policies and procedures for the conduct of short sales;

(ix) the Existing Fund provides disclosure in its prospectus as to: (A) short selling, (B) how the Existing Fund engages in short selling, (C) the risks associated with short selling; and (D) in the investment strategy section of the prospectus, the Existing Fund's strategy and the Existing Short Selling Exemptions;

(x) the Existing Fund provides disclosure in its prospectus of 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 or trustee in the risk management process;

C. the trading limits and other controls on short selling 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;

(d) the aggregate market value of all securities sold short by the Existing Fund does not exceed the Applicable Percentage of the net assets of the Existing Fund on a daily marked-to-market basis (with the **Existing Percentage** in respect of Friedberg Global-Macro Hedge Fund being 40% and in respect of Friedberg Asset Allocation Fund being 25%);

(e) the Existing Fund holds "cash cover" (as defined in NI 81-102) in an amount, including the 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 Existing Fund on a daily marked-to-market basis;

(f) no proceeds from short sales of securities by the Existing Fund are used by the Existing Fund to purchase long positions in securities other than cash cover;

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

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

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

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

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

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

(k) the security interest provided by the Existing Fund over any of its assets that is required to enable the Existing 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.

Incentive Based Compensation

7. The administrative and advisory fee structures for the Existing Funds consist of the following:

(a) management fees, calculated and payable monthly, at the annual rate of (i) 2% in respect of Friedberg Global-Macro Hedge Fund and (ii) 1% in respect of Friedberg Asset Allocation Fund; and

(b) incentive fees, calculated and payable quarterly, in respect of "net new profits" realized (subject to a "hurdle rate"). In respect of Friedberg Global-Macro Hedge Fund the incentive fee is 20% of net new profits, while in respect of Friedberg Asset Allocation Fund the incentive fee is 15% of net new profits.

8. As a result of the very strong past performance of the Existing Funds, significant incentive fees have been paid to FMGL in the past.

9. The introduction of the Harmonized Sales Tax (**HST**) as of July 1, 2010 has resulted in the sales taxes payable by the Existing Funds increasing almost three-fold (i.e. from the previous 5% Goods and Services Tax to the 13% HST). The incentive fees payable to FMGL would be subject to these increased taxes.

10. Unlike the vast majority of mutual funds governed by NI 81-102, the incentive fee structure for the Existing Funds (as is more customary for commodity pools) can result in far more significant indirect HST implications for the investors in the Existing Funds. As a result, FMGL and TTML sought the advice of tax advisors with respect to the possibility of reorganizing the Existing Funds in a manner which was fully compliant with all applicable federal and provincial tax legislation and could allow for significant potential savings for the Existing Funds (and, as a result, allow a greater portion of the net assets of the Existing Funds to be retained by them for the benefit of their respective unitholders).

Proposed Fund Restructurings

11. The proposed restructuring of each Existing Fund will be implemented as follows:

(a) the Fund LPs have been established as limited partnerships;

(b) each Existing Fund will have its own separate Fund LP, dedicated solely to the investment activities of the subject Existing Fund;

(c) the sole general partner of each Fund LP is a new limited partnership established under the laws of Ontario under the name "Friedberg Advisors LP" (the **Advisory LP**). The sole general partner of the Advisory LP is Friedberg Advisors G.P. Inc., a wholly-owned subsidiary of FMGL, and the sole limited partner of the Advisory LP is TTML. The Advisory LP will be a registered portfolio manager under NI 31-103 (and, in this regard, it is intended that the individuals who are currently responsible for portfolio management for the Existing Funds at FMGL will be employed by the Advisory LP and, in such capacity, continue to be the individuals responsible for portfolio management for the Existing Funds at the Advisory LP, such that there will be no substantive change in the portfolio management arrangements for the Existing Funds from those currently in place);

(d) the portfolio investments (including derivatives positions) of the subject Existing Fund will be transferred, on a tax-deferred "rollover" basis, to its Fund LP in exchange for limited partnership units of the Fund LP, and with the subject Existing Fund to be and remain the sole limited partner of its Fund LP;

(e) TTML will continue to be the manager for each of the Existing Funds; and

(f) to replace the existing portfolio management agreement, including the entitlements of FMGL to earn incentive fees, the portfolio management services to be provided by the Advisory LP (as general partner of the Fund LP) will be provided for in the limited partnership agreement of the Fund LP, as will the entitlement of the Advisory LP to incentive fee distributions from the Fund LP. The incentive fee distribution entitlements will be calculated on the same basis as the existing incentive fee structure.

12. Unitholder approval for the proposed restructurings was sought and obtained at special meetings for each of the Existing Funds.

13. The aggregate amounts payable by an Existing Fund and its Fund LP will not change from the amounts that would be payable under the fee structures currently applicable to the Existing Fund, although it is currently contemplated that the administrative management fees (and HST thereon) will continue to be paid by the Existing Fund while the incentive fee distributions will be paid by its Fund LP to the Advisory LP under its entitlements under the limited partnership agreement of the Fund LP.

Going Forward Governance Arrangements

14. The sole limited partner of a Fund LP will be its related Existing Fund, and:

(a) other than the limited partnership units of a Fund LP held by its Existing Fund, no securities of, or interest in, a Fund LP will be permitted to be issued to or held by any person or entity whatsoever other than the incentive distribution entitlements of the Advisory LP (which, as noted above, result in the identical amounts being payable from time to time by the Fund LP as would had been payable by the Existing Fund under the existing incentive fee arrangements);

(b) the limited partnership agreement of the Fund LP will provide that no change may be made in respect of the Fund LP which would have required the approval of its limited partner if the Fund LP were subject to NI 81-102 (including, without limitation, any change in its investment objectives) unless such approval of its limited partner (i.e. the Existing Fund) is obtained, and in such circumstances, the Existing Fund's approval will be subject to the approval of its unitholders (i.e. appropriate "pass through" voting will be established);

(c) the investment objectives, strategies and restrictions otherwise applicable to the Existing Fund were it to have continued directly investing rather than indirectly investing through the Fund LP will in all respects apply to the Fund LP;

(d) in all respects, the Fund LP will be operated and governed in accordance with, and will be required to comply with, the provisions of NI 81-102, NI 81-104, NI 81-106 and applicable securities legislation in those Canadian jurisdictions in which the Existing Fund is a reporting issuer (such that, among other requirements, any requirements under Canadian securities legislation that would be applicable to incentive fees for the Existing Funds will be complied with in respect of incentive distributions payable by the Fund LPs to the Advisory LP);

(e) the Fund LP will be an open-ended mutual fund which permits contributions and withdrawals of its limited partnership interests on the identical basis as its Existing Fund; such that net subscriptions or net redemptions, as applicable, at the Existing Fund level will result in the identically proportionate net contributions or net withdrawals of limited partnership capital from the Fund LP; and

(f) with the exception of the "pass-through" of a redemption discount on the same basis as currently applies for the Existing Funds (with respect to each Existing Fund, the amount paid to a redeeming unitholder is the

aggregate net asset value per unit of the units redeemed less 0.375%, which is retained by the Existing Fund and not by FMGL, TTML or any other person or entity), there will be no fees of any kind payable by an Existing Fund in respect of any contribution to, or withdrawal of, limited partnership capital from its Fund LP.

Going Forward Prospectus and Continuous Disclosure Obligations

15. As the holdings of limited partnership interests in its Fund LP will be the sole investment and undertaking of the subject Existing Fund, and the subject Existing Fund will be the sole securityholder of its Fund LP (other than the Advisory LP, as described above), it is contemplated that the long form prospectus of an Existing Fund will include full, true and plain disclosure not only of the Existing Fund but also of its Fund LP, such that potential investors in an Existing Fund can obtain all appropriate prospectus disclosure by reading the prospectus of the Existing Fund. In addition, each Fund LP will file a prospectus in Ontario thereby becoming a reporting issuer and being subject to the continuous disclosure obligations under NI 81-106. For the purposes of the going forward continuous disclosure obligations of the Existing Funds, any material change in respect of a Fund LP will be considered a material change for its Existing Fund.

16. FMGL and TTML have been advised by an accounting consultant engaged by them that the proposed arrangements as between an Existing Fund and its Fund LP as described in this decision are such that the financial results of a Fund LP should, under International Financial Reporting Standards, be consolidated into the financial statements of its Existing Fund. As a result, all financial reporting contemplated under NI 81-106 for the Existing Fund will have to reflect the consolidated financial results and position of the Existing Fund and its Fund LP. Further, this will result in any financial disclosure in the prospectus of an Existing Fund being the consolidated financial results of the Existing Fund and its Fund LP.

17. The disclosure documents of the Existing Funds will include:

    (a) appropriate disclosure as to the tax ramifications, and potential risks, arising from the restructuring; and

    (b) disclosure identifying the incentive distributions payable by the Fund LPs to the Advisory LP as “incentive fee distributions”, and treating and disclosing such distributions as part of the consolidated fees to which the Existing Funds are directly or indirectly subject (such that the incentive distributions will be included in the consolidated management expense ratio calculations of the Existing Funds).

Decision

The Principal Regulator is satisfied that the decision meets the test set out in the Legislation for the relevant regulator or securities regulatory authority to make the decision.

The decision of the Principal Regulator is that the Fund on Fund Relief is granted provided that:

(a) each Fund LP is a mutual fund that has offered securities under a prospectus in Ontario;

(b) other than the limited partnership units of a Fund LP held by its Existing Fund, no securities of, or interest in, a Fund LP will be permitted to be issued to or held by any person or entity whatsoever other than incentive fee distribution entitlements of the Advisory LP;

(c) the limited partnership agreement of the Fund LP will provide that no change may be made in respect of the Fund LP which would have required the approval of its limited partner if the Fund LP were subject to NI 81-102 (including, without limitation, any change in its investment objectives) unless such approval of its limited partner (i.e. the Existing Fund) is obtained and, In such circumstances, the Existing Fund’s approval will be subject to the approval of its unitholders (i.e. appropriate “pass through” voting will be established); and

(d) the investment objectives, strategies and restrictions otherwise applicable to the Existing Fund were it to have continued directly investing rather than indirectly investing through the Fund LP will in all respects apply to the Fund LP;

and the Fund LP Relief is granted to the Global LP provided that :

(a) the aggregate market value of all securities sold short by the Global LP and Friedberg Global-Macro Hedge Fund does not exceed 40% of the net assets of Friedberg Global-Macro Hedge Fund on a daily marked-to-market basis;

(b) the Global LP holds "cash cover" (as defined in NI 81-102) in an amount, including fund 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 Global LP on a daily marked-to-market basis;

(c) no proceeds from short sales of securities by the Global LP are used by the fund to purchase long positions in securities other than cash cover;

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

(e) any short sale made by the Global LP is subject to compliance with the investment objective of the Global LP;

(f) for short sale transactions in Canada, every dealer that holds fund assets as security in connection with short sale transactions by the Global LP 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;

(g) for short sale transactions outside of Canada, every dealer that holds fund assets as security in connection with short sale transactions by the Global LP shall:

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

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

(h) except where the Borrowing Agent is the Global LP's custodian or a sub-custodian thereof, when the Global LP 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 net assets of the Global LP, taken at market value as at the time of the deposit;

(i) the security interest provided by the Global LP over any of its assets that is required to enable the Global LP 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; and

(j) prior to conducting any short sales of securities, the Asset Allocation LP discloses in its prospectus the following information:

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

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

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

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

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

and the Fund LP Relief is granted to the Asset Allocation LP provided

(a) the aggregate market value of all securities sold short by the Asset Allocation LP and Friedberg Asset Allocation Fund does not exceed 25% of the net assets of Friedberg Asset Allocation Fund on a daily marked-to-market basis;

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

(c) no proceeds from short sales of securities by the Asset Allocation LP are used by the fund to purchase long positions in securities other than cash cover;

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

(e) any short sale made by the Asset Allocation LP is subject to compliance with the investment objective of the Asset Allocation LP;

(f) 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;

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

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

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

(h) except where the Borrowing Agent is the Asset Allocation LP's custodian or a sub-custodian thereof, when the Asset Allocation LP 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 Asset Allocation LP, exceed 10% of the net assets of the Asset Allocation LP, taken at market value as at the time of the deposit;

(i) the security interest provided by the Asset Allocation LP over any of its assets that is required to enable the Asset Allocation LP 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; and

(j) prior to conducting any short sales of securities, the Asset Allocation LP discloses in its prospectus the following information:

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

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

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

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

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

"Darren McKall"
Manager, Investment Funds
Ontario Securities Commission

2.1.11 Transglobe Apartment Real Estate Investment Trust

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 51-102 Continuous Disclosure Obligations – Application for relief from requirement in Section 8.4 of NI 51-102 to include financial statement disclosure in business acquisition report – Filer completed the acquisition (the Acquisition) of the Acquisition Portfolio – Two of the properties of the Acquisition Portfolio (the Weston Road and the Ontario Street properties) were not owned or co-owned by DrimmerCo prior to March 31, 2011 (the After-Acquired Properties) – Filer has made every reasonable effort to obtain access to, or copies of, the historical accounting records in respect of the After-Acquired Properties necessary to prepare and audit the Acquisition Portfolio financial statements, but such efforts were unsuccessful in respect of Weston Road – Filer filed a prospectus supplement on July 25, 2011 – Prior to filing the Prospectus Supplement, the Filer submitted a pre-filing requesting an interpretation that the Prospectus Supplement would include satisfactory financial statements or other information as an alternative to the financial statements or other information that will be required to be included in, or incorporated by reference into, a BAR filed under Part 8 of NI 51-102 – Prospectus Supplement included the Prospectus Financials – Acquisition was subject to the applicable requirements of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions relating to, among other things, preparation of a formal valuation of the non-cash assets involved in the Acquisition and minority approval – Filer will provide the Prospectus Financials in lieu of the financial statements required by Section 8.4 of NI 51-102 in the BAR in respect of the Acquisition Portfolio – Relief granted subject to conditions including provision of the Prospectus Financials.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 8.4.

September 27, 2011

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

AND

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

AND

IN THE MATTER OF
TRANSGLOBE APARTMENT REAL ESTATE
INVESTMENT TRUST
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for a decision pursuant to Section 13.1 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) that the Filer be exempt from the requirement to include the financial statement disclosure prescribed under Section 8.4 of NI 51-102 and Item 3 of Form NI 51-102F4 in the business acquisition report (**BAR**) of the Filer relating to the Acquisition (as defined herein) (the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

1. The principal, registered and head office of the Filer is located at 5935 Airport Road, Suite 600 in Mississauga, Ontario.

2. The Filer is an unincorporated, open-ended real estate investment trust governed by the laws of the Province of Ontario pursuant to an amended and restated declaration of trust dated as of September 1, 2011.

3. The Filer is a reporting issuer, or the equivalent thereof, in each Province and Territory of Canada.

4. The trust units of the Filer (the **Trust Units**) are listed and posted for trading on the Toronto Stock Exchange under the symbol "TGA.UN".

5. The Filer was formed to own multi-suite, residential rental properties across Canada and, as at the date hereof, the Filer owns a portfolio of 151 properties principally located in urban centres in the Provinces of Alberta, Ontario, Québec, New Brunswick and Nova Scotia.

6. The Filer is authorized to issue an unlimited number of Trust Units and an unlimited number of special voting units (the **Special Voting Units**). As at September 2, 2011, there are 40,460,333 Trust Units and 14,450,462 Special Voting Units issued and outstanding. The number of Special Voting Units outstanding at any point in time is equivalent to, and accompanies, the number of outstanding class B limited partnership units of limited partnerships managed and controlled by the Filer which are exchangeable into Trust Units for the purpose of providing voting rights with respect to the Filer to the holder of such exchangeable securities.

7. On July 21, 2011, the Filer entered into the agreements of purchase and sale pursuant to which it agreed to indirectly acquire (the **Acquisition**) a portfolio (the **Acquisition Portfolio**) of 57 real estate properties currently owned or co-owned by affiliates of TransGlobe Investment Management Limited (collectively, **DrimmerCo**), and promissory notes pursuant to which certain DrimmerCo entities will provide instalment payments to the Filer in consideration of the Filer assuming certain pooled mortgages upon completion of the Acquisition in order for the Filer to achieve a specified effective weighted average interest rate across such pooled mortgages.

8. Two of the properties in the Acquisition Portfolio, being 2180 & 2890 Weston Road, Toronto, Ontario (**Weston Road**) and 165 Ontario Street, St. Catharines, Ontario (**Ontario Street**), were not owned or co-owned by DrimmerCo prior to March 31, 2011 (the **After-Acquired Properties**).

9. The Filer has made every reasonable effort to obtain access to, or copies of, the historical accounting records in respect of the After-Acquired Properties necessary to prepare and audit the Acquisition Portfolio financial statements, but such efforts were unsuccessful in respect of Weston Road.

10. Ontario Street was previously owned by DrimmerCo, until December 17, 2009, at which time the property was sold to a third party, although DrimmerCo continued to manage the property. DrimmerCo entered into an agreement of purchase and sale to re-acquire Ontario Street from such third party prior to closing of the Acquisition. DrimmerCo has access to the historical accounting records in respect of Ontario Street necessary to prepare and audit the Acquisition Portfolio financial statements, to the extent included in the Prospectus Financials (as defined below).

11. On July 21, 2011, the Filer and DrimmerCo also entered into an internalization and separation agreement, pursuant to which, among other things, the Filer agreed to assume responsibility for the day-to-day administration and operation of its properties and the Filer and DrimmerCo agreed to terminate certain of their commercial relationships (collectively, the **Management Internalization**).

12. On July 25, 2011, the Filer filed a prospectus supplement (the **Prospectus Supplement**) to the Filer's short form base shelf prospectus dated May 11, 2011 (the **Base Shelf Prospectus**) qualifying for distribution subscription receipts (the **Subscription Receipts**) and extendible convertible unsecured subordinated debentures (the **Debentures**) of the Filer, which distributions were completed on July 29, 2011.

13. Each Subscription Receipt entitled the holder thereof to receive one Trust Unit, without payment of any additional consideration, upon completion of the Acquisition and the Debentures had an initial maturity date of the earlier of (i) the termination of the Acquisition and (ii) October 31, 2011, which would be extended to September 30, 2018 upon completion of the Acquisition.

14. The Prospectus Supplement included the following financial statements (the *Prospectus Financials*):

Acquisition Portfolio Statements

(a) Statements of operations and divisional equity and statements of cash flows for the Acquisition Portfolio, other than Weston Road (prepared on a carve-out basis from existing financial information of the vendors thereof) for the years ended December 31, 2010 (subject to the following sentence in respect of Ontario Street) and 2009 (audited for 2010 and unaudited for 2009), together with the balance sheets as at December 31, 2010 and 2009 (and accompanying notes thereto), all prepared under pre-transition Canadian Generally Accepted Accounting Principles. The carve-out financial statements of the Acquisition Portfolio contained, on the face of the balance sheet, a note reference to a subsequent event. Such note explained that at the end of 2009, Ontario Street

was sold to a third party by DrimmerCo and that DrimmerCo entered into a purchase and sale agreement to repurchase the property. In addition, the note indicated that the 2009 results included the operations of Ontario Street up to the time of its sale. The note also included summarized operating results for Ontario Street for fiscal 2010. The note was audited as part of the Acquisition Portfolio Statements.

(b) Unaudited interim statements of comprehensive income and changes in divisional equity and statements of cash flows for the Acquisition Portfolio other than the After-Acquired Properties (prepared on a carve-out basis from existing financial information of the vendors thereof) for the three months ended March 31, 2011, together with the statements of financial position as at March 31, 2011, December 31, 2010 and January 1, 2010 (and accompanying notes thereto), all prepared under International Financial Reporting Standards (**IFRS**). The unaudited financial statements also contained a note with respect to Ontario Street similar to that described in (a) above and included summarized operating results for Ontario Street for the interim period.

Pro forma Statements

(c) Unaudited *pro forma* statement of financial position of the Filer as at March 31, 2011 (giving effect to the Acquisition and Management Internalization, as if such events occurred at March 31, 2011), together with accompanying notes, prepared under IFRS.

(d) Unaudited *pro forma* statements of comprehensive income of the Filer for the financial period from May 14, 2010 to December 31, 2010 and the interim period from January 1, 2011 to March 31, 2011 (each giving effect to the Acquisition and Management Internalization, as if such events occurred at May 14, 2010 and January 1, 2010, respectively) together with accompanying notes, prepared under IFRS.

The *pro forma* financial statements of the Filer included the results of the Acquisition Portfolio, other than Weston Road.

15. The Prospectus Supplement also incorporated by reference the following financial statement presentation into the Base Shelf Prospectus:

(a) Audited consolidated financial statements of the Filer as at December 31, 2010 and for the period from May 14, 2010 to December 31, 2010 and the notes thereto.

(b) Unaudited condensed consolidated interim financial statements of the Filer as at and for the three months ended March 31, 2011 (without comparative financial statements for the corresponding period in the prior year as the Filer was not then in existence).

(c) Financial statements and schedules contained in the previously-filed business acquisition reports of the Filer and a management information circular of the Filer, each to the extent incorporated by reference into the Base Shelf Prospectus.

16. Based on the financial information provided by DrimmerCo, the unaudited gross revenue of Weston Road for the year ended December 31, 2010 (approximately $1.3 million) represents approximately 1.8% of the unaudited gross revenue of the Acquisition Portfolio for the year ended December 31, 2010 (approximately $71.8 million), and the unaudited net operating income of Weston Road for the year ended December 31, 2010 (approximately $0.6 million) represents approximately 1.8% of the unaudited net operating income of the Acquisition Portfolio for the year ended December 31, 2010 (approximately $33.0 million). In addition, the purchase price paid by DrimmerCo for Weston Road (approximately $11.2 million) represents approximately 1.5% of the expected total purchase price of the Acquisition Portfolio (approximately $740 million).

17. Prior to filing the Prospectus Supplement, the Filer submitted a pre-filing under Part 8 of National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions*, requesting an interpretation that the Prospectus Financials constitute satisfactory financial statements or other information as an alternative to the financial statements or other information that will be required to be included in, or incorporated by reference into, a business acquisition report filed under Part 8 of NI 51-102, and that, accordingly, the Prospectus Supplement did not need to include the complete financial statements of the After-Acquired Properties to contain full, true and plain disclosure of all material facts relating to the Subscription Receipts and Debentures. The pre-filing was resolved in the manner set forth in the Prospectus Financials presented in the Prospectus Supplement, with, additionally, the Filer having proposed to the Principal Regulator to include the "Acquisition Portfolio Statements" and the "Pro forma Statements" from the Prospectus

Supplement in the BAR and to submit a formal exemption application in respect of compliance with the BAR financial requirements, to the extent required, including to provide financial statements for the interim period ended March 31, 2011 rather than for the interim period ended June 30, 2011.

18. The Acquisition and certain aspects of the Management Internalization, among other matters, were subject to the applicable requirements of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* relating to, among other things, preparation of a formal valuation of the non-cash assets involved in the Acquisition and the approval by a majority of the votes cast by disinterested holders of Voting Units (**Unitholders**) entitled to vote on the Acquisition at a duly constituted meeting of Unitholders held to consider the Acquisition (the **Meeting**).

19. In connection with the Meeting, the Filer filed on SEDAR and delivered to its Unitholders a management information circular dated August 2, 2011, which included the Prospectus Financials.

20. On August 9, 2011, the Filer filed its condensed consolidated comparative interim financial statements for the three months and six months ended June 30, 2011.

21. On August 31, 2011, the Acquisition was approved by the requisite favourable vote of the Unitholders and, on September 1, 2011, the Acquisition and Management Internalization were completed, the Subscriptions Receipts were exchanged for Trust Units and the maturity date of the Debentures was extended to September 30, 2018.

22. The Acquisition is a "significant acquisition" for purposes of NI 51-102 and the Filer must file a business acquisition report in respect of the Acquisition (the **BAR**).

23. Unless otherwise exempted, including pursuant to Section 13.1 of NI 51-102, the BAR must include or incorporate by reference the financial statements set out in Section 8.4 of NI 51-102 relating to the Acquisition Portfolio. In effect, the BAR must contain: (a) two full years of financial statements relating to the Acquisition Portfolio, with the most recent year being audited (i.e. the 2009 and 2010 fiscal years); (b) financial statements relating to the Acquisition Portfolio for the applicable completed interim period for the current year compared against the same interim period for the preceding year, unless otherwise exempt by Section 8.9 of NI 51-102 (i.e. the interim period ended June 30, 2011, pursuant to Section 8.4(3) of NI 51-102 and assuming the unavailability of the exemption in Section 8.4(4)(c)(ii) of NI 51-102); (c) *pro forma* statement of financial position of the Filer as at the date of the most recent statement of financial position filed (i.e. as at June 30, 2011, assuming the unavailability of the exemption in Section 8.4(4)(c)(ii) of NI 51-102 noted in Section 8.4(6)(a) of NI 51-102); (d) *pro forma* income statements for the Filer's applicable completed annual and interim periods (i.e. the 2010 fiscal year and the interim period ended June 30, 2011, assuming the unavailability of the exemption in Section 8.4(4)(c)(ii) of NI 51-102 noted in Section 8.4(6)(b) of NI 51-102).

24. With reference to Section 8.4(4)(a) of NI 51-102, the Acquisition does not constitute a material departure from the business or operations of the Filer before the Acquisition.

25. With reference to Section 8.9 of NI 51-102:

(d) as the vendors of the Acquisition Portfolio are private entities, they do not prepare quarterly financial statements in the form and substance as required by securities laws and, as such, a reasonable person would view it as impracticable to present interim financial statements of the Acquisition Portfolio (excluding Weston Road and, to the extent noted in the Prospectus Financials, Ontario Street) for the three-months ended March 31, 2010 on a basis consistent with the interim financial statements for the three-months ended March 31, 2011, which as presented in the Prospectus Financials, have been prepared in accordance with IFRS;

(e) the financial statements for the Acquisition Portfolio (excluding Weston Road and, to the extent noted in the Prospectus Financials, Ontario Street) for the years ended December 31, 2010 and 2009 are available and are presented in the Prospectus Financials; and

(f) the notes to the interim financial statements of the Acquisition Portfolio (excluding Weston Road and, to the extent noted in the Prospectus Financials, Ontario Street) for the three-months ended March 31, 2011 disclose the fact that the Filer is unable to prepare the information for the three month period ended March 31, 2010 on a basis consistent with the financial statements for the three month period ended March 31, 2011.

Decision

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

The decision of the Principal Regulator under the Legislation is that the Exemption Sought is granted provided that the Filer includes the Prospectus Financials in the BAR in respect of the Acquisition.

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

2.2 Orders

2.2.1 Global Partners Capital et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF

IN THE MATTER OF
GLOBAL PARTNERS CAPITAL,
ASIA PACIFIC ENERGY, INC.,
1666475 ONTARIO INC.
OPERATING AS "ASIAN PACIFIC ENERGY",
ALEX PIDGEON, KIT CHING PAN
aka CHRISTINE PAN,
HAU WAI CHEUNG,
aka PETER CHEUNG, TONY CHEUNG,
MIKE DAVIDSON, OR PETER MCDONALD,
GURDIP SINGH GAHUNIA
aka MICHAEL GAHUNIA OR SHAWN MILLER,
BASIL MARCELLINIUS TOUSSAINT
aka PETER BECKFORD, AND
RAFIQUE JIWANI
aka RALPH JAY

ORDER
(Sections 127 and 127.1 of the Securities Act)

WHEREAS on September 11, 2008, a Statement of Allegations and a Notice of Hearing were issued pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"), in respect of Global Partners Capital ("**GPC**"); Asia Pacific Energy, Inc. ("**Asia Pacific**"); 1666475 Ontario Inc. operating as "Asian Pacific Energy" ("**1666475**"); Alex Pidgeon ("**Pidgeon**"); Kit Ching Pan also known as Christine Pan ("**Pan**"); Hau Wai Cheung also known as Peter Cheung, Tony Cheung, Mike Davidson, or Peter McDonald ("**Cheung**"); Gurdip Singh Gahunia also known as Michael Gahunia or Shawn Miller ("**Gahunia**"); Basil Marcellinius Toussaint also known as Peter Beckford ("**Toussain**t"); and Rafique Jiwani also known as Ralph Jay ("**Jiwani**") (collectively, the "**Respondents**");

WHEREAS the Commission conducted the hearing on the merits in this matter on May 25, 28 and 29, 2009 and June 1 and 2, 2009;

AND WHEREAS the Commission issued its Reasons and Decision on the merits in this matter on August 31, 2010 (the "**Merits Decision**");

AND WHEREAS the Commission is satisfied that the Respondents carried out a fraudulent investment scheme, have not complied with Ontario securities law and have acted contrary to the public interest, as described in the Merits Decision;

AND WHEREAS the Commission conducted a hearing with respect to the sanctions and costs to be imposed in this matter on January 7, 2011;

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

IT IS HEREBY ORDERED THAT:

(a) Pursuant to paragraph 2 of subsection 127(1) of the Act, each of GPC, Asia Pacific, 1666475, Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani shall cease trading securities permanently, with the exception that Gahunia is permitted to trade in securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the Income Tax Act (Canada));

(b) Pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of securities by each of GPC, Asia Pacific, 1666475, Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani is prohibited permanently, except in

the case of Gahunia, to allow the trading in securities permitted by and in accordance with paragraph (a) of this order;

(c) Pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply permanently to each of GPC, Asia Pacific, 1666475, Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani;

(d) Pursuant to paragraph 6 of subsection 127(1) of the Act, Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani are reprimanded;

(e) Pursuant to paragraph 7 of subsection 127(1) of the Act, each of Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani shall immediately resign any position he or she holds as a director or officer of an issuer;

(f) Pursuant to paragraph 8 of subsection 127(1) of the Act, each of Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani is prohibited permanently from becoming or acting as a director or officer of an issuer;

(g) Pursuant to paragraph 8.2 of subsection 127(1) of the Act, each of Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani is prohibited permanently from becoming or acting as a director or officer of a registrant;

(h) Pursuant to paragraph 8.4 of subsection 127(1) of the Act, each of Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani is prohibited permanently from becoming or acting as a director or officer of an investment fund manager;

(i) Pursuant to paragraph 9 of subsection 127(1) of the Act, each of Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani shall pay an administrative penalty in the following amounts:

  (i) Pan shall pay an administrative penalty of $350,000;

  (ii) Pidgeon, Cheung, and Jiwani shall each pay an administrative penalty of $300,000; and

  (iii) Gahunia and Toussaint shall each pay an administrative penalty of $100,000;

(j) Pursuant to paragraph 10 of subsection 127(1) of the Act, the Respondents shall disgorge to the Commission the following amounts:

  (i) GPC, Asia Pacific, 1666475, Pan, Cheung, Pidgeon and Jiwani shall jointly and severally disgorge to the Commission $1,702,744;

  (ii) Gahunia and GPC, Asia Pacific, 1666475, Pan, Cheung, Pidgeon and Jiwani shall jointly and severally disgorge to the Commission $339,628; and

  (iii) Toussaint and GPC, Asia Pacific, 1666475, Pan, Cheung, Pidgeon and Jiwani shall jointly and severally disgorge to the Commission $101,087;

(k) The amounts referred to in paragraphs (i) and (j) of this order shall be allocated by the Commission to or for the benefit of third parties, including investors who lost money as a result of investing in the investment scheme that was the subject matter of this proceeding, in accordance with subsection 3.4(2)(b) of the Act;

(l) Pursuant to section 127.1 of the Act, the Respondents shall pay the following amounts towards the Commission's hearing costs in this matter:

  (i) Cheung and Jiwani shall each pay costs of $10,000;

  (ii Gahunia and Toussaint shall each pay costs of $14,000; and

  (iii) GPC, Asia Pacific, 1666475, Pidgeon and Pan shall jointly and severally pay costs of $37,758.94.

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

"Paulette L. Kennedy

"Mary G. Condon"

2.2.2 Genesis Worldwide 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, 144.

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

AND

IN THE MATTER OF
GENESIS WORLDWIDE INC.
(the "Issuer")

ORDER
(Section 144)

WHEREAS the securities of the Issuer are subject to a temporary cease trade order dated July 4, 2011 made by the Director pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, as extended by a further order dated July 15, 2011 made by the Director pursuant to paragraph 2 of subsection 127(1) of the Act (collectively, the "**Cease Trade Order**") ordering the trading in the securities of the Issuer cease until the Cease Trade Order is revoked by the Director.

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

AND UPON the Issuer having represented to the Commission that:

1. the Issuer is a corporation incorporated under the *Canada Business Corporations Act* by articles of incorporation dated July 16, 2003;

2. the Issuer's head office is located at 125 Traders Boulevard East, Unit 2, Mississauga, L4Z 2H3, in the province of Ontario;

3. the Issuer is a reporting issuer in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Alberta, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (collectively, the "**Jurisdictions**");

4. the common shares of the Issuer are listed and posted for trading on the NEX under the symbol "GWI.H";

5. the Issuer is a venture issuer as defined in subsection 1.1(1) of National Instrument 51-102 *Continuous Disclosure Obligations*;

6. the authorized capital of the Issuer consists of an unlimited number of common shares without par value and an unlimited number of preferred shares, of which 82,167,550 common shares are currently issued and outstanding;

7. the Cease Trade Order was issued as a result of the Issuer's failure to file its interim financial statements and management's discussion and analysis for the quarter ended March 31, 2011 and the certifications as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* with respect thereto (collectively, the "**Q1 Filings**") on or before June 29, 2011. The Issuer was unable to file the Q1 Filings by the prescribed deadline due to recent changes to the Issuer's accounting personnel which delayed the transition from Canadian generally accepted accounting principles to International Financial Reporting Standards ("**IFRS**");

8. the Issuer is also subject to a cease trade order issued by the British Columbia Securities Commission dated July 11, 2011 and a cease trade order issued by the Autorité des marchés financiers dated July 20, 2011. The Issuer has concurrently applied for a revocation of each of these cease trade orders;

9. other than the default in filing the Q1 Filings by the prescribed deadline which gave rise to the issuance of the Cease Trade Order and the cease trade orders issued by the British Columbia Securities Commission and the Autorité des marchés financiers, the Issuer is not in default of any of the requirements of the Act, or the rules and regulations made pursuant thereto;

10. upon issuance of this order, the Issuer will issue a press release announcing the revocation of the Cease Trade Order and the Issuer will concurrently file the press release and the related material change report on SEDAR;

11. the Issuer filed its Q1 Filings with all applicable regulatory authorities on SEDAR on July 29, 2011;

12. the Issuer held an annual meeting (the "**Meeting**") of its shareholders on June 30, 2011 and filed the management information circular and all other required documents in respect of the Meeting (collectively, the "**Meeting Materials**") on SEDAR on June 13, 2011;

13. following the filing on SEDAR of the Q1 Filings, the Issuer's continuous disclosure record is up-to-date and, accordingly, it is in compliance with all of its continuous disclosure requirements under the securities laws of each of the Jurisdictions;

14. the Issuer has paid all outstanding fees to the Commission, including all applicable participation, activity and late filing fees; and

15. the Issuer's SEDAR and SEDI profiles are up-to-date;

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

AND UPON the Director being satisfied that to do so would not be prejudicial to the public interest to revoke the Cease Trade Order;

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

DATED at Toronto, Ontario this 22nd day of September, 2011.

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

2.2.3 TBS New Media Ltd. et al. – ss. 127(7), 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 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, via 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;

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 consented to 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 18, 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 Staff requested that the Temporary Order, as amended by the July 12, 2010 Order, be extended and that a prehearing be scheduled;

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

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 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 requested that the matter be put over for one month to continue settlement discussions;

AND WHEREAS no one appeared on behalf of Green;

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 to continue settlement discussions;

AND WHEREAS on August 17, 2011 the Commission ordered that the Temporary Order, as amended by the July 12, 2010 Order, be extended to September 29, 2011 and that the Hearing be adjourned to September 28, 2011 at 10:00 a.m.;

AND WHEREAS on September 27, 2011, the Commission approved a settlement agreement between Staff of the Commission ("Staff") and Firestone, TBS New Media, TBS PLC, CNF Food and CNF Candy;

AND WHEREAS on September 27, 2011, Staff filed a Notice of Withdrawal with respect to Mark Green;

AND WHEREAS on September 27, 2011, Staff advised the Commission that Staff would not be seeking to extend the Temporary Order as against Green;

IT IS ORDERED THAT that the hearing date scheduled for September 28, 2011 to consider an extension of the Temporary Order is vacated.

Dated at Toronto this 27th day of September, 2011

"James E. A. Turner"

2.2.4 TBS New Media Ltd. et al. – ss. 37, 127

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

AND

**IN THE MATTER OF
TBS NEW MEDIA LTD., TBS NEW MEDIA PLC,
CNF FOOD CORP., CNF CANDY CORP.,
ARI JONATHAN FIRESTONE AND MARK GREEN**

AND

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF
OF THE ONTARIO SECURITIES COMMISSION
AND ARI JONATHAN FIRESTONE,
TBS NEW MEDIA LTD., TBS NEW MEDIA PLC,
CNF FOOD CORP. AND CNF CANDY CORP.**

**ORDER
(Sections 37 and 127)**

WHEREAS on September 3, 2010, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), in respect of TBS New Media Inc., TBS New Media PLC ("TBS PLC"), CNF Food Corp. ("CNF Food"), CNF Candy Corp. ("CNF Candy"), Ari Jonathan Firestone ("Firestone") and Mark Green;

AND WHEREAS the Notice of Hearing dated September 3, 2010 was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission dated September 3, 2010;

AND WHEREAS on September 9, 2010, an Amended Statement of Allegations was filed with the Commission which removed TBS New Media Inc. and added TBS New Media Ltd. ("TBS New Media") as a respondent;

AND WHEREAS a Further Amended Statement of Allegations was filed with the Commission on September 22, 2011.

AND WHEREAS Firestone, TBS New Media, TBS PLC, CNF Food and CNF Candy (the "Respondents") entered into a Settlement Agreement with Staff of the Commission dated September 22, 2011 and September 23, 2011 (the "Settlement Agreement") in which the Respondents agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated September 3, 2010, subject to the approval of the Commission;

AND WHEREAS on September 23, 2011, the Commission issued a Notice of Hearing pursuant to sections 37 and 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve a settlement agreement entered into between Staff and the Respondents;

AND WHEREAS the Commission reviewed the Settlement Agreement and heard submissions from the parties;

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

IT IS HEREBY ORDERED THAT:

(a) the Settlement Agreement is approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Firestone cease for a period of 10 years from the date of this Order;

(c) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by any of TBS New Media, TBS PLC, CNF Candy and CNF Food cease permanently from the date of this Order;

(d) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Firestone is prohibited for a period of 10 years from the date of this Order with the exception that Firestone is permitted to acquire shares in a "private company" as defined in section 1 of the Act;

(e) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by any of TBS New Media, TBS PLC, CNF Candy and CNF Food is prohibited permanently from the date of this Order;

(f) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Firestone for a period of 10 years from the date of this Order;

(g) pursuant to clause 6 of subsection 127(1) of the Act, Firestone is reprimanded;

(h) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Firestone is prohibited for a period of 10 years from the date of this Order from becoming or acting as a director or officer of any reporting issuer, registrant, or investment fund manager or any issuer that engages in a distribution to the public;

(i) pursuant to clause 8.5 of subsection 127(1) of the Act, Firestone is prohibited for a period of 10 years from the date of this Order from becoming or acting as a

registrant, as an investment fund manager or as a promoter;

(j) pursuant to clause 10 of subsection 127(1) of the Act, Firestone shall disgorge to the Commission the amount of $109,637.50 obtained as a result of his non-compliance with Ontario securities law, to be paid to or for the benefit of third parties designated by the Commission, pursuant to subsection 3.4(2)(b) of the Act;

(k) pursuant to clause 9 of subsection 127(1) of the Act, Firestone shall pay an administrative penalty in the amount of $25,000 for his failure to comply with Ontario securities law, to be paid to or for the benefit of third parties designated by the Commission, pursuant to subsection 3.4(2)(b) of the Act;

(l) pursuant to subsection 37(1) of the Act, Firestone is prohibited for a period of 15 years from the date of this Order from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or in any class of securities, apart from telephoning his own registered dealer; and

(m) Notwithstanding the provisions of this Order, once Firestone has fully satisfied the terms of sub-paragraphs (j) and (k) above, Firestone is permitted to trade for his own account, 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.

DATED AT TORONTO this 27th day of September, 2011.

“James E. A. Turner”

2.2.5 Zungui Haixi Corporation – ss. 127(7), 127(8)

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

AND

IN THE MATTER OF
ZUNGUI HAIXI CORPORATION

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

WHEREAS on September 16, 2011, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering that all trading in the securities of Zungui Haixi Corporation ("Zungui"), whether direct or indirect, cease (the "Temporary Order");

AND WHEREAS the Commission ordered that the Temporary Order take effect immediately and expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS on September 19, 2011 the Commission issued a Notice of Hearing to consider whether, in the opinion of the Commission, it is in the public interest for the Commission (i) to extend the Temporary Order, pursuant to subsections 127(7) and (8) of the Act, until November 10, 2011, or until such further time as is ordered by the Commission; and (ii) to make such further orders as the Commission considers appropriate (the "Notice of Hearing");

AND WHEREAS Staff of the Commission ("Staff") served Zungui and the Special Committee of the Board of Directors of Zungui with copies of the Temporary Order and the Notice of Hearing;

AND WHEREAS Staff served Zungui with copies of the Affidavit of Peter Cho sworn September 26, 2011 and Staff's Written Submissions dated September 26, 2011;

AND WHEREAS on September 28, 2011, Staff appeared before the Commission and no one appeared for Zungui;

AND WHEREAS Staff has presented evidence of conduct that may be harmful to the public interest;

AND WHEREAS no one appeared before the Commission to oppose the extension of the Temporary Order;

AND WHEREAS satisfactory information that the Temporary Order should not be extended has not been provided to the Commission by any party, including the respondent, pursuant to subsection 127(8);

AND WHEREAS the Commission, having considered the evidence and submissions before it, is of the opinion that it is in the public interest to extend the Temporary Order;

IT IS HEREBY ORDERED that pursuant to subsections 127(7) and (8) of the Act the Temporary Order is extended until November 10, 2011;

IT IS FURTHER ORDERED that the hearing to consider a further extension of the Temporary Order is scheduled for November 9, 2011 at 10:00 a.m. at the offices of the Commission.

DATED at Toronto this 28th day of September, 2011

"Christopher Portner"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Global Partners Capital et al.

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

AND

IN THE MATTER OF
GLOBAL PARTNERS CAPITAL,
ASIA PACIFIC ENERGY, INC.,
1666475 ONTARIO INC.
operating as "ASIAN PACIFIC ENERGY",
ALEX PIDGEON, KIT CHING PAN
also known as Christine Pan,
HAU WAI CHEUNG,
also known as Peter Cheung, Tony Cheung,
Mike Davidson, or Peter McDonald,
GURDIP SINGH GAHUNIA
also known as Michael Gahunia or Shawn Miller,
BASIL MARCELLINIUS TOUSSAINT
also known as Peter Beckford, and
RAFIQUE JIWANI
also known as Ralph Jay

REASONS AND DECISION ON SANCTIONS AND COSTS
(Sections 127 and 127.1 of the Act)

Hearing:	January 7, 2011		
Decision:	September 21, 2011		
Panel:	Paulette L. Kennedy	–	Commissioner and Chair of the Panel
	Mary G. Condon	–	Commissioner
Appearances:	Carlo Rossi	–	For Staff of the Ontario Securities Commission
	Leo Adler Melanie Webb		For Gurdip Singh Gahunia
	Basil Marcellinius Toussaint	–	For himself
	No one appeared for the other respondents		

TABLE OF CONTENTS

REASONS AND DECISION ON SANCTIONS AND COSTS

I. OVERVIEW

A. History of the Proceeding

[1] This was a bifurcated hearing before the Ontario Securities Commission (the "**Commission**") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"), to consider whether it is in the public interest to make an order with respect to sanctions and costs against Global Partners Capital ("**GPC**"), Asia Pacific Energy, Inc. ("**Asia Pacific**"), 1666475 Ontario Inc., operating as "Asian Pacific Energy" ("**1666475**"), Alex Pidgeon ("**Pidgeon**"), Kit Ching Pan, also known as Christine Pan ("**Pan**"), Hau Wai Cheung, also known as Peter Cheung, Tony Cheung, Mike Davidson, or Peter McDonald ("**Cheung**"), Gurdip Singh Gahunia, also known as Michael Gahunia or Shawn Miller ("**Gahunia**"), Basil Marcellinius Toussaint, also known as Peter Beckford ("Toussaint") and Rafique Jiwani, also known as Ralph Jay ("**Jiwani**") (collectively, the "**Respondents**").

[2] The hearing on the merits in this matter took place on May 25, 28 and 29, 2009 and June 1 and 2, 2009 (the "**Merits Hearing**"), Apart from Pan and Cheung, whose counsel appeared at the end of the day on June 1, 2009 to make certain admissions on their behalf, none of the Respondents was present or represented by counsel at the Merits Hearing. The decision on the merits was rendered on August 31, 2010 (*Re Global Partners Capital* (2010), 33 O.S.C.B. 7783 (the "**Merits Decision**")).

[3] Following the release of the Merits Decision, a separate hearing to consider sanctions and costs was held on January 7, 2011 (the "**Sanctions and Costs Hearing**"). Staff of the Commission ("**Staff**") appeared at the Sanctions and Costs Hearing and made oral submissions, supported by Staff's written Sanctions Submissions, dated October 26, 2010, a Bill of Costs, the Affidavit of Yolanda Leung, sworn October 26, 2010, with respect to costs (the "**Leung Affidavit**"), a Brief of Authorities and various Affidavits of Service. Counsel for Gahunia provided written Sanctions Submissions and Materials on January 4, 2011, and appeared at the Sanctions and Costs Hearing on January 7, 2011 to make submissions on behalf of Gahunia, who was also present. Toussaint also appeared and made brief oral submissions near the end of the Sanctions and Costs Hearing. The Commission gave Toussaint an opportunity to provide written submissions, if any, by January 31, 2011, but none were provided.

B. Non-attendance at the Sanctions and Costs Hearing

[4] Apart from Gahunia and Toussaint, none of the Respondents was present or represented by legal counsel at the Sanctions and Costs Hearing or provided written submissions.

[5] Subsection 7(1) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended (the "**SPPA**") provides that a tribunal may proceed in the absence of a party when that party has been given notice of the hearing in accordance with section 6 of the SPPA. In the present case, the Sanctions and Costs Hearing, originally scheduled for November 5, 2010, was adjourned that day and on November 17, 2010 and December 16, 2010, when it was rescheduled for January 7, 2011. Based on the Affidavits of Service sworn by Charlene Rochman on November 5 and 16, 2010, December 15, 2010 and January 6, 2011, which were filed by Staff, we are satisfied that the Respondents were given notice of the Sanctions and Costs Hearing. Accordingly, we found that we are authorized to proceed with the Sanctions and Costs Hearing in the absence of the Respondents who did not attend, in accordance with subsection 7(1) of the SPPA.

C. Merits Decision

1. The Allegations

[6] In the Statement of Allegations dated September 4, 2008, Staff alleged that between February 2006 and October 2007, the Respondents were involved in a scheme to market and issue securities of Asia Pacific. Asia Pacific securities were sold to over 110 investors, raising a total of over US $2.2 million. The investors were primarily located in the United States, but there were also investors in the United Kingdom, the Caribbean, New Zealand, Singapore and Ontario.

[7] Staff alleged that the Respondents were involved in fraudulent and misleading activities related to the issuance of these securities, for which registration and prospectus requirements were not met, and for which the Respondents did not claim any exemptions under Ontario securities laws relating to the sale and distribution of securities, contrary to sections 25, 53 and 126.1(b) of the Act and contrary to the public interest.

[8] Staff also alleged that Gahunia and Toussaint made prohibited representations and undertakings to investors with the intention of effecting trades in Asia Pacific securities, contrary to section 38 of the Act and contrary to the public interest.

[9] Staff also alleged that Pan, Cheung, Gahunia, Toussaint and Jiwani, being directors or officers or *de facto* directors or officers of GPC, authorized, permitted or acquiesced in the contraventions of sections 25, 53, 38 and 126.1(b) of the Act by GPC or its employees, agents or representatives, contrary to subsection 122(3) of the Act; that Pidgeon and Cheung, being directors or officers or *de facto* directors or officers of Asia Pacific, authorized, permitted or acquiesced in the contraventions of sections 25, 53 and 126.1(b) of the Act by Asia Pacific or its employees, agents or representatives, contrary to subsection 122(3) of the Act; and that Pan, being a director or officer or *de facto* director or officer of 1666475, authorized, permitted or acquiesced in the contraventions of sections 25, 53 and 126.1(b) of the Act by 1666475 or its employees, agents or representatives, contrary to subsection 122(3) of the Act.

[10] Finally, Staff alleged that Gahunia and Toussaint made statements, during compelled examinations conducted by Staff, that were misleading or untrue in a material respect, contrary to subsection 122(1)(a) of the Act and contrary to the public interest.

2. The Merits Decision

[11] The Commission made the following findings in the Merits Decision:

(a) GPC breached subsections 25(1)(a), 53(1) and 126.1(b) of the Act and acted contrary to the public interest;

(b) Asia Pacific breached subsections 25(1)(a), 53(1) and 126.1(b) of the Act and acted contrary to the public interest;

(c) 1666475 breached subsections 25(1)(a), 53(1) and 126.1(b) of the Act and acted contrary to the public interest;

(d) Pidgeon breached subsections 25(1)(a), 53(1) and 126.1(b) of the Act and acted contrary to the public interest. Additionally, as a director and officer of Asia Pacific, he authorized, permitted and acquiesced in Asia Pacific's breaches of subsections 25(1)(a), 53(1) and 126.1(b) of the Act, contrary to subsection 122(3) of the Act;

(e) Cheung breached subsections 25(1)(a), 53(1) and 126.1(b) of the Act and acted contrary to the public interest. Additionally, as a *de facto* director and officer of GPC, he authorized, permitted and acquiesced in GPC's

breaches of subsections 25(1)(a), 53(1) and 126.1(b) of the Act, contrary to subsection 122(3) of the Act. As a director and officer of Asia Pacific, he authorized, permitted and acquiesced in Asia Pacific's breaches of subsections 25(1)(a), 53(1) and 126.1(b) of the Act, contrary to subsection 122(3) of the Act;

(f) Pan breached subsections 25(1)(a), 53(1) and 126.1(b) of the Act and acted contrary to the public interest. Additionally, as a *de facto* director and officer of GPC, she authorized, permitted and acquiesced in GPC's breaches of subsections 25(1)(a), 53(1) and 126.1(b) of the Act, contrary to subsection 122(3) of the Act. As a director and officer of 1666475, she authorized, permitted and acquiesced in 1666475's breaches of subsections 25(1)(a), 53(1) and 126.1(b) of the Act, contrary to subsection 122(3) of the Act;

(g) Gahunia breached subsections 25(1)(a), 53(1), 38(1), 38(2), 126.1(b) and 122(1)(a) of the Act and acted contrary to the public interest;

(h) Toussaint breached subsections 25(1)(a), 53(1), 38(1), 38(2), 126.1(b) and 122(1)(a) of the Act and acted contrary to the public interest; and

(i) Jiwani breached subsections 25(1)(a), 53(1) and 126.1(b) of the Act and acted contrary to the public interest. Additionally, as a *de facto* director and officer of GPC, he authorized, permitted and acquiesced in GPC's breaches of subsections 25(1)(a), 53(1) and 126.1(b) of the Act, contrary to subsection 122(3) of the Act.

(Merits Decision, at paragraph 439)

[12] In the Merits Decision, the Commission noted that following the hearing, Staff acknowledged in their written submissions that there was insufficient evidence as against Cheung for its allegations under subsections 38(1), 38(2), 38(3) and subsection 122(3) of the Act. Accordingly, in the Merits Decision, the Commission stated: "we deem these four allegations withdrawn against Cheung" (Merits Decision, at paragraph 22).

[13] The Commission was not satisfied on a balance of probabilities that either Gahunia or Toussaint contravened subsection 38(3) of the Act. Nor was the Commission satisfied that either Gahunia or Toussaint was a *de facto* director or officer of GPC, and therefore the subsection 122(3) allegations against them in relation to GPC was dismissed.

[14] The Commission found that the investment scheme had the characteristic traits of a "boiler room" operation, including:

- creating companies falsely purporting to be engaged in legitimate business;
- establishing websites containing fabricated information to promote and give legitimacy to the company and its securities;
- creating infrastructure to support the fraudulent scheme (e.g. virtual offices, bank account, phone lines, couriers, etc.);
- developing and using sales/promotion/marketing pitches which involved call scripts, high pressure sales tactics, promises of high returns, and increased future value;
- issuing press releases containing false and/or misleading information to give legitimacy to the scheme, to show signs of progress and development, and to entice potential investors to invest and current investors to invest more; and
- transferring funds from investors to accounts controlled by the respondents or related individuals.

(Merits Decision, at paragraph 63)

[15] The Commission also found that a virtual office was established and several U.S. addresses were used to mislead investors into believing that Asia Pacific was "an established, reputable, U.S.-based company" (Merits Decision, at paragraph 434).

[16] The Commission concluded:

All of the Respondents ... engaged in fraud, in breach of section 126.1(b) of the Act.

The investment scheme as a whole was fraudulent.

> Based on the evidence, it does not appear that Asia Pacific and GPC carried on a legitimate business, as communicated to investors. Their promotional material, websites and press releases contained false and misleading information about fictitious activities.
>
> The purpose of these fraudulent activities was to deceive and mislead investors in Asia Pacific securities into believing they were dealing with an established, reputable, U.S.-based company, to give the investment scheme legitimacy and to entice investors to invest or re-invest.
>
> (Merits Decision, at paragraphs 431-434)

[17] The Commission found that, between February 2006 and October 2007, over US $2.2 million was raised from over 110 investors from the sale of Asia Pacific securities (Merits Decision, at paragraph 86). The evidence established that investor funds of at least US $2.2 million were initially deposited into one of three Asia Pacific US Bank Accounts, US $2.1 million of which was transferred to the 1666475 Bank Accounts (Merits Decision, at paragraph 92). The Commission also made the following findings with respect to the amounts paid out of the 1666475 Bank Accounts from investor funds:

- Pan's credit cards were paid off using $302,576 from the 1666475 Bank Accounts. Expenditures on these credit cards largely included personal charges for airline tickets, hotel stays, restaurant meals and purchases from various stores;
- Funds were used to pay expenses related to the activities of the investment scheme including rent, courier and utilities expenses, the purchase of lead lists and IT services;
- Gahunia received US $328,914 and $19,673 from the 1666475 Bank Accounts, paid through his company;
- Toussaint received US $90,142 and $13,612 from the 1666475 Bank Accounts, paid through his company; and
- Jiwani received US $110,686 and $20,746 from the 1666475 Bank Accounts.

[18] In concluding that the Respondents perpetrated a fraud on investors and breached subsection 126.1(b) of the Act, the Commission made the following statement:

> We find that Asia Pacific, GPC and 1666475 were solely created to defraud investors in Asia Pacific securities. We also find that the Respondents knew or reasonably ought to have known of this given the nature of their roles as integral players in the fraudulent investment scheme. The scale and magnitude of the impact on investors was significant at over US $2.2 million. We find that investors were deceived by the Respondents about the true nature of the investment they were making and as a result they have been deprived of the funds they invested in the scheme.
>
> (Merits Decision, at paragraph 363)

[19] It is this conduct that we must consider when determining the appropriate sanctions to impose in this matter.

II. THE PARTIES' SUBMISSIONS

A. Staff

[20] In their written and oral submissions, Staff requests that the following orders be made against the Respondents.

1. Trading and Other Market Prohibitions

[21] Staff seeks the following trading and market prohibitions:

(a) an order that each of the Respondents cease trading in securities permanently, with the exception that Gahunia is permitted to trade in securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada)), pursuant to paragraph 2 of subsection 127(1) of the Act;

(b) an order that the acquisition of any securities by each of the Respondents is prohibited permanently, with the exception that Gahunia is permitted to acquire securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada)), pursuant to paragraph 2.1 of subsection 127(1) of the Act;

(c) an order that any exemptions contained in Ontario securities law do not apply to each of the Respondents permanently, pursuant to paragraph 3 of subsection 127(1) of the Act;

(d) an order that Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani (collectively, the "**Individual Respondents**") be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

(e) an order that each of the Individual Respondents resign any position he or she holds as a director or officer of an issuer, pursuant to paragraph 7 of subsection 127(1) of the Act;

(f) an order that each of the Individual Respondents is permanently prohibited from becoming or acting as a director or officer of any issuer, pursuant to paragraph 8 of subsection 127(1) of the Act;

(g) an order that each of the Individual Respondents is permanently prohibited from becoming or acting as a director or officer of a registrant, pursuant to paragraph 8.2 of subsection 127(1) of the Act; and

(h) an order that each of the Individual Respondents is permanently prohibited from becoming or acting as a director or officer of an investment fund manager, pursuant to paragraph 8.4 of subsection 127(1) of the Act.

[22] With respect to the permanent trading and acquisition bans set out in paragraphs (a) and (b) of Staff's requested order, Staff submits that the requested carve-out for Gahunia is consistent with the terms of Gahunia's settlement in *Re Shallow Oil & Gas Inc.* (2010), 33 O.S.C.B. 12032 ("***Shallow Oil***").

2. Disgorgement

[23] Staff seeks the following disgorgement orders:

(a) an order requiring GPC, Asia Pacific, 1666475, Pan, Cheung, Pidgeon and Jiwani jointly and severally to disgorge to the Commission $1,702,744 obtained as a result of their non-compliance with Ontario securities law, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(b) an order requiring Gahunia, GPC, Asia Pacific, 1666475, Pan, Cheung, Pidgeon and Jiwani jointly and severally to disgorge to the Commission $339,628 obtained as a result of their non-compliance with Ontario securities law, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act; and

(c) an order requiring Toussaint, GPC, Asia Pacific, 1666475, Pan, Cheung, Pidgeon and Jiwani jointly and severally to disgorge to the Commission $101,087 obtained as a result of their non-compliance with Ontario securities law, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act.

[24] Staff submits that the amount obtained as a result of the Respondents' non-compliance with Ontario securities law is US $2.2 million, which represents the entire amount raised from investors. The equivalent amount in Canadian dollars, based on the Bank of Canada's closing exchange rate of 0.9743 on October 11, 2007, is $2,143,460. The date of October 11, 2007 was the date when the temporary cease trade order was first issued in this matter and, in Staff's submission, the last date on which the conduct can be said to have occurred.

[25] Staff submits that GPC, Asia Pacific and 1666475 (the "**Corporate Respondents**"), and Pan, Cheung, Pidgeon and Jiwani, as the directors or officers or *de facto* directors or officers of the Corporate Respondents, should be ordered to disgorge the entire amount raised ($2,143,460) on a joint and several basis. However, as Gahunia and Toussaint were not found to be directors or officers or *de facto* directors or officers of any of the Corporate Respondents, Staff submits that they should be ordered to disgorge only those amounts they personally obtained.

3. Administrative Penalties

[26] Staff seeks the following administrative penalties against the Individual Respondents:

(a) an order requiring Pan to pay an administrative penalty of $350,000, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(b) an order requiring Pidgeon to pay an administrative penalty of $300,000, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(c) an order requiring Cheung to pay an administrative penalty of $300,000, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(d) an order requiring Jiwani to pay an administrative penalty of $300,000, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(e) an order requiring Gahunia to pay an administrative penalty of $250,000, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act; and

(f) an order requiring Toussaint to pay an administrative penalty of $250,000, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

[27] In Staff's submissions, these administrative penalties are appropriate in the circumstances because the Individual Respondents committed multiple and repeated violations of the Act, including fraud, which caused serious harm to investors. Staff submits that a substantial penalty is necessary to deter the Individual Respondents from engaging in similar conduct in the future and to send a clear deterrent message to other market participants.

4. Allocation of Amounts for the Benefit of Third Parties

[28] Staff requests that the Commission order that any amounts paid to the Commission pursuant to the disgorgement and administrative penalty orders shall be allocated to or for the benefit of third parties, including investors who lost money as a result of investing in the investment scheme, in accordance with subsection 3.4(2)(b) of the Act, and that such amounts are to be distributed to investors who lost money as a result of investing in the fraudulent scheme on such basis, on such terms and to such investors as Staff in its discretion determines to be appropriate in the circumstances.

5. Costs

[29] Staff presented its Bill of Costs and the Leung Affidavit in support of its request for costs. Staff states that its fees for the investigation and the hearing in this matter came to $391,842 and its disbursements came to $26,357, for a total of $418,199.

[30] Staff seeks an order requiring the Respondents to pay costs of $85,758.94, which represents only a portion of Staff's hearing costs, on a joint and several basis. Staff submits that this amount was incurred in the hearing of this matter. Staff submits that it is appropriate to order costs on a joint and several basis in this case because the Respondents knowingly engaged in what Staff describes as "a blatant fraud".

[31] Staff further submits that Gahunia and Toussaint misled Staff during Staff's investigation and that should be a factor that the Commission takes into consideration on the issue of costs.

B. The Respondents

1. Gahunia

[32] Gahunia takes no issue with the non-monetary sanctions requested by Staff.

[33] With respect to administrative penalty, Gahunia submits that the $250,000 order sought against him by Staff is excessive. He draws our attention to the Commission's finding that his role in GPC was a limited one. He was not a director or officer or *de facto* director or officer of any of the Corporate Respondents. Rather, he was initially a salesperson, and, according to his counsel, he later "rose, as much as one can rise, to being a supervisor of a couple of other salespeople" (Hearing Transcript, January 7, 2011, at p. 32). In addition, Gahunia submits that he had no control over the banking or directing of funds, but only received commissions from GPC, which was controlled by Pan and Cheung. Gahunia submits that the administrative penalty against him should be proportionate and reflect his culpability in relation to the other Individual Respondents.

[34] Counsel for Gahunia also submits that, in assessing sanctions against him, the Commission should consider Gahunia's personal circumstances. He emphasizes Gahunia's lack of sophistication with respect to financial matters as well as his obligations and responsibilities.

[35] In addition, Gahunia expresses regret and remorse with respect to his conduct and accepts the Commission's findings with respect to his part in this matter. Gahunia further submits that he has suffered shame and humiliation as a result of the proceedings against him. As a result, he now has a deeper appreciation of the gravity of his actions, as demonstrated by the fact that he settled with Staff in the Shallow Oil matter and attended the Sanctions and Costs Hearing upon becoming aware of the possibility of sanctions.

[36] Gahunia submits that he and his wife are the parents of a young child. While he is currently employed, he earns a very modest income and has limited financial resources. He is not contesting the Commission's findings on amounts obtained by him or the disgorgement requested by Staff. However, Gahunia submits that the administrative penalties requested by Staff,

combined with the amounts requested for disgorgement and costs, would put him into financial ruin for the rest of his life. Given his financial and personal circumstances, counsel for Gahunia submits that Gahunia has no ability to pay any amount at this time, and could only hope to pay a small fraction of the amount requested over the coming years.

[37] Counsel for Gahunia refers us to a number of Commission decisions for our determination of the appropriate amount to be ordered against Gahunia. They include *Re Limelight Entertainment Inc.* (2008), 31 O.S.C.B. 12030 ("***Limelight Sanctions and Costs***"), *Re Sabourin* (2010), 33 O.S.C.B. 5299 ("***Sabourin Sanctions and Costs***"), and *Re White* (2010), 33 O.S.C.B. 8893 ("***White Sanctions and Costs***"). Gahunia submits that an administrative penalty in the amount of $100,000 is appropriate in his case.

[38] With respect to costs, Gahunia submits that rather than being held liable on a joint and several basis, he should be ordered to pay only the actual costs attributable to him, or alternatively, that the costs should be proportionately lower having regard to his more limited involvement. Counsel for Gahunia submits that one-sixth of the costs requested by Staff, or $14,293.16, is a fair apportionment.

2. Toussaint

[39] Toussaint did not make any specific submissions with respect to the non-monetary orders requested by Staff. However, he disputes Staff's submissions on administrative penalty, disgorgement and costs.

[40] As stated at paragraphs 23 and 26 above, Staff submits that Toussaint should be ordered to pay an administrative penalty of $250,000 and to disgorge the amount he was found to have obtained – $101,087 – on a joint and several basis with the Corporate Respondents, Pidgeon, Pan, Cheung and Jiwani.

[41] Toussaint submits that he is not able to pay the requested amounts, and asks the Commission to consider monetary sanctions and costs that are lower than what were requested by Staff.

[42] Toussaint expressed remorse and apologized for his actions:

> ... I'm very sorry for what's taken place and what we became part of, but we were under the belief that it was a sanctioned project we were working under, and I do apologize.
>
> ...
>
> I would like to move on as best I can and make some sort of restitution back to the Commission if at all possible. That's all I can say.
>
> (Hearing Transcript, January 7, 2011, at pp. 45 and 46)

[43] He also made submissions regarding his culpability:

> I see what I've read, but, I mean, we were brought into this by another individual who assured us that it was – you know, that it was as they said it was. I mean, we came in good faith, at least I did – I looked at some of the things just to make sure it was.
>
> There was an obscure regulation that I think they said they fell under and there was also, I'm trying [to] remember, also some payments they had made to some other people. And so it appeared to be a properly functioning project.
>
> (Hearing Transcript, January 7, 2011, at pp. 46 and 47)

III. THE LAW ON SANCTIONS

[44] Pursuant to section 1.1 of the Act, the Commission's mandate is to (i) provide protection to investors from unfair, improper or fraudulent practices; and (ii) foster fair and efficient capital markets and confidence in capital markets. In *Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission),* [2001] 2 S.C.R. 132 ("***Asbestos***"), the Supreme Court of Canada stated:

> … pursuant to s. 127(1), the OSC has the jurisdiction and a broad discretion to intervene in Ontario capital markets if it is in the public interest to do so. … In exercising its discretion, the OSC should consider the protection of investors and the efficiency of, and public confidence in, capital markets generally. In addition, s. 127(1) is a regulatory provision. The sanctions under the section are preventive in nature and prospective in orientation.
>
> (*Asbestos, supra*, at paragraph 45)

[45] The Commission has stated:

> […] the role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 [now 122] of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In so doing we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.
>
> (*Re Mithras Management Ltd.* (1990), 13 O.S.C.B. 1600, at pp. 1610 and 1611)

[46] The Commission has identified a number of factors to be considered when imposing sanctions, including:

(a) the seriousness of the allegations;

(b) the respondent's experience in the marketplace;

(c) the level of a respondent's activity in the marketplace;

(d) whether or not there has been a recognition of the seriousness of the improprieties;

(e) the need to deter a respondent and other like-minded individuals from engaging in similar abuses of the capital markets in the future;

(f) whether the violations are isolated or recurrent;

(g) the size of any profit obtained or loss avoided from the illegal conduct;

(h) any mitigating factors, including the remorse of the respondent;

(i) the effect any sanction might have on the livelihood of the respondent;

(j) the effect any sanction might have on the ability of a respondent to participate without check in the capital markets;

(k) in light of the reputation and prestige of the respondent, whether a particular sanction will have an impact on the respondent and be effective; and

(l) the size of any financial sanctions or voluntary payment when considering other factors.

(See, for example, *Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at p. 7746; *Re M.C.J.C. Holdings Inc*. and Michael Cowpland (2002), 25 O.S.C.B. 1133 ("***M.C.J.C. Holdings***") at p. 1136; *White Sanctions and Costs*, *supra*, at paragraph 21)

[47] The applicability and importance of each factor will vary according to the facts and circumstances of each case.

[48] General deterrence is an important factor that the Commission should consider when determining appropriate sanctions. In *Re Cartaway Resources Corp.,* [2004] 1 S.C.R. 672 ("***Cartaway***"), the Supreme Court of Canada stated that "[…] it is reasonable to view general deterrence as an appropriate, and perhaps necessary, consideration in making orders that are both protective and preventive" (*Cartaway, supra*, at paragraph 60).

[49] In determining the appropriate sanctions to order, we must consider the specific circumstances in each case and ensure that the sanctions are proportionate to those circumstances (*M.C.J.C. Holdings, supra*, at 1134).

[50] Further, in imposing administrative penalties and disgorgement, we will consider the overall financial sanctions imposed on each respondent (*Sabourin Sanctions and Costs, supra*, at paragraph 59).

IV. APPROPRIATE SANCTIONS IN THIS CASE

A. Specific Sanctioning Factors Applicable in this Matter

[51] Overall, the sanctions that we impose must protect investors and Ontario capital markets by prohibiting or restricting the Respondents from participating in those markets in the future. They must also send a clear deterrent message to the Respondents and to others that the type of misconduct identified in this matter will not be tolerated.

[52] We find the following specific factors and circumstances to be relevant in the present case, based on the findings in the Merits Decision and the sanctioning factors set out above:

(i) The proven allegations in this matter are very serious. The Respondents breached multiple sections of the Act, including subsection 126.1(b) (the prohibition against fraud), and acted contrary to the public interest. The Commission found that the investment scheme as a whole was fraudulent (Merits Decision, at paragraph 432), and that the Corporate Respondents were created solely to defraud investors in Asia Pacific securities (Merits Decision, at paragraph 363). The Commission concluded:

> ... this matter involved several serious contraventions of the Act on a repeated basis, including fraud. We find that the investment scheme was created to perpetrate a fraud and misappropriate investor funds in an egregious manner. In this regard, the investment scheme and the conduct of the Respondents undermine the integrity of and the confidence in the Ontario capital markets, which is contrary to the public interest.
>
> (Merits Decision, at paragraph 437)

(ii) The conduct of the Respondents took place over a prolonged period of time and this conduct, which resulted in repeated violations of the Act, affected many investors. From February 2006 to October 2007, over US $2.2 million was raised from over 110 investors (Merits Decision, at paragraph 86).

(iii) As a result of the Respondents' misconduct, funds were misappropriated from investors. The Commission made the following findings:

- The Asia Pacific US Bank Accounts received over US $2.2 million of investor funds;
- The 1666475 Bank Accounts received over US $2.1 million from the Asia Pacific US Bank Accounts;
- Pidgeon received US $92,972 from the Asia Pacific US Bank Accounts;
- Pan's credit cards were paid off using $302,576 from the 1666475 Bank Accounts;
- Gahunia received US $328,914 and $19,673 from the 1666475 Bank Accounts, paid through his company;
- Toussaint received US $90,142 and $13,612 from the 1666475 Bank Accounts, paid through his company; and
- Jiwani received US $110,686 and $20,746 from the 1666475 Bank Accounts.

(Merits Decision, at paragraphs 92, 93 and 435)

(iv) Investors lost their money. As a result of Asia Pacific's reverse merger with China Bio Life Enterprises, Inc., investors lost their shareholding interests in the Asia Pacific corporate entity and were not repaid (Merits Decision, at paragraph 278);

(v) Pidgeon and Pan were uncooperative during Staff's investigation (Merits Decision, at paragraph 51);

(vi) Cheung and Jiwani cooperated with Staff during Staff's investigation. They voluntarily provided Staff with boxes of documents relating to the operations of the Corporate Respondents (Merits Decision, at paragraphs 53 to 58);

(vii) Pan and Cheung recognized the seriousness of their illegal activities and expressed remorse for their actions (Merits Decision, at paragraph 60);

(viii) Although Gahunia and Toussaint now recognize the seriousness of their illegal activities, their use of aliases at the Material Time suggests that they knew their conduct was illegal (Merits Decision, at paragraphs 76 to 82);

(ix) Gahunia and Toussaint, during their compelled examinations under oath, made misleading and untrue statements to Staff in an effort to hide their violations of Ontario securities law (Merits Decision, at paragraphs 419 to 422); and

(x) Although Gahunia and Toussaint submit that they have no ability to pay the amounts requested by Staff, they did not put forth any evidence to support their claims.

B. Trading and Other Prohibitions

1. Trading and Market Prohibitions

[53] We find that the public interest requires that the Respondents be restrained permanently from any future market participation, subject to a carve-out for Gahunia as requested by Staff.

[54] As the Commission recently stated in *Re Al-Tar Energy Corp*. (2011), 34 O.S.C.B. 447 ("***Al-Tar Sanctions and Costs***"), at paragraph 31:

> … Participation in the capital markets is a privilege, not a right (*Erikson v. Ontario (Securities Commission)*, [2003] O.J. No. 593 (Sup. Ct.) at paragraph 56). The Commission has stated that:
>
> > There is no right of any individual to participate in the capital markets in Ontario. […] the Act provides certain exemptions which allow individuals to make certain trades without being registered, however, the OSC has explicit jurisdiction to remove the exemptions if an individual engages in conduct contrary to the letter or spirit of the Act, whether such conduct causes damage to investors or is detrimental to the integrity of the capital markets.
>
> (*Manning v. Ontario (Securities Commission),* [1996] O.J. No. 3414 (Gen. Div.) at paragraph 6)

[55] In this case, the Respondents engaged in a fraudulent investment scheme that spanned a period of 19 months, affected over 110 investors and raised over US $2.2 million. They cannot be trusted to participate in the capital markets in the future. In our view, it is appropriate to order that each of the Respondents cease trading securities permanently, that the acquisition of any securities by the Respondents is prohibited permanently, and that any exemptions in Ontario securities law do not apply to the Respondents. Given their egregious conduct, it is in the public interest not to provide any exception or "carve-out" to permit the Individual Respondents, apart from Gahunia, to trade in a registered savings plan. As stated in *Re Lech* (2010), 33 O.S.C.B. 4795 ("***Lech***"):

> Submissions were not made requesting a carve-out from the order proposed by Staff, to allow for restricted trading by Lech. In the present case, the conduct at issue is criminal fraud related to securities. Lech's conduct was egregious and demonstrates a serious risk to the public. In this case, it is better to err on the side of caution. We therefore find that it is neither appropriate nor in the public interest to provide such a carve-out.
>
> (*Lech*, *supra*, at paragraph 66; see also *Re St. John* (1998), 21 O.S.C.B. 3851, at p. 3867)

[56] With respect to Gahunia, however, as requested by Staff, we will order a carve-out consistent with the carve-out ordered as a term of his settlement with Staff in the Shallow Oil matter. By order of the Commission in Shallow Oil, Gahunia was permanently prohibited from trading or acquiring securities, subject to a carve-out that permits him to trade in mutual funds through a registered dealer for the account of his registered savings plan. We find it is in the public interest to restrict Gahunia's participation in the capital markets on the same terms in this matter in order to protect the integrity of the Commission's settlement process.

2. Director and Officer Bans

[57] Pidgeon, Pan, Cheung and Jiwani conducted this fraudulent scheme through the Corporate Respondents of which they were directors or officers or *de facto* directors or officers. Specifically, Pidgeon and Cheung, who were directors and officers of Asia Pacific, authorized, permitted or acquiesced in Asia Pacific's contraventions of Ontario securities law (Merits Decision, at paragraphs 403 and 407); Pan, Cheung and Jiwani, who were *de facto* directors of GPC, authorized, permitted or acquiesced in GPC's breaches of Ontario securities law (Merits Decision, at paragraphs 377, 382 and 393); and Pan, who was the directing

mind of 1666475, authorized, permitted or acquiesced in the contraventions of Ontario securities law by 1666475 (Merits Decision, at paragraph 413).

[58] Although Gahunia and Toussaint were not directors or officers or *de facto* directors or officers of any of the Corporate Respondents, they were actively involved in the investment scheme and investors' funds were distributed to companies that they controlled.

[59] We find that it is appropriate in this case for all the Individual Respondents to be subject to permanent director and officer bans to ensure that none of them will be put in a position of control or trust with respect to any issuer or registrant in the future.

3. Reprimand

[60] As well, we find that it is appropriate for the Individual Respondents to be reprimanded. As the Commission stated in *White Sanctions and Costs, supra*, at paragraph 46, the reprimand will provide strong censure of their misconduct and will impress on the public the importance of complying with the Act. The Individual Respondents are hereby reprimanded.

C. Administrative Penalties

1. Pan

[61] We find that it is in the public interest to impose a $350,000 administrative penalty on Pan, as requested by Staff, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act, because:

(a) Pan was the sole director and officer of 1666475 and a directing mind of GPC, and authorized, permitted or acquiesced in the contraventions of Ontario securities law by 16666475 and GPC. She played a key role in providing the infrastructure for the investment scheme;

(b) Pan opened the two 1666475 Bank Accounts, which received investor funds, and she was the sole signatory on those accounts. She used $302,576 of investor funds paid into those accounts to pay personal expenses and expenses of the Corporate Respondents which she knew did not have legitimate business purposes;

(c) Pan played an integral and leading role in orchestrating and perpetrating the fraudulent scheme. She was aware that Asia Pacific was engaging in fraudulent acts that would deprive investors of their funds;

(d) Pan's fraudulent acts deprived investors of funds they were induced by deceit to invest in Asia Pacific, and as a result, investors lost over US $2.2 million; and

(e) Pan's conduct breached subsections 25(1)(a), 53(1), 122(3) and 126.1(b) of the Act and was contrary to the public interest.

(Merits Decision, at paragraphs 139 to 146, 172 to 174, 307 to 315, 374 to 377, 410 to 413, and 439)

[62] We find that the imposition of a substantial administrative penalty is required with respect to Pan, in order to protect the public, given her fraudulent conduct involving two of the Corporate Respondents and the disbursement of investor funds under her direction.

2. Cheung

[63] We find that it is in the public interest to impose a $300,000 administrative penalty on Cheung, as requested by Staff, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act, because:

(a) Cheung was a *de facto* director or officer of GPC and a director and officer of Asia Pacific, and authorized, permitted or acquiesced in the contraventions of Ontario securities law by GPC and Asia Pacific. Cheung signed the Asia Pacific share certificates, arranged for the design and maintenance of the website, and was responsible for setting up the infrastructure for the Asia Pacific investment scheme. He was a directing mind behind Asia Pacific and GPC and played an integral role in orchestrating and perpetrating the fraud;

(b) Cheung knowingly committed fraud in connection with the Asia Pacific investment scheme that defrauded investors; and

(c) Cheung's conduct breached subsections 25(1)(a), 53(1), 122(3) and 126.1(b) of the Act and was contrary to the public interest.

(Merits Decision, at paragraphs 147 to 150, 172 to 174, 316 to 323, 378 to 382, 404 to 407, and 439)

[64] We find that the imposition of a substantial administrative penalty is required with respect to Cheung, in order to protect the public, given his fraudulent conduct involving two of the Corporate Respondents.

3. Pidgeon

[65] We find that it is in the public interest to impose a $300,000 administrative penalty on Pidgeon, as requested by Staff, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act, because:

(a) Pidgeon was a director and officer of Asia Pacific, and authorized, permitted or acquiesced in Asia Pacific's contraventions of Ontario securities law;

(b) Pidgeon opened the Asia Pacific US Bank Accounts and was the sole signatory for those accounts. He "authorized, on a consistent and regular basis", transfers of investor funds to an account held by 1666475 in Canada, when he knew or reasonably ought to have known that the transfers of investor funds had no legitimate business purposes;

(c) Pidgeon misappropriated US $92,972 of investor funds from the Asia Pacific US Bank Accounts;

(d) Pidgeon knew or reasonably ought to have known that the over $2.2 million of investor funds raised by Asia Pacific was not being used for legitimate business purposes; the Commission concluded that Pidgeon was aware that Asia Pacific was engaging in fraudulent acts that would deprive investors of their funds;

(e) Pidgeon signed and executed Asia Pacific's reverse merger with China Bio Life Enterprises, Inc. as President and Director of Asia Pacific. The reverse merger deprived investors of their shareholding interests in Asia Pacific;

(f) Pidgeon's fraudulent acts deprived investors of funds they were induced by deceit to invest in Asia Pacific, and as a result, investors lost over US $2.2 million; and

(g) Pidgeon's conduct breached subsections 25(1)(a), 53(1), 122(3) and 126.1(b) of the Act and was contrary to the public interest.

(Merits Decision, at paragraphs 133 to 138, 172 to 174, 295 to 306, 397 to 403, and 439)

[66] Pidgeon played an important role in the investment scheme by authorizing the disbursement of investor funds. We find that the imposition of a substantial administrative penalty is required with respect to Pidgeon, in order to protect the public, given his conduct involving one of the Corporate Respondents.

4. Jiwani

[67] We find that it is in the public interest to impose a $300,000 administrative penalty on Jiwani, as requested by Staff, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act, because:

(a) Jiwani was responsible for setting up the business arrangements for GPC and ran the GPC offices. He had a senior role at GPC and played an integral role in its day-to-day operation, including getting sales updates and bank account information. He was a *de facto* director or officer of GPC and authorized, permitted or acquiesced in GPC's contraventions of Ontario securities law;

(b) Jiwani received US $110,686 and $20,746[0], which included 5 percent of all sales of Asia Pacific sales, for his involvement in the scheme;

(c) "Jiwani knew or reasonably ought to have known that designing promotional brochures, which were false and fabricated, publishing false press releases and holding back 'loads' until a press release was properly published all deceived investors and enticed them to invest or re-invest in Asia Pacific securities" (Merits Decision, at paragraph 359);

(d) Jiwani's fraudulent acts deprived investors of funds they were induced by deceit to invest in Asia Pacific securities. As a result of these acts, investors lost over US $2.2 million. Jiwani knew or reasonably ought to have known of the fraudulent nature of the scheme; and

(e) Jiwani's conduct breached subsections 25(1)(a), 53(1), 122(3) and 126.1(b) of the Act and was contrary to the public interest.

(Merits Decision, at paragraphs 162 to 167, 172 to 174, 349 to 362, 387 to 393, and 439)

[68] We find that the imposition of a substantial administrative penalty is required with respect to Jiwani, in order to protect the public, because of his fraudulent conduct and integral role in managing the operational aspects of GPC.

5. Gahunia

[69] Although Staff requests an administrative penalty of $250,000 against Gahunia, we find that it is in the public interest to impose a $100,000 administrative penalty, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act. We find that a substantial penalty is appropriate because:

(a) Gahunia solicited investors, using a script, and sometimes using an alias. Later, as sales manager, he trained the qualifiers, ensuring that they used the script. He held himself out to investors as being an officer of GPC or Asia Pacific. He played an integral role in soliciting investors;

(b) Gahunia engaged in high pressure sales tactics and repeatedly made prohibited representations and gave prohibited undertakings to investors that Asia Pacific would repurchase all shares sold to investors at a fixed price of US $1.25 per share if the initial listing price of Asia Pacific shares at the time of the IPO was less than US $1.50;

(c) Gahunia committed fraud in connection with the Asia Pacific investment scheme that defrauded investors and received US $328,914 and $19,673 of investor funds;

(d) Gahunia misled Staff during Staff's investigation about his use of aliases;

(e) Gahunia's conduct breached subsections 25(1)(a), 38(1), 38(2), 53(1), 122(1)(a) and 126.1(b) of the Act and was contrary to the public interest.

(Merits Decision, at paragraphs 151 to 157, 172 to 174, 198 to 200, 204 to 207 and 219 to 224, 229 to 233, 324 to 335, 419 to 420, and 439)

[70] However, Gahunia was not a director or officer or *de facto* director or officer of any of the Corporate Respondents, and his involvement was more limited than that of Pan, Cheung, Pidgeon and Jiwani. We find it appropriate to impose a lower administrative penalty than that requested by Staff.

[71] Gahunia claims that he does not have the ability to pay an administrative penalty. However, as he provided no evidence about his financial circumstances during the Sanctions and Costs Hearing, we place limited weight on this claim.

[72] We find that the imposition of an administrative penalty of $100,000 is required with respect to Gahunia, in order to protect the public.

6. Toussaint

[73] Although Staff requests an administrative penalty of $250,000 against Toussaint, we find that it is in the public interest to impose a $100,000 administrative penalty, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act. We find that a substantial penalty is appropriate because:

(a) Toussaint played an integral role in soliciting investors, sometimes using an alias. He held himself out to investors as being an officer of GPC or Asia Pacific;

(b) Toussaint engaged in high pressure sales tactics when he made prohibited representations and undertakings to investors that Asia Pacific would repurchase all shares sold to investors at a fixed price of US $1.25 per share if the initial listing price of Asia Pacific shares at the time of the IPO was less than US $1.50;

(c) Toussaint provided false and deceitful information to investors, and received US $90,142 and $13,612 of investor funds for his role in the scheme. He committed fraud in connection with the Asia Pacific investment scheme that defrauded investors (Merits Decision, at paragraph 160);

(d) Toussaint misled Staff during his compelled examination by denying that he sold Asia Pacific securities; and

(e) Toussaint's conduct breached subsections 25(1)(a), 38(1), 38(2), 53(1), 122(1)(a) and 126.1(b) of the Act and was contrary to the public interest.

(Merits Decision, at paragraphs 158 to 161, 172 to 174, 201 to 207, 225 to 233, 336 to 348, 421 to 422, and 439)

[74] However, Toussaint was not a director or officer or *de facto* director or officer of any of the Corporate Respondents, and his involvement was more limited than that of Pan, Cheung, Pidgeon and Jiwani. We find it appropriate to impose a lower administrative penalty than what was requested by Staff.

[75] Toussaint claims that he does not have the ability to pay the administrative penalty requested by Staff. However, as he provided no evidence about his financial circumstances during the Sanctions and Costs Hearing, we place limited weight on this claim.

[76] We find that the imposition of an administrative penalty of $100,000 is required with respect to Toussaint, in order to protect the public.

7. The Corporate Respondents

[77] Staff did not request that an administrative penalty be imposed on any of the Corporate Respondents. As a result, we have not done so.

D. Disgorgement

[78] Subsection 127(1)10 of the Act provides that a person or company that has not complied with Ontario securities law can be ordered to disgorge to the Commission "any amounts obtained" as a result of the non-compliance. As the Commission stated in Sabourin Sanctions and Costs, supra, at paragraph 65, the disgorgement remedy is intended to ensure that respondents do not retain any financial benefit from their breaches of the Act and to provide specific and general deterrence.

[79] The Commission in *Limelight Sanctions and Costs* set out a list of non-exhaustive factors to be considered when contemplating issuing a disgorgement order:

(a) whether an amount was obtained by a respondent as a result of non-compliance with the Act;

(b) the seriousness of the misconduct and the breaches of the Act and whether investors were seriously harmed;

(c) whether the amount that a respondent obtained as a result of non-compliance with the Act is reasonably ascertainable;

(d) whether the individuals who suffered losses are likely to be able to obtain redress; and

(e) the deterrent effect of a disgorgement order on the respondents and other market participants.

(*Limelight Sanctions and Costs, supra*, at paragraph 52)

[80] The burden is on Staff to prove, on a balance of probabilities, the amount obtained by a respondent as a result of that respondent's non-compliance with the Act:

> … paragraph 10 of subsection 127(1) of the Act provides that disgorgement can be ordered with respect to "any amounts obtained" as a result of non-compliance with the Act. Thus, the legal question is not whether a respondent "profited" from the illegal activity but whether the respondent "obtained amounts" as a result of that activity. In our view, this distinction is made in the Act to make clear that all money illegally obtained from investors can be ordered to be disgorged, not just the "profit" made as a result of the activity. This approach also avoids the Commission having to determine how "profit" should be calculated in any particular circumstance. Establishing how much a respondent obtained as a result of his or her misconduct is a much more straightforward test. In our view, where there is a breach of Ontario securities law that involves the widespread and illegal distribution of securities to members of the public, it is appropriate that a respondent disgorge all the funds that were obtained from investors as a result of that illegal activity. In our view, such a disgorgement order is authorized under paragraph 10 of subsection 127(1) of the Act.
>
> (*Limelight Sanctions and Costs*, *supra*, at paragraph 49)

[81] We find this an appropriate case for a disgorgement order. The Respondents' fraudulent conduct was egregious and abusive of Ontario's capital markets. The fraud caused serious harm to investors, who lost over US $2.2 million in the scheme. In the Merits Decision, the Commission made the following findings as to the amounts "obtained" by the Individual Respondents as a result of their fraudulent non-compliance with Ontario securities law:

- US $2.2 million was initially deposited into one of three Asia Pacific US Bank Accounts in the United States, US $2.1 million of which was transferred to the 1666475 Bank Accounts;

- Pidgeon received US $92,972 from the Asia Pacific US Bank Accounts;
- Pan's credit cards were paid off using $302,576 from the 1666475 Bank Accounts;
- Gahunia received US $328,914 and $19,673 from the 1666475 Bank Accounts, paid through his company;
- Toussaint received US $90,142 and $13,612 from the 1666475 Bank Accounts, paid through his company; and
- Jiwani received US $110,686 and $20,746 from the 1666475 Bank Accounts.

(Merits Decision, at paragraphs 89 to 94, 435)

[82] At the Sanctions and Costs Hearing, Toussaint stated that believes the amount the Commission found he obtained "is a little bit high" (Hearing Transcript, p. 47). However, our role is to determine appropriate sanctions and costs based on the findings made by the Commission after hearing the evidence and submissions of the parties in the Merits Hearing, not to reconsider those findings. We rely on the Commission's findings set out at paragraph 435 of the Merits Decision in determining the amount to be disgorged from Toussaint.

[83] The Commission did not make a finding that Cheung obtained investor funds personally. However, as stated at paragraph 63 above, the Commission found that Cheung was a directing mind of Asia Pacific and GPC and played an integral role in orchestrating and perpetrating the fraud. We find that Cheung, along with Pidgeon, Pan, and Jiwani, and the Corporate Respondents of which they were directors or officers or *de facto* directors or officers, acted in concert with a common purpose in perpetrating the fraudulent scheme.

[84] We find that Pidgeon, Pan, Cheung, Jiwani and the Corporate Respondents should be ordered jointly and severally to disgorge the entire amount they obtained as a result of their non-compliance with Ontario securities law – $1,702,744. The entire scheme was fraudulent. Each of Pidgeon, Pan, Cheung and Jiwani was a director or officer or *de facto* director or officer of one or more of the Corporate Respondents, and authorized, permitted or acquiesced in the contraventions by the Corporate Respondents of which he or she was a director or officer or *de facto* director or officer. As the Commission stated in Limelight Sanctions and Costs, supra, at paragraph 59: "individuals should not be protected or sheltered from administrative sanctions by the fact that the illegal actions they orchestrated were carried out through a corporation which they directed and controlled." We find that Pidgeon, Pan, Cheung, Jiwani and the Corporate Respondents acted in concert with a common purpose in the execution of the fraudulent scheme. Therefore, we find it appropriate, for protective purposes, to order Pan, Cheung, Pidgeon, Jiwani, GPC, Asia Pacific and 1666475 to disgorge $1,702,744 to the Commission on a joint and several basis. This amount represents the total amount obtained as a result of the Respondents' non-compliance with Ontario securities law, less the amounts personally obtained by Gahunia and Toussaint, converted into Canadian dollars.

[85] Staff does not request that Gahunia and Toussaint be made jointly and severally liable for the disgorgement order described in paragraph 84, above. Gahunia and Toussaint were not directors or officers or *de facto* directors or officers of any of the Corporate Respondents. In recognition of their distinct roles in the investment scheme, we find it appropriate that each of Gahunia and Toussaint be ordered to disgorge the amount he personally obtained as a result of his non-compliance with Ontario securities law.

[86] Accordingly, we order that Gahunia, jointly and severally with Pidgeon, Pan, Cheung, Jiwani and the Corporate Respondents, disgorge to the Commission $339,628, which represents the total amount, converted into Canadian dollars, that he obtained as a result of his non-compliance with Ontario securities law. We order that Toussaint, jointly and severally with Pidgeon, Pan, Cheung, Jiwani and the Corporate Respondents, disgorge to the Commission $101,087, which represents the total amount, converted into Canadian dollars, that he obtained as a result of his non-compliance with Ontario securities law.

E. Allocation of Amounts for the Benefit of Third Parties

[87] Subsection 3.4(2)(b) of the Act allows the Commission to order that amounts paid to the Commission in satisfaction of a disgorgement order or administrative penalty be allocated to or for the benefit of third parties. In this case, Staff seeks an order that the amounts paid be allocated to or for the benefit of third parties, including investors who lost money as a result of investing in the investment scheme.

[88] Investors lost over US $2.2 million as a result of the fraud perpetrated by the Respondents in this case, and we find it appropriate to make an allocation order in the terms requested by Staff. We agree with the Commission's approach set out in *Sabourin Sanctions and Costs*, *supra*, at paragraphs 87 to 89:

> [87] As noted above, it appears likely that investors have lost most of their investment in the investment schemes sold by the Respondents and there is little hope for any recovery. While we consider it to be in the

public interest to order disgorgement of amounts obtained and the payment of substantial administrative penalties, it would be unfair and inappropriate, in our view, if those orders had the effect of reducing the amounts that investors are able to recover from any of the Respondents.

[88] Accordingly, any amounts paid to the Commission in compliance with our disgorgement and administrative penalty orders shall be allocated to or for the benefit of third parties, including investors who lost money as a result of investing in the investment schemes, in accordance with subsection 3.4(2)(b) of the Act. Such amounts are to be distributed to investors who lost money as a result of investing in the investment scheme on such basis, on such terms and to such investors as Staff in its discretion determines to be appropriate in the circumstances. A distribution to investors shall be made only if Staff is satisfied that doing so is reasonably practicable in the circumstances and only if Staff concludes that there are sufficient funds available to justify doing so. If for any reason, Staff decides at any time or from time to time not to distribute any such amounts to investors, such amounts may, by further Commission order, be allocated to or for the benefit of other third parties. Any panel of the Commission may, on the application of Staff, make any order it considers expedient with respect to the matters addressed by this paragraph.

[89] The terms of paragraph 88 shall not give rise to or confer upon any person, including any investor (i) any legal right or entitlement to receive, or any interest in, amounts received by the Commission under our orders for disgorgement and administrative penalties, or (ii) any right to receive notice of any application by Staff to the Commission made in connection with that paragraph or of any exercise by the Commission of any discretion granted to it under that paragraph.

V. COSTS

[89] Pursuant to subsections 127.1(1) and 127.1(2) of the Act, the Commission has discretion to order a person or company to pay the costs of an investigation and hearing if the Commission is satisfied that the person or company has not complied with the Act or has not acted in the public interest.

[90] Staff requests that the Respondents pay, on a joint and several basis, a total of $85,758.94 representing the costs incurred in relation to the Merits Hearing in this matter. Staff has submitted a bill of costs supporting that amount. We accept that the amount claimed by Staff represents only a portion of Staff's costs related to this proceeding.

[91] In response to Gahunia's submission that he should not be jointly and severally liable with the other Respondents for costs, considering his lesser role in the scheme, Staff relies on *Al-Tar Sanctions and Costs*, *supra*, at paragraph 81, where the Commission said: "We find it appropriate to order that costs be paid by the Respondents on a joint and several basis because all of the Respondents were knowingly involved in the fraudulent investment scheme that was the subject matter of this proceeding."

[92] Although, at the Sanctions and Costs Hearing, Gahunia and Toussaint expressed regret about their involvement in the scheme, they misled Staff during the investigation in an attempt to hide their involvement. In their role as salesmen, they used high pressure sales tactics and made prohibited representations in order to entice investors to invest or re-invest. Their conduct was egregious. However, although all the Respondents were engaged in the fraudulent investment scheme, we find it appropriate to recognize that neither Gahunia nor Toussaint was a director or officer or *de facto* director or officer of any of the Corporate Respondents. Therefore, we find it appropriate to order Gahunia and Toussaint to pay costs of $14,000 each.

[93] Jiwani and Cheung played integral roles in the fraudulent investment scheme. However, they voluntarily provided Staff with numerous documents during the investigation: Jiwani provided five boxes of documents and Cheung provided three boxes, as described in paragraphs 53 to 58 of the Merits Decision. Therefore, we find it appropriate to order Jiwani and Cheung to pay costs of $10,000 each.

[94] We note that Pan and Cheung, through counsel, appeared just before the close of the evidence in the Merits Hearing, admitted to some of Staff's allegations and expressed regret about what happened, as stated at paragraphs 59 and 60 of the Merits Decision. Considering the central roles played by Pan and Cheung in the fraudulent investment scheme, and the moderate costs award requested by Staff, we find it appropriate to order Pan, Pidgeon and the Corporate Respondents to pay the remaining costs of $37,758.94 on a joint and several basis.

VI. DECISION ON SANCTIONS AND COSTS

[95] In our view, the sanctions and costs ordered are proportionate to the activities of the various Respondents in this matter and will deter the Respondents and like-minded people from engaging in future conduct that violates securities law.

[96] We find that it is in the public interest to make the following orders:

(a) Pursuant to paragraph 2 of subsection 127(1) of the Act, each of GPC, Asia Pacific, 1666475, Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani shall cease trading securities permanently, with the exception that Gahunia is permitted to trade in securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada));

(b) Pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of securities by each of GPC, Asia Pacific, 1666475, Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani is prohibited permanently, except in the case of Gahunia, to allow the trading in securities permitted by and in accordance with paragraph (a) of this order;

(c) Pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply permanently to each of GPC, Asia Pacific, 1666475, Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani;

(d) Pursuant to paragraph 6 of subsection 127(1) of the Act, Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani are reprimanded;

(e) Pursuant to paragraph 7 of subsection 127(1) of the Act, each of Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani shall immediately resign any position he or she holds as a director or officer of an issuer;

(f) Pursuant to paragraph 8 of subsection 127(1) of the Act, each of Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani is prohibited permanently from becoming or acting as a director or officer of an issuer;

(g) Pursuant to paragraph 8.2 of subsection 127(1) of the Act, each of Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani is prohibited permanently from becoming or acting as a director or officer of a registrant;

(h) Pursuant to paragraph 8.4 of subsection 127(1) of the Act, each of Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani is prohibited permanently from becoming or acting as a director or officer of an investment fund manager;

(i) Pursuant to paragraph 9 of subsection 127(1) of the Act, each of Pidgeon, Pan, Cheung, Gahunia, Toussaint and Jiwani shall pay an administrative penalty in the following amounts:

  (i) Pan shall pay an administrative penalty of $350,000;

  (ii) Pidgeon, Cheung, and Jiwani shall each pay an administrative penalty of $300,000; and

  (iii) Gahunia and Toussaint shall each pay an administrative penalty of $100,000;

(j) Pursuant to paragraph 10 of subsection 127(1) of the Act, the Respondents shall disgorge to the Commission the following amounts:

  (i) GPC, Asia Pacific, 1666475, Pan, Cheung, Pidgeon and Jiwani shall jointly and severally disgorge to the Commission $1,702,744;

  (ii) Gahunia and GPC, Asia Pacific, 1666475, Pan, Cheung, Pidgeon and Jiwani shall jointly and severally disgorge to the Commission $339,628; and

  (iii) Toussaint and GPC, Asia Pacific, 1666475, Pan, Cheung, Pidgeon and Jiwani shall jointly and severally disgorge to the Commission $101,087;

(k) The amounts referred to in paragraphs (i) and (j) of this order shall be allocated by the Commission to or for the benefit of third parties, including investors who lost money as a result of investing in the investment scheme that was the subject matter of this proceeding, in accordance with subsection 3.4(2)(b) of the Act;

(l) Pursuant to section 127.1 of the Act, the Respondents shall pay the following amounts towards the Commission's hearing costs in this matter:

  (i) Cheung and Jiwani shall each pay costs of $10,000;

  (ii) Gahunia and Toussaint shall each pay costs of $14,000; and

  (iii) GPC, Asia Pacific, 1666475, Pidgeon and Pan shall jointly and severally pay costs of $37,758.94.

[97] We will issue a separate order giving effect to our decision on sanctions and costs.

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

"Paulette L. Kennedy"

"Mary G. Condon"

3.1.2 Alexander Adams – s. 31

IN THE MATTER OF
STAFF'S RECOMMENDATION FOR THE REFUSAL OF REGISTRATION OF
ALEXANDER ADAMS

OPPORTUNITY TO BE HEARD BY THE DIRECTOR
Section 31 of the Securities Act

Decision

1. For the reasons outlined below, my decision is to grant the registration of Alexander Adams.

Overview

2. On July 14, 2011, Staff recommended Adams' application for registration as a representative in the category of dealing representative for a sponsoring exempt market dealer (EMD) be refused. Pursuant to section 31 of the *Securities Act* (Ontario) (Act), Adams is entitled to an opportunity to be heard (OTBH) before a decision is made by me, as Director. My decision is based on the verbal submissions of Mark Skuce, Legal Counsel, Compliance and Registrant Regulation Branch for Staff, the verbal submissions of Adams (on his own behalf), and the testimony of three individuals from Shorcan Brokers Limited (the sponsoring EMD).

The issue

3. Staff claims that Adams knowingly made a misrepresentation to Staff, and that he did not complete his registration application with due care, by stating in his application that he completed the Canadian Securities Course (CSC) when in fact he had only completed Part 1 of the CSC. He also used the incorrect CSC completion date in his application. Adams claims that he made an honest mistake, that he did not do so knowingly or intentionally, and that he had no malicious intent. And when contacted by Staff, Adams immediately wrote (and passed) Part 2 of the CSC.

Suitability for registration generally

4. Subsection 25(1) of the Act requires any person that engages in, or holds himself out as engaging in, the business of trading in securities to be registered in the relevant category. As set out in numerous prior decisions, 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 the person 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 …"

6. The issue at hand is Adams' integrity.

Reasons

7. My decision is to grant Adams' registration as a representative in the category of dealing representative for a sponsoring EMD. I was convinced that the Adams made an honest, somewhat careless, and unfortunate mistake in completing his registration application by stating that he had completed the CSC when in fact he had not. In my view, Adams deserves a "second chance" to become a compliant registrant under the Act. It is my sincere hope that Adams has learned his lesson by having to appear before me in this OTBH to explain his actions and the reasons for the mistake in his registration application.

8. Staff pointed me to two decisions which they argued stood for the proposition that misrepresentations in a registration application should result in refusal of registration. In both cases, the misrepresentation related to missing disclosure related to a criminal record. Although disclosing incorrect information about completion of the CSC is indeed serious, I believe these cases can be distinguished from the case at hand. In the case of *John Doe, Re* (2010) 33 OSCB 1371,

John Doe failed on three separate occasions to disclose his criminal records of indecent assault. In that case, the Director stated the following:

> "In my view, one false statement is enough to discredit the Applicant's credibility and raise an issue as to his integrity. In other words, one false statement is sufficient to result in the Applicant's application for registration being denied on the basis that the Applicant lacks the requisite integrity required of a securities professional and is, therefore, not suitable for registration.
>
> The matter before me, however, involves not only one false statement, but a chain of inaccurate and misleading disclosures provided by the Applicant."

9. In the case of *Michael Avram Thomas, Re* (1972) OSCB 118, Thomas failed to disclose that he had been convicted of possession of drugs in a foreign country. In that case, the Commission stated:

> "it is impossible to believe that Mr. Thomas did not know that he had been arrested, detained, fined and released for some offence …The answer to the question was deliberately made which resulted in a false statement … This lack of candour … is such that it goes to the heart of his fitness for continued registration"

10. In both the *John Doe* and *Michael Avram Thomas* cases, the lack of disclosure related to conviction of a criminal offence which presumably could not be easily forgotten by either applicant. In this case, I was convinced by Adams (and his character witnesses) that the misrepresentation in his registration application was inadvertent and not knowingly made as argued by Staff. However, I do think that Adams should have taken greater care in completing his application.

11. I also do not think that Staff made the case, as required under subsection 27(1) of the Act, that Adams' was not suitable for registration or that his registration was otherwise objectionable.

"Marrianne Bridge, FCA"
Deputy Director, Compliance and Registrant Regulation
Ontario Securities Commission

September 27, 2011

3.1.3 TBS New Media Ltd. et al.

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 FIRESTONE AND MARK GREEN

SETTLEMENT AGREEMENT
BETWEEN STAFF AND ARI FIRESTONE, TBS NEW MEDIA LTD.,
TBS NEW MEDIA PLC, CNF FOOD CORP. and CNF CANDY CORP.

PART I – INTRODUCTION

1. By Notice of Hearing dated September 3, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on September 8, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against TBS New Media Inc., TBS New Media PLC ("TBS PLC"), CNF Food Corp. ("CNF Food"), CNF Candy Corp. ("CNF Candy"), Ari Jonathan Firestone ("Firestone") and Mark Green. The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission dated September 3, 2010. On September 9, 2010, an Amended Statement of Allegations was issued which removed TBS New Media Inc. and added TBS New Media Ltd. ("TBS New Media") as a respondent and a Further Amended Statement of Allegations was issued on September 22, 2011.

2. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 37 and 127of the Act, it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of Firestone and TBS New Media, TBS PLC, CNF Food and CNF Candy (collectively, the "Corporate Respondents").

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated September 3, 2010 against Firestone and the Corporate Respondents (the "Proceeding") in accordance with the terms and conditions set out below. Firestone and the Corporate Respondents consent to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

Overview

4. This proceeding involves the unregistered trading and illegal distribution of securities of CNF Candy and CNF Food to shareholders of TBS New Media, a company incorporated in Ontario, and TBS PLC, a company created pursuant to the laws of the United Kingdom.

5. Between 2004 and 2008, securities in TBS New Media and TBS PLC (collectively "TBS") were distributed to investors in Ontario and throughout Canada purportedly pursuant to a private placement. Some of the persons who originally acquired securities of TBS New Media were asked to return these securities in exchange for securities of TBS PLC to allow the securities of TBS New Media to be traded on an exchange located in Frankfurt, Germany.

6. In 2009 and 2010, TBS investors in Canada were then solicited to exchange their shares in TBS for securities in CNF Candy and/or CNF Food (collectively "CNF") for an additional cost.

7. From September of 2009 until March of 2010 (the "Material Time"), TBS investors sent approximately $109,639 to accounts in Toronto, Ontario controlled by Firestone in order to acquire CNF securities.

8. Firestone was at all material times the sole directing mind of all of the Corporate Respondents.

9. These solicitations to TBS shareholders were made under the direction of Firestone.

The Respondents

10. TBS New Media was originally incorporated in the Province of Ontario on January 30, 1995 under the name Telxl Inc. and changed its name to TBS New Media Ltd. on September 29, 2004. During the Material Time, the registered office of TBS New Media was located in Ontario.

11. TBS PLC was a company governed by the laws of the United Kingdom which was created as a result of a change of name made on January 30, 2008. TBS PLC was previously called Bobcat PLC which was incorporated under the *Companies Act 1985* on June 14, 2006.

12. Neither TBS New Media nor TBS PLC has ever been registered with the Commission in any capacity.

13. CNF Candy was incorporated pursuant to the laws of Canada on May 3, 2007. CNF Candy changed its name to CNF Food on November 21, 2007. CNF Candy was again incorporated on December 5, 2007. During the Material Time, the registered office of CNF Candy was located in Ontario.

14. CNF Food was dissolved under section 212 of the *Canada Business Corporations Act* on March 2, 2010. During the Material Time, the registered office of CNF Food was located in Ontario.

15. CNF Candy and CNF Food have never been registered in any capacity with the Commission.

16. Firestone is a resident of Ontario.

17. Firestone was last registered in any capacity with the Commission on July 25, 2000 and has not been registered in any capacity since that date.

Unregistered Trading in Securities of TBS and CNF Contrary to Section 25 of the Act

18. Members of the public in Canada who had acquired shares of TBS were solicited by salespersons, agents and representatives of TBS and CNF to acquire securities of CNF in exchange for their existing shares of TBS and additional funds. As a result, approximately $109,639 was raised from existing investors of TBS.

19. During the Material Time, the Corporate Respondents were market intermediaries as defined in Ontario securities law as there was a predominant function at these entities to distribute securities in an organized fashion.

20. The actions of the Corporate Respondents and Firestone in relation to the securities of TBS and CNF constituted the trading of securities without registration contrary to subsection 25(1) of the Act.

Illegal Distribution of Securities of CNF Contrary to Section 53(1) of the Act

21. Neither CNF Candy nor CNF Food has ever filed a prospectus or a preliminary prospectus with the Commission or obtained receipts for them from the Director as required by subsection 53(1) of the Act.

22. The trading of securities of CNF Candy and/or CNF Food as set out above constituted distributions of these securities by the Corporate Respondents and Firestone in circumstances where there were no exemptions available to them under the Act contrary to subsection 53(1) of the Act.

Misleading Statements Made to the Commission Contrary to Section 122(1)(a) of the Act

23. Firestone was interviewed by Commission Staff appointed to investigate this matter on March 24, 2010 and May 28, 2010 (the “Examinations”). Firestone provided sworn testimony at the Examinations and the Examinations were transcribed by a court reporter.

24. Firestone was subsequently interviewed on December 3, 2010 and, when confronted with evidence that contradicted certain statements Firestone made at the Examinations respecting material facts, Firestone declined to answer Staff’s questions.

25. Firestone later acknowledged that during the Examinations Firestone made statements to Staff that in a material respect and at the time and in the light of the circumstances, were misleading or untrue and did not state facts that were required to be stated or that were necessary to make the statements and evidence not misleading.

26. Firestone’s actions caused Staff to incur additional costs investigating this matter.

27. Firestone made the misleading and untrue statements as a result of personal circumstances and the statements were not designed to, and in effect did not, excuse Firestone's conduct. Nevertheless, Firestone acknowledges the seriousness of his actions in making the misleading and untrue statements.

28. This conduct was contrary to subsection 122(1)(a) of the Act.

PART IV – RESPONDENT'S POSITION

29. The allegations against Firestone, as detailed in Staff's Statement of Allegations, Amended Statement of Allegations and Further Amended Statement of Allegations, do not include allegations of fraud or misappropriation of investor funds.

30. It is Firestone's position that CNF was a legitimate business venture and that Firestone made good faith efforts to turn CNF into a profitable business and to create a return on investment for himself and the CNF shareholders.

PART V – CONDUCT CONTRARY TO THE PUBLIC INTEREST

31. By engaging in the conduct described above, Firestone and the Corporate Respondents admit and acknowledge that they contravened Ontario securities law during the Material Time in the following ways:

(a) During the Material Time, Firestone and the Corporate Respondents traded in securities without being registered to trade in securities, contrary to subsection 25(1) of the Act and contrary to the public interest;

(b) During the Material Time, Firestone and the Corporate Respondents traded in the securities of CNF Candy and CNF Food when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for the CNF Candy or CNF Food securities by the Director, contrary to subsection 53(1) of the Act and contrary to the public interest;

(c) Firestone made statements to Commission Staff appointed to investigate this matter which were materially misleading and/or untrue, contrary to subsection 122(1)(a) of the Act and contrary to the public interest.

32. Firestone and the Corporate Respondents admit and acknowledge that they acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 31 (a) to (c) above.

PART VI – TERMS OF SETTLEMENT

33. Firestone agrees to the terms of settlement listed below.

34. The Commission will make an order, pursuant to section 37 and subsection 127(1) of the Act, that:

(a) the Settlement Agreement is approved;

(b) trading in any securities by Firestone cease for 10 years from the date of the approval of the Settlement Agreement;

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

(d) the acquisition of any securities by Firestone is prohibited for 10 years from the date of the approval of the Settlement Agreement with the exception that Firestone is permitted to acquire shares in a "private company" as defined in section 1 of the Act;

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

(f) any exemptions contained in Ontario securities law do not apply to Firestone for 10 years from the date of the approval of the Settlement Agreement;

(g) Firestone is reprimanded;

(h) Firestone is prohibited for 10 years from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any reporting issuer, registrant, or investment fund manager or any issuer that engages in a distribution to the public;

(i) Firestone is prohibited for 10 years from the date of the approval of the Settlement Agreement from becoming or acting as a registrant, as an investment fund manager or as a promoter; and,

(j) Firestone shall disgorge to the Commission the amount of $109,637.50 obtained as a result of his non-compliance with Ontario securities law, to be paid to or for the benefit of third parties designated by the Commission, pursuant to subsection 3.4(2)(b) of the Act;

(k) Firestone shall pay an administrative penalty in the amount of $25,000 for his failure to comply with Ontario securities law, to be paid to or for the benefit of third parties designated by the Commission, pursuant to subsection 3.4(2)(b) of the Act;

(l) Firestone is prohibited for 15 years, from the date of the approval of the Settlement Agreement, from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities, apart from telephoning his own registered dealer; and

(m) Notwithstanding the provisions of paragraph 34 herein, once Firestone has fully satisfied the terms of sub-paragraphs (j) and (k) above, Firestone shall be permitted to trade for his own account, 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.

35. Firestone and the Corporate Respondents undertake to consent to regulatory Orders made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in sub-paragraphs 34 (b) to (i) and (l) above.

PART VII – STAFF COMMITMENT

36. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Firestone or the Corporate Respondents in relation to the facts set out in Part III herein, subject to the provisions of paragraph 37 below.

37. If this Settlement Agreement is approved by the Commission, and at any subsequent time Firestone fails to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Firestone and/or the Corporate Respondents based on, but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

38. Approval of this Settlement Agreement will be sought at a hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and Firestone for the scheduling of the hearing to consider the Settlement Agreement.

39. Staff, Firestone and the Corporate Respondents agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding the conduct of Firestone and the Corporate Respondents in this matter, unless the parties agree that further facts should be submitted at the settlement hearing.

40. If this Settlement Agreement is approved by the Commission, Firestone and the Corporate Respondents agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

41. If this Settlement Agreement is approved by the Commission, the parties will not make any public statements that are inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

42. Whether or not this Settlement Agreement is approved by the Commission, Firestone and the Corporate Respondents agree that they will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

43. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the order attached as Schedule "A" is not made by the Commission:

(a) this Settlement Agreement and its terms, including all settlement negotiations between Staff and Firestone and the Corporate Respondents leading up to its presentation at the settlement hearing, shall be without prejudice to Staff, Firestone and the Corporate Respondents; and

(b) Staff, Firestone and the Corporate Respondents shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

44. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of Firestone and Staff or as may be required by law.

PART X – EXECUTION OF SETTLEMENT AGREEMENT

45. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.

46. A facsimile copy of any signature will be as effective as an original signature.

Dated this 22 day of September, 2011.

Signed in the presence of:

"Michael Wistuba"
Witness

"Ari Jonathan Firestone"
Ari Jonathan Firestone

Personally and on behalf of TBS New Media Ltd., TBS New Media PLC, CNF Food Corp., and CNF Candy Corp.

Dated this 23 day of September, 2011

STAFF OF THE ONTARIO SECURITIES COMMISSION

"Tom Atkinson"
Tom Atkinson
Director, Enforcement Branch

Dated this 23rd day of September, 2011

SCHEDULE A

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

AND

IN THE MATTER OF
TBS NEW MEDIA LTD., TBS NEW MEDIA PLC,
CNF FOOD CORP., CNF CANDY CORP.,
ARI FIRESTONE AND MARK GREEN

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF
OF THE ONTARIO SECURITIES COMMISSION
AND ARI FIRESTONE, TBS NEW MEDIA LTD.,
TBS NEW MEDIA PLC, CNF FOOD CORP.
AND CNF CANDY CORP.

ORDER
(Sections 37 and 127)

WHEREAS on September 3, 2010, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), in respect of TBS New Media Inc., TBS New Media PLC ("TBS PLC"), CNF Food Corp. ("CNF Food"), CNF Candy Corp. ("CNF Candy"), Ari Jonathan Firestone ("Firestone") and Mark Green;

AND WHEREAS the Notice of Hearing dated September 3, 2010 was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission dated September 3, 2010;

AND WHEREAS on September 9, 2010, an Amended Statement of Allegations was filed with the Commission which removed TBS New Media Inc. and added TBS New Media Ltd. ("TBS New Media") as a respondent;

AND WHEREAS a Further Amended Statement of Allegations was filed with the Commission on September 22, 2011.

AND WHEREAS Firestone, TBS New Media, TBS PLC, CNF Food and CNF Candy (the "Respondents") entered into a Settlement Agreement with Staff of the Commission dated , 2011 (the "Settlement Agreement") in which the Respondents agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated September 3, 2010, subject to the approval of the Commission;

AND WHEREAS on , the Commission issued a Notice of Hearing pursuant to sections 37 and 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve a settlement agreement entered into between Staff and the Respondents;

AND WHEREAS the Commission reviewed the Settlement Agreement and heard submissions from the parties;

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

IT IS HEREBY ORDERED THAT:

(a) the Settlement Agreement is approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Firestone cease for a period of 10 years from the date of this Order;

(c) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by any of TBS New Media, TBS PLC, CNF Candy and CNF Food cease permanently from the date of this Order;

(d) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Firestone is prohibited for a period of 10 years from the date of this Order with the exception that Firestone is permitted to acquire shares in a "private company" as defined in section 1 of the Act;

(e) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by any of TBS New Media, TBS PLC, CNF Candy and CNF Food is prohibited permanently from the date of this Order;

(f) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Firestone for a period of 10 years from the date of this Order;

(g) pursuant to clause 6 of subsection 127(1) of the Act, Firestone is reprimanded;

(h) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Firestone is prohibited for a period of 10 years from the date of this Order from becoming or acting as a director or officer of any reporting issuer, registrant, or investment fund manager or any issuer that engages in a distribution to the public;

(i) pursuant to clause 8.5 of subsection 127(1) of the Act, Firestone is prohibited for a period of 10 years from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(j) pursuant to clause 10 of subsection 127(1) of the Act, Firestone shall disgorge to the Commission the amount of $109,637.50 obtained as a result of his non-compliance with Ontario securities law, to be paid to or for the benefit of third parties designated by the Commission, pursuant to subsection 3.4(2)(b) of the Act;

(k) pursuant to clause 9 of subsection 127(1) of the Act, Firestone shall pay an administrative penalty in the amount of $25,000 for his failure to comply with Ontario securities law, to be paid to or for the benefit of third parties designated by the Commission, pursuant to subsection 3.4(2)(b) of the Act;

(l) pursuant to subsection 37(1) of the Act, Firestone is prohibited for a period of 15 years from the date of this Order from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or in any class of securities, apart from telephoning his own registered dealer; and

(m) Notwithstanding the provisions of this Order, once Firestone has fully satisfied the terms of sub-paragraphs (j) and (k) above, Firestone is permitted to trade for his own account, 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.

DATED AT TORONTO this day of , 2011.

_____

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Genesis Worldwide Inc.	4 July 11	15 July 11	15 July 11	22 Sept. 11

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

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

THERE ARE NO ITEMS FOR THIS WEEK.

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Chapter 7

Insider Reporting

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

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
09/07/2011	6	Admiralty Oils Ltd. - Common Shares	90,400.00	180,800.00
09/01/2011	4	Alliance Mining Corp. - Units	450,000.00	1,800,000.00
08/31/2011	1	American Vanadium Corp. - Units	1,000,500.00	667,000.00
08/26/2011	10	Arctic Star Exploration Corp. - Units	1,135,000.00	4,540,000.00
08/24/2011	2	Ateba Resources Inc. - Flow-Through Units	750,000.00	6,250,000.00
08/15/2011	1	Avcorp Industries Inc. - Common Shares	324,554.00	6,488,790.00
08/31/2011	9	Base Oil & Gas Ltd. - Flow-Through Units	3,000,000.00	9,375,000.00
08/31/2011	57	Base Oil & Gas Ltd. - Special Warrants	13,800,172.50	51,111,750.00
09/06/2011	33	BE Resources Inc. - Units	1,000,000.00	10,000,000.00
08/23/2011	40	Bear Lake Gold Ltd. - Units	3,923,649.90	26,157,666.00
09/02/2011	2	BNP Paribas Arbitrage Issuance B.V. - Certificates	6,701.14	68.00
09/06/2011	3	BRC Minerals Ltd. - Common Shares	175,902.50	88,750.00
08/31/2011	1	Calloway Real Estate Investment Trust - Units	1,833,840.00	72,000.00
08/25/2011	36	Cangold Limited - Units	2,404,000.00	4,808,000.00
09/01/2011	3	Carmel Bay Exploration Ltd. - Common Shares	1,200,000.00	800,000.00
09/01/2011	1	Centretown Citizens Ottawa Corporation - Debenture	20,078,853.00	1.00
09/01/2011	7	Chai Cha Na Mining Inc. - Units	103,300.00	3,443,332.00
08/19/2011	1	Debut Diamonds Inc. - Common Shares	450,000.00	1,500,000.00
09/01/2011	1	Dunav Resources Ltd. - Common Shares	28,354,753.20	47,257,922.00
08/17/2011	5	Engineering.com Incorporated - Common Shares	350,000.00	7,000,000.00
09/02/2011	1	EPM mining Ventures Inc. - Unit	16,000,000.00	1.00
08/23/2011	8	Eskay Mining Corp. - Units	316,999.98	2,881,818.00
08/26/2011	120	Everest Gold Inc. - Units	2,509,930.00	N/A
08/25/2011	23	Everton Resources Inc. - Units	1,745,960.00	6,983,840.00
08/23/2011	31	Evolving Gold Corp. - Units	5,762,400.00	10,290,000.00

Transaction Date		No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
08/12/2011		8	Exaclibur Resources Ltd. - Units	578,000.00	5,780,000.00
08/26/2011 08/31/2011	to	11	Ferrum Americas Mining Inc. - Receipts	3,050,000.00	6,100,000.00
08/31/2011		1	First Leaside Beverages Group LP - Units	30,000.00	30,000.00
08/31/2011		1	First Leaside Expansion Limited Partnership - Units	35,000.00	35,000.00
08/31/2011		1	First Leaside Primetime Living LP - Units	35,000.00	35,000.00
09/07/2011		2	First Leaside Wealth Management Fund - Units	40,690.00	40,690.00
08/25/2011 08/31/2011	to	11	Flex Fund - Trust Units	183,554.00	183,554.00
09/01/2011 09/07/2011	to	16	Flex Fund - Trust Units	263,709.00	263,709.00
09/01/2011 09/07/2011	to	13	Flex Fund - Trust Units	211,267.00	211,267.00
08/25/2011 08/31/2011	to	15	Flex Fund - Units	283,072.00	283,072.00
08/22/2011		60	Freegold Venture Limited - Units	2,758,194.40	7,218,536.00
09/07/2011		55	Gener8 Digital Media Corp. - Units	1,513,680.50	4,316,230.00
08/31/2011		17	Gesner Wind Farm LP - Units	5,890,000.00	589.00
08/12/2011		29	Gowest Gold Ltd. - Units	2,901,535.05	10,622,930.00
08/17/2011		4	Green Swan Capital Corp. - Common Shares	50,050.00	715,000.00
08/30/2011		5	Hamilton Thorne Ltd. - Common Shares	2,493,900.00	12,469,500.00
09/01/2011		124	Harbour First Mortgage Fund Limited Partnership - Units	8,394,196.00	8,394.20
08/29/2011		1	Harbour View Capital Inc. - Bonds	14,700.00	3,499.00
08/29/2011		1	Harbour View Landing Inc. - Common Shares	14.70	147.00
07/15/2011 08/31/2011	to	59	Highvista Gold Corp. - Receipts	2,912,200.00	5,824,400.00
08/29/2011		26	Investicare Seniors Housing Corp. - Mortgage	720,000.00	144.00
08/19/2011		6	Kent Exploration Inc. - Units	141,050.00	2,170,000.00
08/22/2011		5	KIK Polymers Inc. - Common Shares	299,500.00	1,198,000.00
08/31/2011		1	Kingwest Canadian Equity Portfolio - Units	100,000.00	8,548.00
08/22/2011		1	Kinross Gold Corporation - Notes	6,930,700.00	1.00
08/18/2011		2	Lake Shore Gold Corp. - Common Shares	60,000,000.00	14,877,263.00
09/09/2011		1	Laurion Mineral Exploration Inc. - Common Shares	3,750.00	50,000.00

Transaction Date		No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
08/18/2011		23	LoneStar West Inc. - Common Shares	1,292,941.20	2,154,900.00
08/19/2011		1	Majescor Resources Inc. - Units	100,000.00	500,000.00
09/07/2011 09/16/2011	to	1	Marret HYS Trust - Units	225,335,200.00	17,050,323.00
08/16/2011		1	Micromem Technologies Inc. - Units	200,000.00	1,666,667.00
08/29/2011		125	Midlands Minerals Corporation - Units	7,300,000.00	91,250,000.00
08/31/2011		1	Miocene Metals Limited - Units	100,000.00	277,778.00
08/26/2011		42	Morrison Laurier Mortgage Corporation - Preferred Shares	1,575,160.00	81,210.00
06/30/2011		1	Nemaska Exploration Inc. - Units	107,500.00	250,000.00
09/02/2011		6	Nevada Sunrise Gold Corporation - Units	100,100.00	2,002,000.00
08/23/2011		25	NEXXT Potash Inc. - Common Shares	908,000.00	11,350,000.00
08/30/2011		2	North American Nickel Inc. - Common Share Purchase Warrant	0.00	12,960,000.00
08/23/2011		73	Nuvolt Corporation Inc. - Common Shares	3,501,134.76	45,202,246.00
09/06/2011		2	Optosecurity Inc. - Debentures	52,000.00	2.00
08/25/2011		1	Pacific & Western Credit Corp. - Units	4,950,000.00	2,200,000.00
08/29/2011 09/06/2011	to	13	Portage Minerals Inc. - Units	1,801,730.99	N/A
02/01/2010		2	Pyramis Global Market Neutral Fund, Ltd. - Common Shares	15,000,000.00	15,000.00
08/26/2011		4	Red Mile Minerals Corp. - Flow-Through Units	350,000.00	2,800,000.00
08/26/2011 08/31/2011	to	17	Resaas Services Inc. - Units	535,290.00	356,860.00
08/31/2011		20	Sernova Corp. - Units	286,900.38	1,510,002.00
08/23/2011		23	Shamrock Enterprises Inc. - Units	653,800.00	1,868,000.00
09/01/2011 09/06/2011	to	3	Special Notes Limited Partnership - Units	132,400.00	132,400.00
08/12/2011		8	Strike Minerals Inc. - Units	158,499.98	1,743,711.00
08/18/2011 08/23/2011	to	19	Tranzeo Wireless Technologies Inc. - Units	940,000.00	4,700,000.00
08/31/2011		2	UBS AG, Jersey Branch - Notes	138,269.12	150.00
08/24/2011		3	Wave Accounting Inc. - Debentures	300,000.00	N/A

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Arcan Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated September 23, 2011
NP 11-202 Receipt dated September 23, 2011
Offering Price and Description:
$50,140,000.00 -9,200,000 Offered Shares and $85,000,000 - 6.50% Convertible Unsecured Subordinated Debentures due October 31, 2018 Price:$5.45 per Offered Share and $1,000 per Debenture
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
HAYWOOD SECURITIES INC.
SCOTIA CAPITAL INC.
NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
STIFEL NICOLAUS CANADA INC.
PARADIGM CAPITAL INC.
PI FINANCIAL CORP.
Promoter(s):
-
Project #1804887

Issuer Name:
Big Five Capital Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated September 22, 2011
NP 11-202 Receipt dated September 22, 2011
Offering Price and Description:
$200,000.00 - 2,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
Jie Liang
Project #1804563

Issuer Name:
Celtic Exploration Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated September 23, 2011
NP 11-202 Receipt dated September 23, 2011
Offering Price and Description:
150,000,000.00 - 6,000,000 Common Shares Price: $25.00 per Offered Share

Underwriter(s) or Distributor(s):
FIRSTENERGY CAPITAL CORP.
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
PETERS & CO. LIMITED
CORMARK SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
NATIONAL BANK FINANCIAL INC.
STIFEL NICOLAUS CANADA INC.
TD SECURITIES INC.
Promoter(s):
-
Project #1804847

Issuer Name:
CGX Energy Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated September 23, 2011
NP 11-202 Receipt dated September 23, 2011
Offering Price and Description:
$80,010,000.00 - 114,300,000 Common Shares Price: $0.70 per Common Share
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
MACQUARIE CAPITAL MARKETS CANADA LTD.
JENNINGS CAPITAL INC.
TOLL CROSS SECURITIES INC.
Promoter(s):
-
Project #1804838

Issuer Name:
Coxe Commodity Strategy Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated September 22, 2011
NP 11-202 Receipt dated September 26, 2011
Offering Price and Description:
Warrants to Subscribe for up to * Class A Units at a Subscription Price of $*
Warrants to Subscribe for up to * Class F Units at a Subscription Price of $*
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
Promoter(s):
BMO NESBITT BURNS INC.
Project #1804909

Issuer Name:
Deploy Technologies Inc.
Principal Regulator - British Columbia
Type and Date:
Second Amended and Restated Preliminary Long Form Non-Offering Prospectus dated September 15, 2011
NP 11-202 Receipt dated September 21, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
David Eppert
Project #1732437

Issuer Name:
IG Putnam U.S. Growth Class
Investors Core Canadian Equity Class
Investors Core U.S. Equity Class
Principal Regulator - Manitoba
Type and Date:
Preliminary Simplified Prospectus dated September 23, 2011
NP 11-202 Receipt dated September 23, 2011
Offering Price and Description:
Series A and B Shares
Underwriter(s) or Distributor(s):
INVESTORS GROUP FINANCIAL SERVICES INC.
INVESTORS GROUP SECURITIES INC.
Investors Group Financial Services Inc. and Investors Group Securities Inc.
Promoter(s):
I.G. INVESTMENT MANAGEMENT, LTD.
Project #1804830

Issuer Name:
Maple Leaf Short Duration 2011 - II FT National Class
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated September 22, 2011
NP 11-202 Receipt dated September 23, 2011
Offering Price and Description:
National Class Units
$30,000,000.00 (Maximum) (1,200,000 National Class Units) Price per Unit: $25.00
Minimum Purchase: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
GMP SECURITIES L.P.
MANULIFE SECURITIES INCORPORATED
MACQUARIE PRIVATEWEALTH INC.
CANACCORD GENUITY CORP.
HSBC SECURITIES (CANADA) INC.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
INDUSTRIAL ALLIANCE SECURITIES INC.
DUNDEE SECURITIES LTD.
M PARTNERS INC.
MACKIE RESEARCH CAPITAL CORPORATION
PI FINANCIAL CORP.
UNION SECURITIES LTD.
Promoter(s):
MAPLE LEAF SHORT DURATION HOLDINGS LTD.
Project #1804806

Issuer Name:
Maple Leaf Short Duration 2011-II FT Quebec Class
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated September 22, 2011
NP 11-202 Receipt dated September 23, 2011
Offering Price and Description:
Québec Class Units - $15,000,000.00 (Maximum) (600,000 Québec Class Units)
Price per Unit: $25.00 Minimum Purchase: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
GMP SECURITIES L.P.
MANULIFE SECURITIES INCORPORATED
MACQUARIE PRIVATE WEALTH INC.
CANACCORD GENUITY CORP.
HSBC SECURITIES (CANADA) INC.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
INDUSTRIAL ALLIANCE SECURITIES INC.
DUNDEE SECURITIES LTD.
M PARTNERS INC.
MACKIE RESEARCH CAPITAL CORPORATION
PI FINANCIAL CORP.
UNION SECURITIES LTD.
Promoter(s):
MAPLE LEAF SHORT DURATION HOLDINGS LTD.
Project #1804805

Issuer Name:
RMP Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated September 26, 2011
NP 11-202 Receipt dated September 26, 2011
Offering Price and Description:
$20,001,450.00 - 9,303,000 Common Shares Price: $2.15 per Common Share
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
FIRSTENERGY CAPITAL CORP.
NATIONAL BANK FINANCIAL INC.
PETERS & CO. LIMITED
ALTACORP CAPITAL INC.
CIBC WORLD MARKETS INC.
CORMARK SECURITIES INC.
SCOTIA CAPITAL INC.
Promoter(s):
-
Project #1805398

Issuer Name:
Surge Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated September 26, 2011
NP 11-202 Receipt dated September 26, 2011
Offering Price and Description:
$60,003,900.00 - 6,897,000 Common Shares Price: $8.70 per Common Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
FirstEnergy Capital Corp.
GMP Securities L.P.
Scotia Capital Inc.
CIBC World Markets Inc.
Dundee Securities Ltd.
Cormark Securities Inc.
Macquarie Capital Markets Canada Ltd.
Promoter(s):
-
Project #1805386

Issuer Name:
TG Residential Value Properties Ltd.
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary CPC Prospectus dated September 22, 2011
NP 11-202 Receipt dated
Offering Price and Description:
OFFERING: $500,000.00 (5,000,000 COMMON SHARES)
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Leede Financial Markets Inc.
Promoter(s):
-
Project #1773635

Issuer Name:
Tourmaline Oil Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated September 26, 2011
NP 11-202 Receipt dated September 26, 2011
Offering Price and Description:
$132,000,000.00 - 4,000,000 Common Shares Price: $33.00 per Common Share
Underwriter(s) or Distributor(s):
Peters & Co. Limited
FirstEnergy Capital Corp
Scotia Capital Inc.
CIBC World Markets Inc.
Cormark Securities Inc.
National Bank Financial Inc.
Stifel Nicolaus Canada Inc.
TD Securities Inc.
Promoter(s):
-
Project #1805218

Issuer Name:
Walton Yellowhead Development Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated September 27, 2011
NP 11-202 Receipt dated September 27, 2011
Offering Price and Description:
Maximum: $28,000,000.00 (2,800,000 Units) Minimum: $* - * Units
Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
GMP Securities L.P.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Raymond James Ltd.
Canaccord Genuity Corp.
Macquarie Private Wealth Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Laurentian Bank Securities Inc.
Mackie Research Capital Corporation
Promoter(s):
Walton Asset Management L.P.
Project #1805965

Issuer Name:
RBC North American Dividend Fund
(Series A, Advisor Series, Series T, Series D, Series F and Series O units)Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 16, 2011 to the Simplified Prospectus and Annual Information Form dated June 29, 2011
NP 11-202 Receipt dated September 26, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
RBC Direct Investing Inc.
Royal Mutual Funds Inc./RBC Direct Investing Inc.
Promoter(s):
RBC Global Asset Management Inc.
Project #1724368; 1750593

Issuer Name:
Series of the following Classes of BMO Global Tax Advantage Funds Inc.
BMO Short-Term Income Class
(BMO Guardian Short-Term Income Class Advisor Series and
BMO Guardian Short-Term Income Class Series H)
BMO American Equity Class
(BMO Guardian American Equity Class Advisor Series,
BMO Guardian American Equity Class Series H,
BMO Guardian American Equity Class Series F and
BMO Guardian American Equity Class Series I)
BMO Canadian Equity Class
(BMO Guardian Canadian Equity Class Advisor Series,
BMO Guardian Canadian Equity Class Series H and
BMO Guardian Canadian Equity Class Series F)
BMO Canadian Large Cap Equity Class
(BMO Guardian Canadian Large Cap Equity Class Advisor Series and
BMO Guardian Canadian Large Cap Equity Class Series H)
BMO Dividend Class
(BMO Guardian Dividend Class Advisor Series and BMO Guardian Dividend Class Series H)
BMO Emerging Markets Class
(BMO Guardian Emerging Markets Class Advisor Series and
BMO Guardian Emerging Markets Class Series H)
BMO Enterprise Class
(BMO Guardian Enterprise Class Advisor Series)
BMO Global Absolute Return Class
(BMO Guardian Global Absolute Return Class Advisor Series and
BMO Guardian Global Absolute Return Class Series H)
BMO Global Dividend Class
(BMO Guardian Global Dividend Class Advisor Series,
BMO Guardian Global Dividend Class Series H,
BMO Guardian Global Dividend Class Series F and
BMO Guardian Global Dividend Class Series T5)
BMO Global Energy Class
(BMO Guardian Global Energy Class Advisor Series and
BMO Guardian Global Energy Class Series F)
BMO Global Equity Class
(BMO Guardian Global Equity Class Advisor Series)
BMO Global Small Cap Class
(BMO Guardian Global Small Cap Class Advisor Series)
BMO Global Technology Class
(BMO Guardian Global Technology Class Advisor Series)
BMO Greater China Class
(BMO Guardian Greater China Class Advisor Series)
BMO International Value Class
(BMO Guardian International Value Class Advisor Series and
BMO Guardian International Value Class Series F)
BMO Resource Class
(BMO Guardian Resource Class Advisor Series)
BMO Sustainable Climate Class
(BMO Guardian Sustainable Climate Class Advisor Series and
BMO Guardian Sustainable Climate Class Series H)
BMO Sustainable Opportunities Class
(BMO Guardian Sustainable Opportunities Class Advisor Series and
BMO Guardian Sustainable Opportunities Class Series H)
BMO Asian Growth and Income Class
(BMO Guardian Asian Growth and Income Class Advisor Series and
BMO Guardian Asian Growth and Income Class Series H)
BMO SelectClass Security Portfolio
(BMO Guardian SelectClass Security Portfolio Advisor Series,
BMO Guardian SelectClass Security Portfolio Series H,
BMO Guardian SelectClass Security Portfolio Series T5
BMO Guardian SelectClass Security Portfolio Series T8)
BMO SelectClass Balanced Portfolio
(BMO Guardian SelectClass Balanced Portfolio Advisor Series,
BMO Guardian SelectClass Balanced Portfolio Series H,
BMO Guardian SelectClass Balanced Portfolio Series T5 and
BMO Guardian SelectClass Balanced Portfolio Series T8)
BMO SelectClass Growth Portfolio
(BMO Guardian SelectClass Growth Portfolio Advisor Series,
BMO Guardian SelectClass Growth Portfolio Series H,
BMO Guardian SelectClass Growth Portfolio Series T5 and
BMO Guardian SelectClass Growth Portfolio Series T8)
BMO SelectClass Aggressive Growth Portfolio
(BMO Guardian SelectClass Aggressive Growth Portfolio Advisor Series,
BMO Guardian SelectClass Aggressive Growth Portfolio Series H and
BMO Guardian SelectClass Aggressive Growth Portfolio Series T5)
BMO Canadian Tactical ETF Class
(BMO Guardian Canadian Tactical ETF Class Advisor Series,
BMO Guardian Canadian Tactical ETF Class Series I,
BMO Guardian Canadian Tactical ETF Class Series F and
BMO Guardian Canadian Tactical ETF Class Series T6)
BMO Global Tactical ETF Class
(BMO Guardian Global Tactical ETF Class Advisor Series,
BMO Guardian Global Tactical ETF Class Series I,
BMO Guardian Global Tactical ETF Class Series F and
BMO Guardian Global Tactical ETF Class Series T6)
BMO Security ETF Portfolio Class (formerly BMO Security ETF Portfolio)
(BMO Guardian Security ETF Portfolio Class Advisor Series,
BMO Guardian Security ETF Portfolio Class Series I,
BMO Guardian Security ETF Portfolio Class Series F and
BMO Guardian Security ETF Portfolio Class Series T6)
BMO Balanced ETF Portfolio Class (formerly BMO Balanced ETF Portfolio)
(BMO Guardian Balanced ETF Portfolio Class Advisor Series,
BMO Guardian Balanced ETF Portfolio Class Series I,
BMO Guardian Balanced ETF Portfolio Class Series F and
BMO Guardian Balanced ETF Portfolio Class Series T6)
BMO Growth ETF Portfolio Class (formerly BMO Growth ETF Portfolio)
(BMO Guardian Growth ETF Portfolio Class Advisor Series,
BMO Guardian Growth ETF Portfolio Class Series I,
BMO Guardian Growth ETF Portfolio Class Series F and
BMO Guardian Growth ETF Portfolio Class Series T6)

BMO Aggressive Growth ETF Portfolio Class (formerly BMO Aggressive Growth ETF Portfolio)
(BMO Guardian Aggressive Growth ETF Portfolio Class Advisor Series,
BMO Guardian Aggressive Growth ETF Portfolio Class Series I,
BMO Guardian Aggressive Growth ETF Portfolio Class Series F and
BMO Guardian Aggressive Growth ETF Portfolio Class Series T6)
BMO LifeStage 2017 Class
(BMO Guardian LifeStage 2017 Class Advisor Series,
BMO Guardian LifeStage 2017 Class Series H and
BMO Guardian LifeStage 2017 Class Series I)
BMO LifeStage 2020 Class
(BMO Guardian LifeStage 2020 Class Advisor Series,
BMO Guardian LifeStage 2020 Class Series H and
BMO Guardian LifeStage 2020 Class Series I)
BMO LifeStage 2025 Class
(BMO Guardian LifeStage 2025 Class Advisor Series,
BMO Guardian LifeStage 2025 Class Series H and
BMO Guardian LifeStage 2025 Class Series I)
BMO LifeStage 2030 Class
(BMO Guardian LifeStage 2030 Class Advisor Series,
BMO Guardian LifeStage 2030 Class Series H and
BMO Guardian LifeStage 2030 Class Series I)
BMO LifeStage 2035 Class
(BMO Guardian LifeStage 2035 Class Advisor Series,
BMO Guardian LifeStage 2035 Class Series H and
BMO Guardian LifeStage 2035 Class Series I)
BMO LifeStage 2040 Class
(BMO Guardian LifeStage 2040 Class Advisor Series,
BMO Guardian LifeStage 2040 Class Series H and
BMO Guardian LifeStage 2040 Class Series I)
Series of Units of:
BMO Money Market Fund
(BMO Guardian Money Market Fund Advisor Series and
BMO Guardian Money Market Fund Series F)
BMO U.S. Dollar Money Market Fund
(BMO Guardian U.S. Dollar Money Market Fund Advisor Series)
BMO Bond Fund
(BMO Guardian Bond Fund Advisor Series)
BMO Global Strategic Bond Fund (formerly BMO Global High Yield Bond Fund)
(BMO Guardian Global Strategic Bond Fund Advisor Series and
BMO Guardian Global Strategic Bond Fund Series F)
BMO U.S. High Yield Bond Fund
(BMO Guardian U.S. High Yield Bond Fund Advisor Series)
BMO Mortgage and Short-Term Income Fund
(BMO Guardian Mortgage and Short-Term Income Fund Advisor Series and
BMO Guardian Mortgage and Short-Term Income Fund Series F)
BMO U.S. Dollar Monthly Income Fund
(BMO Guardian U.S. Dollar Monthly Income Fund Advisor Series,
BMO Guardian U.S. Dollar Monthly Income Fund Series F and
BMO Guardian U.S. Dollar Monthly Income Fund Series T5)
BMO North American Dividend Fund
(BMO Guardian North American Dividend Fund Advisor Series)
BMO Precious Metals Fund
(BMO Guardian Precious Metals Fund Advisor Series)
BMO Resource Fund
(BMO Guardian Resource Fund Advisor Series and
BMO Guardian Resource Fund Series F)
BMO Special Equity Fund
(BMO Guardian Special Equity Fund Advisor Series and
BMO Guardian Special Equity Fund Series F)
BMO U.S. Special Equity Fund
(BMO Guardian U.S. Special Equity Fund Advisor Series)
BMO Global Infrastructure Fund
(BMO Guardian Global Infrastructure Fund Advisor Series,
BMO Guardian Global Infrastructure Fund Series F and
BMO Guardian Global Infrastructure Fund Series T5)
BMO Emerging Markets Fund
(BMO Guardian Emerging Markets Fund Advisor Series)
BMO European Fund
(BMO Guardian European Fund Advisor Series and
BMO Guardian European Fund Series T5)
BMO Asset Allocation Fund
(BMO Guardian Asset Allocation Fund Advisor Series,
BMO Guardian Asset Allocation Fund Series F and
BMO Guardian Asset Allocation Fund Series T5)
BMO LifeStage Plus 2017 Fund
(BMO Guardian LifeStage Plus 2017 Fund Advisor Series)
BMO LifeStage Plus 2020 Fund
(BMO Guardian LifeStage Plus 2020 Fund Advisor Series)
BMO LifeStage Plus 2022 Fund
(BMO Guardian LifeStage Plus 2022 Fund Advisor Series)
BMO LifeStage Plus 2025 Fund
(BMO Guardian LifeStage Plus 2025 Fund Advisor Series)
BMO LifeStage Plus 2026 Fund
(BMO Guardian LifeStage Plus 2026 Fund Advisor Series)
BMO LifeStage Plus 2030 Fund
(BMO Guardian LifeStage Plus 2030 Fund Advisor Series)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated September 20, 2011
NP 11-202 Receipt dated September 23, 2011
Offering Price and Description:
Series H, Advisor Series, Series T5, Series T8, Series I, Series T6, Series F,
Underwriter(s) or Distributor(s):
BMO Investments Inc.
Promoter(s):
-
Project #1782751

Issuer Name:
Chou Asia Fund
Chou Associates Fund
Chou Bond Fund
Chou Europe Fund
Chou RRSP Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated September 20, 2011
NP 11-202 Receipt dated September 26, 2011
Offering Price and Description:
Series A Units and Series F Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Chou Associates Management Inc.
Project #1784990

Issuer Name:
Citadel Income Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated September 23, 2011
NP 11-202 Receipt dated September 27, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1706739

Issuer Name:
Enbridge Income Fund Holdings Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated September 21, 2011
NP 11-202 Receipt dated September 23, 2011
Offering Price and Description:
$219,506,250.00 - 11,707,000 SUBSCRIPTION RECEIPTS each representing the right to receive one Common Share PRICE: $18.75 PER SUBSCRIPTION RECEIPT
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
HSBC SECURITIES (CANADA) INC.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
FIRSTENERGY CAPITAL CORP.
Promoter(s):
-
Project #1802266

Issuer Name:
Energy Income Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated September 23, 2011
NP 11-202 Receipt dated September 27, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1706759

Issuer Name:
Eurotin Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated September 21, 2011
NP 11-202 Receipt dated September 21, 2011
Offering Price and Description:
$12,500,000.00 - 15,625,000 units issuable on the exercise of outstanding Special Warrants
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
CLARUS SECURITIES INC.
DUNDEE SECURITIES LTD.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #1797966

Issuer Name:
Everfront Ventures Corp.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated September 19, 2011
NP 11-202 Receipt dated September 21, 2011
Offering Price and Description:
Minimum of 2,000,000 common shares and up to a Maximum of 5,000,000 common shares PRICE: $0.20 PER COMMON SHARE (Minimum of $400,000 and up to a Maximum of $1,000,000)
Underwriter(s) or Distributor(s):
Global Securities Corporation
Promoter(s):
Joshua Gerstein
Leonidas Karabelas
Project #1780318

Issuer Name:
CLASSES OF FIDELITY CAPITAL STRUCTURE CORP.
Fidelity Canadian Equity Private Pool (Series B, Series S5, Series S8, Series I, Series I5, Series I8, Series F, Series F5 and Series F8 Securities)
Fidelity Concentrated Canadian Equity Private Pool (Series B, Series S5, Series S8, Series I, Series I5, Series I8, Series F, Series F5 and Series F8 Securities)
Fidelity U.S. Equity Private Pool (Series B, Series S5, Series S8, Series I, Series I5, Series I8, Series F, Series F5 and Series F8 Securities)
Fidelity U.S. Equity Currency Neutral Private Pool (Series B, Series S5, Series S8, Series I, Series I5, Series I8, Series F, Series F5 and Series F8 Securities)
Fidelity International Equity Private Pool (Series B, Series S5, Series S8, Series I, Series I5, Series I8, Series F, Series F5 and Series F8 Securities)
Fidelity International Equity Currency Neutral Private Pool (Series B, Series S5, Series S8, Series I, Series I5, Series I8, Series F, Series F5 and Series F8 Securities)
Fidelity Global Equity Private Pool (Series B, Series S5, Series S8, Series I, Series I5, Series I8, Series F, Series F5 and Series F8 Securities)
Fidelity Global Equity Currency Neutral Private Pool (Series B, Series S5, Series S8, Series I, Series I5, Series I8, Series F, Series F5 and Series F8 Securities)
CLASSES OF FIDELITY CAPITAL STRUCTURE CORP.
Fidelity Balanced Income Private Pool (Series B, Series S5, Series S8, Series I, Series I5, Series I8, Series F, Series F5 and Series F8 Securities)
Fidelity Balanced Income Currency Neutral Private Pool (Series B, Series S5, Series S8, Series I, Series I5, Series I8, Series F, Series F5 and Series F8 Securities)
Fidelity Balanced Private Pool (Series B, Series S5, Series S8, Series I, Series I5, Series I8, Series F, Series F5 and Series F8 Securities)
Fidelity Balanced Currency Neutral Private Pool (Series B, Series S5, Series S8, Series I, Series I5, Series I8, Series F, Series F5 and Series F8 Securities)
Fidelity Premium Fixed Income Private Pool (Series B, Series I and Series F only)
Fidelity Premium Money Market Private Pool (Series B, Series I, Series D and Series F only)
CLASS OF FIDELITY CAPITAL STRUCTURE CORP.
Fidelity Premium Fixed Income Capital Yield Private Pool (Series B, Series I, Series F, Series S5, Series I5, and Series F5 only)
Fidelity Canadian Equity Investment Trust (Series O only)
Fidelity Concentrated Canadian Equity Investment Trust (Series O only)
Fidelity U.S. Equity Investment Trust (Series O only)
Fidelity International Equity Investment Trust (Series O only)
Fidelity Global Equity Investment Trust (Series O only)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated September 19, 2011
NP 11-202 Receipt dated September 21, 2011
Offering Price and Description:
Series B, Series S5, Series S8, Series I, Series I5, Series I8, Series F, Series F5 and Series F8 Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
Fidelity Investments Canada ULC
Project #1776174

Issuer Name:
Horizons Tactical Bond ETF (formerly Horizons AlphaPro Tactical Bond ETF)
Horizons Income Plus ETF (formerly Horizons AlphaPro Income Plus ETF)
(Advisor Class Units and Class E Units)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated September 22, 2011
NP 11-202 Receipt dated September 23, 2011
Offering Price and Description:
Advisor Class Units and Class E Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
ALPHAPRO MANAGEMENT INC.
Project #1791406

Issuer Name:
Major Drilling Group International Inc.
Principal Regulator - New Brunswick
Type and Date:
Final Short Form Prospectus dated September 21, 2011
NP 11-202 Receipt dated September 21, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
BEACON SECURITIES LIMITED
JENNINGS CAPITAL INC.
SALMAN PARTNERS INC.
Promoter(s):
-
Project #1801948

Issuer Name:
Neptune Technologies & Bioressources Inc.
Principal Regulator - Quebec
Type and Date:
Final Base Shelf Prospectus dated September 22, 2011
NP 11-202 Receipt dated September 23, 2011
Offering Price and Description:
2,722,222 Common Shares 680,556 Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1775862

Issuer Name:
Phillips, Hager & North High Yield Bond Fund
(Series D, Series C, Advisor Series, Series F, Series O and Series B units)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 16, 2011 to the Simplified Prospectus and Annual Information Form dated June 29, 2011
NP 11-202 Receipt dated September 26, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1748036, 1748053

Issuer Name:
RBC North American Dividend Fund
(Series A, Advisor Series, Series T, Series D, Series F and Series O units)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 16, 2011 to the Simplified Prospectus and Annual Information Form dated June 29, 2011
NP 11-202 Receipt dated September 26, 2011
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
RBC Direct Investing Inc.
Royal Mutual Funds Inc.
RBC Global Asset Management Inc.
RBC Dominion Securities Inc.
Royal Mutual Funds Inc./RBD Direct Investing Inc.
Promoter(s):
RBC Global Asset Management Inc.
Project #1750593

Issuer Name:
Rio Plata Exploration Corp.
Principal Regulator - British Columbia
Type and Date:
Amendment #1 dated September 22, 2011 to the Long Form Prospectus dated June 28, 2011
NP 11-202 Receipt dated September 26, 2011
Offering Price and Description:
Minimum: $1,900,000.00; Maximum: $2,500,000.00 - 6,333,334 Units and up to 8,333,334 Units Price: $0.30 per Unit
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Promoter(s):
Robert C. Bell
T. Richard Novis
Project #1696492

Issuer Name:
Series A, Series F and Series I Shares (unless otherwise indicated) of:
Sprott Resource Class (formerly Sprott Global Resource Class)
Sprott Canadian Equity Class
Sprott Diversified Yield Class (Series T and Series FT Shares also available)
Sprott Gold and Precious Minerals Class
Sprott Energy Class
Sprott Short-Term Bond Class
Sprott Small Cap Equity Class
Sprott Tactical Balanced Class (Series T and Series FT Shares also available)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated September 23, 2011
NP 11-202 Receipt dated September 27, 2011
Offering Price and Description:
Series A, Series F, Series I Shares, Series T and Series FT Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
SPROTT ASSET MANAGEMENT GP INC.,
Project #1777669

Issuer Name:
Superior Plus Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated September 26, 2011
NP 11-202 Receipt dated September 26, 2011
Offering Price and Description:
$75,000,000.00 - 7.50% Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
CORMARK SECURITIES INC.
Promoter(s):
-
Project #1803385

Issuer Name:
Thornapple Capital, Inc.
Principal Regulator - Ontario
Type and Date:
Amended and Restated CPC Prospectus dated September 16, 2011 (the amended prospectus) amending and restating the CPC Prospectus dated September 7, 2011
NP 11-202 Receipt dated September 21, 2011
Offering Price and Description:
$200,000.00 - 2,000,000 common shares Price: $0.10 per common share Agent's Option (as defined herein) Incentive Stock Options (as defined herein)
Underwriter(s) or Distributor(s):
Steven Davidson
Kenneth Scholten
Promoter(s):
-
Project #1782066

Issuer Name:
Anatolia Energy Inc.
Principal Jurisdiction - Alberta
Type and Date:
Preliminary Long Form Prospectus dated July 25, 2011
Withdrawn on September 23, 2011
Offering Price and Description:
Minimum: * Common Shares ($35,000,000.00); Maximum: * Common Shares ($45,000,000.00)
Price: $ * per Common Share
Underwriter(s) or Distributor(s):
RAYMOND JAMES LTD.
CANACCORD GENUITY CORP.
TD SECURITIES INC.
HAYWOOD SECURITIES INC.
Promoter(s):
Robert Spring
Tim Marchant
Patrick McGarth
Project #1776147

Issuer Name:
CNS Response, Inc.
Principal Jurisdiction - Alberta
Type and Date:
Preliminary Long Form Prospectus dated June 20, 2011
Withdrawn on September 21, 2011
Offering Price and Description:
U.S.$ *- * SHARES OF COMMON STOCK PRICE: U.S.$● PER SHARE
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Mackie Research Capital Corporation
Promoter(s):
-
Project #1761224

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Global Educational Marketing Corporation / Corporation de Distribution Des Fonds D'Éducation Globale To: Global RESP Corporation/Corporation REEE Global	Scholarship Plan Dealer	September 19, 2011
Change in Registration Category	T.E. Investment Counsel Inc.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	September 22, 2011
Consent to Suspension (Pending Surrender)	Deacon and Company Capital Markets Inc.	Exempt Market Dealer	September 23, 2011
New Registration	Colborne Private Wealth Ltd.	Exempt Market Dealer	September 23, 2011
Name Change	From: Mulvihill Capital Management Inc./Gestion de Capital Mulvihill Inc. To: Strathbridge Asset Management Inc./Gestion d'actifs Strathbridge Inc.	Exempt Market Dealer, Portfolio Manager, Investment Fund Manager and Mutual Fund Dealer	September 23, 2011
Change in Registration Category	Higgins Investment Group Inc.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	September 26, 2011

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 OSC Staff Notice of Commission Approval – MFDA Proposed Amendments to Financial Questionnaire and Report (Form 1) to include the "Definition of Market Value"

OSC STAFF NOTICE OF COMMISSION APPROVAL

MUTUAL FUNDS DEALERS ASSOCIATION OF CANADA

MFDA PROPOSED AMENDMENTS TO FINANCIAL QUESTIONNAIRE AND REPORT (FORM 1) TO INCLUDE THE DEFINITION OF MARKET VALUE

The Ontario Securities Commission approved the MFDA's amendments to Form 1 to include definition of market value. The Alberta Securities Commission, Saskatchewan Financial Services Commission, Manitoba Securities Commission, Nova Scotia Securities Commission and New Brunswick Securities Commission have approved the proposed amendments, and the British Columbia Securities Commission did not object to the MFDA's proposal.

Summary of Material Rule

The objective of the proposed amendment is to explicitly include the definition of "market value" in Form 1 to ensure consistency in the valuation of their securities by MFDA Members. The proposed amendment will clarify the definition of "market value" and ensure that MFDA Members value their securities on a consistent basis, and will harmonize the definition with that used by members of IIROC.

Summary of Public Comments

The MFDA's proposed amendments and its explanatory notice were published for a 60 day comment period on March 18, 2011. The MFDA received no comment letter on the proposed amendments.

Revisions to the Proposed Rule

We attach in Appendix A a blacklined copy of the amendments showing changes made to the version of Form 1 published for comment.

Schedule "B"

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

FORM 1

Version Showing Amendments from the Version Published for Comment on March 18, 2011

FORM 1 – GENERAL NOTES AND DEFINITIONS

GENERAL NOTES:

1. Each Member must comply with the requirements in Form 1 as approved and amended from time to time by the board of directors of the Mutual Fund Dealers Association of Canada (the Corporation).

   Form 1 is a special purpose report that includes financial statements and schedules, and is to be prepared in accordance with International Financial Reporting Standards (IFRS), except as prescribed by the Corporation. Each Member must complete and file all of these statements and schedules.

2. The following are Form 1 IFRS departures as prescribed by the Corporation:

	Prescribed IFRS departure
Trading balances	When reporting trading balances relating to Member and client securities and other investment transactions, the Corporation allows the netting of receivables from and payables to the same counterparty.
Preferred shares	Preferred shares issued by the Member and approved by the Corporation are classified as shareholders' capital.
Presentation	Statements A and D contain terms and classifications (such as allowable and non-allowable assets) that are not defined under IFRS. In addition, specific balances may be classified or presented on Statement A and D in a manner that differs from IFRS requirements. The General Notes and Definitions, and the applicable Notes and Instructions to the Statements, should be followed in those instances where departures from IFRS presentation exists. Statements B, C, E and F are supplementary financial information, which are not statements contemplated under IFRS.
Separate financial statements on a non-consolidated basis	Consolidation of subsidiaries is not permitted for regulatory reporting purposes except for related companies that meet the definition of "related Member" in MFDA By-law No. 1 and the Corporation has approved the consolidation. Because Statement D only reflects the operational results of the Member, a Member must not include the income (loss) of an investment accounted for by the equity method.
Statement of cash flow	A statement of cash flow is not required as part of Form 1.
Valuation	Securities are to be valued and reported at "market value of securities".

3. The following are Form 1 prescribed accounting treatments based on available IFRS alternatives:

	Prescribed accounting treatment
Hedge accounting	Hedge accounting is not permitted for regulatory reporting purposes. All security and derivative positions of a Member must be marked-to-market at the reporting date. Gains or losses of the hedge positions must not be deferred to a future point in time.
Securities owned and sold short as held-for-trading	A Member must categorize all investment positions as held-for-trading financial instruments. These security positions must be marked-to-market.

	Because the Corporation does not permit the use of available for sale and hold-to-maturity categories, a Member must not include other comprehensive income (OCI) and will not have a corresponding reserve account relating to marking-to-market available for sale security positions.
Valuation of a subsidiary	A Member must value subsidiaries at cost.

4. These statements and schedules should be read in conjunction with the Corporation's Bylaws, Rules and Policies.

5. For purposes of these statements and schedules, the accounts of related companies that meet the definition of "related Member" in MFDA By-law No. 1 may be consolidated.

6. For purposes of the statements and schedules, the capital calculations must be on a trade date reporting basis unless specified otherwise in the Notes and Instructions to Form 1.

7. Comparative figures on all statements are required only at the audit date. As a transition exemption for the changeover to International Financial Reporting Standards (IFRS) from Canadian Generally Accepted Accounting Principles (CGAAP), Members are not required to file comparative information for the preceding financial year as part of the first audited Form 1 under IFRS.

8. All statements and schedules must be expressed in Canadian dollars and must be rounded to the nearest dollar.

9. Supporting details should be provided, as required, showing a breakdown of any significant amounts that have not been clearly described on the statements and schedules.

10. **Mandatory security counts.** Securities held in segregation and safekeeping must be counted once in the year in addition to the count as at the year-end audit date.

11. **Mandatory reconciliations.** Reconciliations must be performed monthly in addition to the year-end audit date between the Member's records and the records of the depository or custodian where the Member holds its own and client securities in nominee name accounts.

DEFINITIONS:

1. **"acceptable entity"** means:

(a) Acceptable institutions.

(b) Government of Canada, the Bank of Canada and Provincial Governments.

(c) Insurance companies licensed to do business in Canada or a province thereof.

(d) Canadian provincial capital cities and all other Canadian cities and municipalities, or their equivalents.

(e) All crown corporations, instrumentalities and agencies of the Canadian federal or provincial governments which are government guaranteed as evidenced by a written unconditional irrevocable guarantee or have a call on the consolidated revenue fund of the federal or provincial governments.

(f) Canadian pension funds which are regulated either by the Office of Superintendent of Financial Institutions or a provincial pension commission.

(g) Corporations (other than Regulated Entities) with a minimum net worth of $75 million on the last audited balance sheet, provided acceptable financial information with respect to such corporation is available for inspection.

(h) Members of the Corporation.

(i) Regulated entities.

2. **"acceptable institutions"** means:

(a) Canadian banks, Quebec savings banks, trust companies licensed to do business in Canada or a province thereof.

(b) Credit and central credit unions and regional caisses populaires.

3. **"acceptable securities locations"** means those entities considered suitable to hold securities on behalf of a Member, for both inventory and client positions, without capital penalty, given that the locations meet the requirements outlined in the segregation Bylaws, Rules or Policies of the Corporation including, but not limited to, the requirement for a written custody agreement outlining the terms upon which such securities are deposited and including provisions that no use or disposition of the securities shall be made without the prior written consent of the Member and the securities can be delivered to the Member promptly on demand. The Corporation will maintain and regularly update a list of those foreign depositories and clearing agencies that comply with these criteria. The entities are as follows:

(a) Depositories

i.	Canada	CDS Clearing and Depository Services Inc.
ii.	United States	Depository Trust Company

(b) Government of Canada, the Bank of Canada and Provincial Governments.

(c) Canadian banks, Quebec savings banks, trust companies and loan companies licensed to do business in Canada or a province thereof.

(d) Credit and central credit unions and regional caisses populaires.

(e) Insurance companies licensed to do business in Canada or a province thereof.

(f) Mutual Funds or their Agents – with respect to security positions maintained as a book entry of securities issued by the mutual fund and for which the mutual fund is unconditionally responsible.

(g) Regulated entities.

4. **"regulated entities"** means those that are Members covered by the Canadian Investor Protection Fund or Members of recognized exchanges and associations. For the purposes of this definition, recognized exchanges and associations are those that are identified as a "regulated entity" by the Investment Industry Regulatory Organization of Canada.

5. **"market value of securities"** means:

(a) for listed securities, the last bid price of a long security and, correspondingly, the last ask price of a short security, as shown on the exchange quotation sheets as of the close of business on the relevant date or last trading date prior to the relevant date, as the case may be, subject to an appropriate adjustment where an unusually large or unusually small quantity of securities is being valued. If not available, the last sale price of a board lot may be used. Where not readily marketable, no market value shall be assigned.

(b) for unlisted and debt securities, and precious metals bullion, a value determined as reasonable from published market reports or inter-dealer quotation sheets on the relevant date or last trading day prior to the relevant date, or based on a reasonable yield rate. Where not readily marketable, no market value shall be assigned.

(c) for commodity futures contracts , the settlement price on the relevant date or last trading day prior to the relevant date.

(d) for money market fixed date repurchases (no borrower call feature), the market price is the price determined by applying the current yield for the security to the term of maturity from the repurchase date. This will permit calculation of any profit or loss based on the market conditions at the reporting date. Exposure due to future changes in market conditions is covered by the margin rate.

(e) for money market open repurchases (no borrower call feature), prices are to be determined as of the reporting date or the date the commitment first becomes open, whichever is the later. Market price is to be determined as in (d) ~~4~~ and commitment price is to be determined in the same manner using the yield stated in the repurchase commitment.

(f) for money market repurchases with borrower call features, the market price is the borrower call price.

Index

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