

The Ontario Securities Commission

# OSC Bulletin

February 24, 2012

Volume 35, Issue 8

(2012), 35 OSCB

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

**The Ontario Securities Commission**

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

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

Published under the authority of the Commission by:

**Carswell, a Thomson Reuters business**

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

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

Contact Centre - Inquiries, Complaints:  
Market Regulation Branch:  
Compliance and Registrant Regulation Branch

- Compliance:
- Registrant Regulation:

Corporate Finance Branch

- Team 1:
- Team 2:
- Team 3:
- Insider Reporting:
- Mergers and Acquisitions:

Enforcement Branch:

Executive Offices:

General Counsel's Office:

Investment Funds Branch:

Office of the Secretary:

Fax: 416-593-8122

Fax: 416-595-8940

Fax: 416-593-8240

Fax: 416-593-8283

Fax: 416-593-8244

Fax: 416-593-3683

Fax: 416-593-8252

Fax: 416-593-3666

Fax: 416-593-8177

Fax: 416-593-8321

Fax: 416-593-8241

Fax: 416-593-3681

Fax: 416-593-3699

Fax: 416-593-2318



THOMSON REUTERS

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

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

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

U.S.	\$175
Outside North America	\$400

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

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

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

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

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

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

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise without the prior written permission of the publisher.

The publisher is not engaged in rendering legal, accounting or other professional advice. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

© Copyright 2012 Ontario Securities Commission  
ISSN 0226-9325  
Except Chapter 7 ©CDS INC.



THOMSON REUTERS

---

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

Customer Relations  
Toronto 1-416-609-3800  
Elsewhere in Canada/U.S. 1-800-387-5164  
Fax 1-416-298-5082  
[www.carswell.com](http://www.carswell.com)  
Email [www.carswell.com/email](mailto:www.carswell.com/email)

# Table of Contents

<b>Chapter 1 Notices / News Releases .....</b>	<b>1867</b>	<b>Chapter 6 Request for Comments .....</b>	<b>(nil)</b>
<b>1.1 Notices .....</b>	<b>1867</b>	<b>Chapter 7 Insider Reporting .....</b>	<b>1915</b>
1.1.1 Current Proceedings before the Ontario Securities Commission .....	1867	<b>Chapter 8 Notice of Exempt Financings.....</b>	<b>1991</b>
1.1.2 OSC Staff Notice 52-720 – Office of the Chief Accountant – Financial Reporting Bulletin – February 2012 .....	1876	Reports of Trades Submitted on Forms 45-106F1 and 45-501F1 .....	1991
<b>1.2 Notices of Hearing.....</b>	<b>(nil)</b>	<b>Chapter 9 Legislation.....</b>	<b>(nil)</b>
<b>1.3 News Releases .....</b>	<b>1877</b>	<b>Chapter 11 IPOs, New Issues and Secondary Financings.....</b>	<b>2001</b>
1.3.1 Canadian Securities Regulators' 2011 Enforcement Report Highlights Proactive Measures to Protect Investors .....	1877	<b>Chapter 12 Registrations.....</b>	<b>2009</b>
<b>1.4 Notices from the Office of the Secretary .....</b>	<b>1879</b>	12.1.1 Registrants.....	2009
1.4.1 HEIR Home Equity Investment Rewards Inc. et al.....	1879	<b>Chapter 13 SROs, Marketplaces and Clearing Agencies .....</b>	<b>2011</b>
1.4.2 Jowdat Waheed and Bruce Walter .....	1886	<b>13.1 SROs .....</b>	<b>(nil)</b>
1.4.3 Ameron Oil and Gas Ltd. et al. ....	1886	<b>13.2 Marketplaces .....</b>	<b>(nil)</b>
1.4.4 American Heritage Stock Transfer Inc. et al.....	1887	<b>13.3 Clearing Agencies .....</b>	<b>2011</b>
1.4.5. Sandy Winick et al. ....	1887	13.3.1 CDCC – Notice of Commission Order – Application for Variation and Restatement of CDCC's Temporary Exemption Order .....	2011
1.4.6 Bernard Boily.....	1888	13.3.2 OSC Staff Notice of Commission Approval – Material Amendments to CDS Rules and Procedures – CDCC Interface .....	2012
<b>Chapter 2 Decisions, Orders and Rulings .....</b>	<b>1889</b>	<b>Chapter 25 Other Information .....</b>	<b>2019</b>
<b>2.1 Decisions .....</b>	<b>1889</b>	<b>25.1 Approvals .....</b>	<b>2019</b>
2.1.1 Goodman & Company, Investment Counsel Ltd. et al. ....	1889	25.1.1 BMO Investments Inc. – s. 213(3)(b) .....	2019
2.1.2 I.G. Investment Management, Ltd. ....	1892	<b>Index.....</b>	<b>2021</b>
2.1.3 Mackenzie Financial Corporation .....	1895		
2.1.4 Unique Broadband Systems, Inc. ....	1898		
2.1.5 Minera Andes Inc. – s. 1(10) .....	1900		
<b>2.2 Orders.....</b>	<b>1901</b>		
2.2.1 Jowdat Waheed and Bruce Walter .....	1901		
2.2.2 Ameron Oil and Gas Ltd. et al. ....	1902		
2.2.3 American Heritage Stock Transfer Inc. et al. ....	1905		
2.2.4 Sandy Winick et al. ....	1906		
2.2.5 Bernard Boily.....	1907		
2.2.6 Canadian Derivative Clearing Corporation – s. 144 .....	1908		
<b>2.3 Rulings .....</b>	<b>(nil)</b>		
<b>Chapter 3 Reasons: Decisions, Orders and Rulings .....</b>	<b>(nil)</b>		
<b>3.1 OSC Decisions, Orders and Rulings .....</b>	<b>(nil)</b>		
<b>3.2 Court Decisions, Order and Rulings.....</b>	<b>(nil)</b>		
<b>Chapter 4 Cease Trading Orders.....</b>	<b>1913</b>		
4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders .....	1913		
4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders .....	1913		
4.2.2 Outstanding Management & Insider Cease Trading Orders .....	1913		
<b>Chapter 5 Rules and Policies.....</b>	<b>(nil)</b>		



# Chapter 1

## Notices / News Releases

### 1.1 Notices

#### 1.1.1 Current Proceedings Before The Ontario Securities Commission

**February 24, 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  
Suite 1700, Box 55  
20 Queen Street West  
Toronto, Ontario  
M5H 3S8

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

#### CDS

#### TDX 76

Late Mail depository on the 19<sup>th</sup> Floor until 6:00 p.m.

-----

#### THE COMMISSIONERS

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

### SCHEDULED OSC HEARINGS

February 27, 2012		<b>North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti</b>
10:00 a.m.		

April 10, 2012		s. 127
----------------	--	--------

2:30 p.m.		M. Vaillancourt in attendance for Staff
-----------	--	---

Panel: MGC

March 6-12 and March 14-21, 2012		<b>Ameron Oil and Gas Ltd., MX-IV Ltd., Gaye Knowles, Giorgio Knowles, Anthony Howorth, Vadim Tsatskin, Mark Grinshpun, Oded Pasternak, and Allan Walker</b>
10:00 a.m.		

s. 127

C. Rossi in attendance for Staff

Panel: CP

March 6, 2012		<b>Lyndz Pharmaceuticals Inc., James Marketing Ltd., Michael Eatck and Rickey McKenzie</b>
10:00 a.m.		

s. 127(1) and (5)

J. Feasby in attendance for Staff

Panel: MGC/SOA

March 7, 2012		<b>Systematech Solutions Inc., April Vuong and Hao Quach</b>
10:00 a.m.		

s. 127

R. Goldstein/S. Schumacher in attendance for Staff

Panel: JEAT

March 8, 2012 10:00 a.m.	<b>Energy Syndications Inc., Green Syndications Inc., Syndications Canada Inc., Land Syndications Inc. and Douglas Chaddock</b>  s. 127  C. Johnson in attendance for Staff  Panel: CP	March 23, 2012 10:00 a.m.	<b>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</b>  s. 127  J. Feasby in attendance for Staff  Panel: TBA
March 13, 2012 3:00 p.m.	<b>Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints</b>	March 26, 2012 11:00 a.m.	<b>Shaun Gerard McErlean, Securus Capital Inc., and Acquiesce Investments</b>
March 23, 2012 11:00 a.m.	<b>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</b>  s. 127 and 127.1  D. Campbell in attendance for Staff  Panel: VK	March 28 and March 30-April 3, 2012 10:00 a.m.	s. 127 M. Britton in attendance for Staff  Panel: VK/JDC
		March 27, 2012 9:00 a.m.	<b>Shallow Oil &amp; Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman</b>  s. 127(7) and 127(8)  H. Craig in attendance for Staff  Panel: PLK
		June 18 and June 20-22, 2012 10:00 a.m.	
March 21, 2012 10:00 a.m.	<b>Eda Marie Agueci, Dennis Wing, Santo Iacono, Josephine Raponi, Kimberley Stephany, Henry Fiorillo, Giuseppe (Joseph) Fiorini, John Serpa, Ian Telfer, Jacob Gornitzki and Pollen Services Limited</b>  s. 127  J. Waechter/U. Sheikh in attendance for Staff  Panel: JEAT	April 4-5, April 11 and April 13-16, 2012 10:00 a.m.	<b>Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)</b>  s. 127 and 127.1  D. Ferris in attendance for Staff  Panel: VK/MCH
		April 12, 2012 9:00 a.m.	
March 22, 2012 9:00 a.m.	<b>Empire Consulting Inc. and Desmond Chambers</b>  s. 127  D. Ferris in attendance for Staff  Panel: EPK		

April 11, 2012 10:00 a.m.	<b>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</b>  s. 127  H. Craig/C. Rossi in attendance for Staff  Panel: CP	May 1, 2012 10:00 a.m.	<b>Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin</b>  s. 127  T. Center in attendance for Staff  Panel: MGC/SOA
April 18, 2012 10:00 a.m.	<b>Sextant Capital Management Inc., Sextant Capital GP Inc., Otto Spork, Robert Levack and Natalie Spork</b>  s. 127  T. Center in attendance for Staff  Panel: JDC	May 3, 2012 10:00 a.m.	<b>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</b>  s. 127  M. Vaillancourt in attendance for Staff  Panel: TBA
April 23, 2012 10:00 a.m.	<b>Lehman Brothers &amp; Associates Corp., Greg Marks, Kent Emerson Lounds and Gregory William Higgins</b>  s. 127  C. Rossi in attendance for Staff  Panel: CP/CWMS	May 9-18 and May 23-25, 2012 10:00 a.m.	<b>Crown Hill Capital Corporation and Wayne Lawrence Pushka</b>  s. 127  A. Perschy in attendance for Staff  Panel: EPK
April 30, 2012 11:00 a.m.  May 1-7, May 9-18 and May 23-25, 2012 10:00 a.m.	<b>Rezwealth Financial Services Inc., Pamela Ramoutar, Justin Ramoutar, Tiffin Financial Corporation, Daniel Tiffin, 2150129 Ontario Inc., Sylvan Blackett, 1778445 Ontario Inc. and Willoughby Smith</b>  s. 127(1) and (5)  A. Heydon in attendance for Staff  Panel: CP	May 16-18, May 23-25, June 4 and June 6, 2012 10:00 a.m.	<b>Nest Acquisitions and Mergers, IMG International Inc., Caroline Myriam Frayssignes, David Pelcowitz, Michael Smith, and Robert Patrick Zuk</b>  s. 37, 127 and 127.1  C. Price in attendance for Staff  Panel: JDC/MCH

May 29-June 1, 2012	<b>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"</b>	September 21, 2012	<b>Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang</b>
10:00 a.m.		10:00 a.m.	
	s. 127		s. 127 and 127.1
	B. Shulman in attendance for Staff		H. Craig in attendance for Staff
	Panel: JEAT		Panel: TBA
June 4, June 6-18, and June 20-26, 2012	<b>Peter Sbaraglia</b>	September 24, September 26 – October 5 and October 10-19, 2012	<b>New Found Freedom Financial, Ron Deonarine Singh, Wayne Gerard Martinez, Pauline Levy, David Whidden, Paul Swaby and Zompas Consulting</b>
	s. 127	10:00 a.m.	s. 127
10:00 a.m.	J. Lynch in attendance for Staff		A. Heydon in attendance for Staff
	Panel: TBA		Panel: TBA
June 21, 2012	<b>M P Global Financial Ltd., and Joe Feng Deng</b>	October 19, 2012	<b>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</b>
10:00 a.m.		10:00 a.m.	
	s. 127 (1)		s. 127
	M. Britton in attendance for Staff		H. Craig in attendance for Staff
	Panel: MCH		Panel: PLK
June 22, 2012	<b>New Hudson Television Corporation, New Hudson Television L.L.C. &amp; James Dmitry Salganov</b>		
10:00 a.m.			
	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	<b>Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg</b>	October 22 and October 24 – November 5, 2012	<b>MBS Group (Canada) Ltd., Balbir Ahluwalia and Mohinder Ahluwalia</b>
	s. 127	10:00 a.m.	s. 37, 127 and 127.1
10:00 a.m.	H Craig in attendance for Staff		C. Rossi in attendance for staff
	Panel: TBA		Panel: TBA
		November 21 – December 3 and December 5-December 14, 2012	<b>Bernard Boily</b>
		10:00 a.m.	s. 127 and 127.1
			M. Vaillancourt/U. Sheikh in attendance for Staff
			Panel: TBA



January 7 – February 13, 2013	<b>Jowdat Waheed and Bruce Walter</b> s. 127	TBA	<b>Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmony, Harmony Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale</b> s. 127
10:00 a.m.	J. Lynch in attendance for Staff Panel: TBA		H. Craig in attendance for Staff Panel: TBA
TBA	<b>Yama Abdullah Yaqeen</b> s. 8(2) J. Superina in attendance for Staff Panel: TBA	TBA	<b>Shane Suman and Monie Rahman</b> s. 127 and 127(1) C. Price in attendance for Staff Panel: TBA
TBA	<b>Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell</b> s. 127 J. Waechter in attendance for Staff Panel: TBA	TBA	<b>Gold-Quest International, Health and Harmony, Iain Buchanan and Lisa Buchanan</b> s. 127 H. Craig in attendance for Staff Panel: TBA
TBA	<b>Frank Dunn, Douglas Beatty, Michael Gollogly</b> s. 127 K. Daniels in attendance for Staff Panel: TBA	TBA	<b>Brilliant Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York</b> s. 127 H. Craig in attendance for Staff Panel: TBA
TBA	<b>MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric</b> s. 127 and 127(1) D. Ferris in attendance for Staff Panel: TBA	TBA	<b>Abel Da Silva</b> 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      **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      **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	<p><b>FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun</b></p> <p>s. 127</p> <p>C. Price in attendance for Staff</p> <p>Panel: CP</p>	TBA	<p><b>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)</b></p> <p>s. 127</p> <p>J. Lynch/S. Chandra in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p><b>2196768 Ontario Ltd carrying on business as Rare Investments, Ramadhar Dookhie, Adil Sunderji and Evgueni Todorov</b></p> <p>s. 127</p> <p>D. Campbell in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p><b>Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, John Colonna, Pasquale Schiavone, and Shafi Khan</b></p> <p>s. 127(7) and 127(8)</p> <p>J. Feasby in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p><b>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</b></p> <p>s. 127</p> <p>H. Craig/C. Watson in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p><b>Simply Wealth Financial Group Inc., Naida Allarde, Bernardo Giangrosso, K&amp;S Global Wealth Creative Strategies Inc., Kevin Persaud, Maxine Lobban and Wayne Lobban</b></p> <p>s. 127 and 127.1</p> <p>C. Johnson in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p><b>Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt</b></p> <p>s. 127</p> <p>M. Vaillancourt in attendance for Staff</p> <p>Panel: TBA</p>		

TBA	<p><b>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.</b></p> <p>s. 127</p> <p>M. Britton in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p><b>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.</b></p> <p>s. 127</p> <p>B. Shulman in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p><b>Sino-Forest Corporation, Allen Chan, Albert Ip, Alfred C.T. Hung, George Ho and Simon Yeung</b></p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p><b>Ground Wealth Inc., Armadillo Energy Inc., Paul Schuett, Doug DeBoer, James Linde, Susan Lawson, Michelle Dunk, Adrion Smith, Bianca Soto and Terry Reichert</b></p> <p>s. 127</p> <p>S. Schumacher in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p><b>Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton</b></p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p><b>Sage Investment Group, C.A.D.E Resources Group Inc., Greenstone Financial Group, Fidelity Financial Group, Antonio Carlos Neto David Oliveira, and Anne Marie Ridley</b></p> <p>s. 127</p> <p>C. Watson in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p><b>Zungui Haixi Corporation, Yanda Cai and Fengyi Cai</b></p> <p>s. 127</p> <p>J. Superina in attendance for Staff</p> <p>Panel: TBA</p>		
TBA	<p><b>David M. O'Brien</b></p> <p>s. 37, 127 and 127.1</p> <p>B. Shulman in attendance for Staff</p> <p>Panel: TBA</p>		

TBA                    **Maitland Capital Ltd., Allen Grossman, Hanoch Ulfan, Leonard Waddingham, Ron Garner, Gord Valde, Marianne Hyacinthe, Dianna Cassidy, Ron Catone, Steven Lanys, Roger McKenzie, Tom Mezinski, William Rouse and Jason Snow**

s. 127 and 127.1

D. Ferris in attendance for Staff

Panel: TBA

TBA                    **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

#### **ADJOURNED SINE DIE**

TBA                    **Sandy Winick, Andrea Lee McCarthy, Kolt Curry, Laura Mateyak, Gregory J. Curry, American Heritage Stock Transfer Inc., American Heritage Stock Transfer, Inc., BFM Industries Inc., Liquid Gold International Inc., and Nanotech Industries Inc.**

s. 127

J. Feasby in attendance for Staff

Panel: TBA

**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**

TBA                    **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

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

**1.1.2 OSC Staff Notice 52-720 – Office of the Chief Accountant – Financial Reporting Bulletin – February 2012**

OSC Staff Notice 52-720 – *Office of the Chief Accountant – Financial Reporting Bulletin – February 2012* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Staff Notice.



ONTARIO  
SECURITIES  
COMMISSION



**OSC Staff Notice 52-720**

**Office of the Chief Accountant  
Financial Reporting Bulletin**

**February 2012**

## Table of Contents

Introduction .....	1
Business Combinations – IFRS 3 .....	1
Common Control Business Combination Transactions.....	2
Impairment.....	3
Critical Judgements and Sources of Estimation Uncertainty.....	5
Going Concern.....	8
Non-GAAP Financial Measures and Additional GAAP Measures.....	9
Areas of Interest for 2012 .....	10
Questions.....	11



## INTRODUCTION

During the course of 2011, most publicly accountable enterprises transitioned from previous Canadian accounting standards to International Financial Reporting Standards (IFRS). The Office of the Chief Accountant (OCA) of the Ontario Securities Commission is publishing this bulletin to highlight selected financial reporting areas of interest that we have observed from our experiences with IFRS during 2011, and to identify topics that we are interested in examining more closely during 2012. The objective of this bulletin is to provide information to market participants that may be useful in preparing financial reports during 2012.

## BUSINESS COMBINATIONS – IFRS 3

During the course of 2011, Staff in the OCA (we or Staff) have been interested in looking more closely at the application of accounting standards that contain different recognition, measurement and disclosure requirements under IFRS compared to pre-changeover Canadian generally accepted accounting principles (GAAP). IFRS financial reporting requirements for business combinations as prescribed by IFRS 3 *Business Combinations* (IFRS 3) may be similar to pre-changeover Canadian GAAP in some respects, however, there are differences between the two reporting standards – the significance of the differences will vary from one issuer to the next depending on the facts and circumstances. As such, Staff undertook an examination of selected Canadian interim financial reports filed in 2011 to determine the level of compliance with certain features of these standards that are “new” to our capital markets. Our objective was primarily to assess whether issuers complied with IFRS 3 requirements during this important year of IFRS implementation.

### Findings

Overall, issuers complied with the IFRS 3 recognition, measurement and disclosure requirements that were similar to those required under pre-changeover Canadian GAAP. However, Staff noted the following recognition and measurement issues that had not been fully reflected in financial statements in all instances:

- *Step acquisitions* – requirement to remeasure previously-held interests at fair value at the date of acquisition, and recognize the resulting gain/loss;
- *Method of acquisition accounting* – requirement to recognize identifiable assets acquired and liabilities assumed at full fair value (with limited exceptions) even when the acquirer’s interest in the acquiree is less than 100%;
- *Transactions outside of the business combination* – requirement to identify, measure and appropriately disclose how certain transactions such as “payouts to employees of acquiree” or extension of an existing contract with the acquiree were accounted for separately from the acquisition of assets and assumption of liabilities in the business combination.

In addition, the following deficiencies were noted in areas of **new disclosure requirements** such as:

- Qualitative description of what makes up goodwill
- Revenue and profit or loss of the acquiree since the acquisition date
- Pro-forma revenue and profit or loss for the combined entity
- Reason for the business combination

- Gross contractual amounts of acquired receivable and an estimate of the contractual cash flows not expected to be collected

The significant accounting policy note (related to business combination) that was included in the interim financial reports provided limited information in some instances, and some issuers did not appear to have updated their accounting policy note to be in accordance with IFRS 3.

Our examination of IFRS 3 compliance included a sample of interim financial reports that were subject to auditor review as well as those that did not have auditor involvement. In general, we noted that interim financial reports that were subject to auditor review had fewer deficiencies than those without auditor involvement.

- Preparers need to provide important *new* disclosure for business combinations – **more extensive** under IFRS than previous Canadian GAAP
- Do investors understand **what** has been acquired, **how** it was acquired and **why**?

## COMMON CONTROL BUSINESS COMBINATION TRANSACTIONS

Business combinations under common control are combinations whereby businesses are ultimately controlled by the same party or parties both before and after the business combination transaction. Accounting for business combinations under common control is a complex area because of the wide array of such transactions that occur in practice.

IFRS currently does not provide guidance on accounting for common control transactions, and as a result, financial statement preparers look to IAS 8 *Accounting Policies, Changes in Estimates, and Errors* to determine an accounting policy that is appropriate for its specific circumstances. In Canada and in other jurisdictions, we have noted the following financial reporting approaches for the “acquired” business that is, in essence, a transfer between entities under common control:

- Book value (carry-over basis) accounting of the assets and liabilities acquired for current and comparative years – the financial statements of both entities are combined together at book value for the current and comparative years to account for the entities as though they had always been combined together as one entity,
- Book value (carry-over basis) accounting of the assets and liabilities acquired from the date of acquisition – the financial statements of both entities are combined together at book value only from the date of acquisition without restatement of comparative years; or
- Purchase accounting analogous to IFRS 3 on the basis that the acquirer is a separate entity in its own right.

### Consider:

- Is **complete** information about the acquiree being provided?
  - **with comparative information?**
  - **without gaps** in periods in the current year?
- Is the selected accounting policy resulting in **useful information** to an investor?

Staff have encountered instances where the accounting approach outlined in (ii) and (iii) above can result in the omission of important financial information about the acquiree. Such information includes current period pre-acquisition information, as well as comparative period information. Staff are of the view that it is important for investors to have financial information about the acquiree that relates to periods both **before and after** the common control transaction, **without gaps** in the periods being presented. In many of these transactions, there has often been no substantive change regarding the ultimate ownership structure or ongoing operations of

the acquiree, and therefore it is important that investors are provided with the current period pre-acquisition as well as comparative financial information for making an investment decision.

Accounting for a common control business combination transaction only from the date of acquisition forward can also result in the omission of information that may otherwise not have been available to the users of the financial statements, for example, when the business combination takes place at a time between reporting periods. To illustrate, a business combination under common control takes place on December 1, 2011. The most recent financial statements of both the acquirer and the acquiree are available for the quarter ended September 30, 2011. If the acquirer accounts for the transaction from the acquisition date forward, the operating results of the acquiree for the period from October 1 to November 30, 2011 may not otherwise be available to the investor group. **Staff are concerned that the absence of such information may not result in complete financial information that is important for the investment decision-making needs of users.**

In summary, common control business combination transactions can take various forms, and facts and circumstances will inevitably be different in each situation. When determining an accounting approach for such transactions, issuers and their advisors should carefully consider whether the resulting publicly available financial reporting and disclosure will provide investors with information about the acquiree that is complete with comparative period information and without gaps in the periods being presented. We would encourage issuers and their advisors to consult with us regarding proposed accounting treatments for these types of complex common control business combination transactions in advance of filing financial statements. Please refer to the OCA consultations procedures discussed at the end of this bulletin.

## IMPAIRMENT

There are significant differences between the requirements of IAS 36 *Impairment of Assets* (IAS 36) and pre-changeover Canadian GAAP with respect to the recognition and measurement of impairment. The application of these requirements that are new to Canada are of a particular interest to Staff given the current local and global economic environment. Key areas of interest are as follows:

- disclosures for each material impairment loss or reversal including the following:
  - events and circumstances that led to the recognition or reversal of the impairment loss;
  - a description of the cash generating unit (CGU);
  - whether the recoverable amount is fair value less costs to sell or value in use;
  - if recoverable amount is fair value less costs to sell, the basis used to determine fair value less costs to sell;
  - if recoverable amount is value in use, the discount rate(s) used in the estimate;
- disclosures required for estimates used to measure recoverable amounts of CGUs containing significant goodwill or intangible assets with indefinite useful lives, irrespective of whether there has been an impairment or not:

If recoverable amount is based on **value in use**:

- description of key assumptions that management has based its cash flow projections on;
- description of management's approach to making these determinations;
- the period over which management has projected cash flows, and the growth rates used

If recoverable amount is based on **fair value less costs to sell**:

- the methodology used to determine fair value less costs to sell;
- If fair value less costs to sell is not determined using an observable market price for the CGU(s), a description of the key assumptions and management's approach;
- If fair value less costs to sell is determined using discounted cash flow projections, disclosures about the period over which management has projected cash flows, and growth rates;

IAS 36 is a complex standard that involves numerous judgements and estimation uncertainties. As a result, IAS 36 disclosure requirements are aimed at providing users with useful information for evaluating the reliability of the impairment tests. IAS 36 requires these disclosures to be provided appropriately, when applicable, in the annual financial statements.

**Consider:**

- Are financial statement disclosures providing the necessary information to allow investors to **easily understand** how 'recoverable amount' was determined?

### Indicators of impairment

Similar to 2011, 2012 continues to be a year of global economic uncertainty and issuers may experience the impact of these events in their global operations as well as through direct and indirect international debt and equity holdings. As the European sovereign debt crisis continues to impact the global economy, issuers should remain alert of the impacts of the crisis locally. Although sovereign debt concerns may not be significant for Canadian issuers who do not hold debt instruments of affected countries, there may be considerations for reporting issuers who hold debt or equity investments in entities that operate in or are impacted by a jurisdiction experiencing sovereign debt issues. Guarantees of third party investments in entities operating in or who hold debt instruments of affected Eurozone countries may also create increased exposures to a Canadian guarantor.

**Consider:**

- Indicators of impairment as a result of the current economic environment?
- Indirect impact of European sovereign debt crisis on investments held in affected entities?

Staff remind issuers to carefully assess whether the impact of these exposures:

- are indicators that the recoverable value of an asset/CGU may be lower than its carrying value, and
- are appropriately reflected in the valuation of investments in affected debt or equity instruments accounted for in accordance with IAS 39 *Financial Instruments*.

When applying IAS 36, various sources of information are required to be considered in assessing whether an indicator of impairment exists. In the current economic climate, the market capitalization of some reporting issuers may be less than the carrying amount of the issuer's net asset. In this situation, **investors will benefit from disclosure that explains the shortfall and why the carrying value of the net assets is supported.**

This area of impairment, as well as other indicators identified in IAS 36, will be examined more closely by Staff as we review this area of IFRS during 2012.

### Discounted cash flow calculations

In the past, Staff have encountered filings where issuers have been overly optimistic in establishing assumptions used to determine the fair value of their reporting units (under pre-

changeover Canadian GAAP). Problems include incomplete or unrealistic cash flow forecasts that reflect excessive growth rates, unproven sales trends, or insufficient consideration for working capital or capital expenditure requirements going forward.

Staff have also encountered filings where the discount rate incorporated in discounted cash flow calculations did not appropriately reflect current market assessments of the time value of money and the risks specific to the asset.

This will continue to be an area of interest for Staff in 2012 given the current economic environment and the areas of judgement and/or estimates when assessing impairment. It is the responsibility of issuers to ensure they are not **unduly inflating fair value determinations** by incorporating overly optimistic assumptions in discounted cash flows calculations.

**Consider:**

- Are cash flow projections based on **reasonable and supportable** assumptions?
- Do discount rates reflect current market assessments and specific risk of the asset or CGU?

## CRITICAL JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

### Critical Judgements

IAS 1 *Presentation of Financial Statements* (IAS 1) paragraph 122 requires the disclosure of judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the **most significant effect** on the amounts recognized in the financial statements. IAS 1.BC77 notes that the disclosure of **the most important of these judgements** enable users of financial statements to better understand how the accounting policies are applied and to make comparisons between issuers regarding the basis on which management make these judgements. Disclosures of judgements that are immaterial may obscure those that are most important, and may make it difficult for an investor to understand the most important features of the critical judgements disclosures.

**Consider:**

- Do the disclosures focus on the **most significant** judgements?
- Are disclosures of insignificant (**immaterial**) judgements "cluttering up" the financial statements?

Pre-changeover Canadian GAAP did not have a similar requirement, and therefore this disclosure is likely new to reporting issuers. In our examination of practices of disclosure in this area for interim financial reports, we noted that such disclosures were either **omitted** from the financial statements or were **lacking in substance (boilerplate)**. The purpose of such disclosures is to enable users of financial statements to better understand how the accounting policies are applied and to make comparisons between issuers regarding the basis on which management make these judgements. Some examples of areas of material judgement may include:

- going concern risk assessment;
  - refer to further discussion in the section *Going Concern*
- determination of CGUs;
  - significant judgement may be involved in determining the *smallest* group of assets that generates independent cash *inflows*

- determination of functional currency;
  - significant judgement may be involved where primary and secondary indicators are mixed, and management's judgement should be appropriately disclosed

It is also important to note that IAS 1.132 requires the disclosures of judgements made by management in the process of applying the issuer's accounting policies *separately* from the disclosures of judgements involving estimation uncertainty (see below).

### Sources of estimation uncertainty

IAS 1.125 requires an issuer to disclose information about the assumptions made about the future and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, notes to the financial statements shall include details of their nature and their carrying amount as at the end of the reporting period.

Similar to the disclosure of judgements, Staff noted that disclosures in this area either **lacked substance** (boilerplate) or **included every source of estimation uncertainty**. Staff remind issuers that the disclosure requirements here are for estimates that require **management's most difficult, subjective or complex judgements**. The basis of conclusion also stresses that few items are disclosed here [IAS 1.BC81].

#### Consider:

- Do the estimates require management's **most difficult, subjective or complex** judgements?
- Separate disclosures of estimation uncertainty apart from judgements is helpful to an investor's understanding of both of these requirements.

### Examples

Below are examples of estimation uncertainty disclosures that did not meet Staff's expectation, followed by an example of improved disclosure:

#### 1. Disclosure that did not meet Staff's expectation

##### Problems:

- **lacks substance (boilerplate)**
- **does not separate critical judgements from sources of estimation uncertainty**

*The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgements are reviewed on a continuous basis and are based on a management's historical experience, knowledge of current conditions and other factors believed to be reasonable under the circumstances.*

*Material estimates and assumptions are made with respect to establishing the following: depreciation and amortization periods; goodwill and indefinite life intangible assets; the valuation of inventories; allowance for doubtful accounts; impairment of financial assets; customer rebates; current and deferred income taxes; impairment of non-financial assets (if any); fair value and level of financial instruments; and the remeasurement of employee future benefits. Actual results could differ from those estimates under different assumptions and conditions.*



## 2. Improved disclosure

### **Improvements:**

- **entity specific**
- **separation of critical judgements from sources of estimation uncertainty**

*The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.*

*Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.*

### **Critical judgements in applying accounting policies:**

*The following are critical judgements that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statement:*

#### **Determination of a Cash Generating Unit (CGU) (an excerpt):**

*The Company's production facility in London produces the specialized chip that is then transferred to the production facility in Waterloo for use in the final product sold by the Company. The transfer price is determined internally which includes a level of margin for the London production facility.*

*Currently, there is no active market for specialized chip and the cash inflows of the London production facility is dependant on the demand for the final product. As such, management has concluded that the London production facility does not generate cash flows that are largely independent of the cash flows of assets of the Waterloo production facility. The two facilities are managed together and hence, management has treated the two facilities as a single CGU.*

### **Key sources of estimation uncertainty:**

*The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:*

#### **Decommissioning liabilities (an excerpt):**

*As part of the long-term lease agreement on the production facility with ABC Company, the Company has recognized a provision for decommissioning obligations associated with the production facility. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and restore the facility to its original condition and the expected timing of those costs. The carrying amount of the provision at December 31, 2011 is \$1,850,000 (2010: \$1,600,000).*

*If the estimated pre-tax discount rate used in the calculation had been 10% higher than management's estimate, the carrying amount of the provision would have been \$75,000 lower.*

## GOING CONCERN

Many issuers continue to face ongoing challenges as a result of economic conditions and uncertainties stemming from the impact of international events such as the European sovereign debt situation. National growth rates (actual and expected) continue to be low in most countries. As volatile market conditions continue into 2012, Staff remain focused on reviewing financial statements for compliance with financial reporting standards related to the assessment and disclosure of going concern risks. This has been an area of focus in prior years, and further detailed information can be found in OSC Staff Notice 52-719 *Going Concern Disclosure Review* ([SN 52-719](#)). Although the notice refers to pre-changeover Canadian GAAP, it is still applicable for issuers reporting under IFRS as the disclosure requirements for going concern under pre-changeover Canadian GAAP were fully converged with IFRS.

Going concern disclosures are important to investors as they provide warnings about significant risks that the issuer is facing and are of critical importance to assist investors when making investment decisions. Therefore, it is important that the assessment issuers make with respect to the going concern assumption is rigorous and that the corresponding disclosure provides a balanced and transparent view of material uncertainties related to events or conditions that may cast significant doubt on the issuer's ability to continue as a going concern.

Staff remind issuers that it is important to differentiate uncertainties that cast significant doubt on an entity's ability to continue as a going concern from uncertainties that do not cast such doubt. This may not be easily determinable if the disclosures provided are "boilerplate" and lack specificity. Therefore, it is important that the going concern disclosures explicitly identify that the disclosed **material uncertainties may cast significant doubt** upon the entity's ability to continue as a going concern. The IFRS Interpretations Committee (IFRIC) had considered the need for further guidance on the going concern disclosure requirements in IFRS. While IFRIC decided not to add the issue to its agenda, IFRIC indicated that for the going concern disclosure required by IFRS to be useful, that disclosure **must also identify that the uncertainties may cast significant doubt upon the entity's ability to continue as a going concern**. Staff will continue to monitor going concern disclosures and will look for and expect the explicit use of the words "material uncertainty...casts significant doubt" in disclosures relating to going concern.

In these circumstances, an "emphasis of matter" paragraph is also required to be included in an auditor's report accompanying the annual financial statements. This paragraph should highlight the existence of the material uncertainties which may cast significant doubt upon the entity's ability to continue as a going concern even when adequate disclosure is made in the financial statements. The emphasis of matter paragraph also draws users' attention to the note in the financial statements that discloses the matters. Staff will continue to look for and expect such emphasis of matter paragraph in the auditor's report when appropriate.

### Consider:

- Can a reader identify going concern disclosures **apart** from those that are associated with other uncertainties / estimation uncertainty?
- Are the words "**material uncertainty ... casts significant doubt**" explicitly used in the disclosure?
- Does the auditor's report include an "**emphasis of matter**" paragraph highlighting the existence of the going concern risk?

Each of an issuer's management, audit committee and auditors has an important part to play to ensure that investors are provided with timely and accurate information related to going concern risks. Staff remind issuers that this will continue to be an area of focus as part of ongoing financial statement reviews.



Please refer to [SN 52-719](#) for further information and examples on going concern risks disclosures.

## **NON-GAAP FINANCIAL MEASURES AND ADDITIONAL GAAP MEASURES**

Staff of the Canadian Securities Administrators (CSA) have recently published revised CSA Staff Notice 52-306 *Non-GAAP Financial Measures and Additional GAAP Measures* ([SN 52-306](#)). This notice has been revised to provide additional information on Staff's expectations for disclosure of additional GAAP measures presented under IFRS.

The notice describes practices that help issuers and certifying officers address their obligations to ensure that the information they provide to the public is not misleading. The practices contain examples of subtotals that should not be presented in the statement of comprehensive income. These examples include subtotals without labels, "income before the undernoted items", adjusted EBITDA and adjusted EBIT. Staff also remind issuers who include "operating earnings" or similar subtotals to include all items of an operating nature within the subtotal.

The use of additional GAAP measures will continue to be an area of focus as part of ongoing reviews of financial statements.

## AREAS OF INTEREST FOR 2012

We will continue to examine the implementation of IFRS standards that are “new” to the Canadian capital markets, some of which are identified in the table below. The financial reporting areas of focus cited in this bulletin are not an exhaustive list of all areas that will be explored by OSC staff during the course of financial statement reviews in 2012, and application of specific IFRS standards depends on the facts and circumstances of each issuer. Successful compliance with IFRS in all material respects is important in order to provide relevant information for investors to make informed investment decisions.

Areas of Interest for further examination during 2012		
Business combinations	Additional GAAP Measures	• See above discussion in this bulletin
Critical judgements	Impairment	
<b>Provisions</b> <ul style="list-style-type: none"><li>• Threshold for recognition (<b>probable</b>) lower under IFRS than under pre-changeover Canadian GAAP (<i>more likely than not</i>)</li><li>• Disclosure of whether the discount rate is credit risk adjusted or not</li><li>• Provisions for loss-making executory contracts</li><li>• Disclosure of the <b>nature and amount of changes in estimates</b> when an estimate previously reported in an interim period is significantly changed during the final interim period.</li></ul>		
<b>Fair value measurement</b> <ul style="list-style-type: none"><li>• Consideration of the <b>impact of the current economic conditions</b> on the risk adjustments (if any) and discount rates</li><li>• Reasonable and supportable assumptions, and a <b>rigorous process</b> applied to determining fair value calculations</li></ul>		
<b>Debt classification</b> <ul style="list-style-type: none"><li>• Long-term classification when an issuer has an “<i>unconditional right</i>” to defer settlement of the liability for at least twelve months after the end of the reporting period [IAS 1.69(d)]</li><li>• Refinancing / rollover arrangements in place at the financial statement date <b>with the same party</b> in order to achieve long-term classification</li></ul>		
<b>Statement of comprehensive income – presentation</b> <ul style="list-style-type: none"><li>• Additional supplementary disclosure ‘by nature’ when functional approach is utilized</li><li>• Use of additional subtotals in the statement of comprehensive income (i.e. additional GAAP measures)</li></ul>		

## QUESTIONS

As part of its on-going efforts to promote high-quality financial reporting, the OCA has established an external consultation process for consultations on unusual or complex technical accounting issues and financial statement disclosures. [Click here](#) for the *Guidelines for Requests for Consultations with the Office of the Chief Accountant*. Note that this protocol does not replace and is not a substitute for the existing process for pre-filings and applications made under National Instrument 11-203 – *Process for Exemptive Relief Applications in Multiple Jurisdictions*.

Questions may also be referred to:

Cameron McInnis  
Chief Accountant  
Email: [cmcinnis@osc.gov.on.ca](mailto:cmcinnis@osc.gov.on.ca)  
Phone: 416-593-3675

Marion Kirsh  
Associate Chief Accountant  
Email: [mkirsh@osc.gov.on.ca](mailto:mkirsh@osc.gov.on.ca)  
Phone: 416-593-8282

Mark Pinch  
Senior Accountant, Office of the Chief Accountant  
Email: [mpinch@osc.gov.on.ca](mailto:mpinch@osc.gov.on.ca)  
Phone: 416-593-8057

Chiu Yen Yeh  
Senior Accountant, Office of the Chief Accountant  
Email: [cye@osc.gov.on.ca](mailto:cye@osc.gov.on.ca)  
Phone: 416-595-8932

Ritika Rohailla  
Accountant, Office of the Chief Accountant  
Email: [rrohailla@osc.gov.on.ca](mailto:rrohailla@osc.gov.on.ca)  
Phone: 416-595-8913

### **Guidelines for Consultations with the OCA:**

[http://www.osc.gov.on.ca/en/Companies\\_oqa\\_20111130\\_rfc-with-oqa.htm](http://www.osc.gov.on.ca/en/Companies_oqa_20111130_rfc-with-oqa.htm)



ONTARIO  
SECURITIES  
COMMISSION

OCA Financial Reporting Bulletin  
February 2012



As the regulatory body responsible for overseeing the capital markets in Ontario, the Ontario Securities Commission administers and enforces the provincial Securities Act, the provincial Commodity Futures Act and administers certain provisions of the provincial Business Corporations Act. The OSC is a self-funded Crown corporation accountable to the Ontario Legislature through the Minister of Finance.

## 1.3 News Releases

### 1.3.1 Canadian Securities Regulators' 2011 Enforcement Report Highlights Proactive Measures to Protect Investors

FOR IMMEDIATE RELEASE  
February 22, 2012

#### CANADIAN SECURITIES REGULATORS' 2011 ENFORCEMENT REPORT HIGHLIGHTS PROACTIVE MEASURES TO PROTECT INVESTORS

**Calgary** – The Canadian Securities Administrators (CSA) today released its 2011 Enforcement Report that outlines how Canadian securities regulators are actively working to protect investors and prevent abusive conduct in the marketplace. Key highlights of the report include proactive measures taken by CSA members, such as using protective orders and communicating with investors, to prevent harm.

"CSA members work to deter wrongdoing and to protect investors through both enforcement efforts and investor education," said Bill Rice, CSA Chair and CEO and Chair of the Alberta Securities Commission. "This report focuses on the actions our enforcement teams take to respond to violations ranging from illegal insider trading to market manipulation."

This year's report demonstrates that enforcement action against wrongdoing in Canada's capital markets is a top priority for Canadian securities regulators. CSA members concluded a total of 124 cases in 2011, involving 237 individuals and 128 companies. Of these cases, 24 were concluded in court proceedings, which resulted in jail sentences against eight individuals.

The CSA's *2011 Enforcement Report* is available for the first time in HTML format in which readers can navigate to specific sections of the report quickly and easily. The report comes out in advance of Fraud Prevention Month in March, which highlights tools and resources Canadians can use to recognize and avoid investment fraud, and lets them know they can turn to securities regulators for help. Among the new tools is the CSA's new Twitter account, to be used to share information about the CSA and its programs, beginning with key sections of the enforcement report. People interested in investor protection or education news and programs are encouraged to follow the CSA on Twitter (@CSA\_News).

Key highlights of the 2011 Enforcement Report:

- 66 of the concluded cases involved illegal distributions, which represented the largest category of concluded cases.
- 124 concluded cases involved a total of 237 individual and 128 companies that resulted in:
  - Fines and administrative penalties of more than \$52 million
  - Nearly \$50 million in restitution, compensation and disgorgement
  - Jail sentences against eight individuals
- 63 interim orders restricting trading and/or freezing the assets against 109 individuals and 108 companies.
- 126 matters commenced against a total of 231 individuals and 121 companies.
- 47 of the 124 concluded cases were concluded by a contested hearing before a tribunal.
- 31 appealed cases, an increasing number.

The *2011 Enforcement Report* is now available at <http://er-ral.csa-acvm.ca/> and accessible from the CSA website [www.securities-administrators.ca](http://www.securities-administrators.ca) and from the websites of various CSA members.

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

**For more information:**

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

Mark Dickey  
Alberta Securities Commission  
403-297-4481

Sylvain Th  berge  
Autorit   des march  s financiers  
514-940-2176

Richard Gilhooley  
British Columbia Securities Commission  
604-899-6713

Ainsley Cunningham  
Manitoba Securities Commission  
204-945-4733

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

Shirley Lee  
Nova Scotia Securities Commission  
902-424-5441

Jennifer Anderson  
Saskatchewan Financial Services Commission  
306-798-4160

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

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

Helena Hrubesova  
Yukon Securities Registry  
867-667-5466

Louis Arki  
Nunavut Securities Office  
867-975-6587

Donn MacDougall  
Northwest Territories  
Securities Office  
867-920-8984

**1.4 Notices from the Office of the Secretary**

**1.4.1 HEIR Home Equity Investment Rewards Inc. et al.**

**FOR IMMEDIATE RELEASE  
February 15, 2012**

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

**AND**

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

**TORONTO** – Staff of the Ontario Securities Commission filed an Amended Statement of Allegations dated February 14, 2012 with the Office of the Secretary in the above noted matter.

A copy of the Amended Statement of Allegations dated February 14, 2012 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

For media inquiries:  
[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

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

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

Dylan Rae  
Media Relations Specialist  
416-595-8934

For investor inquiries:

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

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

**AND**

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

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

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

**I OVERVIEW**

1. HEIR Home Equity Investment Rewards Inc., FFI First Fruit Investments Inc., Wealth Building Mortgages Inc., Archibald Robertson and Eric Deschamps (collectively the "HEIR Respondents") engaged in unregistered trading and illegal distribution of securities. Further, each of the HEIR Respondents advised, engaged in and/or held themselves out as engaging in the business of advising with respect to investing in or buying securities without proper registration. This conduct was in breach of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") and in a manner that was contrary to the public interest.
2. Among the securities being traded and distributed by the HEIR Respondents were those offered by Canyon Acquisitions, LLC, Canyon Acquisitions International, LLC, Brent Borland, Wayne D. Robbins, Marco Caruso and the Caruso Companies as defined below (collectively the "Canyon Respondents"). The Canyon Respondents have also engaged in the unregistered trading and illegal distribution of securities and made misleading statements to investors and to Staff, contrary to Ontario securities laws and in a manner that was contrary to the public interest.
3. The conduct at issue transpired between January 1, 2007 up to and including August 3, 2010 (the "Material Time").

**II THE RESPONDENTS**

4. HEIR Home Equity Investment Rewards Inc. ("HEIR") is a company which was federally incorporated on August 19, 2004, and incorporated in Ontario on February 5, 2007. HEIR's principal office and centre of administration is located in Ottawa, Ontario.
5. FFI First Fruit Investments Inc. ("FFI") is a company which was federally incorporated on September 1, 2004. FFI shares its principal office and centre of administration with HEIR in Ottawa, Ontario.
6. Wealth Building Mortgages Inc. ("Wealth Building") is a company which was incorporated in Ontario on February 5, 2007. Wealth Building shares its principal office and centre of administration with HEIR in Ottawa, Ontario.
7. Archibald Robertson ("Robertson") is a resident in Ontario. Robertson is the sole shareholder and director of each of HEIR, FFI and Wealth Building (collectively the "HEIR Entities") and their directing mind.
8. Eric Deschamps ("Deschamps") is a resident of Ontario. He was a salesperson employed by, and a de facto chief operating officer of, HEIR since September 2008. He managed HEIR salespeople and along with Robertson, was a directing mind of the HEIR Entities.
9. Canyon Acquisitions, LLC ("Canyon U.S.") is a company which was incorporated in Reno, Nevada, on May 16, 2006. Its registered address is in Boca Raton, Florida.
10. Canyon Acquisitions International, LLC ("Canyon Nevis") is a company which was incorporated in Nevis, the Federation of St. Kitts and Nevis. Its principal office, which it shares with Canyon U.S., is in Boca Raton, Florida.



11. Brent Borland ("Borland") is a resident of the United States of America ("U.S.") and the founder of Canyon U.S. He is Chief Executive Officer ("CEO") and a directing mind of Canyon U.S. and Canyon Nevis (collectively the "Canyon Entities").
12. Wayne D. Robbins ("Robbins") is a U.S. resident and the President of the Canyon Entities, and, along with Borland, a directing mind of these companies.
13. Placencia Estates Development, Ltd.; Copal Resort Development Group, LLC; Rendezvous Island, Ltd.; The Placencia Marina, Ltd.; and The Placencia Hotel and Residences Ltd. are purportedly land development companies incorporated in Belize (collectively the "Caruso Companies").
14. Marco Caruso ("Caruso") is a resident of Belize, a director and/or officer and directing mind of each of the Caruso Companies.
15. None of the respondents was registered with the Commission in any capacity during the Material Time.

### III UNREGISTERED ACTIVITIES OF THE HEIR RESPONDENTS

#### A. Trading and Illegal Distribution in Securities

16. During the Material Time, HEIR ran a private investment club which offered its fee paying members access to certain investments of various third parties, including the following (collectively the "Third Party Entities"):
  - a. the Canyon Entities;
  - b. the Skyline Apartment Real Estate Investment Trust (the "Skyline REIT") based in Ontario;
  - c. Capital Mountain Holding Corporation, a company incorporated in Texas, and its related entities (collectively the "Capital Mountain Entities"); and
  - d. another company incorporated in Ontario.
17. The investment products of the Third Party Entities constituted securities under Ontario securities laws (collectively the "Securities"), and included the following investments:
  - a. investment contracts offered by or through the Canyon Entities;
  - b. units of the Skyline REIT ("Skyline Securities");
  - c. promissory notes of the Capital Mountain Entities; and
  - d. shares, limited partnership units or other securities offered by or through the other Ontario company.
18. The HEIR Respondents traded in the Securities during the Material Time, either directly or through acts in furtherance of trading, including the following:
  - a. advertising and promoting HEIR and/or the Securities through frequent appearances on radio show programs, networking through church organizations and by maintaining a website for HEIR;
  - b. holding one-on-one sessions with potential investors that promoted HEIR and the Securities;
  - c. holding HEIR seminars and meetings with potential investors and arranging for the Third Party Entities to attend and give presentations promoting the Securities and to provide promotional and other materials including offering memoranda to potential investors;
  - d. arranging trips for HEIR members to resort locations to promote the Securities and meet representatives of the Third Party Entities and often paying for some of the associated expenses;
  - e. arranging for potential investors to have access to Third Party Entities' webinars regarding the Securities and otherwise facilitating investment in the Securities;
  - f. employing and/or contracting commissioned sales agents to bring in new members and/or solicit investment in the Securities; and/or

- g. accepting funds intended to purchase Securities offered by at least one of the Third Party Entities.
- 19. Most HEIR members purchased the Securities and many invested in more than one. At least 480 investors, consisting of HEIR members and others referred by the HEIR Respondents, purchased the Securities following HEIR's solicitation activities during the Material Time for a total investment of approximately \$74.5 million.
- 20. The HEIR Respondents received at least \$4.5 million in commissions from the Third Party Entities for their activities during the Material Time.
- 21. The solicitations and other acts in furtherance of the sale of the Securities were trades in securities not previously issued and were therefore distributions. None of the Respondents has ever filed a preliminary prospectus or a prospectus with the Commission, and no prospectus receipt has ever been issued from the Director as required by section 53(1) of the Act to qualify the sale of any of the Securities.
- 22. With respect to the investment contracts of the Canyon Respondents and the promissory notes of the Capital Mountain Entities, no steps were taken to rely on any exemption to the prospectus and registration requirements under Ontario securities laws.
- 23. In trading or distributing some of the Securities, such as the Skyline Securities and the securities of the other Ontario company, the investments were purportedly made in reliance upon the accredited investor exemption or one of the other exemptions set out in National Instrument 45-106 – *Prospectus and Registration Exemptions* (the "Purportedly Exempt Securities").
- 24. A significant number of investors to whom the Purportedly Exempt Securities were sold and distributed did not meet the requirements necessary to qualify as accredited investors or any of the other exemptions.
- 25. The HEIR Entities obtained financial and other information from potential investors. In many instances, the HEIR Respondents knew or ought to have known that the investors were not accredited or otherwise exempt.
- 26. The HEIR Respondents failed to ensure that the requirements for the exemptions to the registration and prospectus requirements were met and therefore cannot rely on those exemptions in respect of trades in, and distributions of, the Purportedly Exempt Securities.
- 27. In any event, through the acts described above, the HEIR Respondents engaged in, and held themselves out as engaging in, the business of trading in securities in Ontario. Accordingly, even if each and every trade in, and distribution of, the Securities had been properly exempt from the prospectus requirement, the HEIR Respondents acted as "market intermediaries" as defined in OSC Rule 14-501 Definitions. Furthermore, any exemptions from the dealer registration requirement included in NI 45-106 (which were in effect until March 27, 2010) were not available to them.
- 28. In engaging in the conduct described above, the HEIR Respondents traded in securities and/or engaged in, or held themselves out as engaging in, the business of trading during the Material Time without being registered to do so contrary to section 25 of the Act.
- 29. By engaging in a distribution to investors who did not qualify as accredited investors and in circumstances where no other exemptions were available, the HEIR Respondents have distributed securities contrary to section 53 of the Act.

#### **B. Unregistered Advising by the HEIR Respondents**

- 30. In addition to solicitations and other acts in furtherance of trading, the HEIR Respondents, directly or through their sales agents, offered their opinions on the investment merits of the Securities by expressly or impliedly recommending and endorsing them to potential investors. They also recommended specific allocations of investment funds to be made by potential investors in regard to the Securities.
- 31. By recommending the purchase of specific securities to potential investors, and by offering their opinions on the investment merits of those securities, the HEIR Respondents engaged in conduct which amounted to "advising" others as to the investing in or buying of securities without being registered, in breach of section 25 of the Act.

#### **C. Authorizing, Permitting, and Acquiescing in Breaches of the Act**

- 32. In addition to their own actions, Robertson and Deschamps, as officers and/or directors of the HEIR Entities, authorized, permitted or acquiesced in the conduct of the HEIR Entities described above that constituted violations of sections 25 and 53 of the Act.

**IV UNREGISTERED ACTIVITIES BY CANYON RESPONDENTS**

**A. Unregistered Trading and Illegal Distribution in Securities**

33. During the Material Time, the Canyon Respondents offered investors the opportunity to acquire fractional interests in condominiums, villas or boat slips in a number of different real estate development projects in the Dominican Republic and Belize.
34. The Canyon Respondents marketed and sold these investments to potential investors ("Canyon Investors") as having certain ranges of return on investment and as having certain features such as the following:
- a. the purchase price for Canyon Investors was at a significant discount to the "public price" payable by secondary buyers;
  - b. Canyon Investors only had to pay a deposit, a percentage of the discounted price, and were not liable for any further payments;
  - c. the deposits earned annual interest; and/or
  - d. there were various "Program Protection Mechanisms" for Canyon Investors such as the obligation on the Caruso Companies to repurchase or resell the investments at a guaranteed and significantly higher rate than the discounted purchase price within a specified period of time.
35. These investments constituted "investment contracts" and were therefore securities as defined in section 1(1) (n) of the Act (the "Canyon Securities").
36. During the Material Time, Borland, Robbins and the Canyon Entities traded in the Canyon Securities, either directly or through acts in furtherance of trading, including the following:
- a. holding public information seminars in Ontario and elsewhere to promote the Canyon Securities or presenting them at seminars and meetings organized by the HEIR Respondents and/or through online webinars;
  - b. maintaining a website which promoted the Canyon Entities and the Canyon Securities;
  - c. meeting with potential investors individually to discuss the Canyon business and the Canyon Securities;
  - d. preparing and disseminating promotional and other materials regarding the securities to potential investors;
  - e. using the HEIR Respondents to solicit potential investors in the Canyon Securities;
  - f. preparing and providing to investors the investment contract and other documents for the purchase of Canyon Securities and/or assisting and directing investors in completing them;
  - g. directing investors to send the funds intended to purchase the Canyon Securities on to escrow agents; and/or
  - h. approving any payments from the escrow account in which the investments were deposited.
37. Caruso and the Caruso Companies traded in Canyon Securities with respect to projects in Belize during the Material Time either directly or through acts in furtherance of trading including the following:
- a. attending information seminars regarding the Canyon Securities organized by the Canyon Entities in Ontario and elsewhere, as well as those organized by the HEIR Respondents;
  - b. engaging in meetings with potential investors in Ontario and elsewhere to promote the Canyon Securities;
  - c. using agents to solicit potential investors, including the HEIR Entities;
  - d. authorizing the Canyon Entities to highlight Caruso's involvement as the projects' developer in meetings, seminars and promotional materials and to provide investors with the investment contract documents; and/or
  - e. issuing Canyon Securities to investors.

38. During the Material Time, approximately 308 investors residing in Ontario invested at least \$24.6 million in the Canyon Securities, of which \$17.5 million concerned investment contracts with the Caruso Companies. The Canyon Respondents paid the HEIR Respondents approximately \$875,500 in commissions or fees in regard to the purchases of the Canyon Securities.
39. In engaging in the conduct described above, and in circumstances where no exemptions from registration were available, the Canyon Respondents traded in securities and/or engaged in, or held themselves out as engaging in, the business of trading during the Material Time contrary to section 25(1) of the Act.
40. The sale of Canyon Securities referred to above were trades in securities not previously issued and were therefore distributions for which neither a preliminary prospectus nor a prospectus was filed and receipted by the Commission. By engaging in a distribution to investors for which no exemption was available, the Canyon Respondents breached section 53 of the Act.

**B. Misleading Statements by Canyon and Borland**

- 40(i). The Canyon Entities represented to investors in written communications that third parties had expressed an interest in acquiring the Canyon projects in Belize and the Dominican Republic, and that this would increase the value of those projects. These statements were not true. By making statements that they knew or reasonably ought to have known were misleading or untrue and would reasonably be expected to have a significant effect on the value of a security, the Canyon Entities breached section 126.2(1) of the Act, and/or acted in a manner that was contrary to the public interest.
- 40(ii). During the course of an interview on November 30, 2010, Borland, on behalf of the Canyon Entities, gave incorrect information to Staff relating to the business and affairs of the Canyon Entities. By giving incorrect information, Borland and the Canyon Entities breached section 122(1)(a) of the Act, and/or acted in a manner that was contrary to the public interest. Staff makes the following specific allegations:
  - a. Borland stated that a third party had expressed an interest in purchasing one or more of the Canyon projects. This was not true.
  - b. Borland misrepresented how investor funds had been used and paid.

**C. Authorizing, Permitting, and Acquiescing in Breaches of the Act**

41. Borland and Robbins, as officers and/or directors of Canyon U.S. and Canyon Nevis, authorized, permitted or acquiesced in the conduct of Canyon U.S. and Canyon Nevis described above that constituted breaches of sections 25, 53, 122(1)(a) and 126.2(1) of the Act.
42. In addition, Caruso, as an officer and/or director of the Caruso Companies, authorized, permitted or acquiesced in the conduct of the Caruso Companies described above that constituted breaches of sections 25 and 53 of the Act.

**V. CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND CONTRARY TO THE PUBLIC INTEREST**

43. The specific allegations advanced by Staff are:
  - a. HEIR, FFI, Wealth Building, Robertson, Deschamps, Canyon U.S., Canyon Nevis, Borland, Robbins, Caruso and the Caruso Companies traded and engaged in, or held themselves out as engaging in, the business of trading in securities, where no exemptions were available, without being registered to trade in securities, contrary to section 25 of the Act and contrary to the public interest;
  - b. HEIR, FFI, Wealth Building, Robertson, and Deschamps engaged in, or held themselves out as engaging in, the business of advising with respect to investing in securities without being registered to advise in securities, contrary to section 25 of the Act and contrary to the public interest;
  - c. The actions of HEIR, FFI, Wealth Building, Robertson, Deschamps, Canyon U.S., Canyon Nevis, Borland, Robbins, Caruso and the Caruso Companies related to the sale of securities constituted distributions of securities where no preliminary prospectus and prospectus were issued nor receipted by the Director, and where no exemptions were available, contrary to section 53(1) of the Act and contrary to the public interest;
  - d. Robertson and Deschamps, as officers and/or directors of HEIR, FFI, and Wealth Building, did authorize, permit or acquiesce in the commission of the violations of sections 25 and 53 of the Act, set out above, by HEIR, FFI, and Wealth Building, contrary to section 129.2 of the Act and acted contrary to the public interest;

- e. Borland and Robbins, as officers and/or directors of Canyon U.S. and Canyon Nevis, did authorize, permit or acquiesce in the commission of the violations of section 25, 53, 122(1)(a) and 126.2(1) of the Act, set out above, by Canyon U.S. and Canyon Nevis, contrary to section 129.2 of the Act and acted contrary to the public interest; and
- f. Caruso, as an officer and/or director of the Caruso Companies, did authorize, permit or acquiesce in the commission of the violations of section 25 and 53 of the Act, set out above, by the Caruso Companies, contrary to section 129.2 of the Act and acted contrary to the public interest.
- g. Canyon made false and misleading statements in written communications, as described above in paragraph 40(i). By doing so Canyon breached s. 126.2(1) of the Act and acted contrary to the public interest.
- h. Borland made incorrect statements in the course of an interview with Staff. By doing so Borland breached s. 122(1)(a) of the Act and acted contrary to the public interest.

44. Staff reserves the right to make such other allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 14th day of February, 2012.

**1.4.2 Jowdat Waheed and Bruce Walter**

**FOR IMMEDIATE RELEASE  
February 16, 2012**

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

**AND**

**IN THE MATTER OF  
JOWDAT WAHEED AND BRUCE WALTER**

**TORONTO** – The Commission issued an Order in the above named matter which provides that a pre-hearing conference will be held on April 2, 2012, at 10:00 a.m.

The pre-hearing conference will be *in camera*.

A copy of the Order dated February 15, 2012 is available at **[www.osc.gov.on.ca](http://www.osc.gov.on.ca)**.

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

For media inquiries:  
[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

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

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

Dylan Rae  
Media Relations Specialist  
416-595-8934

For investor inquiries:

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

**1.4.3 Ameron Oil and Gas Ltd. et al.**

**FOR IMMEDIATE RELEASE  
February 17, 2012**

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

**AND**

**IN THE MATTER OF  
AMERON OIL AND GAS LTD., MX-IV LTD.,  
GAYE KNOWLES, GIORGIO KNOWLES,  
ANTHONY HOWORTH, VADIM TSATSKIN,  
MARK GRINSHPUN, ODED PASTERNAK AND  
ALLAN WALKER**

**TORONTO** – The Commission issued an Order in the above named matter which provides that a status hearing will be held on February 23, 2012, at 3:00 p.m. at the offices of the Commission.

A copy of the Order dated February 14, 2012 is available at **[www.osc.gov.on.ca](http://www.osc.gov.on.ca)**.

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

For media inquiries:  
[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

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

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

Dylan Rae  
Media Relations Specialist  
416-595-8934

For investor inquiries:

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

**1.4.4 American Heritage Stock Transfer Inc. et al.**

**FOR IMMEDIATE RELEASE  
February 17, 2012**

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

**AND**

**IN THE MATTER OF  
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**

**TORONTO** – The Commission issued an Order in the above named matter which provides that (1) The Temporary Order is extended until March 26, 2012, or until further order of the Commission; and (2) This matter shall return before the Commission on March 23, 2012, at 10:00 a.m. or on such other date or time as specified by the Secretary's Office and agreed to by the parties.

A copy of the Order dated February 16, 2012 is available at **[www.osc.gov.on.ca](http://www.osc.gov.on.ca)**.

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

For media inquiries:  
[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

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

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

Dylan Rae  
Media Relations Specialist  
416-595-8934

For investor inquiries:

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

**1.4.5. Sandy Winick et al.**

**FOR IMMEDIATE RELEASE  
February 17, 2012**

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

**AND**

**IN THE MATTER OF  
SANDY WINICK, ANDREA LEE MCCARTHY,  
KOLT CURRY, LAURA MATEYAK,  
GREGORY J. CURRY,  
AMERICAN HERITAGE STOCK TRANSFER INC.,  
AMERICAN HERITAGE STOCK TRANSFER, INC.,  
BFM INDUSTRIES INC.,  
LIQUID GOLD INTERNATIONAL INC.,  
AND NANOTECH INDUSTRIES INC.**

**TORONTO** – The Commission issued an Order in the above named matter which provides that this matter shall return before the Commission for a pre-hearing conference pursuant to Rule 6 of the Commission's Rules of Procedure on March 23, 2012 at 10:00 a.m. or on such other date or time as specified by the Secretary's Office and agreed to by the parties.

The pre-hearing conference will be held *in camera*.

A copy of the Order dated February 16, 2012 is available at **[www.osc.gov.on.ca](http://www.osc.gov.on.ca)**.

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

For media inquiries:  
[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

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

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

Dylan Rae  
Media Relations Specialist  
416-595-8934

For investor inquiries:

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

**1.4.6 Bernard Boily**

**FOR IMMEDIATE RELEASE  
February 17, 2012**

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

**AND**

**IN THE MATTER OF  
BERNARD BOILY**

**TORONTO** – The Commission issued an Order in the above named matter which provides that the hearing on the merits of this matter shall commence on November 21, 2012 at 10:00 a.m. and shall continue on November 22, 23, 26, 27, 28, 29 and 30 and December 3, 5, 6, 7, 10, 11, 12, 13 and 14, 2012, each day commencing at 10:00 a.m.

A copy of the Order dated February 17, 2012 is available at **[www.osc.gov.on.ca](http://www.osc.gov.on.ca)**.

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

For media inquiries:  
[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

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

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

Dylan Rae  
Media Relations Specialist  
416-595-8934

For investor inquiries:

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



## Chapter 2

# Decisions, Orders and Rulings

---

### 2.1 Decisions

#### 2.1.1 Goodman & Company, Investment Counsel Ltd. et al.

##### Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted to mutual fund from prohibition against purchasing a specified derivative the underlying interest of which is a physical commodity other than gold – mutual fund wanting to invest in standardized futures with underlying interests in oil or natural gas as a hedge against related oil and gas investments – relief granted provided purchase of standardized future is effected through the NYMEX or ICE Europe, the standardized future is traded only for cash or an offsetting standardized future contract, and the standardized future is sold at least one day prior to the date on which delivery of the underlying commodity is due under the standardized future – relief is subject to limits on investments in oil and natural gas – National Instrument 81-102 – Mutual Funds.

##### Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.3(h), 19.1.

January 26, 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  
GOODMAN & COMPANY,  
INVESTMENT COUNSEL LTD.  
(the "Filer")

AND

IN THE MATTER OF  
DYNAMIC GLOBAL ASSET ALLOCATION FUND

AND

DYNAMIC GLOBAL ASSET ALLOCATION CLASS  
(collectively, the "Funds" and individually, a "Fund")

DECISION

##### Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds of which the Filer is the manager, trustee (in the case of Dynamic Global Asset Allocation Fund), principal distributor, registrar, and/or portfolio adviser 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 (**Legislation**) that notwithstanding clause 2.3(h) of NI 81-102, each Fund be permitted to invest in specified derivatives, namely standardized futures (as such terms are defined in section 1.1 of NI 81-102)

with underlying interests in oil or gas, for hedging purposes, provided the investments, in the aggregate, not exceed or represent greater than 20% of the net assets of the Fund, taken at the market value thereof at the time of investment (the "**Exemption Sought**").

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

- (a) the Ontario Securities Commission ("**OSC**") is the principal regulator for this application, and
- (b) the Manager has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon in each of the other provinces and territories of Canada (together with Ontario, the "**Jurisdictions**").

### Interpretation

Terms defined in MI 11-102, National Instrument 14-101 *Definitions* and NI 81-102 have the same meaning if used in this decision, unless otherwise defined. References to "oil" and "gas" in this Decision are to sweet crude oil and natural gas, respectively.

### Representations

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

- 1 The Filer is a corporation existing under the laws of the Province of Ontario, is registered with the OSC as an adviser in the category of portfolio manager, is further registered in that category in each of British Columbia, Alberta, Manitoba, Saskatchewan, Quebec, New Brunswick, Nova Scotia and Prince Edward Island and is registered as a commodity trading manager and investment fund manager with the OSC.
- 2 Dynamic Global Asset Allocation Fund is an open-ended mutual fund trust governed by a declaration of trust pursuant to the laws of the Province of Ontario.
- 3 Dynamic Global Asset Allocation Class is a class of Dynamic Global Fund Corporation, a mutual fund corporation existing under the laws of the Province of Ontario.
- 4 Neither the Filer nor the Funds are in default of securities legislation in any of the Jurisdictions.
- 5 The investment objectives of the Funds are to achieve long-term capital growth through investment in a broadly diversified portfolio consisting primarily of equity securities and debt obligations of businesses based outside of Canada.
- 6 The investment strategies of the Funds allow for portfolio investments in standardized futures with underlying interests in oil and gas.
- 7 The Filer considers investments in oil and gas standardized futures traded on the ICE Futures Europe ("**ICE Europe**") and New York Mercantile Exchange ("**NYMEX**") to be a means of reducing the volatility that can result from the changing prices of securities of issuers in the oil and gas sector. The Filer proposes to trade standardized futures contracts for cash or an offsetting contract to satisfy the obligations in a standardized futures contract.
- 8 The Filer believes that the oil and gas standardized futures markets on the ICE Europe and NYMEX are highly liquid.

### Decision

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

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

- (a) the purchases, uses and sales of standardized futures which have underlying interests in oil or gas are made in accordance with the provisions otherwise relating to the use of specified derivatives for hedging purposes in NI 81-102;
- (b) a standardized futures contract will be traded only for cash or an offsetting standardized future contract to satisfy the obligations under the standardized future and will be sold at least one day prior to the date on which delivery of the underlying commodity is due under the standardized future;

- (c) the purchase of a standardized future will be effected through ICE Europe or NYMEX;
- (d) each Fund will not purchase a standardized futures with underlying interests in oil or gas for hedging purposes if, immediately following the purchase, the aggregate of such investments would exceed or represent greater than 20% of the net assets of the Fund at the time of purchase;
- (e) each Fund will keep proper books and records of all purchases and sales of standardized futures;
- (f) the Simplified Prospectus of the Funds or an amendment thereto discloses:
  - (i) in the investment strategy section in Part B of the Simplified Prospectus of the Funds, that each Fund may invest an aggregate of up to 20% of its net assets in standardized futures with underlying interests in oil and gas as a hedge against oil and gas investments;
  - (ii) the risks associated with the investments described in (i); and
  - (iii) this exemptive relief.

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

## 2.1.2 I.G. Investment Management, Ltd.

### Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – exemption granted from the requirement in Form NI 31-103F1 item 5 that long term debt owed to related parties by a registered firm be included in the adjusted current liabilities of the firm, unless a subordination agreement (Subordination Agreement) has been entered into in respect of such debt, in calculating its excess working capital – long-term related party debt was incurred for long-term related party investments and not for working capital or to fund operations – the long-term related party debt was incurred prior to the enactment of Form 33-103F1 – exemption given on conditions – the exemption will apply to a renewal or extension of the long-term related party debt arising after the date of the decision provided that the principal amount of debt is not increased and the terms reflect current market rates at that time – the exemption shall not apply to any new related party debt.

### Applicable Legislative Provisions

National Instrument 31-103 *Registration Requirements and Exemptions and Ongoing Registrant Obligations*, ss. 12.1, 15.1  
Form 31-103F1 item 5.

February 2, 2012

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

**AND**

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

**AND**

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

**DECISION**

### Background

The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption (the Exemption Sought) from the requirement in item 5 of Form 33-103 F1 that long term debt owed to related parties by a registered firm be included in the adjusted current liabilities of the firm, unless a subordination agreement (Subordination Agreement) has been

entered into in respect of such debt, in calculating its excess working capital.

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

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

### Interpretation

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

### Representations

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

1. The Filer is a registered firm under National Instrument 31-103 *Registration Requirements* (NI 31-103), as an adviser in Manitoba, Ontario and Quebec and has applied for registration as an investment fund manager in Manitoba.
2. The Filer's Head Office is located in Winnipeg, Manitoba. Under section 3.6(3)(b) of National Policy 11-203 (NP 11-203), the Manitoba Securities Commission, which is a passport regulator within the meaning of NP 11-203, is the Filer's principal regulator.
3. The Filer is a corporation continued under the Ontario *Business Corporations Act* (OBCA) and it acts as:
  - (i) investment fund manager for approximately 161 mutual funds (Investors Group Mutual Funds), securities of which are qualified for distribution to the public in all provinces and territories in Canada which, as such, are reporting issuers or equivalent in all of those jurisdictions
  - (ii) adviser for a number of the Investors Group Mutual Funds; and
  - (iii) trustee for the Investors Group Mutual Funds that are trusts.
4. The Filer's principal place of business is 447 Portage Avenue, Winnipeg, Manitoba R3C 3B6.

5. The Filer is not in default of securities legislation in any jurisdiction.
6. The Filer is wholly owned by Investors Group Inc. (IGI) and is its most substantial subsidiary in terms of revenues and assets. IGI is, in turn, a wholly owned subsidiary of IGM Financial Inc. (IGM). IGM's common shares and first preferred shares are traded on the Toronto Stock Exchange (TSX).
7. IGM is a very well capitalized corporation with shareholders' equity of approximately \$4.4 billion as of September 30, 2011 as set forth in its most recent quarterly financial statements. As of that date, the market capitalization of its common shares traded on the TSX was approximately \$11.5 billion.
8. Because IGM is a reporting issuer whose securities are publicly traded on the TSX, it is subject to the continuous reporting obligations under securities legislation in Canada, including preparing and filing quarterly unaudited and annual audited financial statements.
9. The Filer has incurred debt, which when originally issued was long term in nature, (Long Term Related Party Debt) to IGM or certain wholly owned subsidiaries of IGM, having various maturities between June 2014 and December 2040, which totaled \$3,092.4 million as of September 30, 2011.
10. The Filer's Long Term Related Party Debt was incurred primarily in connection with the financing of acquisitions by the Filer which were significant revenue generating entities.
11. The Filer's Long Term Related Party Debt was not incurred for the purpose of providing working capital to or funding the ongoing operations of the Filer. Instead, these financing arrangements were primarily structured for significant business acquisitions and any changes to the structure of the financing would be detrimental to the Filer and IGM.
12. The Long Term Related Party Debt and long term related party investments were put in place when there were no adjustments to Generally Accepted Accounting Principles (GAAP) working capital for purpose of regulatory capital calculations. Prior to NI 31-103 coming into force the Filer, as a registered investment counsel and portfolio managers, or equivalent, in Manitoba, Ontario and Quebec was required to maintain excess working capital of greater than zero, but in making this calculation under the predecessor requirements Long Term Related Party Debt was excluded from the determination. Instead, the requirement was that firms such as the Filer calculate working capital in accordance with GAAP, which do not require that long term debt such as the Filer's Long Term Related Party Debt be taken into account in determining working capital. Based on this formula, as of September 30, 2011 the Filer had substantial working capital.
13. All of the Filer's Long Term Related Party Debt is either owed by the Filer to its indirect parent, IGM, or to wholly owned direct or indirect subsidiaries of IGM. Under the terms governing the repayment of the Long Term Related Party Debt, which terms are consistent with general commercial transactions with a third party lender, the lender cannot accelerate repayment of it, except in the event of certain defaults by the Filer, such as its failure to pay any interest due that continues for seven days or more or the issuance of a declaration by a court that the Filer is bankrupt or insolvent or the appointment of a receiver,
14. Section 12.1 of NI 31-103 requires that the Filer, as a registered firm, must ensure that it has excess working capital, as calculated using Form 31-103F1, of greater than zero and that for the purpose of this calculation its minimum capital is:
  - (i) \$25,000 as an adviser; and
  - (ii) \$100,000 as an investment fund manager.
15. Item 5 of Form 31-103F1 essentially provides that in determining a registered firm's excess working capital that firm must include in its adjusted current liabilities all Long Term Related Party Debt, unless the firm and the lender have entered into a Subordination Agreement in the form set out in Appendix B to NI 31-103 with respect to such debt and delivered a copy of the agreement to the regulator.
16. The prescribed form of Subordination Agreement essentially provides, among other things, that:
  - (i) the Long Term Related Party Debt is subordinated to all claims of all present and future creditors of the registered firm; and
  - (ii) the registered firm cannot repay any portion of the Long Term Related Party Debt without first notifying the regulator, which may require further documentation from the firm after receiving such notification.
17. In the absence of an exemption, the Filer will have to enter into Subordination Agreements with its affiliates in respect of the entire amount of the outstanding Long Term Related Party Debt in order to comply with NI 31-103.

18. This requirement is inequitable in respect to the Filer and the holders of the Long Term Related Party Debt in that:

- the value of the Long Term Related Party Debt that would be subordinated far exceeds the capital that the Filer is required to maintain as an investment fund manager (\$100,000) and adviser (\$25,000) under NI 31-103;
- it fails to take into account the fact that the Long Term Related Party Debt arose primarily in connection with the financing of long term related party investments;
- the Long Term Related Party Debt was not incurred to provide working capital for the Filer or to fund their ongoing operations; and
- the Long Term Related Party Debt is more than offset by the book value of the long term related party investments in affiliates.

extension of existing Long Term Related Party Debt that takes place after the date of this decision, provided that the principal amount of the existing Long Term Related Party Debt is not increased and the terms reflect current market rates at that time, but shall not apply to any new related party debt.

"Douglas R. Brown"  
Director  
The Manitoba Securities Commission

19. Under the capital formula set out in NI 31-103 and Form 31-103F1, while the Filer must include the value of the Long Term Related Party Debt in its adjusted current liabilities, the value of the long term related party investments, is excluded from current assets in Item 1 of Form 31-103F1.

### Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted, subject to the following conditions:

1. the lender of the Long Term Related Party Debt cannot accelerate repayment of it under any circumstances, except in the event that the Filer becomes insolvent or otherwise is in material default of its obligations under the agreements documenting the debt;
2. in the event that the aggregate amount of the Long Term Related Party Debt exceeds the aggregate value of the long term related party investments, a Subordination Agreement equal or greater than the deficiency must be executed and delivered by the Filer to The Manitoba Securities Commission; and
3. this decision in respect of the Exemption Sought shall apply to a renewal or

## 2.1.3 Mackenzie Financial Corporation

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from section 12.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – exemption granted from the requirement in Form NI 31-103F1 item 5 that long term debt owed to related parties by a registered firm be included in the adjusted current liabilities of the firm, unless a subordination agreement has been entered into in respect of such debt, in calculating its excess working capital – long-term related party debt was incurred for long-term related party investments and not for working capital or to fund operations – the long-term related party debt was incurred prior to the enactment of NI 31-103 – exemption given on conditions – the exemption will apply to a renewal or extension of the long-term related party debt arising after the date of the decision provided that the principal amount of debt is not increased and the terms reflect current market rates at that time – the exemption shall not apply to any new related party debt.

### Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7.  
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions, s. 4.2.  
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 12.1, 15.1 and 16.11.

February 2, 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  
(the Jurisdictions)

AND

IN THE MATTER OF  
MACKENZIE FINANCIAL CORPORATION  
(the Filer)

DECISION

### Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption (the **Exemption Sought**) from the requirement in item 5 of Form 33-103 F1 that long term debt owed to

related parties by a registered firm be included in the adjusted current liabilities of the firm, unless a subordination agreement (**Subordination Agreement**) has been entered into in respect of such debt, in calculating its excess working capital.

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,
- (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 the Jurisdictions.

### Interpretation

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

### Representations

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

1. The Filer is a registered firm under National Instrument 31-103 (**NI 31-103**), as a portfolio manager and exempt market dealer in all Canadian jurisdictions and has applied for registration as an investment fund manager in Ontario. The Filer is also registered as a commodity trading manager in Ontario and as an investment adviser in the United States of America.
2. The Filer's Head Office is located in Toronto, Ontario. Under section 3.6(3)(b) of National Policy 11-203 (**NP 11-203**), the Ontario Securities Commission is the Filer's principal regulator.
3. The Filer is a corporation organized under the OBCA and it acts as:
  - (i) investment fund manager for approximately 162 mutual funds (**Mackenzie Mutual Funds**), securities of which are qualified for distribution to the public in all provinces and territories in Canada which, as such, are reporting issuers or equivalent in all of those jurisdictions
  - (ii) adviser for a number of the Mackenzie Mutual Funds; and
  - (iii) trustee for the Mackenzie Mutual Funds that are trusts.
4. The Filer's principal place of business is 180 Queen Street West, Toronto, Ontario M5V 3K1.

5. The Filer is not in default of securities legislation in any jurisdiction.
6. The Filer is wholly owned by Mackenzie Inc. (MI) and is its most substantial subsidiary in terms of revenues and assets. MI is, in turn, a wholly owned subsidiary of IGM Financial Inc. (IGM). IGM's common shares and first preferred shares are traded on the Toronto Stock Exchange (TSX).
7. IGM is a very well capitalized corporation with shareholders' equity of approximately \$4.4 billion as of September 30, 2011 as set forth in its most recent quarterly financial statements. As of that date, the market capitalization of its common shares traded on the TSX was approximately \$11.5 billion.
8. Because IGM is a reporting issuer whose securities are publicly traded on the TSX, it is subject to the continuous reporting obligations under securities legislation in Canada, including preparing and filing quarterly unaudited and annual audited financial statements.
9. The Filer has incurred debt, which when originally issued was long term in nature, (**Long Term Related Party Debt**) to IGM and a wholly owned subsidiary of IGM having various maturities between 2016 and 2019, which totaled \$551 million as of September 30, 2011.
10. The Filer's Long Term Related Party Debt was incurred primarily in connection with the financing of acquisitions by the Filer which were significant revenue-generating entities.
11. The Filer's Long Term Related Party Debt was not incurred for the purpose of providing working capital to or funding the ongoing operations of the Filer. Instead, these financing arrangements were primarily structured for significant business acquisitions and any changes to the structure of the financing would be detrimental to the Filer and IGM.
12. The Long Term Related Party Debt and long term related party investments were put in place when there were no adjustments to Generally Accepted Accounting Principles (**GAAP**) working capital for purpose of regulatory capital calculations. Prior to NI 31-103 coming into force the Filer, as a registered investment counsel and portfolio manager, or equivalent, in Ontario, Manitoba and Alberta was required to maintain excess working capital of greater than zero, but in making this calculation under the predecessor requirements Long Term Related Party Debt was excluded from the determination. Instead, the requirement was that firms such as the Filer calculate working capital in accordance with GAAP, which do not require that long term debt such as the Filer's Long Term Related Party Debt be taken into account in determining working capital. Based on this formula, as of September 30, 2011 the Filer had substantial excess working capital.
13. All of the Filer's Long Term Related Party Debt is owed to indirect subsidiaries of IGM. Under the terms governing the repayment of the Long Term Related Party Debt, which terms are consistent with general commercial transactions with a third party lender, the lender cannot accelerate repayment of it, except in the event of certain defaults by the Filer, such as its failure to pay any interest due that continues for seven days or more or the issuance of a declaration by a court that the Filer is bankrupt or insolvent or the appointment of a receiver.
14. Section 12.1 of NI 31-103 requires that the Filer, as a registered firm, must ensure that it has excess working capital, as calculated using Form 31-103F1, of greater than zero and that for the purpose of this calculation its minimum capital is:
  - (i) \$25,000 as an adviser;
  - (ii) \$50,000 as an exempt market dealer; and
  - (iii) \$100,000 as an investment fund manager.
15. Item 5 of Form 31-103F1 essentially provides that in determining a registered firm's excess working capital that firm must include in its adjusted current liabilities all Long Term Related Party Debt, unless the firm and the lender have entered into a Subordination Agreement in the form set out in Appendix B to NI 31-103 with respect to such debt and delivered a copy of the agreement to the regulator.
16. The prescribed form of Subordination Agreement essentially provides, among other things, that:
  - (i) the Long Term Related Party Debt is subordinated to all claims of all present and future creditors of the registered firm; and
  - (ii) the registered firm cannot repay any portion of the Long Term Related Party Debt without first notifying the regulator, which may require further documentation from the firm after receiving such notification.
17. In the absence of an exemption, the Filer will have to enter into Subordination Agreements with its affiliates in respect of the entire amount of the outstanding Long Term Related Party Debt, in order to comply with NI 31-103.



18. This requirement is inequitable in respect to the Filer and the holders of the Long Term Related Party Debt in that:

- the value of the Long Term Related Party Debt that would be subordinated far exceeds the capital that the Filer is required to maintain as an investment fund manager (\$100,000) and adviser (\$25,000) under NI 31-103;
- it fails to take into account the fact that the Long Term Related Party Debt arose primarily in connection with the financing of long term related party investments;
- the Long Term Related Party Debt was not incurred to provide working capital for the Filer or to fund their ongoing operations; and
- the Long Term Related Party Debt is offset by the book value of the long term related party investments in assets acquired through the acquisitions.

18. Under the capital formula set out in NI 31-103 and Form 31-103F1, while the Filer must include the value of the Long Term Related Party Debt in its adjusted current liabilities, the value of the long term related party investments is excluded from current assets in Item 1 of Form 31-103F1.

of this decision, provided that the principal amount of the existing Long Term Related Party Debt is not increased and the terms reflect current market rates at that time, but shall not apply to any new related party debt.

“Marrianne Bridge”  
Deputy Director  
Ontario Securities Commission

### 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, subject to the following conditions:

1. the lender of the Long Term Related Party Debt cannot accelerate repayment except in the event that the Filer becomes insolvent or otherwise is in material default of its obligations under the agreements documenting the debt;
2. in the event that the aggregate amount of the Long Term Related Party Debt exceeds the aggregate value of the long term related party investments, a Subordination Agreement equal or greater than the deficiency must be executed and delivered by the Filer to the Ontario Securities Commission; and
3. this decision in respect of the Exemption Sought shall apply to a renewal or extension of existing Long Term Related Party Debt that takes place after the date

## 2.1.4 Unique Broadband Systems, Inc.

### Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – Relief from take-over bid requirements in connection with a partial take-over bid for a maximum of 10 million shares of the Filer – Filer is required to prepare and send a directors' circular not later than 15 days after the date of the Partial Bid – Filer is insolvent and commenced proceedings under the CCAA – Filer served a motion in the proceedings under the CCAA seeking, among other things, an interim stay of the Partial Bid – Earliest date that the Motion can be heard is February 21, 2012 – Filer intends to file a directors' circular on SEDAR on the earlier of (i) the 3rd day following the date on which a decision in respect of the Motion is released by the Court if the Partial Bid is not stayed, and (ii) February 27, 2012 if a decision in respect of the Motion has not yet been delivered and the Partial Bid is not otherwise stayed – Relief granted subject to conditions.

### Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 95, 104(2)(b) and (c).

### 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 UNIQUE BROADBAND SYSTEMS, INC. (the Filer)

### DECISION

### Background

The securities regulatory authority in the Jurisdiction (the "Decision Maker") has received an application from the Filer for a decision for exemptive relief (the "Exemption Sought") under section 104(2) of the *Securities Act* (Ontario) (the "Act") and the corresponding provisions of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids* ("MI 62-104") for an extension to the period of time within which the Filer is required to prepare and send a directors' circular to securityholders under section 95 of the Act (and the corresponding provisions of MI 62-104).

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 the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

### Interpretation

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

"206 Ontario" means 2064818 Ontario Inc., a company incorporated under the *Business Corporations Act* (Ontario);

"CCAA" means the *Companies' Creditors Arrangement Act*;

"Common Shares" means the common shares in the capital of the Filer;

"Initial Order" means the order granted by the Ontario Superior Court of Justice under the CCAA on July 5, 2011; and

"Partial Bid" means the partial take-over bid for up to a maximum of 10,000,000 Common Shares at a price of \$0.08 per Common Share made by 206 Ontario.

### Representations

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

1. the Filer is a corporation that was amalgamated under the *Business Corporations Act* (Ontario) on June 1, 1998;
2. the head office of the Filer is located in Milton, Ontario;
3. the Filer has authorized capital consisting of an unlimited number of Common Shares, of which 102,747,854 were outstanding as at February 14, 2012;
4. the Filer is a "reporting issuer" within the meaning of applicable securities legislation in each of the provinces of Canada;
5. the Filer's Common Shares are listed on the TSX Venture Exchange;
6. the Filer is not in default of securities legislation in any jurisdiction as at February 14, 2012;
7. the Filer is insolvent;
8. proceedings under the CCAA were commenced in respect of the Filer and its wholly owned

- subsidary, UBS Wireless Services Inc., pursuant to the Initial Order;
9. the Initial Order includes a comprehensive stay of proceedings that, among other things, stays and suspends the exercise of rights and remedies by any person in respect of or that affects the Filer or its business;
10. on February 1, 2012, 206 Ontario commenced the Partial Bid;
11. on February 7, 2012, the Filer served a motion (the "**Motion**") in the proceedings under the CCAA among other things (a) seeking an interim stay of the Partial Bid; (b) seeking a determination as to whether the Partial Bid is stayed by the Initial Order; and (c) if the Bid is not stayed by the Initial Order, seeking a temporary stay of the Partial Bid until certain claims asserted by, among others, affiliates of 206 Ontario, and which are being disputed by the Filer, have been determined;
12. under the Act and MI 62-104, the Filer is required to prepare and send a directors' circular to every person to whom the bid was required to be sent not later than 15 days after the date of the bid, being February 16, 2012 in the circumstances;
13. under the Interim Order, the Filer is only permitted to carry on business in a manner consistent with the preservation of its business and property; the Filer has also submitted to the court a statement of cash flows prepared for purposes of the CCAA;
14. responding to the Partial Bid by preparing, translating, printing and mailing a directors' circular to every person to whom the bid was required to be sent, estimated to be approximately 15,000 shareholders, represents significant costs to the Filer, which are not contemplated in the statement of cash flows;
15. the Filer will, if necessary, seek permission from the court to take all necessary action to respond to the Partial Bid; however, it is premature for such permission to be granted until it is first determined in the Motion whether the Partial Bid does or does not breach the Initial Order and, if not, whether the Partial Bid should be stayed under the CCAA;
16. the earliest date that the Motion can be heard is February 21, 2012 and pending the determination of the Motion, it is unknown whether or not the Partial Bid will proceed or be temporarily stayed;
17. it is the intention of the Filer to file a directors' circular on SEDAR on the earlier of (i) the 3rd day following the date on which a decision in respect of the Motion is released by the Court if the Partial Bid is not stayed, and (ii) February 27, 2012 if a decision in respect of the Motion has not yet been delivered and the Partial Bid is not otherwise stayed;
18. if the Partial Bid is temporarily stayed, and if 206 Ontario continues to pursue the Partial Bid following the expiry or lifting of such temporary stay, the Filer intends to prepare and send a directors' circular within 10 days following the termination of any temporary stay of the Partial Bid;
19. the Filer will issue and file a news release informing shareholders that it will not be filing and delivering its directors' circular on February 16 and will do so by no later than February 27, 2012 if the Partial Bid is not stayed and, if required, within 10 days following the termination of any temporary stay of the Partial Bid; and
20. granting the Exemption Sought would not be prejudicial to the public interest as the required information will be provided to securityholders in due course if and when it is determined that the Partial Bid should proceed and in any event, by February 27, 2012 if the Partial Bid is not otherwise stayed.

#### Decision

The Decision Maker is satisfied that the decision meets the test set out in the Act for the Decision Maker to make the decision.

The decision of the Decision Maker under the Act is that the Exemption Sought is granted provided that the Filer:

- (a) prepares and files a directors' circular on SEDAR, and sends the directors' circular to every person or company to whom the Partial Bid was required to be sent, on the earlier of (i) the 3rd day following the date on which a decision in respect of the Motion is released by the Court if the Partial Bid is not stayed, and (ii) February 27, 2012 if a decision in respect of the Motion has not yet been delivered and the Partial Bid is not otherwise stayed; or
- (b) in the event that the Partial Bid is temporarily stayed on or before February 27, 2012, files on SEDAR and prepares and sends a directors' circular to shareholders within 10 days following the termination of any temporary stay of the Partial Bid if 206 Ontario continues to pursue the Partial Bid following the expiry or lifting of such temporary stay; and
- (c) incorporates by reference in any such directors' circular any press releases of the Filer issued between the date of this decision and the date of the directors' circular.

Dated at Toronto, this 14th day of February, 2012.

“James Turner”  
Vice-Chair

“Sarah Kavanagh”  
Commissioner

## **2.1.5 Minera Andes Inc. – 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).

February 22, 2012

Minera Andes Inc.  
c/o Lawson Lundell LLP  
1600 – 925 West Georgia Street  
Vancouver, BC V6C 3L2

Dear Sirs/Mesdames:

**Re: Minera Andes Inc. (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland & 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”  
Manager, Corporate Finance  
Ontario Securities Commission

**2.2 Orders**

**2.2.1 Jowdat Waheed and Bruce Walter**

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

**AND**

**IN THE MATTER OF  
JOWDAT WAHEED AND BRUCE WALTER**

**ORDER**

**WHEREAS** on January 9, 2012, 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 January 9, 2012 with respect to Jowdat Waheed (“Waheed”) and Bruce Walter (“Walter”);

**AND WHEREAS** the Notice of Hearing set a hearing in this matter for February 15, 2012 at 10:00 a.m.;

**AND WHEREAS** on February 15, 2012, Staff and counsel for the respondents appeared before the Commission;

**AND WHEREAS** all parties consent to setting the matter down for a hearing on the merits commencing January 7, 2013, for a consecutive period of four weeks until February 5, 2013, except for two days which are set aside for Commission meetings, the dates of which are yet to be set;

**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 on the merits shall commence on January 7, 2013 at 10:00 a.m. and shall continue to and including February 5, 2013, or 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 pre-hearing conference will be held on April 2, 2012, at 10:00 a.m.

**DATED** at Toronto this 15th day of February, 2012.

“Mary G. Condon”

**2.2.2 Ameron Oil and Gas Ltd. et al.**

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

**AND**

**IN THE MATTER OF  
AMERON OIL AND GAS LTD., MX-IV LTD.,  
GAYE KNOWLES, GIORGIO KNOWLES,  
ANTHONY HOWORTH, VADIM TSATSKIN, MARK  
GRINSHPUN,  
ODED PASTERNAK, and ALLAN WALKER**

**ORDER**

**WHEREAS** on April 6, 2010, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering: that all trading in the securities of MX-IV Ltd. ("MX-IV") shall cease; that Ameron Oil and Gas Ltd. ("Ameron"), MX-IV and their representatives cease trading in all securities; and that any exemptions contained in Ontario securities law do not apply to Ameron and MX-IV (the "Temporary Order");

**AND WHEREAS** on April 6, 2010, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

**AND WHEREAS** on April 8, 2010, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on April 20, 2010 at 2:00 p.m.;

**AND WHEREAS** on April 20, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order to October 14, 2010 and to adjourn the hearing in this matter to October 13, 2010 at 10:00 a.m.;

**AND WHEREAS** on October 13, 2010, the Commission ordered that pursuant to subsections 127(7) and (8) of the Act, that the Temporary Order be extended to February 9, 2011 and that the hearing in this matter be adjourned to February 8, 2011 at 2:30 p.m.;

**AND WHEREAS** on December 13, 2010, Staff of the Commission ("Staff") issued a Statement of Allegations (the "Allegations") against Ameron, MX-IV, Gaye Knowles, Giorgio Knowles, Anthony Howorth ("Howorth"), Vadim Tsatskin ("Tsatskin"), Mark Grinshpun ("Grinshpun"), Oded Pasternak ("Pasternak"), and Allan Walker ("Walker") (collectively, the "Respondents");

**AND WHEREAS** on December 13, 2010, the Secretary of the Commission issued a Notice of Hearing, pursuant to sections 37, 127 and 127.1 of the Act, to consider whether it is in the public interest to make certain

orders against the Respondents by reason of the Allegations;

**AND WHEREAS** on December 20, 2010, the Commission ordered that the hearing be adjourned to February 8, 2011 at 2:30 p.m. for a confidential pre-hearing conference;

**AND WHEREAS** on February 8, 2011, Staff appeared and filed the Affidavit of Daniela De Chellis, sworn on January 27, 2011, evidencing service of the December 20, 2010 Order and notice of the hearing on the Respondents;

**AND WHEREAS** on February 8, 2011, none of the Respondents attended in person, but Staff advised the Commission that Cliff Lloyd ("Lloyd"), a lawyer licensed to practice law in the state of Massachusetts in the United States, had contacted Staff and advised that he had been retained as agent by Gaye Knowles, Giorgio Knowles and Howorth but would not be attending the hearing;

**AND WHEREAS** on February 8, 2011, the Commission was satisfied that Staff had served each of the Respondents with notice of the hearing;

**AND WHEREAS** on February 8, 2011, Staff made submissions to the Commission, including requesting that the matter be adjourned to March 10, 2011 at 12:00 p.m. for the purpose of conducting a confidential pre-hearing conference and that the Temporary Order be extended to March 11, 2011;

**AND WHEREAS** on February 8, 2011, Staff advised the Commission that Lloyd consented to the adjournment on behalf of Gaye Knowles, Giorgio Knowles and Howorth;

**AND WHEREAS** on February 8, 2011, Staff advised the Commission that Staff would contact the remaining Respondents to advise them of the March 10, 2011 pre-hearing conference, either directly or through their counsel, and that it would continue its efforts to determine the current representatives of Ameron and MX-IV;

**AND WHEREAS** on February 8, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order;

**AND WHEREAS** the Commission ordered that the Temporary Order be extended to March 11, 2011 and the hearing in this matter be adjourned to March 10, 2011 at 12:00 p.m.;

**AND WHEREAS** on March 10, 2011, a hearing was held before the Commission and Staff and Lloyd appeared before the Commission and Ameron and MX-IV did not appear before the Commission to oppose Staff's request for the extension of the Temporary Order;

**AND WHEREAS** the Panel was satisfied that reasonable efforts were made by Staff to serve Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker with notice of the hearing;

**AND WHEREAS** Staff advised the Panel that it had undertaken efforts to determine the appropriate means to serve Ameron and MX-IV and that it would continue those efforts by, *inter alia*, contacting the appropriate authorities in the Bahamas to determine the current status of Ameron;

**AND WHEREAS** on March 10, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order;

**AND WHEREAS** on March 10, 2011, the Commission ordered that the Temporary Order be extended to the conclusion of the hearing on the merits in this matter and that a status hearing to confirm dates for the hearing on the merits take place on March 22, 2011 at 9:45 a.m.;

**AND WHEREAS** by Notice of Motion dated March 8, 2011, Staff brought a motion before the Commission to add Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker (collectively, the "Individual Respondents") to the Temporary Order;

**AND WHEREAS** on March 22, 2011, the Commission held a hearing to consider Staff's motion;

**AND WHEREAS** on March 22, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to add the Individual Respondents to the Temporary Order;

**AND WHEREAS** on March 22, 2011, the Commission ordered that:

- pursuant to clause 2 of subsection 127(1) of the Act, Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker shall cease trading in all securities;
- pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker;
- the Temporary Order in respect of the Individual Respondents shall take effect immediately and shall expire on the fifteenth day after its making unless extended by the Commission;
- for clarity, the Temporary Order in respect of Ameron and MX-IV Ltd. is

extended to the conclusion of the hearing on the merits; and

- the hearing in this matter be adjourned to April 4th, 2011 at 11:00 a.m. or on such other date or time as provided by the Secretary's Office and agreed to by the parties.

**AND WHEREAS** on April 4, 2011, Staff and Howorth attended before the Commission to make submissions and no other Respondents attended;

**AND WHEREAS** Staff advised the Panel that it had contacted the appropriate authorities in the Bahamas to determine the current status of Ameron and had served notice of the hearing on the registered agent for Ameron as listed on the corporate documents provided by the authorities in the Bahamas;

**AND WHEREAS** the Commission was satisfied that Staff had taken reasonable efforts to serve the Respondents with notice of the hearing;

**AND WHEREAS** Howorth brought a motion to oppose the extension of the Temporary Order;

**AND WHEREAS** the motion raised the question of the obligations of a director of a company;

**AND WHEREAS** Staff submitted that the public interest requires a director to, at least, monitor the activities of a company, and this is so even if there is no evidence that the director authorized, permitted or acquiesced in an act of non-compliance with Ontario securities law under section 129.2 of the Act;

**AND WHEREAS** Howorth submitted that he did not authorize, permit or acquiesce in an act of non-compliance with Ontario securities law and should not be the subject of the Temporary Order, but did not provide any evidence regarding this;

**AND WHEREAS** the Commission considered the evidence from Staff and the submissions provided by the parties;

**AND WHEREAS** the Panel found that Staff should be permitted to pursue the section 129.2 argument against Howorth and the other named Respondents in the hearing on the merits with a complete evidentiary foundation;

**AND WHEREAS** on April 4, 2011, the Commission ordered that the Temporary Order in respect of the Individual Respondents, Ameron and MX-IV be extended to the conclusion of the hearing on the merits in this matter;

**AND WHEREAS** on August 23, 2011, a pre-hearing conference was held before the Commission;

**AND WHEREAS** Staff appeared in person before the Commission and Gaye Knowles and Howorth

participated by telephone to make submissions and no other Respondents attended;

**AND WHEREAS** Staff requested that the Commission set the earliest available dates for the hearing on the merits in this matter;

**AND WHEREAS** Staff advised the Commission that counsel for Tsatskin and counsel for Grinshpun, Pasternak and Walker took no position with respect to dates;

**AND WHEREAS** Gaye Knowles and Howorth consented to the hearing on the merits being scheduled for the next available dates;

**AND WHEREAS** on August 23, 2011, the Commission ordered that the hearing on the merits commence on February 29, 2012 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th Floor, Toronto, and shall continue on March 1, 2, 5, 6, 7, 8, 9, 12, 14, 15, 16, 19, 20 and 21, 2012, or such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary;

**AND WHEREAS** on August 23, 2011, the Commission further ordered that a status hearing take place on such date or time as provided by the Office of the Secretary and agreed to by the parties;

**AND WHEREAS** on October 13, 2011, the Commission approved a settlement agreement between Staff and Tsatskin;

**AND WHEREAS** on October 25, 2011, the Commission approved settlement agreements between Staff and each of Pasternak and Walker;

**AND WHEREAS** on November 29, 2011, the Commission approved a settlement agreement between Staff and Grinshpun;

**AND WHEREAS** by letter dated December 19, 2011, the Office of the Secretary advised the parties that the hearing dates scheduled for February 29, 2012, and March 1 and 2, 2012, were vacated and that the hearing on the merits would commence on March 5, 2012, at 10:00 a.m. and continue on March 6, 7, 8, 9, 12, 14, 15, 16, 19, 20 and 21, 2012;

**AND WHEREAS** on January 24, 2012, a pre-hearing conference was held before the Commission;

**AND WHEREAS** Staff appeared in person before the Commission and Gaye Knowles and Howorth participated by telephone to make submissions and no other Respondents attended;

**AND WHEREAS** Staff requested that a further status hearing be held on February 14, 2012 and Gaye Knowles and Howorth consented to this;

**AND WHEREAS** on February 14, 2012, a status hearing was held before the Commission;

**AND WHEREAS** Staff appeared in person before the Commission and Gaye Knowles and Howorth participated by telephone to make submissions and no other Respondents attended;

**AND WHEREAS** on consent of the parties the status hearing was converted into a confidential pre-hearing conference;

**AND WHEREAS** the parties consented to the scheduling of a further status hearing on February 23, 2012, at 3:00 p.m.;

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

**IT IS ORDERED** that the hearing date scheduled for March 5, 2012, is vacated and that the hearing on the merits shall commence on March 6, 2012, and continue on March 7, 8, 9, 12, 14, 15, 16, 19, 20 and 21, 2012;

**IT IS FURTHER ORDERED THAT** a status hearing will be held on February 23, 2012, at 3:00 p.m. at the offices of the Commission.

**DATED** at Toronto this 14th day of February, 2012.

"Mary G. Condon"



**2.2.3 American Heritage Stock Transfer Inc. et al.– s. 127(8)**

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

**AND**

**IN THE MATTER OF  
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**

**TEMPORARY ORDER  
Subsection 127(8)**

**WHEREAS** on April 1, 2011, the Ontario Securities Commission (the “Commission”) issued an order pursuant to sections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) (the “Temporary Order”) that immediately and for a period of 15 days from the date thereof:

- a. trading in the securities of BFM Industries Inc. (“BFM”) shall cease;
- b. all trading by and in the securities of American Heritage Stock Transfer, Inc. (“AHST Nevada”) shall cease;
- c. all trading by and in the securities of American Heritage Stock Transfer Inc. (“AHST Ontario”) shall cease;
- d. all trading by and in the securities of Denver Gardner Inc. (“Denver Gardner”) shall cease;
- e. all trading by Sandy Winick (“Winick”) shall cease;
- f. all trading by Andrea Lee McCarthy (“McCarthy”) shall cease;
- g. all trading by Kolt Curry (“Curry”) shall cease; and
- h. all trading by Laura Mateyak (“Mateyak”) shall cease;

**AND WHEREAS** the Temporary Order also provided that any exemptions contained in Ontario securities law do not apply to any of the respondents;

**AND WHEREAS** on April 4, 2011, the Commission issued a Notice of Hearing to consider the extension of the Temporary Order, to be held on April 14, 2011, at 10:00 a.m.;

**AND WHEREAS** on April 14, 2011, the Temporary Order was extended until April 28, 2011;

**AND WHEREAS** on April 27, 2011, the Temporary Order was extended until September 9, 2011;

**AND WHEREAS** on September 8, 2011, the Temporary Order was extended until November 24, 2011;

**AND WHEREAS** on November 23, 2011, the Temporary Order was extended until December 22, 2011;

**AND WHEREAS** on December 21, 2011, the Temporary Order was extended until January 27, 2012;

**AND WHEREAS** on January 26, 2012, the Temporary Order was extended until February 17, 2012;

**AND WHEREAS** on January 27, 2012, a Notice of Hearing was issued by the Secretary to the Commission in connection with a Statement of Allegations filed by Staff of the Commission (“Staff”);

**AND WHEREAS** on February 16, 2012, a hearing was held before the Commission and Staff appeared and made submissions;

**AND WHEREAS** Counsel for McCarthy and for Curry, Mateyak and AHST Ontario appeared, made submissions and did not object to extension of the Temporary Order;

**AND WHEREAS** BFM, AHST Nevada, Denver Gardner and Winick did not appear;

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

**IT IS HEREBY ORDERED that:**

- (1) The Temporary Order is extended until March 26, 2012, or until further order of the Commission; and
- (2) This matter shall return before the Commission on March 23, 2012 at 10:00 a.m. or on such other date or time as specified by the Secretary’s Office and agreed to by the parties.

**DATED** at Toronto this 16th day of February, 2012.

“Mary G. Condon”

2.2.4 Sandy Winick et al.

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

"Mary G. Condon"

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

**AND**

**IN THE MATTER OF  
SANDY WINICK, ANDREA LEE MCCARTHY,  
KOLT CURRY, LAURA MATEYAK,  
GREGORY J. CURRY,  
AMERICAN HERITAGE STOCK TRANSFER INC.,  
AMERICAN HERITAGE STOCK TRANSFER, INC.,  
BFM INDUSTRIES INC.,  
LIQUID GOLD INTERNATIONAL INC.,  
AND NANOTECH INDUSTRIES INC.**

**ORDER**

**WHEREAS** on January 27, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") (the "Notice of Hearing") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on January 27, 2012, to consider whether it is in the public interest to make certain orders against Sandy Winick ("Winick"), Andrea Lee McCarthy ("McCarthy"), Kolt Curry, Laura Mateyak ("Mateyak"), Gregory J. Curry ("Greg Curry"), American Heritage Stock Transfer Inc. ("AHST Ontario"), American Heritage Stock Transfer, Inc. ("AHST Nevada"), BFM Industries Inc. ("BFM"), Liquid Gold International Inc. ("Liquid Gold"), and Nanotech Industries Inc. ("Nanotech"; collectively, the "Respondents");

**AND WHEREAS** the Respondents, except Greg Curry, have been served with the Notice of Hearing, as well as Staff's Statement of Allegations;

**AND WHEREAS** Staff are continuing to make efforts to serve Greg Curry with the Notice of Hearing and Statement of Allegations;

**AND WHEREAS** on February 16, 2012, a first appearance hearing was held before the Commission and Staff appeared and made submissions;

**AND WHEREAS** Counsel appeared and made submissions for McCarthy and for Kolt Curry, Mateyak and AHST Ontario;

**AND WHEREAS** Winick, AHST Nevada, Greg Curry, BFM, Liquid Gold and Nanotech did not appear;

**IT IS HEREBY ORDERED** that this matter shall return before the Commission for a pre-hearing conference pursuant to Rule 6 of the Commission's Rules of Procedure on March 23, 2012 at 10:00 a.m. or on such other date or time as specified by the Secretary's Office and agreed to by the parties.

**2.2.5 Bernard Boily**

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

**AND**

**IN THE MATTER OF  
BERNARD BOILY**

**ORDER**

**WHEREAS** the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Staff of the Commission ("Staff") filed a Statement of Allegations in this matter on March 29, 2011 against Bernard Boily (the "Respondent");

**AND WHEREAS** on April 28, 2011, the Commission ordered that the matter be adjourned to June 29, 2011;

**AND WHEREAS** on July 5, 2011, the Commission ordered that the matter be adjourned to a confidential pre-hearing conference to be held on September 13, 2011 and that the following dates be reserved for the hearing on the merits in this matter: April 2, 3, 4, 5, 9, 11, 12, 13, 16, 17, 18, 19, 20, 23, 25, 26 and 27, 2012;

**AND WHEREAS** on September 13, 2011, the Commission ordered that the matter be adjourned to a confidential pre-hearing conference to be held on November 10, 2011 and that the hearing on the merits in this matter shall commence on April 2, 2012 at 10:00 a.m. and continue on the following dates: April 3, 4, 5, 9, 11, 12, 13, 16, 17, 18, 19, 20, 23, 25, 26 and 27, 2012;

**AND WHEREAS** on November 10, 2011, the Commission ordered that the matter be adjourned to a confidential pre-hearing conference to be held on December 13, 2011 at 9:00 a.m.;

**AND WHEREAS** on December 13, 2011, the Commission ordered that the matter be adjourned to a confidential pre-hearing conference to be held on January 30, 2012 at 2:00 p.m.;

**AND WHEREAS** on January 30, 2012, counsel for Staff and the Respondent appeared before the Commission for a pre-hearing conference and the Commission advised counsel for Staff and the Respondent that it would be necessary to postpone the hearing on the merits of this matter until the fall of 2012;

**AND WHEREAS** on January 30, 2012, the Commission ordered that the hearing on the merits originally scheduled to begin on April 2, 2012 be adjourned to a date in the fall of 2012 to be set by the Office of the Secretary in consultation with the parties;

**AND WHEREAS** the parties have consulted with the Office of the Secretary and are available for the hearing

on the merits of this matter commencing on November 21, 2012 and continuing on November 22, 23, 26, 27, 28, 29 and 30 and December 3, 5, 6, 7, 10, 11, 12, 13 and 14, 2012;

**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 on the merits of this matter shall commence on November 21, 2012 at 10:00 a.m. and shall continue on November 22, 23, 26, 27, 28, 29 and 30 and December 3, 5, 6, 7, 10, 11, 12, 13 and 14, 2012, each day commencing at 10:00 a.m.

**DATED** at Toronto this 17th day of February, 2012.

"Vern Krishna"

## **2.2.6 Canadian Derivatives Clearing Corporation – s. 144**

### **Headnote**

Application under section 144 of the Securities Act (Ontario) (OSA) to vary and restate a temporary order dated February 15, 2011 exempting Canadian Derivatives Clearing Corporation from the requirement in subsection 21.2(0.1) of the Act to be recognized as a clearing agency.

### **Applicable Legislative Provisions**

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

**IN THE MATTER OF  
THE SECURITIES ACT,  
R.S.O. 1990, CHAPTER S.5, AS AMENDED  
(the “Act”)**

**AND**

**IN THE MATTER OF  
CANADIAN DERIVATIVES CLEARING CORPORATION (“CDCC”)**

**VARIATION TO THE TEMPORARY EXEMPTION ORDER  
(Section 144 of the Act)**

**WHEREAS** the Ontario Securities Commission (Commission) issued a temporary order dated February 15, 2011 pursuant to section 147 of the Act exempting CDCC from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act (Temporary Exemption Order);

**AND WHEREAS** the Temporary Exemption Order will terminate on March 1, 2012 unless extended by order of the Commission;

**AND WHEREAS** the Commission has received an application from CDCC pursuant to section 144 of the Act requesting that the Commission vary and restate the Temporary Exemption Order to extend CDCC's temporary exemption from the requirement to be recognized as a clearing agency pursuant to subsection 21.2(0.1) of the Act;

**AND WHEREAS** the Commission has received certain representations from CDCC in connection with the application to vary and restate the Temporary Exemption Order;

**AND WHEREAS** the Commission has considered these representations, CDCC's application, and other factors;

**AND WHEREAS** the Commission has determined that it is not prejudicial to the public interest to issue this order that varies and restates the Temporary Exemption Order to extend CDCC's temporary exemption from the requirement to be recognized as a clearing agency pursuant to subsection 21.2(0.1) of the Act subject to additional terms and conditions;

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

**IN THE MATTER OF  
THE SECURITIES ACT,  
R.S.O. 1990, CHAPTER S.5, AS AMENDED  
(the “Act”)**

**AND**

**IN THE MATTER OF  
CANADIAN DERIVATIVES CLEARING CORPORATION**

**ORDER  
(section 147 of the Act)**

**WHEREAS** in February 2011 Canadian Derivatives Clearing Corporation ("CDCC") filed an application, pursuant to section 147 of the Act, for an order temporarily exempting CDCC from the requirement ("Recognition Requirement") to be recognized as a clearing agency under section 21.2 of the Act;

**AND WHEREAS** the following facts have been represented to the Ontario Securities Commission ("Commission"):

1. The Bourse de Montréal Inc. (the "Bourse"), CDCC's sole shareholder, is a wholly-owned subsidiary of TMX Group Inc., a widely held public company, the common shares of which are listed on Toronto Stock Exchange;
2. CDCC is currently recognized as a self-regulatory organization ("SRO") in Québec under section 169 of the Securities Act (Québec) ("QSA") which enables it to carry on the activities of a clearing house in Québec. As such, CDCC is subject to the regulatory oversight of the Autorité des marchés financiers ("AMF");
3. CDCC is subject to the Derivatives Act (Québec) ("QDA"), which enables the Bourse and CDCC to implement rule changes based on a self-certification process for a "recognized regulated entity" under the QDA;
4. On March 16, 2004, the Commission granted the Bourse an exemption, pursuant to section 147 of the Act, from recognition as a stock exchange under section 21 of the Act and an exemption, pursuant to section 80 of the Commodity Futures Act (the "CFA"), from registration as a commodity futures exchange under section 15 of the CFA, subsequently amended on April 30, 2008;
5. CDCC currently offers central counterparty ("CCP") clearing services (the "Current CCP Services") for Bourse-traded financially or physically settled interest rate and equity futures and options, as well as for a limited number of financially or physically settled over-the-counter ("OTC") equity options;
6. CDCC was chosen by the Investment Industry Association of Canada ("IIAC") in December 2009 to develop a CCP facility in Canada for fixed income transactions (repurchase transactions ("repo") and cash buy and sell trades) (the "Fixed Income CCP Service") and CDCC's operations have been undergoing major changes since then as a result;
7. The Bank of Canada ("BOC") has undertaken a comprehensive assessment of CDCC's operations, systems, rules, and risk management, primarily in the context of the Fixed Income CCP Service, for the purposes of designation and regulatory oversight by the BOC pursuant to the Payment Clearing and Settlement Act (Canada) ("PCSA"); CDCC does not expect to be designated and regulated by the BOC until after the launch of Phase 1 of the Fixed Income CCP Service;
8. The scope and implementation of Phase 1 of the Fixed Income CCP Service will be limited to clearing repo transactions in respect of a selection of Government of Canada (and Government of Canada agency) long-term and short-term bonds and T-Bills, as more fully described in an IIAC "Phase 1 – Securities Bring-On Strategy" document (the "Bring-On Strategy Document") in effect on the date of the launch of Phase 1 of the Fixed Income CCP Service and which is substantially similar to a "Version 1.0 – Final for Stage A" of the Bring-On Strategy Document dated February 7, 2012;

**AND WHEREAS** the Commission issued a temporary order dated February 15, 2011 pursuant to section 147 of the Act exempting CDCC from the Recognition Requirement, which order terminates on March 1, 2012 ("Temporary Exemption Order");

**AND WHEREAS** the Commission had determined that the Temporary Exemption Order would, among other things, provide time for the Commission to assess the impact of the proposed Fixed Income CCP Service on Ontario's capital markets and consider an appropriate regulatory framework for CDCC as a result;

**AND WHEREAS** because the Fixed-Income CCP Service is anticipated to serve an important capital market activity in fixed-income trades of significant values which has a significant nexus to Ontario, the Commission will require more time to assess the impact of the proposed Fixed Income CCP Service on Ontario's capital markets and consider an appropriate regulatory framework for CDCC as a result;

**AND WHEREAS** CDCC has also filed an application with the Commission pursuant to section 144 of the Act requesting that the Commission vary and restate the Temporary Exemption Order to extend CDCC's temporary exemption from the Recognition Requirement;

**AND WHEREAS** the launch of Phase 1 of the Fixed Income CCP Service is scheduled to occur in February 2012;

**AND WHEREAS** based on the representations and application of CDCC and other factors, the Commission has determined that extending CDCC's Temporary Exemption Order subject to additional terms and conditions would not be prejudicial to the public interest;

**IT IS HEREBY ORDERED** by the Commission, pursuant to section 147 of the Act, that CDCC be exempt from the requirement to be recognized as a clearing agency under section 21.2 of the Act;

Provided that:

- A. CDCC complies with the terms and conditions attached hereto as Schedule "A";
- B. this Temporary Exemption Order shall terminate on the earlier of
  - (i) the date that the Commission renders a final order recognizing CDCC as a clearing agency under subsection 21.2 (0.1) of the Act or exempting it from the requirement to be recognized as a clearing agency under section 147 of the Act, and
  - (ii) March 1, 2013.

**DATED** at Toronto February 15, 2011, as varied on February 14, 2012.

"Vern Krishna"

"Mary G. Condon"

## SCHEDULE "A"

### Terms and Conditions

1. CDCC continues to be recognized as a SRO under the QSA or is and remains recognized as a clearing house under section 14 of the QDA.
2. CDCC shall continue to comply with the following:
  - a) provide to Commission staff, concurrently with the AMF, copies of all Rules that it files for review and approval with the AMF and provide copies of all final Rules to Commission staff in both English and French;
  - b) provide to Commission staff, concurrently with the AMF, copies of all audited financial statements and reports prepared by an independent auditor in respect of CDCC's financial situation and operations;
  - c) provide to Commission staff, concurrently with the AMF, the report on its annual independent systems review, copies of all internal risk management reports intended for its members and any outside report, including any audit report prepared in accordance with the Canadian Institute of Chartered Accountants Handbook, on the results of an examination or review of CDCC's risk management policies, controls and standards undertaken by an independent person;
  - d) provide to Commission staff, concurrently with the AMF, prompt notification of any material failures or changes to its systems;
  - e) provide to Commission staff, concurrently with the AMF, prompt notification of any material problems with the clearance and settlement of transactions in contracts traded on the Bourse, including any failure by a member of CDCC to promptly fulfil its settlement obligations that could materially affect the operations or financial situation of CDCC;
  - f) promote fair access to CDCC and will not unreasonably prohibit or limit access by a person or company to services offered by CDCC; and
  - g) promote within CDCC a corporate governance structure that minimizes the potential for any conflict of interest between the Bourse and CDCC that could adversely affect the clearance and settlement of trades in contracts or the effectiveness of CDCC's risk management policies, controls and standards.
3. CDCC shall, concurrently with the AMF and BOC or as soon as practicable, update Commission staff on a regular and timely basis on the progress of the development and implementation of the Fixed Income CCP Service and any other proposed new CCP service for OTC derivatives.
4. Prior to the launch of Phase 1 of the Fixed Income CCP Service, CDCC shall provide written confirmation to Commission staff of its readiness to proceed with the implementation of Phase 1 and inform the Commission as soon as possible of the industry sign-off for the "go-live" by CDS and the CDCC clearing members that will participate in the Fixed Income CCP Service.
5. With respect to each stage of Phase 1 of the implementation of the Fixed Income CCP Service as described in the Bring-On Strategy Document, CDCC shall provide written confirmation to Commission staff prior to moving to the next stage of the Phase 1 implementation that all exit criteria of the previous stage and all entrance criteria of the next stage have been met.
6. CDCC shall provide to Commission staff by March 31, 2012 a written analysis of its default procedures that address the inter-dependence between CDCC and CDS Clearing and Depository Services Inc. ("CDS"), particularly any potential conflicts with the default procedures of CDS.
7. CDCC shall provide written confirmation to Commission staff by February 29, 2012, that CDCC has sufficient staffing with the requisite expertise in place to support the Fixed Income CCP Service and that annual or more frequent reviews will take place to ensure CDCC continues to meet the required staffing levels as the Fixed Income CCP Service evolves.
8. CDCC shall promptly notify Commission staff of any material systems failure, malfunction or delay or any material project-related issue that may impact the Fixed Income CCP Service.

9. CDCC shall provide Commission staff with the following statistical information in respect of transactions cleared and settled through the Fixed Income CCP Service during each month not later than thirty (30) days after the end of such month.
  - a) Total number of settled CCP repo transactions divided by ISIN
  - b) Total net settlement value of settled CCP repo transactions divided by ISIN
  - c) Total number of unsettled / failed CCP repo transactions divided by ISIN, together with a brief description for the reasons for such failures
  - d) Total net settlement value of unsettled / failed CCP repo transactions divided by ISIN
  - e) Total number and net dollar value of all net settlement positions (NSPs) for future-dated end leg CCP repo transactions, separated into five buckets and divided by ISIN in the following manner:
    - (i) value date being anywhere from T+1 to a date that is less than or equal to 3 months from T+0;
    - (ii) value date being anywhere from a date that is after 3 months from T+0 to a date that is less than or equal to 6 months from T+0;
    - (iii) value date being anywhere from a date that is after 6 months from T+0 to a date that is less than or equal to 9 months from T+0;
    - (iv) value date being anywhere from a date that is after 9 months from T+0 to a date that is less than or equal to 12 months from T+0; and
    - (v) value date being after 12 months from T+0.
10. CDCC shall seek the Commission's prior written approval before commencing any new CCP service that would reasonably be considered to be outside the scope of the Current CCP Services (excluding, however, any new CCP service relating to derivatives traded on the Bourse) or that of Phase 1 of the Fixed Income CCP Service.
11. CDCC shall provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission and its staff.
12. CDCC shall share information and otherwise cooperate with CDS as appropriate in connection with the operation of the Fixed Income CCP Service (subject to applicable privacy and confidentiality requirements).



## 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
Gamecorp Ltd.	06 Feb 12	17 Feb 12		20 Feb 12

### 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		

This page intentionally left blank

## **Chapter 7**

# **Insider Reporting**

---

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see [www.carswell.com](http://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](http://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
01/01/2011 to 12/31/2011	109	Acorn Diversified Trust - Trust Units	6,801,159.42	605,312.38
01/31/2011 to 10/31/2011	226	Alpha Macro Strategies Fund - Units	3,281,694.19	697,675.92
01/01/2011 to 12/01/2011	179	AlphaNorth Partners Fund Inc. - Common Shares	31,517,569.39	926,585.24
01/01/2011 to 12/31/2011	1	BlackRock Cayman Prime Money Market Fund Ltd. - Units	939,854,509.50	948,390,000.00
01/01/2011 to 12/31/2011	1	BlackRock Fixed Income GlobalAlpha Fund Ltd. - Units	99,552,632.00	99,552.63
01/06/2012	3	Canaan IX L.P. - Limited Partnership Interest	34,788,800.00	1.00
01/26/2012	5	CCO Holdings, LLC and CCO Holdings Capital Corp. - Notes	35,571,250.00	5.00
01/01/2011 to 12/31/2011	10	CIBC Balanced Pool - Units	11,079,956.47	874,522.00
01/01/2011 to 12/31/2011	1	CIBC Canadian Bond 15 Year Duration Pool - Units	3,000,000.00	300,000.00
01/01/2011 to 12/31/2011	1	CIBC Canadian Bond 30 Year Duration Pool - Units	3,000,000.00	300,000.00
01/01/2011 to 12/31/2011	1	CIBC Canadian Bond 5 Year Duration Pool - Units	3,000,000.00	300,000.00
01/01/2011 to 12/31/2011	21	CIBC Canadian Bond Active Universe Pool - Units	52,581,208.83	4,711,967.00
01/01/2011 to 12/31/2011	14	CIBC Canadian Bond Long Term Index Pool - Units	99,984,880.52	8,402,414.00
01/01/2011 to 12/31/2011	18	CIBC Canadian Bond Universe Index Pool - Units	292,191,344.52	24,676,847.00
01/01/2011 to 12/31/2011	1	CIBC Canadian Corporate Investment Grade Pool - Units	3,000,000.00	300,000.00
01/01/2011 to 12/31/2011	19	CIBC Canadian Equity All Cap Value Pool - Units	16,700,583.50	1,474,578.00
01/01/2011 to 12/31/2011	1	CIBC Canadian Equity Large Cap Dividend Value Pool - Units	31,408,239.76	3,140,824.00
01/01/2011 to 12/31/2011	18	CIBC Canadian Equity Pool - Units	2,043,728.66	316,089.00
01/01/2011 to 12/31/2011	9	CIBC Canadian Equity Small Cap Pool - Units	620,010.39	19,158.00

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
01/01/2011 to 12/31/2011	6	CIBC Canadian Equity S&P/TSX Index Pool - Units	24,082,522.58	2,478,709.00
01/01/2011 to 12/31/2011	18	CIBC Canadian Money Market Pool - Units	41,579,322.20	3,843,450.00
01/01/2011 to 12/31/2011	18	CIBC EAFE Equity Pool - Units	4,973,868.89	689,789.00
01/01/2011 to 12/31/2011	1	CIBC Global Balanced Pool - Units	4,227,462.22	421,840.00
01/01/2011 to 12/31/2011	1	CIBC Global Equity Growth (ACWI) Pool - Units	389,289,716.43	38,928,378.00
01/01/2011 to 12/31/2011	8	CIBC International Equity Index Pool - Units	16,538,229.71	2,234,096.00
01/01/2011 to 12/31/2011	1	CIBC US Equity All Cap Growth Pool - Units	6,109,853.70	610,985.00
01/01/2011 to 12/31/2011	1	CIBC US Equity Value Pool - Units	15,533,569.26	1,552,906.00
01/01/2011 to 12/31/2011	25	CIBC U.S. Equity S&P 500 Enhanced Index Pool - Units	19,124,453.76	2,710,589.00
01/01/2011 to 12/31/2011	12	CIBC U.S. Equity S&P 500 Index Pool - Units	348,254,967.99	59,219,984.00
01/13/2012	4	East Coast Energy Inc. - Units	35,750.10	101,873.00
01/01/2011 to 10/31/2011	12	East Coast Performance Fund LP - Limited Partnership Units	38,400,000.00	363,786.96
01/01/2011 to 12/31/2011	54	EFG Private Portfolio Series Inc. - Common Shares	3,061,420.89	246,187.69
01/18/2012	2	Fresenius Medical Care US Finance II, Inc. - Notes	47,097,000.00	46,500.00
01/31/2011 to 10/31/2011	23	Garrison Hill Macro Opportunities Fund - Trust Units	870,303.65	7,920.65
03/31/2011 to 09/30/2011	15	Gatehouse Real Estate Income Fund - Trust Units	497,000.00	50,067.41
12/28/2011	45	GeoNovus Minerals Corp. - Units	770,250.00	5,135,000.00
01/01/2011 to 12/31/2011	1	Global Ascent Ltd. - Units	175,209,701.43	116,655.62
01/31/2011 to 05/31/2011	1	Global Total Return Portfolio IV (Luxembourg) - Units	2,023,000.00	191,556.14
10/26/2011	39	Gold Mountain Mining Corporation - Flow-Through Shares	4,280,957.80	3,722,572.00
11/10/2011	22	Great Western Minerals Group Ltd. - Common Shares	17,161,231.50	27,240,050.00
12/21/2011	2	Grenville Gold Corporation - Common Shares	120,000.00	1,000,000.00
12/13/2011	12	Harbour Tucson Corporation - Common Shares	1,710,000.00	76.00
12/13/2011	6	Harbour Tucson Limited Partnership - Units	2,250,000.00	180.00

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
12/13/2011	12	Harbour Tucson Unit Trust - Trust Units	190,000.00	76.00
01/27/2012	192	Hemisphere Energy Corporation - Units	8,626,209.90	12,323,157.00
01/25/2012	1	Ibis Re II Ltd. - Notes	17,204,000.00	170,000.00
01/01/2011 to 12/31/2011	1	Invesco Select Canadian Equity Fund - Trust Units	229,828.40	13,096.11
01/31/2012	3	Irving Oil Limited - Notes	49,254,800.00	3.00
01/25/2012	6	JBS USA, LLC and JBS USA Finance, Inc. - Notes	7,730,766.67	6.00
12/09/2011	4	Jourdan Resources Inc. - Units	1,050,000.00	870.00
01/05/2012	1	JPMorgan Structured Products BV - Notes	500,550.00	495.10
09/01/2011 to 12/31/2011	99	KJH Capital Preservation Fund - Trust Units	4,255,629.00	40,218.55
01/01/2011 to 12/31/2011	124	KJH Energy Partners Fund - Trust Units	10,699,575.00	77,409.18
01/01/2011 to 12/31/2011	48	KJH Financial Franchises Fund - Trust Units	5,765,779.00	62,759.94
01/01/2011 to 12/31/2011	50	KJH Fixed Income Fund - Trust Units	38,026,746.00	340,516.94
06/30/2011 to 12/31/2011	121	KJH High Yield Fund - Trust Units	16,277,840.00	162,895.85
01/01/2011 to 12/31/2011	174	KJH Small Companies Fund - Trust Units	12,381,239.00	99,000.87
01/01/2011 to 12/31/2011	142	KJH Strategic Investors Fund - Trust Units	18,913,645.00	171,907.19
01/01/2011 to 12/31/2011	16	KJH Sweet Sixteen Fund - Trust Units	3,787,133.00	42,124.79
01/07/2011 to 12/30/2011	607	Letko Brosseau Balanced Fund - Units	62,043,677.81	5,856,406.04
01/07/2011 to 12/30/2011	105	Letko Brosseau Bond Fund - Units	10,454,895.14	988,177.17
01/14/2011 to 12/23/2011	1135	Letko Brosseau Emerging Markets Equity Fund - Units	147,443,278.29	15,575,389.54
01/28/2011 to 12/30/2011	25	Letko Brosseau Equity Fund - Global Investors - Units	294,610.33	36,941.92
01/07/2011 to 12/23/2011	343	Letko Brosseau Equity Fund - Units	61,192,155.18	5,669,243.72
01/07/2011 to 12/30/2011	3	Letko Brosseau Equity Fund Inc. - CL B (Non-Vot) - Units	1,297,972.05	123,203.47
01/28/2011 to 12/30/2011	11	Letko Brosseau ESG Balanced Fund - Units	633,597.58	60,323.22
01/28/2011 to 12/30/2011	122	Letko Brosseau International Equity Fund - Units	28,203,059.71	3,417,899.19

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
01/07/2011 to 12/30/2011	546	Letko Brosseau RSP Balanced Fund - Units	125,608,895.25	12,043,850.45
01/07/2011 to 12/30/2011	158	Letko Brosseau RSP Bond Fund - Units	26,896,219.24	2,534,692.93
01/07/2011 to 12/30/2011	250	Letko Brosseau RSP Equity Fund - Units	22,329,796.00	2,219,144.77
01/07/2011 to 12/30/2011	125	Letko Brosseau RSP International Equity Fund - Units	81,392,922.85	9,957,540.87
01/28/2011 to 12/30/2011	7	Letko Brosseau Social Integrity Fund - Units	6,405,450.79	691,551.14
03/31/2011	1	Lightwater Conservative Long/Short Fund - Trust Units	210,000.00	3,306.66
01/01/2011 to 12/23/2011	3	Lysander Balanced Fund, Class F - Units	24,993.00	2,249.16
12/08/2011 to 12/23/2011	6	Lysander Canadian Bond Fund, Class F - Units	180,000.00	18,000.00
01/01/2011 to 12/31/2011	1	Manulife Advantage Fund II - Units	3,877,299.61	310,351.05
01/01/2011 to 12/31/2011	1	Manulife Bond Fund - Units	362,943,950.15	36,070,460.03
01/01/2011 to 12/31/2011	1	Manulife Canadian Balanced Fund - Units	22,243,998.39	2,014,586.20
01/01/2011 to 12/31/2011	1	Manulife Canadian Bond Fund - Units	4,850,000.00	447,551.63
01/01/2011 to 12/31/2011	1	Manulife Canadian Bond Plus Fund - Units	72,858,035.62	6,919,035.29
01/01/2011 to 12/31/2011	1	Manulife Canadian Core Fund - Units	10,490,150.97	755,763.98
01/01/2011 to 12/31/2011	1	Manulife Canadian Equity Fund - Units	56,555,559.29	1,598,637.58
01/01/2011 to 12/31/2011	1	Manulife Canadian Equity Index Fund - Units	234,932,725.78	15,917,288.37
01/01/2011 to 12/31/2011	1	Manulife Canadian Equity Value Fund - Units	31,824,158.19	3,543,995.00
01/01/2011 to 12/31/2011	1	Manulife Canadian Fixed Income Fund - Units	15,303,671.07	1,460,869.18
01/01/2011 to 12/31/2011	1	Manulife Canadian Focused Fund - Units	848,067.06	87,932.27
01/01/2011 to 12/31/2011	1	Manulife Canadian Growth Fund - Units	9,268,916.29	714,594.45
01/01/2011 to 12/31/2011	1	Manulife Canadian Investment Fund - Units	33,825,767.00	3,831,985.88
01/01/2011 to 12/31/2011	1	Manulife Canadian Large Cap Growth Fund - Units	34,190,747.62	4,057,650.12



**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
01/01/2011 to 12/31/2011	1	Manulife Canadian Opportunities Balanced Fund - Units	215,574.78	21,699.34
01/01/2011 to 12/31/2011	1	Manulife Canadian Opportunities Fund - Units	47,141,024.56	3,851,615.44
01/01/2011 to 12/31/2011	1	Manulife Canadian Universe Bond Fund - Units	73,559,159.57	6,883,256.47
01/01/2011 to 12/31/2011	1	Manulife Canadian Value Fund - Units	47,173,834.60	2,759,242.46
01/01/2011 to 12/31/2011	1	Manulife Corporate Bond Fund - Units	212,659,059.70	21,512,678.87
01/01/2011 to 12/31/2011	1	Manulife Diversified Canada Fund - Units	276,579.77	23,383.95
01/01/2011 to 12/31/2011	1	Manulife Diversified Income Portfolio - Units	89,260,372.71	9,156,967.26
01/01/2011 to 12/31/2011	1	Manulife Diversified Investment Fund - Units	65,071,949.61	5,822,920.67
01/01/2011 to 12/31/2011	1	Manulife Dividend Fund - Units	33,021,170.12	2,067,410.60
01/01/2011 to 12/31/2011	1	Manulife Emerging Markets Debt Fund - Units	1,235,827.16	127,944.48
01/01/2011 to 12/31/2011	1	Manulife Emerging Markets Equity Fund - Units	784,783.16	86,643.93
01/01/2011 to 12/31/2011	1	Manulife European Opportunities Fund - Units	1,263,282.68	198,891.35
01/01/2011 to 12/31/2011	1	Manulife Floating Rate Income Fund - Units	31,837,003.13	3,206,736.08
01/01/2011 to 12/31/2011	1	Manulife Global Dividend Income Fund - Units	811,612.98	77,750.24
01/01/2011 to 12/31/2011	1	Manulife Global Focused Balanced Fund - Units	100.00	10.00
01/01/2011 to 12/31/2011	1	Manulife Global Focused Fund - Units	10,550,544.56	943,206.92
01/01/2011 to 12/31/2011	1	Manulife Global Infrastructure Fund - Units	1,092,368.00	98,707.47
01/01/2011 to 12/31/2011	1	Manulife Global Monthly Income Fund - Units	6,159,639.69	850,111.87
01/01/2011 to 12/31/2011	1	Manulife Global Opportunities Balanced Fund - Units	9,348.23	972.16
01/01/2011 to 12/31/2011	1	Manulife Global Opportunities Fund - Units	875,926.99	93,050.86
01/01/2011 to 12/31/2011	1	Manulife Global Real Estate Fund - Units	657,870.00	61,454.49
01/01/2011 to 12/31/2011	1	Manulife Global Small Cap Fund - Units	9,932,447.37	775,556.76

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
01/01/2011 to 12/31/2011	1	Manulife Growth Opportunities Fund - Units	100,396,611.99	2,257,635.77
01/01/2011 to 12/31/2011	1	Manulife High Yield Bond Fund - Units	1,163,360.18	115,979.26
01/01/2011 to 12/31/2011	1	Manulife International Equity Index Fund - Units	62,678,580.58	5,292,547.05
01/01/2011 to 12/31/2011	1	Manulife International Value Equity Fund - Units	149,097.00	14,909.70
01/01/2011 to 12/31/2011	1	Manulife Leaders Balanced Growth Portfolio - Units	490,415.45	50,861.60
01/01/2011 to 12/31/2011	1	Manulife Leaders Balanced Income Portfolio - Units	1,972,547.17	205,538.13
01/01/2011 to 12/31/2011	1	Manulife Leaders Opportunities Portfolio - Units	2,012,380.42	189,560.59
01/01/2011 to 12/31/2011	1	Manulife Long Term Bond Fund - Units	300.00	30.00
01/01/2011 to 12/31/2011	1	Manulife Money Fund - Units	384,872,297.47	38,487,229.75
01/01/2011 to 12/31/2011	3	Manulife Monthly High Income Fund - Units	252,351,788.44	14,834,230.78
01/01/2011 to 12/31/2011	1	Manulife Sector Rotation Fund - Units	170,743.41	8,235.31
01/01/2011 to 12/31/2011	1	Manulife Short Term Bond Fund - Units	21,076,108.12	2,098,845.02
01/01/2011 to 12/31/2011	1	Manulife Simplicity Aggressive Portfolio - Units	7,946,170.60	733,385.94
01/01/2011 to 12/31/2011	1	Manulife Simplicity Balanced Portfolio - Units	67,831,387.05	5,221,005.33
01/01/2011 to 12/31/2011	1	Manulife Simplicity Conservative Portfolio - Units	89,040,543.54	8,416,591.30
01/01/2011 to 12/31/2011	1	Manulife Simplicity Global Balanced Portfolio - Units	8,462,368.70	756,722.18
01/01/2011 to 12/31/2011	1	Manulife Simplicity Growth Portfolio - Units	39,499,262.78	3,178,618.77
01/01/2011 to 12/31/2011	1	Manulife Simplicity Moderate Portfolio - Units	36,239,427.16	3,454,537.62
01/01/2011 to 12/31/2011	1	Manulife Small Cap Value Fund - Units	12,768,784.79	1,215,544.50
01/01/2011 to 12/31/2011	2	Manulife Strategic Income Fund - Units	769,784,558.22	68,946,514.91
01/01/2011 to 12/31/2011	1	Manulife Strategic Income Trust - Units	119,377,570.00	11,936,146.38
01/01/2011 to 12/31/2011	1	Manulife Tax-Managed Growth Fund - Units	149,896.45	11,927.26

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
01/01/2011 to 12/31/2011	1	Manulife U.S. All Cap Equity Fund - Units	187,792.54	18,414.30
01/01/2011 to 12/31/2011	1	Manulife U.S. Diversified Growth Fund - Units	20,322,082.57	1,975,313.81
01/01/2011 to 12/31/2011	1	Manulife U.S. Equity Fund - Units	2,520,206.60	259,020.92
01/01/2011 to 12/31/2011	1	Market Advantage, Ltd. - Units	33,898,000.00	33,898.00
01/01/2011 to 12/31/2011	1	MB Balanced Plus Fund - Units	800,000.00	76,786.49
01/01/2011 to 12/31/2011	5	MB Canadian Equity (Core) Fund - Units	2,070,000.00	193,085.69
01/01/2011 to 12/31/2011	16	MB Fixed Income Fund - Units	9,437,000.00	163,281.71
01/01/2011 to 12/31/2011	5	MB Global Equity Fund - Units	862,144.00	72,652.01
01/01/2011 to 12/31/2011	2	MB Global Equity Value Fund - Units	340,000.00	47,519.50
01/01/2011 to 12/31/2011	4	MB International Equity Growth Fund - Units	1,760,000.00	285,771.75
01/01/2011 to 12/31/2011	10	MB Money Market Fund - Units	13,353,795.28	1,335,379.53
01/01/2011 to 12/31/2011	1	MB Responsible Balanced Fund - Units	254,676.25	31,021.76
01/01/2011 to 12/31/2011	3	MB Short Term Fixed Income Fund - Units	7,400,000.00	738,848.41
10/31/2011	35	Merus Labs International Inc. - Warrants	0.00	7,675,750.00
11/14/2011	3	Merus Labs International Inc. - Warrants	0.00	162,500.00
12/20/2011	52	Metanor Resources Inc. - Units	7,086,249.06	20,841,909.00
01/20/2012	13	Minfocus Exploration Corp. (Formerly Pembroke Capital Corp.) - Common Shares	1,863,750.00	18,847,834.00
10/12/2011	1	Monarques Resources Inc. - Common Shares	14,500.00	50,000.00
01/18/2012	2	New Solutions Financial (II) Corporation - Debentures	300,000.00	2.00
01/13/2012	2	NewCastle Minerals Ltd. - Common Shares	41,701.92	1,042,548.00
12/31/2011	8	Newstart Financial Inc. - Notes	495,000.00	8.00
01/24/2012	1	Nordic American Tankers Limited - Common Shares	278,677.20	20,000.00
04/01/2011	2	Northleaf Fund V GPC LP - Limited Partnership Units	1,524,450.00	150.00
04/01/2011 to 01/05/2012	18	Northleaf Global Private Equity Investors (Canada) V LP - Limited Partnership Units	52,923,822.50	5,207.50

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
12/13/2011	11	Pacific Therapeutics Ltd. - Common Shares	50,000.00	357,142.00
01/01/2011 to 12/31/2011	1	Pan Asia Opportunities Fund Ltd. - Units	48,637,500.00	50,000.00
01/01/2011 to 12/31/2011	1	Pan Asia Opportunities Offshore Fund Ltd. - Units	394,857,560.75	350,000.00
12/22/2011	15	Platinex Inc. - Units	213,250.00	2,863,333.00
01/31/2012	1	Prestige Brands, inc. - Note	5,026,000.00	1.00
01/01/2011	1	Radiant Performance Fund LP - Limited Partnership Units	60,000.00	600.00
01/31/2011 to 12/30/2011	115	Red Sky Partners Fund - Trust Units	13,686,152.00	471,889.18
12/15/2011	11	Redtail Metals Corp. - Units	499,999.95	2,222,222.00
01/28/2011 to 10/21/2011	12	Redwood Absolute Return Fund - Trust Units	231,736.56	22,730.08
01/19/2012	2	Return On Innovation Capital Ltd. - Units	7,200,000.00	7,200,000.00
01/18/2012	2	Return On Innovation Capital Ltd. - Units	16,000,000.00	16,000,000.00
01/01/2011 to 12/31/2011	43	Rosseau Limited Partnership - Limited Partnership Units	13,713,206.53	833.00
01/20/2012	16	Russell Breweries Inc. - Units	765,000.00	15,300,000.00
01/20/2012	5	Sable International Finance Limited C/O Card Corporate Services Limited - Notes	3,752,910.00	5.00
09/07/2011	3	Sand Technology Inc. - Notes	1,000,000.00	3.00
02/02/2012	6	Schaeffler Finance B.V. - Notes	10,428,289.07	6.00
01/07/2011 to 06/10/2011	7	SciVest Market Neutral Equity Fund - Trust Units	972,834.28	11,028.49
02/04/2011 to 10/21/2011	9	SciVest Special Opportunities Fund - Trust Units	1,181,564.38	11,359.05
01/31/2011 to 05/31/2011	9	Sevenoaks Opportunities Fund - Trust Units	1,090,183.28	15,737.94
01/25/2012	50	Skyharbour Resources Ltd. - Common Shares	1,050,000.00	21,000,000.00
07/25/2011	137	Stratton Resources Inc. - Units	8,522,595.00	5,681,730.00
01/24/2012	11	The Goldman Sachs Group, Inc. - Notes	71,087,751.80	11.00
01/24/2012	3	The Goldman Sachs Group, Inc. - Notes	7,317,255.51	3.00
01/01/2011 to 12/31/2011	79	The Investment Partners Fund - Trust Units	5,350,910.35	307,165.75
02/02/2012	3	The ServiceMaster Company - Notes	2,246,625.00	3.00
01/01/2011 to 12/31/2011	1	Trimark Global Fundamental Equity Fund - Trust Units	384,857.94	25,900.68

**Notice of Exempt Financings**

---

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
06/02/2011	1	Trimark Resources Fund - Trust Units	8,166.85	328.00
03/01/2011	3	Tutuila Global Fund LP - Limited Partnership Units	9,000,000.00	90,000.00
01/23/2012 to 01/27/2012	26	UBS AG, Jersey Branch - Certificates	8,534,376.34	26.00
01/13/2012	1	UBS AG, London Branch - Notes	194,800.00	200.00
01/25/2012 to 01/26/2012	6	UBS AG, Zurich - Certificates	1,724,215.07	7.00
01/01/2011 to 12/31/2011	2	U.S. LIBOR GlobalAlpha Bond Fund Ltd. - Units	92,356,765.88	76,908.41
01/17/2012	11	Vanoil Energy Ltd. - Common Shares	2,044,899.88	4,755,582.00
11/22/2011	1	Verde Resources Inc. - Common Shares	2,000,000.00	2,000,000.00
01/02/2012	1	Vida Ventures Ltd. - Receipts	1,500,000.00	12,000,000.00
02/02/2011 to 05/18/2011	1	Wellington Emerging Local Debt Portfolio (Dublin) - Units	9,200,000.00	913,206.47
08/02/2011 to 12/13/2011	1	Wellington Emerging Market Local Equity (Dublin) - Units	11,500,000.00	1,292,883.25
02/02/2011 to 05/18/2011	1	Wellington Opportunistic Emerging Markets (Dublin) - Units	36,800,000.00	3,658,461.54
01/20/2012	3	Wellness Indicators, Inc. - Notes	197,400.00	3.00
01/01/2012	1	Wingate Technology Performance Fund LP - Limited Partnership Units	60,000.00	63.30

This page intentionally left blank

## Chapter 11

# IPOs, New Issues and Secondary Financings

---

**Issuer Name:**

Aston Hill Capital Appreciation and Income Class  
Aston Hill Capital Appreciation and Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectuses dated February 16, 2012

NP 11-202 Receipt dated February 16, 2012

**Offering Price and Description:**

Series A, F and I Shares and Series A, F and I Units

**Underwriter(s) or Distributor(s):**

Aston Hill Asset Management Inc.

**Promoter(s):**

Aston Hill Asset Management Inc.

**Project #1859654**

---

**Issuer Name:**

Atico Mining Corporation  
Principal Regulator - British Columbia

**Type and Date:**

Amended and Restated Preliminary Long Form Prospectus dated February 15, 2012

NP 11-202 Receipt dated February 16, 2012

**Offering Price and Description:**

\$ \* - \* Common Shares Price: \$0.50 per Offered Share

**Underwriter(s) or Distributor(s):**

Canaccord Genuity Corp.

**Promoter(s):**

Jorge A. Ganoza Durant

Luis D. Ganoza Durant

**Project #1816900**

---

**Issuer Name:**

Bloom Select Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated February 21, 2012

NP 11-202 Receipt dated February 21, 2012

**Offering Price and Description:**

Maximum \$\* (\* Units); Price: \$10.00 per Unit Minimum

Purchase: 200 Units

**Underwriter(s) or Distributor(s):**

BMO NESBITT BURNS INC.

CIBC WORLD MARKETS INC.

RBC DOMINION SECURITIES INC.

TD SECURITIES INC.

GMP SECURITIES L.P.

NATIONAL BANK FINANCIAL INC.

SCOTIA CAPITAL INC.

CANACCORD GENUITY CORP.

RAYMOND JAMES LTD.

DESJARDINS SECURITIES INC.

MACQUARIE PRIVATE WEALTH INC.

MACKIE RESEARCH CAPITAL CORPORATION

DUNDEE SECURITIES LTD.

HSBC SECURITIES (CANADA) INC.

**Promoter(s):**

BLOOM INVESTMENT COUNSEL, INC.

**Project #1860844**

---

**Issuer Name:**

Casa Minerals Inc  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Long Form Prospectus dated February 21, 2012

NP 11-202 Receipt dated February 21, 2012

**Offering Price and Description:**

Minimum of 8,666,666 Common Shares Up to a Maximum of 13,333,333 Common Shares

Price: \$0.15 per Common Share

Minimum of \$1,300,000 up to a Maximum of \$2,000,000

**Underwriter(s) or Distributor(s):**

UNION SECURITIES LTD.

**Promoter(s):**

Farshad Shirvani

**Project #1860988**

**Issuer Name:**

Connor, Clark & Lunn Financial Opportunities Fund  
(formerly, Focused Global Trends Fund)  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated February 17, 2012

NP 11-202 Receipt dated February 17, 2012

**Offering Price and Description:**

Warrants to subscribe for up to \* Class A Units at a  
Subscription Price of \$\* per Class A Unit  
Warrants to subscribe for up to \* Class F Units at a  
Subscription Price of \$\* per Class F Unit

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

CONNOR, CLARK & LUNN CAPITAL MARKETS INC.  
Project #1860304

---

**Issuer Name:**

Exchange Income Corporation  
Principal Regulator - Manitoba

**Type and Date:**

Preliminary Short Form Prospectus dated February 21, 2012

NP 11-202 Receipt dated February 21, 2012

**Offering Price and Description:**

\$50,019,750.00 - 2,021,000 Common Shares Price: \$24.75  
per Common Share

**Underwriter(s) or Distributor(s):**

NATIONAL BANK FINANCIAL INC.  
CIBC WORLD MARKETS INC.  
TD SECURITIES INC.  
LAURENTIAN BANK SECURITIES INC.  
RAYMOND JAMES LTD.  
SCOTIA CAPITAL INC.  
CANACCORD GENUITY CORP.  
STONECAP SECURITIES INC.

**Promoter(s):**

-

Project #1860867

---

**Issuer Name:**

Killbear Acquisition Corp.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary CPC Prospectus dated February 16, 2012

NP 11-202 Receipt dated February 17, 2012

**Offering Price and Description:**

Minimum Offering: \$400,000.00 or 4,000,000 Common  
Shares Maximum Offering: \$600,000.00 or 6,000,000  
Common Shares Price: \$0.10 per Common Share

**Underwriter(s) or Distributor(s):**

Canaccord Genuity Corp.

**Promoter(s):**

Richard D. McGraw

Project #1860262

**Issuer Name:**

MADALENA VENTURES INC  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated February 17, 2012

NP 11-202 Receipt dated February 17, 2012

**Offering Price and Description:**

\$60,000,000.00 - 48,000,000 Common Shares Price: \$1.25  
per share

**Underwriter(s) or Distributor(s):**

Casimir Capital Ltd.  
Cormark Securities Inc.  
Canaccord Genuity Corp.  
Byron Capital Markets Ltd.  
Fraser Mackenzie Limited  
Mackie Research Capital Corporation

**Promoter(s):**

-

Project #1860371

---

**Issuer Name:**

Midas Gold Corp.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated February 21, 2012

NP 11-202 Receipt dated February 21, 2012

**Offering Price and Description:**

\$40,428,250 9,085,000 Common Shares on Exercise of  
9,085,000 Special Warrants  
Price: \$4.45 per Special Warrant

**Underwriter(s) or Distributor(s):**

Haywood Securities Inc.  
Macquarie Capital Markets Canada Ltd.  
BMO Nesbitt Burns Inc.  
RBC Dominion Securities Inc.  
Desjardins Securities Inc.

**Promoter(s):**

Stephen P. Quin  
Vista Gold US, Inc.

Project #1860998



**Issuer Name:**

Minera IRL Limited  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated February 17, 2012

NP 11-202 Receipt dated February 17, 2012

**Offering Price and Description:**

UP TO \$30,000,000.00 - \* ORDINARY SHARES Price: \$ \*  
per Offered Share

**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.  
Jennings Capital Inc.  
Haywood Securities Inc.

**Promoter(s):**

-

**Project #1860180**

---

**Issuer Name:**

Prodigy Gold Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated February 16, 2012

NP 11-202 Receipt dated February 16, 2012

**Offering Price and Description:**

\$30,000,000.00 - 37,500,000 Common Shares and  
\$12,500,100.00 - 13,158,000 Flow-Through Shares  
Price: \$0.80 per Common Share and \$0.95 per Flow-  
Through Share

**Underwriter(s) or Distributor(s):**

CASIMIR CAPITAL LTD.  
PARADIGM CAPITAL INC.  
NATIONAL BANK FINANCIAL INC.  
BYRON CAPITAL MARKET LTD.  
PI FINANCIAL CORP.

**Promoter(s):**

-

**Project #1859851**

**Issuer Name:**

Pure Industrial Real Estate Trust  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated February 17, 2012

NP 11-202 Receipt dated February 17, 2012

**Offering Price and Description:**

\$31,500,000.00 - 7,000,000 Units Price: \$4.50 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 #1860423**

---

**Issuer Name:**

Sprott Power Corp.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated February 21, 2012

NP 11-202 Receipt dated February 21, 2012

**Offering Price and Description:**

\$ \* - \* Units

And

\$ \* - \* Flow-Through Common Shares

Price: \$ \* per Unit

And

\$ \* per Flow-Through Share

**Underwriter(s) or Distributor(s):**

Canaccord Genuity Corp.

**Promoter(s):**

Jeffrey Jenner

**Project #1860803**

---

**Issuer Name:**

Symphony Floating Rate Senior Loan Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated February 17, 2012

NP 11-202 Receipt dated February 21, 2012

**Offering Price and Description:**

Maximum \$\*, \* Units Price: \$\* per Class A Unit and US\$\* per Class U Unit

**Underwriter(s) or Distributor(s):**

RBC DOMINION SECURITIES INC.  
CIBC WORLD MARKETS INC.  
BMO NESBITT BURNS INC.  
NATIONAL BANK FINANCIAL INC.  
SCOTIA CAPITAL INC.  
TD SECURITIES INC.  
MACQUARIE PRIVATE WEALTH INC.  
GMP SECURITIES L.P.  
RAYMOND JAMES LTD.  
CANACCORD GENUITY CORP.  
DESJARDINS SECURITIES INC.  
DUNDEE SECURITIES LTD.  
MACKIE RESEARCH CAPITAL CORPORATION

**Promoter(s):**

BROMPTON FUNDS LIMITED

**Project #1860521**

---

**Issuer Name:**

TD Private Bond Capital Yield Fund  
TD Private Global Low Volatility Fund  
TD Private U.S. Large-Cap Value Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectuses dated February 14, 2012

NP 11-202 Receipt dated February 15, 2012

**Offering Price and Description:**

Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

TD Asset Management Inc.

**Project #1858742**

**Issuer Name:**

Vela Minerals Ltd.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Long Form Prospectus dated February 15, 2012

NP 11-202 Receipt dated February 16, 2012

**Offering Price and Description:**

\$1,500,000.00 - 10,000,000 SHARES PRICE: \$0.15 PER SHARE

**Underwriter(s) or Distributor(s):**

MACQUARIE PRIVATE WEALTH INC.

**Promoter(s):**

-

**Project #1859428**

---

**Issuer Name:**

Azumah Resources Limited  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated February 16, 2012

NP 11-202 Receipt dated February 16, 2012

**Offering Price and Description:**

C\$20,000,000.00 - 50,000,000 Ordinary Shares Price: C\$0.40 per Share

**Underwriter(s) or Distributor(s):**

Casimir Capital Ltd.  
RBC Dominion Securities Inc.

**Promoter(s):**

-

**Project #1849062**

---

**Issuer Name:**

BMO Greater China Class (BMO Guardian Greater China Class Advisor Series)  
BMO Emerging Markets Fund (BMO Guardian Emerging Markets Fund Advisor Series)  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated February 6, 2012 to the Simplified Prospectuses and Annual Information Form dated September 20, 2011

NP 11-202 Receipt dated February 21, 2012

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

BMO Investments Inc.

**Promoter(s):**

-

**Project #1782751**

**Issuer Name:**

BMO Greater China Class (Series A and I)  
BMO Emerging Markets Fund (Series A, I and BMO  
Guardian Emerging Markets Fund Series F)  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated February 6, 2012 to Final Simplified  
Prospectus, Annual Information Form and Fund Facts (NI  
81-101) dated April 15, 2011

NP 11-202 Receipt dated February 21, 2012

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

BMO Investments Inc.

**Promoter(s):**

BMO Investments Inc.

**Project #1707206**

---

**Issuer Name:**

Capital Power Corporation  
Principal Regulator - Alberta

**Type and Date:**

Final Base Shelf Prospectus dated February 16, 2012

NP 11-202 Receipt dated February 16, 2012

**Offering Price and Description:**

\$2,000,000,000.00:

Common Shares

Preference Shares

Subscription Receipts

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #1857799**

---

**Issuer Name:**

Currency Exchange International, Corp.  
Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated February 15, 2012

NP 11-202 Receipt dated February 16, 2012

**Offering Price and Description:**

\$7,980,000.00 - 1,200,000 Units \$6.65 per Unit

**Underwriter(s) or Distributor(s):**

Jones, Gable & Company Limited

MGI Securities Inc.

**Promoter(s):**

Randolph Pinna

**Project #1830214**

**Issuer Name:**

Enbridge Income Fund  
Principal Regulator - Alberta

**Type and Date:**

Final Base Shelf Prospectus dated February 17, 2012

NP 11-202 Receipt dated February 17, 2012

**Offering Price and Description:**

\$800,000,000.00 - Medium Term Notes

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #1845124**

---

**Issuer Name:**

Series A, Series B, Series F, Series O, Series T5, Series  
T8, Series S5 and Series S8 units of:

Fidelity American Disciplined Equity Fund

Fidelity Growth America Fund

Fidelity Global Disciplined Equity Fund

Fidelity Global Large Cap Fund

Series A, Series B, Series F and Series O units of:

Fidelity Global Opportunities Fund

Principal Regulator - Ontario

**Type and Date:**

Amendment #2 dated February 13, 2012 Annual

Information Form dated October 27, 2011

NP 11-202 Receipt dated February 15, 2012

**Offering Price and Description:**

Series A, Series B, Series F, Series O, Series T5, Series  
T8, Series S5 and Series S8 units @ Net Asset Value

**Underwriter(s) or Distributor(s):**

Fidelity Investments Canada ULC

Fidelity Investments Canada Limited

Fidelity Investments Canada ULC

**Promoter(s):**

**Project #1804872**

---

**Issuer Name:**

Fidelity U.S. Equity Investment Trust  
(Series O units)

Principal Regulator - Ontario

**Type and Date:**

Amendment #2 dated February 13, 2012 to the Annual

Information Form dated September 19, 2011

NP 11-202 Receipt dated February 15, 2012

**Offering Price and Description:**

Series O units @ Net Asset Value

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Fidelity Investments Canada ULC

**Project #1776174**

**Issuer Name:**

Fidelity U.S. Small/Mid Cap Equity Investment Trust  
Principal Regulator - Ontario

**Type and Date:**

Amendment #2 dated February 13, 2012 to Annual  
Information Form dated December 1, 2011  
NP 11-202 Receipt dated February 15, 2012

**Offering Price and Description:**

Series O units @ Net Asset Value

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

FIDELITY INVESTMENTS CANADA ULC

Project #1812303

---

**Issuer Name:**

First Asset Pipes & Power Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated February 14, 2012  
NP 11-202 Receipt dated February 15, 2012

**Offering Price and Description:**

6,202,661 Rights to Subscribe for up to 2,067,553 Units at  
a Subscription Price of \$7.50 per Unit

**Underwriter(s) or Distributor(s):**

CIBC WORLD MARKETS INC.

**Promoter(s):**

-

Project #1856139

---

**Issuer Name:**

Horizons Gold Yield ETF (Formerly Horizons Gold Yield  
Fund)

Horizons Silver Yield ETF

Horizons Crude Oil Yield ETF

Horizons Natural Gas Yield ETF

Horizons Diversified Commodity Yield ETF

Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated February 14, 2012  
NP 11-202 Receipt dated February 21, 2012

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

ALPHAPRO MANAGEMENT INC.

Project #1846659

**Issuer Name:**

Infinity Minerals Corp.

Principal Regulator - British Columbia

**Type and Date:**

Final Long Form Prospectus dated February 16, 2012  
NP 11-202 Receipt dated February 21, 2012

**Offering Price and Description:**

\$600,000.00 - Offering of Units (4,000,000 Units at a price  
of \$0.15 per Unit)

**Underwriter(s) or Distributor(s):**

PI Financial Corp.

**Promoter(s):**

Ron Shenton

Brian Roberts

Project #1827944

---

**Issuer Name:**

Marret High Yield Strategies Fund

Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated February 14, 2012  
NP 11-202 Receipt dated February 15, 2012

**Offering Price and Description:**

Maximum \$210,870,000.00 (Maximum 19,800,000 Units)

**Underwriter(s) or Distributor(s):**

RBC DOMINION SECURITIES INC.

CIBC WORLD MARKETS INC.

GMP SECURITIES L.P.

TD SECURITIES INC.

BMO NESBITT BURNS INC.

NATIONAL BANK FINANCIAL INC.

SCOTIA CAPITAL INC.

CANACCORD GENUITY CORP.

MACQUARIE PRIVATE WEALTH INC.

RAYMOND JAMES LTD.

**Promoter(s):**

-

Project #1855568

**Issuer Name:**

Premier Gold Mines Limited  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated February 17, 2012  
NP 11-202 Receipt dated February 17, 2012

**Offering Price and Description:**

\$51,750,000.00 - 9,000,000 Common Shares PRICE:  
\$5.75 per Offered Share

**Underwriter(s) or Distributor(s):**

RBC DOMINION SECURITIES INC.  
CANACCORD GENUITY CORP.  
SCOTIA CAPITAL INC.  
CIBC WORLD MARKETS INC.  
GOLDMAN SACHS CANADA INC.  
STONECAP SECURITIES INC.  
OCTAGON CAPITAL CORPORATION  
VERSANT PARTNERS INC.

**Promoter(s):**

-

**Project #1857674**

---

**Issuer Name:**

Tartisan Resources Corp.  
Principal Regulator - Ontario

**Type and Date:**

Amendment dated February 13, 2012 to the Long Form  
Prospectus dated November 23, 2011  
NP 11-202 Receipt dated February 15, 2012

**Offering Price and Description:**

Minimum: \$1,575,000.00 - 4,500,000 Units; Maximum:  
\$1,811,250.00 - 5,175,000 Units  
Price: \$0.35 per Unit

**Underwriter(s) or Distributor(s):**

Kingsdale Capital Markets Inc.

**Promoter(s):**

D. Mark Appleby  
Paul R. Ankcorn

**Project #1807075**

---

This page intentionally left blank

## Chapter 12

# Registrations

### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Frigate Ventures LP	From: Portfolio Manager and Exempt Market Dealer To: Portfolio Manager, Exempt Market Dealer and Investment Fund Manager	February 16, 2012
Change in Registration Category	Mackenzie Financial Corporation	From: Exempt Market Dealer, Portfolio Manager and Commodity Trading Manager  To: Exempt Market Dealer, Portfolio Manager, Investment Fund Manager and Commodity Trading Manager	February 17, 2012
Voluntary Surrender	Ullico Investment Advisors, Inc.	Portfolio Manager	February 21, 2012

This page intentionally left blank



## Chapter 13

# SROs, Marketplaces and Clearing Agencies

---

### 13.3 Clearing Agencies

#### 13.3.1 CDCC – Notice of Commission Order – Application for Variation and Restatement of CDCC's Temporary Exemption Order

#### CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC)

#### APPLICATION FOR VARIATION AND RESTATEMENT OF CDCC'S TEMPORARY EXEMPTION ORDER

#### NOTICE OF COMMISSION ORDER

On February 14, 2012, the Commission issued an order (Variation Order) pursuant to section 144 of the *Securities Act* (Ontario) (Act) varying and restating a temporary order (Temporary Exemption Order) dated February 15, 2011 exempting CDCC from the requirement in subsection 21.2(0.1) of the Act to be recognized as a clearing agency. The Variation Order amends the Temporary Exemption Order by, among other things, extending CDCC's temporary exemption until the earlier of (i) the date that the Commission renders a final order recognizing CDCC as a clearing agency under subsection 21.2 (0.1) of the Act or exempting it from the requirement to be recognized as a clearing agency under section 147 of the Act and (ii) March 1, 2013. The Variation Order also adds a number of substantive terms and conditions to Schedule "A" to the Temporary Variation Order dealing specifically with the launch of CDCC's proposed new fixed-income central counterparty facility.

A copy of the Variation Order is published in Chapter 2 of this Bulletin.

### 13.3.2 OSC Staff Notice of Commission Approval – Material Amendments to CDS Rules and Procedures – CDCC Interface

**CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”)**  
**MATERIAL AMENDMENTS TO CDS RULES AND PROCEDURES**  
**CDCC INTERFACE**

**NOTICE OF COMMISSION APPROVAL**

In accordance with the Rule Protocol between the Ontario Securities Commission (“Commission”) and CDS, the Commission approved on February 14, 2012 amendments filed by CDS to its rules and procedures relating to the *CDCC Interface*. The amendments are effective on February 21, 2012.

#### **Summary of Material Rule and Procedure Amendments**

The proposed rule and procedure amendments address the industry’s requirement for connectivity between CDS and the Canadian Derivatives Clearing Corporation (“CDCC”) in order to implement CDCC’s proposed fixed income central counterparty (“Fixed Income CCP”) clearing facility. Phase 1 of the implementation of CDCC’s Fixed Income CCP facility will process repurchase agreements (repos) in a limited number of Government of Canada or Government of Canada agency securities for Canadian financial market participants. CDCC’s Fixed Income CCP facility will receive trade information from CDS and clear the trades prior to their being settled in CDSX between CDCC, as a CDS participant, and another CDS participant.

A copy of a CDS notice and draft of the proposed rule and procedure amendments were published for comment in the Commission’s Bulletin on November 5, 2010 [(2010) 33 OSCB 10317]. A subsequent CDS notice describing further revisions to the proposed procedure amendments was published for comment in the Commission’s Bulletin on July 8, 2011 [(2011) 34 OSCB 7738] to reflect changes made by the industry and CDCC to certain functional aspects of, and to the timing for implementing, CDCC’s Fixed Income CCP. Such revised procedure amendments can be downloaded from CDS’ Website at: <http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-UserDocumentation?Open>

#### **Summary of Public Comments**

CDS received one comment letter. See appendix A to this notice of approval for a summary of such comments and CDS’ response.

#### **Subsequent Revisions to the Material Rule Amendments**

In consultation with, and at the request of, its regulators, CDS made a non-significant further revision to the proposed rule amendments that were published for comment in the Commission’s Bulletin on November 5, 2010. The revision clarifies that partial settlements of trades received from CDCC as a “Third Party Clearing System” will not be permitted during Phase I of the implementation of CDCC’s Fixed Income CCP clearing facility. This clarification is made in order to prevent any inconsistency between CDS Participant Rules and CDS Participant Procedures. More specifically, the functionality enabling partial settlement will not be available in Phase I of the implementation. No reference to such functionality, therefore, is required in the CDS rules.

The CDS rule amendments that were approved by the Commission are provided in Appendix B to this notice of approval (the non-significant revision has been marked to indicate the change from the previously published version).

## APPENDIX A

## SUMMARY OF COMMENTS

<i>Name of commenter</i>	<i>Summary description of comments</i>	<i>CDS response</i>
CDCC	<p>CDCC is currently a CDS participant. The definition of "Third Party Clearing System" or "TPCS" and Rule 7.2.7(a) should be replaced by the following:</p> <p>"Third Party Clearing System" or "TPCS" means CDCC and any other clearing system to which CDS is authorized to report Trades; such a system must be a CDS Participant.</p> <p>(a) Third Party Clearing System status</p> <p>A TPCS must be a CDS Participant and, other than CDCC, must request such status as a TPCS from CDS.</p>	<p>CDS's practice is, to the furthest extent possible, not to hard-code particular entities into its rules.</p>

## APPENDIX B

### RULE AMENDMENT

Text of CDS Participant Rules marked to reflect non-significant revisions to the proposed Rules published for comment on November 5 <sup>th</sup> , 2010	Text of CDS Participant Rules reflecting the adoption of non-significant revisions to the proposed Rules published for comment on November 5 <sup>th</sup> , 2010
<p>1.2.1</p> <p>...</p> <p><u>"CDCC" means the Canadian Derivatives Clearing Corporation.</u></p> <p><u>"CDCC Interface" means the process by which CDS reports Trades identified with a Mode of Settlement of SNS to CDCC for clearing prior to such Trades being settled through the CDS Services.</u></p> <p>...</p> <p><u>"Mode of Settlement" means one of CNS, TFT, or SNS.</u></p> <p>...</p> <p><u>"SNS" means SOLA Netting System.</u></p> <p>...</p> <p><u>"Third Party Clearing" means the process detailed in Rule 7.2.7.</u></p> <p><u>"Third Party Clearing System" or "TPCS" means a clearing system to which CDS is authorized to report Trades; such a system must be a CDS Participant.</u></p> <p><u>"TPCS Mode of Settlement" means an Instruction to CDS by a Participant requiring CDS to report Trade Information to a Third Party Clearing System.</u></p> <p><b>3.1.3 Action by a Participant</b></p> <p>CDS shall be entitled to rely on, and each Participant shall be bound by and shall be responsible to CDS and to other Participants for:</p> <p>(a) every communication, transaction, authorization or instruction validated by an Authentication Mechanism assigned to the Participant; and</p> <p>(b) every act of, document signed by, or communication, transaction, authorization or instruction given by, any of its Signing Officers or Authorized Individuals;</p> <p><u>(c) every communication, transaction, authorization or instruction received by CDS from a Third Party Clearing System on behalf of a Participant;</u></p> <p><b>3.3.7 Mandatory Trade Reporting</b></p> <p>All Trades between Participants in Securities that are eligible for Settlement in the Settlement Service shall be reported to CDS <u>and shall include the applicable Mode of Settlement.</u></p>	<p>1.2.1</p> <p>...</p> <p>"CDCC" means the Canadian Derivatives Clearing Corporation.</p> <p>"CDCC Interface" means the process by which CDS reports Trades identified with a Mode of Settlement of SNS to CDCC for clearing prior to such Trades being settled through the CDS Services.</p> <p>...</p> <p>"Mode of Settlement" means one of CNS, TFT, or SNS.</p> <p>...</p> <p>"SNS" means SOLA Netting System.</p> <p>...</p> <p>"Third Party Clearing" means the process detailed in Rule 7.2.7.</p> <p>"Third Party Clearing System" or "TPCS" means a clearing system to which CDS is authorized to report Trades; such a system must be a CDS Participant.</p> <p>"TPCS Mode of Settlement" means an Instruction to CDS by a Participant requiring CDS to report Trade Information to a Third Party Clearing System.</p> <p><b>3.1.3 Action by a Participant</b></p> <p>CDS shall be entitled to rely on, and each Participant shall be bound by and shall be responsible to CDS and to other Participants for:</p> <p>(a) every communication, transaction, authorization or instruction validated by an Authentication Mechanism assigned to the Participant; and</p> <p>(b) every act of, document signed by, or communication, transaction, authorization or instruction given by, any of its Signing Officers or Authorized Individuals;</p> <p>(c) every communication, transaction, authorization or instruction received by CDS from a Third Party Clearing System on behalf of a Participant;</p> <p><b>3.3.7 Mandatory Trade Reporting</b></p> <p>All Trades between Participants in Securities that are eligible for Settlement in the Settlement Service shall be reported to CDS and shall include the applicable Mode of Settlement.</p>

Text of CDS Participant Rules marked to reflect non-significant revisions to the proposed Rules published for comment on November 5 <sup>th</sup> , 2010	Text of CDS Participant Rules reflecting the adoption of non-significant revisions to the proposed Rules published for comment on November 5 <sup>th</sup> , 2010
<p><b>3.3.9 Trade Management</b></p> <p>At any time prior to Settlement, CDS may delete a particular Trade or any class of Trades from any Service if, on the evidence reasonably available to CDS, CDS considers such action necessary or desirable in the best interests of CDS and of Participants generally or to maintain the integrity of the Services. If a Participant is suspended or terminated, CDS may delete from the Services any or all Trades (but not Central Counterparty Obligations) of that Participant that have not Settled. The deletion prior to Settlement of a Trade from any Service does not affect any rights or obligations between the Participants who are parties to that Trade, which arise from the underlying agreement between such Participants. <u>Where a Trade is submitted to CDS with a Third Party Clearing System Mode of Settlement, and where such Trade is rejected by the TPCS, CDS may, in accordance with the Procedures, and at any time prior to Settlement, modify the Mode of Settlement of a confirmed Trade between two Participants from its initial Mode of Settlement.</u></p> <p><b>4.1.3 Indemnity by Participant Regarding Services Generally</b></p> <p>Each Participant shall indemnify and hold harmless CDS, Nominees and all other Participants, and their respective partners, directors, trustees, officers, employees and agents, from and against any loss, damage, cost, expense, liability or claim (including the cost of legal counsel to advise on or defend against such claims) suffered or incurred by or made against it, them or any of them arising from:</p> <p>(a) any interruption, malfunction or disruption of any Service to the extent caused or contributed to by any negligent, reckless, willful, fraudulent or dishonest act or omission of the Participant, <u>a Third Party Clearing System</u>, or of any director, trustee, officer, partner, employee, servant, contractor or agent of the Participant or <u>Third Party Clearing System</u> done while acting in the course of office or employment or made possible by information or opportunities afforded by such office or employment;</p> <p>(b) any incorrect instructions, information or documentation provided to CDS <u>by the Participant or by a Third Party Clearing System used by the Participant</u>; and</p> <p>(c) any breach by the Participant of its obligations, representations or warranties under the Legal Documents.</p> <p><b>4.1.4</b></p> <p>...</p> <p>(g) the failure of the Participant to provide or cause to be provided a declaration as required;</p>	<p><b>3.3.9 Trade Management</b></p> <p>At any time prior to Settlement, CDS may delete a particular Trade or any class of Trades from any Service if, on the evidence reasonably available to CDS, CDS considers such action necessary or desirable in the best interests of CDS and of Participants generally or to maintain the integrity of the Services. If a Participant is suspended or terminated, CDS may delete from the Services any or all Trades (but not Central Counterparty Obligations) of that Participant that have not Settled. The deletion prior to Settlement of a Trade from any Service does not affect any rights or obligations between the Participants who are parties to that Trade, which arise from the underlying agreement between such Participants. Where a Trade is submitted to CDS with a Third Party Clearing System Mode of Settlement, and where such Trade is rejected by the TPCS, CDS may, in accordance with the Procedures, and at any time prior to Settlement, modify the Mode of Settlement of a confirmed Trade between two Participants from its initial Mode of Settlement.</p> <p><b>4.1.3 Indemnity by Participant Regarding Services Generally</b></p> <p>Each Participant shall indemnify and hold harmless CDS, Nominees and all other Participants, and their respective partners, directors, trustees, officers, employees and agents, from and against any loss, damage, cost, expense, liability or claim (including the cost of legal counsel to advise on or defend against such claims) suffered or incurred by or made against it, them or any of them arising from:</p> <p>(a) any interruption, malfunction or disruption of any Service to the extent caused or contributed to by any negligent, reckless, willful, fraudulent or dishonest act or omission of the Participant, a Third Party Clearing System, or of any director, trustee, officer, partner, employee, servant, contractor or agent of the Participant or Third Party Clearing System done while acting in the course of office or employment or made possible by information or opportunities afforded by such office or employment;</p> <p>(b) any incorrect instructions, information or documentation provided to CDS by the Participant or by a Third Party Clearing System used by the Participant; and</p> <p>(c) any breach by the Participant of its obligations, representations or warranties under the Legal Documents.</p> <p><b>4.1.4</b></p> <p>...</p> <p>(g) the failure of the Participant to provide or cause to be provided a declaration as required;</p>

Text of CDS Participant Rules marked to reflect non-significant revisions to the proposed Rules published for comment on November 5 <sup>th</sup> , 2010	Text of CDS Participant Rules reflecting the adoption of non-significant revisions to the proposed Rules published for comment on November 5 <sup>th</sup> , 2010
<p><u>(h) the reporting of a Trade to, or receipt of a Trade from, a Third Party Clearing System;</u></p> <p>(i) <del>(h)</del> the purchase, sale, redemption or cancellation of Securities by the Issuer as the result of the information contained in a declaration provided by the Participant; or</p> <p>(j) <del>(i)</del> any breach by the Participant of its obligations, representations or warranties under the Legal Documents.</p> <p>4.1.5</p> <p>...</p> <p>(c) Indemnified Claim</p> <p>For the purposes of this Rule 4.1.5, an indemnified claim is any loss, damage, cost, expense, liability or claim (including the cost of legal counsel to advise on or defend against such claims) that arises from or is in any way connected with a Service, and which is described in Rule 4.1.3 or Rule 4.1.4, or which relates to (i) Securities held by CDS for the Participant <del>or</del>, (ii) any action taken or omitted by CDS with respect to Securities held for the Participant at the time such action is taken or omitted, <u>or (iii) the reporting of a Trade to or receipt of a Trade from a Third Party Clearing System on the instructions of a Participant.</u></p> <p><b>4.2.3 CDS Liability for Participant Loss</b></p> <p>CDS shall be liable to its Participants for any Participant Loss, subject to the limitations set out in Rules 4.2.5 and 4.2.9. A "Participant Loss" means any loss, damage, cost, expense, liability or claim suffered or incurred by a Participant, other than a Loss of Securities, which arises from a Participant's participation in a Service, but only to the extent such was caused or contributed to by any act or omission of CDS or of any director, officer, employee, contractor or agent of CDS done while acting in the course of office, employment or service or made possible by information or opportunities afforded by such office, employment or service. <del>Neither None of DTC nor NSCC, or a TPCS</del> shall be considered to be an agent of CDS for purposes of this Rule 4.2.3. Notwithstanding the foregoing acceptance of liability, CDS shall not be liable to a Participant for any Participant Loss in respect of which that Participant is required to make indemnification pursuant to Rules 4.1, 10.2 or 10.5, nor for any Participant Loss arising from the Delivery Services.</p> <p><b>7.1.1 Overview of Settlement Service</b></p> <p>The Settlement Service is a Service established by CDS to provide for the Settlement of Trades in eligible Securities, through the delivery of Securities and the making of payment on the records of CDS. Securities become eligible for CDSX as described in Rule 6.2; the Procedures and User Guides describe the Securities that are eligible for a particular Function in the Settlement Service. The Settlement of a Trade involves several steps:</p>	<p>(h) the reporting of a Trade to, or receipt of a Trade from, a Third Party Clearing System;</p> <p>(i) the purchase, sale, redemption or cancellation of Securities by the Issuer as the result of the information contained in a declaration provided by the Participant; or</p> <p>(j) any breach by the Participant of its obligations, representations or warranties under the Legal Documents.</p> <p>4.1.5</p> <p>...</p> <p>(c) Indemnified Claim</p> <p>For the purposes of this Rule 4.1.5, an indemnified claim is any loss, damage, cost, expense, liability or claim (including the cost of legal counsel to advise on or defend against such claims) that arises from or is in any way connected with a Service, and which is described in Rule 4.1.3 or Rule 4.1.4, or which relates to (i) Securities held by CDS for the Participant, (ii) any action taken or omitted by CDS with respect to Securities held for the Participant at the time such action is taken or omitted, or (iii) the reporting of a Trade to or receipt of a Trade from a Third Party Clearing System on the instructions of a Participant.</p> <p><b>4.2.3 CDS Liability for Participant Loss</b></p> <p>CDS shall be liable to its Participants for any Participant Loss, subject to the limitations set out in Rules 4.2.5 and 4.2.9. A "Participant Loss" means any loss, damage, cost, expense, liability or claim suffered or incurred by a Participant, other than a Loss of Securities, which arises from a Participant's participation in a Service, but only to the extent such was caused or contributed to by any act or omission of CDS or of any director, officer, employee, contractor or agent of CDS done while acting in the course of office, employment or service or made possible by information or opportunities afforded by such office, employment or service. None of DTC, NSCC, or a TPCS shall be considered to be an agent of CDS for purposes of this Rule 4.2.3. Notwithstanding the foregoing acceptance of liability, CDS shall not be liable to a Participant for any Participant Loss in respect of which that Participant is required to make indemnification pursuant to Rules 4.1, 10.2 or 10.5, nor for any Participant Loss arising from the Delivery Services.</p> <p><b>7.1.1 Overview of Settlement Service</b></p> <p>The Settlement Service is a Service established by CDS to provide for the Settlement of Trades in eligible Securities, through the delivery of Securities and the making of payment on the records of CDS. Securities become eligible for CDSX as described in Rule 6.2; the Procedures and User Guides describe the Securities that are eligible for a particular Function in the Settlement Service. The Settlement of a Trade involves several steps:</p>

Text of CDS Participant Rules marked to reflect non-significant revisions to the proposed Rules published for comment on November 5 <sup>th</sup> , 2010	Text of CDS Participant Rules reflecting the adoption of non-significant revisions to the proposed Rules published for comment on November 5 <sup>th</sup> , 2010
<p>(a) The details of Trades between Participants that are to be Settled through the Service are reported to CDS.</p> <p><u>(b) If the Trade instructions specify a TPCS Mode of Settlement, the Trade is reported to the TPCS.</u></p> <p><u>(c) (b)</u> If the Trade instructions pass the pre-entry system edits, the Trade is entered into the system to be considered for Settlement.</p> <p><u>(d) (e)</u> A Trade may be Settled either (i) without pre-Settlement netting using the Trade-For-Trade method, or (ii) with pre-Settlement novation and netting using one of the CNS or FInet Functions to process Central Counterparty Obligations.</p> <p><u>(e) (d)</u> The Settlement of each pending Trade using the Trade-for-Trade method is effected by means of payment and delivery of Securities between Participants. The Settlement of each outstanding Central Counterparty Obligation is effected by means of payment and delivery of Securities between Participants and CDS. Payment is made through the Settlement Service by book entry on the records of CDS. Securities are delivered either by the book delivery on the records of CDS of Securities held in the Depository Service or by the physical delivery of Security Certificates (if the Trade is to be Settled using the Certificate Based Settlement method).</p> <p><u>(f) If the Trade is reported with a TPCS Mode of Settlement, and the Third Party Clearing System has netted the Trade prior to the position's having been reported to CDS, the Trade representing the netted position will Settle on a Trade-for-Trade basis between the Participant and the Third Party Clearing System.</u></p> <p><u>(g) (e)</u> There are four Settlement processes: the Intraday Continuous Net Settlement Process, the Real Time TFT Settlement Process the Combined Batch Net Settlement/Continuous Net Settlement Process and the FINet Real Time Settlement Process.</p> <p><b>7.2.6 Mode of Settlement</b></p> <p>Each Trade must include a mode of settlement indicator that is one of Trade-for-Trade, <u>SNS</u> or CNS. The mode of settlement indicator is either included in the instructions when the Trade is reported or confirmed, or is added automatically by the system in accordance with the criteria in the Procedures and User Guides. <u>The system may only change or modify a Mode of Settlement indicator to Trade-for-Trade or CNS; CDSX may not add a Mode of Settlement indicator of SNS. A Trade identified with a TPCS Mode of Settlement shall not be considered for Settlement within CDSX.</u></p>	<p>(a) The details of Trades between Participants that are to be Settled through the Service are reported to CDS.</p> <p>(b) If the Trade instructions specify a TPCS Mode of Settlement, the Trade is reported to the TPCS.</p> <p>(c) If the Trade instructions pass the pre-entry system edits, the Trade is entered into the system to be considered for Settlement.</p> <p>(d) A Trade may be Settled either (i) without pre-Settlement netting using the Trade-For-Trade method, or (ii) with pre-Settlement novation and netting using one of the CNS or FInet Functions to process Central Counterparty Obligations.</p> <p>(e) The Settlement of each pending Trade using the Trade-for-Trade method is effected by means of payment and delivery of Securities between Participants. The Settlement of each outstanding Central Counterparty Obligation is effected by means of payment and delivery of Securities between Participants and CDS. Payment is made through the Settlement Service by book entry on the records of CDS. Securities are delivered either by the book delivery on the records of CDS of Securities held in the Depository Service or by the physical delivery of Security Certificates (if the Trade is to be Settled using the Certificate Based Settlement method).</p> <p>(f) If the Trade is reported with a TPCS Mode of Settlement, and the Third Party Clearing System has netted the Trade prior to the position's having been reported to CDS, the Trade representing the netted position will Settle on a Trade-for-Trade basis between the Participant and the Third Party Clearing System.</p> <p>(g) There are four Settlement processes: the Intraday Continuous Net Settlement Process, the Real Time TFT Settlement Process the Combined Batch Net Settlement/Continuous Net Settlement Process and the FINet Real Time Settlement Process.</p> <p><b>7.2.6 Mode of Settlement</b></p> <p>Each Trade must include a mode of settlement indicator that is one of Trade-for-Trade, SNS or CNS. The mode of settlement indicator is either included in the instructions when the Trade is reported or confirmed, or is added automatically by the system in accordance with the criteria in the Procedures and User Guides. The system may only change or modify a Mode of Settlement indicator to Trade-for-Trade or CNS; CDSX may not add a Mode of Settlement indicator of SNS. A Trade identified with a TPCS Mode of Settlement shall not be considered for Settlement within CDSX.</p>

Text of CDS Participant Rules marked to reflect non-significant revisions to the proposed Rules published for comment on November 5 <sup>th</sup> , 2010	Text of CDS Participant Rules reflecting the adoption of non-significant revisions to the proposed Rules published for comment on November 5 <sup>th</sup> , 2010
<p><b><u>7.2.7 Third Party Clearing Systems</u></b></p> <p>(a) <u>Third Party Clearing System status</u></p> <p><u>A TPCS must be a CDS Participant, and must request such status as a TPCS from CDS.</u></p> <p>(b) <u>Trade Reporting to a Third Party Clearing System</u></p> <p><u>CDS shall establish those Trades to be reported to a TPCS in accordance with the criteria set out in the Procedures.</u></p> <p>(c) <u>Trade-for-Trade Settlement of Trades reported by Third Party Clearing System</u></p> <p><u>Trades reported from a TPCS to CDS shall Settle on a Trade-for-Trade basis in accordance with Rule 7.5.2, with the TPCS as the counterparty to each Trade.</u></p> <p>(d) <u>Partial Delivery by Third Party Clearing System</u></p> <p><u>When an outstanding TPCS Obligation is considered for TFT Settlement and the Settlement of the entire TPCS Obligation would not pass the pre-Settlement edit, but a partial Settlement of the TPCS Obligation would pass the pre-Settlement edits, then CDS may modify the original Trade in order to partially Settle that portion of the Trade which would otherwise be eligible for TFT Settlement but for the restriction of Rule 7.5.2(d). Partial Settlement of a TPCS obligation results in the deletion of the original Trade and the creation of two new Trades, one for the amount of the available Securities or Funds, and one for the outstanding remainder. The former Trade will Settle by the delivery of only some of the Securities required and the making of a corresponding partial payment; the latter Trade will remain outstanding, to be reconsidered for Settlement. A pending Trade that constitutes the remainder of a partial Settlement may itself be partially Settled by the same process as defined herein.</u></p> <p><b>7.5.2 Real Time TFT Process</b></p> <p>The Real Time TFT Settlement Process:</p> <p>(a) is run throughout the time the system is operating;</p> <p>(b) processes Settlement of pending Trades that have a Trade-for-Trade mode of settlement indicator (including Pledges.);</p> <p>(c) does not novate or net newly reported Trades to create new Central Counterparty Obligations; and</p> <p>(d) Settles a Trade only if the entire Trade can be Settled. <u>except when such Trade is reported by a Third Party Clearing System as described in Rule 7.2.7.</u></p>	<p><b>7.2.7 Third Party Clearing Systems</b></p> <p>(a) Third Party Clearing System status</p> <p>A TPCS must be a CDS Participant, and must request such status as a TPCS from CDS.</p> <p>(b) Trade Reporting to a Third Party Clearing System</p> <p>CDS shall establish those Trades to be reported to a TPCS in accordance with the criteria set out in the Procedures.</p> <p>(c) Trade-for-Trade Settlement of Trades reported by Third Party Clearing System</p> <p>Trades reported from a TPCS to CDS shall Settle on a Trade-for-Trade basis in accordance with Rule 7.5.2, with the TPCS as the counterparty to each Trade.</p> <p><b>7.5.2 Real Time TFT Process</b></p> <p>The Real Time TFT Settlement Process:</p> <p>(a) is run throughout the time the system is operating;</p> <p>(b) processes Settlement of pending Trades that have a Trade-for-Trade mode of settlement indicator (including Pledges.);</p> <p>(c) does not novate or net newly reported Trades to create new Central Counterparty Obligations; and</p> <p>(d) Settles a Trade only if the entire Trade can be Settled.</p>



## Chapter 25

# Other Information

---

### 25.1 Approvals

Yours truly,

#### 25.1.1 BMO Investments Inc. – ss. 213(3)(b)

“James Turner”

#### Headnote

“Judith Robertson”

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager, with prior track record acting as trustee, for approval to act as trustee of pooled funds and future pooled funds to be managed by the applicant and offered pursuant to a prospectus exemption.

#### Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., s. 213(3)(b).

February 10, 2012

Borden Ladner Gervais LLP  
Scotia Plaza, 40 King Street West  
Toronto, Ontario  
M5H 3Y4

Attention: John E. Hall

Dear Sirs/Mesdames:

**Re: BMO Investments Inc. (the "Applicant")**

**Application pursuant to clause 213(3)(b) of the  
*Loan and Trust Corporations Act* (Ontario) for  
approval to act as trustee**

**Application No. 2011/0919**

Further to your application dated December 5, 2011 (the "Application") filed on behalf of the Applicant, and based on the facts set out in the Application and the representation by the Applicant that the assets of BMO China A-Share Fund (the "Fund") and any other future mutual fund trusts that the Applicant may establish and manage from time to time, will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction, or a bank listed in Schedule I, II or III of the *Bank Act* (Canada), or an affiliate of such bank or trust company, the Ontario Securities Commission (the "Commission") makes the following order:

Pursuant to the authority conferred on the Commission in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of the Fund and any other future mutual fund trusts which may be established and managed by the Applicant from time to time, the securities of which will be offered pursuant to a prospectus exemption.

This page intentionally left blank

# Index

---



---

<b>American Heritage Stock Transfer Inc.</b>		
Notice from the Office of the Secretary .....	1887	
Temporary Order .....	1905	
Order .....	1906	
<b>American Heritage Stock Transfer, Inc.</b>		
Notice from the Office of the Secretary .....	1887	
Temporary Order .....	1905	
Order .....	1906	
<b>Ameron Oil and Gas Ltd.</b>		
Notice from the Office of the Secretary .....	1886	
Order .....	1902	
<b>BFM Industries Inc.</b>		
Notice from the Office of the Secretary .....	1887	
Temporary Order .....	1905	
Order .....	1906	
<b>BMO Investments Inc.</b>		
Approvals – ss. 213(3)(b) .....	2019	
<b>Boily, Bernard</b>		
Notice from the Office of the Secretary .....	1888	
Order .....	1907	
<b>Borland, Brent</b>		
Notice from the Office of the Secretary .....	1879	
<b>Canadian Derivatives Clearing Corporation</b>		
Variation to the Temporary Exemption		
Order – s. 144 .....	1908	
Clearing Agencies .....	2011	
<b>Canyon Acquisitions International, LLC</b>		
Notice from the Office of the Secretary .....	1879	
<b>Canyon Acquisitions, LLC</b>		
Notice from the Office of the Secretary .....	1879	
<b>Caruso, Marco</b>		
Notice from the Office of the Secretary .....	1879	
<b>CDCC's Temporary Exemption Order</b>		
Order – s. 144 .....	1908	
Clearing Agencies .....	2011	
<b>CDS Rules and Procedures – CDCC Interface</b>		
Clearing Agencies .....	2012	
<b>Copal Resort Development Group, LLC</b>		
Notice from the Office of the Secretary .....	1879	
<b>CSA 2011 Enforcement Report</b>		
News Release .....	1877	
<b>Curry, Gregory J.</b>		
Notice from the Office of the Secretary .....	1887	
Temporary Order .....	1905	
<b>Curry, Kolt</b>		
Notice from the Office of the Secretary .....	1887	
Temporary Order .....	1905	
Temporary Order .....	1906	
<b>Denver Gardner Inc.</b>		
Notice from the Office of the Secretary .....	1887	
Temporary Order .....	1905	
<b>Deschamps, Eric</b>		
Notice from the Office of the Secretary .....	1879	
<b>Dynamic Global Asset Allocation Class</b>		
Decision .....	1889	
<b>Dynamic Global Asset Allocation Fund</b>		
Decision .....	1889	
<b>FFI First Fruit Investments Inc.</b>		
Notice from the Office of the Secretary .....	1879	
<b>Frigate Ventures LP</b>		
Change in Registration Category .....	2009	
<b>Gamecorp Ltd.</b>		
Cease Trading Order .....	1913	
<b>Goodman &amp; Company, Investment Counsel Ltd.</b>		
Decision .....	1889	
<b>Grinshpun, Mark</b>		
Notice from the Office of the Secretary .....	1886	
Order .....	1902	
<b>Heir Home Equity Investment Rewards Inc.</b>		
Notice from the Office of the Secretary .....	1879	
<b>Howorth, Anthony</b>		
Notice from the Office of the Secretary .....	1886	
Order .....	1902	
<b>I.G. Investment Management, Ltd.</b>		
Decision .....	1892	
<b>Knowles, Gaye</b>		
Notice from the Office of the Secretary .....	1886	
Order .....	1902	
<b>Knowles, Giorgio</b>		
Notice from the Office of the Secretary .....	1886	
Order .....	1902	

---



---

<b>Liquid Gold International Inc.</b>		
Notice from the Office of the Secretary .....	1887	
Order.....	1906	
<b>Mackenzie Financial Corporation</b>		
Decision .....	1896	
Change in Registration Category .....	2009	
<b>Mateyak, Laura</b>		
Notice from the Office of the Secretary .....	1887	
Temporary Order .....	1905	
Temporary Order .....	1906	
<b>McCarthy, Andrea Lee</b>		
Notice from the Office of the Secretary .....	1887	
Temporary Order .....	1905	
Temporary Order .....	1906	
<b>Minera Andes Inc.</b>		
Decision – s. 1(10) .....	1900	
<b>MX-IV Ltd.</b>		
Notice from the Office of the Secretary .....	1886	
Order.....	1902	
<b>Nanotech Industries Inc.</b>		
Notice from the Office of the Secretary .....	1887	
Order.....	1906	
<b>OSC Staff Notice 52-720 – Office of the Chief Accountant – Financial Reporting Bulletin – February 2012</b>		
Notice.....	1876	
<b>Pacrim International Capital Inc.</b>		
Cease Trading Order .....	1913	
<b>Pasternak, Oded</b>		
Notice from the Office of the Secretary .....	1886	
Order.....	1902	
<b>Placencia Estates Development, Ltd.</b>		
Notice from the Office of the Secretary .....	1879	
<b>Placencia Hotel and Residences Ltd.</b>		
Notice from the Office of the Secretary .....	1879	
<b>Placencia Marina, Ltd.</b>		
Notice from the Office of the Secretary .....	1879	
<b>Rendezvous Island, Ltd.</b>		
Notice from the Office of the Secretary .....	1879	
<b>Robbins, Wayne D.</b>		
Notice from the Office of the Secretary .....	1879	
<b>Robertson, Archibald</b>		
Notice from the Office of the Secretary .....	1879	
<b>Tsatskin, Vadim</b>		
Notice from the Office of the Secretary .....	1886	
Order.....	1902	
<b>Ullico Investment Advisors, Inc.</b>		
Voluntary Surrender .....	2009	
<b>Unique Broadband Systems, Inc.</b>		
Decision.....	1898	
<b>Variation and Restatement of CDCC's Temporary Exemption Order</b>		
Order – s. 144 .....	1908	
Clearing Agencies .....	2011	
<b>Waheed, Jowdat</b>		
Notice from the Office of the Secretary .....	1886	
Order .....	1901	
<b>Walker, Allan</b>		
Notice from the Office of the Secretary .....	1886	
Order .....	1902	
<b>Walter, Bruce</b>		
Notice from the Office of the Secretary .....	1886	
Order .....	1901	
<b>Wealth Building Mortgages Inc.</b>		
Notice from the Office of the Secretary .....	1879	
<b>Winick, Sandy</b>		
Notice from the Office of the Secretary .....	1887	
Temporary Order.....	1905	
Temporary Order .....	1906	