The Ontario Securities Commission

OSC Bulletin

January 27, 2012

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

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

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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

January 27, 2012

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

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

SCHEDULED OSC HEARINGS

January 30 and February 1-8, 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 C. Watson in attendance for Staff Panel: PLK/JNR
January 30, 2012 10:00 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: JEAT
January 30, 2012 1:30 p.m.	**Systematech Solutions Inc., April Vuong and Hao Quach** s. 127 R. Goldstein/S. Schumacher in attendance for Staff Panel: JEAT
January 31, 2012 3:00 p.m.	**Bruce Carlos Mitchell** s. 127 C. Johnson in attendance for Staff Panel: MGC

February 1, 2012
10:00 a.m.

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

s. 127

M. Vaillancourt in attendance for Staff

Panel: JEAT

February 1-3, February 7-10
February 15-17 and February 22-23, 2012
10:00 a.m.
February 6, 13 and 21, 2012
11:00 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

D. Campbell in attendance for Staff

Panel: VK

February 2-3, 2012
10:00 a.m.

Zungui Haixi Corporation, Yanda Cai and Fengyi Cai

s. 127

J. Superina in attendance for Staff

Panel: CP

February 6, 2012
10:30 a.m.

RuggedCom Inc. and Belden CDT (Canada) Inc.

s. 127

K. Daniels in attendance for Staff

Panel: JEAT/SBK

February 8, 2012
11:00 a.m.

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: JEAT

February 15, 2012
10:00 a.m.

Jowdat Waheed and Bruce Walter

s. 127

J. Lynch 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: EPK

February 22-23, 2012
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

February 27, 2012
10:00 a.m.

April 10, 2012
2:30 p.m.

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

s. 127

M. Vaillancourt in attendance for Staff

Panel: TBA

February 27, February 29, March 2 and March 5, 2012 10:00 a.m.	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: VK/MCH
March 6, 2012 1:00 p.m.	
March 5-12 and March 14- 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: CP
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: CP
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: EPK
March 26, 2012 11:00 a.m. March 28 and March 30-April 3, 2012 10:00 a.m.	**Shaun Gerard McErlean, Securus Capital Inc., and Acquiesce Investments** s. 127 M. Britton in attendance for Staff Panel: VK/JDC
March 27, 2012 9:00 a.m. June 18 and June 20-22, 2012 10:00 a.m.	**Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman** s. 127(7) and 127(8) H. Craig in attendance for Staff Panel: PLK
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 11, 2012 10:00 a.m.	**Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos (Also Known As Peter Kuti), Jan Chomica, and Lorne Banks** s. 127 H. Craig/C. Rossi in attendance for Staff Panel: CP
April 18, 2012 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: JDC
April 23, 2012 10:00 a.m.	**Lehman Brothers & Associates Corp., Greg Marks, Kent Emerson Lounds and Gregory William Higgins** s. 127 C. Rossi in attendance for Staff Panel: CP/CWMS

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: CP

May 1, 2012

10:00 a.m.

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: MGC/SOA

May 9-18 and May 23-25, 2012

10:00 a.m.

Crown Hill Capital Corporation and Wayne Lawrence Pushka

s. 127

A. Perschy in attendance for Staff

Panel: EPK

May 29 – June 1, 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

June 4, June 6-18, and June 20-26, 2012

10:00 a.m.

Peter Sbaraglia

s. 127

J. Lynch in attendance for Staff

Panel: TBA

June 22, 2012

10:00 a.m.

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

s. 127

C. Watson in attendance for Staff

Panel: TBA

September 4-10, September 12-14, September 19-24, and September 26 – October 5, 2012

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: TBA

September 21, 2012

10:00 a.m.

Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang

s. 127 and 127.1

H. Craig in attendance for Staff

Panel: TBA

September 24, September 26 – October 5 and October 10-19, 2012

10:00 a.m.

New Found Freedom Financial, Ron Deonarine Singh, Wayne Gerard Martinez, Pauline Levy, David Whidden, Paul Swaby and Zompas Consulting

s. 127

A. Heydon in attendance for Staff

Panel: TBA

October 19, 2012 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: PLK
October 22 and October 24 –November 5, 2012 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: 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 **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 **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 **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 **Vincent Ciccone and Medra Corp.**

s. 127

M. Vaillancourt in attendance for Staff

Panel: TBA

TBA **FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun**

s. 127

C. Price in attendance for Staff

Panel: CP

TBA **2196768 Ontario Ltd carrying on business as Rare Investments, Ramadhar Dookhie, Adil Sunderji and Evgueni Todorov**

s. 127

D. Campbell in attendance for Staff

Panel: TBA

TBA **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: TBA

TBA **Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt**

s. 127

M. Vaillancourt in attendance for Staff

Panel: TBA

TBA **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

J. Lynch/S. Chandra in attendance for Staff

Panel: TBA

TBA **Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, John Colonna, Pasquale Schiavone, and Shafi Khan**

s. 127(7) and 127(8)

J. Feasby in attendance for Staff

Panel: TBA

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

s. 127 and 127.1

C. Johnson in attendance for Staff

Panel: TBA

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

s. 127

M. Britton in attendance for Staff

Panel: TBA

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

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA **American Heritage Stock Transfer Inc., American Heritage Stock Transfer, Inc., BFM Industries Inc., Denver Gardner Inc., Sandy Winick, Andrea Lee McCarthy, Kolt Curry and Laura Mateyak**

s. 127

J. Feasby in attendance for Staff

Panel: TBA

TBA **Empire Consulting Inc. and Desmond Chambers**

s. 127

D. Ferris 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 A Free Seminar on Technical Disclosure to Assist Public Mining Companies

A Free Seminar on Technical Disclosure to Assist Public Mining Companies

The Corporate Finance Branch of the Ontario Securities Commission invites you to attend a free seminar designed to assist mining companies in understanding the key changes to NI 43-101 *Standards of Disclosure for Mineral Projects* that came into force in June 2011.

Date: **Tuesday, January 31, 2012**

Time: 9:00 to 10:30 a.m.

Location: 22nd Floor OSC Training Room
20 Queen Street West, Toronto, Ontario

OSC ONTARIO SECURITIES COMMISSION

Cost: No charge

This seminar may qualify for continuing professional education

RSVP: Nancy Macnab
Email: nmacnab@osc.gov.on.ca

Please note that space is limited.

OBJECTIVE

Mining companies face unprecedented risks and challenges in the exploration and development of mineral deposits in addition to keeping up with an evolving regulatory landscape. The recent changes to NI 43-101 were designed to preserve the core principles of the Instrument and the benefits it has brought to the mining industry while making compliance less costly for issuers through improved flexibility.

All those involved in the mining industry, not just qualified persons, need to know what has changed to ensure that the company's disclosure is compliant.

We want to help provide you with the tools and information you need to understand the technical mining reporting requirements of NI 43-101 which continues to be part of Canadian securities law.

WHO SHOULD ATTEND

- Chief Financial Officers and others involved in the preparation of continuous disclosure documents (including MD&A and annual information forms)
- Investor relations individuals
- External counsel and advisors to public mining companies
- Qualified persons, both in-house and independent
- Audit committee members

CONTENT

Key changes to NI 43-101, including:

- New definitions and triggers for technical reports
- New technical report content requirements
- **Common deficiencies and how to avoid them in your disclosure**

SEMINAR LEADERS

Craig Waldie, Senior Geologist and James Whyte, Senior Geologist

1.2 Notices of Hearing

1.2.1 RuggedCom Inc. and Belden CDT (Canada) Inc. – s. 127

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

AND

IN THE MATTER OF
RUGGEDCOM INC. AND
BELDEN CDT (CANADA) INC.

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing (the "Hearing") at its offices at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Monday, February 6, 2012, at 10:30 a.m. or as soon thereafter as the Hearing can be held;

TO CONSIDER whether it is in the public interest to make a cease trade order in respect of the shareholder rights plan of RuggedCom Inc. pursuant to an application by Belden CDT (Canada) Inc.

Dated at Toronto this 20th day of January, 2012

"John Stevenson"
Secretary to the Commission

1.3 News Releases

1.3.1 OSC Publishes Information on Monetary Sanctions on its Website

FOR IMMEDIATE RELEASE
January 18, 2012

OSC PUBLISHES INFORMATION ON
MONETARY SANCTIONS ON ITS WEBSITE

TORONTO – The Ontario Securities Commission (OSC) today published information regarding the Commission's authority to impose monetary sanctions and an update on how the collection of those sanctions has proceeded.

The Commission has had the authority since 2005 to impose monetary sanctions on both individuals and companies for violations of Ontario securities law or for conduct that is contrary to the public interest. These monetary sanctions, which include administrative penalties and disgorgement orders, are in addition to the protective orders that the Commission has always imposed, such as temporary or permanent bans on the conduct of individuals and companies in the capital markets.

The OSC makes every effort to enforce the monetary sanctions and protective orders imposed by the Commission. The collection of monetary sanctions remains a challenge for securities regulators and OSC staff continue to look for ways to improve the collection of monies owed to the Commission. In this regard, the OSC published today a list of respondents who are delinquent in the payment of the monetary sanctions ordered against them by the Commission.

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1.3.2 Canadian Securities Regulators Adopt Regulatory Regime for Credit Rating Organizations

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

FOR IMMEDIATE RELEASE
January 27, 2012

CANADIAN SECURITIES REGULATORS ADOPT
REGULATORY REGIME FOR CREDIT RATING ORGANIZATIONS

Toronto – The Canadian Securities Administrators announced today the adoption of NI 25-101 *Designated Rating Organizations*, which will impose requirements on credit rating organizations wishing to have their credit ratings eligible for use in securities legislation.

The rule establishes a regulatory framework for the oversight of credit rating organizations by requiring them to apply to become a "designated rating organization" and adhere to rules concerning conflicts of interest, governance, conduct, a compliance function and required filings. The rule is also designed with the intent to be consistent with international regimes and European Commission endorsement and certification provisions, so that European market participants can rely on ratings of Canadian credit rating organizations associated with those registered in Europe.

"The CSA recognize the significant role credit rating organizations play in today's global credit markets," said Bill Rice, Chair of the CSA, and Chair and Chief Executive Officer of the Alberta Securities Commission. "By considering international developments while creating the Canadian regulatory regime for credit rating agencies, the CSA has set appropriate standards for credit rating agencies that are also consistent with international regimes."

In March 2011, the CSA published for comment amendments to the rule, which included feedback received from the European Security Markets Authority on whether the proposed Canadian regulatory framework was "equivalent" to the EU Regulation. Following comments received by investors and marketplace participants on the 2011 Proposal, minor amendments have been made to enhance the rule.

In some jurisdictions, proclamation of legislation or proclamation of legislation and ministerial approvals are required. Subject to obtaining all necessary approvals, the rule will come into effect on April 20, 2012.

The final regulatory regime for credit rating organizations and related amendments are available on the websites of CSA members.

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

For more information:

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1.4 Notices from the Office of the Secretary

1.4.1 MBS Group (Canada) Ltd. et al.

FOR IMMEDIATE RELEASE
January 19, 2012

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that (i) the hearing on the merits shall commence on October 22, 2012 at 10:00 a.m. at the offices of the Commission, and shall continue on October 24, 25, 26, 29, 30, 31 and November 1, 2 and 5, 2012, or on such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary; and (ii) a status hearing will be scheduled prior to the commencement of the hearing on the merits, on a date as may be agreed to by the parties and fixed by the Office of the Secretary.

A copy of the Order dated January 13, 2012 is available at **www.osc.gov.on.ca**.

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1.4.2 Lehman Brothers & Associates Corp. et al.

FOR IMMEDIATE RELEASE
January 19, 2012

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

AND

IN THE MATTER OF
LEHMAN BROTHERS & ASSOCIATES CORP.,
GREG MARKS, KENT EMERSON LOUNDS AND
GREGORY WILLIAM HIGGINS

TORONTO – Following the release of the Panel's Reasons and Decision dated December 16, 2011 on the hearing on the merits in the above named matter, a sanctions hearing is scheduled to commence on Monday, April 23, 2012 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th Floor.

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1.4.3 New Found Freedom Financial et al.

FOR IMMEDIATE RELEASE
January 20, 2012

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

AND

IN THE MATTER OF
NEW FOUND FREEDOM FINANCIAL,
RON DEONARINE SINGH,
WAYNE GERARD MARTINEZ, PAULINE LEVY,
DAVID WHIDDEN, PAUL SWABY AND
ZOMPAS CONSULTING

TORONTO – The Commission issued an Order in the above named matter which provides that (1) the hearing on the merits shall commence on September 24, 2012 and continue until October 19, 2012, with the exception of September 25 and October 9, 2012; and (2) the hearing is adjourned to March 26, 2012 at 10:00 a.m., or such other date as agreed to by the parties and advised by the Office of the Secretary, for a continued pre-hearing conference.

A copy of the Order dated January 19, 2012 is available at **www.osc.gov.on.ca**.

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1.4.4 Irwin Boock et al.

FOR IMMEDIATE RELEASE
January 20, 2012

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

AND

IN THE MATTER OF
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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND STANTON DEFREITAS

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 Stanton DeFreitas.

A copy of the Order dated January 20, 2012 and Settlement Agreement dated January 19, 2012 are available at **www.osc.gov.on.ca**.

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1.4.5 North American Financial Group Inc. et al.

FOR IMMEDIATE RELEASE
January 20, 2012

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

AND

IN THE MATTER OF
NORTH AMERICAN FINANCIAL GROUP INC.,
NORTH AMERICAN CAPITAL INC.,
ALEXANDER FLAVIO ARCONTI, AND
LUIGINO ARCONTI

TORONTO – The Commission issued the following Orders in the above named matter:

1. Order pursuant to Section 127 dated January 16, 2012 which provides that the hearing is adjourned to Monday, February 27, 2012 at 10:00 a.m. or to such other date or time as set by the Office of the Secretary and agreed to by the parties; and

2. Order pursuant to Subsections 127(7) & 127(8) dated January 16, 2012 which provides that the Temporary Order as further amended is extended to Wednesday, April 11, 2012; and the hearing in this matter is adjourned to Tuesday, April 10, 2012 at 2:30 p.m. or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

A copy of the Orders are available at **www.osc.gov.on.ca**.

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1.4.6 Global Energy Group, Ltd. et al.

FOR IMMEDIATE RELEASE
January 20, 2012

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

AND

IN THE MATTER OF
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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
ELLIOT FEDER

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 Elliot Feder.

A copy of the Order dated January 20, 2012 and Settlement Agreement dated January 19, 2012 are available at **www.osc.gov.on.ca**.

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1.4.7 RuggedCom Inc. and Belden CDT (Canada) Inc.

FOR IMMEDIATE RELEASE
January 20, 2012

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

AND

IN THE MATTER OF
RUGGEDCOM INC. AND
BELDEN CDT (CANADA) INC.

TORONTO – On January 20, 2012, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act* to consider the Application of Belden CDT (Canada) Inc. dated January 9, 2012. The hearing will be held on February 6, 2012 at 10:30 a.m.

A copy of the Notice of Hearing dated January 20, 2012 and the Application dated January 9, 2012 are available at **www.osc.gov.on.ca**.

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1.4.8 Global Energy Group, Ltd. et al.

FOR IMMEDIATE RELEASE
January 23, 2012

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

AND

IN THE MATTER OF
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

TORONTO – Staff of the Ontario Securities Commission filed an Amended Statement of Allegations dated January 23, 2012 with the Office of the Secretary in the above noted matter.

A copy of the Amended Statement of Allegations dated January 23, 2012 is available at **www.osc.gov.on.ca**.

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

AND

**IN THE MATTER OF
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**

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 distribution of securities consisting of units of series of New Gold Limited Partnerships ("New Gold"), to members of the public by Global Energy Group, Ltd ("Global Energy") and persons related to Global Energy.

2. Staff allege that the course of conduct regarding the trading of the securities of New Gold occurred during the period from approximately June of 2007 up to and including June 25, 2008 (the "Material Time").

3. Approximately $14.75 million (U.S.) was raised from the sale of the securities of New Gold to approximately 200 investors (the "New Gold Investors") as a result of the activities sales-persons, representatives or agents of Global Energy.

4. The sale of the New Gold securities has also been the subject of an investigation by the United States Attorney General and securities regulatory authorities in the State of Kentucky.

II. GLOBAL ENERGY and NEW GOLD

5. Neither Global Energy nor New Gold has ever been registered with the Ontario Securities Commission (the "Commission") in any capacity.

6. Global Energy was purportedly based in and an operated from the Bahamas. The partnerships underlying the securities of New Gold were purportedly registered in Kentucky and/or the Bahamas.

7. The primary business of Global Energy was selling the securities of New Gold through its salespersons operating from offices in the Toronto area (the "Ontario Offices").

8. The other operating office of Global Energy was located in Lexington, Kentucky and operated by a lawyer named Bryan Coffman ("Coffman").

III. THE INDIVIDUAL RESPONDENTS

9. Christina Harper ("Harper") is a resident of Ontario. During the Material Time, Harper was one of the directing minds of Global Energy, overseeing the salespersons, representatives or agents of Global Energy selling the securities of New Gold from the Ontario Offices. Using an alias, Harper also held herself out as an officer of Global Energy.

10. Vadim Tsatskin ("Tsatskin") is a resident of Ontario. During the Material Time, Tsatskin was one of the directing minds of Global Energy who also directed the sales of the New Gold securities from the Ontario Office. Tsatskin, Coffman and others created the securities of New Gold for sale to members of the public.

11. Michael Schaumer ("Schaumer"), Elliot Feder ("Feder"), Oded Pasternak ("Pasternak"), Alan Silverstein ("Silverstein"), Herbert Groberman ("Groberman"), Allan Walker ("Walker"), Peter Robinson ("Robinson"), Vyacheslav Brikman ("Brikman"), Nikola Bajovski ("Bajovski"), Bruce Cohen ("Cohen") and Andrew Shiff ("Shiff") were all residents of Ontario during the Material Time.

12. During the Material Time, Schaumer, Feder, Pasternak, Silverstein, Groberman, Walker, Robinson, Brikman, Bajovski, Cohen and Shiff all worked at the Ontario Offices and all sold securities of New Gold to members of the public.

13. During the Material Time, Harper, Tsatskin, Schaumer, Feder, Pasternak, Silverstein, Groberman, Walker, Robinson, Brikman, Bajovski, Cohen and Shiff (the "Individual Respondents") were not registered with the Commission in any capacity to trade securities.

IV. BREACHES OF THE ACT BY THE RESPONDENTS

- **Unregistered Trading in Securities of New Gold Contrary to Section 25(1)**

14. As set out above, Staff allege that the Res-pondents traded in securities of New Gold from the Ontario Offices during the Material Time.

15. Members of public in Canada were contacted by salespersons, agents and representatives of Global Energy from the Ontario Offices and solicited to purchase the securities of New Gold.

16. The actions of the Respondents related to the securities of New Gold constituted trading in securities without registration contrary to section 25(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").

- **Illegal Distribution of the Securities of New Gold Contrary to Section 53(1)**

17. New Gold has never 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.

18. The trading in securities of New Gold as set out above constituted distributions of these securities by the Respondents in circumstances where there were no exemptions available to them under the Act contrary to section 53(1) of the Act.

- **Fraudulent Conduct Related to Trading in the Securities of New Gold Contrary to Section 126.1**

19. During the Material Time from the Ontario Offices, Global Energy, Harper, Tsatskin, Schaumer and Feder and other representatives or agents of Global Energy provided information to the New Gold Investors that was false, inaccurate and misleading, including, but not limited to, the following:

a) the use of the New Gold Investor funds;

b) the law governing the trading in the securities of New Gold;

c) the source of the investment income produced by the securities of New Gold;

d) the actual ownership and location of Global Energy and the sales offices of Global Energy;

e) the registration of the partnerships underlying the securities of New Gold;

f) the underlying assets of the securities of New Gold; and

g) the estimated production figures of the alleged assets of the securities of New Gold.

These and other false, inaccurate, misleading representations and omissions were made by the Respondents with the intention of effecting trades in the securities of New Gold.

20. The salespersons, representatives and agents of Global Energy, including, but not limited to, Harper, Schaumer, Feder, Pasternak, Silverstein, Groberman, Walker, Robinson, Brikman, Bajovski, Cohen and Shiff used aliases when selling the securities of New Gold to members of the public.

21. The directing minds of Global Energy knew or ought to have known that aliases were being used when the securities of New Gold were sold to members of the public by the salespersons, representatives or agents of Global Energy.

22. Approximately $3 million of the total funds raised through the sale of the securities of New Gold were paid out to the salespersons, representatives or agents of Global Energy located in Toronto including the Individual Respondents. The New Gold Investors were not informed of this fact.

23. Global Energy, Harper, Tsatskin, Schaumer and Feder as well as and other salespersons, representatives or agents of Global Energy engaged in a course of conduct relating to securities that they knew or reasonably ought to have known would result in a fraud on persons purchasing the securities of New Gold contrary to section 126.1 of the Act.

V. Tsatskin's Conviction for Fraud Contrary to Section 126.1 of the Act

24. On April 4, 2011, Tsatskin pled guilty in the Ontario Court of Justice to one count of fraud contrary to section 126.1 of the Act in connection with the sale of the securities of New Gold to members of the public by Global Energy, its salespersons or agents. Tsatskin's guilty plea was accepted by the Court and he was convicted and sentenced to 3 years in the penitentiary.

25. As part of his plea of guilt, Tsatskin admitted the truth of an Agreed Statement of Facts (the "Agreed Facts") that was filed as an exhibit in that proceeding.

26. Staff pleads and relies upon all the facts admitted in the Agreed Facts.

27. Tsatskin's conviction for fraud arose from transactions, business and/or a course of conduct relating to securities.

28. Pursuant to subsection127(10)1 of the Act, Tsatskin's conviction for fraud contrary to section 126.1 of the Act may form the basis for an order in the public interest under subsection127(1) of the Act.

VI. Conduct Contrary to Ontario Securities Law and Contrary to the Public Interest

29. The specific allegations advanced by Staff related to the trades in the securities of New Gold during the Material Time are as follows:

(a) the Respondents traded in securities of New Gold without being registered to trade in securities, contrary to section 25(1)(a) of the Act and contrary to the public interest;

(b) the actions of the Respondents related to the sale of the securities of New Gold constituted distributions of securities 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) Global Energy, Harper, Tsatskin, Schaumer and Feder engaged or participated in acts, practices or courses of conduct relating to the securities of New Gold that Global Energy, Harper, Tsatskin, Schaumer and Feder knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to section 126.1(b) of the Act and contrary to the public interest; and

(d) Harper and Tsatskin, being directors and/or officers of Global, did authorize, permit or acquiesce in the commission of the violations of sections 25(1)(a), 53(1) and 126.1(b) of the Act, as set out above, by Global Energy or by the salespersons, representatives or agents of Global Energy, contrary to section 129.2 of the Act and contrary to the public interest.

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

DATED at Toronto, January 23, 2012.

1.4.9 Sino-Forest Corporation et al.

FOR IMMEDIATE RELEASE
January 24, 2012

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

AND

IN THE MATTER OF
SINO-FOREST CORPORATION, ALLEN CHAN, ALBERT IP, ALFRED C.T. HUNG, GEORGE HO AND SIMON YEUNG

TORONTO – The Commission issued a Temporary Order in the above named matter which provides that pursuant to subsections 127(7) and (8) of the Act the Temporary Order is extended until April 16, 2012.

A copy of the Temporary Order dated January 23, 2012 is available at **www.osc.gov.on.ca**.

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1.4.10 Merax Resource Management Ltd. et al.

FOR IMMEDIATE RELEASE
January 25, 2012

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

AND

IN THE MATTER OF
MERAX RESOURCE MANAGEMENT LTD.,
carrying on business as
CROWN CAPITAL PARTNERS,
RICHARD MELLON and ALEX ELIN

TORONTO – Take notice that a sanctions hearing in the above named matter is scheduled to commence on Tuesday, May 1, 2012 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th Floor.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Manufacturers Life Insurance Company and Manulife Financial Capital Trust

Headnote

Passport – credit support issuer does not satisfy conditions of exemption in section 13.4 of NI 51-102 – credit support issuer has securities outstanding that are not designated credit support securities because credit supporter has not provided a full and unconditional guarantee – designated credit support securities cannot have a full and unconditional guarantee because of regulatory capital requirements – credit support issuer exempt from certain continuous disclosure, certification, and insider reporting requirements under the Legislation, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 121(2)(a)(ii).
National Instrument 51-102 Continuous Disclosure Obligations, ss. 13.1 and 13.4.
National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, s. 8.6.
National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI), ss. 2.1, 6.1.
National Instrument 55-104 Insider Reporting Requirements and Exemptions, s. 10.1

January 13, 2012

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
THE MANUFACTURERS LIFE INSURANCE
COMPANY (MLI) AND MANULIFE FINANCIAL
CAPITAL TRUST (the Trust and, together with MLI,
the Filers)

DECISION

Background

The Filers received the 2007 Order exempting the Filers from the continuous disclosure, certification and insider reporting requirements of securities legislation as specified in the 2007 Order. The 2007 Order expires on January 15, 2012.

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction (the **Legislation**) to renew the 2007 Order, and in particular that:

1. MLI be granted an exemption (the **Continuous Disclosure Exemption**) from the Continuous Disclosure Requirements pursuant to section 13.1 of NI 51-102;

2. the Trust be granted a Continuous Disclosure Exemption from the Continuous Disclosure Requirements pursuant to section 13.1 of NI 51-102;

3. MLI be granted an exemption (the **Certification Exemption**) from the Certification Requirements pursuant to section 8.6 of NI 52-109;

4. the Trust be granted a Certification Exemption from the Certification Requirements pursuant to section 8.6 of NI 52-109;

5. insiders of MLI be granted an exemption (the **Insider Profile Exemption**) from the requirement to file an insider profile under section 2.1 of NI 55-102 pursuant to section 6.1 of NI 55-102; and

6. insiders of MLI be granted an exemption (the **Insider Reporting Exemption**) from the Insider Reporting Requirements in respect of securities of MLI pursuant to section 121(2)(a)(ii) of the Act and section 10.1 of NI 55-104 (collectively, the **Exemption Sought**).

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

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

(b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in each of the provinces and territories other than Ontario.

Interpretation

Defined terms contained in National Instrument 14-101 – *Definitions* and MI 11-202 have the same meaning in this decision, unless they are defined in this decision.

In this decision,

2007 Order means the decision document dated January 22, 2007 from certain provincial securities regulatory authorities in Canada, as described in more detail herein, granting relief to: (a) MLI and the Trust from filing certain continuous disclosure document and certain annual and interim certifications; and (b) insiders of MLI from filing an insider profile and from certain insider reporting requirements in respect of securities of MLI, subject to certain specified conditions;

Act means the *Securities Act* (Ontario);

AIF means an annual information form;

Annual Filings means an issuer's AIF, annual financial statements and annual MD&A filed pursuant to NI 51-102;

At Par Redemption Date means June 30, 2012;

Automatic Exchange means the automatic exchange of each MaCS – Series A for 40 MLI Class A Shares Series 3 upon the occurrence of certain stated events relating to the solvency of MLI or actions taken by the Superintendent in respect of the financial strength of MLI;

Canadian GAAP means generally accepted accounting principles determined with reference to the Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time;

Certification Requirements means the requirements to file: (a) annual certificates (as defined in NI 52-109) under sections 4.1 and 6.1, as applicable, of NI 52-109; and (b) interim certificates (as defined in NI 52-109) under sections 5.1 and 6.2, as applicable, of NI 52-109;

Continuous Disclosure Filings means: (a) audited annual financial statements including MD&A thereon required by sections 4.1 and 5.1 of NI 51-102; (b) unaudited interim financial reports including MD&A thereon required by sections 4.3 and 5.1 of NI 51-102; (c) an AIF required by section 6.1 of NI 51-102; (d) press releases and material change reports required by section 7.1 of NI 51-102 in the case of material changes that are also material changes in the affairs of MFC; and (e) other material contracts required by section 12.2 of NI 51-102;

Continuous Disclosure Requirements means the requirements contained in NI 51-102 to file and deliver, as applicable, the Continuous Disclosure Filings;

Conversion Right means the right to convert the whole or a part of the MLI A Debenture into MLI Class A Shares Series 2 and MLI Class A Shares Series 3, respectively;

Credit Facility has the meaning given to such term in the MaCS Final Prospectus;

credit support issuer has the meaning given to such term in NI 51-102;

credit supporter has the meaning given to such term in NI 51-102;

DBRS means DBRS Limited;

Deficiency Payment means a payment to be calculated as follows:

(a) in the event that, at the time of the determination date, a winding-up order has been made with respect to MFC, then the Deficiency Payment shall be the amount that, when paid to the holders of the MLI Preferred Shares outstanding as of the Triggering Event, will result in:

(i) the holders of Class A Shares of MLI outstanding as of the Triggering Event receiving payment of the same proportion of the unpaid amounts on the Class A Shares of MLI as the holders of such shares would have received had their claim to such unpaid amounts on the final distribution of surplus of MFC, if any, pursuant to section 95(1) of the WURA ranked on a parity with the claims of the holders of the Class A Shares of MFC; and

(ii) the holders of Class B Shares of MLI outstanding as of the Triggering Event receiving payment of the same proportion of the unpaid amounts for such Class B Shares of MLI as the holders of such shares would have received had their claim to such unpaid amounts on the final distribution of surplus of MFC, if any, pursuant to section 95(1) of the WURA ranked on a parity with the claims of the holders of Class B Shares of MFC;

(b) in all circumstances other than those listed above, the Deficiency Payment will equal the aggregate unpaid amounts attributable to all classes of MLI Preferred Shares outstanding as of the Triggering Event;

Demutualization means the demutualization of MLI on September 23, 1999 pursuant to letters patent of conversion issued by the Minister of Finance;

designated credit support securities has the meaning given to such term in NI 51-102;

Dividend Reference Period has the meaning given to such term in the MaCS Final Prospectus;

Dividend Stopper Undertaking has the meaning given to such term in the MaCS Final Prospectus;

Dividends has the meaning given to such term in the MaCS Final Prospectus;

Early Redemption Price has the meaning given to such term in the MaCS Final Prospectus;

Exchange Trustee has the meaning given to such term in the MaCS Final Prospectus;

Fitch means Fitch Ratings Ltd.;

Funding Debenture has the meaning given to such term in the MaCS Final Prospectus;

Holder Exchange Right means the right of holders of MaCS – Series A to exchange each of their MaCS – Series A for 40 MLI Class A Shares Series 2;

ICA means the *Insurance Companies Act* (Canada), as amended;

ICA Financial Statements means the audited annual financial statements of MLI prepared in order to comply with the ICA;

Indicated Yield means each fixed, semi-annual, non-cumulative cash distribution distributed to holders of a particular series of MaCS;

Insider Reporting Requirements means the requirements for an insider of a reporting issuer to file:

(a) insider reports required by section 107 of the Act and sections 3.2 and 3.3 of NI 55-104 in respect of securities of the reporting issuer; and

(b) insider reports required under any provisions of securities legislation of any of the provinces or territories of Canada substantially similar to section 107 of the Act and sections 3.2 and 3.3 of NI 55-104 in respect of securities of the reporting issuer;

Interim Filings means an issuer's interim financial reports and interim MD&A filed pursuant to NI 51-102;

Liquidation Preference means any amount to which holders of a particular class or series of MLI Preferred Shares are entitled in priority to any amounts which may be payable in respect of any class of shares of MLI which rank junior to such class or series in the event of a distribution of assets upon the liquidation, dissolution or winding-up of MLI;

MaCS means the Tier 1 capital units of the Trust called Manulife Financial Capital Securities;

MaCS Declaration of Trust means the declaration of trust dated October 30, 2001 made by the MaCS Trustee, as amended and restated on December 5, 2001;

MaCS Final Prospectus means the final prospectus of the Trust dated December 5, 2001;

MaCS Redemption Price has the meaning given to the term "Redemption Price" in the MaCS Final Prospectus;

MaCS Trustee means Computershare Trust Company of Canada, as trustee of the Trust;

MD&A means management's discussion and analysis;

MFC means Manulife Financial Corporation;

MFC Dividend Restricted Shares has the meaning given to such term in the MaCS Final Prospectus;

MFC Guarantees means collectively the Subordinated Debt Guarantee and the Preferred Share Guarantee;

MFC Preferred Shares means collectively the outstanding Class A Shares, Class B Shares and Class 1 Shares of MFC from time to time;

MFC Responsible Issuer Undertaking means the undertaking delivered by MFC to the principal regulator confirming that, among other things:

(a) following MFC entering into the Preferred Share Guarantee and the subordinated guarantee dated January 29, 2007 by MFC of MLI's payment obligations in respect of the $550,000,000 principal amount of 6.24% subordinated debentures of MLI due February 16, 2016 and for so long as MLI and the Trust both qualify for the Continuous Disclosure Exemption, MFC will be considered a "responsible issuer" for purposes of determining MFC's liability under Part XXIII.1 of the *Securities Act* (Ontario) as if MaCS were an "issuer's security" of MFC for purposes of such Part; and

(b) for greater certainty, pursuant to the definition of "issuer's security" in section 138.3(1) of the *Securities Act* (Ontario), MLI Preferred Shares and designated credit support securities of MLI guaranteed by MFC constitute issuer's securities of MFC for purposes of determining MFC's liability under Part XXIII.1 of the *Securities Act* (Ontario);

MLI means The Manufacturers Life Insurance Company;

MLI A Debenture means the senior debenture issued by MLI in respect of the MaCS – Series A;

MLI B Debenture means the senior debenture issued by MLI in respect of the MaCS – Series B;

MLI Class A Shares Series 2 means the Class A Shares Series 2 of MLI;

MLI Class A Shares Series 3 means the Class A Shares Series 3 of MLI;

MLI Dividend Restricted Shares has the meaning given to such term in the MaCS Final Prospectus;

MLI MaCS Debentures means collectively the MLI A Debenture and the MLI B Debenture;

MLI Preferred Shares means collectively the outstanding Class A Shares, Class B Shares and Class 1 Shares of MLI from time to time other than shares issued to and held by MFC or an affiliate (as defined in NI 51-102) of MFC;

MLI Subordinated Debentures means the $550,000,000 principal amount of 4.21% fixed/floating subordinated debentures of MLI due November 18, 2021 (first redeemable November 18, 2016);

NI 45-106 means National Instrument 45-106 – *Prospectus and Registration Exemptions*;

NI 51-102 means National Instrument 51-102 – *Continuous Disclosure Obligations*;

NI 52-109 means National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*;

NI 55-102 means National Instrument 55-102 – *System for Electronic Disclosure by Insiders (SEDI)*;

NI 55-104 means National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*

NI 71-101 means National Instrument 71-101 – *The Multijurisdictional Disclosure System*;

Offering means the public offering of 60,000 MaCS – Series A and 940,000 MaCS – Series B pursuant to the MaCS Final Prospectus;

OSFI means the Office of the Superintendent of Financial Institutions (Canada);

parent credit supporter has the meaning given to such term in NI 51-102;

Preferred Share Guarantee means the subordinated guarantee dated January 29, 2007 by MFC of the payments to be made by MLI under the MLI Preferred Shares, which consist of: (a) the amount of any declared and unpaid dividends on the MLI Preferred Shares; (b) the Redemption Price of the MLI Preferred Shares; and (c) the Liquidation Preference of the MLI Preferred Shares;

Public Preferred Shares has the meaning given to such term in the MaCS Final Prospectus;

Redemption Date has the meaning given to such term in the MaCS Final Prospectus;

Redemption Price means the amount payable by MLI following presentation and surrender of any MLI Preferred Shares which have been redeemed by MLI or which are then redeemable by the holder pursuant to the terms of such MLI Preferred Shares;

S&P means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc.;

SEDAR means the System for Electronic Document Analysis and Retrieval;

Share Exchange Agreement MaCS – Series A means the share exchange agreement MaCS – Series A entered into by MFC, MLI, the Trust and the Exchange Trustee on December 10, 2001;

Share Exchange Agreement MaCS – Series B means the share exchange agreement MaCS – Series B entered into by MFC, MLI, the Trust and the Exchange Trustee on December 10, 2001;

Special Trust Securities means the Special Trust Securities of the Trust;

Subordinated Debt Guarantee means the full and unconditional subordinated guarantee by MFC of MLI's payment obligations in respect of the MLI Subordinated Debentures;

Summary Financial Information has the meaning given to such term in NI 51-102;

Superintendent means the Superintendent of Financial Institutions (Canada);

Tax Act means the *Income Tax Act* (Canada), as amended;

Triggering Event will occur if MLI:

(a) fails to make full payment of any dividend declared on any MLI Preferred Shares on the date required for such payment; or

(b) fails to make payment in full when due of the Redemption Price; or

(c) becomes subject to a "winding-up order" (as defined under the WURA or any order of similar effect made under applicable laws for the winding-up, liquidation or dissolution of MLI);

Trust means Manulife Financial Capital Trust;

Trust Assets has the meaning given to such term in the MaCS Final Prospectus;

Trust Redemption Right means the redemption right held by the Trust commencing on December 31, 2006 and on any Distribution Date thereafter, subject to regulatory approval and on not less than 30 nor more than 60 days' prior written notice, to redeem the MaCS – Series A at the greater of the MaCS Redemption Price and the Early Redemption Price, if the MaCS – Series A are redeemed prior to the At Par Redemption Date and at the MaCS Redemption Price, if the MaCS are redeemed on or after the At Par Redemption Date;

Trust Securities means, collectively, the Special Trust Securities and the MaCS;

Trust Special Event Redemption Right means the redemption right of the Trust, subject to regulatory approval and on not less than 30 nor more than 90 days' prior written notice, whereupon the occurrence of certain regulatory or tax events affecting MLI or the Trust, the Trust may redeem, at any time, all but not less than all of the MaCS – Series A at the Early Redemption Price if the MaCS – Series A are redeemed prior to the At Par Redemption Date and at the MaCS Redemption Price if the MaCS – Series A are redeemed on or after the At Par Redemption Date;

VIEs means variable interest entities; and

WURA means the *Winding-up and Restructuring Act* (Canada), as amended.

Representations

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

MLI

Incorporation and Status

1. MLI was incorporated on June 23, 1887, by a Special Act of Parliament of the Dominion of Canada. Pursuant to the provisions of the then *Canadian and British Insurance Companies Act* (Canada), the predecessor legislation to the ICA, MLI undertook a plan of mutualization and became a mutual life insurance company on December 19, 1968. On September 23, 1999 MLI completed the Demutualization. MLI's head office is located at 200 Bloor Street East, Toronto, Ontario, M4W 1E5.

2. MLI is regulated by OSFI and it is licensed under the insurance legislation of each province and territory of Canada. MLI has a financial year end of December 31. MLI is a reporting issuer or the equivalent in each of the provinces and territories of Canada and is not, to the best of its knowledge, in default of its reporting issuer obligations under the securities legislation of any of the provinces or territories of Canada.

Capital Structure

3. MLI's authorized share capital consists of an unlimited number of Common Shares, an unlimited number of Class A Shares, issuable in series, an unlimited number of Class B Shares, issuable in series and an unlimited number of Class 1 Shares, issuable in series.

4. There are seven series of Class A Shares which are authorized for issuance. MLI is authorized to issue 40,000 Class A Shares Series 1; 2,400,000 Class A Shares Series 2; 2,400,000 Class A Shares Series 3; 37,600,000 Class A Shares Series 4; 37,600,000 Class A Shares Series 5; 4,000,000 Class A Shares Series 6; and an unlimited number of Class A Shares Series Z.

5. There are one series of Class B Shares and two series of Class 1 Shares which are authorized for issuance: MLI is authorized to issue 1,100,000 Class B Shares Series 1 and an unlimited number of Class 1 Shares Series 1 and Class 1 Shares Series Z.

6. As of December 31, 2011, approximately 4,336 million Common Shares and 40,000 Class A Shares Series 1 were issued and outstanding. MFC holds all of the issued and outstanding MLI Common Shares and Class A Shares Series 1. MFC may from time to time subscribe for a sufficient number of Class A Shares Series Z such that at all times MFC will control any class vote of the Class A Shares.

7. MLI also issued the MLI Subordinated Debentures on November 18, 2011 pursuant to prospectus supplement dated November 15, 2011 to MLI's base shelf prospectus dated November 11, 2011. The MLI Subordinated Debentures are rated A(high) with a Stable trend by DBRS and A+ by S&P.

Financial Statements

8. MLI prepares the ICA Financial Statements in order to comply with section 331 of the ICA, which requires that such financial statements be placed before its shareholders and policyholders at every annual meeting. MLI is also required to send the ICA Financial Statements to its registered shareholder and policyholders and to file them with the Superintendent not later than 21 days before the date of the annual meeting pursuant to sections 334(1) and 335(1) of the ICA. MLI files its annual financial statements prepared in accordance with Canadian GAAP on SEDAR in compliance with the 2007 Order.

MFC

Incorporation and Status

9. MFC was incorporated under the ICA on April 26, 1999. On September 23, 1999, in connection with the Demutualization, MFC became the sole shareholder of MLI. MFC's head office is located at 200 Bloor Street East, Toronto, Ontario, M4W 1E5.

10. MFC is regulated by OSFI. MFC is a publicly traded company on the Toronto Stock Exchange, the New York Stock Exchange, the Stock Exchange of Hong Kong Limited and the Philippine Stock Exchange. MFC has a financial year end of December 31. MFC is a reporting issuer or the equivalent in each of the provinces and territories of Canada and is not, to the best of its knowledge, in default of its reporting issuer obligations under the securities legislation of any of the provinces or territories of Canada.

Capital Structure

11. The authorized share capital of MFC consists of an unlimited number of Common Shares, an unlimited number of Class A Shares, issuable in series, an unlimited number of Class B Shares, issuable in series and an unlimited number of Class 1 Shares, issuable in series. There are five series of Class A Shares and six series of Class 1 Shares which are authorized for issuance. MFC is authorized to issue 14 million Class A Shares Series 1, 14 million Class A Shares Series 2, 12 million Class A Shares Series 3, 18 million Class A Shares Series 4, 18 million Class A Shares Series 5, 14 million Class 1 Shares Series 1, 14 million Class 1 Shares Series 2, 8 million Class 1 Shares Series 3, 8 million Class 1 Shares Series 4, 8 million Class 1 Shares Series 5 and 8 million Class 1 Shares Series 6.

12. As of December 31, 2011, approximately 1,801 million Common Shares, 14 million Class A Shares Series 1, 14 million Class A Shares Series 2, 12 million Class A Shares Series 3, 18 million Class A Shares Series 4, 14 million Class 1 Shares Series 1, 8 million Class 1 Shares Series 3 and 8 million Class 1 Shares Series 5 were issued and outstanding. As of December 31, 2011 the Class A Shares Series 1, Class A Shares Series 2, Class A Shares Series 3, Class A Shares Series 4, Class 1 Shares Series 1, Class 1 Shares Series 3 and Class 1 Shares Series 5 were rated Pfd-2 (high) by DBRS, P-2 by S&P and BBB by Fitch.

13. MFC also issued medium term notes on March 28, 2006, June 26, 2008, April 8, 2009, June 2, 2009 and August 20, 2010. As of December 31, 2011, an aggregate principal amount of $3.8 billion in medium term notes were issued and outstanding. The medium term notes are rated A (high) by DBRS, A- by S&P and A- by Fitch.

14. MFC also issued senior notes on September 17, 2010. As of December 31, 2011, an aggregate principal amount of US$1.1 billion in senior notes were issued and outstanding.

The Trust and the MaCS Trustee

Formation and Status

15. The Trust is an open-end trust established under the laws of the Province of Ontario by the MaCS Trustee pursuant to the MaCS Declaration of Trust. The Trust's head office is located at 200 Bloor Street East, Toronto, Ontario, M4W 1E5.

16. The Trust has a financial year end of December 31. The Trust is a reporting issuer or the equivalent in each of the provinces and territories of Canada and is not, to the best of its knowledge, in default of its reporting issuer obligations under the securities legislation of any of the provinces or territories of Canada.

Capital Structure

17. The Trust's authorized capital consists of an unlimited number of MaCS, issuable in series, and an unlimited number of Special Trust Securities. The outstanding securities of the Trust consist of: (a) Special Trust Securities, which are voting securities of the Trust; and (b) MaCS – Series A and MaCS – Series B. All 2,000 outstanding Special Trust Securities are held by MLI, which is a direct subsidiary of MFC. As a result, the Trust is an indirect subsidiary of MFC under the ICA. The Trust distributed 60,000 MaCS – Series A and 940,000 MaCS – Series B pursuant to the Offering. The MaCS – Series A are listed on the Toronto Stock Exchange and the MaCS – Series B are not listed on any exchange. The MaCS may be redeemed at par beginning on June 30, 2012.

Business of the Trust

18. The Trust is a special purpose issuer established solely for the purpose of effecting the Offering in order to provide MLI (and indirectly MFC) with a cost-effective means of raising capital for Canadian insurance company regulatory purposes by: (a) creating and selling the Trust Securities; and (b) acquiring and holding Trust Assets which consist primarily of the MLI MaCS Debentures. The Trust used the proceeds of the Offering to purchase the MLI MaCS Debentures. The MLI MaCS Debentures generate income for distribution to holders of the Trust Securities on a semi-annual, non-cumulative basis.

19. The Trust does not have any material assets other than the MLI MaCS Debentures and the Funding Debenture. An aggregate of $4.0 million was outstanding on the Funding Debenture as of December 31, 2011. The Trust Securities are the only outstanding securities of the Trust. The only material liability of the Trust is the Credit Facility. The Credit Facility is used by the Trust only for purposes of ensuring liquidity in the normal course of the Trust's activities, to facilitate the payment by the Trust of the expenses of the Offering and to finance the purchase of the Funding Debenture from MLI. As of December 31, 2011 an aggregate of $2.1 million was outstanding under the Credit Facility.

Description of the Trust Securities

20. Representations 21 through 37 only refer to the MaCS – Series A, MLI Class A Shares Series 2, MLI Class A Shares Series 3, the MLI A Debenture and the Share Exchange Agreement MaCS – Series A. The features of each series of MaCS, each related debenture issued by MLI and each related share exchange agreement will be, and in the case of the MaCS – Series B, the MLI B Debenture and the Share Exchange Agreement MaCS – Series B are, the same as the MaCS – Series A, the MLI A Debenture and the Share Exchange Agreement MaCS – Series A described herein except as follows:

    (a) the Indicated Yield payable on each series of MaCS is different;

    (b) the interest rate on each debenture is different but corresponds to the Indicated Yield of the particular corresponding series of MaCS;

    (c) the Redemption Date of each debenture is different; and

    (d) each series of MaCS and the corresponding debenture is exchangeable or convertible into separate series of shares of MLI with attributes similar to the MLI Class A Shares Series 2 and Series 3, except that the dates upon which various rights arise are different from the MaCS – Series A and the MLI Class A Shares Series 2 and Series 3.

    All of these terms for the MaCS – Series A and the MaCS – Series B were fully set forth in the MaCS Final Prospectus.

21. The MLI A Debenture bears interest that is distributed to holders of MaCS – Series A by way of payment of the Indicated Yield and any excess net income, after such distributions are made, is distributed to MLI as the holder of the Special Trust Securities.

22. The MaCS Final Prospectus also qualified certain other related securities for distribution in the provinces and territories of Canada, including the Conversion Right which will allow the Trust to satisfy the Holder Exchange Right and the Automatic Exchange.

23. The Trust will not pay the Indicated Yield if: (a) MLI has Public Preferred Shares outstanding and MLI fails to declare Dividends on any of the Public Preferred Shares in accordance with their respective terms; or (b) MLI fails to declare Dividends on its Class A Shares Series 1, in either case, in the Dividend Reference Period. Pursuant to the Dividend Stopper Undertaking, MFC and MLI have agreed, for the benefit of the holders of MaCS – Series A, that, in the event that the Trust fails, on any applicable distribution date, to pay the Indicated Yield on the MaCS – Series A in full: (a) MLI will not pay Dividends on the MLI Dividend Restricted Shares; or (b) if MLI Dividend Restricted Shares are not

outstanding, MFC will not pay Dividends on the MFC Dividend Restricted Shares, in each case, until the 12th month following the Trust's failure to pay the Indicated Yield in full, unless the Trust first pays such Indicated Yield (or the unpaid portion thereof) to holders of the MaCS – Series A. The Dividend Stopper Undertaking is in the Share Exchange Agreement MaCS – Series A. At the date hereof, MLI does not have a class of Public Preferred Shares outstanding.

24. Pursuant to an administration agreement dated December 10, 2001 between the MaCS Trustee and MLI, the MaCS Trustee has delegated to MLI certain of its obligations in relation to the administration of the Trust. Under such agreement, MLI, as administrative agent, provides advice and counsel with respect to the administration of the day-to-day operations of the Trust and other matters as may be requested by the MaCS Trustee from time to time.

25. Pursuant to the terms of the MaCS – Series A and the Share Exchange Agreement MaCS – Series A, the MaCS – Series A: (a) may be exchanged for MLI Class A Shares Series 2 pursuant to the Holder Exchange Right; and (b) will be automatically exchanged for MLI Class A Shares Series 3 pursuant to the Automatic Exchange.

26. The Holder Exchange Right and the Automatic Exchange will be effected through the Conversion Right. Upon the exercise of the Holder Exchange Right or the Automatic Exchange, the Trust will convert the corresponding principal amount of the MLI A Debenture into MLI Class A Shares Series 2 or MLI Class A Shares Series 3, as the case may be.

27. The MLI Class A Shares Series 2 and the MLI Class A Shares Series 3 will be redeemable after specified dates, at the option of MLI and subject to regulatory approvals, by the payment of a cash amount or by the delivery of Common Shares of MFC.

28. On and after June 30, 2051, the MLI Class A Shares Series 2 and MLI Class A Shares Series 3 will be exchangeable, at the option of the holder, into Common Shares of MFC, except under certain circumstances.

29. The Trust has the Trust Redemption Right. Similarly, MLI, as the holder of the Special Trust Securities, may require the termination of the Trust provided that holders of MaCS – Series A receive the Early Redemption Price or the MaCS Redemption Price, as applicable, and subject to regulatory approval. References to the Trust Redemption Right includes a termination of the Trust on this basis.

30. The Trust has an additional redemption right, subject to regulatory approval and on not less than 30 nor more than 90 days' prior written notice, whereupon the occurrence of certain regulatory or tax events affecting MLI or the Trust, the Trust may redeem, at any time, all but not less than all of the MaCS – Series A at the Early Redemption Price if the MaCS – Series A are redeemed prior to the At Par Redemption Date and at the MaCS Redemption Price if the MaCS – Series A are redeemed on or after the At Par Redemption Date.

31. As set forth in the MaCS Declaration of Trust, MaCS – Series A are non-voting except in certain limited circumstances and Special Trust Securities entitle the holders to vote.

32. Except to the extent that the Indicated Yield is payable to holders of MaCS and, other than in the event of termination of the Trust (as set forth in the MaCS Declaration of Trust), holders of MaCS have no claim or entitlement to the income of the Trust or the assets held by the Trust.

33. In certain circumstances (as described in paragraph 25 above), including at a time when MLI's financial condition is deteriorating or proceedings for the winding-up of MLI have been commenced, the MaCS – Series A will be automatically exchanged for MLI Class A Shares Series 3 without the consent of the holders of MaCS. As a result, holders of MaCS will have no claim or entitlement to the assets held by the Trust, other than indirectly in their capacity as preferred shareholders of MLI.

34. Holders of MaCS may not take any action to terminate the Trust.

35. The return to holders of MaCS is dependent on the financial condition of MLI rather than the Trust. Holders of MaCS are ultimately concerned about the affairs and financial performance of MLI as opposed to that of the Trust.

36. The MaCS are currently treated for insurance regulatory capital purposes as if they are preferred shares of MLI and as a result, if any circumstance arose where the solvency or financial strength of MLI was threatened, the Superintendent would be expected to move to ensure that the Automatic Exchange is triggered prior to the occurrence of any potential insolvency event at MLI (such as a situation where MLI failed to make a payment on an outstanding debt, including the MLI MaCS Debentures or a declared and unpaid dividend on the MLI Preferred Shares).

37. MLI owns 100% of the outstanding voting Special Trust Securities and has covenanted, pursuant to the Share Exchange Agreement MaCS – Series A, to maintain ownership, directly or indirectly, of 100% of the Special Trust

Securities. Under Canadian GAAP in force at the time of the Offering, MLI's covenant resulted in the financial results of the Trust being consolidated with those of MLI.

Change in Accounting Policy

38. In June 2003, the Canadian Institute of Chartered Accountants issued AcG 15, which was effective for MFC and its subsidiaries on January 1, 2005. AcG 15 sets out the application of consolidation principles to VIEs that are subject to consolidation on the basis of beneficial financial interest as opposed to ownership of voting interest. MLI determined that the Trust is a VIE and that MLI is not the primary beneficial interest holder. As a result, the Trust has been deconsolidated and the MLI MaCS Debentures issued to the Trust by MLI have been reported in liabilities for preferred shares and capital instruments in MLI's interim and annual financial statements for periods commencing on and after January 1, 2005. MFC also determined that the Trust is a VIE and that MFC is not the primary beneficial interest holder. As a result, the Trust has been deconsolidated and the MLI MaCS Debentures have been reported in liabilities for preferred shares and capital instruments in MFC's interim and annual financial statements for periods commencing on and after January 1, 2005. Nevertheless, the outstanding MaCS continue to form part of the Tier 1 regulatory capital for MLI.

Prior Securities Exemptive Relief

39. The securities regulatory authority in each province and territory in Canada other than Yukon, Northwest Territories, Nunavut and Prince Edward Island issued the 2007 Order on January 22, 2007. For so long as the terms and conditions of the 2007 Order are satisfied, MLI and the Trust are not required to file the following documents required by NI 51-102: (a) audited annual or unaudited interim financial reports required by sections 4.1 and 5.1 of NI 51-102; (b) annual or interim MD&A required by sections 4.3 and 5.1 of NI 51-102; (c) an AIF required by section 6.1 of NI 51-102; (d) press releases and material change reports required by section 7.1 of NI 51-102 in the case of material changes that are also material changes in the affairs of MFC; and (e) other material contracts required by section 12.2 of NI 51-102. The 2007 Order is conditional upon, among other things: (a) MLI preparing and filing ICA Financial Statements; (b) MFC filing certain comparative financial information of MLI on a quarterly basis; and (c) MFC making available to holders of MLI and Trust securities on an ongoing basis MFC's audited annual financial statements and unaudited interim financial reports (including MD&A thereon) and other MFC continuous disclosure materials. The 2007 Order will cease to apply on January 15, 2012.

40. On January 29, 2007, in accordance with the 2007 Order, MFC entered into guarantees under which MFC guaranteed certain obligations of MLI, including: (a) the Preferred Share Guarantee; (b) a full and unconditional subordinated guarantee in respect of MLI's $550 million principal amount of outstanding 6.24% subordinated debentures due February 16, 2016; and (c) a full and unconditional guarantee of MLI's obligations under the annuities which provided the cash flows to service the $200 million principal amount of 5.390% annuity-backed notes due March 12, 2007 and the $200 million principal amount of 4.551% annuity-backed notes due November 12, 2008 issued by Maritime Life Canadian Funding. The $550 million principal amount of 6.24% subordinated debentures were redeemed on February 16, 2011 and the annuity-backed notes were repaid on maturity, and the guarantees with respect to those securities terminated on the date of the redemption or maturity, as applicable, of such securities.

41. On November 18, 2011, in accordance with the 2007 Order, MFC entered into the Subordinated Debt Guarantee in respect of the MLI Subordinated Debentures.

The MFC Guarantees

42. MFC intends to grant a full and unconditional guarantee of MLI's payment obligations in respect of any non-convertible debt securities issued by MLI in the future, which will result in holders of such debt securities being entitled to receive payment from MFC within 15 days of any failure by MLI to make a payment due under such debt securities, other than:

    (a) debt securities issued to and held by MFC or its affiliates (as defined in NI 51-102);

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

    (c) securities issued under exemptions from the prospectus requirement in section 2.35 of NI 45-106.

    Such a guarantee will be described in the applicable prospectus or prospectus supplement filed by MLI in connection with a distribution of the guaranteed debt securities.

43. MFC has provided the Preferred Share Guarantee. The amount payable under the Preferred Share Guarantee for any declared and unpaid dividends, Redemption Price and Liquidation Preference is limited so that the claims of holders of the MLI Preferred Shares under the guarantee, in effect, rank equally with the claims of holders of the corresponding series of MFC Preferred Shares. To accomplish this, the Preferred Share Guarantee provides that if a Triggering Event occurs, MFC will pay the Deficiency Payment to MLI, in trust for the benefit of holders of MLI Preferred Shares outstanding as of the Triggering Event.

44. The Preferred Share Guarantee applies in respect of any MLI Preferred Shares outstanding from time to time. The Preferred Share Guarantee will be described in the applicable prospectus or prospectus supplement filed by MLI in connection with any future distribution of MLI Preferred Shares.

45. The Preferred Share Guarantee ranks subordinate to any and all outstanding liabilities of MFC unless otherwise provided by the terms of the instrument creating or evidencing any such liability. However, since the Preferred Share Guarantee will be a debt obligation of MFC and therefore will rank ahead of the claims of holders of MFC's Preferred Shares, the calculation of the amount payable under the Preferred Share Guarantee will be subject to reduction so that, on the distribution of assets upon a winding-up of MFC, claims under the Preferred Share Guarantee will effectively rank equally with the claims of holders of the MFC Preferred Shares. Otherwise, the Preferred Share Guarantee would negatively impact the capital treatment of the MLI Preferred Shares for MFC for insurance regulatory purposes.

46. Each of the MFC Guarantees will terminate (except in respect of any demand previously made on MFC thereunder) upon the earlier to occur of:

    (a) unless MFC and MLI agree to the contrary, the date that no MLI securities which are the subject of such guarantee (or securities convertible into or exchangeable for such securities, including, in the case of the Preferred Share Guarantee, MaCS) are outstanding;

    (b) the date that MFC no longer owns all of the outstanding common shares of MLI;

    (c) the date that the relief contemplated by this decision is no longer available to MLI; or

    (d) the date MLI commences filing its own Continuous Disclosure Filings with the security regulatory authorities in each of the provinces and territories of Canada;

    provided that, MFC may not terminate the Preferred Share Guarantee in respect of the MLI Class A Shares Series 2, the MLI Class A Shares Series 3, the MLI Class A Shares Series 4 and the MLI Class A Shares Series 5 pursuant to clauses (b), (c) or (d) above at any time:

        (i) after the occurrence of an Automatic Exchange; or

        (ii) during a period when MLI has failed to make full payment of any dividend declared on any MLI Preferred Shares on the date required for such payment or has failed to make payment in full when due of the Redemption Price and, in either case, such failure has not been remedied by payment of such amounts in full by MLI or MFC.

The Exemption Sought

47. The Exemption Sought is a renewal of and supersedes the relief granted pursuant to the 2007 Order.

48. The Exemption Sought will extend the simplified approach currently utilized with respect to MFC's, MLI's, and the Trust's respective continuous disclosure obligations. The obligation to prepare and, where applicable, print and distribute, continuous disclosure materials for MLI and the Trust would be costly and time consuming.

49. As a result of the various covenants of MLI and MFC made in accordance with the Exemption Sought, information about the affairs and financial performance of MFC and MLI will continue to be made available to the holders of securities of MLI and the Trust and the general investing public. This information, as opposed to information solely related to MLI and the Trust, is more meaningful to holders of securities of MLI and the Trust and the general investing public, and will provide holders of securities of MLI and the Trust and the general investing public with all information required to make an informed decision relating to an investment in MLI and the Trust. This information will also be relevant to an investor's expectation of being paid the principal, interest, dividends and redemption prices, as applicable, and any other amounts paid of securities of MLI and the Trust.

Continuous Disclosure and Certification Exemptions of MLI

50. The MLI Continuous Disclosure Exemption is substantially similar to the relief available to "credit support issuers" under section 13.4(2) of NI 51-102. With the MFC Guarantees, MLI would be able to satisfy each of the criteria of section 13.4(2) of NI 51-102, other than the requirements set out in section 13.4(2)(c).

51. The MLI Certification Exemption is substantially similar to the relief under section 8.5 of NI 52-109, which provides an exemption from the requirements of NI 52-109 for an issuer that qualifies for the relief contemplated by, and is in compliance with the requirements and conditions set out in, section 13.4(2) of NI 51-102.

52. Section 13.4(2)(c) of NI 51-102 requires that the credit support issuer not issue any securities and not have any securities outstanding, other than:

    (a) non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible into securities of the credit supporter (in each case, where the parent credit supporter has provided alternative credit support or a full and unconditional guarantee of the payments to be made by the credit support issuer that results in the holder of such securities being entitled to receive payment from the credit supporter or, in the case of alternative credit support, the credit support issuer, within 15 days of any failure by the credit support issuer to make a payment);

    (b) securities issued to and held by the parent credit supporter or an affiliate (as defined in NI 51-102) of the parent credit supporter;

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

    (d) securities issued under exemptions from the prospectus requirement in section 2.35 of NI 45-106.

53. The Preferred Share Guarantee is structured such that, in a circumstance where MLI fails to make payment of either declared dividends or the Redemption Price of MLI Preferred Shares when properly surrendered for redemption, or there exists insufficient assets to pay the Liquidation Preference upon the liquidation or winding-up of MLI, and at such time a winding-up order has been made in respect of MFC, payment of such amounts to holders of MLI Preferred Shares will not be made until the final distribution of surplus of MFC, if any, to shareholders of MFC pursuant to section 95(1) of the WURA. In circumstances where MFC is not the subject of a winding-up order, holders of MLI Preferred Shares will be entitled to payment from MFC within 15 days of the non-payment of dividends or of the non-payment of the Redemption Price of MLI Preferred Shares and, in the case of the Liquidation Preference, within 15 days of the later of: (a) the date of the final distribution of property of MLI to creditors pursuant to section 93 of the WURA; and (b) the date of the final distribution of surplus of MLI, if any, to shareholders pursuant to section 95(1) of the WURA.

54. With the implementation of the MFC Guarantees, the only issued and outstanding securities of MLI that will not satisfy the conditions in section 13.4(2)(c) of NI 51-102 are the MLI Preferred Shares because the Preferred Share Guarantee will not be a full and unconditional guarantee as required by the definition of "designated credit support securities" in section 13.4(1) of NI 51-102 for the following reasons:

    (a) if MFC is subject to a winding-up order under the WURA, holders of MLI Preferred Shares will not be entitled to payment from MFC under the Preferred Share Guarantee until the final distribution of surplus of MFC, if any, to MFC shareholders pursuant to section 95(1) of the WURA;

    (b) if MFC is subject to a winding-up order under the WURA, the payment by MFC to holders of MLI Preferred Shares under the Preferred Share Guarantee will be an amount that, when paid, will result in the holders of a class of MLI Preferred Shares receiving payment of the same proportion of the unpaid amounts on the class of MLI Preferred Shares as the holders of such shares would have received had their claim to such unpaid amounts on the final distribution of surplus of MFC under the WURA ranked on parity with the claims of the holders of the corresponding class of MFC Preferred Shares; and

    (c) if MLI is subject to a winding-up order under the WURA, holders of MLI Preferred Shares will not be entitled to payment from MFC under the Preferred Share Guarantee until the later of (i) the date of the final distribution of property of MLI to creditors pursuant to section 93 of the WURA, and (ii) the date of the final distribution of surplus of MLI, if any, to MLI shareholders pursuant to Section 95(1) of the WURA.

Insider Reporting Exemption of MLI

55. Section 13.4(3) of NI 51-102 provides an exemption from the requirement to file an insider profile under NI 55-102 and from the Insider Reporting Requirements for an insider of a credit support issuer in respect of securities of the credit support issuer provided that certain conditions are satisfied. With the MFC Guarantees, MLI satisfies each of the criteria of section 13.4(3) of NI 51-102, other than the requirement set out in section 13.4(3)(a), which requires MLI to comply with sections 13.4(2)(a) and 13.4(2)(c) of NI 51-102.

Liability for Secondary Market Disclosure

56. MFC has delivered to the principal regulator the MFC Responsible Issuer Undertaking. MFC has filed the MFC Responsible Issuer Undertaking on its SEDAR profile following MFC entering into the Preferred Share Guarantee.

Decision

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

The decision of the principal regulator under the Legislation is that the Continuous Disclosure Exemption be granted to MLI provided that:

(a) MFC and MLI continue to be regulated by OSFI;

(b) MFC continues to be the direct or indirect beneficial owner of all the issued and outstanding voting securities (as defined in the Legislation) of MLI;

(c) MFC and MLI remain reporting issuers or the equivalent thereof under the Legislation;

(d) MFC continues to provide the Preferred Share Guarantee;

(e) MFC complies with the requirements of the Legislation and the requirements of the Toronto Stock Exchange in respect of making public disclosure of material information on a timely basis;

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

(g) MFC concurrently sends to all holders of guaranteed debt securities of MLI all disclosure materials that are sent to holders of similar debt securities of MFC in the manner and at the time required by the Legislation and the Toronto Stock Exchange;

(h) MFC concurrently sends to all holders of MLI Preferred Shares and MaCS all disclosure materials that are sent to holders of preferred shares of MFC which are similar to MLI Preferred Shares in the manner and at the time required by the Legislation and the Toronto Stock Exchange;

(i) no person or company other than MFC provides a guarantee or alternative credit support (as defined in NI 51-102) for the payments to be made under any issued and outstanding securities of MLI;

(j) MFC files for the periods covered by any interim or annual consolidated financial statements of MFC (either as a standalone document or as part of such MFC financial statements), consolidating Summary Financial Information for MFC presented with a separate column for each of the following: (i) MFC; (ii) MLI; (iii) any other subsidiaries of MFC on a combined basis; (iv) consolidating adjustments; and (v) the total consolidated amounts;

(k) MLI files a notice indicating that it is relying on the Continuous Disclosure Filings of MFC and setting out where those documents can be found for viewing in electronic format;

(l) MLI immediately issues in Canada a news release and files a material change report for all material changes in respect of the affairs of MLI that are not also material changes in the affairs of MFC;

(m) MLI files its annual financial statements prepared in accordance with Canadian GAAP concurrently with the filing of the ICA Financial Statements with the Superintendent in accordance with the ICA;

(n) MLI does not issue any securities, and does not have any securities outstanding, other than: (i) designated credit support securities; (ii) securities issued to and held by MFC or an affiliate (as defined in NI 51-102) of MFC; (iii) debt securities issued to and held by banks, loan corporations, loan and investment corporations,

savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions; (iv) securities issued under exemptions from the prospectus requirement in section 2.35 of NI 45-106; and (v) MLI Preferred Shares that have a Preferred Share Guarantee; and

(o) such Continuous Disclosure Exemption will cease to apply on January 15, 2017.

The further decision of the principal regulator under the Legislation is that the Continuous Disclosure Exemption be granted to the Trust provided that:

(a) MLI qualifies for the relief contemplated by, and MFC and MLI are in compliance with the requirements and conditions set out in MLI's Continuous Disclosure Exemption;

(b) for so long as any MaCS are outstanding, MFC and MLI continue to provide the Dividend Stopper Undertaking;

(c) the Trust does not issue any securities, and does not have securities outstanding, other than: (i) MaCS, and (ii) Special Trust Securities;

(d) the Trust does not have any material assets other than the MLI MaCS Debentures and the Funding Debenture and has no other material liabilities other than the Credit Facility;

(e) the Trust files a notice indicating that it is relying on the Continuous Disclosure Filings of MFC and setting out where those documents can be found for viewing in electronic format;

(f) the Trust immediately issues in Canada a news release and files a material change report for all material changes in respect of the affairs of the Trust that are not also material changes in the affairs of MLI or MFC;

(g) all of the outstanding Special Trust Securities are beneficially owned by MLI or any of its affiliates (as defined in NI 51-102) and all of the issued and outstanding voting shares of MLI or of its affiliates which own the Special Trust Securities are beneficially owned by MFC;

(h) the rights and obligations, other than the economic terms thereof as described in representation 20, of holders of additional MaCS are the same in all material respects as the rights and obligations of holders of MaCS – Series A and MaCS – Series B at the date of this decision, including any rights and obligations related to the Preferred Share Guarantee; and

(i) such Continuous Disclosure Exemption will cease to apply on January 15, 2017.

The further decision of the principal regulator is that the Certification Exemption be granted to MLI provided that:

(a) MLI qualifies for the relief contemplated by, and MFC and MLI are in compliance with the requirements and conditions set out in MLI's Continuous Disclosure Exemption;

(b) MLI and the Trust are not required to, and do not, file their own Annual Filings and Interim Filings; and

(c) such Certification Exemption will cease to apply on January 15, 2017.

The further decision of the principal regulator is that the Certification Exemption be granted to the Trust provided that:

(a) the Trust qualifies for the relief contemplated by, and MFC, MLI and the Trust are in compliance with the requirements and conditions set out in the Trust's Continuous Disclosure Exemption;

(b) the Trust is not required to, and does not, file its own Annual Filings and Interim Filings; and

(c) such Certification Exemption will cease to apply on January 15, 2017.

The further decision of the principal regulator is that the Insider Profile Exemption be granted to insiders of MLI provided that:

(a) MLI qualifies for the relief contemplated by, and MFC and MLI are in compliance with, the requirements and conditions set out in MLI's Continuous Disclosure Exemption;

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

(c) the insider is not an insider of MFC in any capacity other than by virtue of being an insider of MLI;

(d) if the insider is MFC, MFC does not beneficially own any designated credit support securities issued by MLI, MLI Preferred Shares or MaCS; and

(e) such Insider Profile Exemption will cease to apply on January 15, 2017.

The decision of the principal regulator is that the Insider Reporting Exemption be granted to insiders of MLI provided that:

(a) MLI qualifies for the relief contemplated by, and MFC and MLI are in compliance with, the requirements and conditions set out in MLI's Continuous Disclosure Exemption;

(b) the insider qualifies for the relief contemplated by the Insider Profile Exemption; and

(c) such Insider Reporting Exemption will cease to apply on January 15, 2017.

As to the Exemption Sought (other than from the Insider Reporting Requirements in the *Securities Act* (Ontario)).

"Jo-Anne Matear"
Manager
Ontario Securities Commission

As to the Exemption Sought from the Insider Reporting Requirements in the *Securities Act* (Ontario).

"Judith N. Robertson"
Commissioner
Ontario Securities Commission

"James Turner"
Vice-Chair
Ontario Securities Commission

2.1.2 Pathway Oil & Gas 2010 Flow-Through Limited Partnership et al.

Headnote

NP 11-203 – Exemptions granted to flow-through limited partnerships from the requirements in National Instrument 81-106 Investment Fund Continuous Disclosure to file an annual information form, to maintain and prepare an annual proxy voting record, to post the proxy voting record on its website, and to provide it to securityholders upon request. Flow-through limited partnerships have a short lifespan and do not have a readily available secondary market.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 9.2, 10.3, 10.4, 17.1.

January 16, 2012

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
PATHWAY OIL & GAS 2010 FLOW-THROUGH LIMITED PARTNERSHIP,
PATHWAY QUEBEC MINING 2010-II FLOW-THROUGH LIMITED PARTNERSHIP,
PATHWAY MINING 2010-II FLOW-THROUGH LIMITED PARTNERSHIP,
PATHWAY MINING 2011 FLOW-THROUGH LIMITED PARTNERSHIP AND
PATHWAY QUEBEC MINING 2011 FLOW-THROUGH LIMITED PARTNERSHIP
(collectively the "Partnerships")

AND

PATHWAY OIL & GAS 2010 INC., PATHWAY QUEBEC MINING 2010-II INC.,
PATHWAY MINING 2010-II INC., PATHWAY MINING 2011 INC. AND
PATHWAY QUEBEC MINING 2011 INC.
(collectively the "Promoters", and together with the Partnerships, the "Filers")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers on behalf of the Partnerships and each future limited partnership promoted by affiliates of each of the Promoters that is identical to the Partnerships in all respects which are material to this decision ("**Future Partnerships**", and together with the Partnerships, the "**LPs**") for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for exemptive relief from the requirements to:

(a) prepare and file an annual information form ("**AIF**") pursuant to section 9.2 of National Instrument 81-106 *Investment Fund Continuous Disclosure* ("**NI 81-106**") for each financial year if it has not obtained a receipt for a prospectus during the last 12 months preceding its financial year end (the "**AIF Relief**");

(b) maintain a proxy voting record ("**Proxy Voting Record**") pursuant to section 10.3 of NI 81-106; and

(c) prepare the Proxy Voting Record on an annual basis for the period ending on June 30 of each year, post the Proxy Voting Record on the LPs' website no later than August 31 of each year and send the Proxy Voting Record to the limited partners of the LPs ("**Limited Partners**") upon request, pursuant to section 10.4 of NI 81-106 (paragraphs (b) and (c), together, the "**Proxy Voting Record Relief**").

(the AIF Relief and the Proxy Voting Record Relief, together, the "**Exemption Sought**").

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

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

(b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") (i) in respect of the AIF Relief, is intended to be relied upon in Alberta, British Columbia, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island and the Northwest Territories (the "**Non-Principal Passport Jurisdictions**"), and (ii) in respect of the Proxy Voting Record Relief, is intended to be relied upon in the Non-Principal Passport Jurisdictions, other than in Quebec.

Interpretation

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

Representations

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

1. Each of the Partnerships was formed pursuant to the provisions of the *Limited Partnerships Act* (Ontario) on the following dates:

Pathway Oil & Gas 2010 Flow-Through Limited Partnership	May 13, 2010
Pathway Quebec Mining 2010-II Flow-Through Limited Partnership	May 13, 2010
Pathway Mining 2010-II Flow-Through Limited Partnership	May 13, 2010
Pathway Mining 2011 Flow-Through Limited Partnership	December 8, 2010
Pathway Quebec Mining 2011 Flow-Through Limited Partnership	December 10, 2010

2. Each of the foregoing Partnerships (collectively, the "**Quebec Partnerships**"), became a reporting issuer in Ontario and Quebec by filing a prospectus in Ontario and Quebec with the noted dates:

Pathway Quebec Mining 2010-II Flow-Through Limited Partnership	September 23, 2010
Pathway Quebec Mining 2011 Flow-Through Limited Partnership	January 25, 2011

3. Each of the foregoing Partnerships (collectively, the "**National Partnerships**"), became a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador and the Northwest Territories by filing a prospectus in such jurisdictions with the noted dates:

Pathway Oil & Gas 2010 Flow-Through Limited Partnership	August 20, 2010
Pathway Mining 2010-II Flow-Through Limited Partnership	September 16, 2010
Pathway Mining 2011 Flow-Through Limited Partnership	January 27, 2011

4. Pathway Mining 2010-II Flow-Through Limited Partnership additionally became a reporting issuer in Quebec by filing a prospectus in Quebec dated November 4, 2010.

5. Pathway Mining 2011 Flow-Through Limited Partnership is also a reporting issuer in Quebec as the prospectus dated January 27, 2011 was filed in Quebec.

6. Any Future Partnership, if structured in a similar manner to the Quebec Partnerships is expected to be a reporting issuer in Ontario and Quebec or, if structured in a similar manner to the National Partnerships, is expected to be a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador and the Northwest Territories, and possibly also Quebec.

7. Pathway Oil & Gas 2010 Inc., Pathway Quebec Mining 2010-II Inc., Pathway Mining 2010-II Inc., Pathway Mining 2011 Inc. and Pathway Quebec Mining 2011 Inc. are the general partners (the "**General Partners**") and promoters (the

"**Promoters**") of Pathway Oil & Gas 2010 Flow-Through Limited Partnership, Pathway Quebec Mining 2010-II Flow-Through Limited Partnership, Pathway Mining 2010-II Flow-Through Limited Partnership, Pathway Mining 2011 Flow-Through Limited Partnership and Pathway Quebec Mining Flow-Through Limited Partnership, respectively.

8. The voting shares of each Promoter are held by Consolidated International Investment Holdings Inc. ("CIIH"), a company controlled by Joe Dwek, and the promoters of the Future Partnerships are also expected to be controlled by CIIH on another entity controlled by Joe Dwek, such that the promoters of the Future Partnerships will be affiliates of the Promoters and the Partnerships.

9. The principal office address and the registered office address of the General Partners, as managers of the Partnerships, are located in Toronto, Ontario.

10. None of the Partnerships are in default of securities legislation in the jurisdictions in which they are reporting issuers.

11. The Partnerships were formed, and any Future Partnerships will be formed, to invest in flow-through common shares ("**Flow-Through Shares**") of reporting issuers engaged in mineral exploration, development and/or production in Canada ("**Resource Issuers**"), with a view to achieving capital appreciation and maximizing the tax benefit of an investment in units for its Limited Partners, pursuant to agreements ("**Flow-Through Agreements**") between the applicable LP and the Resource Issuer. Under the terms of each Flow-Through Agreement, the LP will subscribe for Flow-Through Shares of the Resource Issuer issued from treasury and the Resource Issuer will incur and renounce to the LP, in an amount equal to the subscription price of the Flow-Through Shares, expenditures in respect of mineral exploration, development and/or production that qualify as Qualified CEE (Canadian exploration expense which can be renounced to the Partnership under the *Income Tax Act* (Canada)(the "**Tax Act**")) and may be renounced to the Partnership. Flow-Through Agreements with Resource Issuers may provide that if grants or tax credits are available to investors under any federal or provincial mineral exploration program, the Resource Issuers must apply for such grants or tax credits on behalf of the Partnership and the Limited Partners and remit all amounts received to the Partnership.

12. Each of the Partnerships is structured in such a manner that it will be dissolved by the noted dates:

Pathway Oil & Gas 2010 Flow-Through Limited Partnership	June 30, 2012
Pathway Quebec Mining 2010-II Flow-Through Limited Partnership	October 31, 2012
Pathway Mining 2010-II Flow-Through Limited Partnership	July 31, 2012
Pathway Mining 2011 Flow-Through Limited Partnership	April 30, 2013
Pathway Quebec Mining 2011 Flow-Through Limited Partnership	April 30, 2013

13. Based on the dissolution dates noted in paragraph 12 above, and the comparable structure of Future Partnerships, each of the Partnerships and Future Partnerships will, while reporting issuers, pass two financial years ended December 31, but will not be in existence as of the third December 31 financial year end.

14. It is the current intention of the General Partners that each Partnership will transfer its assets to a mutual fund corporation in exchange for shares of such mutual fund corporation. Upon dissolution, the Limited Partners of each Partnership will receive their pro rata share of the shares of that mutual fund. Any Future Partnership will be terminated within three years after it is formed on the same basis as the Partnerships.

15. The LPs are not, and will not be, operating businesses. Rather, each LP is, or will be, a short-term special purpose vehicle that will be dissolved within approximately three years of its formation. The primary investment purpose of the LPs is not to achieve capital appreciation, although this is a secondary benefit, but rather to obtain for the Limited Partners the significant tax benefits that accrue when Resource Issuers renounce Qualified CEE to the LPs.

16. The limited partnership units of the LPs (the "**Units**") are not, and will not be, listed or quoted for trading on any stock exchange or market. The Units are not redeemable by the Limited Partners. Generally, Units are not transferred by Limited Partners, since Limited Partners must be holders of the Units on the last day of each fiscal year of the LP in order to obtain the desired tax deduction.

17. It is, and will be, a term of the limited partnership agreement governing the LPs that the General Partner of the particular LP has, and will have, the authority to manage, control, administer and operate the business and affairs of the LPs, including the authority to take all measures necessary or appropriate for the business, or ancillary thereto, and to ensure that the LPs comply with all necessary reporting and administrative requirements. The Promoters and its affiliates provide or will cause to be provided all of the administrative services required by the LPs.

18. Each of the Limited Partners of the LPs has, or will be expected to have, by subscribing for Units, agreed to the irrevocable power of attorney contained in the partnership agreement and has thereby, in effect, consented to the making of this application.

19. Since their formation, each Partnership's activities have been limited to: (i) completing the issue of the Units under its respective prospectus; (ii) investing its available funds in accordance with its investment objectives into Flow-Through Shares of Resource Issuers; and (iii) incurring expenses as described in its respective prospectus. Any Future Partnerships will be structured in a similar fashion.

20. Given the limited range of business activities to be conducted by the LPs, the short duration of their existence and the nature of the investment of the Limited Partners, the preparation and distribution of an AIF by the LPs would not be of any benefit to the Limited Partners and may impose a material financial burden on the LPs.

21. Upon the occurrence of any material change to a LP, Limited Partners would receive all relevant information from the material change reports the LP is required to file in the applicable jurisdictions.

22. As a result of the implementation of NI 81-106, investors purchasing Units of the LPs were, or will be, provided a prospectus containing written policies on how the Flow-Through Shares or other securities held by the LPs are voted (the "**Proxy Voting Policies**"), and had, or will have, the opportunity to review the Proxy Voting Policies before deciding whether to invest in Units.

23. Generally, the Proxy Voting Policies require that the securities of the Resource Issuers held by a LP be voted in a manner most consistent with the economic interests of the Limited Partners of the LP.

24. Given a LP's short lifespan, the production of a Proxy Voting Record would provide Limited Partners with very little opportunity for recourse if they disagreed with the manner in which the LP exercised or failed to exercise its proxy voting rights, as the LP would likely be dissolved by the time any potential change could materialize.

25. Preparing and making available to the Limited Partners a Proxy Voting Record will not be of any benefit to the Limited Partners and may impose a material financial burden on the LPs.

26. The Filers are of the view that the Exemption Sought is not against the public interest, is in the best interests of the LPs and their Limited Partners and represents the business judgment of responsible persons uninfluenced by considerations other than the best interest of the LPs and their Limited Partners.

Decision

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

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

"Raymond Chan"
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.3 CI Investments Inc. and the Funds and the Reference Funds (as each is defined in Schedule "A")

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from requirements of paragraphs 2.1(1), 2.2(1)(a), 2.5(2)(a) and (c) of NI 81-102 to permit certain mutual funds to continue to purchase and hold securities of certain related underlying funds after these underlying funds cease to offer their securities under a simplified prospectus – underlying funds will remain reporting issuers in the same jurisdictions as the top mutual funds after their respective prospectus lapses and continue to be subject to the requirements of NI 81-102, NI 81-106 and NI 81-107.

Applicable Legislative Provisions

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

January 17, 2012

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
CI INVESTMENTS INC.
(the Filer)

AND

THE FUNDS AND THE REFERENCE FUNDS
(as each is defined in Schedule "A")

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer on behalf of each of the Funds and Reference Funds, of which the Filer is the manager and to which National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) applies, for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the Funds from the requirements of subsection 2.1(1) and paragraphs 2.2(1)(a), 2.5(2)(a) and 2.5(2)(c) of NI 81-102 (collectively, the **Requested Relief**) to permit each Fund to invest in units of its respective Reference Fund.

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

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

Interpretation

Defined terms in the securities legislation of the Jurisdiction or the Passport Jurisdictions, National Instrument 14-101 – *Definitions*, NI 81-102 or MI 11-102 have the same meanings in this Decision, unless otherwise defined.

Representations

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

1. Each Fund, other than Signature Diversified Yield Fund and Signature Diversified Yield Corporate Class, (the **New Funds**) is a newly-created mutual fund to which all of the requirements of National Instrument 81-101 – *Mutual Fund Prospectus Disclosure* (**NI 81-101**), NI 81-102, National Instrument 81-106 – *Investment Fund Continuous Disclosure* (**NI 81-106**) and National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107** and, together with NI 81-101, NI 81-102 and NI 81-106, the **Mutual Fund Instruments**) apply, except to the extent that it may be or have been granted discretionary relief from any such requirements. Each of the New Funds is a "reporting issuer" (or the equivalent) under the securities legislation of each province and territory of Canada.

2. Each of Signature Diversified Yield Fund and Signature Diversified Yield Corporate Class (the **Existing Funds**) is a "reporting issuer" (or the equivalent) under the securities legislation of each province and territory of Canada and is subject to all the requirements of the Mutual Fund Instruments, except to the extent that it may be or have been granted discretionary relief from any such requirements.

3. The Filer, a corporation incorporated under the laws of the Province of Ontario, is the manager of each Fund.

4. The Filer and the Funds (other than the Existing Funds as described in paragraph 5) are not in

default of securities legislation in any province or territory of Canada.

5. The Existing Funds have not been in compliance with paragraphs 2.5(2)(a) and 2.5(2)(c) of NI 81-102, which prohibit a mutual fund from purchasing or holding a security of another mutual fund unless the other mutual fund is subject to NI 81-102 and NI 81-101 and the securities of the other mutual fund are qualified for distribution in the local jurisdiction. The Existing Funds failed to comply with the above provisions when they continued to purchase or hold the securities of Signature Diversified Yield Trust (the **Existing Reference Fund**) after the Existing Reference Fund ceased to distribute its securities under a prospectus. The Filer was granted similar relief for other funds managed by it on July 19, 2010. Through inadvertence, the Filer believed it could rely on that decision to continue to invest the Existing Funds in the Existing Reference Fund.

6. Each Fund's investment objective permits the Fund to invest, directly or indirectly, in securities comprising of fixed income and high-yielding equity securities, high yield corporate bonds and/or other income-producing securities. Each Fund's investment objective also permits the Fund to make such investments either:

   (a) directly, by purchasing and holding such securities; or

   (b) indirectly through investments in other mutual funds and/or specified derivatives.

7. Each of the Reference Funds, other than the Existing Reference Fund, (the **New Reference Funds**) is a newly-created mutual fund to which the Mutual Fund Instruments apply, except to the extent that it may be or have been granted discretionary relief from any such requirements. Each of the New Reference Funds is a reporting issuer under the securities legislation of each province and territory of Canada.

8. The Existing Reference Fund is a "reporting issuer" (or the equivalent) under the securities legislation of each province and territory of Canada and is subject to all the requirements of the Mutual Fund Instruments, except to the extent that it may be or have been granted discretionary relief from any such requirements.

9. The Filer is the trustee and manager of each Reference Fund.

10. The investment objective of each of Cambridge Income Fund, Cambridge Income Corporate Class and the Existing Funds is to achieve tax-efficient returns through exposure to a portfolio of fixed income and high-yielding equity securities throughout the world. The investment objective of Signature High Yield Bond Fund and Signature High Yield Bond Corporate Class is to obtain income and capital appreciation by investing in high yield corporate bonds and other income-producing securities throughout the world. In order to achieve each of its objective, each Fund will enter into one or more forward purchase and sale agreements (each a **Forward Agreement**) with one or more counterparties (each a **Counterparty**). Pursuant to each Forward Agreement, each Fund will agree to purchase from, or sell to, the relevant Counterparty on a future date (the **Forward Date**) a specified portfolio of Canadian securities. The amount paid or delivered by the Counterparty on the Forward Date will be determined by reference to the returns of each Fund's respective Reference Fund. All aspects of the Forward Agreement comply or will comply with the requirements of NI 81-102 relating to the use of specified derivatives by mutual funds.

11. None of the Funds will directly hold units of its respective Reference Fund due to the Forward Agreement arrangements. However, since the underlying interests of each Forward Agreement are securities of a Reference Fund, each Fund is deemed by subparagraph 2.5(1)(b) of NI 81-102 to be holding securities of its respective Reference Fund for purposes of section 2.5 of NI 81-102.

12. Units of the Reference Funds are not available for purchase by retail investors in Canada. Instead, units of the Reference Funds are available for purchase only by "accredited investors" (as defined in National Instrument 45-106 – *Prospectus Exempt Distributions*).

13. Each of the Reference Funds has not or does not intend to renew its prospectus after its first prospectus lapsed or lapses. After the first prospectus of each Reference Fund lapsed or lapses, each of the Reference Funds has continued or intends to continue distributing its units only on a basis which is exempt from the prospectus requirements in Canadian securities legislation (principally by distributing its units only to accredited investors). At that time, each Reference Fund ceased or will cease to be subject to the requirements of NI 81-101.

14. After the first prospectuses of the Reference Funds lapsed or lapse, the Reference Funds have remained or will remain reporting issuers in each jurisdiction in which the Funds are reporting issuers, and accordingly have remained or will remain subject to all of the requirements of the Mutual Fund Instruments, except to the extent that they may be or have been granted discretionary relief from any such requirements. A Fund will not purchase or hold units of a Reference Fund if the Reference Fund ceases to be reporting issuers in

the same jurisdictions in which the Fund is a reporting issuer.

Decision

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

The Decision of the principal regulator under the Legislation is that the Requested Relief is granted to each of the Funds, provided that its respective Reference Fund remains a reporting issuer that is subject to the Mutual Fund Instruments in all jurisdiction in which the Fund is a reporting issuer.

"Raymond Chan"
Manager, Investment Funds Branch
Ontario Securities Commission

Schedule "A"

Funds

Cambridge Income Fund
Cambridge Income Corporate Class
Signature High Yield Bond Fund
Signature High Yield Bond Corporate Class
Signature Diversified Yield Fund
Signature Diversified Yield Corporate Class

Reference Funds

Cambridge Income Trust
Signature High Yield Bond Trust
Signature Diversified Yield Trust

2.1.4 RBC Global Asset Management Inc. et al.

Headnote

National Policy 11-203 – Process for Exemptive Relief applications in Multiple Jurisdictions – Relief granted from multi-layering prohibition in paragraph 2.5(2)(b) of NI 81-102 to permit mutual funds to invest in underlying mutual funds which in turn obtain exposure to reference mutual funds through a forward agreement – All funds managed by a common manager – Underlying funds, which track reference funds on a one-to-one basis, aim to provide exposure to a portfolio of fixed-income securities – Three-tier structure is transparent and intended to provide top mutual funds with exposure to fixed income on tax efficient basis – Underlying funds and reference funds not intending to renew simplified prospectus after first prospectus lapses – Underlying funds and reference funds will remain reporting issuers in the same jurisdictions as the top mutual funds after their respective prospectus lapses and continue to be subject to the requirements of NI 81-102, NI 81-106 and NI 81-107 – Top mutual funds and underlying funds granted relief from requirements of paragraphs 2.5(2)(a) and (c) of NI 81-102 to permit their respective continued investment in the underlying funds and reference funds – Underlying funds granted relief from seed capital requirements in subsection 3.1(1) of NI 81-102 – Mutual funds granted relief from certain restrictions in National Instrument 81-102 Mutual Funds on securities lending transactions, including (i) the 50% limit on lending; (ii) the requirement to use the fund's custodian or sub-custodian as lending agent; and (iii) the requirement to hold the collateral during the course of the transaction – Mutual funds invest their assets in a basket of Canadian equity securities that are pledged to a Counterparty for performance of the funds' obligations under forward contracts giving the funds exposure to underlying interests – Mutual funds wanting to lend 100% of the basket of Canadian equity securities – not practical for custodian to act as securities lending agent as it does not have control over the Canadian equity securities – counterparties must release its security interest in the Canadian equity securities in order to allow the funds to lend such securities, provided the funds grant the Counterparties a securities interest in the collateral held by the fund for the loaned securities – National Instrument 81-102 Mutual Funds.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.1(1), 2.2(1)(a), 2.5(2)(a), 2.5(2)(b), 2.5(2)(c), 2.12(1)1, 2.12(1)2, 2.12(1)12, 2.12(3), 2.15, 2.16, 3.1(1), 6.8(5), 19.1.

December 21, 2011

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

AND

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

AND

IN THE MATTER OF
RBC GLOBAL ASSET MANAGEMENT INC.
(the Filer)

AND

IN THE MATTER OF
PHILLIPS, HAGER & NORTH TOTAL RETURN BOND CAPITAL CLASS
(the Total Return Fund)

AND

IN THE MATTER OF
RBC HIGH YIELD BOND CAPITAL CLASS
(the High Yield Fund and, together with theTotal Return Fund, the Capital Class Funds)

AND

IN THE MATTER OF
TOTAL RETURN BOND LP
(the Total Return Underlying Fund)

AND

IN THE MATTER OF
HIGH YIELD BOND LP
(the High Yield Underlying Fund)

DECISION

Background

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

(a) the Capital Class Funds and such other similar open-end fixed income investment classes of RBC Corporate Class Inc. (the **Corporation**) of which the Filer or an affiliate thereof will be the investment fund manager in the future (the Future Funds and, together with the Capital Class Funds, the Funds) from paragraph 2.5(2)(b) of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) (the **Three-Tier Relief**), to permit each Fund to invest in units of an Underlying Fund (as defined below);

(b) the Funds and the Total Return Underlying Fund, the High Yield Underlying Fund and any such other similar limited partnerships of which the Filer or an affiliate thereof will be the investment fund manager in the future (the **Future Underlying Funds** and, together with the Total Return Underlying Fund and the High Yield Underlying Fund, the **Underlying Funds**) from subsection 2.1(1) and paragraphs 2.2(1)(a), 2.5(2)(a) and 2.5(2)(c) of NI 81-102 (collectively, the **Non-Prospectused Investing Relief**) to permit:

  (i) each Fund to invest in units of an Underlying Fund;

  (ii) the Total Return Underlying Fund to enter into specified derivatives that provide exposure to the return of units of Phillips, Hager & North Total Return Bond Trust (the **Total Return Reference Fund**);

  (iii) the High Yield Underlying Fund to enter into specified derivatives that provide exposure to the return of units of RBC High Yield Bond Trust (the **High Yield Reference Fund**); and

  (iv) the Future Underlying Funds to enter into specified derivatives that provide exposure to the return of units of another RBC mutual fund established as a trust and, together with the Total Return Reference Fund and the High Yield Reference Fund, the **Reference Funds**);

(c) the Filer from subsection 3.1(1) of NI 81-102 (the **Seed Capital Relief**) to permit the filing of a simplified prospectus for an Underlying Fund notwithstanding that the investment required under paragraph 3.1(a) of NI 81-102 will be provided, and the securities beneficially owned, by a fund and not by one of, or a combination of, the persons named in paragraph 3.1(1)(a);

(d) the Underlying Funds, together with all other mutual funds now or in the future managed by the Filer in respect of which the representations set out below under "Facts – Securities Lending Funds" are applicable (collectively, the **Securities Lending Funds**), from:

  (i) paragraph 2.12(1)1 of NI 81-102 to permit each Securities Lending Fund to enter into securities lending transactions that will not be administered in compliance with all the requirements of sections 2.15 and 2.16 of NI 81-102;

  (ii) paragraph 2.12(1)2 of NI 81-102 to permit each Securities Lending Fund to enter into written agreements pertaining to its securities lending transactions that implement the requirements of section 2.12 of NI 81-102, except as set out herein;

  (iii) paragraph 2.12(1)12 of NI 81-102 to permit each Securities Lending Fund to enter into securities lending transactions in which the aggregate market value of all securities loaned by the Securities Lending Fund exceeds 50 percent of the total assets of the Securities Lending Fund;

(iv) subsection 2.12(3) of NI 81-102 to permit each Securities Lending Fund, during the term of a securities lending transaction, to not hold or to dispose of any non-cash collateral delivered to it as a collateral in the transaction;

(v) section 2.15 of NI 81-102 to permit each Securities Lending Fund to appoint an agent (the **Agent**), other than the custodian or sub-custodian of the Securities Lending Fund, as agent for administering the securities lending transactions entered into by the Securities Lending Fund;

(vi) section 2.16 of NI 81-102 to the extent this section contemplates that securities lending transactions be entered into through an agent appointed under section 2.15 of NI 81-102; and

(vii) subsection 6.8(5) of NI 81-102 to permit the collateral delivered to each Securities Lending Fund in connection with a securities lending transaction to not be held under the custodianship of the custodian or a sub-custodian of the Securities Lending Fund

(collectively, the **Securities Lending Relief**).

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

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

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

Interpretation

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

Representations

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

A. Filer

1. The Filer is a corporation amalgamated under the *Canada Business Corporations Act*. The head office of the Filer is located in Toronto, Ontario.

2. The Filer is registered as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer under the securities legislation of Ontario (the **Jurisdiction**) and each Passport Jurisdiction and is registered under the *Securities Act* (Ontario) as an investment fund manager.

3. The Filer or an affiliate thereof is or will be the investment fund manager of the Funds, the Reference Funds, the Underlying Funds and the Securities Lending Funds.

4. None of the Filer, the Funds, the Underlying Funds or the Securities Lending Funds is in default of any of its obligations under the securities legislation of the Jurisdiction or any Passport Jurisdiction.

B. Funds

5. Each Capital Class Fund is, and each Future Fund will be, an open-end fixed income investment class of the Corporation, a mutual fund corporation incorporated under the laws of Canada.

6. Each Fund will be a reporting issuer under the securities legislation of the Jurisdiction and each Passport Jurisdiction.

7. Each Fund is or will be subject to all of the requirements of National Instrument 81-101 – *Mutual Fund Prospectus Disclosure* (**NI 81-101**), NI 81-102, National Instrument 81-106 – *Investment Fund Continuous Disclosure* (**NI 81-106**) and National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107** and, together with NI 81-102 and NI 81-106, the **Mutual Fund Instruments**), subject to any exemptions therefrom that may be available under applicable securities legislation or granted by the securities regulatory authorities.

8. Each Fund's investment objectives will permit the Fund to invest, directly or indirectly, in securities that are fixed income in nature. Each Fund's investment objectives will also permit the Fund to make such investments either:

   (a) directly, by purchasing and holding such securities; or

   (b) indirectly, through investments in other mutual funds.

C. Underlying Funds

9. Each Underlying Fund will be a newly-created mutual fund established as a limited partnership under the laws of the Jurisdiction to which NI 81-101 and the Mutual Fund Instruments apply, subject to any exemptions therefrom that may be available under applicable securities legislation or granted by the securities regulatory authorities. Each Underlying Fund will be a reporting issuer under the securities legislation of the Jurisdiction and each Passport Jurisdiction.

10. Each Underlying Fund will be organized as a limited partnership (and not as a trust) because there is no intention to distribute securities of an Underlying Fund to investors other than to the Corporation in respect of one or more classes of mutual fund shares of the Corporation. An Underlying Fund organized as a trust is not tax efficient in these circumstances because to obtain flow-through treatment of income for tax purposes, a trust must have at least 150 unitholders. A limited partnership, however, can provide flow-through tax treatment, without the necessity of having 150 holders of its securities.

11. The Filer is of the view that organizing an Underlying Fund as a limited partnership (as opposed to a trust) does not pose any significant, incremental risks to the shareholders of the Corporation.

12. Pursuant to applicable partnership law, a limited partner may lose its limited liability by taking part in the control of the business of a limited partnership. However, the Filer will act as the investment fund manager and portfolio manager of both the Corporation and each Underlying Fund and as such will direct the business, operations and affairs of each entity. The Filer will clarify in its relationships on behalf of an Underlying Fund that it is not acting on behalf of any limited partner when acting as investment fund manager or portfolio manager of the Underlying Fund. Since the Corporation will not take part in the control of the business of the Underlying Funds, then there should not be a risk of the Corporation losing its limited liability on this basis.

13. It is also the case that, where a limited partner has received the return of all or part of its contribution to a limited partnership, the limited partner will be liable to the limited partnership or, where the limited partnership is dissolved, to its creditors for any amount, not in excess of the amount returned with interest, necessary to discharge the liabilities of the limited partnership to creditors who extended credit or whose claims otherwise arose before the return of the contribution. Given the proposed activities of the Underlying Funds, however, all of which will be subject to the Mutual Fund Instruments (subject to any exemptions therefrom that may be available under applicable securities legislation or granted by the securities regulatory authorities), it is difficult to envisage circumstances in which an Underlying Fund will not have the assets necessary to discharge its liabilities. Further, the Filer does not intend to return contributions that would lead to the foregoing type of liability. Moreover, any contracts that an Underlying Fund enters will contain a limitation of liability, pursuant to which the counterparty to the contract will agree that its only recourse will be to the assets of the Underlying Fund. While this limitation will not apply in the circumstances described above, for the foregoing reasons the Filer does not consider this to be a significant risk. In any event, as the Corporation is a corporation, the liability of its shareholders will be limited to the amount of their investment in the Corporation.

14. The investment objectives of the Total Return Underlying Fund are to generate income and provide stability of capital through exposure primarily to a well-diversified portfolio of fixed-income securities issued by Canadian governments and corporations. The Total Return Underlying Fund will obtain such exposure by (a) entering into one or more specified derivatives (collectively, the Total Return Forward Agreement) with one or more financial institutions or affiliates thereof (each, a Counterparty) to gain exposure to the Total Return Reference Fund or (b) by investing directly in fixed-income securities or units of the Total Return Reference Fund. All aspects of the Total Return Forward Agreement will comply with the requirements of NI 81-102 relating to the use of specified derivatives by mutual funds, subject to any exemptions therefrom that may be granted by the securities regulatory authorities.

15. The investment objectives of the High Yield Underlying Fund are to provide a high level of income with the potential for modest capital growth through exposure primarily to higher yielding corporate debt securities issued by Canadian and U.S. corporations. The High Yield Underlying Fund will obtain such exposure by (a) entering into one or more specified derivatives (collectively, the High Yield Forward Agreement) with one or more Counterparties to gain exposure to the High Yield Reference Fund or (b) by investing directly in fixed-income securities or units of the High Yield Reference Fund. All aspects of the High Yield Forward Agreement will comply with the requirements of NI 81-102 relating to the use of specified derivatives by mutual funds, subject to any exemptions therefrom that may be granted by the securities regulatory authorities.

16. The terms of each Underlying Fund Forward Agreement will provide that a forward transaction thereunder may be partially settled at the request of the Underlying Fund to fund distributions, redemptions of units and expenses and other liabilities of the Underlying Fund. The Underlying Fund will use the proceeds from such a partial pre-settlement to fund distributions, redemptions or other liabilities.

17. The investment objectives of each Future Underlying Fund will be determined in the future and will be consistent with the investment objectives of the related Reference Fund and Fund. The investment strategy of each Future Underlying Fund will contemplate the use of specified derivatives substantially on the same basis and the terms of the derivative contracts and arrangements with respect to credit ratings and termination will be substantially the same, as is described above for the Total Return Underlying Fund and the High Yield Underlying Fund.

18. Each Underlying Fund will be a mutual fund that has adopted a fundamental investment objective to link its performance to its related Reference Fund.

D. Reference Funds

19. Each Reference Fund will be a newly-created mutual fund established as a trust under the laws of the Jurisdiction to which NI 81-101 and the Mutual Fund Instruments apply, subject to any exemptions therefrom that may be available under applicable securities legislation or granted by the securities regulatory authorities. Each Reference Fund will be a reporting issuer under the securities legislation of the Jurisdiction and each Passport Jurisdiction. The Filer will be the trustee of each Reference Fund.

20. The investment objectives of the Total Return Reference Fund are to generate income and provide stability of capital. The Total Return Reference Fund invests in a well diversified portfolio of fixed income securities issued by Canadian governments and corporations.

21. The investment objectives of the High Yield Reference Fund are to provide a high level of income with the potential for modest capital growth. The High Yield Reference Fund invests primarily in higher yielding corporate debt securities issued by Canadian and U.S. corporations.

22. The investment objectives of each Future Reference Fund will be determined in the future and will be consistent with the investment objectives of the related Underlying Fund and Fund.

E. Seed Capital of the Underlying Funds

23. The Filer or an affiliate will acquire mutual fund shares of each Fund that intends to make an investment in an Underlying Fund in an amount of not less than $300,000 (the **Fund Seed Capital**). The Fund will then make an investment in units of the Underlying Fund in an amount of not less than $150,000 (the **Underlying Fund Seed Capital**). The Fund will not redeem any of the mutual fund shares of the Fund that relate to the Fund Seed Capital and an Underlying Fund will not redeem any of the units of the Underlying Fund that relate to the Underlying Fund Seed Capital until at least $500,000 has been received by the Fund from investors other than the Filer or an affiliate.

F. Distribution of Units of the Reference Funds and the Underlying Funds

24. Notwithstanding that the Reference Funds and the Underlying Funds will be reporting issuers, units of the Reference Funds and the Underlying Funds will not be available for purchase by retail investors in Canada. Units of the Underlying Funds will be available for purchase only by the Funds and units of the Reference Funds will be available for purchase only by "accredited investors" (as defined in National Instrument 45-106 – *Prospectus and Registration Exemptions*).

25. None of the Reference Funds or the Underlying Funds intends to renew its prospectus after the first lapse date thereof. After the initial prospectus lapses, each Reference Fund and Underlying Fund intends to continue distributing its units only on a basis that is exempt from the prospectus requirements in Canadian securities legislation (in the case of an Underlying Fund, by distributing its units only to the Funds and in the case of a Reference Fund, by distributing its units only to accredited investors). At that time, each Reference Fund and Underlying Fund will cease to be subject to the requirements of NI 81-101.

26. After the initial prospectus of each Reference Fund and related Underlying Fund lapses, such Reference Fund and Underlying Fund will remain reporting issuers in each jurisdiction in which a Fund investing in such Underlying Fund is a reporting issuer, and will accordingly remain subject to all of the requirements of the Mutual Fund Instruments, except as permitted by the Exemption Sought or to the extent that it may have been granted or will be granted any additional discretionary relief from any such requirements. A Fund will not purchase or hold units of an Underlying Fund if the Underlying Fund or the Reference Fund related thereto ceases to be a reporting issuer in each of the jurisdictions in

which the Fund is a reporting issuer and an Underlying Fund will not purchase or hold units of, or enter into a Total Return Forward Agreement in respect of units of, a Reference Fund if the Reference Fund ceases to be a reporting issuer in each of the Jurisdictions in which the Underlying Fund is a reporting issuer.

G. Investments by the Funds and the Underlying Funds

27. The Filer believes that it would be advantageous to each Fund and its shareholders to be able to obtain exposure on a tax-efficient basis to the portfolio of fixed income securities owned by the Reference Funds by investing in units of one or more of the Underlying Funds.

28. A Fund will invest in units of an Underlying Fund only if such investment is permitted by, and consistent with, the investment objectives of the Fund.

29. The investment by a Fund in units of an Underlying Fund, and the exposure of the Underlying Fund (and, indirectly, the Fund) to changes in the value of units of the applicable Reference Fund:

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

    (b) will represent the business judgment of "responsible persons" (as defined in subsection 13.5(1) of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*) uninfluenced by considerations other than the best interests of the Fund (including the Underlying Fund).

H. Securities Lending Funds

30. Each Securities Lending Fund is or will be (a) an open-end mutual fund established under the laws of the Jurisdiction; (b) a reporting issuer under the securities laws of the Jurisdiction and each Passport Jurisdiction; (c) initially qualified for distribution in the Jurisdiction and each Passport Jurisdiction pursuant to a simplified prospectus and annual information form that has been prepared and filed in accordance with the securities legislation of the Jurisdiction; and (d) a mutual fund to which NI 81-102 applies.

31. As described in paragraph 25 above, a Securities Lending Fund that is an Underlying Fund may not renew its prospectus after the first lapse date thereof.

32. Each Securities Lending Fund's investment objectives will include seeking the provision of returns similar to those of a specific type of investment. Each Securities Lending Fund's investment objectives will state that it may use specified derivatives to achieve such investment objectives.

33. A Securities Lending Fund may pursue its investment objectives by means of specified derivatives. Generally, each Securities Lending Fund will invest its assets in a portfolio (an **Equity Portfolio**) consisting of securities of Canadian public issuers that are Canadian securities for the purposes of the *Income Tax Act* (Canada). The Equity Portfolio of a Securities Lending Fund will generally be a static portfolio that is not actively managed except in limited circumstances. Each Securities Lending Fund will also enter into one or more derivative contracts, such as an Underlying Fund Forward Agreement (any, a **Forward Agreement**), with one or more Counterparties to effectively replace the economic return on its Equity Portfolio with the economic return on an underlying interest (such as another mutual fund, one or more indices or a notional basket of different securities) to achieve the Securities Lending Fund's investment objectives.

34. Each Securities Lending Fund will pledge its Equity Portfolio to its Counterparty (or the portion thereof that is subject to the relevant Forward Agreement with that Counterparty) as collateral security for performance of the Securities Lending Fund's obligations under its Forward Agreement with that Counterparty. The Equity Portfolio (or that portion thereof that has been pledged) will be held by the Counterparty as security for the Securities Lending Fund's obligations under the applicable Forward Agreement.

35. The Filer proposes to engage in securities lending transactions on behalf of each Securities Lending Fund that may represent up to 100 percent of the net assets of that Securities Lending Fund, in order to earn additional returns for that Securities Lending Fund. The Filer proposes to arrange for the Equity Portfolio (or a portion thereof) to be lent to one or more borrowers indirectly through one or more Agents, other than the Securities Lending Fund's custodian or sub-custodian.

36. Each Agent shall be acceptable to the Securities Lending Fund and Counterparty and shall be either a Canadian financial institution (such as a Counterparty) or an affiliate thereof. It is not practical for a Securities Lending Fund's custodian or sub-custodian to act as an Agent with respect to the Securities Lending Fund's securities lending

transactions as the custodian or sub-custodian will not have control over the Securities Lending Fund's Equity Portfolio because the Equity Portfolio (or a portion thereof) will be pledged as described in paragraph 34 above. The Filer will ensure that any Agent through which a Securities Lending Fund lends securities maintains appropriate internal controls, procedures and records for securities lending transactions as prescribed in subsection 2.16(2) of NI 81-102.

37. A Counterparty must release its security interest in the securities in the Equity Portfolio of a Securities Lending Fund in order to allow the Securities Lending Fund to lend such securities, but will generally only do so provided that the Securities Lending Fund grants to it a security interest in the collateral held by the Securities Lending Fund pursuant to the securities lending transaction.

38. To facilitate the Counterparty's release of its security interest in the securities of the Equity Portfolio of a Securities Lending Fund, securities in the Equity Portfolio will be loaned only to borrowers that are acceptable to the Securities Lending Fund and the Counterparty, and that have an approved credit rating or whose obligations to the Securities Lending Fund are fully and unconditionally guaranteed by persons or companies that have such a credit rating. A borrower may include an affiliate of the Counterparty. Whether a borrower is an affiliate or is not an affiliate of the Counterparty or an Agent will not affect the revenues from securities lending transactions received by the Securities Lending Fund. To facilitate the Counterparty's perfection of its security interest in the collateral for the loaned securities, the Filer will ensure that such collateral is held by a registered dealer and member of the Investment Industry Regulatory Organization of Canada (IIROC) or a custodian that meets the requirements of section 6.2 of NI 81-102.

39. The collateral received by a Securities Lending Fund in respect of a securities lending transaction, and in which the Counterparty will have a security interest, will be in the form of cash, qualified securities or other collateral permitted by paragraph 2.12(1)6 of NI 81-102, other than collateral described in subparagraph 2.12(1)6(d) or in paragraph (b) of the definition of "qualified security". The non-cash collateral will be held by the Agent in the name of the Counterparty and will not be reinvested in any other types of investment products.

40. The prospectus and annual information form of each Securities Lending Fund will disclose that the Securities Lending Fund may enter into securities lending transactions. Other than as set forth herein, any securities lending transactions on behalf of a Securities Lending Fund will be conducted in accordance with the provisions of NI 81-102.

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:

(a) the Three-Tier Relief is granted to the Funds;

(b) the Non-Prospectused Investing Relief is granted

  (i) to each Fund provided that the Underlying Fund and the related Reference Fund remains a reporting issuer that is subject to the Mutual Fund Instruments in all jurisdictions in which the Fund is a reporting issuer, and

  (ii) to each Underlying Fund provided that the related Reference Fund remains a reporting issuer that is subject to the Mutual Fund Instruments in all jurisdictions in which the Underlying Fund is a reporting issuer;

(c) the Seed Capital Relief is granted to the Filer in respect of the Underlying Funds; and

(d) the Securities Lending Relief is granted to the Securities Lending Funds provided that:

  (i) with respect to the exemption from paragraph 2.12(1)12 of NI 81-102, each Securities Lending Fund enters into a Forward Agreement with an applicable Counterparty and grants that Counterparty a security interest in the securities subject to that Forward Agreement and, in connection with a securities lending transaction relative to those securities,

    A. receives the collateral that

      (1) is prescribed by paragraphs 2.12(1)3 to 6 of NI 81-102 other than collateral described in subparagraph 2.12(1)6(d) or in paragraph (b) of the definition of "qualified security"; and

(2) is marked to market on each business day in accordance with paragraph 2.12(1)7 of NI 81-102;

B. has the rights set forth in paragraphs 2.12(1)8, 2.12(1)9 and 2.12(1)11 of NI 81-102;

C. complies with paragraph 2.12(1)10 of NI 81-102; and

D. lends its securities only to borrowers that are acceptable to the Securities Lending Fund and the Counterparty, and that have an approved credit rating or whose obligations to the Securities Lending Fund are fully and unconditionally guaranteed by persons or companies that have such a credit rating;

(ii) with respect to the exemption from subsection 2.12(3) of NI 81-102, each Securities Lending Fund provides a security interest to the applicable Counterparty in the collateral delivered to it as collateral pursuant to a securities lending transaction as described in representation 37;

(iii) with respect to the exemption from subsection 2.15 of NI 81-102:

A. the Filer and the Securities Lending Fund enter into a written agreement with the Agent that complies with each of the requirements set forth in subsection 2.15(4) of NI 81-102;

B. the Agent administering the securities lending transaction of each Securities Lending Fund:

(1) is in compliance with the standard of care prescribed in subsection 2.15(5) of NI 81-102; and

(2) shall be acceptable to the Securities Lending Fund and Counterparty and shall either be a bank or trust company described in paragraphs 1 or 2 of section 6.2 of NI 81-102 or an investment bank affiliate of such bank or trust company that is registered as an investment dealer or in an equivalent category of registration;

C. with respect to the exemption from section 2.16 of NI 81-102, the Filer and the Securities Lending Fund comply with the requirements of section 2.16 of NI 81-102 as if the Agent appointed by the Filer were the agent contemplated in that section; and

D. with respect to the exemption from subsection 6.8(5) of NI 81-102, each Securities Lending Fund:

(1) provides a security interest to the applicable Counterparty in the collateral delivered to it as collateral pursuant to a securities lending transaction as described in representation 37; and

(2) the collateral delivered to the Securities Lending Fund pursuant to the securities lending transaction is held by a registered dealer and member of the IIROC or a custodian that meets the requirements of section 6.2 of NI 81-102, as described in representation 38.

“Sonny Randhawa”
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.5 CaNickel Mining Limited et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Securities Act, ss. 25(1) – exemption from registration requirement – A lender under an equity line of credit wants relief from the requirement to register as an underwriter – The lender will not solicit any offers to purchase the securities it acquires from the issuer and will resell any securities through an exchange, using a registered dealer unaffiliated with the issuer or the lender.

Securities Act, s. 71 – exemption from prospectus delivery requirement – A lender under an equity line of credit wants relief from the requirement to deliver a prospectus – The issuer will file a supplement to its base shelf prospectus describing the terms of the equity purchase agreement; the issuer will issue a news release upon entering into the equity purchase agreement and file the agreement on SEDAR; the news release will indicate that the shelf prospectus and supplement have been filed and will specify where and how purchasers may obtain a copy.

National Instrument 44-101, s. 8.1 – exemption from short form prospectus form requirements – Disclosure – An issuer wants relief from the requirement to include in the prospectus a statement of purchasers' statutory rights in the prescribed form – The issuer is distributing securities to purchasers on the TSX or TSX-V through a lender under an equity line of credit; the purchasers will have all statutory rights except those rights triggered by delivery of the prospectus; the issuer will provide an amended statement of rights in the prospectus so that the prospectus properly describes applicable rights and purchasers are not misled.

National Instrument 44-102, s. 11.1 – exemption from shelf prospectus form requirements – An issuer wants relief from the requirement to include certain disclosure in the base shelf prospectus – The issuer is distributing securities to purchasers on the TSX or TSX-V through a lender under an equity line of credit; the purchasers will have all statutory rights except those rights triggered by delivery of the prospectus; the issuer will include in its base shelf prospectus all disclosure required under s. 5.5 but will eliminate or modify statements that specifically refer to delivery of the prospectus.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 71, 74(1), 147.
NI 44-101, s. 8.1.
Form 44-101F1.
NI 44-102, ss. 5.5, 11.1.

January 11, 2012

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
CANICKEL MINING LIMITED (the Issuer),
HAVERSTOCK MASTER FUND, LTD. (the Purchaser)
AND HAVERSTOCK OFFSHORE MANAGER, LLC

(the Manager, and together with the Issuer
and the Purchaser, the Filers)

DECISION

Background

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

(a) the following prospectus disclosure requirements under the Legislation (the Prospectus Disclosure Requirements) do not fully apply to the Issuer in connection with the Distribution (as defined below):

(i) the statement in the Pricing Supplement (as defined below) respecting statutory rights of withdrawal and rescission or damages in the form prescribed by item 20 of Form 44-101F1 of National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101); and

(ii) the statements in the Base Shelf Prospectus (as defined below) required by subsections 5.5(2) and (3) of National Instrument 44-102 *Shelf Distributions* (NI 44-102);

(b) the prohibition from acting as a dealer unless the person is registered as such (the Dealer Registration Requirement) does not apply to the Purchaser and the Manager in connection with the Distribution; and

(c) the requirement that a dealer send a copy of the Prospectus (as defined below) to a subscriber or purchaser in the context of a distribution (the Prospectus Delivery Requirement) does not apply to the Purchaser, the Manager or the dealer(s) through whom the Purchaser sells the Shares (as defined below) and, as a result, rights of withdrawal or rights of rescission, price revision or damages for non-delivery of the Prospectus do not apply in connection with the Distribution;

(collectively, the Exemptive Relief Sought).

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

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

(b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta and Québec; and

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

Interpretation

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

Representations

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

The Issuer

1. the Issuer was continued under the laws of British Columbia;

2. the head office and principal place of business of the Issuer is located at PO Box 35, 999 West Hastings, Suite 1655, Vancouver, BC V6C 2W2;

3. the Issuer is a reporting issuer in the provinces of British Columbia, Alberta, Ontario and Québec and is not in default of any requirements under the Legislation;

4. CaNickel's authorized share capital consists of an unlimited number of common shares (the Shares), without par value, and an unlimited number of class A preferred shares and class B preferred shares, of which 1,500,826,712 Shares were outstanding as at October 13, 2011;

5. the Shares are listed for trading on the Toronto Stock Exchange (the TSX). Based on the closing price of $0.05 of the Shares on the TSX on October 13, 2011, the current market capitalization of CaNickel is approximately $75,041,336;

6. the Shares of the Issuer trade on the TSX under the symbol "CML";

7. the Issuer is qualified to file a short form prospectus under section 2.2 of NI 44-101 and is also qualified to file a base shelf prospectus under NI 44-102;

8. the Issuer intends to file with the securities regulator in each of the provinces of British Columbia, Alberta, Ontario and Québec a base shelf prospectus pertaining to various securities of the Issuer, including the Shares (such base shelf prospectus and any amendment thereto, the Base Shelf Prospectus);

9. the statements required by subsections 5.5(2) and (3) of NI 44-102 contained in the Base Shelf Prospectus will be qualified by adding the following statement: ", except in cases where an exemption from such delivery requirements has been obtained.";

The Purchaser and the Manager

10. the Purchaser is a Cayman Islands exempt limited company and its head office is located at 1044 Northern Boulevard, Roslyn, New York;

11. the Purchaser is managed by the Manager, a limited liability corporation incorporated under the laws of Delaware, having its head office at 1044 Northern Boulevard, Roslyn, New York; the Manager is an affiliate of the Purchaser under applicable securities laws;

12. neither the Purchaser nor any affiliate of the Purchaser is a reporting issuer in any jurisdiction in Canada or a registrant under US securities legislation; neither the Purchaser nor any affiliate of the Purchaser is registered with any U.S. or Canadian regulator or other securities regulatory authority as a dealer, advisor or in any other capacity under the legislation in any jurisdiction and is not a member of or participant in any other marketplace (as defined National Instrument 21-101 Marketplace Operation) or of any other self-regulatory organization; in particular, the Purchaser is not (a) a dealer-member of the Investment Industry Regulatory Organization of Canada, (b) a participating organization of the TSX, a member of the TSX Venture Exchange, or a member or dealer of the Canadian National Stock Exchange, Pure Trading, Alpha ATS, Chi-X Canada ATS or the Canadian Investor Protection Fund, (c) a broker-dealer registered with the United States Securities Exchange Commission under the 1934 Act, or (d) a member of the National Association of Securities Dealers, Inc.;

13. the Purchaser and the Manager are not in default of securities legislation in British Columbia, Ontario, Alberta, and Québec;

14. the only persons who make management decisions for the Purchaser and the Manager are David Ratzker and Robert Cohen;

The Distribution Agreement

15. the Issuer and the Purchaser have entered into the committed equity facility agreement (the Distribution Agreement) pursuant to which the Purchaser will agree to subscribe for, and the Issuer will have the right but not the obligation to issue and sell, up to $20 million of Shares (the Aggregate Commitment Amount) over a period of 36 months in a series of drawdowns;

16. the Distribution Agreement will provide the Issuer with the ability to raise capital as needed from time to time; the Purchaser regularly engages in such transactions; the Purchaser may, in certain circumstances, finance its commitment to subscribe for Shares on a drawdown through short-sales or resales out of existing holdings of the Issuer's securities;

17. under the Distribution Agreement, the Issuer will have the sole ability to determine the timing and the amount of each drawdown in a drawdown notice, subject to certain conditions, including a maximum investment amount per drawdown of the greater of (i) $500,000 or (ii) the average daily trading dollar volume for the five days preceding the drawdown notice, subject to the amount remaining on the Aggregate Commitment Amount, and the Aggregate Commitment Amount;

18. the Issuer will fix in such drawdown notice a minimum subscription price below which it will not issue any Shares (the Floor Price); the Floor Price may not be lower than the volume-weighted average price per Share on the TSX over a period of five consecutive trading days immediately preceding the applicable drawdown notice, less the permitted discount under the private placement rules contained in the TSX Company Manual;

19. the Shares will be issued at a subscription price equal to (i) the higher of 93% of the Market Price (defined herein), if the Market Price is $0.15 and above, (ii) 90% of Market Price if the Market Price is below $0.15, or (iii) 95% of the Market Price if the Market Price is above $0.75; the "Market Price" will be the higher of (a) the volume weighted average price of the Shares for each trading day during five consecutive trading days from the date of the drawdown notice (the Drawdown Pricing Period) and (b) the Floor Price; notwithstanding the foregoing, the subscription price per Share may not be lower than the volume-weighted average price per Share on the TSX over a period of five consecutive trading days immediately preceding the applicable drawdown notice, less the maximum permitted discount under the private placement rules contained in the TSX Company Manual;

20. the Gross Proceeds (defined herein) to be received by the Issuer in connection with the issuance of the Shares with respect to each drawdown will be settled against delivery of the Shares on the 7th trading day following the date of each drawdown notice (each, a Settlement Date); "Gross Proceeds" means, with respect to each drawdown, the drawdown amount less any permitted reduction under the Distribution Agreement to ensure the drawdown does not exceed 5% of the market capitalization of the Issuer;

21. the Distribution Agreement will provide that, at the time of each drawdown notice and at each Settlement Date, the Issuer will make a representation to the Purchaser that the Base Shelf Prospectus, as supplemented (the Prospectus), contains full, true and plain disclosure of all material facts relating to the Issuer and the Shares being distributed; the Issuer would therefore be unable to issue, or decide to issue, Shares when it is in possession of undisclosed information that would constitute a material fact or a material change;

22. on or after each Settlement Date, the Purchaser may seek to sell all or a portion of the Shares subscribed under the drawdown;

23. during the term of the Distribution Agreement, the Purchaser and its affiliates, associates or insiders, as a group, will not own at any time, directly or indirectly, Shares representing more than 9.9% of the issued and outstanding Shares;

24. the Purchaser and its affiliates, associates and insiders will not hold a "net short position" in Shares during the term of the Distribution Agreement; however, the Purchaser may, after the receipt of a drawdown notice, seek to short-sell Shares to be subscribed for under the drawdown, or engage in hedging strategies, in order to reduce the economic risk associated with its commitment to subscribe for Shares, provided that:

    (a) the Purchaser complies with applicable rules of the TSX, applicable securities laws and this decision document;

    (b) the Purchaser and its affiliates, associates, and insiders will not during the period between a drawdown notice and the corresponding Settlement Date, directly or indirectly, sell Shares or grant any right to purchase or acquire any right to dispose of, nor otherwise dispose for value of, any Shares or any securities convertible into or exchangeable for Shares, in an amount which exceeds that number of Shares the Purchaser will be required to purchase under the applicable drawdown; and

    (c) notwithstanding the foregoing, the purchaser and its affiliates, associates and insiders, will not directly or indirectly, sell Shares or grant any right to purchase or acquire any right to dispose of, nor otherwise dispose for value of, any Shares or any securities convertible into or exchangeable for Shares, between the time of delivery of a drawdown notice and the filing of the news release announcing the drawdown;

25. disclosure of the activities of the Purchaser and its affiliates, associates or insiders, as well as the restrictions thereon, the whole as described in paragraph 24 above, will be included in the Base Shelf Prospectus and Prospectus Supplement (as defined below); in addition, the Issuer will disclose in the Base Shelf Prospectus, as a risk factor, that the Purchaser may engage in short sales, resales or other hedging strategies to reduce investment risks associated with a drawdown, and the possibility that such transactions may result in significant dilution to existing shareholders and could have a significant effect on the price of the Shares;

26. no extraordinary commission or consideration will be paid by the Purchaser or the Manager to a person or company in respect of the disposition of Shares by the Purchaser to purchasers who purchase the same on the TSX through dealer(s) engaged by the Purchaser (the TSX Purchasers);

27. the Purchaser and the Manager will also agree, in effecting any disposition of Shares, not to engage in any sales, marketing or solicitation activities of the type undertaken by dealers in the context of a public offering;

more specifically, each of the Purchaser and the Manager will not (a) advertise or otherwise hold itself out as a dealer, (b) purchase or sell securities as principal from or to customers, (c) carry a dealer inventory in securities, (d) quote a market in securities, (e) extend, or arrange for the extension of credit, in connection with transactions of securities of the Issuer, (f) run a book of repurchase and reverse repurchase agreements, (g) use a carrying broker for securities transactions, (h) lend securities for customers, (i) guarantee contract performance or indemnify the Issuer for any loss or liability from the failure of the transaction to be successfully consummated, (j) participate in a selling group; (k) effect any disposition of Shares which would not be compliance with applicable securities laws; (l) provide investment advice; or (m) issue or originate securities;

28. the Purchaser and the Manager will not solicit offers to purchase Shares in any jurisdiction of Canada and will sell the Shares to TSX Purchasers through one or more dealer(s) unaffiliated with the Purchaser, the Manager and the Issuer;

29. in consideration for entering into the Distribution Agreement, the Issuer has agreed to pay the Purchaser an implementation fee of $200,000 cash and issue two promissory notes to the Purchaser in the amount of $100,000 each;

The Prospectus Supplements

30. the Issuer intends to file with the securities regulator in each of the provinces of British Columbia, Alberta, Ontario and Québec, a prospectus supplement to the Base Shelf Prospectus (a Prospectus Supplement) as soon as commercially reasonable following the date on which the Base Shelf Prospectus is receipted by the applicable securities regulators and intends to file in each of the provinces of British Columbia, Alberta, Ontario and Québec, a pricing supplement (each, a Pricing Supplement) within two trading days after the end of the Drawdown Pricing Period for each drawdown under the Distribution Agreement;

31. the Pricing Supplement will disclose (i) the number of Shares issued to the Purchaser, (ii) the price per Share paid by the Purchaser, (iii) the information required by NI 44-102, including the disclosure required by subsection 9.1(3) thereof, and (iv) the following statement (the Amended Statement of Rights):

> Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment are not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. However, such rights and remedies will not be available to purchasers of common shares distributed under this prospectus because the prospectus will not be delivered to purchasers, as permitted under a decision document issued by the British Columbia Securities Commission on ●, 2011.
>
> The securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contain a misrepresentation, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. Such remedies remain unaffected by the non-delivery of the prospectus permitted under the decision document referred to above.
>
> The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

32. the Base Shelf Prospectus, as supplemented by the Prospectus Supplement and each Pricing Supplement, will qualify, inter alia, (a) the distribution of Shares to the Purchaser on the Settlement Date, and (b) the disposition of Shares to TSX Purchasers during the period that commences on the date of issuance of a drawdown notice and ends on the earlier of (i) the date on which the disposition of such Shares has been completed or (ii) the 40th day following the relevant Settlement Date (collectively, the Distribution);

33. the Prospectus Delivery Requirement is not workable in the context of the Distribution because the TSX Purchasers will not be readily identifiable as the dealer(s) acting on behalf of the Purchaser may combine the

sell orders made under the Prospectus with other sell orders and the dealer(s) acting on behalf of the TSX Purchasers may combine a number of purchase orders;

34. the Pricing Supplement will contain an underwriter's certificate in the form set out in section 2.2 of Appendix B to NI 44-102 signed by the Purchaser;

35. at least three business days prior to the filing of any Pricing Supplement, the Issuer will provide for comment to the Decision Makers a draft of such Pricing Supplement;

News Releases / Continuous Disclosure

36. upon execution of the Distribution Agreement, the Issuer will:

    (a) promptly issue and file on SEDAR a news release disclosing the material terms of the Distribution Agreement, including the Aggregate Commitment Amount; and

    (b) within ten days after said issuance:

        (i) file a copy of the Distribution Agreement on SEDAR; and

        (ii) file a material change report on SEDAR disclosing the material terms of the Distribution Agreement including the Aggregate Commitment Amount.

37. promptly upon the issuance of each drawdown notice, regardless of the size of the drawdown, the issuer will issue and file on SEDAR a news release disclosing the aggregate amount of the drawdown, the maximum number of Shares to be issued, the minimum price per Share, if any, the Floor Price and the availability on SEDAR of the Base Shelf Prospectus, Prospectus Supplement and Pricing Supplement and specifying how a copy of those documents can be obtained;

38. promptly upon any amendment to the minimum price set forth in a drawdown notice, the Issuer will issue and file on SEDAR a news release disclosing the amended minimum price per Share and the maximum number of Shares to be issued;

39. the Issuer will:

    (a) on or as soon as practicably possible after, the last day of each Drawdown Pricing Period, issue and file on SEDAR a news release disclosing:

        (i) the number of Shares issued to, and the price per Share paid by, the Purchaser;

        (ii) that the Base Shelf Prospectus, the Prospectus Supplement and the relevant Pricing Supplement will be available on SEDAR and specifying how a copy of these documents can be obtained; and

        (iii) the Amended Statement of Rights; and

    (b) file a material change report on SEDAR within ten days of each Settlement Date, if the relevant Distribution constitutes a material change under applicable securities legislation, disclosing at a minimum the information required in subparagraph (i) above.

40. the Issuer will also disclose in its financial statements and management's discussion and analysis filed on SEDAR under National Instrument 51-102 *Continuous Disclosure Obligations*, for each financial period, the number and price of Shares issued to the Purchaser pursuant to the Distribution Agreement;

Deliveries upon Request

41. the Issuer will deliver to the Decision Makers and to the TSX, upon request, a copy of each drawdown notice delivered by the Issuer to the Purchaser under the Distribution Agreement; and

42. the Purchaser and the Manager will provide to the Decision Makers, upon request, full particulars of trading and hedging activities by the Purchaser or the Manager (and, if required, trading and hedging activities by their respective affiliates, associates or insiders) in relation to securities of the Issuer during the term of the Distribution Agreement.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted, provided that:

(a) as it relates to the Prospectus Disclosure Requirements:

(i) the Issuer comply with the representations in paragraphs 9, 25, 31, 32, 35, 36, 37, 38, 39 and 41; and

(ii) the number of Shares distributed by the Issuer under the Distribution Agreement does not exceed, in any 12 month period, 20% of the aggregate number of Shares outstanding calculated at the beginning of such period;

(b) as it relates to the Prospectus Delivery Requirement and the Dealer Registration Requirement, the Purchaser and/or the Manager, as the case may be, comply with the representations in paragraphs 14, 23, 24, 26, 27, 28, 34, and 42; and

(c) this decision will terminate 25 months after the date of the Base Shelf Prospectus.

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

2.1.6 Auryx Gold Corp. – s. 1(10)

Headnote

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

Applicable Legislative Provisions

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

January 23, 2012

Randall Chatwin
Lawson Lundell LLP
1600 Cathedral Place
925 West Georgia Street
Vancouver, BC V6C 3L2

Dear Sirs/ Mesdames:

Re: Auryx Gold Corp. (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting Issuer

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.7 Palko Environmental Ltd. – s. 1(10)

Headnote

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

Ontario Statutes

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

January 20, 2012

Bennett Jones LLP
4500 Bankers Hall East
855 - 2 Street SW
Calgary, AB T2P 4K7

Attention: Kahlan K. Mills

Dear Sir:

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

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.8 First Asset Yield Opportunity Trust and First Asset Investment Management Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Investment fund and its manager exempted from the dealer registration requirement for certain limited trading activities to be carried out by these parties in connection with rights offering by the investment fund – The limited trading activities involve: i) the forwarding of a rights offering prospectus, and the distribution of rights to acquire securities of the fund, to existing holders of fund securities, and ii) and the subsequent distribution of securities to holders of these rights, upon their exercise of the rights, through an appropriately registered dealer.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 74(1).
Multilateral Instrument 11-102 Passport System, s. 4.7(1).
National Instrument 45-106 Prospectus and Registration Exemptions, ss. 3.1, 3.42, 8.5.

January 20, 2012

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
FIRST ASSET YIELD OPPORTUNITY TRUST
(the Fund) AND
FIRST ASSET INVESTMENT MANAGEMENT INC.
(the Manager, together with the Fund, the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the Filers from the dealer registration requirement in the Legislation in respect of certain trades (the **Rights Offering Activities**) to be carried out by the Manager, on behalf of the Fund, in connection with a proposed distribution (the **Rights Offering**) of rights (the **Rights**) to acquire Series A trust units of the Fund (the **Series A Units**), to be made in Ontario and each of the Passport Jurisdictions (as defined below) pursuant to a rights offering prospectus (the **Rights Offering Prospectus**).

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

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

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

Interpretation

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

Representations

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

1. The Fund is a closed-end investment trust established under the laws of the Jurisdiction. The Fund is an investment fund. The Fund is a reporting issuer in the Jurisdiction and in each of the Passport Jurisdictions. The Fund is not in default of the securities legislation of any jurisdiction.

2. The Manager acts as the investment fund manager for the Fund. The Manager is registered as an investment fund manager under the Legislation.

3. The head office of each of the Filers is located in Toronto, Ontario.

4. The authorized capital of the Fund consists of an unlimited number of Series A Units (denominated in Canadian dollars) and Series B trust units (denominated in U.S. dollars) (the **Series B Units**). The Series A Units and Series B Units are both listed for trading on the Toronto Stock Exchange (the **TSX**).

5. The Fund is subject to certain investment restrictions that, among other things, limit the equity securities and other securities that may be acquired for its investment portfolio.

6. The investment objectives of the Fund are (i) to provide holders of Series A Units and Series B Units with a stable stream of monthly distributions, and (ii) to preserve and enhance the net asset value (**NAV**) per Series A Unit and NAV per Series

B Unit. The Fund provides holders of Series A Units and Series B Units with exposure, through a forward agreement, to two portfolios, one for each of the Series A Units and Series B Units, both of which consist primarily of global high-yield instruments.

7. The Fund filed a final long form prospectus dated July 30, 2003 under the Legislation and under the securities legislation of each of the Passport Jurisdictions, for the initial issuance of trust units of a single class. On December 17, 2007, in connection with its merger with Preferred Securities Income Fund and Preferred Securities Limited Duration Fund, the Fund re-designated its then outstanding trust units as Series A Units. The Fund also issued additional Series A Units, and created and issued a new class of trust units, designated as Series B Units. On February 12, 2008, the Fund completed a rights offering under which it issued additional Series A Units pursuant to a rights offering circular dated January 10, 2008. On July 23, 2009, the Fund completed a warrant offering under which it issued additional Series A Units pursuant to a short form warrant offering prospectus dated February 18, 2009. On June 25, 2010, the Fund completed a warrant offering under which it issued additional Series A Units pursuant to a short form warrant offering prospectus dated January 14, 2010.

8. The Fund does not engage in a continuous distribution of its securities.

9. Under the Rights Offering, each holder of Series A Units, as at a specified record date, will be entitled to receive, for no consideration, one Right for each Series A Unit held by the holder. Three Rights entitle the holder to subscribe for one Series A Unit upon payment to the Fund of a subscription price, to be specified in the Rights Offering Prospectus, prior to the expiry of the Rights. Holders of Rights in Canada are permitted to sell or transfer their Rights instead of exercising their Rights to subscribe for Series A Units. Holders of Rights who exercise their Rights may subscribe pro rata for additional Series A Units pursuant to an additional subscription privilege. The term of the Rights is expected to be 3 months or less.

10. The Fund has applied, or will apply, to list on the TSX the Rights to be distributed under the Rights Offering, including the Series A Units issuable upon the exercise thereof.

11. The Rights Offering Activities will consist of:

    (a) the distribution of the Rights Offering Prospectus and the issuance of Rights to holders of Series A Units (as at the record date specified in the Rights Offering Prospectus), after the Rights Offering Prospectus has been filed, and receipts obtained, under the Legislation and the securities legislation of each of the Passport Jurisdictions; and

    (b) the distribution of Series A Units to holders of the Rights, upon the exercise of the Rights by the holders, through a registered dealer that is registered in a category that permits the registered dealer to make such a distribution.

12. The Fund is in the business of trading by virtue of its portfolio investing and trading activities. As a result, the capital raising activities of the Fund, including the Rights Offering Activities, would require each of the Filers to register as a dealer in the absence of this decision (or another available exemption from the dealer registration requirement).

13. Section 8.5 of National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**) provides that, after March 26, 2010, the exemptions from the dealer registration requirements set out in sections 3.1 [*Rights offering*] and section 3.42 [*Conversion, exchange, or exercise*] of NI 45-106 no longer apply.

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 Fund, and the Manager acting on behalf of the Fund, are not subject to the dealer registration requirement in respect of the Rights Offering Activities.

"Judith N. Robertson"
Commissioner
Ontario Securities Commission

"Sarah B Kavanagh"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 MBS Group (Canada) Ltd. et al. – s. 127

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

AND

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

ORDER
(Section 127 of the Securities Act)

WHEREAS on June 30, 2011, 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") accompanied by a Statement of Allegations dated June 30, 2011 issued by Staff of the Commission ("Staff") with respect to MBS Group (Canada) Ltd. ("MBS Group"), Mohinder Ahluwalia ("Mohinder") and Balbir Ahluwalia ("Balbir"), (collectively, the "Respondents");

AND WHEREAS the Notice of Hearing stated that a hearing would be held at the offices of the Commission on July 21, 2011;

AND WHEREAS on July 21, 2011, Staff confirmed that the Commission had received the affidavit of Daniela DeChellis sworn July 19, 2011 which indicated that the Notice of Hearing and Statement of Allegations were served on the Respondents;

AND WHEREAS on July 21, 2011, Staff attended the hearing and no one appeared on behalf of the Respondents;

AND WHEREAS on July 21, 2011, Staff provided the Panel with emails from Balbir and Mohinder advising that they were unable to attend the hearing and requesting that the hearing be adjourned for a short period of time;

AND WHEREAS Staff advised the Commission that it was not opposed to a brief adjournment;

AND WHEREAS the Commission ordered that the hearing be adjourned to August 17, 2011 at 11:00 a.m.;

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

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

AND WHEREAS the Commission issued a temporary order pursuant to subsections 127(1) and 127(5) of the Act against the Respondents;

AND WHEREAS the Commission ordered that the temporary order take effect immediately and expire on September 2, 2011 unless extended by order of the Commission and that the hearing to consider an extension of the temporary order be scheduled for September 1, 2011 at 10:00 a.m.;

AND WHEREAS Staff and the Respondents attended before the Commission on September 1, 2011 and November 29, 2011 to consider the temporary order;

AND WHEREAS on November 29, 2011, the Commission ordered that a pre-hearing conference be scheduled for January 13, 2012 at 10:00 a.m. at the offices of the Commission;

AND WHEREAS on January 13, 2012, Staff and the Respondents attended before the Commission for a pre-hearing conference;

AND WHEREAS Staff requested that the matter be set down for a hearing on the merits;

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

IT IS HEREBY ORDERED that the hearing on the merits shall commence on October 22, 2012 at 10:00 a.m. at the offices of the Commission, and shall continue on October 24, 25, 26, 29, 30, 31 and November 1, 2, and 5, 2012, or on such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary;

IT IS FURTHER ORDERED that a status hearing will be scheduled prior to the commencement of the hearing on the merits, on a date as may be agreed to by the parties and fixed by the Office of the Secretary.

DATED at Toronto this 13th day of January, 2012.

"James E. A. Turner"

2.2.2 New Found Freedom Financial et al.

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

AND

IN THE MATTER OF
NEW FOUND FREEDOM FINANCIAL,
RON DEONARINE SINGH,
WAYNE GERARD MARTINEZ, PAULINE LEVY,
DAVID WHIDDEN, PAUL SWABY AND
ZOMPAS CONSULTING

ORDER

WHEREAS on November 2, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on November 1, 2011 with respect to New Found Freedom Financial ("NFF"), Ron Deonarine Singh ("Singh"), Wayne Gerard Martinez ("Martinez"), Pauline Levy ("Levy"), David Whidden ("Whidden"), Paul Swaby ("Swaby") and Zompas Consulting ("Zompas");

AND WHEREAS the Notice of Hearing set a hearing in this matter for November 24, 2011;

AND WHEREAS the Commission ordered on November 24, 2011 that the hearing of this matter be adjourned to January 19, 2012 at 2:30 p.m. for a confidential pre-hearing conference;

AND WHEREAS the Commission held a pre-hearing conference on January 19, 2012 to consider preliminary matters;

AND WHEREAS the Commission heard submissions from counsel for Staff, counsel for Martinez, counsel for Swaby, and Levy on her own behalf;

AND WHEREAS Staff advised the Commission that Whidden and Singh were aware of the hearing but were unable to attend;

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

IT IS ORDERED THAT:

1. the hearing on the merits shall commence on September 24, 2012 and continue until October 19, 2012, with the exception of September 25 and October 9, 2012; and

2. the hearing is adjourned to March 26, 2012 at 10:00 a.m., or such other date as agreed to by the parties and advised by the Office of the Secretary, for a continued pre-hearing conference.

DATED at Toronto this 19th day of January, 2012.

"Christopher Portner"

2.2.3 Irwin Boock et al. – s. 127(1)

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

AND

IN THE MATTER OF
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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND STANTON DEFREITAS

ORDER
(Section 127(1))

WHEREAS by Amended Notice of Hearing dated January 5, 2012, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, 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 orders, as specified therein, against Irwin Boock ("Boock"); Stanton DeFreitas ("DeFreitas"); Jason Wong ("Wong"); Saudia Allie ("Allie"); Alena Dubinsky ("Dubinsky"); Alex Khodjiaints ("Khodjiaints"); Select American Transfer Co., ("Select American"); LeaseSmart, Inc. ("LeaseSmart"); Advanced Growing Systems, Inc. (formerly, The Bighub.com, Inc.) ("Bighub"); NutriOne Corporation ("NutriOne"); International Energy Ltd. ("International Energy"); Pocketop Corporation (formerly, Universal Seismic, Inc.) ("Pocketop"); Asia Telecom Ltd. ("Asia Telecom"); Pharm Control Ltd. ("Pharm Control"); Cambridge Resources Corporation ("Cambridge Resources"); Compushare Transfer Corporation ("Compushare"); WGI Holdings, Inc. ("WGI Holdings"); Federated Purchaser, Inc. ("Federated Purchaser"); First National Entertainment Corporation ("First National"); TCC Industries, Inc. ("TCC Industries"); and Enerbrite Technologies Group Inc. ("Enerbrite"). The Amended Notice of Hearing was issued in connection with the allegations as set out in the Amended Statement of Allegations of Staff of the Commission ("Staff") dated January 4, 2012;

AND WHEREAS DeFreitas entered into a settlement agreement with Staff dated January 18, 2012 (the "Settlement Agreement") in which DeFreitas agreed to a proposed settlement of the proceeding commenced by the Amended Notice of Hearing dated January 5, 2012, subject to the approval of the Commission;

WHEREAS on January 18, 2012, the Commission issued a Notice of Hearing pursuant to section 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 DeFreitas;

AND UPON reviewing the Settlement Agreement, the Amended Notice of Hearing, and the Amended Statement of Allegations of Staff, and upon hearing submissions from counsel for DeFreitas and from Staff;

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 DeFreitas cease for a period of fifteen (15) years from the date of the approval of the Settlement Agreement;

(c) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by DeFreitas is prohibited for a period of fifteen (15) years from the date of the approval of the Settlement Agreement;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to DeFreitas for a period of fifteen (15) years from the date of the approval of the Settlement Agreement;

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

(f) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, DeFreitas is prohibited for a period of fifteen (15) years from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(g) pursuant to clause 8.5 of subsection 127(1) of the Act, DeFreitas is prohibited for a period of fifteen (15) 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;

(h) pursuant to clause 9 of subsection 127(1) of the Act, DeFreitas shall pay an administrative penalty in the amount of $70,000 for his failure to comply with Ontario securities law;

(i) pursuant to clause 10 of subsection 127(1), DeFreitas shall disgorge to the Commission $70,000 obtained as a result of his non-compliance with Ontario securities law;

(j) In regard to the payments ordered above, DeFreitas shall make a payment of $100,000 when the Commission approves this Settlement Agreement. DeFreitas further shall pay at least $4,000 during each successive six (6) month period following the date of approval of the Settlement Agreement until the entire amount ordered above in paragraphs (h) and (i) is paid in full;

(k) After the payments set out in paragraphs (h) and (i) are made in full, as an exception to the provisions of paragraphs (b), (c) and (d), DeFreitas is permitted to trade in or acquire securities in his personal registered retirement savings plan ("RRSP") accounts and/or tax-free savings accounts ("TFSA") and/or for any registered education savings plan ("RESP") accounts for which he is the or a sponsor;

(l) The payments ordered in paragraphs (h) and (i) shall be for allocation to or for the benefit of third parties other than DeFreitas, including investors who lost money as a result of investing in LeaseSmart, Inc., Advanced Growing Systems, Inc. (formerly, The Bighub.com, Inc.), NutriOne Corporation, International Energy Ltd., Pocketop Corporation (formerly, Universal Seismic, Inc.), Asia Telecom Ltd., Pharm Control Ltd. and Cambridge Resources Corporation, in accordance with subsection 3.4(2)(b) of the Act; and

(m) Until the entire amount of the payments set out in paragraphs (h) and (i) is paid in full, the provisions of paragraphs (b), (c) and (d) shall continue in force without any limitation as to time period.

DATED at Toronto this "20th" day of January, 2012.

"Christopher Portner"

2.2.4 North American Financial Group Inc. et al. – s. 127

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

AND

IN THE MATTER OF
NORTH AMERICAN FINANCIAL GROUP INC.,
NORTH AMERICAN CAPITAL INC.,
ALEXANDER FLAVIO ARCONTI AND
LUIGINO ARCONTI

ORDER
(Section 127)

WHEREAS on December 28, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), accompanied by a Statement of Allegations dated December 28, 2011 filed by Staff of the Commission ("Staff"), with respect to North American Financial Group Inc. ("NAFG"), North American Capital Inc. ("NAC"), Alexander Flavio Arconti ("Flavio") and Luigino Arconti ("Gino");

AND WHEREAS the Notice of Hearing set a hearing in this matter for January 16, 2012 at 10:00 a.m.;

AND WHEREAS Flavio appeared before the Commission on January 16, 2012 and advised the Commission that both he and his brother Gino consent to the making of this order;

AND WHEREAS NAFG and NAC were served with notice of this hearing;

AND WHEREAS Staff advised that it intends on delivering the first tranche of disclosure in this matter by January 17, 2012, and any remaining disclosure at the time by January 30, 2012, to the Respondents or their counsel, in the event that the Respondents advise Staff that they have retained counsel;

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

IT IS ORDERED that the hearing is adjourned to Monday, February 27, 2012 at 10:00 a.m. or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 16th day of January, 2012.

"James E. A. Turner"

2.2.5 North American Financial Group Inc. et al. – 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
NORTH AMERICAN FINANCIAL GROUP INC.,
NORTH AMERICAN CAPITAL INC.,
ALEXANDER FLAVIO ARCONTI AND
LUIGINO ARCONTI

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

WHEREAS on November 10, 2010, pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), the Ontario Securities Commission (the "Commission") made a temporary order against North American Financial Group Inc. ("NAFG"), North American Capital Inc. ("NAC"), Alexander Flavio Arconti ("Flavio") and Luigino Arconti ("Gino");

AND WHEREAS the temporary order made by the Commission on November 10, 2010 provides (the "Temporary Order"):

1. pursuant to clause 2 of subsection 127(1) of the Act, that all trading in the securities of NAFG and NAC shall cease;

2. pursuant to clause 2 of subsection 127(1) of the Act, that NAFG, NAC, Flavio and Gino cease trading in all securities; and

3. pursuant to clause 3 of subsection 127(1) of the Act, that the exemptions contained in Ontario securities law do not apply to NAFG, NAC, Flavio or Gino;

AND WHEREAS 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 by Commission Order dated November 23, 2010, the Temporary Order was amended such that Flavio and Gino may trade in securities for their own accounts or their parents' accounts or for the accounts of their registered retirement savings plan or registered income fund (as defined in the *Income Tax Act* (Canada)) provided they trade through accounts opened in their parents' names or either of their names only;

AND WHEREAS the Temporary Order as amended has been extended from time to time;

AND WHEREAS by Order dated March 25, 2011, the Temporary Order was further amended to permit NAFG and its officers and directors to issue convertible debentures in accordance with a Proposal made under the

Bankruptcy and Insolvency Act in the matter of NAFG (the "Temporary Order as further amended");

AND WHEREAS the Temporary Order as further amended has been extended from time to time;

AND WHEREAS by Order dated December 16, 2011, the Temporary Order as further amended was extended to January 17, 2012 and the hearing was adjourned to January 16, 2012;

AND WHEREAS Flavio appeared before the Commission on January 16, 2012 and advised the Commission that both he and his brother Gino consent to the making of this order;

AND WHEREAS NAFG and NAC were served with notice of this hearing;

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

IT IS ORDERED that the Temporary Order as further amended is extended to Wednesday, April 11, 2012;

IT IS FURTHER ORDERED that the hearing in this matter is adjourned to Tuesday, April 10, 2012 at 2:30 p.m. or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 16th day of January, 2012.

"James E. A. Turner"

2.2.6 Global Energy Group, Ltd. et al. – ss. 37, 127(1)

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

AND

IN THE MATTER OF
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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
ELLIOT FEDER

ORDER
(Sections 37 and 127(1))

WHEREAS by Notice of Hearing dated June 8, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on June 14, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against Global Energy Group, Ltd., New Gold Limited Partnerships ("New Gold"), Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder ("Feder"), Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff. The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated June 8, 2010;

AND WHEREAS Feder entered into a settlement agreement with Staff dated January 18 and 19, 2012 (the "Settlement Agreement") in which Feder agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated June 8, 2010, subject to the approval of the Commission;

WHEREAS on January 18, 2012, 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 Feder;

AND UPON reviewing the Settlement Agreement, the Notices of Hearing, and the Statement of Allegations of

Staff, and upon hearing submissions from counsel for Feder and from Staff;

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 Feder cease permanently with the exception that Feder is permitted to contact the existing shareholders of (i) Genesis Rare Diamonds (Ontario) Ltd., (ii) Kimberlite Diamond Corporation, (iii) Genesis Rare Diamonds (U.K.) Ltd., and (iv) their subsidiaries, none of which is a reporting issuer, or their counsel and to discuss/explore the potential for the sale of Feder's shares in those corporations to any or all of their existing shareholders and/or the purchase of Feder's shares in those corporations by the respective corporations for cancellation, provided that Feder's shares are not actually sold and/or purchased without Feder first obtaining a further exemption/order from the Commission that permits such sale(s) and/or purchase(s);

(c) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Feder is prohibited permanently from the date of the approval of the Settlement Agreement with the exception that Feder is permitted to acquire securities in private companies (as defined in the Act) through which he carries on business, provided he is the sole shareholder and the companies do not engage in any distribution of securities of the public;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Feder permanently;

(e) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Feder is prohibited permanently 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;

(f) pursuant to clause 8.5 of subsection 127(1) of the Act, Feder is prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(g) pursuant to clause 9 of subsection 127(1) of the Act, Feder shall pay an administrative penalty in the amount of $230,447 for his failure to comply with Ontario securities law to be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of New Gold, in accordance with subsection 3.4(2)(b) of the Act;

(h) pursuant to clause 10 of subsection 127(1) of the Act, Feder shall disgorge to the Commission the amount of $230,447 obtained as a result of his non-compliance with Ontario securities law to be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of New Gold, in accordance with subsection 3.4(2)(b) of the Act;

(i) pursuant to subsection 37(1) of the Act, Feder is prohibited permanently 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; and

(j) notwithstanding the provisions of this Order, once Feder has fully satisfied the terms of sub-paragraphs (g) and (h) above, Feder 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.

DATED at Toronto this 20th day of January, 2012.

“James E.A. Turner”

2.2.7 Southeast Asia Mining Corp. – 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
SOUTHEAST ASIA MINING CORP.

ORDER
(Section 144)

WHEREAS the securities of Southeast Asia Mining Corp. (the **Applicant**) are subject to a temporary cease trade order issued by the Director on May 4, 2009 pursuant to subsections 127(1) and 127(5) of the Act and a further cease trade order issued by the Director on May 15, 2009 pursuant to subsection 127(1) of the Act (together, the **Ontario Cease Trade Order**), directing that all trading in the securities of the Applicant cease until the Ontario Cease Trade Order is revoked by the Director;

AND WHEREAS the Applicant has applied to the Ontario Securities Commission (the **Commission**) for an order pursuant to section 144 of the Act revoking the Cease Trade Order;

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant was incorporated on August 18, 2006 pursuant to the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44 (the **CBCA**).

2. The head office of the Applicant is located Suite 1010, 130 Adelaide Street West, Toronto, Ontario, M5H 3P5.

3. The Applicant is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario (the **Reporting Jurisdictions**). The Applicant is not a reporting issuer in any other jurisdiction in Canada.

4. As at the date hereof, the authorized capital of the Applicant consists of an unlimited number of common shares of which 75,884,262 are issued and outstanding (the **Common Shares**).

5. Other than the Common Shares, the Applicant has no other securities outstanding.

6. No securities of the Applicant are listed or traded on any stock exchange or market in Canada or elsewhere.

7. The Ontario Cease Trade Order was issued as a result of the Applicant's failure to file, in accordance with the requirements of Ontario securities law, audited annual financial statements and the related management's discussion and analysis for the year ended December 31, 2008 along with the applicable officer's certificates pursuant to National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

8. In addition to the Ontario Cease Trade Order, the Applicant is subject to the following cease trade orders (together with the Ontario Cease Trade Order, the **Cease Trade Orders**), each of which was issued due to the failure to file the 2008 Annual Statements:

   a. an order issued by the British Columbia Securities Commission on May 4, 2009, as extended by a further order dated June 3, 2009;

   b. an order issued by the Manitoba Securities Commission on May 13, 2009; and

   c. an order issued by the Alberta Securities Commission on August 18, 2009.

9. On December 18, 2009, a partial revocation order was issued by the Commission to partially revoke the Ontario Cease Trade Order solely to permit trades in securities of the Applicant in connection with a financing to raise up to $1,120,000 to allow the Applicant to bring itself back into compliance with its continuous disclose obligations (the **Partial Revocation Order**).

10. On May 4, 2010, the Applicant closed a private placement of $1,120,000 through the issuance of 22,400,000 common shares at a price of $0.05 per share. All of the common shares issued in the private placement are subject to the Cease Trade Orders. Proceeds from the private placement are being used as set out in the Partial Revocation Order.

11. The Applicant has satisfied every condition of the Partial Revocation Order.

12. Since the issuance of the Ontario Cease Trade Order, the Applicant has filed on SEDAR, among other things, the following continuous disclosure documents with the Reporting Jurisdictions:

    a. On October 1, 2010, annual audited financial statements, annual management discussion and analysis and certification of annual filings for the years ended December 31, 2008 and December 31, 2009, together with Form 13-502F1;

    b. On October 1, 2010, interim unaudited financial statements, interim management discussion and analysis, and certification of interim filings for the interim periods ended March 31, 2010 and June 30, 2010;

    c. On October 27, 2010, interim unaudited financial statements, interim management discussion and analysis, and certification of interim filings for the interim period ended September 30, 2010;

    d. On June 29, 2011, amended audited annual financial statements, annual management discussion and analysis and certification of re-filed annual filings for the years ended December 31, 2008 and December 31, 2009;

    e. On June 29, 2011, annual audited financial statements, annual management discussion and analysis and certification of annual filings for the year ended December 31, 2010, together with Form 13-502F1; and

    f. On June 29, 2011, interim unaudited financial statements, interim management discussion and analysis, and certification of interim filings for the interim period ended March 31, 2011.

13. Other than the Cease Trade Orders the Applicant has not previously been subject to any cease trade order.

14. The Applicant has applied to have each of the Cease Trade Orders concurrently revoked.

15. Since the imposition of the Ontario Cease Trade Order, there has been no change in the insiders or controlling shareholders of the Applicant.

16. Other than the Cease Trade Orders, the Applicant is not in default of any requirements of the Act or the rules and regulations made thereunder and has paid all outstanding fees to the Commission, including all applicable activity and participation fees and late filing fees, and has filed all forms associated with such payments.

17. The Applicant is in default of the annual meeting requirements under the CBCA. The Applicant has provided an undertaking to the securities regulatory authorities in the Reporting Jurisdictions to hold an annual general meeting within three months after the date on which this revocation order is granted.

18. Since the issuance of the Ontario Cease Trade Order, material changes in the Applicant's business were disclosed in material change reports filed by the Applicant on December 23, 2010 and October 1, 2010. As of the date of this Order, there are no material facts concerning the Applicant which have not been disclosed to the shareholders of the Applicant and to the Commission.

19. The Applicant is not considering, nor is it involved in any discussion relating to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.

20. The Applicant's profiles on SEDAR and SEDI are up-to-date.

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

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

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

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

DATED this 27th day of July, 2011.

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

2.2.8 Sino-Forest Corporation et al. – 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
SINO-FOREST CORPORATION, ALLEN CHAN, ALBERT IP, ALFRED C.T. HUNG, GEORGE HO AND SIMON YEUNG**

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

WHEREAS on August 26, 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"), subsequently varied by the Commission pursuant to an order under section 144(1) of the Act on the same day (together the "Temporary Order"), with respect to Sino-Forest Corporation ("Sino-Forest"), Allen Chan ("Chan"), Albert Ip ("Ip"), Alfred C.T. Hung ("Hung"), George Ho ("Ho") and Simon Yeung ("Yeung"), (collectively the "Respondents") ordering:

1) pursuant to paragraph 2 of section 127(1) of the Act that all trading in the securities of Sino-Forest shall cease (the "General Cease Trade Order");

2) pursuant to paragraph 2 of section 127(1) of the Act that all trading in securities by Chan, Ip, Hung, Ho and Yeung (collectively, the "Individual Respondents") shall cease (the "Individual Respondents' Cease Trade Order"); and

3) pursuant to section 127(6) of the Act that this order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS on September 8, 2011, the Temporary Order was extended by order of the Commission until January 25, 2012;

AND WHEREAS on September 15, 2011, the Temporary Order was further varied by order of the Commission pursuant to section 144(1) of the Act in the matter of Canadian Derivatives Clearing Corporation (the "CDCC Order") but otherwise remained in effect, unamended except as expressly provided in the CDCC Order;

AND WHEREAS on January 13, 2012, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on January 23, 2012 at 10:00 a.m. at the Commission (the "Notice of Hearing");

AND WHEREAS the Notice of Hearing sets out that the hearing is to consider whether it is in the public interest for the Commission:

1) to extend the Temporary Order, pursuant to sections 127(7) and (8) of the Act, in regard to all trading in the securities of Sino-Forest until April 16, 2012, or until such further time as considered necessary by the Commission;

2) to extend the Temporary Order, pursuant to sections 127(7) and (8) of the Act, in regard to all trading by the Individual Respondents until April 16, 2012, or until such further time as considered necessary by the Commission; and

3) to make such further orders as the Commission considers appropriate;

AND WHEREAS Staff of the Commission ("Staff") has served all counsel to the Respondents with copies of the Notice of Hearing as evidenced by the Affidavit of Sharon Nicolaides, sworn on January 18, 2012, and filed with the Commission;

AND WHEREAS on January 23, 2012, Staff, counsel for Sino-Forest and counsel for Chan appeared before the Commission;

AND WHEREAS on January 23, 2012, counsel for Ip, Hung, Ho and Yeung did not appear before the Commission;

AND WHEREAS counsel for Sino-Forest has advised the Commission that Sino-Forest consents to the extension of the General Cease Trade Order until April 16, 2012;

AND WHEREAS counsel for Chan has advised the Commission that Chan consents to the extension of the Individual Respondents' Cease Trade Order against him until April 16, 2012;

AND WHEREAS counsel for Ip, Hung, Ho and Yeung has advised Staff by email prior to the hearing date to consider whether to extend the Temporary Order that he takes no position on the extension of the Individual Respondents' Cease Trade Order against them until April 16, 2012;

AND WHEREAS Sino-Forest is currently in default of its continuous disclosure requirements under National Instrument 51-102;

AND WHEREAS the Independent Committee of the Board of Directors of Sino-Forest has not released its final report;

AND WHEREAS the lack of disclosure does not provide satisfactory assurance that an orderly market in the securities of Sino-Forest can be maintained;

AND WHEREAS Staff's investigation is on-going;

AND WHEREAS satisfactory information that the Temporary Order should not be extended has not been provided to the Commission pursuant to subsection 127(8) of the Act;

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 April 16, 2012.

DATED at Toronto this 23rd day of January, 2012.

"Mary G. Condon"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Irwin Boock et al.

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

AND

IN THE MATTER OF
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

SETTLEMENT AGREEMENT
BETWEEN STAFF AND STANTON DEFREITAS

PART I – INTRODUCTION

1. By Amended Notice of Hearing dated January 5, 2012, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, 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 orders, as specified therein, against Irwin Boock ("Boock"), Stanton DeFreitas ("DeFreitas"), Jason Wong ("Wong"), Saudia Allie ("Allie"), Alena Dubinsky ("Dubinsky"), Alex Khodjiaints ("Khodjiaints"), Select American Transfer Co., ("Select American"), LeaseSmart, Inc. ("LeaseSmart"); Advanced Growing Systems, Inc. (formerly, The Bighub.com, Inc.) ("Bighub"); NutriOne Corporation ("NutriOne"); International Energy Ltd. ("International Energy"); Pocketop Corporation (formerly, Universal Seismic, Inc.) ("Pocketop"); Asia Telecom Ltd. ("Asia Telecom"); Pharm Control Ltd. ("Pharm Control"); Cambridge Resources Corporation ("Cambridge Resources"); Compushare Transfer Corporation ("Compushare"); WGI Holdings, Inc. ("WGI Holdings"); Federated Purchaser, Inc. ("Federated Purchaser"); First National Entertainment Corporation ("First National"); TCC Industries, Inc. ("TCC Industries"); and Enerbrite Technologies Group Inc. ("Enerbrite"). The Amended Notice of Hearing was issued in connection with the allegations as set out in the Amended Statement of Allegations of Staff of the Commission ("Staff") dated January 4, 2012.

2. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to section 127 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of DeFreitas.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff agree to recommend settlement of the proceeding initiated by the Amended Notice of Hearing dated January 5, 2012 against DeFreitas (the "Proceeding") in accordance with the terms and conditions set out below. DeFreitas consents to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

4. DeFreitas agrees with the facts set out in Part III. To the extent DeFreitas does not have direct personal knowledge of certain facts as described below, DeFreitas believes the facts to be true and accurate.

5. Staff and DeFreitas agree that the facts and admissions set out in Part III and Part IV for the purpose of this settlement are without prejudice to DeFreitas in any other proceedings of any kind including, but without limiting the generality of the foregoing, any other proceedings brought by the Commission under the Securities Act (subject to paragraph 34 below) or any civil or other proceedings currently pending or which may be brought by any other person, corporation or agency (subject to paragraph 32 below). Nothing in this settlement agreement is intended to be an admission of civil or criminal liability by DeFreitas to any person or company; such liability is expressly denied by DeFreitas.

6. Select American is a Delaware corporation that was established by Boock in April 2005 with the assistance of DeFreitas and Wong. Select American was operated as a transfer agent by DeFreitas and with the active involvement and oversight of Boock and Wong, using nominees until April 2007 when it was sold and underwent a name change to Fairross Transfer Agent, which never carried on business. Select American was the subject of a cease trade order issued by the Commission on May 18, 2007.

7. By virtue of the corporate hijacking scheme described herein, the following entities were created in the U.S., the securities of which were fraudulently quoted for trading on the Pink Sheets LLC in the over-the-counter securities market in the U.S.:

(a) LeaseSmart, Inc.;

(b) Advanced Growing Systems, Inc. (formerly, The Bighub.com, Inc.);

(c) NutriOne Corporation;

(d) International Energy Ltd.;

(e) Pocketop Corporation (formerly, Universal Seismic, Inc.);

(f) Asia Telecom Ltd.;

(g) Pharm Control Ltd.; and

(h) Cambridge Resources Corporation.

(collectively, the “Issuers”).

8. Select American acted as the transfer agent to the Issuers and was the primary vehicle through which the corporate hijackings and share issuances were carried out.

i) THE FRAUDULENT SECURITIES SCHEME

A. Corporate Hijacking

9. The corporate hijacking scheme used to perpetrate securities fraud with respect to the Issuer Respondents was carried out in the following manner:

(a) Corporate documents were filed with the relevant Secretary of State in the U.S. (either Delaware, Nevada, California or Florida) to incorporate a company with the same name as a defunct public issuer. Typically, the directors, officers and registered agents listed on the corporate documents were either fictitious identities or nominees and the purported corporate addresses for the newly created entities would be mailbox locations obtained through UPS or other virtual mailbox providers or nominee addresses;

(b) Shortly thereafter, amendment documents were filed with the relevant Secretary of State to effect a name change of the newly created entity and a consolidation of the company’s shares in the form of a reverse stock split;

(c) Subsequently, steps were taken to obtain a new CUSIP number (a unique identifier for most issued securities which appears on the face of the security) for the renamed, newly created entity as if it was the successor company to the defunct public issuer; and

(d) Documents containing false representations were then filed by the transfer agent with NASDAQ to obtain a new trading symbol for the renamed company and to effect the reverse stock split of the company’s shares thereby minimizing the share capital of the legitimate shareholders.

B. Select American Transfer Co.

10. DeFreitas, Boock and Wong were involved in the creation of Select American. Between April and August 2005, DeFreitas and Wong operated Select American jointly and were the directing minds of Select American with Boock providing material advice on a number of matters including how to run the company and Boock primarily working on the hijacking of defunct corporate entities for illegal purposes.

11. Between April 2005 and July 2005, Boock, with assistance from DeFreitas and Wong, usurped the corporate identity of a number of defunct public issuers using the corporate hijacking scheme described above, including but not limited to LeaseSmart, Bighub, NutriOne and International Energy.

12. Following its incorporation, Select American was used by Boock, DeFreitas and Wong as the transfer agent to these entities to obtain quotations for trading on the Pink Sheets as if they were the successors of the legitimate defunct public issuers whose identities had been hijacked and, further, caused the companies to issue fraudulent shares.

13. In or around August 2005, Wong ceased to be openly involved in the daily operations of Select American. Following Wong's departure, DeFreitas, with the continued involvement and oversight of Boock, continued to operate Select American using nominees.

14. Following Wong's departure, Boock with assistance from DeFreitas created additional fraudulent shell companies for which Select American acted as the transfer agent, including but not limited to Pocketop, Asia Telecom, Pharm Control and Cambridge Resources.

15. In certain cases, DeFreitas, on the instructions of Boock, caused these companies to issue false or promotional press releases as a means of creating a market for the fraudulent shares.

16. Boock and DeFreitas also sold some of the shell companies to third parties who were seeking to "go public" by way of a reverse takeover or reverse merger with an existing privately-held company. More particularly, DeFreitas sold predecessor shells of NutriOne and Cambridge Resources to third parties in Montreal and Boock sold predecessor shells of International Energy to a third party in Florida and Pharm Control to a third party in Ontario.

C. Cease Trade of Select American

17. In or around April 2007, DeFreitas, on the instructions of Boock, caused Select American to be sold to a third party in Montreal. Shortly thereafter, on or around May 18, 2007, the Commission issued temporary cease trade orders in respect of Select American and others, including DeFreitas and the Issuers identified above for which Select American was the transfer agent. Following the cease trade orders, Select American and its successor company Fairross Stock Transfer ceased operations.

D. Trading by DeFreitas – The Franklin Ross Accounts

18. Between November 2006 and May 2007, DeFreitas opened approximately 48 nominee accounts at Franklin Ross, a brokerage firm in the U.S. DeFreitas opened and operated the accounts as a "foreign affiliate" to the firm (the "Franklin Ross Accounts"). DeFreitas was introduced to Franklin Ross by Wong.

19. A number of the Franklin Ross Accounts were opened by DeFreitas solely for the purpose of trading in securities of companies for which Select American was the transfer agent.

20. In at least 23 of the 48 Franklin Ross Accounts, DeFreitas engaged in a wholesale liquidation of fraudulent securities in LeaseSmart, Bighub, International Energy, NutriOne, Pocketop, Asia Telecom, Pharm Control and Cambridge Resources as well as others for which Select American was the transfer agent.

21. The proceeds of trading from these 23 accounts totalled over USD $750,000 in 2006 and over USD $2.3 million in 2007. All of the trading proceeds were transferred to similar nominee bank accounts in Ontario that were controlled by DeFreitas. The money was further transferred to various accounts including four TD Canada Trust accounts held under the name of DeFreitas and Associates in Trust, and a Credit Suisse account held under the name of Deffan Financial Inc. DeFreitas had access to all the accounts.

E. Trading by DeFreitas and Boock – The Scottrade Account

22. In January 2007, using a relative of DeFreitas, Boock and DeFreitas arranged for the opening of a corporate trading account at Scottrade, a retail brokerage firm in the U.S. that offers discount brokerage services online, in order to trade

additional securities (the "Scottrade Account"). The Scottrade Account was opened in the name of For Better Living Inc., a company created by Boock using at least one alias.

23. In February and March 2007, DeFreitas and Boock, caused share certificates representing millions of fraudulent shares in International Energy, Asia Telecom, Pharm Control and Universe Seismic to be issued by the respective entities and to be deposited to the Scottrade Account by DeFreitas' relative. Using the online trading services of Scottrade, Boock sold these fraudulently issued shares from Ontario between February and October 2007. IP addresses for login sessions to this account verify that almost all trading in the Scottrade account originated from Boock's home address.

24. In July 2007, Boock instructed DeFreitas to arrange a wire transfer of approximately $120,000 of the proceeds of the trading in the Scottrade Account ("Scottrade proceeds") to be transferred to Ontario to a third party account.

PART IV – CONDUCT CONTRARY TO THE ACT AND CONTRARY TO THE PUBLIC INTEREST

25. DeFreitas, by his involvement in the securities scheme described above, engaged in acts, practices or courses of conduct relating to securities that he knew or reasonably ought to have known: 1) resulted in or contributed to a misleading appearance of trading activity in, or an artificial price for, the securities contrary to subsection 126.1(a) of the Act and; 2) perpetrated a fraud on persons or companies contrary to subsection 126.1(b) of the Act.

26. DeFreitas admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in paragraph 25 above.

PART V – SECURITIES AND EXCHANGE COMMISSION PROCEEDINGS

27. On September 29, 2009, the Securities and Exchange Commission of the United States ("SEC") initiated an action in the United States District Court for the Southern District of New York ("NY District Court") naming DeFreitas, Boock, Wong and two others as defendants (the "SEC action") which alleged breaches of U.S. federal securities laws. The conduct underlying the alleged breaches also forms the basis of the Statement of Allegations issued by Staff in this proceeding.

28. DeFreitas cooperated with the SEC, providing them with sworn testimony and documents. On March 26, 2010, the NY District Court entered a default judgment against DeFreitas and Boock. A motion by the SEC for summary judgment against Wong was granted on August 25, 2011 and a reconsideration of the summary judgment was dismissed on November 9, 2011. A proceeding to determine the amount of the disgorgement to be required of Wong, Boock and DeFreitas is pending (the "SEC disgorgement proceedings"). The SEC is seeking a disgorgement order in excess of $2.4 million dollars against DeFreitas.

PART VI – TERMS OF SETTLEMENT

29. DeFreitas agrees to the following terms of settlement and to the Order attached hereto:

(a) the Settlement Agreement is approved;

(b) DeFreitas will cooperate with Staff in its investigation including testifying as a witness for Staff in any proceedings commenced by Staff or the Commission;

(c) trading in any securities by DeFreitas cease for a period of fifteen (15) years from the date of the approval of the Settlement Agreement;

(d) the acquisition of any securities by DeFreitas is prohibited for a period of fifteen (15) years from the date of the approval of the Settlement Agreement;

(e) any exemptions contained in Ontario securities law do not apply to DeFreitas for a period of fifteen (15) years from the date of the approval of the Settlement Agreement;

(f) DeFreitas is reprimanded;

(g) DeFreitas is prohibited for a period of fifteen (15) years from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(h) DeFreitas is prohibited for a period of fifteen (15) years from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(i) DeFreitas shall pay an administrative penalty in the amount of $70,000 for his failure to comply with Ontario securities law; and

(j) DeFreitas shall disgorge to the Commission an amount obtained as a result of his non-compliance with Ontario securities law in the amount of $70,000;

(k) In regard to the payments ordered above, DeFreitas agrees to make a payment of $100,000 when the Commission approves this Settlement Agreement. DeFreitas further agrees to pay at least $4,000 during each successive six (6) month period following the date of approval of the Settlement Agreement until the entire amount ordered above in paragraphs (i) and (j) is paid in full;

(l) After the payments set out in paragraphs 29 (i) and (j), are made in full, as an exception to the provisions of paragraphs 29 (c), (d) and (e), DeFreitas is permitted to trade in or acquire securities in his personal registered retirement savings plan ("RRSP") accounts and/or tax-free savings accounts ("TFSA") and/or for any registered education savings plan ("RESP") accounts for which he is the or a sponsor; and

(m) Until the entire amount of the payments set out in paragraphs 29 (i) and (j) is paid in full, the provisions of paragraphs 29 (c), (d) and (e) shall continue in force without any limitation as to time period.

30. Any amounts paid to the Commission under the disgorgement and administrative penalty orders in this matter shall be allocated to or for the benefit of third parties other than DeFreitas, including investors who lost money as a result of investing in the Issuers, in accordance with subsection 3.4(2)(b) of the Act.

31. DeFreitas undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in sub-paragraphs 29 (c) to (h) above.

PART VI – STAFF COMMITMENT

32. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against DeFreitas in relation to the facts set out in Part III herein, subject to the provisions of paragraph 34 below.

33. If this Settlement Agreement is approved by the Commission, and at any subsequent time DeFreitas fails to comply with any of the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against DeFreitas based on, but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

34. 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 DeFreitas for the scheduling of the hearing to consider the Settlement Agreement.

35. Staff and DeFreitas agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding DeFreitas' conduct in this matter, unless the parties agree that further facts should be submitted at the settlement hearing.

36. If this Settlement Agreement is approved by the Commission, DeFreitas agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

37. If this Settlement Agreement is approved by the Commission, neither Staff nor DeFreitas will make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

38. Whether or not this Settlement Agreement is approved by the Commission, DeFreitas agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

39. 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 DeFreitas leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and DeFreitas; and

(b) Staff and DeFreitas 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.

40. 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 DeFreitas and Staff or as may be required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

41. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.

42. A facsimile copy of any signature will be as effective as an original signature.

Dated this 19th day of January, 2012.

Signed in the presence of:

"E. Costa"
Witness:

"Stanton DeFreitas"
Stanton DeFreitas

Dated this 19th day of January, 2012

"Karen Manarin"
STAFF OF THE ONTARIO SECURITIES COMMISSION
per Tom Atkinson
Director, Enforcement Branch

Dated this 19th day of January, 2012

SCHEDULE "A"

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

AND

**IN THE MATTER OF
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**

AND

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
STANTON DEFREITAS**

**ORDER
(Section 127(1))**

WHEREAS by Amended Notice of Hearing dated January 5, 2012, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, 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 orders, as specified therein, against Irwin Boock ("Boock"); Stanton DeFreitas ("DeFreitas"); Jason Wong ("Wong"); Saudia Allie ("Allie"); Alena Dubinsky ("Dubinsky"); Alex Khodjiaints ("Khodjiaints"); Select American Transfer Co., ("Select American"); LeaseSmart, Inc. ("LeaseSmart"); Advanced Growing Systems, Inc. (formerly, The Bighub.com, Inc.) ("Bighub"); NutriOne Corporation ("NutriOne"); International Energy Ltd. ("International Energy"); Pocketop Corporation (formerly, Universal Seismic, Inc.) ("Pocketop"); Asia Telecom Ltd. ("Asia Telecom"); Pharm Control Ltd. ("Pharm Control"); Cambridge Resources Corporation ("Cambridge Resources"); Compushare Transfer Corporation ("Compushare"); WGI Holdings, Inc. ("WGI Holdings"); Federated Purchaser, Inc. ("Federated Purchaser"); First National Entertainment Corporation ("First National"); TCC Industries, Inc. ("TCC Industries"); and Enerbrite Technologies Group Inc. ("Enerbrite"). The Amended Notice of Hearing was issued in connection with the allegations as set out in the Amended Statement of Allegations of Staff of the Commission ("Staff") dated January 4, 2012;

AND WHEREAS DeFreitas entered into a settlement agreement with Staff dated January 18, 2012 (the "Settlement Agreement") in which DeFreitas agreed to a proposed settlement of the proceeding commenced by the Amended Notice of Hearing dated January 5, 2012, subject to the approval of the Commission;

WHEREAS on January 18, 2012, the Commission issued a Notice of Hearing pursuant to section 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 DeFreitas;

AND UPON reviewing the Settlement Agreement, the Amended Notice of Hearing, and the Amended Statement of Allegations of Staff, and upon hearing submissions from counsel for DeFreitas and from Staff;

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 DeFreitas cease for a period of fifteen (15) years from the date of the approval of the Settlement Agreement;

(c) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by DeFreitas is prohibited for a period of fifteen (15) years from the date of the approval of the Settlement Agreement;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to DeFreitas for a period of fifteen (15) years from the date of the approval of the Settlement Agreement;

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

(f) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, DeFreitas is prohibited for a period of fifteen (15) years from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(g) pursuant to clause 8.5 of subsection 127(1) of the Act, DeFreitas is prohibited for a period of fifteen (15) 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;

(h) pursuant to clause 9 of subsection 127(1) of the Act, DeFreitas shall pay an administrative penalty in the amount of $70,000 for his failure to comply with Ontario securities law;

(i) pursuant to clause 10 of subsection 127(1), DeFreitas shall disgorge to the Commission $70,000 obtained as a result of his non-compliance with Ontario securities law;

(j) In regard to the payments ordered above, DeFreitas shall make a payment of $100,000 when the Commission approves this Settlement Agreement. DeFreitas further shall pay at least $4,000 during each successive six (6) month period following the date of approval of the Settlement Agreement until the entire amount ordered above in paragraphs (h) and (i) is paid in full;

(k) After the payments set out in paragraphs (h) and (i) are made in full, as an exception to the provisions of paragraphs (b), (c) and (d), DeFreitas is permitted to trade in or acquire securities in his personal registered retirement savings plan ("RRSP") accounts and/or tax-free savings accounts ("TFSA") and/or for any registered education savings plan ("RESP") accounts for which he is the or a sponsor;

(l) The payments ordered in paragraphs (h) and (i) shall be for allocation to or for the benefit of third parties other than DeFreitas, including investors who lost money as a result of investing in LeaseSmart, Inc., Advanced Growing Systems, Inc. (formerly, The Bighub.com, Inc.), NutriOne Corporation, International Energy Ltd., Pocketop Corporation (formerly, Universal Seismic, Inc.), Asia Telecom Ltd., Pharm Control Ltd. and Cambridge Resources Corporation, in accordance with subsection 3.4(2)(b) of the Act; and

(m) Until the entire amount of the payments set out in paragraphs (h) and (i) is paid in full, the provisions of paragraphs (b), (c) and (d) shall continue in force without any limitation as to time period.

DATED at Toronto this _____ day of January ___, 2012.

_____

3.1.2 Global Energy Group, Ltd. et al.

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

AND

**IN THE MATTER OF
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**

**SETTLEMENT AGREEMENT
BETWEEN STAFF AND ELLIOT FEDER**

PART I – INTRODUCTION

1. By Notice of Hearing dated June 8, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on June 14, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against Global Energy Group, Ltd. ("Global Energy") and New Gold Limited Partnerships ("New Gold"), Christina Harper ("Harper"), Vadim Tsatskin ("Tsatskin"), Michael Schaumer ("Schaumer"), Elliot Feder ("Feder"), Oded Pasternak ("Pasternak"), Alan Silverstein ("Silverstein"), Herbert Groberman ("Groberman"), Allan Walker ("Walker"), Peter Robinson ("Robinson"), Vyacheslav Brikman ("Brikman"), Nikola Bajovski ("Bajovski"), Bruce Cohen ("Cohen") and Andrew Shiff ("Shiff"), (collectively the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated June 8, 2010.

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 127 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of Feder.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated June 8, 2010 against Feder (the "Proceeding") in accordance with the terms and conditions set out below. Feder consents to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

Background Regarding Global Energy

4. Global Energy and New Gold have never been registered with the Commission in any capacity.

5. The primary business of Global Energy was selling the securities of New Gold (the "New Gold securities") to members of the public through its salespersons operating from offices in the Toronto area (the "Ontario Offices"). The New Gold securities purported to entitle the purchaser to an interest in oil wells in the State of Kentucky in the United States of America.

6. Global Energy was purportedly based in and operated from the Bahamas. The partnerships underlying the New Gold securities were purportedly registered in Kentucky and/or the Bahamas.

7. The other operating office of Global Energy was located in Lexington, Kentucky and operated by a lawyer named Bryan Coffman.

8. Members of the public could buy full units of New Gold for $49,000 as well as quarter-units and half-units from salespersons affiliated with Global Energy.

9. New Gold has never filed a prospectus with the Commission with respect to the New Gold securities. There was no exemption under the Act that permitted the trading of these securities.

10. The trading of the New Gold securities occurred during the period from approximately June of 2007 up to and including June 25, 2008 (the "Material Time"). Tsatskin and Harper supervised and directed the sale of the New Gold securities by Feder and other persons affiliated with Global Energy from the Ontario Offices.

11. Approximately $14.75 million (U.S.) was raised from the sale of the New Gold securities to approximately 200 members of the public (the "New Gold Investors") as a result of the activities of salespersons, representatives or agents of Global Energy, including Feder.

12. The sale of the New Gold securities has also been the subject of an investigation by the United States Attorney General and securities regulatory authorities in the State of Kentucky.

Trading in New Gold Securities by Feder

13. From approximately October of 2007 up to approximately May of 2008, Feder, a resident of Ontario, sold the New Gold securities to members of the public from the Ontario Offices under the direction and supervision of Tsatskin and Harper.

14. Feder was provided a script by Harper about the New Gold securities to assist him in his sales of these securities to members of the public.

15. Using the alias Mark Roberts, Feder then telephoned members of the public across Canada for the purpose of selling New Gold securities. Using scripts and other information supplied by Harper, Feder told these members of the public that New Gold was an oil investment and that it consisted of ownership of oil wells located in Kentucky. He also informed investors that he was calling from Kentucky when in fact he was calling from Ontario.

16. As part of his sales pitch, Feder provided members of the public with false and incomplete information about the oil production of the assets of the New Gold partnerships. Brochures about New Gold, provided by Global Energy, were also forwarded by Feder to persons that he contacted.

17. Feder would receive a sales commission from his sales of the New Gold securities. Feder was paid his commissions by cheques drawn on an account in the name of GVC Marketing Inc. ("GVC"). GVC is a company controlled by Tsatskin.

18. During the Material Time, Feder sold approximately $1,400,000 worth of New Gold securities to investors in Canada.

19. Feder received a total of approximately $230,447 in commissions in relation to the sale of New Gold securities. These payments were made by Tsatskin to Feder through two corporations Feder controlled: Divine Jewellery Corp. and Salvatore Sculptures and Collectibles Inc.

20. Feder was not registered with the Commission in any capacity during the Material Time.

PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST

21. By engaging in the conduct described above, Feder admits and acknowledges that he contravened Ontario securities law during the Material Time in the following ways:

(a) During the Material Time, Feder traded in securities without being registered to trade in securities, contrary to section 25(1)(a) of the Act and contrary to the public interest; and

(b) During the Material Time, Feder traded New Gold securities when a preliminary prospectus and a prospectus in respect of such securities had not been filed and receipts had not been issued for them by the Director, contrary to section 53(1) of the Act and contrary to the public interest;

22. Feder admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 21 (a) and (b).

PART V – TERMS OF SETTLEMENT

23. Feder agrees to the terms of settlement listed below.

24. 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 Feder cease permanently with the exception that Feder is permitted to contact the existing shareholders of (i) Genesis Rare Diamonds (Ontario) Ltd. (ii) Kimberlite Diamond Corporation (iii) Genesis Rare Diamonds (U.K.) Ltd. and (iv) their subsidiaries, none of which is a reporting issuer, or their counsel and to discuss/explore the potential for the sale of Feder's shares in those corporations to any or all of their existing shareholders and/or the purchase of Feder's shares in those corporations by the respective corporations for cancellation, provided that Feder's shares are not actually sold and/or purchased without Feder first obtaining a further exemption/order from the Commission that permits such sale(s) and/or purchase(s);

(c) the acquisition of any securities by Feder is prohibited permanently from the date of the approval of the Settlement Agreement with the exception that Feder is permitted to acquire securities in private companies (as defined in the Act) through which he carries on business, provided he is the sole shareholder and the companies do not engage in any distribution of securities of the public;

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

(e) Feder is prohibited permanently 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;

(f) Feder is prohibited permanently 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;

(g) Feder shall disgorge to the Commission the amount of $230,447 obtained as a result of his non-compliance with Ontario securities law to be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing New Gold securities, in accordance with subsection 3.4(2)(b) of the Act;

(h) Feder shall pay an administrative penalty in the amount of $230,447 for his failure to comply with Ontario securities law to be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing New Gold securities, in accordance with subsection 3.4(2)(b) of the Act;

(i) Feder is prohibited permanently, 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; and

(j) Notwithstanding the provisions of paragraph 24 herein, once Feder has fully satisfied the terms of sub-paragraphs (g) and (h) above, Feder 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.

25. Feder undertakes to consent to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in sub-paragraphs 24. (b) to (f) and (i) above.

PART VI – STAFF COMMITMENT

26. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Feder in relation to the facts set out in Part III herein, subject to the provisions of paragraph 27 below.

27. If this Settlement Agreement is approved by the Commission, and at any subsequent time Feder fails to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Feder based on, but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

28. 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 Feder for the scheduling of the hearing to consider the Settlement Agreement.

29. Staff and Feder agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding Feder's conduct in this matter, unless the parties agree that further facts should be submitted at the settlement hearing.

30. If this Settlement Agreement is approved by the Commission, Feder agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

31. If this Settlement Agreement is approved by the Commission, neither party will make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

32. Whether or not this Settlement Agreement is approved by the Commission, Feder agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

33. 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 Feder leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and Feder; and

(b) Staff and Feder 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.

34. 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 Feder and Staff or as may be required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

35. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement

36. A facsimile copy of any signature will be as effective as an original signature.

Dated this 18th day of January, 2012.

Signed in the presence of:

"John Longo"
Witness:

"Elliot Feder"
Elliot Feder

Dated this 18th day of January, 2012

"Tom Atkinson"
STAFF OF THE ONTARIO SECURITIES COMMISSION
per Tom Atkinson
Director, Enforcement Branch

Dated this 19th day of January, 2012

SCHEDULE "A"

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

AND

**IN THE MATTER OF
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**

AND

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
ELLIOT FEDER**

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

WHEREAS by Notice of Hearing dated June 8, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on June 14, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against Global Energy Group, Ltd., New Gold Limited Partnerships ("New Gold"), Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder ("Feder"), Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff. The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated June 8, 2010;

AND WHEREAS Feder entered into a settlement agreement with Staff dated _____ _____, 2011 (the "Settlement Agreement") in which Feder agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated June 8, 2010, subject to the approval of the Commission;

WHEREAS on _____ _____, 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 Feder;

AND UPON reviewing the Settlement Agreement, the Notices of Hearing, and the Statement of Allegations of Staff, and upon hearing submissions from counsel for Feder and from Staff;

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 Feder cease permanently with the exception that Feder is permitted to contact the existing shareholders of (i) Genesis Rare Diamonds (Ontario) Ltd. (ii) Kimberlite Diamond Corporation (iii) Genesis Rare Diamonds (U.K.) Ltd. and (iv) their subsidiaries, none of which is a reporting issuer, or their counsel and to discuss/explore the potential for the sale of Feder's shares in those corporations to any or all of their existing shareholders and/or the purchase of Feder's shares in those corporations by the respective corporations for cancellation, provided that Feder's shares are not actually sold and/or purchased without Feder first obtaining a further exemption/order from the Commission that permits such sale(s) and/or purchase(s);

(c) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Feder is prohibited permanently from the date of the approval of the Settlement Agreement with the exception that Feder is permitted to acquire securities in private companies (as defined in the Act) through which he carries on business, provided he is the sole shareholder and the companies do not engage in any distribution of securities of the public;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Feder permanently;

(e) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Feder is prohibited permanently 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;

(f) pursuant to clause 8.5 of subsection 127(1) of the Act, Feder is prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(g) pursuant to clause 9 of subsection 127(1) of the Act, Feder shall pay an administrative penalty in the amount of $230,447 for his failure to comply with Ontario securities law to be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of New Gold, in accordance with subsection 3.4(2)(b) of the Act;

(h) pursuant to clause 10 of subsection 127(1) of the Act, Feder shall disgorge to the Commission the amount of $230,447 obtained as a result of his non-compliance with Ontario securities law to be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of New Gold, in accordance with subsection 3.4(2)(b) of the Act;

(i) pursuant to subsection 37(1) of the Act, Feder is prohibited permanently 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; and

(j) Notwithstanding the provisions of this Order, once Feder has fully satisfied the terms of sub-paragraphs (g) and (h) above, Feder 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.

DATED AT TORONTO this _____ day of _____, 2012.

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

THERE ARE NO ITEMS FOR THIS WEEK.

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
Pacrim International Capital Inc.	30 Dec 11	11 Jan 12	11 Jan 12		

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Chapter 5

Rules and Policies

5.1.1 NI 25-101 Designated Rating Organizations, Related Policies and Consequential Amendments

CSA NOTICE

NATIONAL INSTRUMENT 25-101
DESIGNATED RATING ORGANIZATIONS

RELATED POLICIES AND CONSEQUENTIAL AMENDMENTS

1. Purpose of Notice

We, the members of the Canadian Securities Administrators (**CSA**), are adopting National Instrument 25-101 *Designated Rating Organizations* (the **Instrument**), related policies and related consequential amendments. The Instrument will impose requirements on those credit rating agencies or organizations (**CROs**) that wish to have their credit ratings eligible for use in securities legislation.

Specifically, we are adopting the materials included in the following annexes:

- the Instrument (Annex B),
- Consequential amendments to National Instrument 41-101 *General Prospectus Requirements* (Annex C),
- Consequential amendments to National Instrument 44-101 *Short Form Prospectus Distributions* (Annex D),
- Consequential amendments to National Instrument 51-102 *Continuous Disclosure Obligations* (Annex E), and
- National Policy 11-205 *Process for Designation of Credit Rating Organizations in Multiple Jurisdictions* **(NP 11-205**) (Annex F).

The Instrument, the consequential amendments and NP 11-205 are collectively referred to as the **Materials**.

Jurisdictions that are a party to Multilateral Instrument 11-102 *Passport System* (currently all jurisdictions except Ontario) are also publishing amendments to that instrument and companion policy that permit the use of the passport system for designation applications by CROs and exemptive relief applications by designated rating organizations. As Ontario is not a party to Multilateral Instrument 11-102, these amendments will not be published in Ontario.

The Materials are also available on the websites of CSA members, including the following:

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

In some jurisdictions, Ministerial approvals are required for the implementation of the Materials. Subject to obtaining all necessary approvals, the Materials will come into force on **April 20, 2012**.

2. Substance and Purpose of the Instrument

CROs play a significant role in the credit markets, and ratings issued by CROs continue to be referred to within securities legislation. However, CROs are not currently subject to formal securities regulatory oversight in Canada. As a result, we think it is appropriate to develop a securities regulatory regime for CROs that is consistent with international standards and developments. The Instrument, together with the related legislative amendments (described below), are intended to implement an appropriate Canadian regulatory regime for CROs.

We initially published for comment the Instrument, related policies and consequential amendments on July 16, 2010 (the **2010 Proposal**). The 2010 Proposal would have required that a designated rating organization establish, maintain and ensure compliance with a code of conduct that complies with each provision of the IOSCO *Code of Conduct Fundamentals for Credit Rating Agencies* (the **IOSCO Code**). However, in the spirit of the IOSCO Code, the 2010 Proposal would have also permitted a designated rating organization to deviate from a provision or provisions of the IOSCO Code in certain circumstances; this was referred to as a "comply or explain" model.

The European Union has implemented a regulatory framework for CROs in the form of *Regulation (EC) No 1060/2009 on credit rating agencies* (the **EU Regulation**). The EU Regulation contains some provisions that are also found in the IOSCO Code but that are now legally binding. A registration procedure has thus been introduced to enable the European Commission to monitor the activities of CROs. For recognizing the ratings issued by CROs outside of the European Union, the European Commission must make a decision confirming that the standards of regulation in a non-European country are "equivalent" to the EU Regulation.

In connection with the endorsement and certification provisions in articles 4 and 5 of the EU Regulation, staff of the European Security Markets Authority have been assessing whether the proposed Canadian regulatory framework applicable to CROs is "equivalent" to the EU Regulation. The failure to obtain an equivalency determination from the European Commission, and the consequent inability of a CRO that issues ratings in Canada to rely on the endorsement or certification models in the EU Regulation, would have a negative impact on such CROs. The issuers that such CROs rate might also be negatively impacted to the extent those ratings are used for regulatory purposes in the European Union.

To be consistent with developing international standards and to facilitate a positive equivalency determination from the European Commission, we republished for comment the Instrument, related policies and consequential amendments on March 18, 2011 (the **2011 Proposal**). The 2011 Proposal departed from the "comply or explain" model and required designated rating organizations to establish, maintain and comply with a code of conduct that incorporates a list of provisions set out in Appendix A of the Instrument. These provisions are based substantially on the IOSCO Code and have been supplemented and modified to meet developing international standards and to clarify the conduct we expect of designated rating organizations.

Unless a designated credit rating organization obtains exemptive relief, its code of conduct would not be permitted to deviate from the provisions enumerated in the Instrument.

3. Summary of Key Changes Made to the Instrument

We have made some revisions to the 2011 Proposal, including minor drafting changes made only for the purposes of clarification or in response to comments received. The paragraphs below describe the key changes made to the 2011 Proposal. As the changes are not considered material, we are not republishing the Instrument for a further comment period.

— Application of the Instrument to DRO Affiliates Outside of Canada

The 2011 Proposal clarified that CROs applying to be designated rating organizations (**DROs**) pursuant to the Instrument will have to ensure that the application for designation is made by the entity or entities that want to have their credit ratings used in Canada. A number of commenters have expressed concern that the 2011 Proposal could be read to constitute an attempt to apply the Canadian regime extra-territorially. Commenters also asked whether it is necessary or efficient for the Canadian regulatory regime to extend to non-Canadian CRO affiliates of DROs when a number of these affiliates are already, or likely will become, subject to regulatory oversight in other jurisdictions.

While we do not think that the 2011 Proposal would, at law, have resulted in extra-territorial application of the Instrument, we have nonetheless amended the Instrument so that it clearly applies on only a local level. This has primarily been achieved through the adoption of the definition of **DRO affiliate**. Section 1 of the Instrument now provides that a DRO affiliate is

> *an affiliate of a designated rating organization that issues credit ratings in a foreign jurisdiction and that has been designated as a DRO affiliate under the terms of the designated rating organization's designation.*

A DRO affiliate is not required to comply with all of the Instrument, although where appropriate, references to a DRO affiliate are included in the Instrument and the prescribed code of conduct provisions in Appendix A to the Instrument.

The suitability of an affiliate to be designated as a "DRO affiliate" under a designation order of a CRO will be determined on a case-by-case basis at the time of designation. A CRO applying for a designation should provide the name of each affiliate proposed as a DRO affiliate, the jurisdiction of incorporation, or equivalent, and the address of the principal place of business of such affiliate.

In determining whether a CRO in a foreign jurisdiction should be designated as a DRO affiliate, we will consider the legal and supervisory framework of the foreign jurisdiction, including whether the CRO is authorized or registered in that foreign jurisdiction and whether the CRO is subject to effective supervision and enforcement. We may also consider the ability of the competent regulatory authority of the foreign jurisdiction to assess and monitor the compliance of the CRO established in the foreign jurisdiction.

Future consequential amendments (see below) will provide that a designated rating is a rating that is provided by either a designated rating organization or its DRO affiliate.

4. Legislative Amendments

To make the Instrument as a rule and fully implement the regulatory regime it contemplates, certain amendments to local securities legislation are required. In addition to rule-making authority, changes to the local securities legislation may include:

- the power to designate a CRO under the legislation,
- the power to conduct compliance reviews of a CRO, and to require a CRO to provide the securities regulatory authority with access to relevant books, information and documents,
- the power to make an order that a CRO submit to a review of its practices and procedures, where such an order is considered to be in the public interest, and
- confirmation that the securities regulatory authorities may not direct or regulate the content of credit ratings or the methodologies used to determine credit ratings.

In Québec, Ontario, Alberta, British Columbia, Manitoba, New Brunswick and Nova Scotia the enabling legislation is either already in force or awaiting proclamation. In Saskatchewan, the enabling legislation will be proclaimed later in the Spring.

5. NP 11-205

NP 11-205 contained in Annex F describes the process for the filing and review of an application to become a designated rating organization in more than one jurisdiction of Canada.

6. Consequential Amendments

We are also adopting related consequential amendments to the following:

- National Instrument 41-101 *General Prospectus Requirements*,
- National Instrument 44-101 *Short Form Prospectus Distributions*, and
- National Instrument 51-102 *Continuous Disclosure Obligations*.

These related consequential amendments are contained in Annexes C, D & E and will require issuers to more fully describe their relationship with CROs..

7. Future Consequential Amendments

Following the implementation of the Instrument and the application for designation by interested CROs, we propose to make further consequential amendments to our rules to reflect the new regime.

Among other things, these amendments will replace existing references to "approved rating organization" and "approved credit rating organization" with "designated rating organization". Similar changes will also be made to the term "approved rating".

8. Civil Liability

Certain international jurisdictions have either adopted or are considering adopting changes to their securities legislation to impose greater civil liability upon CROs.

In the U.S., the *Dodd-Frank Wall Street Reform and Consumer Protection Act* repealed an exemption which exempted an NRSRO from having to provide a consent if its ratings were included in a registration statement.

Since the repeal of the U.S. exemption, we understand that NRSROs have refused to provide their consent to their ratings being included in a registration statement. In the case of Regulation AB, which requires ratings disclosure in a registration statement relating to an offering of asset-backed securities, the U.S. Securities and Exchange Commission (**SEC**) has issued a "no-action" letter exempting asset-backed issuers from the disclosure requirement. As a result, the repeal of the exemption in the U.S. has not resulted in CROs being exposed to additional liability.

Similarly, the Australian Securities and Investments Commission (**ASIC**) withdrew relief that allowed issuers of investment products to cite credit ratings without the consent of CROs. CROs have responded to ASIC's decision by refusing to consent, with the result that retail investors cannot access credit ratings in Australia.

In Canada, similar changes would involve revoking those provisions of securities legislation that provide a "carve-out" from the consent requirements for expertized portions of a prospectus or secondary market disclosure document. We are not at this time proposing such changes because we do not think that the benefits of subjecting designated rating organizations to "expert" liability in Canada would outweigh the potential costs. Unlike the U.S. and Australia, we require specified disclosure in prospectuses and annual information forms if a credit rating has been sought or if the issuer is aware that one has or will be issued.

On November 15, 2011, the European Commission published for comment a draft amendment to the EU Regulation in relation to the civil liability of CROs towards investors. This amendment would render a CRO liable in circumstances where it infringes, whether intentionally or with gross negligence, the EU Regulation, thereby causing damage to an investor having relied on a credit rating of such CRO, provided the infringement in question affected the credit rating.

We will continue to monitor developments in the U.S. and other jurisdictions and will assess methods of increasing CRO accountability.

9. Written Comments

The comment period for the 2011 Proposal expired on May 17, 2011 and we received submissions from four commenters. We have considered these comments and we thank all the commenters. A list of the four commenters and a summary of their comments, together with our responses, are contained in Annex A.

10. Local Notices

Certain jurisdictions are publishing other information required by local securities legislation. In Ontario this information is contained in Annex G.

11. Questions

If you have any questions, please refer them to any of the following:

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January 27, 2012

ANNEX A

SUMMARY OF COMMENTS AND RESPONSES ON NOTICE AND REQUEST FOR COMMENT – PROPOSED NATIONAL INSTRUMENT 25-101 *DESIGNATED RATING ORGANIZATIONS*, RELATED POLICIES AND CONSEQUENTIAL AMENDMENTS PUBLISHED MARCH 18, 2011

This annex summarizes the written public comments we received on the 2011 Proposal. It also sets out our responses to those comments.

List of Parties Commenting on the 2011 Proposal

- Fitch Ratings
- Moody's Investors Service
- McGraw-Hill Companies (Canada) Corp. (S&P Canada)
- DBRS

General Comments

One commenter noted that regulatory harmony is very important, and that the proposal needed to be calibrated to global precedent notably in the areas of transparency and disclosure, analytical independence and objectivity of the ratings process. Because of the global nature of the credit rating business, the commenter recommended the CSA pick an existing regulatory regime and adopt its language verbatim.

Three other commenters were concerned about a perceived "extra-territorial" scope of the proposed rule. Each of the commenters noted that the associated increase in these entities' business and regulatory costs would be disproportionate to the regulatory objectives the CSA is seeking to achieve. One commenter questioned the necessity of having the Canadian regulatory framework extend to non-Canadian affiliates of DROs, especially when imposing such requirements on these entities, many of which already are or likely will become subject to regulatory oversight in other jurisdictions, will significantly increase the complexity of their operations.

> ***Response: We appreciate the global nature of the credit rating business and the difficulty of operating this business on an international level. While we do not agree that the Instrument has any inappropriate extra-territorial reach, we have nonetheless further revised the Instrument to harmonize it with existing international regulation. In particular, we have clarified the scope of the Instrument through the addition of the DRO affiliate concept.***

Governance

Three commenters believed that the governance provisions in section D of Appendix A of the Instrument should be revised to allow a DRO to satisfy the requirement to have a board of directors by constituting a board at either the level of the DRO or at the level of its direct or indirect parent entity.

> ***Response: We have revised the Instrument and clarified that either a designated rating organization or a DRO affiliate that is a parent of the DRO must have a board of directors (see sections 7 and 8 of the Instrument).***

One commenter queried how the director independence provisions would be interpreted, noting that many of the potential leading candidates for appointment to a DRO's board are likely to be familiar with credit ratings and to be current or past users of credit ratings, either in a personal capacity or as representatives of entities that use credit ratings. The commenter recommended that further guidance on the interpretation of the director independence provisions be provided.

> ***Response: We have revised section 2.21 of Appendix A of the Instrument (now section 8 of the Instrument) to clarify that, in forming its opinion, the board of directors is not required to conclude that a member is not independent solely on the basis that the member is, or was, a user of the designated rating organization's rating services.***

One commenter noted that section 3.5 of Appendix A of the Instrument specifies that a DRO must separate, operationally and legally, its credit rating business and its credit rating employees from any ancillary businesses (including the provision of consultancy or advisory services) of the DRO. The commenter suggested that as currently drafted, this section goes substantially beyond the requirements of the IOSCO Code and similar regulatory regimes in the U.S., Europe, Australia and Hong Kong.

> ***Response: Section 3.5 of Appendix A of the Instrument has been revised to require separation of a DRO's credit rating business from its ancillary services only where such services may present a potential conflict of***

interest. We have also added a requirement to ensure that a DRO providing ancillary services which do not necessarily present conflicts of interest with the DRO's rating business, has in place procedures and mechanisms designed to minimize the likelihood that conflicts will arise. We think this amendment is in line with not only the IOSCO Code, but also U.S. and European regimes.

Code of Conduct as Securities Law

One commenter noted that some of the provisions of the IOSCO Code (on which the code of conduct provisions in Appendix A of the Instrument are based) are ambiguous or impose obligations whose scope is unclear. Consequently, the commenter suggested that Appendix A should not be converted into securities law. The commenter believed that in some cases, there would not be sufficient time to get an exemption but that it would be in the public interest for a DRO to waive a provision of its code so that it can, for example, disclose on a timely basis significant, new information to the market about an issuer or obligation. As an alternative, the commenter suggested reclassifying the requirement for a DRO to have a code of conduct as an ongoing "term and condition" of designation, and specifying that a DRO's breach of its code of conduct does not, in itself, constitute a breach of securities law. Under this construction, a DRO's breach of its code of conduct would only be a factor that CSA members could consider in deciding whether or not to suspend, revoke or impose further terms and conditions upon the designation of a CRO as a DRO.

Response: We disagree. The purpose of adopting the Instrument is to bring credit rating agencies within our regulatory ambit and to ensure that their behaviours are bounded by legal obligations. As a result, we think it is appropriate that a breach of a DRO's code of conduct should constitute a breach of securities law.

Waiver of Code of Conduct

One commenter recommended that section 9 (now section 11) of the Instrument be revised to permit a DRO to waive one or more provisions of its code of conduct in certain limited circumstances, provided that it creates and maintains a written record documenting the reasons for the waiver.

Response: We disagree. We think it is important for a DRO to comply with all provisions set out in its code of conduct. Staff of the securities regulatory authorities may be willing to recommend that relief be granted from the requirement to include a specific provision in a DRO's code of conduct if it satisfies the applicable legislative test for granting the relief. Applications for exemptive relief may be made using the passport system.

Another commenter was concerned with the requirement in Part 3, section 7 (now Part 4, section 9) of the Instrument, which requires a DRO to "incorporate each of the provisions listed in Appendix A", as they believe that this is too prescriptive. They note that as currently drafted, this suggests that a DRO's code must contain identical provisions to those contained in Appendix A, and that this does not provide a DRO with the ability to implement and comply with the provisions in a way that suits its circumstances, business needs and requirements. The commenter did not object *per se* to the concept of mandatory compliance, but noted there must be flexibility for the DRO to determine how it describes how the various provisions are implemented. The commenter also noted that the CSA had indicated that it expects a DRO's code of conduct to be an accurate reflection of its practices and procedures. The commenter suggested that mandating that a DRO's code of conduct must incorporate each of the provisions listed in Appendix A could result in the DRO's code of conduct not accurately reflecting how the DRO complies with this requirement.

Response: We reiterate our expectation that a DRO's code of conduct will be an accurate reflection of its practices and procedures.

Amendments to Code of Conduct

One commenter noted that the proposed rule provides that each time an amendment is made to a code of conduct, a DRO must file an amended code and prominently display the amended code on its website within five business days of the amendment coming into effect. To harmonize internationally, the commenter recommended changing this from five to ten business days.

Response: Given the importance of the code of conduct to DRO regulation, we remain of the view that any amendments to it should be filed and publicly displayed within five business days. We do not think that this will create undue hardship with compliance in other jurisdictions.

Compliance Officer

Two commenters noted that section 2.27 (now section 2.28) of Appendix A of the Instrument specifies that a DRO must not outsource the DRO's compliance officer. The commenters believed that that the prohibition against outsourcing the compliance officer is unnecessary in the context of the organizations that have a comprehensive compliance framework and sufficient

people to support the infrastructure within the group of companies.

Response: We have revised the Instrument and clarified that either a designated rating organization or a DRO affiliate that is a parent of the DRO must have a compliance officer. In light of this revision, we do not think that any further accommodation is necessary in this regard.

Another commenter suggested that the reporting requirements for the compliance officer are overly broad and outside of the role of a DRO. The commenter was not aware of any reasonable and objective standard related to the determination of whether a particular situation presents a risk of significant harm to the capital markets. The commenter therefore suggested that this accountability be removed.

Response: We disagree. We remain of the view that as market participants, DROs should be cognizant of the greater systemic risks that surround them, and should consider risks resulting from the DROs' business as rating agencies. Thus, we have retained the broad mandate of the DRO compliance officer.

Definition of Ratings Employee

One commenter believed that the term "ratings employee" could be construed to include non-analytical staff. The commenter recommended replacing this term with the term "analyst".

Response: We think that the definition of "ratings employee", which includes only those DRO employees who participate in determining, approving or monitoring a credit rating issued by a DRO, remains appropriate.

Ratings Shopping and Disclosure of Preliminary Ratings

One commenter said that the provisions of section 4.6 (now section 4.7) of Appendix A of the Instrument will not effectively deter rating shopping. The commenter suggested that the disclosure requirement could be interpreted as requiring DROs to disclose information about potential transactions before the issuer discloses the transaction and could even be interpreted as requiring disclosure of potential transactions that are never implemented. As a result, the commenter recommended deleting this section, and instead enhancing the mandatory disclosure regime for structured finance products.

Response: We disagree, and note that identical provisions have also been incorporated into the EU Regulation.

Another commenter suggested that the definition of "rated entity" should not include entities that receive an initial review or a preliminary rating, as this would be too broad and inconsistent with international requirements. The commenter recommended that the definition of rated entity be modified to mean only entities for which a DRO provides a final rating.

Response: In our view, the provisions of the Instrument should apply equally to those entities that have received a final rating from a DRO as well as to those that are in the process of rating. Accordingly, we have not narrowed the definition of "rated entity" as suggested.

Disclosure re Securitization

Two commenters objected to the provision in section 3.9(c) of Appendix A of the Instrument, which requires a DRO to disclose in its ratings reports for securitized products whether the rated entity (*i.e.*, the issuer) has informed the DRO that it is publicly disclosing all relevant information about the product being rated or if the information remains non-public. Both commenters believed that a CRO should not be required to monitor such disclosure. Both commenters believed that the public disclosure of this information was the responsibility of issuers, arrangers and trustees.

Response: As a result of recently proposed CSA initiatives regarding securitized products, we have deleted the requirement in section 3.9(c).

Use of Form NRSRO

One commenter noted that in the 2011 Proposal, we provided a response that indicates that a DRO who files its Form NRSRO in place of Form 25-101F1 will be able to apply for confidentiality. Due to the commercially sensitive nature of this information, the commenter was concerned that an application for confidentiality could be denied. The commenter therefore urged the CSA to specify that if the information is treated by the SEC as confidential it will also automatically receive the same treatment in Canada.

Response: The granting of confidential treatment for information that has been filed with securities regulatory authorities involves the exercise of discretion by the appropriate decision maker. Nonetheless, we fully expect

the decision maker will consider the nature and extent of any confidential treatment accorded to the document by the SEC in making their determination.

Another commenter appreciated the ability to file a completed Form NRSRO in lieu of a Form 25-101F1. However, given the differences between the regulatory regimes, the commenter recommended that all CROs be required to file Form 25-101F1 in connection with both their initial application and ongoing filings.

Response: We have not made the suggested change. We also note that we have added a requirement that any entity that will be a DRO affiliate upon the designation of a CRO that does not have an office in Canada must file a completed Form 25-101F2.

Disclosure re Ancillary Services

One commenter noted that section 3.9 of Appendix A of the Instrument requires that if a DRO receives from a rated entity, its affiliates or related entities compensation unrelated to its credit rating business (such as compensation for ancillary services) the DRO must disclose the percentage that such non-rating fees represent with respect to the total amount of fees received by the DRO from such rated entity, its affiliates and related entities. The commenter suggested that the administrative cost of gathering and computing such information would be significant, and that the information would not provide useful information to users of ratings.

Response: We disagree and think that users of credit ratings would be very interested in knowing the proportion of the DRO's income that was derived from its rating business as compared to the ancillary businesses. Consequently, we have not made a change to address this comment.

Monitoring and Updating

One commenter believed that section 2.10 (now section 2.11) of Appendix A of the Instrument, which deals with annual committee reviews of methodologies, models and key ratings assumptions, should be amended to permit the participation of analytical employees to ensure that the reviewers have a deep understanding of the appropriate analytical factors.

Response: As drafted, section 2.11 of Appendix A of the Instrument is consistent with the terms of the IOSCO Code. We do note, however, that the IOSCO Code also provides that independence need only be achieved "[w]here feasible and appropriate for the size and scope of its [a CRO's] credit rating services". Smaller DROs that find that independence in the review is not feasible and appropriate may consider applying for exemptive relief.

Another commenter recommended that the requirement in section 2.10 (now section 2.11) of Appendix A of the Instrument be amended to recognize that the required committee can be established by a DRO's affiliate outside of Canada.

Response: As discussed above, we have added a definition of DRO affiliate to the Instrument, which in effect addresses this comment, among other things.

Methodologies

One commenter suggested amending section 2.2 of Appendix A of the Instrument to require use of rating methodologies that are subject to validation based on historical testing only where such processes would be feasible. Otherwise, the commenter noted that the requirement for back-testing in all cases would make it difficult or impossible to rate new products, develop new methodologies or modify methodologies to address newly identified risks. The inclusion of "where feasible" would be consistent with the IOSCO Code, the commenter suggested.

The same commenter also suggested amending section 2.6 of Appendix A of the Instrument to add the following language: "If the rating involves a type of financial product presenting limited historical data (such as an innovative financial vehicle), the CRA should make clear, in a prominent place, the limitations of the rating".

Response: We disagree. We remain of the view that the use of historical testing is important when developing rigorous and systematic methodologies. We also note that this requirement for historical testing is also found in Article 8 of the EU Regulation.

Equity Ownership

Two commenters noted that sections 3.14 and 3.15 of Appendix A of the Instrument both reference "an investment fund where exposure to the rated entity does not exceed 10% of the investment fund's portfolio". The commenters were concerned that this ownership criterion is difficult to apply in practice and suggested we use internationally consistent concepts and language.

Response: We note the concern and have revised sections 3.14 and 3.15 accordingly.

Review of Past Employee's Work

One commenter suggested limiting the review of a past employee's work to situations where the employee was involved in the credit rating or had significant dealings with the financial firm in the past year.

Response: We have revised the text of section 3.18 of Appendix A of the Instrument so that it applies only to employees that were involved in the credit rating or had significant dealings with the rated entity within the past year.

Disclosure and Content of Ratings Report

Two commenters suggested that the provisions of sections 4.4 and 4.5 of Appendix A of the Instrument be revised to more closely track the language of the EU Regulation.

Response: We have revised sections 4.4 and 4.5 of Appendix A of the Instrument accordingly.

Disclosure of Historical Default Rates

Two commenters believed that the requirement to disclose historical default rates every six months in section 4.12 (now section 4.13) of Appendix A of the Instrument was burdensome. One commenter suggested this should be modified to be an annual requirement, while the other simply noted that other international jurisdictions such as Hong Kong and Singapore do not specify a timeline.

Response: We agree and have revised section 4.13 of Appendix A of the Instrument to require such disclosure on an annual basis only.

Disclosure re Methodologies

Two commenters noted that the requirement in section 4.14 (now section 4.15) of Appendix A of the Instrument, which requires a DRO to disclose material methodology modifications prior to them going into effect, may be inappropriate in some circumstances. The commenters recommended such disclosure should only be made where "feasible and appropriate".

Response: We agree and have revised section 4.15 of Appendix A of the Instrument accordingly.

Confidential Information

Two commenters were concerned that the prohibition in section 4.21 of Appendix A of the Instrument, which provides that a DRO must not share confidential information with employees of any affiliate that is not a DRO, was too narrow.

Response: We have revised section 4.21 of Appendix A of the Instrument to provide that a DRO may also share information with employees of a DRO affiliate. We think this will provide sufficient flexibility while still achieving the purpose of the provision.

Effective Date

One commenter recommended that the CSA allow six months of implementation time in which to allow credit rating organizations to apply for designation.

Response: We will endeavour to adopt and bring into force the proposed Instrument promptly so as to commence the designation process as quickly as feasible. We remain cognizant of the fact that the designation of a CRO may require legal, operational or other changes within the organization that may take some time to implement.

Passport

One commenter said that the certification required by Part 4, section 10 of proposed NP 11-205, that the filer and "any relevant party is not in default of securities legislation applicable to CROs in any jurisdiction in Canada or in any jurisdiction in which the filer operates" is overly broad and vague. In addition, the commenter suggested that instead of "default", a standard such as "material breach" be used.

Response: We disagree and note that similar language has been successfully used in national policies regarding the operation of passport. Consequently, we have not revised the text of the policy as suggested.

Amendments to Prospectus and CD Rules

One commenter suggested that section 2 of the amending instrument for National Instruments 41-101, 44-101 and 51-102 should be amended to specifically state that actual fees paid to CROs are not required to be disclosed.

Response: Upon review, we think that the wording of the prospectus and CD rules is sufficiently clear. As a result, we have not made further changes to these instruments.

ANNEX B

NATIONAL INSTRUMENT 25-101
DESIGNATED RATING ORGANIZATIONS

PART 1— DEFINITIONS AND INTERPRETATION

Definitions

1. In this Instrument

"board of directors" means, in the case of a designated rating organization that does not have a board of directors, a group that acts in a capacity similar to a board of directors;

"compliance officer" means the compliance officer referred to in section 12;

"code of conduct" means the code of conduct referred to in Part 4 of this Instrument and may include, for greater certainty, one or more codes;

"designated rating organization" means a credit rating organization that has been designated under securities legislation;

"DRO affiliate" means an affiliate of a designated rating organization that issues credit ratings in a foreign jurisdiction and that has been designated as a DRO affiliate under the terms of the designated rating organizations' designation;

"DRO employee" means an individual, other than an employee or agent of a DRO affiliate, who is

(a) employed by a designated rating organization, or

(b) an agent who provides services directly to the designated rating organization and who is involved in determining, approving or monitoring a credit rating issued by the designated rating organization;

"Form NRSRO" means the annual certification on Form NRSRO, including exhibits, required to be filed by an NRSRO under the 1934 Act;

"NRSRO" means a nationally recognized statistical rating organization, as defined in the 1934 Act;

"rated entity" means a person or company that is issuing, or that has issued, securities that are the subject of a credit rating issued by a designated rating organization and includes a person or company that made a submission to a designated rating organization for the designated rating organization's initial review or for a preliminary rating but did not request a final rating;

"rated securities" means the securities issued by a rated entity that are the subject of a credit rating issued by a designated rating organization;

"ratings employee" means any DRO employee who participates in determining, approving or monitoring a credit rating issued by the designated rating organization;

"related entity" means in relation to an issuer of a securitized product, an originator, arranger, underwriter, servicer or sponsor of the securitized product or any person or company performing similar functions;

"securitized product" means any of the following:

(a) a security that entitles the security holder to receive payments that primarily depend on the cash flow from self-liquidating financial assets collateralizing the security, such as loans, leases, mortgages, and secured or unsecured receivables, including:

(i) an asset-backed security;

(ii) a collateralized mortgage obligation;

(iii) a collateralized debt obligation;

(iv) a collateralized bond obligation;

(v) a collateralized debt obligation of asset-backed securities;

(vi) a collateralized debt obligation of collateralized debt obligations;

(b) a security that entitles the security holder to receive payments that substantially reference or replicate the payments made on one or more securities of the type described in paragraph (a) but that do not primarily depend on the cash flow from self-liquidating financial assets that collateralize the security, including:

(i) a synthetic asset-backed security;

(ii) a synthetic collateralized mortgage obligation;

(iii) a synthetic collateralized debt obligation;

(iv) a synthetic collateralized bond obligation;

(v) a synthetic collateralized debt obligation of asset-backed securities;

(vi) a synthetic collateralized debt obligation of collateralized debt obligations.

Interpretation

2. Nothing in this Instrument is to be interpreted as regulating the content of a credit rating or the methodology a credit rating organization uses to determine a credit rating.

Affiliate

3. (1) In this Instrument, a person or company is an affiliate of another person or company if either of the following apply:

(a) one of them is the subsidiary of the other;

(b) each of them is controlled by the same person or company.

(2) For the purposes of paragraph (1)(b), a person or company (first person) is considered to control another person or company (second person) if any of the following apply:

(a) the first person beneficially owns, or controls or directs, directly or indirectly, securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation;

(b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership;

(c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

Credit Rating

4. In British Columbia, credit rating means an assessment that is publicly disclosed or distributed by subscription concerning the creditworthiness of an issuer,

(a) as an entity, or

(b) with respect to specific securities or a specific pool of securities or assets.

Market Participant in Ontario

5. In Ontario, a DRO affiliate is deemed to be a market participant.

PART 2 — DESIGNATION OF RATING ORGANIZATIONS

Application for Designation

6. (1) A credit rating organization that applies to be a designated rating organization must file a completed Form 25-101F1.

(2) Despite subsection (1), a credit rating organization that is an NRSRO may file its most recent Form NRSRO.

(3) A credit rating organization that applies to be a designated rating organization that is incorporated or organized under the laws of a foreign jurisdiction and does not have an office in Canada must file a completed Form 25-101F2.

(4) Any person or company that will be a DRO affiliate upon the designation of a credit rating agency that does not have an office in Canada must file a completed Form 25-101F2.

PART 3 — BOARD OF DIRECTORS

Board of Directors

7. A designated rating organization must not issue a credit rating unless it, or a DRO affiliate that is a parent of the designated rating organization, has a board of directors.

Composition

8. (1) For the purposes of section 7, a board of directors of a designated rating organization, or the board of directors of the DRO affiliate that is a parent of the designated rating organization, as the case may be, must be composed of a minimum of three members.

(2) At least one-half, but not fewer than two, of the members of the board of directors must be independent of the organization and any DRO affiliate.

(3) For the purposes of subsection (2), a member of the board of directors is not considered independent if the director

(a) other than in his or her capacity as a member of the board of directors or a board committee, accepts any consulting, advisory or other compensatory fee from the designated rating organization or a DRO affiliate;

(b) is a DRO employee or an employee or agent of a DRO affiliate;

(c) has a relationship with the designated rating organization that could, in the opinion of the board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment; or

(d) has served on the board of directors for more than five years in total.

(4) For the purposes of paragraph 3(c), in forming its opinion, the board of directors is not required to conclude that a member is not independent solely on the basis that the member is, or was, a user of the designated rating organization's rating services.

PART 4 — CODE OF CONDUCT

Code of Conduct

9. (1) A designated rating organization must establish, maintain and comply with a code of conduct.

(2) A designated rating organization's code of conduct must incorporate each of the provisions set out in Appendix A.

Filing and Publication

10. (1) A designated rating organization must file a copy of its code of conduct and post a copy of it prominently on its website promptly upon designation.

(2) Each time an amendment is made to a code of conduct by a designated rating organization, the amended code of conduct must be filed, and prominently posted on the organization's website, within five business days of the amendment coming into effect.

Waivers

11. A designated rating organization's code of conduct must specify that a designated rating organization must not waive provisions of its code of conduct.

PART 5 — COMPLIANCE OFFICER

Compliance Officer

12. (1) A designated rating organization must not issue a credit rating unless it, or a DRO affiliate that is a parent of the designated rating organization, has a compliance officer that monitors and assesses compliance by the designated rating organization and its DRO employees with the organization's code of conduct and with securities legislation.

(2) The compliance officer must regularly report on his or her activities directly to the board of directors.

(3) The compliance officer must report to the board of directors as soon as reasonably possible if the compliance officer becomes aware of any circumstances indicating that the designated rating organization or its DRO employees may be in non-compliance with the organization's code of conduct or securities legislation and any of the following apply:

(a) the non-compliance would reasonably be expected to create a significant risk of harm to a rated entity or the rated entity's investors;

(b) the non-compliance would reasonably be expected to create a significant risk of harm to the capital markets;

(c) the non-compliance is part of a pattern of non-compliance.

(4) The compliance officer must not, while serving in such capacity, participate in any of the following:

(a) the development of credit ratings, methodologies or models;

(b) the establishment of compensation levels, other than for DRO employees reporting directly to the compliance officer.

(5) The compensation of the compliance officer and of any DRO employee that reports directly to the compliance officer must not be linked to the financial performance of the designated rating organization or its DRO affiliates and must be determined in a manner that preserves the independence of the compliance officer's judgment.

PART 6 — BOOKS AND RECORDS

Books and Records

13. (1) A designated rating organization must keep such books and records and other documents as are necessary to account for the conduct of its credit rating activities, its business transactions and financial affairs and must keep such other books, records and documents as may otherwise be required under securities legislation.

(2) A designated rating organization must retain the books and records maintained under this section

(a) for a period of seven years from the date the record was made or received, whichever is later;

(b) in a safe location and a durable form; and

(c) in a manner that permits it to be provided promptly to the securities regulatory authority upon request.

PART 7 — FILING REQUIREMENTS

Filing Requirements

14. (1) No later than 90 days after the end of its most recently completed financial year, each designated rating organization must file a completed Form 25-101F1.

(2) Upon any of the information in a Form 25-101F1 filed by a designated rating organization becoming materially inaccurate, the designated rating organization must promptly file an amendment to, or an amended and restated version of, its Form 25-101F1.

(3) Until six years after it has ceased to be a designated rating organization in any jurisdiction of Canada, a designated rating organization must file a completed amended Form 25-101F2 at least 30 days before

(a) the termination date of Form 25-101F2, or

(b) the effective date of any changes to Form 25-101F2.

(4) Until six years after it has ceased to be a DRO affiliate in any jurisdiction of Canada, a DRO affiliate must file a completed amended Form 25-101F2 at least 30 days before

(a) the termination date of Form 25-101F2, or

(b) the effective date of any changes to Form 25-101F2.

PART 8 — EXEMPTIONS AND EFFECTIVE DATE

Exemptions

15. (1) The regulator or the securities regulatory authority may grant an exemption from the provisions of this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

Effective Date

16. This Instrument comes into force on April 20, 2012.

APPENDIX A TO NATIONAL INSTRUMENT 25-101
***DESIGNATED RATING ORGANIZATIONS* –**
PROVISIONS REQUIRED TO BE INCLUDED
IN A DESIGNATED RATING ORGANIZATION'S CODE OF CONDUCT

1. INTERPRETATION

1.1 A term used in this code of conduct has the same meaning as in National Instrument 25-101 *Designated Rating Organizations* if used in that Instrument.

2. QUALITY AND INTEGRITY OF THE RATING PROCESS

A. Quality of the Rating Process

I – General Requirements

2.1 A designated rating organization must adopt, implement and enforce procedures in its code of conduct to ensure that the credit ratings it issues are based on a thorough analysis of all information known to the designated rating organization that is relevant to its analysis according to its rating methodologies.

2.2 A designated rating organization must include a provision in its code of conduct that it will use only rating methodologies that are rigorous, systematic, continuous and subject to validation based on experience, including back-testing.

II – Specific Provisions

2.3 Each ratings employee involved in the preparation, review or issuance of a credit rating, action or report must use methodologies established by the designated rating organization. Each ratings employee must apply a given methodology in a consistent manner, as determined by the designated rating organization.

2.4 A credit rating must be assigned by the designated rating organization and not by an employee or agent of the designated rating organization.

2.5 A credit rating must reflect all information known, and believed to be relevant, to the designated rating organization, consistent with its published methodology. The designated rating organization will ensure that its ratings employees and agents have appropriate knowledge and experience for the duties assigned.

2.6 The designated rating organization, its ratings employees and its agents must take all reasonable steps to avoid issuing a credit rating, action or report that is false or misleading as to the general creditworthiness of a rated entity or rated securities.

2.7 The designated rating organization will ensure that it has and devotes sufficient resources to carry out high-quality credit assessments of all rated entities and rated securities. When deciding whether to rate or continue rating an entity or securities, the organization will assess whether it is able to devote sufficient personnel with sufficient skill sets to make a credible rating assessment, and whether its personnel are likely to have access to sufficient information needed in order make such an assessment. A designated rating organization will adopt all necessary measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating and is obtained from a source that a reasonable person would consider to be reliable.

2.8 The designated rating organization will appoint a senior manager, or establish a committee made up of one or more senior managers, with appropriate experience to review the feasibility of providing a credit rating for a structure that is significantly different from the structures the designated rating organization currently rates.

2.9 The designated rating organization will assess whether the methodologies and models used for determining credit ratings of a securitized product are appropriate when the risk characteristics of the assets underlying the securitized product change significantly. If the quality of the available information is not satisfactory or if the complexity of a new type of structure, instrument or security should reasonably raise concerns about whether the designated rating organization can provide a credible rating, the designated rating organization will not issue or maintain a credit rating.

2.10 The designated rating organization will ensure continuity and regularity, and avoid conflicts of interest, in the rating process.

B. Monitoring and Updating

2.11 The designated rating organization will establish a committee to be responsible for implementing a rigorous and formal process for reviewing, on at least an annual basis, and making changes to the methodologies, models and key ratings

assumptions it uses. This review will include consideration of the appropriateness of the designated rating organization's methodologies, models and key ratings assumptions if they are used or intended to be applied to new types of structures, instruments or securities. This process will be conducted independently of the business lines that are responsible for credit rating activities. The committee will report to its board of directors or the board of directors of a DRO affiliate that is a parent of the designated rating organization.

2.12 If a methodology, model or key ratings assumption used in a credit rating activity is changed, the designated rating organization will do each of the following:

(a) promptly identify each credit rating likely to be affected if the credit rating were to be re-rated using the new methodology, model or key ratings assumption and, using the same means of communication the organization generally uses for the credit ratings, disclose the scope of credit ratings likely to be affected by the change in methodology, model or key ratings assumption;

(b) promptly place each credit rating identified under subsection (a) under surveillance;

(c) within six months of the change, review each credit rating identified under subsection (a) with respect to its accuracy;

(d) re-rate a credit rating if, following the review required in subsection (c), the change, alone or combined with all other changes, affects the accuracy of the credit rating.

2.13 The designated rating organization will ensure that adequate personnel and financial resources are allocated to monitoring and updating its credit ratings. Except for ratings that clearly indicate they do not entail ongoing monitoring, once a rating is published the designated rating organization will monitor the rated entity's creditworthiness on an ongoing basis and, at least annually, update the rating. In addition, the designated rating organization must initiate a review of the accuracy of a rating upon becoming aware of any information that might reasonably be expected to result in a rating action (including termination of a rating), consistent with the applicable rating methodology and must promptly update the rating, as appropriate, based on the results of such review.

Subsequent monitoring will incorporate all cumulative experience obtained.

2.14 If the designated rating organization uses separate analytical teams for determining initial ratings and for subsequent monitoring, the organization will ensure each team has the requisite level of expertise and resources to perform their respective functions competently and in a timely manner.

2.15 If the designated rating organization discloses a credit rating to the public and subsequently discontinues the rating, the designated rating organization will disclose that the rating has been discontinued using the same means of communication as was used for the disclosure of the rating. If the designated rating organization discloses a rating only to its subscribers, if it discontinues the rating, the designated rating organization will disclose to each subscriber of that rating that the rating has been discontinued. In both cases, a subsequent publication by the designated rating organization of the discontinued rating will indicate the date the rating was last updated and disclose that the rating is no longer being updated and the reasons for the decision to discontinue the rating.

C. Integrity of the Rating Process

2.16 The designated rating organization, its ratings employees and agents will comply with all applicable laws and regulations governing its activities.

2.17 The designated rating organization, its ratings employees and agents must deal fairly, honestly and in good faith with rated entities, investors, other market participants, and the public.

2.18 The designated rating organization will hold its ratings employees and agents to a high standard of integrity, and the designated rating organization will not employ an individual which a reasonable person would consider to be lacking in or have compromised integrity.

2.19 The designated rating organization and its ratings employees and agents will not, either implicitly or explicitly, give any assurance or guarantee of a particular rating prior to a rating assessment. The designated rating organization may develop prospective assessments if the assessment is to be used in a securitized product or similar transaction.

2.20 A person or company listed below must not make a recommendation to a rated entity about the corporate or legal structure, assets, liabilities, or activities of the rated entity:

(a) a designated rating organization;

(b) an affiliate or related entity of the designated rating organization;

(c) the ratings employees of any of the above.

2.21 The designated rating organization will instruct its employees and agents that, upon becoming aware that the organization, another employee or an affiliate, or an employee of an affiliate of the designated rating organization, is or has engaged in conduct that is illegal, unethical or contrary to the designated rating organization's code of conduct, the employee or agent must report that information immediately to the compliance officer. Upon receiving the information, the compliance officer will take appropriate action, as determined by the laws and regulations of the jurisdiction and the rules and guidelines set forth by the designated rating organization. The designated rating organization will not take or allow retaliation against the employee or agent by employees, agents, the designated rating organization itself or its affiliates.

D. Governance Requirements

2.22 The designated rating organization will not issue a credit rating unless a majority of its board of directors, or the board of directors of a DRO affiliate that is a parent of the designated rating organization, including its independent directors, have, what a reasonable person would consider, sufficient expertise in financial services to fully understand and properly oversee the business activities of the designated rating organization. If the designated rating organization issues a credit rating for a securitized product, at least one independent member and one other member must have, what a reasonable person would consider to be, in-depth knowledge and experience at a senior level, regarding the securitized product.

2.23 The designated rating organization will not issue a credit rating if a member of its board of directors, or the board of directors of a DRO affiliate that is a parent of the designated rating organization, participated in any deliberation involving a specific rating in which the member has a financial interest in the outcome of the rating.

2.24 The designated rating organization will not compensate an independent member of its board of directors, or the board of directors of a DRO affiliate that is a parent of the designated rating organization, in a manner or in an amount that a reasonable person could conclude that the compensation is linked to the business performance of the designated rating organization or its affiliates. The organization will only compensate directors in a manner that preserves the independence of the director.

2.25 The board of directors of a designated rating organization or a DRO affiliate that is a parent of the designated rating organization must monitor the following:

(a) the development of the credit rating policy and of the methodologies used by the designated rating organization in its credit rating activities;

(b) the effectiveness of any internal quality control system of the designated rating organization in relation to credit rating activities;

(c) the effectiveness of measures and procedures instituted to ensure that any conflicts of interest are identified and either eliminated or managed and disclosed, as appropriate;

(d) the compliance and governance processes, including the performance of the committee identified in section 2.11.

2.26 The designated rating organization will design reasonable administrative and accounting procedures, internal control mechanisms, procedures for risk assessment, and control and safeguard arrangements for information processing systems. The designated rating organization will implement and maintain decision-making procedures and organizational structures that clearly, and in a documented manner, specify reporting lines and allocate functions and responsibilities.

2.27 The designated rating organization will monitor and evaluate the adequacy and effectiveness of its administrative and accounting procedures, internal control mechanisms, procedures for risk assessment, and control and safeguard arrangements for information processing systems, established in accordance with securities legislation and the designated rating organization's code of conduct, and take any measures necessary to address any deficiencies.

2.28 The designated rating organization will not outsource activities if doing so impairs materially the effectiveness of the designated rating organization's internal controls or the ability of the securities regulatory authority to conduct compliance reviews of the designated rating organization's compliance with securities legislation or its code of conduct. The designated rating organization will not outsource the functions or duties of the designated rating organization's compliance officer.

3. INDEPENDENCE AND CONFLICTS OF INTEREST

A. General

3.1 The designated rating organization will not refrain from taking a rating action based in whole or in part on the potential effect (economic or otherwise) of the action on the designated rating organization, a rated entity, an investor, or other market participant.

3.2 The designated rating organization and its employees will use care and professional judgment to remain independent and maintain the appearance of independence and objectivity.

3.3 The determination of a credit rating will be influenced only by factors relevant to the credit assessment.

3.4 The designated rating organization will not allow its decision to assign a credit rating to a rated entity or rated securities to be affected by the existence of, or potential for, a business relationship between the designated rating organization or its affiliates and any other person or company including, for greater certainty, the rated entity, its affiliates or related entities.

3.5 The designated rating organization and its affiliates will keep separate, operationally and legally, their credit rating business and their rating employees from any ancillary services (including the provision of consultancy or advisory services) that may present conflicts of interest with their credit rating activities and will ensure that the provision of such services does not present conflicts of interest with their credit rating activities. The designated rating organization will define and publicly disclose what it considers, and does not consider, to be an ancillary service and identify those that are ancillary services. The designated rating organization will disclose in each ratings report any ancillary services provided to a rated entity, its affiliates or related entities.

3.6 The designated rating organization will not rate a person or company that is an affiliate or associate of the organization or a ratings employee. The designated rating organization must not assign a credit rating to a person or company if a ratings employee is an officer or director of the person or company, its affiliates or related entities.

B. Procedures and Policies

3.7 The designated rating organization will identify and eliminate or manage and publicly disclose any actual or potential conflicts of interest that may influence the opinions and analyses of ratings employees.

3.8 The designated rating organization will disclose the actual or potential conflicts of interest it identifies under section 3.7 in a complete, timely, clear, concise, specific and prominent manner.

3.9 The designated rating organization will disclose the general nature of its compensation arrangements with rated entities.

(1) If the designated rating organization or an affiliate receives from a rated entity, an affiliate or a related entity compensation unrelated to its ratings service, such as compensation for ancillary services (as referred to in section 3.5), the designated rating organization will disclose the percentage that non-rating fees represent out of the total amount of fees received by the designated rating organization or its affiliate, as the case may be, from the rated entity, the affiliate or the related entity.

(2) If the designated rating organization or its affiliates receives directly or indirectly 10 percent or more of its annual revenue from a particular rated entity or subscriber, including revenue received from an affiliate or related entity of the rated entity or subscriber, the organization will disclose that fact and identify the particular rated entity or subscriber.

3.10 A designated rating organization and its DRO employees and their associates must not trade a security, derivative or exchange contract if the organization's employee's or associate's interests in the trade conflict with their interests relating to a credit rating.

3.11 If a designated rating organization is subject to the oversight of a rated entity, or an affiliate or related entity of the rated entity, the designated rating organization will use different DRO employees to conduct the rating actions in respect of that entity than those involved in the oversight.

C. Employee Independence

3.12 Reporting lines for a ratings employee or DRO employees and their compensation arrangements will be structured to eliminate or manage actual and potential conflicts of interest.

(1) The designated rating organization will not compensate or evaluate a ratings employee on the basis of the amount of revenue that the designated rating organization or its affiliates derives from rated entities that the ratings employee rates or with which the ratings employee regularly interacts.

(2) The designated rating organization will conduct reviews of compensation policies and practices for its DRO employees within reasonable regular time periods to ensure that these policies and practices do not compromise the objectivity of the designated rating organization's rating process.

3.13 The designated rating organization will take reasonable steps to ensure that its ratings employees, and any agent who has responsibility for developing or approving procedures or methodologies used for determining credit ratings, do not initiate, or participate in, discussions or negotiations regarding fees or payments with any rated entity or its affiliates or related entities.

3.14 The designated rating organization will not permit a ratings employee to participate in or otherwise influence the determination of a credit rating if the ratings employee

(a) owns directly or indirectly securities, derivatives or exchange contracts of the rated entity, other than holdings through an investment fund;

(b) owns directly or indirectly securities, derivatives or exchange contracts of a rated entity or its related entities, the ownership of which causes or may reasonably be perceived as causing a conflict of interest;

(c) has had a recent employment, business or other relationship with the rated entity, its affiliates or related entities that causes or may reasonably be perceived as causing a conflict of interest; or

(d) has an associate who currently works for the rated entity, its affiliates or related entities.

3.15 The designated rating organization will not permit a ratings employee or an associate of such ratings employee to buy or sell or engage in any transaction involving a security, a derivative or an exchange contract based on a security issued, guaranteed, or otherwise supported by any person or company within such ratings employee's area of primary analytical responsibility, other than holdings through an investment fund.

3.16 The designated rating organization will not permit a ratings employee or an associate of such ratings employee to accept gifts, including entertainment, from anyone with whom the designated rating organization does business, other than items provided in the normal course of business if the aggregate value of all gifts received is nominal.

3.17 If a DRO employee of a designated rating organization becomes involved in any personal relationship that creates any actual or potential conflict of interest, the DRO employee must disclose the relationship to the designated rating organization's compliance officer. The designated rating organization will not issue a credit rating if a DRO employee has an actual or potential conflict of interest with a rated entity. If the credit rating has been issued, the designated rating organization will publicly disclose in a timely manner that the credit rating may be affected.

3.18 The designated rating organization will review the past work of any ratings employee that leaves the organization and joins a rated entity (or an affiliate or related entity of the rated entity) if

(a) the ratings employee has, within the last year, been involved in rating the rated entity, or

(b) the rated entity is a financial firm with which the ratings employee had, within the last year, significant dealings as part of his or her duties at the designated rating organization.

4. RESPONSIBILITIES TO THE INVESTING PUBLIC AND ISSUERS

A. Transparency and Timeliness of Ratings Disclosure

4.1 The designated rating organization will distribute in a timely manner its ratings decisions regarding the entities and securities it rates.

4.2 The designated rating organization will publicly disclose its policies for distributing ratings, ratings reports and updates.

4.3 Except for a rating it discloses only to the rated entity, a designated rating organization will disclose to the public, on a non-selective basis and free of charge, any ratings decision regarding rated entities that are reporting issuers or the securities of such issuers, as well as any subsequent decisions to discontinue such a rating, if the rating decision is based in whole or in part on material non-public information.

4.4 In each of its ratings reports, a designated rating organization will disclose the following:

(a) when the rating was first released and when it was last updated;

(b) the principal methodology or methodology version that was used in determining the rating and where a description of that methodology can be found. If the rating is based on more than one methodology, or if a review of only the principal methodology might cause investors to overlook other important aspects of the rating, the designated rating organization must explain this fact in the ratings report, and include a discussion of how the different methodologies and other important aspects factored into the rating decision;

(c) the meaning of each rating category and the definition of default or recovery, and the time horizon the designated rating organization used when making a rating decision;

(d) any attributes and limitations of the credit rating. If the rating involves a type of financial product presenting limited historical data (such as an innovative financial vehicle), the designated rating organization will disclose, in a prominent place, the limitations of the rating;

(e) all material sources, including the rated entity, its affiliates and related entities, that were used to prepare the credit rating and whether the credit rating has been disclosed to the rated entity or its related entities and amended following that disclosure before being issued.

4.5 In each of its ratings reports in respect of a securitized product, a designated rating organization will disclose the following:

(a) all information about loss and cash-flow analysis it has performed or is relying upon and an indication of any expected change in the credit rating. The designated rating organization will also disclose the degree to which it analyzes how sensitive a rating of a securitized product is to changes in the designated rating organization's underlying rating assumptions;

(b) the level of assessment the designated rating organization has performed concerning the due diligence processes carried out at the level of underlying financial instruments or other assets of securitized products. The designated rating organization will also disclose whether it has undertaken any assessment of such due diligence processes or whether it has relied on a third-party assessment and how the outcome of such assessment impacts the credit rating.

4.6 If, to a reasonable person, the information required to be included in a ratings report under sections 4.4 and 4.5 would be disproportionate to the length of the ratings report, the designated rating organization will include a prominent reference to where such information can be easily accessed.

4.7 A designated rating organization will disclose on an ongoing basis information about all securitized products submitted to it for its initial review or for a preliminary rating, including whether the issuer requested the designated rating organization to provide a final rating.

4.8 The designated rating organization will publicly disclose the methodologies, models and key rating assumptions (such as mathematical or correlation assumptions) it uses in its credit rating activities and any material modifications to such methodologies, models and key rating assumptions. This disclosure will include sufficient information about the designated rating organization's procedures, methodologies and assumptions (including financial statement adjustments that deviate materially from those contained in the issuer's published financial statements and a description of the rating committee process, if applicable) so that outside parties can understand how a rating was arrived at by the designated rating organization.

4.9 The designated rating organization will differentiate ratings of securitized products from traditional corporate bond ratings through a different rating symbology. The designated rating organization will also disclose how this differentiation functions. The designated rating organization will clearly define a given rating symbol and apply it in a consistent manner for all types of securities to which that symbol is assigned.

4.10 The designated rating organization will assist investors in developing a greater understanding of what a credit rating is, and the limits to which credit ratings can be put to use in relation to a particular type of financial product that the designated rating organization rates. The designated rating organization will clearly indicate the attributes and limitations of each credit rating.

4.11 When issuing or revising a rating, the designated rating organization will provide in its press releases and public reports an explanation of the key elements underlying the rating opinion.

4.12 Before issuing or revising a rating, the designated rating organization will inform the issuer of the critical information and principal considerations upon which a rating will be based and afford the issuer an opportunity to clarify any likely factual

misperceptions or other matters that the designated rating organization would wish to be made aware of in order to produce an accurate rating. The designated rating organization will duly evaluate the response.

4.13 Every year, the designated rating organization will publicly disclose data about the historical default rates of its rating categories and whether the default rates of these categories have changed over time. If the nature of the rating or other circumstances make a historical default rate inappropriate, statistically invalid, or otherwise likely to mislead the users of the rating, the designated rating organization will explain this. This information will include verifiable, quantifiable historical information about the performance of its rating opinions, organized and structured, and, where possible, standardized in such a way so as to assist investors in drawing performance comparisons between different designated rating organizations.

4.14 For each rating, the designated rating organization will disclose whether the rated entity and its related entities participated in the rating process and whether the designated rating organization had access to the accounts and other relevant internal documents of the rated entity or its related entities. Each rating not initiated at the request of the rated entity will be identified as such. The designated rating organization will also disclose its policies and procedures regarding unsolicited ratings.

4.15 The designated rating organization will fully and publicly disclose, in a timely fashion, any material modification to its methodologies, models, key ratings assumptions and significant systems, resources or procedures. Where a reasonable person would consider feasible and appropriate, disclosure of such material modifications will be made before they go into effect. The designated rating organization will carefully consider the various uses of credit ratings before modifying its methodologies, models, key ratings assumptions and significant systems, resources or procedures.

B. The Treatment of Confidential Information

4.16 The designated rating organization and its DRO employees will take all reasonable measures to protect the confidential nature of information shared with them by rated entities under the terms of a confidentiality agreement or otherwise under a mutual understanding that the information is shared confidentially. Unless otherwise permitted by the confidentiality agreement or required by applicable laws, regulations or court orders, the designated rating organization and its DRO employees will not disclose confidential information.

4.17 The designated rating organization and its DRO employees will not use confidential information for any purpose except for their rating activities or in accordance with applicable legislation or a confidentiality agreement with the rated entity to which the information relates.

4.18 The designated rating organization and its DRO employees will take all reasonable measures to protect all property and records relating to credit rating activities and belonging to or in possession of the designated rating organization from fraud, theft or misuse.

4.19 A designated rating organization will ensure that its DRO employees do not engage in transactions in securities, derivatives or exchange contracts when they possess confidential information concerning the issuer of such security or to which the derivative or the exchange contract relates.

4.20 A designated rating organization will cause its DRO employees to familiarize themselves with the internal securities trading policies maintained by the designated rating organization and certify their compliance with such policies within reasonable regular time periods.

4.21 The designated rating organization and its DRO employees will not selectively disclose any non-public information about ratings or possible future rating actions of the designated rating organization, except to the issuer or its designated agents.

4.22 The designated rating organization and its DRO employees will not share confidential information entrusted to the designated rating organization with employees of any affiliate that is not a designated rating organization or a DRO affiliate. The designated rating organization and its DRO employees will not share confidential information within the designated rating organization, except as necessary in connection with the designated rating organization's credit rating functions.

4.23 A designated rating organization will ensure that its DRO employees do not use or share confidential information for the purpose of buying or selling or engaging in any transaction in any security, derivative or exchange contract based on a security issued, guaranteed, or otherwise supported by any person or company, or for any other purpose except the conduct of the designated rating organization's business.

FORM 25-101F1
DESIGNATED RATING ORGANIZATION
APPLICATION AND ANNUAL FILING

Instructions

(1) Terms used in this form but not defined in this form have the meaning given to them in the Instrument.

(2) Unless otherwise specified, the information in this form must be presented as at the last day of the applicant's most recently completed financial year. If necessary, the applicant must update the information provided so it is not misleading when it is filed. For information presented as at any date other than the last day of the applicant's most recently completed financial year, specify the relevant date in the form.

(3) Applicants are reminded that it is an offence under securities legislation to give false or misleading information on this form.

(4) Applicants may apply to the securities regulatory authority to hold in confidence portions of this form which disclose intimate financial, personal or other information. Securities regulatory authorities will consider the application and accord confidential treatment to those sections to the extent permitted by law.

(5) When this form is used for an annual filing, the term "applicant" means the designated rating organization.

Item 1. Name of Applicant

State the name of the applicant.

Item 2. Organization and Structure of Applicant

Describe the organizational structure of the applicant, including, as applicable, an organizational chart that identifies the ultimate and intermediate parent companies, subsidiaries, and material affiliates of the applicant (if any); an organizational chart showing the divisions, departments, and business units of the applicant; and an organizational chart showing the managerial structure of the applicant, including the compliance officer referred to in section 12 of the Instrument. Provide detailed information regarding the applicant's legal structure and ownership.

Item 3. DRO Affiliates

Provide the name, address and governing jurisdiction of each affiliate that is (or, in the case of an applicant, proposes to be) a DRO affiliate.

Item 4. Rating Distribution Model

Briefly describe how the applicant makes its credit ratings readily accessible for free or for a fee. If a person must pay a fee to obtain a credit rating made readily accessible by the applicant, provide a fee schedule or describe the price(s) charged.

Item 5. Procedures and Methodologies

Briefly describe the procedures and methodologies used by the applicant to determine credit ratings, including unsolicited credit ratings. The description must be sufficiently detailed to provide an understanding of the processes employed by the applicant in determining credit ratings, including, as applicable:

- policies for determining whether to initiate a credit rating;
- the public and non-public sources of information used in determining credit ratings, including information and analysis provided by third-party vendors;
- whether and, if so, how information about verification performed on assets underlying or referenced by a security issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction is relied on in determining credit ratings;
- the quantitative and qualitative models and metrics used to determine credit ratings, including whether and, if so, how assessments of the quality of originators of assets underlying or referenced by a security issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction factor into the determination of credit ratings;

- the methodologies by which credit ratings of other credit rating agencies are treated to determine credit ratings for securities issued by an asset pool or as part of any asset-backed or mortgaged-backed securities transaction;

- the procedures for interacting with the management of a rated obligor or issuer of rated securities;

- the structure and voting process of committees that review or approve credit ratings;

- procedures for informing rated obligors or issuers of rated securities about credit rating decisions and for appeals of final or pending credit rating decisions; and

- procedures for monitoring, reviewing, and updating credit ratings, including how frequently credit ratings are reviewed, whether different models or criteria are used for ratings surveillance than for determining initial ratings, whether changes made to models and criteria for determining initial ratings are applied retroactively to existing ratings, and whether changes made to models and criteria for performing ratings surveillance are incorporated into the models and criteria for determining initial ratings; and procedures to withdraw, or suspend the maintenance of, a credit rating.

An applicant may provide the location on its website where additional information about the procedures and methodologies is located.

Item 6. Code of Conduct

Unless previously provided, attach a copy of the applicant's code of conduct.

Item 7. Policies and Procedures re Non-public Information

Unless previously provided, attach a copy of the most recent written policies and procedures established, maintained, and enforced by the applicant to prevent the misuse of material non-public information.

Item 8. Policies and Procedures re Conflicts of Interest

Unless previously provided, attach a copy of the most recent written policies and procedures established with respect to conflicts of interest.

Item 9. Policies and Procedures re Internal Controls

Describe the applicant's internal control mechanisms designed to ensure quality of its credit rating activities.

Item 10. Policies and Procedures re Books and Records

Describe the applicant's policies and procedures regarding record-keeping.

Item 11. Ratings Employees

Disclose the following information about the applicant's ratings employees and the persons who supervise the ratings employees:

- The total number of ratings employees,

- The total number of ratings employees supervisors,

- A general description of the minimum qualifications required of the ratings employees, including education level and work experience (if applicable, distinguish between junior, mid, and senior level ratings employees), and

- A general description of the minimum qualifications required of the ratings employees supervisors, including education level and work experience.

Item 12. Compliance Officer

Disclose the following information about the compliance officer of the applicant:

- Name,
- Employment history,
- Post secondary education, and
- Whether employed by the applicant full-time or part-time.

Item 13. Specified Revenue

Disclose information, as applicable, regarding the applicant's aggregate revenue for the most recently completed financial year:

- Revenue from determining and maintaining credit ratings,
- Revenue from subscribers,
- Revenue from granting licenses or rights to publish credit ratings, and
- Revenue from all other services and products offered by the credit rating organization (include descriptions of any major sources of revenue).

Include financial information on the revenue of the applicant divided into fees from credit rating and non-credit rating activities, including a comprehensive description of each.

This information is not required to be audited.

Item 14. Credit Rating Users

(a) Disclose a list of the largest users of credit rating services of the applicant by the amount of net revenue earned by the applicant attributable to the user during the most recently completed financial year. First, determine and list the 20 largest issuers and subscribers in terms of net revenue. Next, add to the list any obligor or underwriter that, in terms of net revenue during the financial year, equalled or exceeded the 20th largest issuer or subscriber. In making the list, rank the users in terms of net revenue from largest to smallest and include the net revenue amount for each person. For purposes of this Item:

- **"net revenue"** means revenue earned by the applicant for any type of service or product provided to the person or company, regardless of whether related to credit rating services, and net of any rebates and allowances the applicant paid or owes to the person or company; and
- **"credit rating services"** means any of the following: rating an issuer's securities (regardless of whether the issuer, underwriter, or any other person or company paid for the credit rating) and providing credit ratings, credit ratings data, or credit ratings analysis to a subscriber.

(b) Disclose a list of users of credit rating services whose contribution to the growth rate in the generation of revenue of the applicant in the previous fiscal year exceeded the growth rate in the applicant's total revenue in that year by a factor of more than 1.5 times. A user must be disclosed only if, in that year, the user accounted for more than 0.25% of the applicant's worldwide total revenue.

Item 15. Financial Statements

Attach a copy of the audited financial statements of the applicant, which must include a statement of financial position, a statement of comprehensive income, and a statement of changes in equity, for each of the three most recently completed financial years. If the applicant is a division, unit, or subsidiary of a parent company, the applicant may provide audited consolidated financial statements of its parent company.

Item 16. Verification Certificate

Include a certificate of the applicant in the following form:

The undersigned has executed this Form 25-101F1 on behalf of, and on the authority of, [the Applicant]. The undersigned, on behalf of the [Applicant], represents that the information and statements contained in this Form, including appendices and attachments, all of which are part of this Form, are true and correct.

_____ _____

(Date) (Name of the Applicant/Designated Rating Organization)

By: _____

(Print Name and Title)

_____

(Signature)

FORM 25-101F2
SUBMISSION TO JURISDICTION AND
APPOINTMENT OF AGENT FOR SERVICE OF PROCESS

1. Name of credit rating organization (the **CRO**):

2. Jurisdiction of incorporation, or equivalent, of CRO:

3. Address of principal place of business of CRO:

4. Name of agent for service of process (the **Agent**):

5. Address for service of process of Agent in Canada (the address may be anywhere in Canada):

6. The CRO designates and appoints the Agent at the address of the Agent stated in Item 5 as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the **Proceeding**) arising out of, relating to or concerning the issuance and maintenance of credit ratings or the obligations of the CRO as a designated rating organization, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring such Proceeding.

7. The CRO irrevocably and unconditionally submits to the non-exclusive jurisdiction of

   (a) the judicial, quasi-judicial and administrative tribunals of each of the provinces [and territories] of Canada in which it is a designated rating organization; and

   (b) any administrative proceeding in any such province [or territory],

   in any Proceeding arising out of or related to or concerning the issuance or maintenance of credit ratings or the obligations of the CRO as a designated rating organization.

8. This submission to jurisdiction and appointment of agent for service of process is governed by and construed in accordance with the laws of [insert province or territory of above address of Agent].

_____ _____
Signature of Credit Rating Organization Date

_____
Print name and title of signing officer
of Credit Rating Organization

AGENT

The undersigned accepts the appointment as agent for service of process of [insert name of CRO] under the terms and conditions of the appointment of agent for service of process set out in this document.

_____ _____
Signature of Agent Date

_____
Print name of person signing and, if Agent
is not an individual, the title of the person

ANNEX C

AMENDMENTS TO
NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

1. National Instrument 41-101 *General Prospectus Requirements* is amended by this Instrument.

2. Form 41-101F1 *Information Required in a Prospectus* is amended by replacing section 10.9 with the following:

"**10.9 Ratings** (1) If the issuer has asked for and received a credit rating, or if the issuer is aware that it has received any other kind of rating, including a stability rating or a provisional rating, from one or more credit rating organizations for securities of the issuer that are outstanding, or will be outstanding, and the rating or ratings continue in effect, disclose

(a) each rating received from a credit rating organization;

(b) for each rating disclosed under paragraph (a), the name of the credit rating organization that has assigned the rating;

(c) a definition or description of the category in which each credit rating organization rated the securities and the relative rank of each rating within the organization's overall classification system;

(d) an explanation of what the rating addresses and what attributes, if any, of the securities are not addressed by the rating;

(e) any factors or considerations identified by the credit rating organization as giving rise to unusual risks associated with the securities;

(f) a statement that a credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization; and

(g) any announcement made by, or any proposed announcement known to the issuer that is to be made by, a credit rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

(2) If payments were, or reasonably will be, made to a credit rating organization that provided a rating described in section (1), state that fact and state whether any payments were made to the credit rating organization in respect of any other service provided to the issuer by the credit rating organization during the last two years.

INSTRUCTIONS

There may be factors relating to a security that are not addressed by a credit rating organization when they give a rating. For example, in the case of cash settled derivative instruments, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by a credit rating organization by way of a superscript or other notation to a rating. Any such attributes must be discussed in the disclosure under this section.

A provisional rating received before the issuer's most recently completed financial year is not required to be disclosed under this section."

3. Form 41-101F2 *Information Required in an Investment Fund Prospectus* is amended by replacing section 21.8 with the following:

"**21.8 Ratings** (1) If the investment fund has asked for and received a credit rating, or if the investment fund is aware that it has received any other kind of rating, including a stability rating or a provisional rating, from one or more credit rating organizations for securities of the investment fund that are outstanding, or will be outstanding, and the rating or ratings continue in effect, disclose

(a) each rating received from a credit rating organization;

(b) for each rating disclosed under paragraph (a), the name of the credit rating organization that has assigned the rating;

(c) a definition or description of the category in which each credit rating organization rated the securities and the relative rank of each rating within the organization's overall classification system;

(d) an explanation of what the rating addresses and what attributes, if any, of the securities are not addressed by the rating;

(e) any factors or considerations identified by the credit rating organization as giving rise to unusual risks associated with the securities;

(f) a statement that a credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization; and

(g) any announcement made by, or any proposed announcement known to the investment fund that is to be made by, a credit rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

(2) If payments were, or reasonably will be, made to a credit rating organization that provided a rating described in section (1), state that fact and state whether any payments were made to the credit rating organization in respect of any other service provided to the investment fund by the credit rating organization during the last two years.

INSTRUCTIONS

There may be factors relating to a security that are not addressed by a credit rating organization when they give a rating. For example, in the case of cash settled derivative instruments, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by a credit rating organization by way of a superscript or other notation to a rating. Any such attributes must be discussed in the disclosure under this section.

A provisional rating received before the investment funds's most recently completed financial year is not required to be disclosed under this section."

4. These amendments apply to a prospectus or a prospectus amendment of an issuer or an investment fund where the preliminary prospectus is filed on or after April 20, 2012.

5. This Instrument comes into force on April 20, 2012.

ANNEX D

AMENDMENTS TO
NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

1. National Instrument 44-101 *Short Form Prospectus Distributions* is amended by this Instrument.

2. Form 44-101F1 *Short Form Prospectus* is amended by replacing Item 7.9 with the following:

"**7.9 Ratings** (1) If the issuer has asked for and received a credit rating, or if the issuer is aware that it has received any other kind of rating, including a stability rating or a provisional rating, from one or more credit rating organizations for securities of the issuer that are outstanding, or will be outstanding, and the rating or ratings continue in effect, disclose

(a) each rating received from a credit rating organization;

(b) for each rating disclosed under paragraph (a), the name of the credit rating organization that has assigned the rating;

(c) a definition or description of the category in which each credit rating organization rated the securities and the relative rank of each rating within the organization's overall classification system;

(d) an explanation of what the rating addresses and what attributes, if any, of the securities are not addressed by the rating;

(e) any factors or considerations identified by the credit rating organization as giving rise to unusual risks associated with the securities;

(f) a statement that a credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization; and

(g) any announcement made by, or any proposed announcement known to the issuer that is to be made by, a credit rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

(2) If payments were, or reasonably will be, made to a credit rating organization that provided a rating described in section (1), state that fact and state whether any payments were made to the credit rating organization in respect of any other service provided to the issuer by the credit rating organization during the last two years.

INSTRUCTIONS

There may be factors relating to a security that are not addressed by a credit rating organization when they give a rating. For example, in the case of cash settled derivative instruments, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by a credit rating organization by way of a superscript or other notation to a rating. Any such attributes must be discussed in the disclosure under this section.

A provisional rating received before the issuer's most recently completed financial year is not required to be disclosed under this section."

3. These amendments apply to a short form prospectus or a short form prospectus amendment of an issuer where the preliminary short form prospectus is filed on or after April 20, 2012.

4. This Instrument comes into force on April 20, 2012.

ANNEX E

AMENDMENTS TO
NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS

1. National Instrument 51-102 *Continuous Disclosure Obligations* is amended by this Instrument.

2. Form 51-102F2 *Annual Information Form* is amended by replacing section 7.3 with the following:

"**7.3 Ratings** (1) If you have asked for and received a credit rating, or if you are aware that you have received any other kind of rating, including a stability rating or a provisional rating, from one or more credit rating organizations for securities of your company that are outstanding, or will be outstanding, and the rating or ratings continue in effect, disclose

(a) each rating received from a credit rating organization;

(b) for each rating disclosed under paragraph (a), the name of the credit rating organization that has assigned the rating;

(c) a definition or description of the category in which each credit rating organization rated the securities and the relative rank of each rating within the organization's overall classification system;

(d) an explanation of what the rating addresses and what attributes, if any, of the securities are not addressed by the rating;

(e) any factors or considerations identified by the credit rating organization as giving rise to unusual risks associated with the securities;

(f) a statement that a credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization; and

(g) any announcement made by, or any proposed announcement known to your company that is to be made by, a credit rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

(2) If payments were, or reasonably will be, made to a credit rating organization that provided a rating described in section (1), state that fact and state whether any payments were made to the credit rating organization in respect of any other service provided to your company by the credit rating organization during the last two years.

INSTRUCTIONS

There may be factors relating to a security that are not addressed by a credit rating organization when they give a rating. For example, in the case of cash settled derivative instruments, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by a credit rating organization by way of a superscript or other notation to a rating. Any such attributes must be discussed in the disclosure under section 7.3.

A provisional rating received before the company's most recently completed financial year is not required to be disclosed under section 7.3."

3. These amendments apply only to documents required to be prepared, filed, delivered or sent under National Instrument 51-102 *Continuous Disclosure Obligations* for periods relating to a financial year ending on or after April 20, 2012.

4. This Instrument comes into force on April 20, 2012.

ANNEX F

NATIONAL POLICY 11-205
PROCESS FOR DESIGNATION OF CREDIT RATING ORGANIZATIONS IN MULTIPLE JURISDICTIONS

NATIONAL POLICY 11-205
PROCESS FOR DESIGNATION OF CREDIT RATING ORGANIZATIONS IN MULTIPLE JURISDICTIONS

PART 1 APPLICATION

1. Application – This policy describes the process for the filing and review of an application to become a designated rating organization in more than one jurisdiction of Canada.

PART 2 DEFINITIONS

2. Definitions – In this policy

"AMF" means the regulator in Québec;

"application" means an application to become a designated rating organization;

"dual application" means an application described in section 6 of this policy;

"dual review" means the review under this policy of a dual application;

"filer" means

(a) a person or company filing an application, or

(b) an agent of a person or company referred to in paragraph (a);

"MI 11-102" means Multilateral Instrument 11-102 *Passport System;*

"NI 25-101" means National Instrument 25-101 *Designated Rating Organizations*;

"notified passport jurisdiction" means a passport jurisdiction for which a filer gave the notice referred to in section 4B.6 (1)(c) of MI 11-102;

"OSC" means the regulator in Ontario;

"passport application" means an application described in section 5 of this policy;

"passport jurisdiction" means the jurisdiction of a passport regulator;

"passport regulator" means a regulator that has adopted MI 11-102;

"regulator" means a securities regulatory authority or regulator.

3. Further definitions – Terms used in this policy that are defined in MI 11-102, National Instrument 14-101 *Definitions* or NI 25-101 have the same meanings as in those instruments.

PART 3 OVERVIEW, PRINCIPAL REGULATOR AND GENERAL GUIDELINES

4. Overview

This policy applies to an application to become a designated rating organization in multiple jurisdictions. These are the possible types of applications:

(a) The principal regulator is a passport regulator and the filer does not seek a designation in Ontario. This is a "passport application."

(b) The principal regulator is the OSC and the filer also seeks a designation in a passport jurisdiction. This is also a "passport application."

(c) The principal regulator is a passport regulator and the filer also seeks a designation in Ontario. This is a "dual application."

5. Passport application

(1) If the principal regulator is a passport regulator and the filer does not seek a designation in Ontario, the filer files the application only with, and pays fees only to, the principal regulator. Only the principal regulator reviews the application. The principal regulator's decision to grant the designation automatically results in a deemed designation in the notified passport jurisdictions.

(2) If the principal regulator is the OSC and the filer also seeks designation in a passport jurisdiction, the filer files the application only with, and pays fees only to the OSC. Only the OSC reviews the application. The OSC's decision to grant the designation automatically results in a deemed designation in the notified passport jurisdictions.

6. Dual application – Designation sought in passport jurisdiction and Ontario

If the principal regulator is a passport regulator and the filer also seeks a designation in Ontario, the filer files the application with, and pays fees to the principal regulator and the OSC. The principal regulator reviews the application and the OSC, as non-principal regulator, coordinates its review with the principal regulator. The principal regulator's decision to grant the designation automatically results in a deemed designation in the notified passport jurisdictions and, if the OSC has made the same decision as the principal regulator, evidences the decision of the OSC.

7. Principal regulator for an application

(1) For an application under this policy, the principal regulator is identified in the same manner as in sections 4B.2 to 4B.5 of MI 11-102.

(2) If the filer cannot determine its principal regulator under 4B.2(a) or (b) of MI 11-102, section 4B.2(c) of MI 11-102 requires that the filer determine its principal regulator by determining the specified jurisdiction with which the filer has the most significant connection. Section 4B.3 and 4B.4 also establish circumstances in which the filer may need to determine its principal regulator.

(3) For the purpose of this section, a specified jurisdiction is one of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and New Brunswick.

(4) The factors a filer should consider in identifying the principal regulator for the application based on the most significant connection test are, in order of influential weight:

(a) jurisdiction where the filer generated the majority of its credit rating related revenue in the 3-year period preceding the date of its application, or

(b) jurisdiction where the filer issued the most initial ratings in the 3-year period preceding the date of its application.

8. Discretionary change in principal regulator

(1) If the principal regulator identified under section 7 of this policy thinks it is not the appropriate principal regulator, it will first consult with the filer and the appropriate regulator and then give the filer a written notice of the new principal regulator and the reasons for the change.

(2) A filer may request a discretionary change of principal regulator for an application if

(a) the filer concludes that the principal regulator identified under section 7 of this policy is not the appropriate principal regulator,

(b) the location of the head office changes over the course of the application,

(c) the most significant connection to a specified jurisdiction changes over the course of the application, or

(d) the filer withdraws its application in the principal jurisdiction because it does not want to be designated in that jurisdiction.

(3) Regulators do not anticipate changing a principal regulator except in exceptional circumstances.

(4) A filer should submit a written request for a change in principal regulator to its current principal regulator and include the reasons for requesting the change.

PART 4 FILING MATERIALS

9. Election to file under this policy and identification of principal regulator

In an application, the filer should indicate whether it is filing a passport application or a dual application and identify the principal regulator for the application.

10. Materials to be filed with application

(1) For a passport application, the filer should remit to the principal regulator the fees payable under the securities legislation of the principal regulator, and file the following materials with the principal regulator only:

(a) a written application in which the filer:

(i) states the basis for identifying the principal regulator under section 7 of this policy,

(ii) gives notice of the non-principal passport jurisdictions for which section 4B.6 of MI 11-102 is intended to be relied upon,

(iii) states that the filer and any relevant party is not in default of securities legislation applicable to credit rating organizations in any jurisdiction of Canada or in any jurisdiction in which the filer operates or, if the filer is in default, the nature of the default;

(b) the materials required by Part 2 of NI 25-101;

(c) other supporting materials.

(2) For a dual application, the filer should remit the fees payable under the securities legislation of the principal regulator and the OSC, and file the following materials with the principal regulator and the OSC:

(a) a written application in which the filer:

(i) states the basis for identifying the principal regulator under section 7 of this policy,

(ii) gives notice of the non-principal passport jurisdictions for which section 4B.6 of MI 11-102 is intended to be relied upon;

(iii) states that the filer is not in default of securities legislation applicable to credit rating organizations in any jurisdiction of Canada or in any jurisdiction in which the filer operates or, if the filer is in default, the nature of the default;

(b) the materials required by Part 2 of NI 25-101;

(c) other supporting materials.

11. Language – A filer seeking a designation in Québec should file a French language version of the draft decision when the AMF is acting as principal regulator.

12. Materials to be filed to make a designation available in an additional passport jurisdiction under section 4B.6 of MI 11-102

(1) Under section 4B.6 of MI 11-102, the principal regulator's decision to grant the designation under a passport application or dual application can become available in a non-principal passport jurisdiction for which the filer did not give the notice referred to in section 10(1)(a)(ii) or 10(2)(a)(ii) of this policy in the initial application if certain conditions are met. One of the conditions is that the filer gives the notice under section 4B.6(1)(c) of MI 11-102 for the additional non-principal passport jurisdiction.

(2) For greater certainty, a filer may not rely on section 4B.6 of MI 11-102 to obtain an automatic designation under the provision of Ontario's securities legislation.

(3) The filer should give the notice referred to in subsection (1) to the principal regulator for the initial application. The notice should

(a) list each relevant non-principal passport jurisdiction for which notice is given that section 4B.6 of MI 11-102 is intended to be relied upon,

(b) include the date of the decision of the principal regulator for the initial application, if the notice is given under section 4B.6(1)(c) of MI 11-102,

(c) include the citation for the principal regulator's decision, and

(d) confirm that the designation is still in effect.

(4) The regulator that receives the notice referred to in section 10 will send a copy of the notice and its decision to the regulator in the relevant non-principal passport jurisdiction.

13. Filing – A filer should send the application materials in paper together with the fees to

(a) the principal regulator, in the case of a passport application, and

(b) the principal regulator and the OSC in the case of a dual application.

The filer should also provide an electronic copy of the application materials, including the draft decision document, by e-mail or on CD ROM. Filing the application concurrently in all required jurisdictions will make it easier for the principal regulator and non-principal regulators, if applicable, to process the application expeditiously.

Filers should send application materials by e-mail using the relevant address or addresses listed below:

British Columbia	www.bcsc.bc.ca (click on BCSC e-services and follow the steps)
Alberta	legalapplications@asc.ca
Saskatchewan	exemptions@sfsc.gov.sk.ca
Manitoba	exemptions.msc@gov.mb.ca
Ontario	applications@osc.gov.on.ca
Québec	Dispenses-Passeport@lautorite.qc.ca
New Brunswick	Passport-passeport@nbsc-cvmnb.ca
Nova Scotia	nsscexemptions@gov.ns.ca
Prince Edward Island	CCIS@gov.pe.ca
Newfoundland and Labrador	securitiesexemptions@gov.nl.ca
Yukon	corporateaffairs@gov.yk.ca
Northwest Territories	securitiesregistry@gov.nt.ca
Nunavut	legalregistries@gov.nu.ca

14. Incomplete or deficient material – If the filer's materials are deficient or incomplete, the principal regulator may ask the filer to file an amended application. This will likely delay the review of the application.

15. Acknowledgment of receipt of filing

After the principal regulator receives a complete and adequate application, the principal regulator will send the filer an acknowledgment of receipt of the application. The principal regulator will send a copy of the acknowledgement to any other regulator with whom the filer has filed the application. The acknowledgement will identify the name, phone number, fax number and e-mail address of the individual reviewing the application.

16. Withdrawal or abandonment of application

(1) If a filer withdraws an application at any time during the process, the filer is responsible for notifying the principal regulator and any non-principal regulator with whom the filer filed the application and for providing an explanation of the withdrawal.

(2) If at any time during the review process, the principal regulator determines that a filer has abandoned an application, the principal regulator will notify the filer that it will mark the application as "abandoned". In that case, the principal regulator will close the file without further notice to the filer unless the filer provides acceptable reasons not to close the file in writing within 10 business days. If the filer does not, the principal regulator will notify the filer and any non-principal regulator with whom the filer filed the application that the principal regulator has closed the file.

PART 5 REVIEW OF MATERIALS

17. Review of passport application

(1) The principal regulator will review any passport application in accordance with its securities legislation and securities directions and based on its review procedures, analysis and considering previous decisions.

(2) The filer will deal only with the principal regulator, who will provide comments to and receive responses from the filer.

18. Review and processing of dual application

(1) The principal regulator will review any dual application in accordance with its securities legislation and securities directions, and based on its review procedures, analysis and considering previous decisions. Please refer to section 10(2) of this policy for guidance on filing an application with the OSC as non-principal regulator with whom a filer should file a dual application.

(2) The filer will generally deal only with the principal regulator, who will be responsible for providing comments to the filer once it has completed its own review. However, in exceptional circumstances, the principal regulator may refer the filer to the OSC as non-principal regulator.

PART 6 DECISION-MAKING PROCESS

19. Passport application

(1) After completing the review process and after considering the recommendation of its staff, the principal regulator will determine whether to grant or deny the designation sought in a passport application.

(2) If the principal regulator is not prepared to grant the designation based on the information before it, it will notify the filer accordingly.

(3) If a filer receives a notice under subsection (2) and this process is available in the principal jurisdiction, the filer may request the opportunity to appear before, and make submissions to, the principal regulator.

20. Dual application

(1) After completing the review process and after considering the recommendation of its staff, the principal regulator will determine whether to grant or deny the designation sought in a dual application and immediately circulate its decision to the OSC.

(2) The OSC will have at least 10 business days from receipt of the principal regulator's decision to confirm whether it has made the same decision and is opting in or is opting out of the dual review.

(3) If the OSC is silent, the principal regulator will consider that the OSC has opted out.

(4) If the filer shows that it is necessary and reasonable in the circumstances, the principal regulator may request, but cannot require, the OSC to abridge the opt-out period.

(5) The principal regulator will not send the filer a decision for a dual application before the earlier of

(a) the expiry of the opt-out period, or

(b) receipt from the OSC of the confirmation referred to in subsection (2).

(6) If the principal regulator is not prepared to grant the designation a filer sought in its dual application based on the information before it, it will notify the filer and the OSC.

(7) If a filer receives a notice under subsection (6) and this process is available in the principal jurisdiction, the filer may request the opportunity to appear before, and make submissions to, the principal regulator. The principal regulator may hold a hearing on its own, or jointly or concurrently with the OSC. After the hearing, the principal regulator will send a copy of the decision to the filer and the OSC.

(8) If the OSC elects to opt out it will notify the filer and the principal regulator and give its reasons for opting out. The filer may deal directly with the OSC to resolve outstanding issues and obtain a decision without having to file a new application or

pay any additional related fees. If the filer and the OSC resolve all outstanding issues, the OSC may opt back into the dual review by notifying the principal regulator within the opt-out period referred to in subsection (2).

PART 7 DECISION

21. Effect of decision made under passport application

(1) The decision of the principal regulator under a passport application is the decision of the principal regulator. Under MI 11-102, a filer is automatically designated in the notified passport jurisdictions as a result of the decision of the principal regulator making the designation.

(2) Except in the circumstances described in section 12(1) of this policy, the designation is effective in each notified passport jurisdiction on the date of the principal regulator's decision (even if the regulator in the notified passport jurisdiction is closed on that date). In the circumstances described in section 12(1) of this policy, the designation is effective in the relevant non-principal passport jurisdiction on the date the filer gives the notice under section 4B.6(1)(c) of MI 11-102 for that jurisdiction (even if the regulator in that jurisdiction is closed on that date).

22. Effect of decision made under dual application

(1) The decision of the principal regulator under a dual application is the decision of the principal regulator. Under MI 11-102, a filer is automatically designated in the notified passport jurisdictions as a result of the decision of principal regulator making the designation. The decision of the principal regulator under a dual application also evidences the OSC's decision, if the OSC has confirmed that it has made the same decision as the principal regulator.

(2) The principal regulator will not issue the decision until the earlier of

(a) the date that the OSC confirms that it has made the same decision as the principal regulator, or

(b) the date the opt-out period referred to in section 20(2) of this policy has expired.

23. Listing non-principal jurisdictions

(1) For convenience, the decision of the principal regulator on a passport application or a dual application will refer to the notified passport jurisdictions, but it is the filer's responsibility to ensure that it gives the required notice for each jurisdiction for which section 4B.6(1) of MI 11-102 is intended to be relied upon.

(2) The decision of the principal regulator on a dual application will contain wording that makes it clear that the decision evidences and sets out the decision of the OSC to the effect that it has made the same decision as the principal regulator.

(3) For a dual application for which Québec is not the principal jurisdiction, the AMF will issue a local decision concurrently with and in addition to the principal regulator's decision. The AMF decision will contain the same terms and conditions as the principal regulator's decision. No other local regulator will issue a local decision.

24. Issuance of decision – The principal regulator will send the decision to the filer and to all non-principal regulators.

PART 8 EFFECTIVE DATE

25. Effective date

This policy comes into effect on April 20, 2012.

ANNEX G

ADDITIONAL INFORMATION REQUIRED IN ONTARIO

Notice of Commission Approval

On December 20, 2011 the Ontario Securities Commission (the **Commission**) approved the publication of National Instrument 25-101 *Designated Rating Organizations* (the **Instrument**) and related consequential amendments pursuant to section 143 of the *Securities Act* (Ontario) (the **Act**). Also on that day, the Commission adopted NP 11-205 pursuant to section 143.8 of the Act (collectively, the **Materials**)

The Materials have an effective date of April 20, 2012.

Delivery to the Minister

The Materials were delivered to the Minister of Finance on January 25, 2012. The Minister may approve or reject the Materials or return them for further consideration. If the Minister approves the Materials or does not take any further action by April 10, 2012, the Materials will come into force on April 20, 2012.

Chapter 7

Insider Reporting

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

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
07/28/2008 to 08/06/2008	13	Accredit Mortgage Ltd. - Common Shares	553,031.00	553,031.00
10/17/2008 to 10/24/2008	3	Accredit Mortgage Ltd. - Common Shares	499,000.00	499,000.00
12/31/2011	100	ACM Commercial Mortgage Fund - Units	7,256,976.12	64,050.59
03/31/2011 to 10/03/2011	3	AFINA Growth & Income Opportunities Fund LP - Limited Partnership Units	600,000.00	6,000.00
02/01/2011 to 10/01/2011	6	Agilith North American Diversified Fund LP - Units	575,000.00	575.00
12/30/2011	9	Alston Energy Inc. - Common Shares	221,050.00	1,122,000.00
12/16/2011	6	Anglo Swiss Resources Inc. - Units	800,000.00	13,950,000.00
12/29/2011	3	Anglo Swiss Resources Inc. - Units	330,000.00	6,600,000.00
12/21/2011	26	Apax VIII - A L.P. - Limited Partnership Interest	2,653,365,702.00	1.00
12/30/2011	2	Appia Energy Corp. - Units	2,500.00	2,000.00
12/15/2011	47	Artek Exploration Ltd. - Common Shares	10,780,000.00	3,850,000.00
01/17/2012	6	Assiniboia Farmland Limited Partnership II - Limited Partnership Units	203,360.00	4,960.00
12/30/2011	4	Augustine Ventures Inc. - Flow-Through Units	215,000.00	1,075,000.00
10/26/2011	1	AuRico Gold Inc. - Warrants	2,000,000.00	835,073.00
01/01/2011 to 12/01/2011	21	Auspice Capital Advisors Ltd. - Trust Units	1,456,451.00	135,050.55
01/03/2012	1	Avcorp Industries Inc. - Common Shares	54,667.47	1,173,126.00
03/01/2011	3	Ballast Advantage Fund LP - Units	4,578,230.00	457,823.00
12/28/2011	55	Barkerville Gold Mines Ltd. - Units	18,353,636.05	21,592,513.00
01/02/2012 to 01/06/2012	8	Bitzio, Inc. - Common Shares	5,109.80	2,043,120.00
12/30/2011	7	Black Widow Resources Inc. - Common Shares	100,000.00	1,000,000.00
12/30/2011	10	Black Widow Resources Inc. - Flow-Through Shares	98,010.00	753,923.00
01/01/2011 to 09/01/2011	5	Blackheath Futures Fund LP - Units	987,058.37	7,786.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2011 to 06/01/2011	10	Blackheath Volatility Arbitrage LP - Units	1,900,000.00	19,000.00
01/01/2011 to 12/01/2011	25	Blair Franklin Global Credit Fund LP - Units	31,819,421.83	31,819.42
05/01/2011 to 11/01/2011	4	Blair Franklin Global Rates Fund LP - Units	2,450,000.00	2,450.00
12/30/2011	6	Bonnefield Canadian Farmland LP 1 - Units	1,185,000.00	1,185.00
12/29/2011	1	Boxxer Gold Corp. - Flow-Through Units	52,500.00	350,000.00
12/21/2011	88	Boxxer Gold Corp. - Units	2,265,300.00	17,769,030.00
12/30/2011	13	BR Capital Limited Partnership - Limited Partnership Units	195,000.00	39.00
12/30/2011	4	Bristol Gate US Dividend Growth Fund LP - Limited Partnership Units	1,889,350.00	14,760.19
12/30/2011	1	Burlington Partners Plus LP - Limited Partnership Units	400,000.00	400.00
12/30/2011	5	B.E.S.T. Active Fund 14 LP - Limited Partnership Units	546,500.00	546,500.00
12/30/2011	14	Callinex Mines Inc. - Flow-Through Shares	1,414,825.00	1,489,100.00
12/09/2011	5	Canadian Coyote Energy Trust - Trust Units	252,500.00	252,500.00
12/12/2011	9	Canadian Spirit Resources Inc. - Units	1,166,475.00	1,555,300.00
12/30/2011	19	Canadian Zinc Corporation - Flow-Through Shares	2,456,250.00	3,275,000.00
12/21/2011	15	Canstar Resources Inc. - Units	749,500.00	4,996,665.00
12/22/2011	2	Canuc Resources Corporation - Units	600,000.00	3,000,000.00
12/29/2011	12	Caribou King Resources Ltd. - Flow-Through Units	194,335.05	1,494,885.00
12/30/2011	3	Carlisle Goldfields Limited - Flow-Through Shares	1,000,000.00	5,000,000.00
01/03/2012	5	Cassidy Gold Corp. - Units	323,250.00	2,155,000.00
06/01/2011	1	CCA Absolute Return Muni Strategy Portfolio - Units	5,390,100.00	5,216.69
12/30/2011	89	Centurion Apartment Real Estate Investment Trust - Units	6,430,133.95	632,827.24
12/28/2011	3	Chemaphor Inc. - Common Shares	51,000.00	1,020,000.00
12/20/2011	39	China Canadian Opportunity IX Limited Partnership - Common Shares	1,073,228.98	500,000.00
01/10/2012	7	Cleanfield Alternative Energy Inc. - Common Shares	147,500.00	737,500.00
12/23/2011	21	Cogitore Resources Inc. - Flow-Through Shares	862,691.70	5,074,657.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/03/2012 to 01/06/2012	3	Colwood City Centre Limited Partnership - Notes	140,000.00	140,000.00
12/15/2011	64	Corsa Coal Corp. - Common Shares	22,170,833.00	44,341,666.00
01/09/2012	4	Creative D Inc. - Common Shares	750,000.00	71,543.00
12/28/2011	1	Cynapsus Therapeutics Inc. - Common Shares	40,000.00	800,000.00
12/28/2011	1	Cynapsus Therapeutics Inc. - Debenture	229,884.00	1.00
12/23/2011	3	Debut Diamonds Inc. - Flow-Through Shares	1,500,000.25	4,285,715.00
01/01/2011 to 10/01/2011	17	Delbrook Enhanced Return Fund - Units	211,700.09	19,052.40
12/29/2011	49	Detour Gold Corporation - Flow-Through Shares	10,180,200.00	288,800.00
01/01/2011 to 12/09/2011	11	Di Tomasso Equilibrium Fund - Trust Units	13,003,034.49	340,191.20
12/23/2011	21	Eco-Energy China Group Inc. - Common Shares	930,699.19	3,000,000.00
12/31/2011	6	Ecuador Capital Corp. - Units	2,000,000.00	44,444,410.00
07/01/2011 to 09/30/2011	2	Ethical American Multi-Strategy Fund - Units	1,655,892.00	359,793.50
07/01/2011 to 09/30/2011	3	Ethical Balanced Funds Fund - Units	1,419,738.00	121,786.40
07/01/2011 to 09/30/2011	4	Ethical Canadian Dividend Fund - Units	3,026,469.00	162,385.90
07/01/2011 to 09/30/2011	1	Ethical Global Dividend Fund - Units	5,535,500.00	680,732.00
07/01/2011 to 09/30/2011	4	Ethical Global Equity Fund - Units	6,791,485.00	677,050.40
07/01/2011 to 09/30/2011	4	Ethical Growth Fund - Units	132,008.00	9,552.60
07/01/2011 to 09/30/2011	2	Ethical International Equity Fund - Units	2,464,506.00	217,906.80
07/01/2011 to 09/30/2011	5	Ethical Special Equity Fund - Units	344,806.37	22,012.30
12/21/2011	13	Excalibur Resources Ltd. - Units	353,500.00	3,535,000.00
12/16/2011	2	Fengate Greenfield Feeder 2 L.P. - Limited Partnership Interest	20,202,020.00	2.00
12/16/2011	2	Fengate Greenfield Feeder L.P. - Limited Partnership Interest	25,252,525.00	2.00
05/25/2010 to 06/03/2010	4	First Accredit Mortgage Corp. - Common Shares	82,000.00	82,000.00
01/17/2012	8	First Mexican Gold Corp. - Units	343,999.92	2,866,666.00
12/23/2011	18	Fjordland Exploration Inc. - Common Shares	207,000.00	2,587,500.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/07/2011	1	Flatiron Market Neutral LP - Limited Partnership Units	15,000,000.00	10,010.27
12/29/2011	17	Forent Energy Ltd. - Common Shares	558,780.18	3,991,287.00
12/29/2011	13	Gilead Power Corporation - Flow-Through Shares	432,500.00	346,000.00
12/30/2011	18	Giyani Gold Corp. - Common Shares	1,421,299.95	1,235,913.00
01/11/2012	6	Golden Dawn Minerals Inc. - Units	90,600.00	15,100,000.00
12/30/2011	3	GoldTrain Resources Inc. - Common Shares	140,000.00	1,999,998.00
12/30/2011	6	GoldTrain Resources Inc. - Flow-Through Shares	510,000.00	5,666,665.00
12/22/2011	27	Gowest Gold Ltd. - Flow-Through Shares	2,586,201.91	13,611,589.00
12/30/2011	41	Green Swan Capital Corp. - Units	647,020.00	5,927,846.00
12/19/2011	1	GTA Resources and Mining Inc. - Common Shares	6,750.00	50,000.00
11/30/2011	30	GVest Tsawwassen Power Centre Limited Partnership - Limited Partnership Units	1,100,000.00	110,000.00
01/01/2011 to 12/31/2011	31	HCP Credit Quality Recovery Fund L.P. - Limited Partnership Units	9,499,653.00	10,684.00
01/01/2011 to 08/31/2011	5	HCP Financials Dividend Fund L.P. - Limited Partnership Units	500,000.00	5,000.00
01/01/2011 to 10/31/2011	1	HCP Financials Long/Short Fund L.P. - Limited Partnership Units	50,000.00	50.00
01/01/2011 to 12/31/2011	8	HCP Financials Market Neutral Fund L.P. - Limited Partnership Units	1,211,872.00	15,649.00
12/30/2011	14	Hudson River Minerals Ltd. - Flow-Through Units	405,000.00	5,508,928.00
12/21/2011 to 12/28/2011	41	Invicta Energy Corp. - Common Shares	2,859,930.08	10,460,080.00
01/01/2011 to 12/31/2011	347	Jov Prosperity Fixed Income Fund - Units	21,858,284.44	2,023,737.18
02/01/2011 to 09/01/2011	10	KAIOG Partners Fund L.P. - Common Shares	1,850,000.00	13,768.99
01/06/2012	1	Key Gold Holding Inc. - Common Shares	25,000.00	500,000.00
01/31/2011 to 11/30/2011	69	King & Victoria RSP Fund - Units	5,308,776.54	539,216.86
01/04/2012 to 01/05/2012	3	KmX Corp. - Common Shares	2,031,265.71	4,584,791.00
12/30/2011	5	KWG Resources Inc. - Flow-Through Units	17,500,000.00	17,500,000.00
12/30/2011 to 01/06/2012	22	Laramide Resources Ltd. - Units	2,300,000.00	2,875,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/28/2011	21	Laurion Mineral Exploration Inc. - Flow-Through Units	464,223.69	6,631,767.00
08/01/2009 to 01/11/2011	25	Liquid Capital Vanguard Corp. - Debentures	1,294,000.00	12,940.00
12/22/2011	17	Mammoth Resources Corp. - Units	750,000.00	3,100,000.00
12/29/2011	15	Marquee Energy Ltd. - Common Shares	1,000,001.20	588,236.00
12/29/2011 to 01/05/2012	6	Marquest Asset Management Inc. - Units	310,125.00	310.13
12/30/2011	10	Mazorro Resources inc. - Flow-Through Shares	224,949.90	1,497,666.00
12/20/2011	22	Mediterra Energy Corporation - Units	4,095,000.00	4,095,000.00
01/06/2012	1	Member-Partners Solar Energy Limited Partnership - Units	6,000.00	6,000.00
12/30/2011	54	MineralFields 2011-III Super Flow-Through Limited Partnership - Limited Partnership Units	4,390,000.00	43,900.00
12/30/2011	687	MineralFields 2011-VI Super Flow-Through Limited Partnership - Limited Partnership Units	20,000,000.00	200,000.00
12/30/2011	29	Modexco Petroleum Ltd. - Common Shares	1,104,400.00	1,112,331.00
12/29/2011 to 01/06/2012	24	Mongolia Minerals Corporation - Common Shares	2,486,931.10	1,462,583.00
01/19/2012	1	Mustang Minerals Corp. - Common Shares	854,355.00	8,543,552.00
12/30/2011	75	Mustang Minerals Corp. - Flow-Through Shares	3,777,111.76	31,475,931.00
12/30/2011	12	Namex Explorations Inc. - Common Shares	130,000.00	3,980,000.00
07/01/2011 to 09/30/2011	5	NEI Canadian Bond Fund - Units	6,570,640.00	555,792.50
01/01/2011 to 12/31/2011	1	NexGen American Growth Tax Managed Fund - Common Shares	-293,110.00	-55,471.95
01/01/2011 to 12/31/2011	1	NexGen American Growth Tax Managed Fund - Debt	-298,708.00	-29,870.84
01/01/2011 to 12/31/2011	1	NexGen Canadian Balanced Growth Tax Managed Fund - Common Shares	14,090,929.00	1,286,799.94
01/01/2011 to 12/31/2011	1	NexGen Canadian Balanced Growth Tax Managed Fund - Debt	6,008,200.00	608,820.00
01/01/2011 to 12/31/2011	1	NexGen Canadian Diversified Income Tax Managed Fund - Common Shares	1,154,290.00	243,637.83
01/01/2011 to 12/31/2011	1	NexGen Canadian Diversified Income Tax Managed Fund - Debt	1,028,450.00	102,845.00
01/01/2011 to 12/31/2011	1	NexGen Canadian Dividend and Income Tax Managed Fund - Common Shares	545,956.00	74,959.99
01/01/2011 to 12/31/2011	1	NexGen Canadian Dividend and Income Tax Managed Fund - Debt	263,900.00	26,390.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2011 to 12/31/2011	1	NexGen Canadian Growth Tax Managed Fund - Common Shares	10,965.00	12,780.47
01/01/2011 to 12/31/2011	1	NexGen Canadian Growth Tax Managed Fund - Debt	-635,600.00	-63,560.00
01/01/2011 to 12/31/2011	1	NexGen Canadian Growth & IncomeTax Managed Fund - Common Shares	455,095.82	67,578.30
01/01/2011 to 12/31/2011	1	NexGen Canadian Growth & IncomeTax Managed Fund - Debt	-874,800.00	-87,480.00
01/01/2011 to 12/31/2011	1	NexGen Canadian Large Cap Tax Managed Fund - Common Shares	118,504.00	17,174.36
01/01/2011 to 12/31/2011	1	NexGen Canadian Large Cap Tax Managed Fund - Debt	-5,700.00	-570.00
01/01/2011 to 12/31/2011	1	NexGen Global Dividend Tax Managed Fund - Common Shares	-86,640.00	-14,063.54
01/01/2011 to 12/31/2011	1	NexGen Global Dividend Tax Managed Fund - Debt	-82,700.00	-8,270.00
01/01/2011 to 12/31/2011	1	NexGen Global Resource Tax Managed Fund - Common Shares	2,499,435.00	647,367.37
01/01/2011 to 12/31/2011	1	NexGen Global Resource Tax Managed Fund - Debt	-65,400.00	-6,540.00
01/01/2011 to 12/31/2011	1	NexGen Global Value Tax Managed Fund - Common Shares	335,266.00	108,527.75
01/01/2011 to 12/31/2011	1	NexGen Global Value Tax Managed Fund - Debt	-20,400.00	-2,040.00
01/01/2011 to 12/31/2011	1	NexGen North American Growth Tax Managed Fund - Common Shares	492,044.00	126,887.59
01/01/2011 to 12/31/2011	1	NexGen North American Growth Tax Managed Fund - Debt	125,100.00	12,510.00
01/01/2011 to 12/31/2011	1	NexGen North American Large Cap Tax Managed Fund - Common Shares	74,155.00	15,710.54
01/01/2011 to 12/31/2011	1	NexGen North American Large Cap Tax Managed Fund - Debt	13,950.00	1,395.00
01/01/2011 to 12/31/2011	1	NexGen North American Small/Mid Cap Tax Managed Fund - Common Shares	272,001.00	40,887.14
01/01/2011 to 12/31/2011	1	NexGen North American Small/Mid Cap Tax Managed Fund - Debt	-754,450.00	-75,445.07
01/01/2011 to 12/31/2011	1	NexGen North American Value Tax Managed Fund - Common Shares	-220,770.00	-42,848.56
01/01/2011 to 12/31/2011	1	NexGen North American Value Tax Managed Fund - Debt	-259,566.00	-25,956.64
06/01/2011 to 12/31/2011	1	NexGen Turtle Canadian Balanced Tax Managed Fund - Common Shares	-863,442.00	-91,515.04
06/01/2011 to 12/31/2011	1	NexGen Turtle Canadian Balanced Tax Managed Fund - Debt	-1,255,200.00	-125,520.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
06/01/2011 to 12/31/2011	1	NexGen Turtle Canadian Equity Tax Managed Fund - Common Shares	2,218,760.00	231,539.78
06/01/2011 to 12/31/2011	1	NexGen Turtle Canadian Equity Tax Managed Fund - Debt	1,874,500.00	187,450.00
01/01/2011 to 12/31/2011	117	Nexus North American Balanced Fund - Units	9,934,468.20	694,984.72
01/01/2011 to 12/31/2011	81	Nexus North American Equity Fund - Units	9,938,000.29	678,528.38
01/01/2011 to 12/31/2011	163	Nexus North American Income Fund - Units	21,855,714.55	1,960,343.57
12/30/2011	17	Northern Spirit Resources Inc. - Common Shares	620,000.00	6,200,000.00
10/01/2010 to 09/30/2011	2	Northwest Growth & Income Fund - Units	33,699,440.00	3,960,273.17
07/01/2011 to 09/30/2011	1	Northwest Select Global Growth Portfolio - Units	2,502,733.99	297,951.10
07/01/2011 to 09/30/2011	1	Northwest Speciality Global High Yield Bond Fund - Units	100,447.00	12,252.00
07/01/2011 to 09/30/2011	1	Northwest Speciality Growth Fund - Units	993,129.00	53,332.60
07/01/2011 to 09/30/2011	1	Northwest Specialty Equity Fund - Units	773,481.00	44,513.10
12/23/2011	1	Norvestor VI, L.P. - Limited Partnership Interest	15,747,760.00	1.00
12/01/2011 to 12/29/2011	34	Omniarch Capital Corporation - Bonds	1,639,942.20	34.00
12/23/2011 to 12/29/2011	9	Opawica Exploration Inc. - Units	342,000.00	6,840,000.00
12/28/2011	66	Pacific Ridge Exploration Ltd. - Common Shares	1,462,000.12	10,442,858.00
01/03/2012	50	Pan Terra Industries Inc. - Units	2,399,909.05	6,857,143.00
12/30/2011	83	Pathway Oil & Gas 2011 GORR Limited Partnership - Limited Partnership Units	2,475,000.00	24,750.00
12/20/2011 to 12/22/2011	23	Patient Home Monitoring Corp. - Debentures	437,000.00	437.00
01/13/2012	9	Patient Home Monitoring Corp. - Debentures	199,000.00	199.00
11/25/2011	118	Pavilion Flow-Through L.P. (2011) 2 - Limited Partnership Units	2,551,000.00	255,100.00
12/21/2011	22	Pele Mountain Resources Inc. - Flow-Through Units	2,402,000.00	15,012,500.00
12/20/2011	33	Pennant Pure Yield Fund - Trust Units	1,295,680.00	129,568.00
01/01/2011 to 11/01/2011	12	Peregrine Investment Management Fund L.P. - Units	5,377,133.97	1,325.76

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/17/2012	2	Plains Creek Phosphate Corporation - Units	1,625,000.00	20,312,500.00
12/29/2011	2	Polar Star Mining Corporation - Common Shares	399,999.90	1,333,333.00
12/30/2011	3	Puget Ventures Inc. - Units	152,000.00	144,762.00
12/16/2011	5	Purepoint Uranium Corporation - Flow-Through Units	1,060,011.59	9,636,469.00
12/29/2011	44	Quartz Mountain Resources Ltd. - Common Shares	4,196,002.60	7,183,371.00
12/29/2011 to 12/30/2011	5	Rainbow Resources Inc. - Flow-Through Units	55,000.00	275,000.00
12/29/2011 to 12/30/2011	9	Rainbow Resources Inc. - Units	164,100.00	1,094,000.00
12/15/2011	1	Ramelius Resources Ltd. - Common Shares	298,482.50	250,000.00
01/01/2011 to 12/31/2011	48	Resolute Performance Fund - Trust Units	15,840,110.60	1,238,227.49
12/31/2011	78	Ridgeline Energy Services Inc. - Common Shares	6,841,259.80	11,573,100.00
12/22/2011 to 12/30/2011	20	Ring of Fire Resources Inc. - Units	1,735,020.00	15,772,909.09
12/30/2011	9	Rio Silver Inc. - Units	850,000.00	4,250,000.00
12/30/2011	16	Rockcliff Resources Inc. - Flow-Through Units	949,667.07	8,633,337.00
12/30/2011	4	Rockcliff Resources Inc. - Units	28,000.00	280,000.00
12/23/2011 to 12/30/2011	12	Rockex Mining Corporation - Flow-Through Shares	524,000.00	1,048,000.00
12/23/2011 to 12/30/2011	2	Rockex Mining Corporation - Units	108,000.00	240,000.00
12/19/2011	1	ROI Capital Ltd. - Investment Trust Interests	4,200,000.00	4,200,000.00
12/22/2011	1	ROI Capital Ltd. - Units	240,434.00	270,434.00
12/15/2011	1	ROI Capital Ltd. - Units	12,500,000.00	12,500,000.00
12/30/2011	30	Sanatana Resources Inc. - Common Shares	1,000,000.00	3,030,303.00
07/01/2011	1	Seligman Health Spectrum Fund - Common Shares	95,980.00	539.94
02/01/2011	1	Seligman Spectrum Focus Fund - Common Shares	198,440.00	1,485.96
01/04/2012	50	Sharprock Resources Inc. - Common Shares	1,907,407.00	18,820,000.00
01/16/2012	1	Shoal Point Energy Ltd. - Common Shares	260,000.00	1,000,000.00
12/16/2011	23	Shoal Point Energy Ltd. - Units	1,310,700.08	7,665,583.00
12/31/2011	112	Signalta Resources Limited - Common Shares	32,512,000.00	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/31/2011	105	Silver Spur Resources Ltd. - Joint Ventures	8,000,000.00	8,000.00
01/03/2012	3	Solar Income Fund LP - Units	515,000.00	515.00
12/19/2011	1	Solarvest BioEnergy Inc. - Common Shares	100,000.00	500,000.00
12/18/2011	64	Spartan Oil Corp. - Common Shares	31,250,380.00	11,049,600.00
12/29/2011	30	Stakeholder Gold Corp. - Units	1,119,875.00	13,175,000.00
12/29/2011	21	Standard Exploration Ltd. - Common Shares	18,028,589.64	100,000.00
02/01/2011	1	Stornoway Recovery Fund LP - Limited Partnership Units	400,000.00	400.00
12/16/2011	1	Supernova Interactive Inc. - Common Shares	1,500,000.00	33,750.00
12/23/2011	4	Taranis Resources Inc. - Common Shares	94,759.10	631,727.00
12/29/2011	76	Tembo Gold Corp. - Units	4,661,500.00	4,661,500.00
12/13/2011	15	Tenth Power Technologies Corp. - Debentures	1,593,676.00	15.00
12/31/2011	677	Terra 2011 Flow-Through Limited Partnership - Limited Partnership Units	29,076,000.00	290,760.00
12/31/2011	26	Terra 2011 Foundation Flow-Through Limited Partnership - Limited Partnership Units	1,295,000.00	12,950.00
12/20/2011	8	Terra Firma Capital Corporation - Common Shares	5,850,000.00	11,700,000.00
12/29/2011	9	TomaGold Corporation - Common Shares	110,636.91	737,576.00
12/21/2011	1	TrueContext Mobile Solutions Corporation - Common Shares	1,000,000.00	5,555,556.00
12/12/2011 to 12/16/2011	43	UBS AG, Jersey Branch - Certificates	13,550,181.47	54.00
01/03/2012 to 01/06/2012	26	UBS AG, Jersey Branch - Certificates	8,146,424.86	25.00
01/03/2012 to 01/05/2012	7	UBS AG, Zurich - Certificates	1,892,730.41	7.00
12/12/2011	1	UBS AG, Zurich - Certificate	1,020,751.90	1.00
12/20/2011	3	Victory Gold Mines Inc. - Units	59,508.47	313,674.00
12/22/2011	7	Virgin Metals Inc. - Debentures	1,095,000.00	7.00
12/31/2011	5	Vista Ridge Developments LP - Units	600,000.00	6,000.00
12/16/2011	1	Vortaloptics, Inc. - Common Shares	500.00	500,000.00
01/06/2012	40	Walton AZ Casa Grande LP - Limited Partnership Units	1,698,415.71	166,544.00
01/06/2012	28	Walton GA Crossroads Investment Corporation - Common Shares	564,850.00	56,485.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/06/2011	17	Walton MD Gardner Ridge Investment Corporation - Common Shares	441,880.00	44,188.00
09/30/2011	22	WPC Resources Inc. - Units	465,000.00	3,875,000.00
12/22/2011 to 12/30/2011	43	Yoho Resources Inc. - Flow-Through Shares	5,000,000.00	1,250,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Bonnefield Canadian Farmland Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated January 17, 2012
NP 11-202 Receipt dated January 18, 2012
Offering Price and Description:
Maximum $100,000,000.00 - 10,000,000 Common Shares
Price: $10.00 per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Raymond James Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Desjardins Securities Inc.
Macquarie Private Wealth Inc.
Cormark Securities Inc.
Dundee Securities Ltd.
Promoter(s):
Bonnefield Canadian Farmland Corp.
Project #1849475

Issuer Name:
Clear Creek Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated January 18, 2012
NP 11-202 Receipt dated January 23, 2012
Offering Price and Description:
Minimum of 4,285,714 Shares up to a Maximum of 11,428,571 Shares Price: $0.35 per Share Minimum of $1,500,000.00 up to a Maximum of $4,000,000.00
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
Bernie Kennedy
Project #1850968

Issuer Name:
Enerplus Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated January 23, 2012
NP 11-202 Receipt dated January 23, 2012
Offering Price and Description:
$299,925,500.00 - 12,790,000 Common Shares Price: $23.45 per Common Share
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
TD SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
FIRSTENERGY CAPITAL CORP.
RAYMOND JAMES LTD,
HSBC SECURITIES (CANADA) INC.
BARCLAYS CAPITAL CANADA INC.
CREDIT SUISSE SECURITIES (CANADA) INC.
DESJARDINS SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
PETERS & CO. LIMITED
UBS SECURITIES CANADA INC.
Promoter(s):
-
Project #1851056

Issuer Name:
GASFRAC Energy Services Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated January 23, 2012
NP 11-202 Receipt dated January 23, 2012
Offering Price and Description:
$35,000,000.00 - 7.00% Convertible Unsecured Subordinated Debentures Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
RAYMOND JAMES LTD.
BMO NESBITT BURNS INC.
CORMARK SECURITIES INC.
TD SECURITIES INC.
SCOTIA CAPITAL INC.
ALTACORP CAPITAL INC.
HAYWOOD SECURITIES INC.
Promoter(s):
-
Project #1851063

Issuer Name:
LAURENTIAN BANK OF CANADA
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated January 19, 2012
NP 11-202 Receipt dated January 19, 2012
Offering Price and Description:
$60,008,100.00 - 1,262,000 Common Shares Price: $47.55 per Common Share
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
LAURENTIAN BANK SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
DESJARDINS SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
Promoter(s):
-
Project #1850200

Issuer Name:
MBAC Fertilizer Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated January 24, 2012
NP 11-202 Receipt dated January 24, 2012
Offering Price and Description:
$35,100,000.00 -13,000,000 Common Shares Price: $2.70 per Share
Underwriter(s) or Distributor(s):
GENUITY CORP.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
GMP SECURITIES L.P.
Promoter(s):
-
Project #1851348

Issuer Name:
Partners Real Estate Investment Trust
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated January 24, 2012
NP 11-202 Receipt dated January 24, 2012
Offering Price and Description:
$20,000,580.00 - 10,753,000 Units Price $1.86 per Unit
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
TD SECURITIES INC.
DESJARDINS SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
RAYMOND JAMES LTD.
GMP SECURITIES L.P.
Promoter(s):
-
Project #1851427

Issuer Name:
Poseidon Concepts Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated January 19, 2012
NP 11-202 Receipt dated January 19, 2012
Offering Price and Description:
$75,010,000.00 -5,770,000 Offered Shares Price: $13.00 per Offered Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
CIBC World MarketsInc.
Haywood Securities Inc.
Peters & Co. Limited
Canaccord Genuity Corp.
Cormark Securities Inc.
Dundee Securities Ltd.
FirstEnergy Capital Corp.
Promoter(s):
-
Project #1850210

Issuer Name:
Retrocom Mid-Market Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated January 20, 2012
NP 11-202 Receipt dated January 20, 2012
Offering Price and Description:
$25,200,000.00 - 4,500,000 Trust Units Price: $5.60 Per Unit
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
DESJARDINS SECURITIES INC.
CANACCORD GENUITY CORP.
NATIONAL BANK FINANCIAL INC.
DUNDEE SECURITIES LTD.
Promoter(s):
-
Project #1850476

Issuer Name:
Royal Coal Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated January 17, 2012
NP 11-202 Receipt dated January 18, 2012
Offering Price and Description:
$6,600,000 - * Units Price: $* per Unit
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Promoter(s):
-
Project #1849456

Issuer Name:
SouthTech Capital Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated January 18, 2012
NP 11-202 Receipt dated January 19, 2012
Offering Price and Description:
$200,000.00 - 2,000,000 common shares Price: $0.10 per common share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
Wade J. Larson
Project #1850136

Issuer Name:
Stella-Jones Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated January 23, 2012
NP 11-202 Receipt dated January 23, 2012
Offering Price and Description:
$84,000,000.00 - 2,000,000 Common Shares Price: $42.00 per Common Share
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
ACUMEN CAPITAL FINANCE PARTNERS LIMITED
BMO NESBITT BURNS INC.
DESJARDINS SECURITIES INC.
LAURENTIAN BANK SECURITIES INC.
Promoter(s):
-
Project #1850823

Issuer Name:
Thunderstruck Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated January 23, 2012
NP 11-202 Receipt dated January 23, 2012
Offering Price and Description:
$200,000.00 - 2,000,000 Common Shares PRICE: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Bryce Bradley
Project #1851157

Issuer Name:
Wells Fargo Canada Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated January 18, 2012
NP 11-202 Receipt dated January 19, 2012
Offering Price and Description:
$7,000,000,000.00 - Medium Term Notes (unsecured) Unconditionally guaranteed as to payment of principal, premium (if any), and interest by Wells Fargo & Company
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
Promoter(s):
-
Project #1849991

Issuer Name:
Balanced Portfolio Class Shares, Series 1
Natural Resources Class Shares
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated January 16, 2012
NP 11-202 Receipt dated January 20, 2012
Offering Price and Description:
Mutual fund shares @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Connor, Clark & Lunn Capital Markets Inc.
Project #1839327

Issuer Name:
Brookfield Renewable Energy Partners L.P.
Brookfield Renewable Power Preferred Equity Inc.
BRP Finance ULC
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated January 23, 2012
NP 11-202 Receipt dated January 23, 2012
Offering Price and Description:
US$2,000,000,000.00:
Limited Partnership Units
Class A Preference Shares
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1848922, 1848925, 1848927

Issuer Name:
First Asset Yield Opportunity Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated January 20, 2012
NP 11-202 Receipt dated January 24, 2012
Offering Price and Description:
Offering of 2,163,737 Rights to Subscribe for up to 721,246 Series A Units at a Subscription Price of $14.00 per Series A Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
-
Project #1847970

Issuer Name:
FSFT 2012-I National Class
(formerly Front Street Flow-Through 2012-I National Class)
FSFT 2012-I Québec Class
(formerly Front Street Flow-Through 2012-I Quebec Class)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 17, 2012
NP 11-202 Receipt dated January 20, 2012
Offering Price and Description:
Maximum Offering: $120,000,000.00 - 4,800,000 Limited Partnership Units @ $25/Units Minimum Offering: $10,000,000.00 - 400,000 Limited Partnership Units @ $25/Units
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
GMP SECURITIES L.P.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
MACQUARIE CAPITAL MARKETS CANADA LTD.
MANULIFE SECURITIES INCORPORATED
RAYMOND JAMES LTD.
TUSCARORA CAPITAL INC.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
SHERBROOKE STREET CAPITAL (SSC) INC.
Promoter(s):
FSC GP II Corp.
Front Street Capital 2004
Project #1842352, 1842356

Issuer Name:
MRF 2012 Resource Limited Partnership
Principal Regulator - Alberta
Type and Date:
Final Long Form Prospectus dated January 18, 2012
NP 11-202 Receipt dated January 19, 2012
Offering Price and Description:
$100,000,00 (maximum), 4,000,000 Limited Partnership Units
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
MACQUARIE PRIVATE WEALTH INC.
MANULIFE SECURITIES INCORPORATED
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
DUNDEE SECURITIES LTD.
MIDDLEFIELD CAPITAL CORPORATION
RAYMOND JAMES LTD.
Promoter(s):
MIDDLEFIELD LIMITED
Project #1841502

Issuer Name:
NCE Diversified Flow-Through (12) Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 23, 2012
NP 11-202 Receipt dated January 24, 2012
Offering Price and Description:
Maximum Offering: $100,000,000.00 - 4,000,000 limited partnership units @ $25/unit; Minimum Offering: $5,000,000.00 - 200,000 limited partnership units @ $25/unit
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
MANULIFE SECURITIES INCORPORATED
SCOTIA CAPITAL INC.
HSBC SECURITIES (CANADA) INC.
MACQUARIE PRIVATE WEALTH INC.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
M PARTNERS INC.
MACKIE RESEARCH CAPITAL CORPORATION
Promoter(s):
PETRO ASSETS INC.
Project #1841933

Issuer Name:
PIMCO Canadian Short Term Bond Fund
PIMCO Canadian Total Return Bond Fund
PIMCO Canadian Long Term Bond Fund
PIMCO Canadian Real Return Bond Fund
PIMCO Monthly Income Fund (Canada)
PIMCO Global Advantage Strategy Bond Fund (Canada)
PIMCO Global Balanced Fund (Canada)
PIMCO EqS Pathfinder Fund™ (Canada)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated January 20, 2012
NP 11-202 Receipt dated January 20, 2012
Offering Price and Description:
Class A, F, I, M and O units @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
PIMCO Canada Corp.
Project #1834972

Issuer Name:
Pure Industrial Real Estate Trust
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated January 20, 2012
NP 11-202 Receipt dated January 20, 2012
Offering Price and Description:
$30,240,000.00 - 7,200,000 Units Price: $4.20 Per Unit
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
RBCDOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
RAYMOND JAMES LTD.
HSBCSECURITIES (CANADA) INC.
GMP SECURITIES L.P.
MACQUARIE CAPITAL MARKETS CANADA LTD.
SORA GROUP WEALTH ADVISORS INC.
UNION SECURITIES LTD.
Promoter(s):
SUNSTONE INDUSTRIAL ADVISORS INC.
Project #1848698

Issuer Name:
RESAAS Services Inc.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated January 14, 2011
NP 11-202 Receipt dated January 18, 2012
Offering Price and Description:
Maximum Offering: $1,200,000.00, Minimum Offering: $800,000.00: Maximum
Number of Securities 4,800,000, Minimum Number of Securities 3,200,000 - Per Unit $0.25
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Cory Brandolini
Cameron Shippit
Project #1615640

Issuer Name:
XTF Morningstar Canada Dividend Target 30 Index ETF
(formerly XTF Morningstar Canada Dividend Index ETF)
XTF Morningstar US Dividend Target 50 Index ETF
XTF Morningstar Canada Momentum Index ETF
XTF Morningstar Canada Value Index ETF
XTF Morningstar National Bank Québec Index ETF
XTF Morningstar Canada Liquid Bond Index ETF
XTF Morningstar Emerging Markets Composite Bond Index ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 19, 2012
NP 11-202 Receipt dated January 20, 2012
Offering Price and Description:
Common Units and Advisor Class Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
XTF Capital Corp.
Project #1842563

Issuer Name:
Nordic Oil and Gas Ltd.
Principal Jurisdiction - Manitoba
Type and Date:
Preliminary Base Shelf Prospectus dated April 19, 2011
Closed on January 23, 2012
Offering Price and Description:
$20,000,000
Common Shares
Preferred Shares
Debt Securities
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1713916

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Gestion de Placements Eterna Inc./Eterna Investment Management Inc.	Portfolio Manager and Investment Fund Manager	January 19, 2012
Consent to Suspension (Pending Surrender)	Abbey Investment Management Ltd.	Portfolio Manager	January 23, 2012
New Registration	Contact Capital Advisory Corp.	Exempt Market Dealer	January 23, 2012
New Registration	Arohi Asset Management Ptd. Ltd.	Portfolio Manager	January 25, 2012
Voluntary Surrender	Patica Securities Limited	EMD	January 25,2012

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 IIROC Rules Notice – Request for Comment – Amendment to Dealer Member Rule 100.10(f)(vi) Box Spread

AMENDMENT TO DEALER MEMBER RULE 100.10(F)(VI) BOX SPREAD

Summary of nature and purpose of proposed Rule

On November 23, 2011, the Board of Directors (the Board) of the Investment Industry Regulatory Organization of Canada (IIROC) approved the publication for comment of a proposed amendment (Proposed Amendment) to the Dealer Member Rules (the Rules) that would amend the capital calculation for Dealer Member inventory account positions in a box spread option offset strategy.

The primary objective of the Proposed Amendment is to clarify the capital calculation for box spreads to ensure that the calculated capital requirement accurately reflects the risk of the position.

Issues and specific Proposed Amendments

Current Rule

The current IIROC Dealer Member inventory account minimum capital calculation for a box spread requires clarification to ensure that the calculation results in a minimum capital requirement that is reflective of the position's risk. A box spread is an option strategy that combines a bull spread[1] and a bear spread[2] having two different exercise prices, which produces a risk-free payoff of the difference in exercise prices. A box spread can either be a long box spread or a short box spread.

The net profit of either a long or short box spread will approximate zero, and can be represented as follows:

- Profit on long box spread = payoff – net premium paid
- Profit on short box spread = net premium received – payoff

In either case, arbitrage profits are possible by locating favourable net option premiums relative to the payoff.

In theory, the capital requirement in current Rule 100.10(f)(vi) is based upon the offsetting risk from the pay off and net premium paid/received as indicated in clauses (I) and (II) of the capital calculation. However, in practice the current rule only captures one side of the "payoff vs. premium" equation, and always generates a negative margin requirement, because the offset asks for the lesser of clauses (I) and (II), and one of the clauses will always be negative.

Proposed Rule

The proposed amendment will change the calculation from requiring the lesser of clauses (I) and (II) to the sum of clauses (I) and (II). Summing clauses (I) and (II) will ensure that the capital calculation accurately reflects the risk of the position, effectively requiring zero capital, subject to minor requirements depending on slight value differences in clause (I) from clause (II) based upon the valuation of the options.

The Board Resolution, the Proposed Amendment and a black-line of the Dealer Member Rule 100.10(f)(vi) are set out in Attachments A , B and C, respectively.

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1 A bull spread is an option strategy that involves buying a call option with a lower exercise price and selling a call option with a higher exercise price. It can also be executed with put options.

2 A bear spread is an option strategy that involves selling a put with a lower exercise price and buying a put with a higher exercise price. It can also be executed with call options.

Rule Making Process

The proposed amendment was developed by IIROC staff and recommended for approval by the FAS Capital Formula Subcommittee and the Financial Administrators Section.

Issues and Alternatives Considered

The only other alternative considered was to leave the Dealer Member Rule for inventory account box spreads unchanged. This alternative was dismissed because it is apparent that the calculation methodology used in the current rule does not accurately reflect the risk of the offset.

Comparison with Similar Provisions

The box spread is a well-established option offset strategy that is recognized in the Rules for customer positions and Dealer Member positions under Dealer Member Rules 100.9(f)(iv) and 100.10(f)(iv), respectively. The box spread is recognized in other jurisdictions, including the U.S. under the Chicago Board Options Exchange Rules 12.3(a)(10) and 12.3(c)(5)(C)(8).

The Proposed Amendment clarifies the calculation methodology of the Dealer Member inventory account box spread option offset making it more reflective of the limited risk of these positions. As a result, the Proposed Amendment also brings the Dealer Member inventory account box spread option offset strategy back in-line with the IIROC prescribed customer margin requirements and U.S. margin requirements.

Proposed Rule classification

In deciding to propose these amendments, IIROC identified that there was a need to clarify and amend the calculation methodology used in determining the minimum capital requirement for a Dealer Member inventory account box spread.

This need was assessed as being in the public interest and not detrimental to the best interests of the capital markets. As a result, the Board has determined that the Proposed Amendment is a Public Comment Rule and is not contrary to the public interest.

Effects of the proposed Rule on market structure, Dealer Members, non-Dealer Members, competition and costs of compliance

Statements have been made elsewhere as to the nature and effects of the Proposed Amendment.

The specific purpose of the Proposed Amendment is to amend the calculation for determining the minimum capital requirement for a Dealer Member inventory account box spread in order to ensure that the risk of these positions is accurately covered.

It is believed that the Proposed Amendment will have no impact in terms of capital market structure, competition generally, cost of compliance and conformity with other rules. The Proposed Amendment does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

Technological implications and implementation plan

It is not anticipated that there will be any system impacts resulting from the implementation of this rule change. Bourse de Montréal (the Bourse) is also in the process of passing the Proposed Amendment. Implementation of the Proposed Amendment is expected to occur once both the Corporation and the Bourse have received approval to do so from their respective recognizing regulators.

Request for public comment

Comments are sought on the Proposed Amendment. Comments should be made in writing. Two copies of each comment letter should be delivered by March 28, 2012 (60 days from the publication date of this notice). One copy should be addressed to the attention of:

Bruce Grossman
Senior Information Analyst, Member Regulation Policy
Investment Industry Regulatory Organization of Canada
Suite 2000, 121 King Street West
Toronto, Ontario, M5H 3T9

The second copy should be addressed to the attention of:

Manager of Market Regulation
Ontario Securities Commission
19th Floor, Box 55
20 Queen Street West
Toronto, Ontario, M5H 3S8
marketregulation@osc.gov.on.ca

Those submitting comment letters should be aware that a copy of their comment letter will be made publicly available on the IIROC website (**www.iiroc.ca** under the heading "IIROC Rulebook - Dealer Member Rules - Policy Proposals and Comment Letters Received").

Questions may be referred to:

Bruce Grossman
Senior Information Analyst, Member Regulation Policy
Investment Industry Regulatory Organization of Canada
416-943-5782
bgrossman@iiroc.ca

Attachments

Attachment A – Board Resolution

Attachment B – Proposed Amendment to Dealer Member Rule

Attachment C – Black-line of Proposed Amendment

ATTACHMENT A

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

AMENDMENT TO DEALER MEMBER RULE 100.10(F)(VI) BOX SPREAD

BOARD RESOLUTION

BE IT RESOLVED ON THE 23RD DAY OF NOVEMBER, 2011, THAT:

1. The English and French versions of the proposed amendment to the Dealer Member Rule regarding the inventory account box spread option offset strategy, in the form presented to the Board of Directors:

    (a) be approved for publication for public comment for 60 days;

    (b) be approved for submission to the Recognizing Regulators for review and approval;

    (c) be determined to be in the public interest; and

    (d) be approved for implementation if there are no material comments from the public or the Recognizing Regulators.

2. The President be authorized to approve such non-material changes to the proposed amendments prior to publication and/or implementation as the President considers necessary and appropriate.

ATTACHMENT B

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

AMENDMENT TO DEALER MEMBER RULE 100.10(F)(VI) BOX SPREAD

PROPOSED AMENDMENT

1. Dealer Member Rule 100.10(f)(vi) is amended by replacing the word “lesser” with the word “sum”.

ATTACHMENT C

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

AMENDMENT TO DEALER MEMBER RULE 100.10(F)(VI) BOX SPREAD

BLACK-LINE COPY

Dealer Member Rule 100.10(f)(vi) – Amendment #1

vi) Box spread

Where a Dealer Member account contains a box spread combination on the same underlying interest with all options expiring at the same time, such that a Dealer Member holds a long and short call option and a long and short put option and where the long call option and short put option, and short call option and long put option have the same strike price, the minimum capital required shall be the sum ~~lesser~~ of:

(I) the difference, plus or minus, between the aggregate exercise value of the long call options and the aggregate exercise value of the long put options; and

(II) the net market value of the options.

Chapter 25

Other Information

25.1 Exemptions

25.1.1 Canadian Energy Convertible Debenture Fund – Part 6 of NI 81-102 Mutual Fund Prospectus Disclosure

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from s. 2.1(2) of NI 81-101 to file a prospectus more than 90 days after the date of the receipt for the preliminary prospectus.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, s. 2.1(2).

September 2, 2011

Blake, Cassels & Graydon LLP
Barristers & Solicitors
199 Bay Street
Suite 4400
Commerce Court West
Toronto, ON M5L 1A9

Attention: Kevin Rusli

Dear Sirs/Mesdames:

Re: Canadian Energy Convertible Debenture Fund (the "Fund")

Exemptive Relief Application under Part 6 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (NI 81-101)

Application No. 2011/0688; SEDAR Project No. 1756274

By letter dated August 30, 2011 (the Application), the Fund applied to the Director of the Ontario Securities Commission (the Director) under section 6.1 of NI 81-101 for relief from the operation of section 2.1(2) of NI 81-101, which prohibits an issuer from filing a prospectus more than 90 days after the date of the receipt for the preliminary prospectus.

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the requested exemption to be evidenced by the issuance of a receipt for the Fund's prospectus, subject to the condition that the prospectus be filed no later than September 9, 2011.

Yours very truly,

"Vera Nunes"
Manager, Investment Funds Branch

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Index