The Ontario Securities Commission

OSC Bulletin

March 9, 2012

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

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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

March 9, 2012

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
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20 Queen Street West
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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

March 21, 2012 10:00 a.m.	**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** s. 127 J, Waechter/U. Sheikh in attendance for Staff Panel: JEAT
March 22, 2012 9:00 a.m.	**Empire Consulting Inc. and Desmond Chambers** s. 127 D. Ferris in attendance for Staff Panel: EPK
March 23, 2012 10:00 a.m.	**American Heritage Stock Transfer Inc., American Heritage Stock Transfer, Inc., BFM Industries Inc., Denver Gardner Inc., Sandy Winick, Andrea Lee McCarthy, Kolt Curry and Laura Mateyak** s. 127 J. Feasby in attendance for Staff Panel: CP
March 26, 2012 11:00 a.m. March 28 and March 30-April 3, 2012 10:00 a.m.	**Shaun Gerard McErlean, Securus Capital Inc., and Acquiesce Investments** s. 127 M. Britton in attendance for Staff Panel: VK/JDC

March 27, 2012 9:00 a.m. June 18 and June 20-22, 2012 10:00 a.m.	**Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman** s. 127(7) and 127(8) H. Craig in attendance for Staff Panel: PLK
March 28, 2012 10:00 a.m.	**Lyndz Pharmaceuticals Inc., James Marketing Ltd., Michael Eatch and Rickey McKenzie** s. 127(1) and (5) J. Feasby in attendance for Staff Panel: MGC/SOA
March 29, 2012 11:00 a.m. April 10, 2012 2:30 p.m.	**North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti** s. 127 M. Vaillancourt in attendance for Staff Panel: MGC
April 3, 2012 10:00 a.m.	**International Strategic Investments, International Strategic Investments Inc., Somin Holdings Inc., Nazim Gillani and Ryan J. Driscoll.** s. 127 C. Watson in attendance for Staff Panel: MGC
April 4, 2012 10:00 a.m.	**Moncasa Capital Corporation and John Frederick Collins** s. 127 T. Center in attendance for Staff Panel: JEAT
April 4-5, April 11 and April 13-16, 2012 10:00 a.m. April 12, 2012 9:00 a.m.	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: VK/MCH
April 11, 2012 10:00 a.m.	**Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos (Also Known As Peter Kuti), Jan Chomica, and Lorne Banks** s. 127 H. Craig/C. Rossi in attendance for Staff Panel: CP
April 17, 2012 10:00 a.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 37, 127 and 127.1 C. Watson in attendance for Staff Panel: PLK/JNR
April 18, 2012 10:00 a.m.	**Sextant Capital Management Inc., Sextant Capital GP Inc., Otto Spork, Robert Levack and Natalie Spork** s. 127 T. Center in attendance for Staff Panel: JDC

April 23, 2012 10:00 a.m.	**Lehman Brothers & Associates Corp., Greg Marks, Kent Emerson Lounds and Gregory William Higgins** s. 127 C. Rossi in attendance for Staff Panel: CP/CWMS
April 25, April 27, May 3-7, May 11, May 17-18, June 4 and June 7, 2012 10:00 a.m.	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjaiants Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 and 127.1 D. Campbell in attendance for Staff Panel: VK
April 30, 2012 11:00 a.m. May 1-7, May 9-18 and May 23-25, 2012 10:00 a.m.	**Rezwealth Financial Services Inc., Pamela Ramoutar, Justin Ramoutar, Tiffin Financial Corporation, Daniel Tiffin, 2150129 Ontario Inc., Sylvan Blackett, 1778445 Ontario Inc. and Willoughby Smith** s. 127(1) and (5) A. Heydon in attendance for Staff Panel: CP
May 1, 2012 10:00 a.m.	**Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin** s. 127 T. Center in attendance for Staff Panel: MGC/SOA
May 3, 2012 10:00 a.m.	**Ciccone Group, Medra Corp. (a.k.a. Medra Corporation), 990509 Ontario Inc., Tadd Financial Inc., Cachet Wealth Management Inc., Vincent Ciccone (a.k.a. Vince Ciccone), Darryl Brubacher, Andrew J Martin, Steve Haney, Klaudiusz Malinowski, and Ben Giangrosso** s. 127 M. Vaillancourt in attendance for Staff Panel: JEAT
May 9-18 and May 23-25, 2012 10:00 a.m.	**Crown Hill Capital Corporation and Wayne Lawrence Pushka** s. 127 A. Perschy in attendance for Staff Panel: EPK
May 16-18, May 23-25, June 4 and June 6, 2012 10:00 a.m.	**Nest Acquisitions and Mergers, IMG International Inc., Caroline Myriam Frayssignes, David Pelcowitz, Michael Smith, and Robert Patrick Zuk** s. 37, 127 and 127.1 C. Price in attendance for Staff Panel: JDC/MCH
May 29 – June 1, 2012 10:00 a.m.	**Peter Beck, Swift Trade Inc. (continued as 7722656 Canada Inc.), Biremis, Corp., Opal Stone Financial Services S.A., Barka Co. Limited, Trieme Corporation and a limited partnership referred to as "Anguilla LP"** s. 127 B. Shulman in attendance for Staff Panel: JEAT

June 4, June 6-18, and June 20-26, 2012 10:00 a.m.	**Peter Sbaraglia** s. 127 J. Lynch in attendance for Staff Panel: TBA
June 7, 2012 11:30 a.m.	**Systematech Solutions Inc., April Vuong and Hao Quach** s. 127 R. Goldstein in attendance for Staff Panel: JEAT
June 21, 2012 10:00 a.m.	**M P Global Financial Ltd., and Joe Feng Deng** s. 127 (1) M. Britton in attendance for Staff Panel: MCH
June 22, 2012 10:00 a.m.	**New Hudson Television Corporation, New Hudson Television L.L.C. & James Dmitry Salganov** s. 127 C. Watson in attendance for Staff Panel: TBA
September 4-10, September 12-14, September 19-24, and September 26 – October 5, 2012 10:00 a.m.	**Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg** s. 127 H Craig in attendance for Staff Panel: TBA
September 21, 2012 10:00 a.m.	**Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang** s. 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
September 24, September 26 –October 5 and October 10-19, 2012 10:00 a.m.	**New Found Freedom Financial, Ron Deonarine Singh, Wayne Gerard Martinez, Pauline Levy, David Whidden, Paul Swaby and Zompas Consulting** s. 127 A. Heydon in attendance for Staff Panel: TBA
October 19, 2012 10:00 a.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Howard Rash, Michael Schaumer, Elliot Feder, Vadim Tsatskin, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 127 H. Craig in attendance for Staff Panel: PLK
October 22 and October 24 – November 5, 2012 10:00 a.m.	**MBS Group (Canada) Ltd., Balbir Ahluwalia and Mohinder Ahluwalia** s. 37, 127 and 127.1 C. Rossi in attendance for staff Panel: TBA
November 21 – December 3 and December 5-14, 2012 10:00 a.m.	**Bernard Boily** s. 127 and 127.1 M. Vaillancourt/U. Sheikh in attendance for Staff Panel: TBA

January 7 – February 5, 2013	**Jowdat Waheed and Bruce Walter**
	s. 127
10:00 a.m.	J. Lynch in attendance for Staff
	Panel: TBA
TBA	**Yama Abdullah Yaqeen**
	s. 8(2)
	J. Superina in attendance for Staff
	Panel: TBA
TBA	**Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell**
	s. 127
	J. Waechter in attendance for Staff
	Panel: TBA
TBA	**Frank Dunn, Douglas Beatty, Michael Gollogly**
	s. 127
	K. Daniels in attendance for Staff
	Panel: TBA
TBA	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric**
	s. 127 and 127(1)
	D. Ferris in attendance for Staff
	Panel: TBA
TBA	**Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmoney, Harmoney Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale**
	s. 127
	H. Craig in attendance for Staff
	Panel: TBA
TBA	**Shane Suman and Monie Rahman**
	s. 127 and 127(1)
	C. Price in attendance for Staff
	Panel: TBA
TBA	**Gold-Quest International, Health and Harmoney, Iain Buchanan and Lisa Buchanan**
	s. 127
	H. Craig in attendance for Staff
	Panel: TBA
TBA	**Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York**
	s. 127
	H. Craig in attendance for Staff
	Panel: TBA
TBA	**Abel Da Silva**
	s. 127
	C. Watson in attendance for Staff
	Panel: TBA

TBA

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

s. 127

T. Center/D. Campbell in attendance for Staff

Panel: TBA

TBA

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

s. 127

S. Horgan in attendance for Staff

Panel: TBA

TBA

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

s. 127

H. Craig/C.Rossi in attendance for Staff

Panel: TBA

TBA

Paul Donald

s. 127

C. Price in attendance for Staff

Panel: TBA

TBA

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

s. 127

Y. Chisholm in attendance for Staff

Panel: TBA

TBA

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

FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun

s. 127

C. Price in attendance for Staff

Panel: TBA

TBA

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

s. 127

D. Campbell in attendance for Staff

Panel: TBA

TBA

York Rio Resources Inc., Brilliante Brasilcan Resources Corp., Victor York, Robert Runic, George Schwartz, Peter Robinson, Adam Sherman, Ryan Demchuk, Matthew Oliver, Gordon Valde and Scott Bassingdale

s. 127

H. Craig/C. Watson in attendance for Staff

Panel: TBA

TBA

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

s. 127

M. Vaillancourt in attendance for Staff

Panel: TBA

TBA

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

s. 127

J. Lynch/S. Chandra in attendance for Staff

Panel: TBA

TBA

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

s. 127(7) and 127(8)

J. Feasby in attendance for Staff

Panel: TBA

TBA

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

s. 127 and 127.1

C. Johnson in attendance for Staff

Panel: TBA

TBA

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

s. 127

M. Britton in attendance for Staff

Panel: TBA

TBA

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

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

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

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

Zungui Haixi Corporation, Yanda Cai and Fengyi Cai

s. 127

J. Superina in attendance for Staff

Panel: TBA

TBA

David M. O'Brien

s. 37, 127 and 127.1

B. Shulman in attendance for Staff

Panel: TBA

TBA

Heir Home Equity Investment Rewards Inc.; FFI First Fruit Investments Inc.; Wealth Building Mortgages Inc.; Archibald Robertson; Eric Deschamps; Canyon Acquisitions, LLC; Canyon Acquisitions International, LLC; Brent Borland; Wayne D. Robbins; Marco Caruso; Placencia Estates Development, Ltd.; Copal Resort Development Group, LLC; Rendezvous Island, Ltd.; The Placencia Marina, Ltd.; and The Placencia Hotel and Residences Ltd.

s. 127

B. Shulman in attendance for Staff

Panel: TBA

TBA

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

s. 127

S. Schumacher in attendance for Staff

Panel: TBA

TBA

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

s. 127

C. Watson in attendance for Staff

Panel: TBA

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 **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

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: TBA

TBA **Energy Syndications Inc., Green Syndications Inc., Syndications Canada Inc., Land Syndications Inc. and Douglas Chaddock**

s. 127

C. Johnson in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

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

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

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

1.1.2 Revised Notice of Delivery of NI 25-101 – Designated Rating Organizations and Consequential Amendments

REVISED NOTICE OF DELIVERY OF
NATIONAL INSTRUMENT 25-101

DESIGNATED RATING ORGANIZATIONS
AND CONSEQUENTIAL AMENDMENTS

Publication and delivery to the Minister

On January 27, 2012, the Canadian Securities Administrators published a notice concerning the adoption of National Instrument 25-101 *Designated Rating Organizations* (the **Instrument**), related consequential amendments and National Policy 11-205 *Process for Designation of Credit Rating Organizations in Multiple Jurisdictions* (collectively, the **Original Materials**).

The Original Materials were delivered to the Minister of Finance on January 25, 2012 pursuant to section 143.3 of the *Securities Act* (Ontario) (the **Act**). No approval was given by the Minister with regard to the original version of the Instrument and the related consequential amendments.

On February 29, 2012 a quorum of the Commission approved non-material drafting changes to the original version of the Instrument and the related consequential amendments designed to achieve uniformity of drafting across Canada (the **Revised Materials**). The Revised Materials replace the original version of the Instrument and the related consequential amendments.

The Revised Materials have an effective date of April 20, 2012.

The Revised Materials were delivered to the Minister on March 2, 2012. The Minister has a 60-day statutory period within which he may approve or reject the revised version of the Instrument and the related consequential amendments or return them for further consideration. We have requested that the Minister make an expedited decision on the revised version of the Instrument and the related consequential amendments by April 5, 2012. If the Minister approves the revised version of the Instrument and the related consequential amendments by this date, they will come into force on April 20, 2012.

The Revised Materials are published in Chapter 5 of this Bulletin.

1.2 Notices of Hearing

1.2.1 International Strategic Investments et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
INTERNATIONAL STRATEGIC INVESTMENTS,
INTERNATIONAL STRATEGIC INVESTMENTS INC.,
SOMIN HOLDINGS INC., NAZIM GILLANI AND
RYAN J. DRISCOLL

NOTICE OF HEARING
(Sections 127 and 127.1)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on April 3, 2012 at 10 a.m., or as soon thereafter as the hearing can be held, to consider:

(i) whether, in the opinion of the Commission, it is in the public interest, pursuant to sections 127 and 127.1 of the Act to order that:

(a) trading by and in securities of International Strategic Investments, International Strategic Investments Inc., (collectively “ISI”), Somin Holdings Inc. (“Somin”), Nazim Gillani (“Gillani”), and Ryan J. Driscoll (“Driscoll”), (collectively the "Respondents") cease permanently or for such period as is specified by the Commission;

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

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

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

(e) each of the Respondents be reprimanded;

(f) Gillani and Driscoll (collectively the "Individual Respondents") resign one or more positions that they hold as a director or officer of any issuer, registrant, or investment fund manager;

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

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

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

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

(ii) to make such further orders as the Commission considers appropriate.

BY REASON OF the allegations as set out in the Statement of Allegations of Staff of the Commission dated March 5, 2012, and such further additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 6th day of March, 2012

"John Stevenson"
Secretary to the Commission

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

AND

IN THE MATTER OF
INTERNATIONAL STRATEGIC INVESTMENTS,
INTERNATIONAL STRATEGIC INVESTMENTS INC.,
SOMIN HOLDINGS INC., NAZIM GILLANI AND
RYAN J. DRISCOLL

STATEMENT OF ALLEGATIONS OF STAFF OF
THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. This proceeding involves unregistered trading, advising, prohibited representations and fraud in respect of the securities of HD Retail Solutions Inc. ("HDRS") by the respondents between January 1, 2009 and June 1, 2010 (the "Material Time"). HDRS was seeking venture capital funding through the assistance of Nazim Gillani ("Gillani").

2. Gillani controlled all the investor funds through his agents and related companies, including International Strategic Investments, International Strategic Investments Inc., (collectively "ISI") and Somin Holdings Inc. ("Somin").

3. Under Gillani's direction, Ryan J. Driscoll ("Driscoll") assisted in raising investor funds. Together, Gillani and Driscoll raised over $1 million from approximately 30 corporate and individual investors from Canada, the United States and Dubai who invested in HDRS during the Material Time. The majority of these funds were not forwarded to or disbursed for the benefit of HDRS.

4. Gillani engaged in fraudulent conduct by making false, inaccurate and misleading statements to investors and Driscoll regarding the use of investor funds.

II. THE CORPORATE RESPONDENTS

5. ISI has never been incorporated in Ontario. ISI has never been registered with the Ontario Securities Commission (the "Commission") in any capacity.

6. Somin was incorporated in Ontario on May 8, 2008 and has a registered office in Ontario. Somin has never been registered with the Commission in any capacity.

III. THE INDIVIDUAL RESPONDENTS

7. Gillani is a resident of Ontario. During the Material Time, Gillani was the sole directing mind of ISI and Somin. He has never been registered with the Commission in any capacity.

8. Driscoll is a resident of Ontario. He has never been registered with the Commission in any capacity.

Unregistered Trading and Advising in Securities Contrary to Section 25 of the Act, January-May 2009.

9. In January 2009, HDRS management, including the sole director of HDRS (the "HDRS Management") met with Gillani to discuss funding a management buyout of a private company. Gillani described himself as a successful venture capitalist and ISI as a boutique investment company with access to millions of dollars to fund venture capital projects. Between January and May 2009 Gillani repeatedly assured HDRS Management, that he was anticipating a large influx of funds. Gillani also advised HDRS Management that he had received an initial term sheet from a fund for U.S. $14 million. During the Material Time, no venture capital funds were received by HDRS from Gillani or ISI.

10. In March of 2009, Gillani provided a Memorandum of Understanding (the "MOU") and a document entitled stock subscription agreements (the "Subscription Agreements") to HDRS Management formalizing their relationship including a plan to list HDRS on a German public market. In exchange for payments from investors (the "HDRS Investor Funds") HDRS entered into the Subscription Agreements with approximately 11 investors (the "HDRS Investors") for specified numbers of shares in HDRS. These Subscription Agreements were investment contracts and constituted securities (the

"HDRS Securities") as defined by s. 1 of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the "Act"). The HDRS Securities contained instructions to deposit investor funds into various bank accounts of ISI's lawyer.

11. The HDRS Investor Funds were also directed by Gillani to be deposited into an Ontario corporate bank account of a company controlled by Gillani's business partner.

12. The HDRS Investor Funds amounted to approximately Cdn. $700,000 from the HDRS Investors, including HDRS Management, who resided in Ontario, elsewhere in Canada, and in the United States.

13. HDRS was never listed on a German public market.

14. Staff allege that Gillani and ISI traded in HDRS Securities without the proper registration in circumstances in which no exemption was available, contrary to section 25(1)(a) of the Act.

15. Staff further allege that Gillani and ISI advised in HDRS Securities without the proper registration in circumstances in which no exemption was available, contrary to section 25(1)(c) of the Act.

Prohibited Representations Contrary to Section 38 of the Act, January-May 2009.

16. Staff allege that Gillani made misleading oral and written representations to the HDRS Investors that HDRS would be listed on a German public market when the Director had not provided written permission to Gillani or ISI to make these representations, contrary to section 38(3) of the Act .

Fraudulent Conduct Contrary to Section 126.1 of the Act, January-May 2009.

17. Gillani provided information to the Investors that was false, inaccurate and misleading, including, but not limited to, the following:

    (a) That ISI was incorporated in the Province of Ontario;

    (b) That Gillani advised HDRS Management that Cdn. $379,000 of the HDRS Investor Funds were held in a trust account of ISI's lawyer.

    (c) These and other inaccurate, misleading representations and omissions were made to induce the HDRS Investors to purchase HDRS Securities and to persuade the HDRS Investors their HDRS Investor Funds were secure with Gillani.

18. Gillani and ISI on their own behalf and through their representatives engaged in a course of conduct relating to HDRS Securities that they knew or reasonably ought to have known would result in a fraud on persons or companies contrary to s. 126.1(b) of the Act.

Unregistered Trading and Advising in Securities Contrary to Section 25 of the Act, May-December 2009.

19. In May of 2009, Gillani advised HDRS Management that a German public market listing was not proceeding, and proposed a plan to HDRS Management to complete a reverse takeover (the "RTO") of a Nevada based company, Greenwind Power Corp. USA ("Greenwind USA") which would trade on the OTC Pink Tier of the Pink OTC Markets Inc., and provide funding for HDRS. Gillani provided a second MOU to HDRS Management replacing the MOU and formalizing a plan to complete the RTO of Greenwind USA. In June 2009, Greenwind USA was renamed HDRS.

20. In May 2009, Gillani provided a document entitled share purchase agreements (the "Somin Agreements") to Driscoll to sell to additional investors, and falsely advised Driscoll that Somin was a registrant. In exchange for payments from approximately 19 investors (the "RTO Investors"), for specified numbers of shares in Greenwind USA, Driscoll and Somin raised approximately Cdn. $498,000 (the "RTO Funds"). The RTO Investors resided in Ontario, elsewhere in Canada, the United States and Dubai. The Somin Agreements were investment contracts and constituted securities (the "RTO Securities") as defined by s. 1 of the Act. The Somin Agreements contained instructions to deposit the RTO Funds into Somin's corporate bank account.

21. At Gillani's direction, some of the RTO Funds were made payable to Somin, while others were paid directly to Gillani in cash.

22. None of the RTO Funds were forwarded to or used for the benefit of HDRS.

23. HDRS filed for bankruptcy on December 29, 2009.

24. Staff allege that Gillani, ISI, Somin and Driscoll traded and engaged in or held themselves out as engaging in the business of trading in RTO Securities without being registered to do so in circumstances in which no exemption was available, contrary to section 25(1)(a) of the Act, as that section existed at the time the conduct at issue commenced on May 1, 2009, and contrary to section 25(1) of the Act as subsequently amended on September 28, 2009.

25. Staff further allege that Gillani, ISI, Somin and Driscoll advised members of the public and engaged in or held themselves out as engaging in the business of advising members of the public with respect to investing in, buying or selling RTO Securities without being registered to do so in circumstances in which no exemption was available, contrary to section 25(1)(c) of the Act, as that section existed at the time the conduct at issue commenced on May 1, 2009, and contrary to section 25(3) of the Act as subsequently amended on September 28, 2009.

Fraudulent Conduct Contrary to Section 126.1 of the Act, May-December 2009.

26. Gillani and ISI provided information to the RTO Investors and Driscoll that was false, inaccurate and misleading, including, but not limited to, the following:

    (a) That ISI had an asset base of approximately U.S. $500 million, which included a valuation of HDRS at approximately U.S. $42 million;

    (b) The majority of the RTO Funds were forwarded to HDRS, or disbursed for the benefit of HDRS;

    (c) That Somin was a registrant;

    (d) These and other inaccurate, misleading representations and omissions were made to induce the RTO Investors to purchase the RTO Securities.

27. Gillani, ISI and Somin on their own behalf and through their representatives engaged in a course of conduct relating to the RTO Securities that they knew or reasonably ought to have known would result in a fraud on persons or companies contrary to s. 126.1(b) of the Act.

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

28. The specific allegations advanced by Staff related to the trading in the HDRS Securities during the Material Time are as follows:

January-May 2009.

    (a) Gillani and ISI traded in HDRS Securities without the proper registration, in circumstances in which no exemption was available, contrary to section 25(1)(a) of the Act and contrary to the public interest;

    (b) Gillani and ISI advised in HDRS Securities without the proper registration, in circumstances in which no exemption was available, contrary to section 25(1)(c) of the Act and contrary to the public interest;

    (c) Gillani made misleading oral and written representations to the HDRS Investors that HDRS would be listed on a German public market, when the Director had not provided written permission to Gillani or ISI to make these representations regarding a listing of HDRS on a German public market, contrary to section 38(3) of the Act;

    (d) Gillani and ISI engaged or participated in acts, practices or courses of conduct relating to HDRS Securities that Gillani and ISI knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to section 126.1(b) of the Act and contrary to the public interest;

    (e) Gillani, did authorize, permit or acquiesce in the non-compliance with sections 25(1)(a), 25(1)(c), 38(3), and 126.1(b) of the Act, as set out above, by ISI, or by the representatives of ISI, contrary to section 129.2 of the Act and contrary to the public interest.

May-December 2009.

    (f) Gillani, ISI, Somin and Driscoll traded and engaged in or held themselves out as engaging in the business of trading in RTO Securities without being registered to do so in circumstances in which no exemption was available, contrary to section 25(1)(a) of the Act as that section existed at the time the conduct at issue commenced on May 1, 2009, and contrary to section 25(1) of the Act as subsequently amended on September 28, 2009;

(g) Gillani, ISI, Somin and Driscoll advised and engaged in or held themselves out as engaging in the business of advising members of the public with respect to investing in, buying or selling RTO Securities without being registered to do so in circumstances in which no exemption was available, contrary to section 25(1)(c) of the Act, as that section existed at the time the conduct at issue commenced on May 1, 2009, and contrary to section 25(3) of the Act as subsequently amended on September 28, 2009;

(h) Gillani, ISI and Somin have engaged or participated in acts, practices or courses of conduct relating to RTO Securities that Gillani and ISI knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to section 126.1(b) of the Act and contrary to the public interest;

(i) Gillani, did authorize, permit or acquiesce in the non-compliance with sections 25(1)(a), 25(1)(c), 25(1) as amended on September 28, 2009, 25(3), as amended on September 28, 2009, and 126.1(b) of the Act, as set out above, by ISI, Somin and Driscoll, or by the representatives of ISI, Somin and Driscoll, contrary to section 129.2 of the Act and contrary to the public interest; and

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

DATED at Toronto, March 5, 2012.

1.2.2 Moncasa Capital Corporation and John Frederick Collins – ss. 37, 127(1), 127.1

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

AND

IN THE MATTER OF
MONCASA CAPITAL CORPORATION
AND JOHN FREDERICK COLLINS

NOTICE OF HEARING
(Sections 37, 127(1) and 127.1)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 37, 127(1) and 127.1 of the *Securities Act*, R.S.O., 1990 c. S.5, as amended (the "Act") at its offices at 20 Queen Street West, 17th Floor, Toronto, Ontario, commencing on April 4, 2012 at 10:00 a.m. or as soon thereafter as the hearing can be held:

TO CONSIDER whether, in the Commission's opinion, it is in the public interest for the Commission to make the following orders against Moncasa Capital Corporation and John Frederick Collins ("Collins") (collectively the "Respondents"):

(a) that trading in any securities by the Respondents cease permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of section 127(1) of the Act;

(b) that acquisition of any securities by the Respondents is prohibited, permanently or for such other period as is specified by the Commission, pursuant to paragraph 2.1 of section 127(1) of the Act;

(c) that any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission, pursuant to paragraph 3 of section 127(1) of the Act;

(d) that the Respondents be reprimanded, pursuant to paragraph 6 of section 127(1) of the Act;

(e) that Collins resign one or more positions that he holds as a director or officer of any issuer, registrant or investment fund manager, pursuant to paragraphs 7, 8.1 and 8.3 of section 127(1) of the Act;

(f) that Collins be prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, pursuant to paragraphs 8, 8.2 and 8.4 of section 127(1) of the Act;

(g) the Respondents be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter, pursuant to paragraph 8.5 of section 127(1) of the Act;

(h) that each Respondent pay an administrative penalty of not more than $1 million for each failure by that Respondent to comply with Ontario securities law pursuant to paragraph 9 of section 127(1) of the Act;

(i) that each of the Respondents disgorge to the Commission any amounts obtained as a result of non-compliance by that Respondent with Ontario securities law, pursuant to paragraph 10 of section 127(1) of the Act;

(j) the Respondents be ordered to pay the costs of the Commission investigation and the hearing, pursuant to section 127.1 of the Act;

(k) the Respondents be prohibited to call at a residence or telephone from a location in Ontario to a residence located in or out of Ontario for the purpose of trading in any security or derivative or in any class of securities or derivatives, pursuant to section 37 of the Act; and

(l) such other order as the Commission may deem appropriate.

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission dated March 6, 2012 and such further allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 6th day of March, 2012.

"John Stevenson"
Secretary to the Commission

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

AND

IN THE MATTER OF
MONCASA CAPITAL CORPORATION
AND JOHN FREDERICK COLLINS

STATEMENT OF ALLEGATIONS OF STAFF OF
THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. This proceeding relates to the sale of securities of Moncasa Capital Corporation ("Moncasa") by the Respondents to 54 investors throughout Canada, raising approximately $1,200,000. Between April 1, 2008 and May 16, 2011 (the "Relevant Period"), the Moncasa securities were sold to investors 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.

II. THE RESPONDENTS

2. Montcasa Corporation was an Ontario corporation incorporated on January 3, 2008. Articles of Amendment of Montcasa Corporation were subsequently filed, and the company's name was changed to Moncasa effective April 10, 2008. Neither Montcasa nor Moncasa have ever been registered with the Commission in any capacity.

3. John Frederick Collins ("Collins") is a resident of Pickering, Ontario and is the sole director of Moncasa (and was the sole director of Montcasa). Collins was not registered in any capacity with the Commission during the Relevant Period, although he was registered as a salesperson with C.J. Elbourne Securities Inc. from February 2, 1994 to November 21, 1997 and with Marchment & Mackay Limited from November 28, 1997 to June 30, 2000.

III. ILLEGAL DISTRIBUTION OF MONCASA SHARES TO THE PUBLIC AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

4. In order to sell Moncasa securities, Collins and several unregistered and commissioned sales persons hired by him, contacted potential investors by telephone. All the investors were "cold called", some from a potential investor list purchased by Moncasa.

5. Moncasa investors were led to believe that their investment would be used to purchase luxury vacation properties in the Caribbean that would be available for rental purposes through a related Moncasa vacation club membership. Moncasa's website, www.moncasacapital.com, solicited investors to invest in Moncasa and created the illusion that Moncasa had multiple vacation properties available for use.

6. Investors were advised that units comprised of one common share of Moncasa and a common share purchase warrant, exercisable into common shares until six months from the closing date of the subscription. Additional funds were raised from new investors pursuant to subscription agreements. The additional subscriptions were purportedly accepted by a special resolution of the Board of Directors of Moncasa, of which Collins is the sole director.

7. After agreeing to invest, subscription agreements were sent to investors setting out the quantity, unit price and total amount of investment. Cheques were made payable and sent to Moncasa at 1 Yonge Street, Suite 1801, Toronto, Ontario, which was an office space rented by Collins. Investors received a share certificate signed by Collins for common shares in Moncasa.

8. Of the approximately $1,200,000 raised from investors,

   (a) less than 6% (USD$69,052.50) was used to purchase a single four-week time share condominium property in a Dominican Republic resort (the "Property");

   (b) at least $318,500 went to Collins to pay for personal expenses, personal credit card payments including interest charges, car payments and cash withdrawals; and

(c) the balance was spent on purported business expenses including salaries, commissions to sales persons, rent, advertising, marketing as well as legal fees relating to, amongst other things, the failed purchase of an exempt market dealer.

9. Requests from investors to return their investment have been ignored and as of May 16, 2011, all but $7,650.00 of funds raised investors had been expended and Moncasa did not own any properties.

10. By engaging in the conduct described above, the Respondents sold shares of Moncasa to Ontario residents and to residents throughout Canada, in circumstances where there were no exemptions available to them under the Act. Through these acts, the Respondents traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so in circumstances in which no exemption was available, contrary to subsection 25(1) of the Act and contrary to the public interest.

11. The sales of Moncasa shares were trades in securities not previously issued and were therefore distributions. Contrary to subsection 53(1) of the Act and contrary to the public interest, Moncasa has never filed a preliminary prospectus or a prospectus with the Commission, and no prospectus receipt has ever been issued to qualify the sale of those shares.

IV. FRAUDULENT CONDUCT AND CONDUCT CONTRARY TO THE PUBLIC INTEREST OF MONCASA AND COLLINS

12. Moncasa and Collins engaged in a course of conduct relating to securities that they knew or reasonably ought to have known would result in a fraud on potential investors, contrary to section 126.1 of the Act and/or contrary to the public interest, as follows:

a) Misrepresentations to Investors

13. During the sale of the shares of Moncasa, the Respondents made representations and provided information to potential investors orally, in marketing materials and on its website that were inaccurate and misleading, in an attempt to induce potential investors to purchase Moncasa shares.

14. In particular, the Respondents advised investors orally and/or in marketing materials that Moncasa would be investing in and developing vacation properties in the Caribbean, when in fact only USD$69,052.50 of the $1,200,000 raised had been invested in acquiring properties. Investors were also advised that the company had acquired "three unique residences", when in fact Moncasa had only acquired the use of the Property for four (4) one week periods, on an annual basis.

15. The Property was never made available for rent or use to investors or the public and generated no income. The Property subsequently became the subject of an unrelated legal dispute and Moncasa no longer has ownership over the Property or any other properties.

16. In addition, Moncasa's web site displayed logos of large, international hotel chains (such as The Ritz Carlton, Westin Hotels and Four Seasons) creating the illusion that Moncasa had a business relationship with these companies, when it did not. Further, Moncasa's web site displayed pictures of various resort locations and floor plan layouts creating the illusion that Moncasa owned these properties and they were available for use, when Moncasa did not own such properties and they were not available to be used.

17. Further, in order to induce investors to invest in Moncasa and with the intention of effecting trades in the Moncasa shares, Collins made undertakings to potential investors regarding the future value or price of the Moncasa shares and made representations regarding Moncasa's shares being listed on a stock exchange, contrary to subsections 38(2) and (3) of the Act and contrary to the public interest. Collins has never taken any steps to take Moncasa public.

b) Misappropriation of Investor Funds/Failure to Keep Proper Books and Records

18. Moncasa's only source of funds were funds obtained from investors. Once in possession of funds from investors, Collins misappropriated the funds by:

(a) using the funds to pay for personal expenses;

(b) transferring funds to another corporation owned by him that performed no services for Moncasa;

(c) making sizable cash withdrawals from Moncasa's corporate account; and

(d) co-mingling investor funds with his personal funds.

19. By engaging in the conduct described above, Collins failed to keep books, records and other documents as are necessary for the proper recording of its business transactions and financial affairs, contrary to section 19 of the Act and contrary to the public interest.

c) Employment of Abel Da Silva: also known as "Jim Wilson"

20. Collins employed several salespeople to sell Moncasa securities to investors, including Abel Da Silva ("Da Silva"). When acting as a salesperson for Moncasa, Da Silva used the alias "Jim Wilson".

21. Da Silva was never registered in any capacity with the Commission. He is the subject of several cease trade orders imposed by the Commission and has been previously sanctioned by the Commission and by the Ontario Court of Justice for various breaches of securities laws.

22. On February 22, 2012, Da Silva pled guilty, in the Ontario Court of Justice, to using an alias while trading in shares of Moncasa without registration and without a prospectus, and in breach of three separate cease trade orders issued by the Commission against him. Da Silva admitted that, between April 1, 2008 and September 30, 2008, he was employed by Moncasa and paid approximately 20% in cash for sales commissions.

V. COLLINS MISLED STAFF

23. Collins advised Staff that he employed an individual by the name of Jim Wilson. Collins further advised Staff that "Abel" was a nickname used by Jim Wilson, notwithstanding that Collins knew or ought to have known that (a) "Jim Wilson" was Da Silva; and (b) Da Silva sold Moncasa securities using the alias "Jim Wilson".

24. Collins also misled Staff by advising Staff (both in sworn testimony and in his Report of Exempt Distribution (OSC Form 45-106) filed with the Commission) that he did not pay commissions to any of the salespersons employed by Moncasa, notwithstanding that commissions were in fact paid.

25. As a consequence of the foregoing conduct, Collins materially misled Staff in respect of the sale of the shares of Moncasa, contrary to subsection 122(1)(a) of the Act and contrary to the public interest.

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

26. Staff allege that the foregoing conduct engaged in by the Respondents constituted breaches of Ontario securities law and/or was contrary to the public interest. In particular:

(a) The Respondents failed to keep books, records and other documents as are necessary for the proper recording of its business transactions and financial affairs, contrary to section 19 of the Act and contrary to the public interest;

(b) The Respondents traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so in circumstances in which no exemption was available, contrary to subsection 25(1)(a) of the Act as that subsection existed at the time the conduct at issue commenced on April 1, 2008, contrary to subsection 25(1) of the Act as subsequently amended on September 28, 2009 and contrary to the public interest;

(c) The Respondents traded in Moncasa shares without the required prospectus receipt or appropriate exemption, contrary to subsection 53(1) of the Act and contrary to the public interest;

(d) Collins made prohibited representations concerning the future listing and future value of shares in order to effect sales of Moncasa shares, contrary to subsection 38(2) and (3) of the Act and contrary to the public interest;

(e) Collins knowingly made statements and provided evidence and information to Staff that was materially misleading or untrue and/or failed to state facts which were required to be stated in an effort to hide the violations of Ontario securities laws and breaches of duty, in contravention of subsection 122(1)(a) of the Act and contrary to the public interest;

(f) The Respondents made misleading or fraudulent misrepresentations to investors and misappropriated investors funds knowing or having reasonably ought to have known that they would result in a fraud on a person, contrary to section 126.1 of the Act and contrary to the public interest; and

(g) As the sole officer and director of Moncasa, Collins has authorized, permitted or acquiesced in the breaches of sections 19, 25, 38, 53, 122 (1)(a) and 126.1 of the Act by Moncasa contrary to section 129.2 of the Act, and in so doing has engaged in conduct contrary to the public interest.

27. The course of conduct engaged in by the Respondents as described herein compromised the integrity of Ontario's capital markets, was abusive to Ontario's capital markets and was contrary to the public interest.

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

Dated at Toronto this 6th day of March, 2012.

1.3 News Releases

1.3.1 CSA and IIROC Seek Input on Trade Transparency

FOR IMMEDIATE RELEASE
Friday, March 2, 2012

CSA AND IIROC SEEK INPUT ON TRADE TRANSPARENCY

Toronto – The Canadian Securities Administrators (CSA) and the Investment Industry Regulatory Organization of Canada (IIROC) announced today that they are seeking feedback from investors and market participants on appropriate disclosure and transparency measures related to short sales and failed trades in Canada.

A joint CSA and IIROC Working Group has been monitoring and reviewing international regulatory approaches to issues arising from short selling and failed trades. The Working Group is seeking feedback on a range of regulatory options aimed at strengthening Canada's regulatory regime, including enhanced disclosure of short sales and some public disclosure of failed trades.

“Effective disclosure and transparency practices are fundamental to maintaining fair and efficient capital markets,” said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. “A key consideration in our consultation will be striking the appropriate balance between enhancing trade transparency and maintaining a cost-efficient structure that encourages greater market participation.”

“This consultation effort complements a series of measures IIROC has pursued to improve the regulatory framework for short sales in Canada and to strengthen the integrity of the Canadian marketplace,” said Susan Wolburgh Jenah, IIROC’s President and Chief Executive Officer.

A copy of the joint CSA/IIROC Notice is available on the websites of CSA members and on IIROC’s website, where IIROC has today posted other Notices related to short sales as well. The consultation period is open until May 31, 2012.

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

IIROC is the national self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada.

For more information:

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709-729-2594

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867-975-6587

Donn MacDougall
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Securities Office
867-920-8984

Lucy Becker
IIROC
416-943-5870

1.4 Notices from the Office of the Secretary

1.4.1 HEIR Home Equity Investment Rewards Inc. et al.

FOR IMMEDIATE RELEASE
March 2, 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 – The Commission issued an Order in the above named matter which provides that (i) the Withdrawal Motion is heard in writing; and (ii) McCarthy Tétrault LLP is granted leave to withdraw as representative for the Canyon Respondents.

A copy of the Order dated March 1, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

1.4.2 Sage Investment Group et al.

FOR IMMEDIATE RELEASE
March 2, 2012

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

AND

IN THE MATTER OF
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

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing is adjourned to April 26, 2012 at 2:00 p.m. for the purpose of a pre-hearing conference, or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

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

A copy of the Order dated February 9, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.3 Carlton Ivanhoe Lewis et al.

FOR IMMEDIATE RELEASE
March 2, 2012

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

AND

IN THE MATTER OF
CARLTON IVANHOE LEWIS,
MARK ANTHONY SCOTT,
SEDWICK HILL, LEVERAGE PRO INC.,
PROSPOREX INVESTMENT CLUB INC.,
PROSPOREX INVESTMENTS INC., PROSPOREX LTD.,
PROSPOREX INC., PROSPOREX FOREX SPV TRUST,
NETWORTH FINANCIAL GROUP INC., and
NETWORTH MARKETING SOLUTIONS

TORONTO – The Commission issued its Sanctions Decision in the above noted matter.

A copy of the Sanctions Decision dated March 2, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.4 Rare Investments et al.

FOR IMMEDIATE RELEASE
March 2, 2012

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

AND

IN THE MATTER OF
2196768 ONTARIO LTD
carrying on business as RARE INVESTMENTS,
RAMADHAR DOOKHIE, ADIL SUNDERJI
and EVGUENI TODOROV

TORONTO – The Commission issued an Order in the above named matter which provides that the confidential pre-hearing conference scheduled for March 5, 2012 at 10:00 a.m. is adjourned to May 2, 2012 at 10:00 a.m., or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

A copy of the Order dated March 1, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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SECRETARY

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1.4.5 International Strategic Investments et al.

FOR IMMEDIATE RELEASE
March 6, 2012

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

AND

IN THE MATTER OF
INTERNATIONAL STRATEGIC INVESTMENTS,
INTERNATIONAL STRATEGIC INVESTMENTS INC.,
SOMIN HOLDINGS INC., NAZIM GILLANI AND
RYAN J. DRISCOLL

TORONTO – The Office of the Secretary issued a Notice of Hearing on March 6, 2012 setting the matter down to be heard on April 3, 2012, at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated March 6, 2012 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 5, 2012 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.6 Moncasa Capital Corporation and John Frederick Collins

FOR IMMEDIATE RELEASE
March 6, 2012

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

AND

IN THE MATTER OF
MONCASA CAPITAL CORPORATION
AND JOHN FREDERICK COLLINS

TORONTO – The Office of the Secretary issued a Notice of Hearing on March 6, 2012 setting the matter down to be heard on April 4, 2012 at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated March 6, 2012 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 6, 2012 are available at **www.osc.gov.on.ca**.

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1.4.7 Irwin Boock et al.

FOR IMMEDIATE RELEASE
March 6, 2012

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

AND

IN THE MATTER OF
IRWIN BOOCK, STANTON DEFREITAS, JASON WONG, SAUDIA ALLIE, ALENA DUBINSKY, ALEX KHODJAIANTS, 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

TORONTO – The Commission issued an Order in the above named matter which provides that the status hearing dates of March 13 and 23, 2012 be vacated; and that the hearing on the merits be held on April 25, 27, 2012, May 3, 4, 7, 11, 17, 18, 2012, June 4 and 7, 2012.

A copy of the Order dated March 5, 2012 is available at **www.osc.gov.on.ca**.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Sentry Investments Inc. and Sentry Select Investments Inc.

Headnote

Under paragraph 4.1(1)(b) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations a registered firm must not permit an individual to act as a dealing, advising or associate advising representative of the registered firm if the individual is registered as a dealing, advising or associate advising representative of another registered firm. The Filers are affiliated entities and as a result of the ability to dually register individuals of affiliated entities prior to July 11, 2011, the Filers structured their business so that the same team advises and distributes investment funds with similar mandates managed by each Filer. The Filers have policies in place to handle potential conflicts of interest. The Filers are exempted from the prohibition for all current and future representatives.

Applicable Legislative Provisions

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

February 29, 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
SENTRY INVESTMENTS INC.
(SII)

AND
SENTRY SELECT INVESTMENTS INC.
(SSII, and together with SII, the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for relief from paragraph 4.1(1)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) to permit individuals who are dealing, advising and/or associate advising representatives of one of the Filers to also be dealing, advising and/or associate advising representatives of the other Filer (the **Relief Sought**):

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

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

(b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied on in each of the other provinces of Canada (with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

1. SSII is registered as an exempt market dealer with the securities regulatory authorities of all provinces of Canada. SSII is also registered as an investment fund manager and portfolio manager with the OSC. The head office of SSII is in Toronto, Ontario.

2. SII is registered as a mutual fund dealer with the securities regulatory authorities of all provinces of Canada. SII is also registered as an investment fund manager, portfolio manager and commodity trading manager with the OSC and as a portfolio manager with the Alberta Securities Commission. The head office of SII is in Toronto, Ontario.

3. The Filers are not, to the best of their knowledge, in default of any requirement of securities legislation in any of the Jurisdictions.

4. SSII and SII are wholly-owned subsidiaries of the same ultimate parent company and are thus affiliates of one another.

5. Each of the Filers carries on business under the registered trade name "Sentry Investments". It is on this basis that clients deal with each of the Filers.

6. The operations of both SSII and SII are co-located and the Filers share a significant level of common facilities and back office functions. Since there are already a number of existing dually registered individuals, the business has been structured around this model to maximize efficiency while maintaining adequate control over potential conflicts of interests.

7. SSII is the investment fund manager, portfolio manager and distributor of non-prospectus qualified Canadian-domiciled investment funds that are sold primarily to high net worth and institutional clients in Canada (the **SSII Funds**).

8. SII is the investment fund manager, portfolio manager and distributor of prospectus-qualified mutual funds, non-redeemable investment funds and flow-through limited partnerships that are sold primarily to retail investors in Canada (the **SII Funds**). SII also engages in limited ancillary distribution activities in connection with the SII Funds pursuant to the conditions set out in the decision from the OSC exempting SII from the requirement to become a member of the Mutual Fund Dealers Association of Canada, which decision was subsequently passported to the remaining provinces of Canada.

9. It is proposed that the Representatives be able to provide portfolio management and/or distribution services in respect of both the SSII Funds and the SII Funds.

10. There are currently individuals who are dually registered as advising, associate advising and/or dealing representatives of both SSII and SII, each of whom obtained dual registration before paragraph 4.1(1)(b) of NI 31-103 came into force. As a result of the ability to dually register individuals of affiliated entities prior to July 11, 2011, the Filers structured their business so that the same team advises and distributes investment funds with similar mandates managed by each Filer. Both of the Filers also have the same registered Ultimate Designated Person and Chief Compliance Officer. The Filers now seek to ensure that their operational structure remains aligned with their business model while effectively meeting the policy objectives of NI 31-103.

11. The Representatives will be subject to supervision by, and the applicable compliance requirements of, both Filers. Existing compliance and supervisory structures will apply depending on which regulatory entity the client assets are held with.

12. As the Representatives will be dealing with different client bases in their dual roles with SII and SSII, there is minimal potential for conflicts of interest. Moreover, because the Filers are wholly-owned subsidiaries of the same ultimate parent company, the dual registration of the Representatives will not give rise to the conflicts of interest present in a similar arrangement involving unrelated, arms' length firms.

13. The dual registration of the Representatives will not create significant additional work for the Representatives and the Representatives will continue to have sufficient time to adequately serve both Filers.

14. If these duties and business lines were being carried out under the umbrella of a single registrant (as is very common), each Representative's "multiple" roles (i.e. of a portfolio manager and/or distributor of both prospectus-qualified investment funds and non-prospectus-qualified investment funds) would not be an issue.

15. The Filers are subject to Part 13 of NI 31-103 concerning conflicts of interest.

16. The Filers have in place policies and procedures to address any potential conflicts of interest that may arise in their business, and believe that they will be able to appropriately deal with these conflicts.

17. In the absence of the Requested Relief, the Filers would be prohibited under the Dual Registration Restriction from permitting a Representative to act as an advising, associate advising and/or dealing representative of SII while the individual is an advising, associate advising and/or dealing representative of SSII, even though SII and SSII are affiliates.

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 Relief Sought is granted.

"Marrianne Bridge"
Deputy Director, Compliance and Registrant Regulation
Ontario Securities Commission

2.1.2 AlphaPro Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from subsection 2.1(1) and paragraphs 2.5(2)(a), (b) and (c) of NI 81-102, the fund on funds restrictions, to permit commodity pools to enter into a forward agreement providing exposure to commodity pools investing in, or gaining exposure to exchange traded mutual funds tracking the performance of, physical commodities.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.1(1), 2.5(2)(a), (b) and (c), 19.1.
National Instrument 81-104 Commodity Pools.

February 23, 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
ALPHAPRO MANAGEMENT INC.
(the Filer)

AND

IN THE MATTER OF
HORIZONS GOLD YIELD ETF
HORIZONS SILVER YIELD ETF
HORIZONS CRUDE OIL YIELD ETF
HORIZONS NATURAL GAS YIELD ETF
HORIZONS DIVERSIFIED COMMODITY YIELD ETF
(each a Commodity ETF)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Horizons Gold Yield Fund (the **Fund**), which is expected to convert into the Horizons Gold Yield ETF (the **Gold ETF**) between February 1, 2012 and July 31, 2012, each of the other Commodity ETFs and any other commodity based exchange traded fund that is established by the Filer or an affiliate of the Filer in the future (each a **New Commodity ETF** and collectively with the Commodity ETFs, the **ETFs** and individually, an **ETF**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) granting exemptive relief, pursuant to section 19.1 of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) from Sections 2.1(1), and 2.5(2)(a), (b) and (c) of NI 81-102 in order to allow each ETF to gain exposure to its Commodity Portfolio (as defined below) by means of one or more forward purchase and sale agreements, which will not be a prepaid forward, (each a **Forward Agreement**) in order to achieve its investment objectives (the **Exemption Sought**).

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

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

2. the Filer has provided notice that Section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (collectively, with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

The Filer

1. The Filer is a corporation incorporated under the laws of Canada and is the trustee and manager of the Fund.

2. The Filer or an affiliate of the Filer will be the trustee and the manager of each ETF.

The Fund

3. The Fund is a closed end fund organized under the laws of Ontario.

4. The Fund is not subject to NI 81-102 or National Instrument 81-104 *Commodity Pools* (**NI 81-104**).

5. Class A units and Class F units of the Fund were initially distributed in each of the Jurisdictions pursuant to a prospectus dated November 26, 2010.

6. The Class A units of the Fund are listed on the Toronto Stock Exchange (the **TSX**).

7. The investment objectives of the Fund are to provide its unitholders with: (i) exposure to the price of gold bullion hedged to the Canadian dollar, less the Fund's fees and expenses; and (ii) tax-efficient monthly distributions.

8. Horizons Investment Management Inc. (**Horizons Investment**), an affiliate of the Filer, is the portfolio manager of the Fund. Horizons Investment is registered as a portfolio manager, a commodity trading manager, a commodity trading counsel and as an investment fund manager in Ontario.

9. The Fund seeks to achieve its investment objectives by gaining exposure to a portfolio consisting of securities and other instruments that provide exposure to the price of gold bullion (the **Gold Portfolio**). The Gold Portfolio is comprised primarily of exchange traded funds that directly, and only, hold gold bullion (each a **Gold Bullion ETF**), but may include gold futures contracts from time to time.

10. The securities of each Gold Bullion ETF in the Gold Portfolio will be Commodity Participation Units (as defined below).

11. A Commodity Participation Unit is defined as a security traded on a stock exchange in Canada or the United States and issued by an issuer, the only purpose of which is to:

    (a) hold a physical commodity as defined in NI 81-102 (a **Physical Commodity**) or more than one Physical Commodity;

    (b) hold commodity futures that are widely quoted or used as the benchmark for pricing the future price of a Physical Commodity or more than one Physical Commodity; or

    (c) invest in a manner that causes the mutual fund to replicate the performance of a Physical Commodity or more than one Physical Commodity, or commodity futures, referred to in subparagraphs 11(a) and 11(b);

12. The returns to the Fund and its unitholders are based upon the return of the Gold Portfolio and the performance of its underlying investments by virtue of a Forward Agreement with one or more counterparties, which provide exposure to the Gold Yield Trust (the **Gold Reference Fund**).

13. If certain conditions are satisfied after January 31, 2012, the Fund will convert into the Gold ETF sometime on or after February 1, 2012 and by no later than July 31, 2012.

The Reference Funds

14. The Gold Reference Fund is an investment trust organized under the laws of Ontario.

15. The reference fund for each ETF, excluding the Gold Reference Fund, will be an investment trust organized under the laws of Ontario (each a **New Reference Fund** and collectively with the Gold Reference Fund, the **Reference Funds** and individually, a **Reference Fund**).

16. Horizons Investment or an affiliate is or will be the manager, trustee and portfolio manager of each Reference Fund.

17. The Gold Reference Fund filed a prospectus dated November 26, 2010 with the Autorité des marchés financiers (the **AMF**) to become a reporting issuer in Québec.

18. A preliminary prospectus has or will be filed for each of the Reference Funds, excluding the Gold Reference Fund, with the AMF to become a reporting issuer in Québec.

19. Units of each Reference Fund will only be offered on an exempt basis.

20. Each Reference Fund was or will be created for the purpose of acquiring and holding its Commodity Portfolio.

ETFs

21. Following conversion, the Class A units and Class F units of the Fund will be converted into Class E units of the Gold ETF.

22. A preliminary prospectus dated January 4, 2012 has been filed by the Commodity ETFs with the securities regulatory authority in each of the Jurisdictions.

23. A preliminary prospectus will be filed by each ETF, excluding the Commodity ETFs, with the securities regulatory authority in each of the Jurisdictions.

24. Each ETF will be a commodity pool, as such term is defined in Section 1.1(1) of NI 81-104, in that each ETF will adopt fundamental investment objectives that permit each ETF to use or invest in financial instruments in a manner that is not permitted under NI 81-102. Each ETF will also be subject to NI 81-102 to the extent applicable, unless exemptive relief has been obtained.

25. The Filer or an affiliate of the Filer will be the trustee and manager of each ETF, and Horizons Investment will be the portfolio manager of each ETF.

26. Units of each ETF will be issued and sold on a continuous basis and will be listed on the TSX.

27. The investment objectives, investment strategy and investment restrictions of the Gold ETF will be substantially the same as the Fund, except as may be necessary to comply with applicable law, including NI 81-102.

28. Each ETF will seek to achieve its investment objectives by gaining exposure to a portfolio of securities and other instruments that provide exposure to the price of the commodity or commodities that is relevant to that ETF (each a **New Commodity Portfolio** and collectively with the Gold Portfolio, the **Commodity Portfolios**, and individually, a **Commodity Portfolio**).

29. The securities of each Commodity Portfolio will consist of Commodity Participation Units and other appropriate investments.

30. The returns of each ETF will be based upon the return of that ETF's Commodity Portfolio and the performance of its underlying investments by virtue of a Forward Agreement with one or more counterparties, which provide exposure to that ETF's Reference Fund.

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 exposure of an ETF to its Commodity Portfolio, which includes securities of Commodity Participation Units, is in accordance with the fundamental investment objectives of the ETF;

(b) The Reference Fund of each ETF operates in accordance with the investment requirements of NI 81-102 other than the requirements of paragraphs 2.5(2)(a) and (c) of NI 81-102 as necessary to enable its investments in securities of the applicable Commodity Participation Units;

(c) Each Reference Fund remains a reporting issuer in Québec subject to the requirements of National Instrument 81-106 Investment Fund Continuous Disclosure;

(d) No securities of a Reference Fund are distributed in Canada other than in reliance on prospectus exemptions; and

(e) The Commodity Participation Units are established, and trade on a stock exchange, in Canada or the United States.

"Darren McKall"
Manager, Investment Funds
Ontario Securities Commission

2.1.3 Man Investments Canada Corp. and Man Canada AHL DP Investment Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to a commodity pool from paragraphs 2.5(2)(a) and (c) of National Instrument 81-102 Mutual Funds to permit the commodity pool to gain exposure to a portfolio of assets by way of another commodity pool, subject to certain conditions – the underlying commodity pool has not filed a prospectus under National Instrument 81-101 Mutual Fund Prospectus Disclosure, but has filed a non-offering long form prospectus and is a reporting issuer subject to National Instrument 81-106 Investment Fund Continuous Disclosure and National Instrument 81-102 – Mutual Funds,as modified by National Instrument 81-104 Commodity Pools – investment in the portfolio limited to 10% of the net assets of the second commodity pool.

Applicable Legislative Provisions

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

February 24, 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
MAN INVESTMENTS CANADA CORP.
(the Filer)

AND

IN THE MATTER OF
MAN CANADA AHL DP INVESTMENT FUND
(the Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of the Fund, for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) granting exemptive relief, pursuant to paragraph 19.1 of National Instrument 81-102 *Mutual Funds* (**NI 81-102**), from the requirements contained in subsections 2.5(2)(a) and (c) of NI 81-102 in order to permit the Fund to indirectly gain exposure to the AHL Evolution Programme (as defined herein) by means of the Credit Suisse Notes (as defined herein) to be held in the AHL Portfolio (as defined herein) (the **Exemption Sought**).

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

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

(b) the Fund has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (collectively, with Ontario, the **Jurisdictions**),

Interpretation

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

Representations

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

The Filer

1. The Filer is a corporation incorporated under the *Canada Business Corporations Act* and is the trustee and manager of the Fund.

2. The Filer is registered as an Investment Fund Manager in Ontario, as an adviser in the category of Portfolio Manager in Ontario and Alberta and as a dealer in the category of Exempt Market Dealer in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick and Nova Scotia. The Filer's head office is located in Toronto, Ontario.

The Fund

3. The Fund is a mutual fund to which NI 81-102 applies. The securities of the Fund are qualified for distribution in each of the Jurisdictions pursuant to a prospectus that has been prepared and filed in accordance with the securities legislation of the Jurisdictions. The Fund is, accordingly, a reporting issuer in each of the Jurisdictions.

4. The Fund is also a commodity pool, as such term is defined in National Instrument 81-104 *Commodity Pools* (**NI 81-104**), in that the Fund has adopted fundamental investment objectives that permit the Fund to invest in financial instruments in a manner that is not permitted under NI 81-102.

5. The Fund's investment objectives include seeking the provision of tax-efficient returns based on returns of specific types of investments. The Fund's investment objectives state that it may use specified derivatives to seek to provide these returns.

6. The Fund obtains exposure to the returns of a diversified portfolio of financial instruments across a range of global markets including, without limitation, stocks, bonds, currencies, short–term interest rates, energy, metals and agricultural commodities (the **AHL Portfolio**) managed by Man Investments Limited (the **Investment Manager**), an affiliate of the Filer, using a predominantly trend following trading program (the **AHL Diversified Programme**).

AHL SPC – Class D and the AHL Portfolio

7. The AHL Portfolio is held by Class D Man AHL Diversified 2 CAD Notes (the **AHL SPC – Class D**), a segregated portfolio of AHL Investment Strategies SPC (the **AHL SPC**), a segregated portfolio company incorporated with limited liability in the Cayman Islands and registered as a segregated portfolio company under the *Companies Law* (**2007 Revision**).

8. AHL SPC – Class D has filed and obtained a receipt for a non-offering prospectus in 2009, pursuant to which it became a reporting issuer under the *Securities Act* (Ontario) and the *Securities Act* (Québec) and subject to the continuous disclosure requirements of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**). Accordingly, the financial statements and other reports required to be filed by AHL SPC – Class D are available through SEDAR.

9. The assets of AHL SPC – Class D are managed by the Investment Manager. The Investment Manager is a company incorporated in England and Wales with limited liability (No. 2093429) whose registered address is Riverbank House, 2 Swan Lane, London EC4R 3AD, United Kingdom, and is regulated in the conduct of regulated activities in the United Kingdom by the Financial Services Authority of the United Kingdom.

10. The assets of AHL SPC – Class D are invested in accordance with the AHL Diversified Programme. AHL SPC – Class D has adopted and is subject to the investment restrictions and practices contained in NI 81-102 and is managed in accordance with these restrictions and practices, except as otherwise permitted by NI 81-104 and any prior exemptive relief obtained by the Fund.

11. Pursuant to the November 9, 2009 decision *In the Matter of Man Canada AHL DP Investment Fund*, the Fund obtained exemptive relief from the restrictions in subsections 2.5(2)(a) and (c) of NI 81-102 to permit it to obtain exposure to the AHL Portfolio by investing directly or indirectly in securities of AHL SPC – Class D.

12. The Fund obtains exposure to AHL SPC – Class D, and thus to the economic returns of the AHL Portfolio, through one or more forward sale agreements (each, a **Forward Agreement**) entered into with one or more Canadian chartered banks and/or their affiliates (each, a **Counterparty**).

The AHL Evolution Programme

13. The AHL Evolution Programme (the **AHL Evolution Programme**) is a trading program that invests in a portfolio of futures, forward contracts, swaps and other financial derivative instruments both on and off exchange. The markets covered include both developed and emerging markets. The AHL Evolution Programme is implemented and managed by AHL, a division of the Investment Manager.

14. Trading in the AHL Evolution Programme may focus upon inefficiencies in a whole range of markets including, but not limited to, bonds, commodities, credit, stocks and currencies. These inefficiencies include price momentum and relative value, and other nondirectional trading strategies may be added from time to time. The AHL Evolution Programme trades in a number of markets not traditionally accessed by the AHL Diversified Programme. These markets may be accessed directly or indirectly and include, without limitation, credit indices, cash bonds, interest rate swaps, electricity and emerging market currencies and stock indices.

15. In order to access the AHL Evolution Programme, it is anticipated that a portion of the assets of AHL SPC – Class D will be invested in a series of U.S. dollar denominated open-end tracker certificates (the **Credit Suisse Notes**) issued by Credit Suisse AG (**Credit Suisse**). The long-term debt of Credit Suisse is currently rated A+ by Standard & Poor's, a division of the McGraw Hill Companies, Inc. The Credit Suisse Notes are issued by Credit Suisse as open-ended managed tracker certificates that are linked to the performance of AHL Evolution Limited, a Bermuda exempted company investing its assets in accordance with the AHL Evolution Programme.

16. Credit Suisse is a Swiss bank and joint stock corporation established under Swiss law and is a wholly-owned subsidiary of Credit Suisse Group AG (**CSG**), which is the holding company of the Credit Suisse group of companies. The business of Credit Suisse is substantially the same as the business of its parent, CSG, and substantially all of Credit Suisse's operations are conducted through the private banking, investment banking and asset management segments.

17. The Credit Suisse Notes entitle the holders thereof to payment upon redemption of an amount in U.S. dollars equal to the value of a notional investment in a portfolio held by AHL Evolution Limited which provides exposure to the AHL Evolution Programme.

18. The return of the Credit Suisse Notes is calculated in accordance with the following formula:

$$\text{Denomination} \times \frac{\text{Current Level}}{\text{Initial Level}} \times (1\text{-SF})^{N(t)/360}$$

where "Current Level" and "Initial Level" refer to the net asset value of the underlying interest, "SF" stands for "Structuring Fee" equal to 0.4% per annum and "N(t)" is the relevant number of calendar days. Apart from the Structuring Fee, there is no other component, such as a liquidity reserve, and in particular no embedded derivative component included in the Credit Suisse Notes, that is not linked to the performance of the AHL Evolution Programme. The performance of the Credit Suisse Notes can be regarded as being linked 1:1 to the performance of the AHL Evolution Programme.

19. The holder of the Credit Suisse Notes may exercise its right to redeem the Credit Suisse Notes on the last business day of each calendar year by providing at least 180 days prior written notice of redemption. In addition, upon receipt of an irrevocable request from a holder of Credit Suisse Notes to sell a specified amount of Credit Suisse Notes at least three business days prior to a relevant purchase date, Credit Suisse will buy back the specified number of Credit Suisse Notes from the holder for a cash amount calculated in accordance with the above formula. Credit Suisse will complete purchases of the Credit Suisse Notes on the business day following the Monday of each week and on the last day of each calendar month.

20. AHL Evolution Limited is subsisting as an exempted company with limited liability in Bermuda under the provisions of the *Companies Act 1981* of Bermuda and is an open-ended mutual fund authorized as an institutional investment fund by the Bermuda Monetary Authority in Bermuda and regulated under the *Investment Funds Act 2006* of Bermuda.

21. The exposure to the AHL Evolution Programme through the Credit Suisse Notes is notional only and a holder will not have, and the Credit Suisse Notes will not represent, any direct or indirect ownership or other interest in the portfolio held by AHL Evolution Limited or the assets thereof. Holders of the Credit Suisse Notes will not have any direct or indirect recourse to the portfolio held by AHL Evolution Limited or the assets thereof, and will only have the right against Credit Suisse to be paid the redemption amount of the Credit Suisse Notes upon final redemption of the Credit Suisse Notes.

22. The AHL Evolution Programme invests in, or gains exposure to, the same financial instruments that, in accordance with the fundamental investment objectives and restrictions of the Fund and AHL SPC – Class D and with NI 81-104, AHL SPC – Class D could acquire directly. The Credit Suisse Notes are attractive investments for AHL SPC – Class D as they provide an efficient and cost effective method of achieving exposure to the AHL Evolution Programme.

23. The Investment Manager also serves as the investment manager of AHL Evolution Limited. There are no management fees or incentive fees paid to the Investment Manager by AHL Evolution Limited in connection with the investment management services provided by the Investment Manager in respect of the assets of AHL Evolution Limited.

24. AHL SPC – Class D will not invest more than 10% of the net assets of the AHL Portfolio in the Credit Suisse Notes.

25. In the absence of the Requested Relief, the Fund would not be permitted to indirectly gain exposure to the AHL Evolution Programme by means of the Credit Suisse Notes in the AHL Portfolio because:

    (a) the Credit Suisse Notes constitute an instrument, agreement or security, the market price, value or payment obligations of which are based on an underlying interest, AHL Evolution Limited which provides exposure to the AHL Evolution Programme; and

    (b) AHL Evolution Limited is not subject to NI 81-101 and NI 81-102, and the securities of AHL Evolution Limited are not qualified for distribution in one or more local jurisdictions, contrary to the requirements of subsections 2.5(2)(a) and (b) of NI 81-102.

26. An investment by AHL SPC – Class D in the Credit Suisse Notes will be made in accordance with the investment restrictions contained in NI 81-102 and NI 81-104, except for the restrictions in subsections 2.5(2)(a) and (c) of NI 81-102.

27. The Investment Manager will monitor the investment restrictions of the AHL SPC – Class D. If the Investment Manager becomes aware of any breach of the investment restrictions, appropriate action and notification to the directors and manager of the AHL SPC will be taken to bring the AHL SPC – Class D back within the investment restrictions as soon as practicable.

28. None of the Filer, the Fund or AHL SPC – Class D is in default of any securities legislation in any of the Jurisdictions.

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 Fund and AHL SPC – Class D are commodity pools subject to NI 81-102 and NI 81-104;

(b) the exposure of the Fund to securities of AHL SPC – Class D is in accordance with the fundamental investment objectives of the Fund;

(c) the prospectus of the Fund discloses that the Fund will obtain exposure to securities of AHL SPC – Class D and, to the extent applicable, the risks associated with such an investment;

(d) AHL SPC – Class D is a reporting issuer subject to NI 81-106;

(e) no securities of AHL SPC – Class D are distributed in Canada other than to the Counterparty under the Forward Agreement;

(f) the indirect investment by the Fund in securities of AHL SPC – Class D is made in compliance with each provision of section 2.5 of NI 81-102, except subsection subsections 2.5(2)(a) and (c) of NI 81-102;

(g) the Credit Suisse Notes held in the AHL Portfolio do not in the aggregate represent more than 10% of the net asset value of the AHL Portfolio;

(h) the total exposure of the AHL Portfolio to Credit Suisse (through the Credit Suisse Notes and other securities of Credit Suisse) does not in the aggregate represent more than 10% of the net asset value of the AHL Portfolio;

(i) AHL SPC – Class D provides disclosure regarding its investment in the Credit Suisse Notes and exposure to the AHL Evolution Programme, including disclosure regarding any fees paid to Credit Suisse, in its annual information form and other applicable continuous disclosure documents that it will file on SEDAR; and

(j) Financial statements of AHL Evolution Limited are provided to any securityholder of the Fund that requests them from the Filer.

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

2.1.4 Carlton Ivanhoe Lewis et al.

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

AND

CARLTON IVANHOE LEWIS,
MARK ANTHONY SCOTT, SEDWICK HILL,
LEVERAGE PRO INC., PROSPOREX INVESTMENT CLUB INC.,
PROSPOREX INVESTMENTS INC., PROSPOREX LTD.,
PROSPOREX INC., PROSPOREX FOREX SPV TRUST,
NETWORTH FINANCIAL GROUP INC., and
NETWORTH MARKETING SOLUTIONS

SANCTIONS DECISION

Hearing:	December 21, 2011		
Decision:	March 2, 2012		
Panel:	James D. Carnwath, QC	–	Commissioner and Chair of the Panel
	Margot C. Howard, CFA	–	Commissioner
Appearances:	Helen Daley	–	For Staff of the Commission
	Carlton Ivanhoe Lewis	–	Self-Represented
	Mark Anthony Scott	–	Self-Represented
	Sedwick Hill	–	Self-Represented
	LeveragePro Inc.	–	Not represented
	Prosporex Investment Club Inc.	–	Not represented
	Prosporex Investments Inc.	–	Not represented
	Prosporex Ltd.	–	Not represented
	Prosporex Inc.	–	Not represented
	Prosporex Forex SPV Trust	–	Not represented
	Networth Financial Group Inc.	–	Not represented
	Networth Marketing Solutions	–	Not represented

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I. INTRODUCTION

[1] This sanctions hearing follows a hearing on the merits terminating in our Reasons for Decision dated October 27, 2011 (the "**Decision**").

[2] Commission Staff seek sanctions against Carlton Ivanhoe Lewis ("**Mr. Lewis**"), Mark Anthony Scott ("**Mr. Scott**"), Sedwick Hill ("**Mr. Hill**") (collectively, the "**Individual Respondents**"). Staff also seek sanctions against LeveragePro Inc., Prosporex Investment Club Inc., Prosporex Investments Inc., Prosporex Ltd., Prosporex Inc., Prosporex Forex SPV Trust, Networth Financial Group Inc. and Networth Marketing Solutions (collectively, the "**Corporate Respondents**"). The Individual and Corporate Respondents are referred to globally as "the Respondents".

[3] In the Decision, we found:

(a) Each of the Respondents contravened section 126.1(b) of the *Act* by engaging in fraudulent conduct by perpetrating a fraud on both individuals (*viz*, their investors) and a company (AGF Trust).

(b) All Respondents had engaged in the unregistered trading of securities contrary to section 25(1)(a) of the *Act*.

(c) All Respondents had engaged in an illegal distribution of securities, in contravention of section 53(1) of the *Act*.

(d) All Respondents had acted contrary to the public interest.

II. BACKGROUND

[4] Over 1,700 individual investors were encouraged and persuaded by the Respondents to borrow over $25 million from AGF Trust under its RSP loan program. Investors were told funds would be placed in forex-based investment contracts promoted by the Respondents.

[5] AGF Trust advanced the $25 million on the understanding that the Respondents' investor clients place the money in RSP investments. The advanced funds were never directed to an RSP plan created to hold qualified investments.

[6] Of these loans we found that approximately $20 million was directed to uses having no connection with forex investment contracts. Of the $20 million, approximately $5.3 million of the funds was paid to investors as "returns" on their forex investment contracts. There were no such returns; no profits were ever obtained by the Respondents through forex investing.

[7] We found the Respondents made these returns to cause investors to increase their position and to attract new investors by demonstrating a record of success.

[8] We found approximately $14.7 million was either:

(a) directed to the Individual Respondents;

(b) paid as incentives to persons whom the Respondents used to assist in their fraud; or

(c) transferred to offshore locations for purposes never disclosed by the Respondents.

[9] We found that Mr. Lewis received $0.92 million, Mr. Scott $1.5 million and Mr. Hill $3.4 million, totalling approximately $5.8 million.

[10] We found approximately $2.3 million went to pay commissions and office expenses of the Respondents in furtherance of the fraud.

[11] There was no explanation in the evidence for the approximately $6.6 million that is unaccounted for.

III. STAFF SUBMISSIONS

The Corporate Respondents

[12] Staff seeks the following sanctions against the Corporate Respondents:

- an order that all of the Corporate Respondents be permanently prohibited from becoming registered under the Act, pursuant to clause 1 of section 127(1) of the Act;

- an order that all Corporate Respondents cease trading in securities permanently, pursuant to clause 2 of section 127(1);

- an order that acquisition of any securities by each of the Corporate Respondents is prohibited permanently pursuant to clause 2.1 of section 127(1); and

- an order that any exemptions contained in Ontario securities law do not apply to each of the Corporate Respondents permanently pursuant to clause 3 of section 127(1).

The Individual Respondents

[13] Staff seeks the following sanctions against the Individual Respondents:

- an order that Messrs. Lewis, Scott and Hill be permanently prohibited from becoming registered under the *Act*, pursuant to clause 1 of section 127(1) of the *Act*;

- an order that Messrs. Lewis, Scott and Hill cease trading in securities permanently pursuant to clause 2 of section 127(1);

- an order that the acquisition of any securities by Messrs. Lewis, Scott and Hill are prohibited permanently pursuant to clause 2.1 of section 127(1);

- an order that any exemptions contained in Ontario securities law do not apply to Messrs. Lewis, Scott and Hill permanently pursuant to clause 3 of section 127(1);

- an order reprimanding Messrs. Lewis, Scott and Hill pursuant to clause 6 of subsection 127(1);

- an order that Messrs. Lewis, Scott and Hill resign their positions that they may hold as a director or officer of an issuer, registrant or investment fund manager pursuant to clauses 7, 8.1 and 8.3 of section 127(1);

- an order that Messrs. Lewis, Scott and Hill are prohibited permanently from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, pursuant to clauses 8, 8.2 and 8.4 of section 127(1);

- an order that Messrs. Lewis, Scott and Hill are prohibited permanently from becoming or acting as a registrant, investment fund manager or as a promoter, pursuant to clause 8.5 of section 127(1);

- an order requiring Messrs. Lewis, Scott and Hill to each pay an administrative penalty of $1,000,000 pursuant to clause 9 of section 127(1);

- an order requiring each of them to disgorge the sums personally appropriated, as follows:

  (a) Mr. Lewis to disgorge to the Commission the amount of $0.92 million dollars;

  (b) Mr. Scott to disgorge to the Commission the amount of $1.5 million dollars; and

  (c) Mr. Hill to disgorge to the Commission the amount of $3.4 million dollars.

- an order that all disgorged amounts are to be applied for the benefit of third parties under section 3.4(2)(b) of the Act.

- an order requiring Messrs. Lewis, Scott and Hill to each pay one-third of $163,145, on account of the costs incurred in this matter pursuant to section 127.1.

IV. SUBMISSIONS BY THE INDIVIDUAL RESPONDENTS

[14] Each of Messrs. Lewis, Scott and Hill addressed the Panel. A common theme in their submissions was that each attempted lay the blame for the fraudulent activity on the other two. Indeed Messrs. Lewis and Hill suggested to the Panel that, they too, were victims. We reject any suggestion that there were any victims in this fraud other than AGF Trust and the individual investors.

[15] Mr. Lewis submitted that funds appropriated by him were for office expenses in the "back office" in Jamaica. No evidence was submitted to support the actual expenditure of funds for the Jamaica office.

[16] Mr. Scott repeated his submission made in the course of the Hearing on the Merits to the effect that Staff acted improperly in receiving evidence from employees at the Prosporex office. He made no submissions on the appropriateness of the sanctions sought by Staff. Mr. Hill submitted letters in support from many of his clients over the preceding years. All spoke highly of Mr. Hill; however, many professed to know nothing about the difficulties he was in with the OSC. Mr. Hill stressed the financial difficulty he found himself in and the effect that Staff's requested sanctions would have on him.

[17] We find the attempts of each of the Individual Respondents to blame the remaining two understandable, but not persuasive. We find that all three Respondents played an important part in their respective roles in the fraud. We cannot conclude that one was more or less culpable than another.

V. ANALYSIS OF THE LAW ON SANCTIONS

[18] Pursuant to section 1.1. of the *Act*, the Commission has the mandate to: (i) provide protection to investors from unfair, improper or fraudulent practices; and (ii) foster fair and efficient capital markets and confidence in capital markets. As stated by the Supreme Court of Canada in *Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario Securities Commission*, [2001] S.C.R. 132 ("**Asbestos**"), the Commission's public interest mandate is neither remedial nor punitive; instead, it is protective and preventive, and it is intended to prevent future harm to Ontario's capital markets (at para. 42). Specifically:

> … the above interpretation is consistent with the scheme of enforcement in the Act. The enforcement techniques in the Act span a broad spectrum from purely regulatory or administrative sanctions to serious criminal penalties. The administrative sanctions are the most frequently used sanctions and are grouped together in s. 127 as "Orders in the public interest". Such orders are not punitive: *Re Albino* (1991), 14 O.S.C.B. 365. Rather, the purpose of an order under s. 127 is to restrain future conduct that is likely to be prejudicial to the public interest in fair and efficient capital markets. The role of the OSC under s. 127 is to protect the public interest by removing from the capital markets those whose past conduct is so abusive as to warrant apprehension of future conduct detrimental to the integrity of the capital markets: *Re Mithras Management Ltd.*(1990), 13 O.S.C.B. 1600. In contradistinction, it is for the courts to punish or remedy past conduct under ss. 122 and 128 of the Act respectively: see D. Johnston and K. Doyle Rockwell, *Canadian Securities Regulation* (2nd ed. 1998), at pp. 209-11.
>
> …
>
> … pursuant to s. 127(1), the OSC has the jurisdiction and a broad discretion to intervene in Ontario capital markets if it is in the best interest to do so … In exercising its discretion, the OSC should consider the protection of investors and the efficiency of, and public confidence in, capital markets generally. In addition, s. 127(1) is a regulatory provision. The sanctions under the section are preventive in nature and prospective in orientation.
>
> (*Asbestos, supra* at paras. 43 and 45 [emphasis added])

[19] In determining the appropriate sanctions to order in this matter, we must keep in mind the Commission's preventive and protective mandate set out in section 1.1. of the *Act*, and we must also consider the specific circumstances in this case and ensure that the sanctions are appropriate (*Re M.J.C.J. Holdings*, (2002), 25 O.S.C.B. 1133 at 1134).

[20] The case law sets out the following list of non-exhaustive factors that are important to consider when imposing sanctions:

a. the seriousness of the allegations;

b. the respondent's experience in the marketplace;

c. the level of a respondent's activity in the marketplace

d. whether or nor there has been a recognition of the seriousness of the improprieties;

e. the need to deter a respondent, and other like-minded individuals, from engaging in similar abuses of the capital markets in the future;

f. whether the violations are isolated or recurrent;

g. the size of any profit gained or loss avoided from the illegal conduct;

h. any mitigating factors, including the remorse of the respondent;

i. the effect any sanction might have on the livelihood of the respondent;

j. the effect any sanction might have on the ability of a respondent to participate without check in the capital markets;

k. in light of the reputation and prestige of the respondent, whether a particular sanction will have an impact on the respondent and be effective;

l. the size of any financial sanctions or voluntary payment when considering other factors.

(*Re M.C.J.C. Holdings*, (2002), 25 O.S.C.B. 1133 at 1136 and *Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at 7746)

[21] The applicability and importance of each factor will vary according to the facts and circumstances of each case.

[22] Deterrence is another important factor that the Commission should consider when determining appropriate sanctions. In *Re Cartaway Resources Corp*., [2004] 1 S.C.R. 672 ("**Cartaway**"), the Supreme Court of Canada explained that deterrence is "…an appropriate, and perhaps necessary, consideration in making orders that are both protective and preventive" (at para. 60). Further, the Supreme Court emphasized that deterrence may be specific to the respondent or general to deter the public at large:

> Deterrent penalties work on two levels. They may target society generally, including potential wrongdoers, in an effort to demonstrate the negative consequences of wrongdoing. They may also target the individual wrongdoer in an attempt to show the unprofitability of repeated wrongdoing. The first is general deterrence; the second is specific or individual deterrence: see. C. C. Ruby, *Sentencing* (5th ed. 1999). In both cases deterrence is prospective in orientation and aims at preventing future conduct.
>
> (*Cartaway*, *supra* at para. 52)

[23] As stated above, the sanctions imposed must be protective and preventive. The role of the Commission is to impose sanctions that will protect investors and the capital markets from exposure to similar conduct in the future. As articulated by the Commission in *Re Mithras Management Inc.* (1990), 13 O.S.C.B. 1600:

> … the role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 [now 122] of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In so doing we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.
>
> (*Mithras*, *supra* at 1610 and 1611)
>
> (See *Goldbridge Financial Inc*., (2011), 34 OSCB 11113 at paras. 18-23)

VI. APPLICATION OF THE LAW TO THE FACTS OF THIS CASE

The Seriousness of the Allegations

[24] We have found the Respondent's committed fraud together with other significant contraventions of the *Act*. AGF Trust put over $25 million at risk based on the misrepresentations of the Respondents. Most of the individual investors lost their investment with calamitous results for themselves and their families.

The Respondents' Experience in the Marketplace

[25] All the Individual Respondents had experience as licensees in the financial sector. Mr. Lewis was licensed by the Financial Services Commission of Ontario as a life insurance and accident and sickness insurance agent. Mr. Scott was registered with the OSC as a scholarship plan salesperson until July 2007. Mr. Hill was registered with the OSC as a mutual funds salesperson for Keybase Financial Group Inc. He was also licensed by FSCO as a life insurance and accident and sickness insurance agent until his license expired on November 18, 2008. They knew or ought to have known their obligations to AGF Trust when they embarked on the scheme that wrought financial havoc, particularly on the individual investors.

The Level of the Respondents' Activity in the Marketplace

[26] The activity in the marketplace was substantial. Over 1,700 investors advanced money they could ill afford to lose because of the Respondents' misrepresentations. Those same misrepresentations caused AGF to put $25 million and its reputation at risk.

The Respondents' Recognition of the Seriousness of their Improprieties

[27] We decline to take this factor into consideration. The Individual Respondents had the right not to testify and to conduct a defence. While remorse may be a factor in mitigation, it cannot be converted to a factor in aggravation, merely because they chose to dispute the allegations. All the Respondents stated they were sorry for the harm done to investors, while not acknowledging they were responsible for that harm.

General and Specific Deterrence

[28] We are satisfied that the sanctions which we propose to order are proportionate to the Respondents' misconduct and will deter the Respondents and like-minded individuals to avoid similar conduct.

Disgorgement

[29] We find it more than appropriate that the Individual Respondents be ordered to disgorge those sums they appropriated to themselves.

The Effect of the Sanction

[30] We agree with Staff's submission that the conduct of the Individual Respondents has been so harmful that they should be prevented from participating in the capital markets permanently in any capacity. Public interest requires that the Individual Respondents be restrained permanently from any future participation in capital markets.

Administrative Penalty

[31] Staff seeks orders that Messrs. Lewis, Scott and Hill each pay an administrative penalty of $1 million, the maximum amount under the *Act*. If the maximum penalty is reserved for the worst offence and the worst offender, we find those two factors not present in this case. None of the Individual Respondents have been found to have contravened securities legislation until this matter. Greater sums have been put at risk and lost and respondents have been found to have re-offended. We find the sum we have chosen is appropriate to meet the public interest on the facts of this case.

Costs

[32] We have discretion to order persons or companies to pay the costs of an investigation and hearing when we find that someone has not complied with the *Act* or has not acted in the public interest. Staff has submitted a bill of costs restricted to the cost of the hearing and omitting the costs of investigation in the amount of $163,145.92. The $163,145 is supported by time sheets providing dates, numbers of hours of work and tasks performed by each of the individuals named. We agree with Staff's submission that a conservative approach has been applied to the bill of costs. Staff seeks no monetary compensation from the Corporate Respondents.

[33] We order:

(1) All Corporate Respondents are permanently prohibited from becoming registered under the *Act* pursuant to clause 1 of section 127(1) of the *Act*;

(2) All Corporate Respondents are to cease trading in securities permanently, pursuant to clause 2 of section 127(1) of the *Act*;

(3) All Corporate Respondents are prohibited permanently from acquiring any securities, pursuant to clause 2.1 of section 127(1) of the *Act*; and

(4) No exemptions contained in Ontario securities law shall apply to each of the Corporate Respondents permanently, pursuant to clause 3 of section 127(1) of the *Act*.

The Individual Respondents

[34] The following sanctions shall apply to the Individual Respondents:

(1) Messrs. Lewis, Scott and Hill are permanently prohibited from becoming registered under the *Act*, pursuant to clause 1 of section 127(1) of the *Act*;

(2) Messrs. Lewis, Scott and Hill shall cease trading in securities permanently, pursuant to clause 2 of section 127(1) of the *Act*;

(3) Messrs. Lewis, Scott and Hill are prohibited permanently from acquiring any securities, pursuant to clause 2.1 of section 127(1) of the *Act*;

(4) No exemptions contained in Ontario securities law shall apply to Messrs. Lewis, Scott and Hill permanently, pursuant to clause 3 of section 127(1) of the *Act*;

(5) Messrs. Lewis, Scott and Hill are reprimanded, pursuant to clause 6 of section 127(1) of the *Act*;

(6) Messrs. Lewis, Scott and Hill shall resign any positions they may hold as a director or officer of an issuer, a registrant or investment fund manager, pursuant to clauses 7, 8.1 and 8.3 of section 127(1) of the *Act*.

(7) Messrs. Lewis, Scott and Hill are prohibited permanently from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, pursuant to clauses 8, 8.2 and 8.4 of section 127(1) of the *Act*;

(8) Messrs. Lewis, Scott and Hill are prohibited permanently from becoming or acting as a registrant, investment fund manager or as a promoter, pursuant to clause 8.5 of section 127(1) of the *Act*;

(9) Messrs. Lewis, Scott and Hill are each ordered to pay an administrative penalty of $750,000, pursuant to clause 9 of section 127(1) of the *Act*;

(10) Messrs. Lewis, Scott and Hill to disgorge the sums they personally appropriated as follows:

(a) Mr. Lewis, to disgorge to the Commission the amount of $0.92 million;

(b) Mr. Scott, to disgorge to the Commission the amount of $1.5 million; and

(c) Mr. Hill, to disgorge to the Commission the amount of $3.4 million.

(11) We order that all penalty and disgorged amounts are to be applied for the benefit of third parties, pursuant to section 3.4(2)(b) of the *Act*, including investors who lost money, as the Commission in its absolute discretion shall decide;

(12) Each of Messrs. Lewis, Scott and Hill are ordered to pay one third of $163,145 on account of the costs incurred in this matter, pursuant to section 127.1 of the *Act*.

Dated this 2nd day of March, 2012

"James D. Carnwath", QC

"Margot C. Howard", CFA

2.1.5 Xstrata Canada Corporation and Xstrata plc

Headnote

National Policy 11-203 Process for Exemptive Relief Application in Multiple Jurisdictions – application from U.K. listed company (Parent) and its Canadian wholly-owned subsidiary (Subco) for an order pursuant to section 13.1 of National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102), exempting Subco from the requirements of NI 51-102; for an order pursuant to section 8.6 of National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109) exempting Subco from the requirements of NI 52-109; for an order pursuant to section 8.1 of National Instrument 52-110 Audit Committees (NI 52-110) exempting Subco from the requirements of NI 52-110; for an order pursuant to section 3.1 of National Instrument 58-101 Corporate Governance Practices (NI 58-101) exempting Subco from the requirements of NI 58-101; for an order pursuant to section 121(2)(a)(ii) of the Securities Act (Ontario) exempting certain insiders of Subco from the insider reporting requirements of the Act – Subco is a wholly-owned subsidiary of Parent – Parent has provided a full and unconditional guarantee of Subco's securities – Subco cannot rely on the credit support issuer exemption in section 13.4 of NI 51-102 because Parent is not an "SEC issuer" – relief granted on conditions substantially analogous to the conditions contained in section 13.4 of NI 51-102 and also on the condition that Parent meets the definition of "designated foreign issuer" in National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers (NI 71-102) except for the fact that it is not a reporting issuer in a Jurisdiction.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., s. 121(2)(a)(ii).
National Instrument 51-102 Continuous Disclosure Obligations, ss. 13.1, 13.4.
National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, s. 8.6.
National Instrument 52-110 Audit Committees, s. 8.1.
National Instrument 58-101 Corporate Governance Practices, s. 3.1.
National Instrument 55-102 System for Electronic Disclosure by Insiders, s. 6.1.

March 2, 2012

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK, NOVA SCOTIA,
NEWFOUNDLAND AND LABRADOR, PRINCE EDWARD ISLAND,
THE NORTHWEST TERRITORIES, YUKON TERRITORY AND NUNAVUT
(collectively, the "Jurisdictions")

AND

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

AND

IN THE MATTER OF
XSTRATA CANADA CORPORATION AND XSTRATA PLC
(the "Filers")

DECISION

Background

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

(a) Xstrata Canada Corporation ("**Xstrata Canada**") be granted an exemption from the requirements of Parts 4 through 12 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") pursuant to section 13.1 of NI 51-102;

(b) Xstrata Canada be granted an exemption from the requirements of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") pursuant to section 3.1 of NI 58-101;

(c) Xstrata Canada be granted an exemption (the "**Certification Relief**") from the requirements of National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**") pursuant to section 8.6 of NI 52-109;

(d) Xstrata Canada be granted an exemption (the "**Audit Committee Relief**") from the requirements of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") pursuant to section 8.1 of NI 52-110; and

(e) the insider reporting requirements and requirement to file an insider profile under National Instrument 55-102 – *System for Electronic Disclosure by Insiders* will not apply to an insider of Xstrata Canada in respect of securities of Xstrata Canada (the "**Insider Reporting Relief**");

(the exemptions in clause (a) and (b), collectively, the "**Continuous Disclosure Relief**").

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

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

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

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

Interpretation

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

Representations

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

Xstrata

1. Xstrata plc ("**Xstrata**") is a corporation existing and incorporated under the laws of England and Wales with its principal executive offices in Zug, Switzerland. Xstrata's ordinary shares are listed on the London and Swiss stock exchanges under the symbol "XTA".

2. Xstrata is a major producer of copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc, with a growing platinum group metals business and additional exposure to gold, cobalt, lead and silver. Xstrata's operations and projects span six continents and 20 countries.

3. As a company incorporated in the United Kingdom (the "**U.K.**") and whose ordinary shares are admitted to the premium listing segment of the Official List of the United Kingdom Financial Services Authority (the "**FSA**") and admitted to trading on London Stock Exchange plc's (the "**LSE**") main market for listed securities, Xstrata is subject to the financial reporting requirements of the Listing Rules (the "**U.K. Listing Rules**") and the Disclosure Rules and the Transparency Rules of the FSA (together with the U.K. Listing Rules, the "**U.K. Disclosure Rules**") pursuant to which Xstrata publishes and files its financial statements prepared in accordance with International Financial Reporting Standards. Financial statements are currently required by the U.K. Disclosure Rules to be filed on a semi-annual basis. Under the U.K. Disclosure Rules, Xstrata's annual financial statements are required to be published as soon as possible after they have been approved by the board of Xstrata and within four months of Xstrata's financial year end. The half yearly financial statements in respect of the first six months of Xstrata's financial year are required to be published as soon as possible, but no later than two months after the end of the period to which the report relates. The annual and half yearly financial statements must remain available to the public for at least five years. Xstrata's financial year end is December 31. In addition, Xstrata is required by the U.K. Disclosure Rules to make public a statement by its management during the first six-month period of the financial year and another statement by its management during the second six-month period of the financial year (each, an "**Interim Management Statement**"). An Interim Management Statement must include an explanation of material events and transactions that have taken place during the relevant period and their impact on the financial position of Xstrata and its controlled undertakings and a general description of the financial position and performance of Xstrata and its controlled undertakings during the relevant period. (All regulated information published by issuers in the U.K. pursuant to the U.K. Disclosure Rules is required to be published on an online facility called the National Storage Mechanism (the "**NSM**"). The NSM is a website that provides public access to documents that were previously maintained in the FSA's document viewing facility.)

4. Xstrata is in compliance with the requirements of the U.K. Disclosure Rules concerning the disclosure made to the public, to securityholders of Xstrata or to the FSA relating to Xstrata and the trading of its securities (the "**U.K. Disclosure Requirements**") and has filed all documents that it is required to have filed by the U.K. Disclosure Requirements;

5. Xstrata is not a reporting issuer or equivalent in any Jurisdiction.

6. Xstrata is not in default of any of the requirements of the Legislation.

7. Xstrata does not have a class of securities registered under section 12 of the *Securities Exchange Act of 1934* of the United States (the "**1934 Act**") and is not required to file reports under section 15(d) of the 1934 Act.

8. None of Xstrata's equity securities are owned of record by residents of Canada. The total number of equity securities of Xstrata owned, directly or indirectly, by residents of Canada does not exceed 10 per cent, on a fully-diluted basis, of the total number of Xstrata's equity securities.

9. Xstrata indirectly holds a 44% joint venture interest in the Collahuasi copper mine in Chile (the "**Collahuasi Property**"). At the date of this decision, the Collahuasi Property is a property material to Xstrata for purposes of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**").

Xstrata Canada

10. Xstrata Canada is a corporation amalgamated under the laws of the Province of Ontario with its principal executive offices located in Toronto, Ontario, and is the successor by amalgamation to Xstrata Canada Inc. ("**XCI**"), a corporation existing and incorporated under the laws of the Province of Ontario. Xstrata Canada is a wholly-owned indirect subsidiary of Xstrata. XCI was incorporated for the purpose of acquiring Xstrata Canada (formerly known as Falconbridge Limited), which corporation was the result of an amalgamation between Noranda Inc. and the former Falconbridge Limited that occurred on June 30, 2005. Xstrata Canada's financial year end is December 31.

11. Xstrata Canada is principally engaged in the mining and production of copper, nickel and zinc.

12. The authorized capital of Xstrata Canada consists of an unlimited number of Common Shares. As of December 10, 2011, there were issued and outstanding 377,994,397 common shares (the "**Common Shares**"), all of which are owned indirectly by Xstrata, and no issued and outstanding preferred shares.

13. Xstrata Canada is a reporting issuer or its equivalent in each of the Jurisdictions.

14. Xstrata Canada is not in default of any of the requirements of the Legislation.

15. The Common Shares were delisted from the Toronto Stock Exchange (the "**TSX**") on November 1, 2006 and from the New York Stock Exchange on August 17, 2006. No securities of Xstrata Canada are listed on a securities exchange.

16. As of December 10, 2011, Xstrata Canada had outstanding the following unsecured notes and debentures (collectively, the "**Notes**"):

    (a) US$250 million principal amount of 6.2% notes due June 15, 2035;

    (b) US$250 million principal amount of 5.5% notes due June 15, 2017;

    (c) US$341 million principal amount of 6% notes due October 15, 2015;

    (d) US$250 million principal amount of 5.375% notes due June 1, 2015;

    (e) US$300 million principal amount of 7.25% notes due July 15, 2012; and

    (f) US$250 million principal amount of 7.35% notes due June 5, 2012.

17. The Notes are all fully and unconditionally guaranteed as to Xstrata Canada's payment obligations by Xstrata (the "**Guarantee**").

18. The only securities issued by Xstrata Canada that are owned by parties unaffiliated with Xstrata are the Notes.

19. Xstrata and Xstrata Canada currently have investment grade credit ratings. Xstrata's and Xstrata Canada's long-term debt securities are rated BBB+ by Standard & Poor's with a stable outlook, Baa2 by Moody's Investors Service with a positive outlook and A (low) by Dominion Bond Rating Service Limited with a stable trend. The Notes have the same ratings.

20. As a result of the Guarantee, the holders of the Notes in effect have a greater interest in the financial condition of Xstrata than they have in Xstrata Canada alone.

21. The Legislation currently provides certain exemptions from continuous disclosure and other obligations on reporting issuers incorporated in foreign jurisdictions that have a limited presence in the markets in the Jurisdictions. National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* ("**NI 71-102**") provides numerous exemptions for such issuers from the continuous disclosure requirements of NI 51-102.

22. In addition, reporting issuers which are not incorporated in a foreign jurisdiction are also relieved of a significant portion of the continuous disclosure obligations under NI 51-102 pursuant to section 13.4 of NI 51-102 where the reporting issuer has issued only non-convertible debt and preferred shares that have been fully and unconditionally guaranteed by an "SEC issuer".

23. Xstrata is not an SEC issuer for the purposes of section 13.4 of NI 51-102. As a result, the exemptions from NI 51-102 for credit support issuers who have issued only designated credit support securities fully and unconditionally guaranteed by an SEC issuer are not applicable to Xstrata Canada and Xstrata.

Decision

Each Decision Maker is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the following decision has been met.

1. THE DECISION of the Decision Makers under the Legislation is that the Continuous Disclosure Relief and the Audit Committee Relief is granted to Xstrata Canada provided that:

   (a) Xstrata is the direct or indirect beneficial owner of all of the issued and outstanding voting securities of Xstrata Canada;

   (b) Xstrata is incorporated or organized under the laws of the U.K., and Canadian residents own, directly or indirectly, outstanding voting securities carrying no more than 50 per cent of the votes for the election of directors, and none of the following is true:

      (i) the majority of the executive officers or directors of Xstrata are residents of Canada;

      (ii) more than 50 per cent of the consolidated assets of Xstrata are located in Canada; and

      (iii) the business of Xstrata is administered principally in Canada;

   (c) Xstrata does not have a class of securities registered under section 12 of the 1934 Act and is not required to file reports under section 15(d) of the 1934 Act;

   (d) Xstrata's ordinary shares are admitted to the premium listing segment of the Official List of the FSA and admitted to trading on the LSE's main market for listed securities and Xstrata is subject to and complies with the U.K. Disclosure Requirements and has filed all documents that it is required to have filed by the U.K. Disclosure Requirements;

   (e) the U.K. is a designated foreign jurisdiction as such term is defined in section 1.1 of NI 71-102;

   (f) the total number of equity securities of Xstrata owned, directly or indirectly, by residents of Canada does not exceed 10 per cent, on a fully-diluted basis, of the total number of Xstrata's equity securities, calculated in accordance with sections 1.2 and 1.3 of NI 71-102;

   (g) Xstrata Canada does not issue any securities, and does not have any securities outstanding, other than:

      (i) designated credit support securities (as such term is defined in NI 51-102) for which Xstrata has provided a full and unconditional guarantee;

      (ii) securities issued to and held by Xstrata or an affiliate of Xstrata;

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

(iv) securities issued under exemptions from the prospectus requirement in section 2.35 of National Instrument 45-106 – *Prospectus and Registration Exemptions*;

(h) Xstrata has provided a full and unconditional guarantee of the payments to be made by Xstrata Canada, as stipulated in the terms of the Notes or in one or more agreements governing the rights of holders of the Notes, that results in the holders of the Notes being entitled to receive payment from Xstrata within 15 days of any failure by Xstrata Canada to make a payment, and no other person or company has provided a guarantee or alternative credit support (as such term is defined in NI 51-102) for the payments to be made under any issued and outstanding securities of Xstrata Canada;

(i) Xstrata Canada files on SEDAR in electronic format copies of all documents Xstrata is required to file with the FSA under the U.K. Disclosure Requirements, at the same time or as soon as practicable after such documents are made public on the NSM, provided that Xstrata Canada shall not be required to file on SEDAR prospectuses submitted to the FSA in connection with securities offerings that do not take place in Canada;

(j) Xstrata Canada files on SEDAR in electronic format copies of all documents that are published by Xstrata via a Regulatory Information Service (the approved disseminators of regulatory information under the continuous disclosure regime in the U.K.) and are accessible by the public on the NSM (other than documents not required to be filed on SEDAR pursuant to paragraph (i) above), at the same time or as soon as practicable after such documents are published via a Regulatory Information Service;

(k) Xstrata's disclosure documents required to be filed electronically pursuant to paragraph (i) and (j) above comply with the requirements of NI 52-107 applicable to foreign issuers;

(l) at least once a year, Xstrata Canada discloses in, or as an appendix to, a document that Xstrata is required to file under the U.K. Disclosure Requirements and that Xstrata Canada files in the Jurisdictions:

(i) that Xstrata is subject to the regulatory requirements of the FSA; and

(ii) that pursuant to the terms of this decision, the Decision Makers have provided Xstrata Canada with exemptive relief from certain continuous disclosure requirements under the Legislation provided that, among other things, Xstrata Canada files in the Jurisdictions and provides to its securityholders the disclosure documents filed by Xstrata and provided to its securityholders pursuant to the U.K. Disclosure Requirements;

(m) Xstrata complies with the U.K. Disclosure Requirements in respect of making public disclosure of material information on a timely basis and immediately issues in the Jurisdictions and files any news release that discloses a material change in Xstrata's affairs;

(n) Xstrata Canada issues in the Jurisdictions a news release and files a material change report for all material changes in respect of the affairs of Xstrata Canada that are not also material changes in the affairs of Xstrata;

(o) Xstrata Canada files on SEDAR, in electronic format, in or with the copy of each consolidated interim financial report and consolidated annual financial statements of Xstrata filed pursuant to paragraph (i) above, for the periods covered by the consolidated interim financial report or consolidated annual financial statements of Xstrata filed, consolidating summary financial information for Xstrata presented with a separate column for each of the following:

(i) Xstrata;

(ii) Xstrata Canada;

(iii) any other subsidiaries of Xstrata on a combined basis;

(iv) consolidating adjustments; and

(v) the total consolidated amounts;

(p) the consolidating summary financial information required by paragraph (o) above shall be prepared on a basis consistent with section 13.4(1.1) of NI 51-102;

(q) so long as the securities issued by Xstrata Canada include debt, Xstrata Canada concurrently sends to all holders in the Jurisdictions of such securities all disclosure materials that are sent to holders of similar debt of Xstrata in the manner and at the time required by the U.K. Disclosure Requirements and if any such documents are required to be sent, at least once each year, Xstrata includes with such documents the disclosure required under paragraph (l) above;

(r) in the event that Xstrata Canada issues designated credit support securities that are non-convertible preferred shares or convertible preferred shares that are convertible into securities of Xstrata, Xstrata Canada concurrently sends to all holders in the Jurisdictions of such securities all disclosure materials that are sent to holders of similar preferred shares of Xstrata in the manner and at the time required by the U.K. Disclosure Requirements and if any such documents are required to be sent, at least once each year, Xstrata includes with such documents the disclosure required under paragraph (l) above;

(s) any amendments or supplements to disclosure documents of Xstrata filed by Xstrata Canada pursuant to this decision shall also be filed;

(t) the documents of Xstrata filed by Xstrata Canada pursuant to this decision comply with the requirements of NI 43-101;

(u) on or prior to March 30, 2012, Xstrata Canada files a technical report under NI 43-101 in respect of the Collahuasi Property;

(v) Xstrata Canada files a technical report under NI 43-101 to support scientific or technical information in Xstrata's disclosure to shareholders describing each mineral project on a property material to Xstrata;

(w) Xstrata Canada files such other documents relating to Xstrata that Xstrata would be required to file by current and future requirements of the Legislation if Xstrata were a designated foreign issuer (as defined in NI 71-102) and Xstrata complies with current and future requirements of the Legislation applicable to designated foreign issuers as if Xstrata were a designated foreign issuer, provided that Xstrata will not be considered to be a reporting issuer because it complies with such requirements in order to satisfy the conditions of this decision, and provided further that any requirement of the Legislation that requires designated foreign issuers to file disclosure documents may be satisfied by the filing of such documents by Xstrata Canada; and

(x) the Continuous Disclosure Relief and Audit Committee Relief will expire on the date that is five years after the date of this decision.

“Jo-Anne Matear”

2. THE FURTHER DECISION of the Decision Makers under the Legislation is that the Certification Relief is granted to Xstrata Canada provided that:

(a) Xstrata Canada qualifies for the Continuous Disclosure Relief and Audit Committee Relief and Xstrata Canada and Xstrata are in compliance with the requirements and conditions set out in paragraph 1 above;

(b) Xstrata Canada is not required to, and does not, file its own annual or interim filings; and

(c) the Certification Relief will expire on the date that is five years after the date of this decision.

“Jo-Anne Matear”

3. THE FURTHER DECISION of the Decision Makers is that the Insider Reporting Relief be granted to insiders of Xstrata Canada provided that:

(a) if the insider is not Xstrata,

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

(ii) the insider is not an insider of Xstrata in any capacity other than by virtue of being an insider of Xstrata Canada;

(b) if the insider is Xstrata, Xstrata does not beneficially own any designated credit support securities of Xstrata Canada;

(c) Xstrata Canada qualifies for the Continuous Disclosure Relief and Audit Committee Relief and Xstrata Canada and Xstrata are in compliance with the requirements and conditions set out in paragraph 1 above; and

(d) such Insider Reporting Relief will expire on the date that is five years after the date of this decision.

"Margot C. Howard"
Commissioner
Ontario Securities Commission

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

2.1.6 Green Bay Packers, Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from prospectus requirements – certain sales, transfers, and issuances of common stock of issuer, a professional sports team in the United States, are not subject to prospectus requirements of the Act, subject to conditions.

Applicable Legislative Provisions

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

February 24, 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
GREEN BAY PACKERS, INC.
(the Filer)

DECISION

Background

The local securities regulatory authority or regulator in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption from the prospectus requirement in respect of the distribution of common stock (**Offered Shares**) of the Filer to be offered (**Offering**) in each of the Jurisdictions (defined below) (the **Requested Relief**).

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

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation organized as a Wisconsin non-profit stock corporation established under the Wisconsin Business Corporation Law on January 26, 1935.

2. The Filer is not, and does not intend to become, a reporting issuer under the securities legislation of any Jurisdiction. The Filer is not, and does not intend to become, a reporting company under the United States federal *Securities*

Exchange Act of 1934. The shares of common stock of the Filer are not listed or traded on any stock exchange or over-the-counter-market in Canada, the United States or elsewhere.

3. The Filer's restated articles of incorporation as currently in effect (the **Articles**) provide that the Filer shall be non-profit sharing and its purpose shall be exclusively for charitable purposes and that its profit shall be donated to the Green Bay Packers Foundation (the **Foundation**) but that the Filer can make contributions to any local charitable institutions.

4. Despite its non-profit status, the Filer is not a charitable organization under Section 501(c)(3) of the United States federal *Internal Revenue Code of 1986*, as amended (the **Code**). The Foundation is a private foundation and a charitable organization under Section 501(c)(3) of the Code formed in 1987 to manage the Filer's contributions to charity. The Filer is an exempt organization for purposes of Wisconsin income tax.

5. In the event of dissolution of the Filer, the Articles provide that the undivided profits and assets of the Filer shall go to the Foundation for distribution to community programs, charitable causes, and such other similar causes the Foundation deems appropriate.

6. The Filer is subsisting under the Articles as a community project intended to promote community welfare and its purposes shall be exclusively charitable, and incidental to its purposes, the Filer shall have the right to conduct athletic contests, operate a football team, or such other similar projects for the purpose of carrying out its charitable purposes, which purposes shall be carried on within the State of Wisconsin, and especially within the County of Brown, Wisconsin.

7. At the time of its incorporation, the Filer operated a National Football League franchise, the Green Bay Packers, and the Filer continues to operate that franchise.

8. The authorized capital stock of the Filer consists of 10,000,000 shares of common stock with no par value. As of November 1, 2011, there were approximately 4,750,000 shares of Common Stock issued and outstanding held by approximately 112,000 shareholders.

9. The Articles provide that no shareholder of the Filer shall receive any dividend, pecuniary profit or emolument by virtue of his or her being a shareholder of the Filer. The Filer may not distribute the proceeds from liquidation to its shareholders.

10. The Filer's bylaws, as amended, provide that no holder of shares of common stock may sell, assign, exchange, give, pledge, encumber or otherwise transfer or dispose of any shares of common stock, subject to two exceptions. A person may transfer shares of common stock to an "immediate family" member by gift, or in the event of death, and an entity may transfer shares of common stock to certain persons associated with such entity as approved by the Filer.

11. The certificates representing the shares of common stock include a restrictive transfer legend and a statement referring to the Filer's non-profit status.

12. On December 6, 2011, the Filer commenced an offering of shares of common stock (the "**Offering**") in the United States at a price of US$250 per share. The initial amount of the Offering was 250,000 shares. The Filer reserved the right to increase or decrease the size of the Offering at any time, subject to authority to offer up to 879,990 shares of common stock. The shares of common stock that the Filer is offering pursuant to the Offering are referred to as the "Offered Shares." On December 27, 2011, the Filer announced that it had sold nearly 250,000 Offered Shares in the Offering and that it was increasing the number of Offered Shares by 30,000 to an aggregate of 280,000 Offered Shares.

13. The Filer desires to offer the remaining Offered Shares, approximately 19,000 as of February 20, 2012, in the United States and each of the Jurisdictions, subject to the ability to increase such amount at its discretion. The Filer would offer the Offered Shares at a price of US$250 per share together with a handling fee for each subscription that may be of US$25 or some other amount. The Filer intends to offer the Offered Shares in the United States and each of the Jurisdictions until February 29, 2012, subject to extension, or until the Offering is fully subscribed.

14. The distribution of the Offered Shares by the Filer will be made pursuant to an offering document (the Offering Document) that contains disclosure regarding the terms and conditions of the Offering, a description of the Offered Shares, the management of the Filer, restrictions on transfer of the Offered Shares and associated fees and that the Offered Shares do not represent the possibility of profit or provide dividends, distributions, tax or other benefits to holders.

15. Each prospective purchaser of Offered Shares will have the opportunity to review the Offering Document online at www.packersowner.com and will be required to complete and sign a subscription agreement. Subscribers for the

Offered Shares may complete their subscription agreement online or by mailing their completed subscription agreement to the Filer's transfer agent, Wells Fargo Shareowner Services. A prospective purchaser of Offered Shares will also have the opportunity to ask to receive the Offering Document by mail. In that case, the subscriber would mail their completed subscription agreement to the Filer's transfer agent.

16. The Filer maintains, by way of additional disclosure for the Offering, a website at www.packersowner.com on which the Filer posts information concerning the history of the Filer, the Offering Document, information regarding certificates representing the Offered Shares and responses to frequently asked questions.

17. The net proceeds of the Offering will be deposited in the Filer's segregated capital improvements fund. Withdrawals from such fund may be used only for stadium or other capital improvements. Proceeds from the Offering will not be commingled with the general cash balances of the Filer or used to pay ordinary operating expenses of the Filer.

18. The Filer intends to do the following in respect of advertising the Offered Shares: (i) the Filer will deliver a press release to media outlets in Green Bay and Milwaukee; (ii) the Filer will deliver a press release to media outlets in select Canadian cities; (iii) the Filer will not purchase advertising in any media; (iv) the Filer will respond to and cooperate with media inquiries; and (v) the Filer's website will make it clear that Canadians who reside in relevant provinces can purchase the Offered Shares (collectively, the Advertising).

19. The Filer would be entitled to rely on the exemption provided by section 2.38 of National Instrument 45-106 Prospectus and Registration Exemptions in connection with the Offering, but for: (i) incidental to its purposes the Filer conducts athletic contests and operates a football team with substantial revenues and expenses, and (ii) the application of paragraph (b) thereof, which provides that such exemption is unavailable if any commission or other remuneration is paid in connection with the sale of the security.

20. It is contemplated that the Filer may engage advertising, marketing and other consultants and advisors to assist the Filer with the Advertising, but no portion of the compensation paid to them will be based on the number of Offered Shares sold in the form of commissions or otherwise.

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.

To the extent that the Offered Shares are securities for the purposes of the Legislation, the decision of the principal regulator under the Legislation is that the Requested Relief is granted, provided that:

(a) the Filer is organized exclusively for educational, benevolent, fraternal, charitable, religious or recreational purposes and not for profit and that, incidental to its purposes, the Filer shall have the right to conduct athletic contests, operate a football team, or such other similar projects for the purpose of carrying out its charitable purposes;

(b) the Foundation is organized exclusively for educational, benevolent, fraternal, charitable, religious or recreational purposes and not for profit;

(c) no part of the net earnings of the Filer benefit any security holder of the Filer;

(d) the net proceeds of the Offering will be used only for stadium or other capital improvements and will not be commingled with the general cash balances of the Filer or used to pay ordinary operating expenses of the Filer;

(e) no commission or other remuneration is paid in connection with the sale of the Offered Shares pursuant to the Offering, other than to advertising, marketing and other consultants and advisors to assist the Filer with the Advertising;

(f) the Filer has delivered a copy of this decision and the Offering Document to each purchaser of the Offered Shares pursuant to the Offering;

(g) the Filer maintains a website on which it posts certain information, including information regarding the Green Bay Packers professional football team that the Filer operates; and

(h) the prospectus requirements of the Legislation will apply to the first trade in any Offered Shares acquired by Canadian purchasers pursuant to this decision unless the following conditions are met:

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

(ii) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada:

i. did not own, directly or indirectly, more than 10% of the outstanding securities of the class or series, and

ii. did not represent in number more than 10% of the total number of owners directly or indirectly of securities of the class or series.

"Edward P. Kerwin"

"Judith N. Robertson"

2.1.7 Connor, Clark & Lunn Financial Opportunities Fund and Connor, Clark & Lunn Capital Markets Inc.

Headnote

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

Applicable Legislative Provisions

Securities Act, R.S.O., c. S.5, as am., ss. 25(1), 74(1).
Multilateral Instrument 11-102 Passport System, s. 4.7(1).
National Instrument 45-106 Prospectus and Registration Exemptions, ss. 2.1, 3.1, 3.42, 8.5.
National Instrument 31-103, Registration Requirements and Exemptions, s. 8.5.

March 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

AND

IN THE MATTER OF
CONNOR, CLARK & LUNN
FINANCIAL OPPORTUNITIES FUND
(the Fund)

AND

CONNOR, CLARK & LUNN
CAPITAL MARKETS INC.
(the Manager)
(collectively, the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption from the dealer registration requirements in the Legislation in respect of certain trades (the **Warrant Offering Activities**) to be carried out by the Manager and the Investment Manager (as defined below), on behalf of the Fund, in connection with a proposed distribution (the **Warrant Offering**) of Class A warrants (the **Class A Warrants**) to acquire Class A units (the **Class A Units**) of the Fund and Class F warrants (the **Class F Warrants**) to acquire Class F units (the **Class F Units)** of the Fund, such distribution to be made in Ontario and each of the Passport Jurisdictions (as defined below) pursuant to a (final) short form prospectus (the **Warrant Prospectus**) (the **Exemption Sought**).

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

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

(b) each Filer has provided notice that Section 4.7(1) of Multilateral Instrument 11-102– *Passport System* (**MI 11-102**) is intended to be relied upon in each of the provinces (other than Ontario) and territories of Canada (collectively, the **Passport Jurisdictions**).

Interpretation

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

Representations

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

1. The Fund is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of June 28, 2007 as amended September 30, 2011 (the **Trust Agreement**) between the Manager and RBC Dexia Investor Services Trust (the **Trustee**).

2. The Manager acts as the investment fund manager and portfolio manager of the Fund. The Manager is part of the Connor, Clark & Lunn Financial Group. The head office of each of the Fund and the Manager is located at 181 University Avenue, Suite 300, Toronto, Ontario, M5H 3M7. The Manager is registered as an investment fund manager and as an adviser in the category of portfolio manager in Ontario. The Manager is not in default of any of its obligations under securities legislation in any jurisdiction.

3. The authorized share capital of the Fund consists of an unlimited number of Class A Units and Class F Units, each representing an equal, undivided interest in the net assets of the Fund. The Class A Units are listed and posted for trading on the Toronto Stock Exchange (the **TSX**). The Class F

Units are not listed on any exchange, including the TSX.

4. The investment objectives of the Fund are: (a) to achieve long term capital growth principally through investment in equities of financial sector companies on an international basis; and (b) to provide holders of Class A Units and Class F Units (collectively, the **Units**) with cash distributions initially targeted to be $0.33 per Unit per annum.

5. To achieve the Fund's investment objectives, the Fund invests in a concentrated, international portfolio principally comprised of financial services companies and to a lesser extent property related companies considered to be undervalued and which exhibit favourable growth prospects arising from characteristics such as proven management or strong products or services.

6. Jupiter Asset Management Limited (the **Investment Manager**) has been retained to provide investment advisory and portfolio management services to the Manager in respect of the Fund subject to the investment objectives, investment strategy and investment restrictions of the Fund. The Investment Manager is not registered in any of the provinces or territories of Canada. It is authorized by the Financial Services Authority in the United Kingdom to advise on investments. The Investment Manager provides its investment advice to the Manager pursuant to Section 7.3 of OSC Rule 35-502 Non-Resident Advisers.

7. The Fund does not engage in the continuous distribution of its securities.

8. In connection with the Warrant Offering, the Fund has filed a preliminary short form prospectus dated February 17, 2012 under the securities legislation of the Province of Ontario and each Passport Jurisdiction. Under the Warrant Offering, each holder of a Class A Unit as at a specified record date will be entitled to receive, for no consideration, one Class A Warrant for each Class A Unit held by such holder and each holder of a Class F Unit as at a specified record date will be entitled to receive, for no consideration, one Class F Warrant for each Class F Unit held by such holder. The Class A Warrants and the Class F Warrants are collectively referred to herein as the Warrants.

9. Holders of the Class A Warrants and Class F Warrants will be entitled, upon the exercise of their Class A Warrants and Class F Warrants, to subscribe for Class A Units and Class F Units, respectively, pursuant to subscription privileges provided for in the Warrants, at a subscription price to be specified in the Warrant Prospectus. Each Warrant of a class will entitle the holder to subscribe for one Unit of the applicable class under a basic subscription privilege. Holders of Warrants who exercise their Warrants under the basic subscription privilege may also subscribe, pro rata, for additional Units of the applicable class that are not subscribed for by other holders under the basic subscription privilege pursuant to the terms of an additional subscription privilege. The Warrants (including both the basic subscription privilege and the additional subscription privilege) may be exercised on each Monday (and if a Monday is not a business day then the next business day immediately following such Monday) commencing on market open (Toronto time) until 5:00 p.m. (Toronto time) on such business day until 5:00 p.m. (Toronto time) on November 26, 2012.

10. The Fund intends to apply to list the Class A Warrants to be distributed under the Warrant Prospectus on the TSX.

11. The Warrant Offering Activities will consist of:

    (a) the distribution of the Warrant Prospectus and the issuance of Warrants to the holders of Units (as at the record date specified in the Warrant Prospectus), after the Warrant Prospectus has been filed, and receipts obtained, under the securities legislation of the Province of Ontario and each Passport Jurisdiction; and

    (b) the distribution of Units to holders of the Warrants, upon the exercise of Warrants by their holders, through registered dealers that are registered in categories that permit them to make such distribution.

12. The Fund is in the business of trading securities by virtue of its portfolio investing activities, which to the extent carried out in Ontario, are made pursuant to section 8.5 [Trades through or to a registered dealer] of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. As a result, its capital raising activities, including the Warrant Offering Activities, would require the Fund and the Manager, acting on the Fund's behalf, to register as a dealer in the absence of the Requested Relief (or another available exemption from the dealer registration requirements).

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

Decision

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

The decision of the principal regulator under the Legislation is that the Fund and the Manager, acting on behalf of the Fund, are not subject to the dealer registration requirement in respect of the Warrant Offering Activities.

"Margot C. Howard"
Commissioner

"Mary Condon"
Vice-Chair

2.1.8 Claymore Investments, Inc. and the Claymore ETFs

Headnote

National Policy 11-203 – Process for Exemptive Relief applications in Multiple Jurisdictions – Mutual funds granted relief from certain restrictions in National Instrument 81-102 Mutual Funds on securities lending transactions, including (i) the 50% limit on lending; (ii) the requirement to use the fund's custodian or sub-custodian as lending agent; and (iii) the requirement to hold the collateral during the course of the transaction – Mutual funds invest their assets in a basket of Canadian equity securities that are pledged to a Counterparty for performance of the funds' obligations under forward contracts giving the funds exposure to underlying interests – Mutual funds wanting to lend 100% of the basket of Canadian equity securities – not practical for custodian to act as securities lending agent as it does not have control over the Canadian equity securities – counterparties must release its security interest in the Canadian equity securities in order to allow the funds to lend such securities, provided the funds grant the Counterparties a securities interest in the collateral held by the fund for the loaned securities – National Instrument 81-102 Mutual Funds.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.12(1)1, 2.12(1)2, 2.12(1)12, 2.12(3), 2.15, 2.16, 6.8(5), 19.1.

March 5, 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
CLAYMORE INVESTMENTS, INC.

AND

THE CLAYMORE ETFs

DECISION

Background

The principal regulator in the Jurisdiction has received an application from Claymore Investments, Inc. (the "**Filer**" or "**Claymore**") as the manager of certain exchange-traded mutual funds (the "**Existing Forward-using Funds**") listed on Schedule A and any additional forward agreement using exchange-traded funds (the "**Future Forward-using Funds**" and together with the Existing Forward-using Funds, the "**Funds**", and individually a "**Fund**") which the Filer may establish and which are operated on a similar basis to the Existing Forward Using Funds, for a decision under the securities legislation of the Jurisdiction under National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* for relief from Subsections:

1. 2.12(1)1 of National Instrument 81-102 *Mutual Funds* ("**NI 81-102**"), to permit the Funds to enter into securities lending transactions that will not be in compliance with all of the requirements of Sections 2.15 and 2.16 of NI 81-102;

2. 2.12(1)2 of NI 81-102, to permit the Funds to enter into securities lending transactions that do not fully comply with the requirements of Section 2.12 of NI 81-102;

3. 2.12(1)12 of NI 81-102, to permit any Fund with a Canadian Share Portfolio (defined herein) to enter into securities lending transactions in which the aggregate market value of securities loaned by the Fund exceeds 50% of the total assets of the Fund;

4. 2.12(3) of NI 81-102, to permit any Fund, during the term of a securities lending transaction, to pledge the collateral delivered to it as collateral in the transaction to the Counterparty (defined herein);

5. 2.15 of NI 81-102, to permit any Fund to appoint an agent, other than the custodian or sub-custodian of the Fund, as agent for administering the securities lending transactions entered into by the Fund;

6. 2.16 of NI 81-102, to the extent this section contemplates that securities lending transactions be entered into through an agent appointed under Section 2.15 of NI 81-102; and

7. 6.8(5) of NI 81-102, to permit the collateral, cash proceeds or purchased securities delivered to any Fund in connection with a securities lending, repurchase or reverse repurchase agreement to be held by a party other than the custodian or sub-custodian of the Fund;

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

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

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

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

Interpretation

Defined terms contained 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. Each of the Existing Forward-using Funds is, and it is expected that each of the Future Forward-using Funds will be, a mutual fund trust governed by the laws of Ontario or Alberta.

2. Each of the Funds is, or will be, a reporting issuer under the laws of Ontario and each of the other Jurisdictions.

3. Securities of each of the Funds are, or will be, listed on the Toronto Stock Exchange or another stock exchange recognized by the OSC under the *Securities Act* (Ontario) (the "**OSA**") and the Funds are, or will be, generally, described as exchange traded funds.

4. The Funds are, or will be, subject to NI 81-102 and National Instrument 81-106 – *Investment Fund Continuous Disclosure*, National Instrument 81-107 – *Independent Review Committee for Investment Funds* and are, or may be, subject to other rules applicable to mutual funds.

5. The Filer or an affiliate of the Filer is, or will be, the manager of the Funds. The principal office of the Filer is located in Toronto, Ontario.

6. Securities of the Funds are, or will be, offered on a continuous basis in the Jurisdictions. Therefore, the Funds must file a renewal prospectus on an annual basis in each Jurisdiction in accordance with Section 62 of the OSA and similar provisions in force in the other Jurisdictions.

7. Initially, in order to obtain exposure to the performance of the applicable index or reference portfolio, the Funds will invest the net proceeds of their continuous offerings in a portfolio of common shares of Canadian public companies listed on the TSX that qualify as "Canadian securities" for purposes of the *Income Tax Act* (Canada) (the "**Canadian Share Portfolio**"). Each Fund will enter into one or more forward purchase and sale agreements (collectively, the "**Forward Contract**") with a Canadian chartered bank or an affiliate thereof (the "**Counterparty**") pursuant to which the Fund will agree to sell securities in the Canadian Share Portfolio to the Counterparty from time to time in exchange for a purchase price determined by reference to the Canadian dollar value (the "**Forward Amount**") of the performance of the applicable index or of a fund that invests in or obtains exposure to the applicable index or the constituent securities thereof or reference portfolio. However, neither the Funds, nor their unitholders by virtue of their investment in units,

will have any ownership interest in the applicable index, securities or any other financial instrument, if any, the Counterparty chooses to hedge its exposure under the Forward Contract.

8. Currently, either National Bank of Canada or TD Global Finance acts as Counterparty in respect of the Existing Forward-using Funds.

9. Concurrent with entering into the Forward Contract, the Canadian Share Portfolio securities or other acceptable securities will be pledged to and may be held by the Counterparty as security for the obligations of the Fund under the Forward Contract.

10. Claymore proposes to engage in securities lending transactions on behalf of each applicable Fund that may represent in excess of 50% of the total assets of that Fund, in order to earn additional returns or offset expenses for that Fund. Claymore may lend the securities of a Fund to one or more borrowers indirectly through an agent, other than the custodian or sub-custodian of the Fund, which will be a Canadian financial institution or an affiliate thereof. It may not be practical for the custodian of a Fund to act as agent with respect to its securities lending transactions as it does not have control over the Fund's assets for the reasons set out above. It is expected that an affiliate of a Counterparty will act as an agent in this regard, which will be a registered dealer and a member of the Investment Industry Regulatory Organization of Canada ("**IIROC**").

11. The Counterparty will release its security interest in the securities in the Canadian Share Portfolio of such a Fund in order to allow the Fund to lend such securities, provided that the Fund grants the Counterparty a security interest in the collateral held by the Fund for the loaned securities. The collateral received by such a Fund in respect of a securities lending transaction will not be reinvested in any other types of investment products.

12. Claymore shall ensure that any agent through which a Fund lends securities shall maintain appropriate internal controls, procedures, and records for securities lending transactions as prescribed in Section 2.16(2) of NI 81-102.

13. A borrower may include an affiliate of the Counterparty. Whether the borrower is an affiliate of the Counterparty will not affect the revenues from the securities lending transactions paid to a Fund. Revenue generated from a Fund's securities lending transactions shall be paid to such Fund.

14. The prospectus of each Fund will contain disclosure about securities lending transactions before that Fund enters into such securities lending transactions. Other than as set forth herein, any securities lending transactions on behalf of a Fund will be conducted in accordance with the provisions of NI 81-102.

Decision

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

The decision of the principal regulator is that the Exemption Sought is granted subject to the following conditions:

1. with respect to the exemption from paragraph 2.12(1)12 of NI 81-102, each Fund enters into a Forward Contract with a Counterparty and grants that Counterparty a security interest in its Canadian Share Portfolio and, in connection with a securities lending transaction relating to such Canadian Share Portfolio,

   (a) receives the collateral that

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

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

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

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

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

2. with respect to the exemption from Section 2.12(3) of NI 81-102, each Fund, to the extent necessary, may provide a security interest to the applicable Counterparty in the collateral delivered to it as collateral pursuant to a securities lending transaction as described above;

3. with respect to the exemption from Section 2.15 of NI 81-102,

   (a) the Filer and the Fund enter into a written agreement with the agent that complies with each of the requirements set forth in Subsection 2.15(4) of NI 81-102; and

   (b) the agent administering the securities lending transactions of each Fund:

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

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

4. with respect to the exemption from Section 2.16, the Filer and the Fund comply with the requirements of Section 2.16 of NI 81-102 as if the agent administering the securities lending transactions of the Fund were the agent contemplated in that section; and

5. with respect to the exemption from Subsection 6.8(5) of NI 81-102:

   (a) each Fund may provide a security interest to the applicable Counterparty in the collateral delivered to it as collateral pursuant to a securities lending transaction as described in representation 11; and

   (b) the collateral delivered to the Fund pursuant to the securities lending transaction is held by an affiliate of the Counterparty, which will be a registered dealer and a member of IIROC, as described in representation 10.

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

SCHEDULE A

Existing Forward-using Funds

- Claymore Advantaged Canadian Bond ETF
- Claymore Advantaged High Yield Bond ETF
- Claymore Global Monthly Advantaged Dividend ETF
- Claymore Inverse 10 Yr Government Bond ETF
- Claymore Advantaged Short Duration High Income ETF
- Claymore Broad Commodity ETF
- Claymore Managed Futures ETF
- Claymore Advantaged Convertible Bond ETF

2.1.9 O'Leary Fund Management LP and O'Leary Strategic Yield Advantaged Class

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Mutual funds granted relief from certain restrictions in Regulation 81-102 respecting Mutual Funds on securities lending transactions, including (i) the 50% limit on lending (ii) the requirement to hold the collateral during the course of the transaction – Mutual funds invest their assets in a basket of Canadian equity securities that are pledged to a Counterpart for performance of the funds' obligations under forward contracts giving the funds exposure to underlying interests – Mutual funds wanting to lend 100% of the basket of Canadian equity securities – Counterparties must release its security interest in the Canadian equity securities in order to allow the funds to lend such securities, provided the funds grant the Counterparties a securities interest in the collateral received by the fund for the loaned securities – Regulation 81-102 respecting Mutual Funds.

Applicable Legislative Provisions

Regulation 81-102 respecting Mutual Funds, ss. 2.12(1)12, 2.12(3), 6.8(5), 19.1.

August 3, 2011

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

AND

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

AND

IN THE MATTER OF
O'LEARY FUND MANAGEMENT LP
(the Filer)

AND

O'LEARY STRATEGIC YIELD ADVANTAGED CLASS
(the Present Fund)

DECISION

Background

The securities regulatory authority or the 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 under section 19.1 of *Regulation 81-102 respecting Mutual Funds* (Regulation 81-102) for the Present Fund, together with all other mutual funds now or in the future managed by the Filer in respect of which the representations set out below are applicable (collectively, the Funds and each, a Fund), from the following provisions of Regulation 81-102:

(a) paragraph 2.12(1)(2) of Regulation 81-102 to permit each Fund to enter into securities lending transactions pursuant to a written agreement that does not implement all the requirements of section 2.12 of Regulation 81-102;

(b) paragraph 2.12(1)(12) of Regulation 81-102 to permit each Fund to enter into securities lending transactions even if immediately after a Fund enters into a transaction, the aggregate market value of securities loaned by the Fund exceeds 50% of the total assets of the Fund;

(c) subsection 2.12(3) of Regulation 81-102 to permit each Fund, during the term of a securities lending transaction, to not hold or to dispose of any non-cash collateral delivered to it as a collateral under the transaction; and

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

Paragraphs (a) through (d) are collectively referred as the "Exemption Sought".

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

(a) the Autorité des marchés financiers is the principal regulator for this application;

(b) the Filer has provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System* (Regulation 11-102) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (together with Ontario and Quebec, collectively, the Qualifying Jurisdictions); and

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

Interpretation

Terms defined contained in *Regulation 14-101 – Definitions*, Regulation 11-102 and Regulation 81-102 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 on behalf of each Fund:

1. The Filer is a limited partnership established under the laws of Ontario, having its head office in Montreal, Quebec, and is registered as an investment fund manager in the Province of Quebec.

2. Each Fund is or will be a mutual fund to which Regulation 81-102 applies. The Present Fund is a class of shares of O'Leary Funds Inc., a mutual fund corporation incorporated under the laws of Canada. Each Fund will be either a mutual fund trust or a class of shares of O'Leary Funds Inc. The securities of each Fund are or will be qualified for distribution in each of the Qualifying Jurisdictions pursuant to a simplified prospectus and annual information form that has been prepared and filed in accordance with the requirements of *Regulation 81-101 respecting Mutual Fund prospectus*. Each Fund is or will be, accordingly, a reporting issuer in each of the Qualifying Jurisdictions.

3. The Autorité des marchés financiers is the principal regulator for this application, as the head office of the Filer is in the Province of Quebec.

4. The Filer and the Funds are not in default of securities legislation in any of the Qualifying Jurisdictions.

5. Each Fund's investment objectives include seeking the provision of tax-efficient returns. Each Fund's investment objectives state that it uses specified derivatives to seek to provide these returns.

6. Generally, each Fund invests its assets in Canadian equity securities (an Equity Portfolio). The Equity Portfolio of a Fund is not actively managed and its composition varies only in limited circumstances. Each Fund also enters into one or more forward contracts (each, a Forward Contract) with one or more financial institutions (each, a Counterparty) to effectively replace the return on its Equity Portfolio with the return on an underlying interest (such as another mutual fund, one or more indices, or a non actively managed notional basket of different securities) to achieve the Fund's investment objectives. The Present Fund's Counterparty is the Canadian Imperial Bank of Commerce (CIBC). CIBC is also the sub-custodian of the Present Fund.

7. Each Fund pledges its Equity Portfolio to the Counterparty (or the portion thereof that is subject to the relevant Forward Contract with that Counterparty) as collateral security for performance of the Fund's obligations under the Forward Contract with that Counterparty. The Equity Portfolio (or that portion thereof) is held by an entity that is qualified to act as a securities intermediary (a Securities Intermediary) under the *Securities Transfer Act, 2006* (Ontario) (the STA) or any equivalent legislation in any of the Qualifying Jurisdictions and that is appointed by the Filer and the Counterparty pursuant to a securities pledge agreement between the Filer and the Counterparty. The securities pledge agreement is known under the STA as a control agreement (the Control Agreement) which establishes the Counterparty's control of the Equity Portfolio for purposes of the STA and the *Personal Property Security Act* (Ontario).

8. The Securities Intermediary for the Present Fund is CIBC Mellon Trust Company (CIBC Mellon). CIBC Mellon is also the custodian of the Present Fund. The Securities Intermediary need not be the Fund's custodian and it is possible, in the future, that another qualified entity could be appointed as Securities Intermediary.

9. The Filer proposes to engage in securities lending transactions on behalf of each Fund that may represent up to 100% of the net assets of that Fund, in order to earn additional returns for that Fund. The Filer proposes to arrange for the Equity Portfolio of a Fund to be lent to one or more borrowers indirectly, through an agent.

10. Each agent shall be acceptable to the Filer and the Counterparty and shall be either a Canadian financial institution (including a Counterparty) or an affiliate of a Canadian financial institution. The agent of the Present Fund will be CIBC.

11. The Filer will ensure that any agent through which a Fund lends securities maintains appropriate internal controls, procedures and records for securities lending transactions as prescribed in subsection 2.16(2) of Regulation 81-102.

12. A Counterparty must release its security interest in the securities of the Equity Portfolio in order to allow the Fund to lend such securities, but will generally only do so provided that the Fund grants the Counterparty a security interest in the collateral delivered to the Fund under the securities lending transaction (the Delivered Collateral).

13. To facilitate the Counterparty's release of its security interest in the securities of the Equity Portfolio of a Fund, these securities will be loaned only to borrowers that are acceptable to the Filer and the Counterparty, and that have an "approved credit rating" as defined in Regulation 81-102 or whose obligations are unconditionally guaranteed by persons or companies that have such approve credit rating. A borrower may include an affiliate of the Counterparty that is a registered dealer and a member of the Investment Industry Regulatory Organization of Canada (IIROC). To facilitate the Counterparty's control over the Delivered Collateral for purposes of perfecting its security interest in such Delivered Collateral, the Filer will ensure that the Delivered Collateral will be held by the Securities Intermediary under the Control Agreement.

14. The Delivered Collateral received by a Fund and held by the Securities Intermediary, in which the Counterparty will have a security interest, will be in the form of cash, qualified securities and/or other collateral permitted by Regulation 81-102. The Securities Intermediary will not dispose of the non-cash Delivered Collateral.

15. The prospectus of each Fund discloses that the Fund may enter into securities lending transactions. Other than as set forth herein, any securities lending transactions on behalf of a Fund will be conducted in accordance with the provisions of Regulation 81-102.

Decision

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

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

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

  (i) receives the collateral that

    (A) is prescribed by paragraphs 2.12(1)(3) to 2.12(1)(6) of Regulation 81-102; and

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

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

  (iii) complies with paragraph 2.12(1)(10) of Regulation 81-102; and

  (iv) lends its securities only to borrowers that are acceptable to the Filer and the Counterparty, and that have an approved credit rating (as defined Regulation 81-102) or whose obligations to the Fund are fully and unconditionally guaranteed by persons or companies that have such a credit rating;

(b) with respect to the exemption from subsection 2.12(3) of Regulation 81-102, each Fund provides a security interest to the applicable Counterparty in the Delivered Collateral as described in representation 12 above; and

(c) with respect to the exemption from subsection 6.8(5) of Regulation 81-102, each Fund:

(i) provides a security interest to the applicable Counterparty in the Delivered Collateral as described in representation 12 above; and

(ii) the Delivered Collateral is held by an entity qualified to set as a Securities Intermediary under the STA pursuant to a Control Agreement between the Filer, the Counterparty and the Securities Intermediary, as described in representations 13 and 14 above.

"Josée Deslauriers"
Director, Investment Funds and Continuous Disclosure
Autorité des marchés financiers

2.1.10 Schneider Electric S.A.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from the prospectus and dealer registration requirements for certain trades made in connection with an employee share offering by a French issuer – The offering involves the use of collective employee shareholding vehicles, each a fonds communs de placement d'entreprise (FCPE) – The Filer cannot rely on the employee prospectus exemption in section 2.24 of National Instrument 45-106 Prospectus and Registration Exemptions and the Manager cannot rely on the plan administrator exemption in section 8.16 of National Instrument 31-103 Registration Requirements and Exemptions as the shares are not being offered to Canadian employees directly by the issuer but through the FCPEs – Canadian employees will receive disclosure documents – The FCPEs are subject to the supervision of the French Autorité des marchés financiers – Relief granted, subject to conditions.

Applicable Legislative Provisions

Securities Act (Ontario), ss. 53, 74.
National Instrument 31-103 Registration Requirements and Exemptions, s. 8.16.
National Instrument 45-102 Resale of Securities, s. 2.14.
National Instrument 45-106 Prospectus and Registration Exemptions, s. 2.24.

February 21, 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
SCHNEIDER ELECTRIC S.A.
(the "Filer")

DECISION

Background

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

1. an exemption from the prospectus requirements of the Legislation (the "**Prospectus Relief**") so that such requirements do not apply to

   (a) trades in:

      (i) units (the "**Principal Classic Units**") of an FCPE named Schneider Actionnariat Mondial (the "**Principal Classic FCPE**"), which is a *fonds commun de placement d'entreprise* or "FCPE," a form of collective shareholding vehicle commonly used in France for the conservation of shares held by employee-investors; and

      (ii) units (together with the Principal Classic Units, each and collectively, "**Units**") of a temporary FCPE named Schneider Relais International 2012 (the "**Temporary Classic FCPE**"), which will merge with the Principal Classic FCPE following the Employee Share Offering (as defined below) as further described in paragraph 12 of the Representations;

   made pursuant to the Employee Share Offering (as defined below) to or with Qualifying Employees (as defined below) resident in the Jurisdiction and in the Provinces of British Columbia, Alberta, Saskatchewan,

Manitoba, Québec, New Brunswick, Nova Scotia and Newfoundland and Labrador (collectively, the "**Canadian Employees**," and Canadian Employees who subscribe for Units, the "**Canadian Participants**"); and

(b) trades of ordinary shares of the Filer (the "**Shares**") by the Principal Classic FCPE and/or the Temporary Classic FCPE to or with Canadian Participants upon the redemption of Units thereof as requested by Canadian Participants;

2. an exemption from the dealer registration requirements of the legislation (the "**Registration Relief**") so that such requirements do not apply to the Schneider Electric Group (including the Filer and the Local Affiliates (as defined below)), the Temporary Classic FCPE, the Principal Classic FCPE and NATIXIS Asset Management (the "**Management Company**") in respect of:

(a) trades in Units made pursuant to the Employee Share Offering to or with Canadian Employees; and

(b) trades in Shares of the Filer by the Temporary Classic FCPE and/or the Principal Classic FCPE to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants.

(the Prospectus Relief and the Registration Relief, collectively, the "**Offering Relief**")

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

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation formed under the laws of France. It is not, and has no current intention of becoming, a reporting issuer (or equivalent) under the Legislation or under the securities legislation of any other jurisdiction of Canada. The head office of the Filer is located in France and the Shares are listed on Euronext Paris. The Filer is not in default under the Legislation or under the securities legislation of any other jurisdiction of Canada.

2. The Filer carries on business in Canada through certain affiliated companies that employ Canadian Employees, including Schneider Electric Canada Inc., Power Measurement Ltd., Juno Lighting Ltd., APC-MGE Critical Power & Cooling Services and Control Microsystems Inc. (collectively, the "**Local Affiliates**," together with the Filer and other affiliates of the Filer, the "**Schneider Electric Group**"). None of the Local Affiliates is in default under the Legislation or the securities legislation of any other jurisdiction of Canada.

3. Each of the Local Affiliates is a direct or indirect-controlled subsidiary of the Filer and is not, and has no current intention of becoming, a reporting issuer (or equivalent) under the Legislation or under the securities legislation of any other jurisdiction of Canada. The head office of the Schneider Electric Group in Canada is located in Toronto, Ontario, more senior management of the Schneider Electric Group in Canada reside in Ontario than in any other Province, there are more assets of the Schneider Electric Group in Canada in Ontario than in any other Province and there are more clients of the Schneider Electric Group in Canada in Ontario than in any other Province.

4. As of the date hereof and after giving effect to the Employee Share Offering (as defined below), Canadian residents do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held by the Principal Classic FCPE and the Temporary Classic FCPE on behalf of Canadian Participants) more than 10% of the Shares and do not and will not represent in number more than 10% of the total number of holders of the Shares as shown on the books of the Filer.

5. The Filer has established a global employee share offering for employees of the Schneider Electric Group (the "**Employee Share Offering**"). The Employee Share Offering involves an offering of Shares to be subscribed through

the Principal Classic FCPE via the Temporary Classic FCPE (as further described in paragraph 12) (the "**Classic Plan**").

6. Only persons who are employees of a member of the Schneider Electric Group during the reservation period and the revocation period for the Employee Share Offering and who meet other employment criteria (the "**Qualifying Employees**") will be allowed to participate in the Employee Share Offering. Canadian Employees may indicate the amount they wish to invest in the Employee Share Offering by completing and submitting a subscription/reservation order during a "reservation period." The subscription price will be set following the end of the reservation period, after which there will be a revocation period during which subscribers may cancel all (but not part) of their reservation in the Classic Plan. If reservations are not revoked at the end of the revocation period, the initial reservation will become a binding subscription.

7. The Principal Classic FCPE and Temporary Classic FCPE have been established for the purpose of implementing the Employee Share Offering. There is no current intention for either the Principal Classic FCPE or the Temporary Classic FCPE to become a reporting issuer (or equivalent) under the Legislation or the securities legislation of any other jurisdiction of Canada.

8. As set forth above, each of the Temporary Classic FCPE and the Principal Classic FCPE is an FCPE (a *fonds commun de placement d'entreprise*) which is a shareholding vehicle commonly used in France for the conservation or custodianship of shares held by employee investors. The Principal Classic FCPE and the Temporary Classic FCPE have been registered with the French Autorité des marchés financiers (the "**French AMF**"). Only Qualifying Employees will be allowed to hold Units issued pursuant to the Employee Share Offering.

9. All Units acquired in the Employee Share Offering by Canadian Participants will be subject to a hold period of approximately five years (the "**Lock-Up Period**"), subject to certain exceptions prescribed by French law and provided for in the Schneider Electric International Employee Shareholding Plan (such as a release on death or termination of employment, or the exception that the Canadian Participant's employer ceases to be an affiliate of the Filer).

10. Under the Classic Plan, Canadian Participants will subscribe for Units in the Temporary Classic FCPE, and the Temporary Classic FCPE will then subscribe for Shares on behalf of Canadian Participants using the Canadian Participants' contributions and the employer contributions from Local Affiliates that employ the Canadian Participants, as described in paragraph 11. The subscription price will be the Canadian dollar equivalent equal to the average of the opening price of the Shares (expressed in Euros) on the 20 trading days preceding the date of fixing of the subscription price by the Management Board of the Filer, less a 20% discount.

11. As indicated above, the Local Affiliate employing a Canadian Participant will also contribute on behalf of such Canadian Participant an amount into the Classic Plan as described below. For each contribution that a Canadian Participant makes into the Classic Plan up to the Canadian dollar equivalent of 1,000 Euros, the Local Affiliate employing such Canadian Participant will contribute 100% of such amount into the Classic Plan on behalf of such Canadian Participant. If applicable, for the portion of each contribution that a Canadian Participant makes in the Classic Plan that is greater than the Canadian dollar equivalent of 1,000 Euros and up to and including 2,200 Euros, the Local Affiliate employing such Canadian Participant will contribute 50% of such additional amount into the Classic Plan on behalf of such Canadian Participant. For clarity, the maximum contribution by a Local Affiliate in respect of a Canadian Participant is the Canadian dollar equivalent of 1,600 Euros (i.e., 100% of the first 1,000 Euro contribution and 50% of the next 1,200 Euro contribution). If a Canadian Participant contributes more than the Canadian dollar equivalent of 2,200 Euros, then the Local Affiliate that employs such Canadian Participant will not contribute any amount in respect of the portion of the Canadian Participant's contribution that exceeds the Canadian dollar equivalent of 2,200 Euros.

12. Initially, the Shares will be held in the Temporary Classic FCPE and the Canadian Participant will receive Units in the Temporary Classic FCPE. Following the completion of the Employee Share Offering, the Temporary Classic FCPE will be merged with the Principal Classic FCPE (subject to the approval of the supervisory board of the FCPEs and the French AMF). Units of the Temporary Classic FCPE held by Canadian Participants will be replaced with Units of the Principal Classic FCPE on a pro rata basis and the Shares subscribed for under the Employee Share Offering will be held in the Principal Classic FCPE (the "**Merger**").

13. The term "**Classic FCPE**" used herein means, prior to the Merger, the Temporary Classic FCPE, and following the Merger, the Principal Classic FCPE.

14. Under the Classic Plan, at the end of the Lock-Up Period a Canadian Participant may

    (a) request the redemption of Units in the Classic FCPE in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares, or

(b) continue to hold Units in the Classic FCPE and request the redemption of those Units at a later date in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares.

15. In the event of an early unwind resulting from the Canadian Participant exercising one of the exceptions to the Lock-Up Period prescribed by French law and meeting the applicable criteria, a Canadian Participant may request the redemption of Units in the Classic FCPE in consideration for a cash payment equal to the then market value of the Shares held by the Classic FCPE.

16. Dividends paid on the Shares held in the Classic FCPE will be contributed to the Classic FCPE and used to purchase additional Shares. To reflect this reinvestment, no new Units will be issued. Instead, the reinvestment will increase the asset base of the Classic FCPE as well as the value of the Units held by Canadian Participants.

17. The subscription price will not be known to Canadian Employees until after the end of the subscription period. However, this information will be provided to Canadian Employees prior to the start of the revocation period, during which Canadian Participants may choose to revoke all (but not part) of their subscription under the Classic Plan and thereby not participate in the Employee Share Offering.

18. Each of the Temporary Classic FCPE and the Principal Classic FCPE is an FCPE, which is a limited liability entity under French law. The portfolio of each of the Principal Classic FCPE and the Temporary Classic FCPE will consist almost entirely of Shares of the Filer, but may, from time to time, include cash in respect of dividends paid on the Shares which will be reinvested in Shares. From time to time, each portfolio may also include cash or cash equivalents that the Principal Classic FCPE and the Temporary Classic FCPE may hold pending investments in Shares and for the purposes of Unit redemptions.

19. The Management Company is a portfolio management company governed by the laws of France. The Management Company is registered with the French AMF to manage French investment funds and complies with the rules of the French AMF. To the best of the Filer's knowledge, the Management Company is not, and has no current intention of becoming, a reporting issuer (or equivalent) under the Legislation or the securities legislation of any other jurisdiction of Canada.

20. The Management Company's portfolio management activities in connection with the Employee Share Offering and the Principal Classic FCPE and the Temporary Classic FCPE are limited to subscribing for Shares from the Filer and selling such Shares as necessary in order to fund redemption requests.

21. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of each of the Principal Classic FCPE and the Temporary Classic FCPE. The Management Company's activities do not affect the underlying value of the Shares and the Management Company will not be involved in providing advice to any Canadian Employees with respect to an investment in the Units. To the best of the Filer's knowledge, the Management Company is not in default of the Legislation or the securities legislation of any other jurisdiction of Canada.

22. Shares issued in the Employee Share Offering will be deposited in the Classic FCPE, through CACEIS Bank (the "**Depositary**"), a large French commercial bank subject to French banking legislation.

23. Under French law, the Depositary must be selected by the Management Company from among a limited number of companies identified on a list maintained by the French Minister of the Economy, Finance and Industry and its appointment must be approved by the French AMF. The Depositary carries out orders to purchase, trade and sell securities in the portfolio and takes all necessary action to allow each of the Principal Classic FCPE and the Temporary Classic FCPE to exercise the rights relating to the securities held in its respective portfolio.

24. The Unit value of the Classic FCPE will be calculated and reported to the French AMF on a regular basis, based on the net assets of the Classic FCPE divided by the number of Units outstanding. The value of Classic FCPE Units will be based on the value of the underlying Shares, but the number of Units of the Classic FCPE will not correspond to the number of the underlying Shares (e.g., dividends will be reinvested in additional Shares and increase the value of each Unit).

25. All management charges relating to the Classic FCPE will be paid from the assets of the Classic FCPE or by the Filer, as provided in the regulations of the Classic FCPE.

26. Participation in the Employee Share Offering is voluntary, and the Canadian Employees will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.

27. The total amount invested by a Canadian Employee in the Employee Share Offering cannot exceed 25% of his or her gross annual compensation for the 2011 calendar year. Notwithstanding the foregoing, the employer of a Canadian Employee shall have the discretion to permit a Canadian Employee to use his or her estimated gross annual compensation for the 2012 calendar year instead of actual 2011 gross annual compensation for the above-mentioned limits.

28. None of the Filer, the Management Company, the Local Affiliates or any of their employees, agents or representatives will provide investment advice to the Canadian Employees with respect to an investment in the Shares or the Units.

29. The Canadian Employees will receive an information package in the French or English language, according to their preference, which will include a summary of the terms of the Employee Share Offering, a tax notice relating to the Classic FCPE containing a description of Canadian income tax consequences of subscribing to and holding Units of the Classic FCPE and requesting the redemption of such Units for cash or Shares at the end of the Lock-Up Period. These documents will be available in both English and French.

30. Canadian Participants may also consult the Filer's French Document de Référence filed with the French AMF in respect of the Shares and a copy of the rules of the Temporary Classic FCPE and the Principal Classic FCPE (which are analogous to company by-laws). The Canadian Employees will also have access to copies of the continuous disclosure materials relating to the Filer that are furnished to holders of the Shares.

31. Canadian Participants will receive an initial statement of their holdings under the Classic Plan, together with an updated statement at least once per year.

32. There are approximately 2,200 Canadian Employees resident in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Newfoundland and Labrador and Nova Scotia (with the greatest number, approximately 686 and 529, resident in British Columbia and Ontario, respectively), who represent, in the aggregate, less than 2% of the number of employees in the Schneider Electric Group worldwide.

33. The Units will not be listed on any exchange.

Decision

The principal regulator is satisfied that the test contained in the Legislation that provides the principal regulator with the jurisdiction to make the decision has been met.

The decision of the principal regulator under the Legislation is that the Offering Relief is granted provided that the prospectus requirements of the Legislation will apply to the first trade in any Units or Shares acquired by Canadian Participants pursuant to this decision unless the following conditions are met:

(a) the issuer of the security

  (i) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or

  (ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;

(b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada

  (i) did not own, directly or indirectly, more than 10% of the outstanding securities of the class or series, and

  (ii) did not represent in number more than 10% of the total number of owners, directly or indirectly, of securities of the class or series; and

(c) the first trade is made

  (i) through an exchange, or a market, outside of Canada, or

  (ii) to a person or company outside of Canada.

"Margot C. Howard"

"Vern Krishna"

2.1.11 Fidelity Brokerage Services LLC et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application from U.S. broker-dealer for relief from dealer registration requirement, adviser registration requirement for incidental advice, and the prospectus requirement for the distribution of foreign securities that are traded pursuant to the registration exemptions on conditions that are similar to those provided in NI 35-101 Conditional Exemption from Registration for United States Broker-Dealers and Agents – Temporary dealer registration relief will permit the Applicant to carry out liquidating trades in order to wind down accounts which do not qualify as tax-advantaged retirement savings plans – Dealer registration relief includes relief for the Applicant and its Agents to trade in any securities in accounts which qualify as tax-advantaged retirement savings plans – Dealer registration relief conditional on the Agents of the Applicants certifying that they are registered in the United States subject to United States securities laws, for the purpose of accommodating agents who are not required to be registered under United States securities laws – Conditions similar to those provided in NI 35-101 but amended so as to be consistent with the policy rationale underlying NI 35-101 but reducing inconsistencies with corresponding U.S. rules and regulations applicable to Canadian dealers – Condition requiring pre-existing client relationship reflects the provision of client services pursuant to introducing-carrying broker arrangements – Filing requirements to the regulator streamlined.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74.
Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 14-101 Definitions.
National Instrument 35-101 Conditional Exemption from Registration for United States Broker-Dealers and Agents.

March 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

AND

IN THE MATTER OF
FIDELITY BROKERAGE SERVICES LLC
NATIONAL FINANCIAL SERVICES LLC
FIDELITY INVESTMENTS INSTITUTIONAL SERVICES COMPANY INC.
FIDELITY DISTRIBUTORS CORPORATION
(collectively, the Filers)

AND

THEIR RESPECTIVE AGENTS

DECISION

Background

The Ontario Securities Commission (OSC) has received an application from the Filers for a decision under the securities legislation of Ontario (the Legislation) exempting the Filers and the Designated Agents, on the conditions herein (the Exemption Sought) in respect of trades on or after the date of this decision, from:

(a) the dealer registration requirement in subsection 25(1) of the Legislation in respect to trades for accounts described in representations 7 and 8 below;

(b) the adviser registration requirement in subsection 25(3) of the Legislation in respect of any advisory services that are incidental to trading activities; and

(c) the prospectus requirement in section 53 of the Legislation for any foreign securities traded by the Filers and the Designated Agents pursuant to the dealer registration exemption referred to above.

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

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

(b) the Filers have provided notice to the OSC that the Filers and the Designated Agents intend to rely on section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) in all of the other 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.

Additional terms used in this Decision Document are defined as:

(1) "Agents" means a partner, officer, director or salesperson of a broker-dealer who is acting on behalf of a broker-dealer in effecting trades of securities.

(2) "Designated Agents" means:

(i) Agents; and

(ii) other individuals who provide services to Qualified Accounts and Non-Qualified Accounts such as administrative, transfer agency, operational and ministerial tasks that may be considered to be effecting trades in securities under Canadian legislation but who do not solicit trades and who are not, in the United States, registered representatives of the Filer.

(3) "FBS" means Fidelity Brokerage Services LLC, a registered broker-dealer based in the United States.

(4) "FDC" means Fidelity Distributors Corporation, a registered broker-dealer based in the United States.

(5) "FIIS" means Fidelity Investments Institutional Services Company Inc., a registered broker-dealer based in the United States.

(6) "FMR" means FMR LLC, the parent company of a number of subsidiaries, including the Filers, which collectively hold themselves out to the public as "Fidelity Investments".

(7) "Filers" means, collectively, FBS, FDC, FIIS and NFS, or individually, "the Filer".

(8) "foreign security" means a security that is listed for trading or quoted on an exchange or market outside of Canada, or of an issuer that is not incorporated, continued or organized under the laws of Canada or a jurisdiction of Canada.

(9) "Implementation Date" means June 1, 2012.

(10) "Jurisdictions" means, collectively, all of the provinces and territories of Canada.

(11) "NFS" means National Financial Services LLC, a registered broker-dealer based in the United States.

(12) "NI 31-103" means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

(13) "NI 35-101" means National Instrument 35-101 *Conditional Exemption from Registration for United States Broker-Dealers and Agents*.

(14) "Non-Qualified Accounts" means, collectively, those accounts of the Filers that are described in paragraph 8.

(15) "SEC" means the Securities and Exchange Commission of the United States.

(16) "tax-advantaged retirement savings plan" has the same meaning as given to that term in NI 35-101.

(17) "Transition Plan" means the transition and compliance plan of the Filers provided to the OSC dated February 24, 2012 regarding the Non-Qualified Accounts, as the same may be amended from time to time with the consent of the Director where such amendments are material.

(18) "Qualified Accounts" means those accounts of a Filer that are the types of accounts as referred to in NI 35-101, namely

(i) Tax-advantaged retirement savings plans and

(ii) Accounts for an individual ordinarily resident in the United States who is temporarily resident in a Jurisdiction and with whom the Filer had a broker-dealer client relationship before the individual became temporarily resident in the Jurisdiction.

Representations

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

1. FMR is headquartered in Boston, Massachusetts.

2. The Filers do not have offices in Canada. Their closest significant connection is with Ontario given that the Filers have more customer relationships associated with addresses in Ontario than in any other Jurisdiction. Certain subsidiaries of FMR, including Fidelity Investments Canada ULC, have their head office located in Ontario.

3. The Filers are:

(a) FBS – a retail brokerage firm that provides a suite of brokerage services to individuals, trusts, corporations and other business entities, as well as individual retirement accounts. Through FBS, customers can access a broad range of securities, including stocks, bonds and options as well as Fidelity and third party mutual funds;

(b) NFS – a registered transfer agent and a clearing or carrying broker that clears on a fully disclosed basis for numerous correspondent or introducing brokers, including FBS. NFS relies on the "international dealer" exemption provided for in NI 31-103, which allows it to carry on its business of servicing institutional customers in the Jurisdictions subject to the conditions set out in NI 31-103.

(c) FIIS – a limited purpose broker-dealer primarily responsible for marketing certain of Fidelity's U.S. mutual funds to intermediaries such as broker-dealers and banks. Some of FIIS' intermediary clients maintain their customers' investments directly on the books and records of the Fidelity mutual funds. So, while FMR attributes certain intermediary relationships to FIIS, FIIS does not maintain brokerage accounts for its intermediary clients' underlying customers; and

(d) FDC – the general distribution agent for all of Fidelity's U.S. mutual funds. In this role, FDC is responsible for much of Fidelity's mutual fund marketing and promotional activity. FDC carries no brokerage accounts because the shareholders' positions are reflected directly on the books of the funds.

4. Each Filer is a broker-dealer in the United States, registered in that capacity with the SEC and applicable state regulators. Each is also a member of the Financial Industry Regulatory Authority (FINRA). No Filer is registered in any capacity in any Jurisdiction. As of December 31, 2011, the Filers employed approximately 11,800 registered representatives servicing customers with U.S. $3.4 trillion in assets under administration.

5. None of the Filers are in default of securities legislation of any Jurisdiction except with respect to trading with Non-Qualified Accounts and compliance with certain conditions of NI 35-101.

6. None of the Filers advertise in any Canadian media outlet of general distribution, whether in print, radio or television. Moreover, none of the Filers' solicitation efforts in the U.S., whether by Internet, direct mail, advertising or telephone, are designed to be directed at Canadian residents. Each Filer believes that it has reasonably effective policies and procedures in place designed to avoid establishing new relationships with Canadian residents and to avoid providing brokerage services in connection with such new relationships to residents of Canada, except as would be permitted pursuant to an available exemption.

7. Each Filer has Qualified Accounts on its books or otherwise associated with it that are held by individuals or entities that have Canadian addresses and that are tax-advantaged retirement savings plans. These Qualified Accounts

include individual retirement accounts and 401(k), 403(b) or 457 (or similar) plans. The latter plans are employer sponsored defined contribution retirement plans that are typically referred to by citation to relevant sections of the Internal Revenue Code of the U.S.

8. Each Filer has accounts on its books or otherwise associated with it that are held by individuals or entities that have Canadian addresses and that are not tax-advantaged retirement savings plans or other Qualified Accounts. These accounts (collectively, the Non-Qualified Accounts) are of one of three broad categories of accounts:

   (a) Those Non-Qualified Accounts that are similar to tax-advantaged retirement savings plans, in that they are creations of U.S. laws and are designed to allow an account holder to save money for a specific purpose, however, that purpose may not be "retirement" savings, including:

      (i) Non-qualified deferred compensation plans;

      (ii) Health savings accounts;

      (iii) Emeriti health savings accounts; and

      (iv) College savings plans.

   (b) Those Non-Qualified Accounts, which while not designed to allow an account holder to save money for a specific purpose, are like the Non-Qualified Accounts described above in (a), because they are unique creations of U.S. law and have no parallel under Canadian laws, including:

      (i) Transfer on Death Accounts; and

      (ii) Accounts created under the Uniform Transfers to Minors Act or the Uniform Gifts to Minors Act of a particular U.S. state.

   (c) Non-Qualified Accounts that do not fall within the categories outlined in (a) and (b), which are brokerage accounts or mutual fund accounts.

9. Pursuant to the Transition Plan filed with the OSC, the Filers' goal is to reduce significantly, over a time frame of approximately five years, the number of Non-Qualified Accounts, such that the Filers will seek to wind down accounts, other than Qualified Accounts or accounts established under another available exemption, that are associated with any individual or entity that has a Canadian address. The Transition Plan provides, among other things, that each Filer will demarcate each Non-Qualified Account within a specified period of time and with notice to the holder of the Non-Qualified Account, on the books of the Filer as a "liquidating trades-only" account. The holder of a Non-Qualified Account will be requested to eliminate, over time, the Non-Qualified Account if there continues to be a connection with a Canadian address and there is no other exemption available to the Filers to trade in that account under applicable Canadian securities laws.

10. As of December 31, 2011, there were approximately 8,100 Designated Agents who could be called upon to service the Qualified Accounts and the Non-Qualified Accounts. The services provided by the Designated Agents in respect of these accounts range from administrative, transfer agency, operational and ministerial tasks to the solicitation of securities transactions. None of the Designated Agents are registered in any capacity in any Jurisdiction. The Designated Agents are registered with the applicable U.S. securities authorities where required or permitted given their roles and responsibilities, in accordance with the applicable U.S. securities laws.

11. Each Filer wishes to rely, and its Designated Agents to also rely, on a dealer registration exemption in order to trade securities for Qualified Accounts similar to that provided for in sections 2.1 and 3.1 of NI 35-101 and on conditions similar to those indicated in NI 35-101, with the following variations:

   (a) The Decision does not restrict the Filers and the Designated Agents from trading only in foreign securities. The Filers and the Designated Agents wish to be able to trade in any security subject to the prospectus exemption provided for in the Decision being available only in respect of a distribution of foreign securities. This amended condition is similar to the condition in section 2.1(b) and 3.1(c) of NI 35-101 but improves the reciprocity between the United States and Canada and is consistent with the underlying policy rationale of NI 35-101;

   (b) The Decision reflects the business of NFS as a carrying broker, in that the "temporarily resident" exemption applies if either NFS or one of NFS' introducing brokers had an account relationship with the accountholder

before the accountholder became temporarily resident in Canada. This condition is similar to the condition in sections 2.1(c)(i) and 3.1(d)(i) of NI 35-101 but recognizes introducing/carrying broker relationships ;

(c) The Filers and the Agents must file notices, statements and forms similar to those contemplated in sections 2.1(f) and 3.1(f) of NI 35-101, however, the Filers and Agents are relieved from doing so before or "immediately after" the Filers and the Agents first purported to rely on the dealer registration exemption provided for in sections 2.1 and 3.1 of NI 35-101;

(d) The Filers will provide to the OSC an annual certification concerning Agents servicing Canadian residents, with the first annual certification by the Filers filed with the OSC within 60 days of the Implementation Date. This condition is similar to the condition in sections 2.1(f) and 3.1(f) of NI 35-101 but streamlines the process to reduce the administrative burdens associated with the conditions in NI 35-101;

(e) The Filers will be sending notices to accountholders within 60 days of the Implementation Date indicating that the Filer and its Agents are not subject to the full regulatory requirements otherwise applicable in the Jurisdictions. This condition is similar to the condition in section 2.1(h) of NI 35-101.

(f) Some Designated Agents may not be required or permitted under U.S. securities laws to be registered with a securities regulatory authority in the United States given their role and responsibilities and therefore the condition similar to section 3.1(f)(ii) of NI 35-101 requires certification of registration status only by the Agents, being those who are required to be registered under U.S. securities laws;

(g) The requirement to "immediately" notify the regulators in an applicable Jurisdiction when an Agent stops dealing with residents of that Jurisdiction contemplated by section 3.2 of NI 35-101 gives rise to administrative difficulties for the Filers.. The Decision requires an annual certification by the Filers.

12. Each Filer is subject to U.S. securities laws related to trading and advising in securities.

13. Each Filer wishes to rely, and its Designated Agents to also rely, on a dealer registration exemption in order to allow it to carry out the liquidating trades contemplated under the Transition Plan in the Jurisdictions.

14. Each Filer and Designated Agent wishes to be able to provide advice to Canadians that is incidental to the trading activities contemplated in this Decision Document. An exemption from adviser registration for incidental advice is provided for in sections 2.3 and 3.3 of NI 35-101.

15. Each Filer and Designated Agent seek the ability to trade in foreign securities in circumstances where those securities are being distributed to the public in a Jurisdiction at the request of account holders of a Qualified Account. Section 4.1 of NI 35-101 affords a prospectus exemption in such circumstances.

Decision

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

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

1. The dealer registration requirement does not apply to a Filer in any of the Jurisdictions in respect of any trades only if:

(a) the Filer has no office or other physical presence in any Jurisdiction. For greater certainty, a Filer will not be considered to have a physical presence within the meaning of this Condition 1(a) merely because an affiliate of the Filer has an office or carries on business in a Jurisdiction, or the Filer carries out trading activities pursuant to a registration exemption.

(b) the trading is with or for

(i) an individual ordinarily resident in the United States of America who is temporarily resident in one or any of the Jurisdictions and with whom the Filer (or in the case of NFS, an introducing broker that is using NFS as a carrying broker) had an account before the individual became temporarily resident in any of the Jurisdictions; or

(ii) an individual if the trade is for the individual's tax-advantaged retirement savings plan or with the individual's tax-advantaged retirement savings plan , and

(1) the tax-advantaged retirement savings plan is located in the United States of America,

(2) the individual is a holder of or contributor to the tax-advantaged retirement savings plan, and

(3) the individual was previously resident in the United States of America; or

(iii) an individual or entity if the trade is for the individual's or entity's Non-Qualified Account and is a liquidating trade made pursuant to the Transition Plan;

(c) the Filer does not advertise for or solicit new clients in any of the Jurisdictions;

(d) the Filer is a member of the Financial Industry Regulatory Authority (FINRA) in the United States;

(e) the Filer files with the OSC, on an annual basis, with the first such filing being made within 60 days of the Implementation Date, a copy of the Filer's most current FINRA filing, which filing must disclose, if applicable, the information that would be required to be provided to the OSC about the Filer pursuant to section 2.1(g) of NI 35-101 if the Filer were relying on the exemption set out in NI 35-101;

(f) the Filer files with the OSC an executed Form 35-101F1 Submission to Jurisdiction and Appointment for Service of Process, within 30 days of any change in the appointed agents for service of the Filer in any of the Jurisdictions and the Form 35-101F1 so filed, may be combined with the Form 35-101F1 for any or all of the other Filers and may consolidate information about all Jurisdictions and all agents for service in those Jurisdictions;

(g) the Filer sends a notice to all holders of a tax-advantaged retirement savings account, within 60 days of the Implementation Date, disclosing that the Filer and its Agents are not subject to the full regulatory requirements otherwise applicable under local securities legislation;

(h) the Filer, in the course of its dealings with clients, acts fairly, honestly and in good faith;

(i) the Filer notifies the OSC if the Filer ceases to engage in trading or advising activities in Canada pursuant to this Decision Document, as soon as practicable after making the decision to cease to so engage; and

(j) in connection with trades made for the Non-Qualified Accounts, the Filer complies, in all material respects, with the Transition Plan.

2. The dealer registration requirement does not apply to a Designated Agent in any of the Jurisdictions only if

(a) the trading is on behalf of or in connection with a Filer that is relying on the exemption provided for in paragraph 1 hereof;

(b) the Designated Agent has no office or other physical presence in any Jurisdiction;

(c) the trading is with or for

(i) an individual ordinarily resident in the United States of America who is temporarily resident in any of the Jurisdictions and with whom the Filer on whose behalf the Designated Agent is trading (or in the case of NFS, an introducing broker that is using NFS as a carrying broker) had an account before the individual became temporarily resident in any of the Jurisdictions; or

(ii) an individual if the trade is for the individual's tax-advantaged retirement savings plan or with the individual's tax-advantaged retirement savings plan, and

(1) the tax-advantaged retirement savings plan is located in the United States of America,

(2) the individual is a holder of or contributor to the tax-advantaged retirement savings plan and

(3) the individual was previously resident in the United States of America; or

(iii) an individual or entity if the trade is for the individual's or entity's Non-Qualified Account and is a liquidating trade made pursuant to the Transition Plan.

(d) the Designated Agent does not advertise for or solicit new clients in any of the Jurisdictions;

(e) the Filers deliver to the OSC, on an annual basis, with the first such filing being made within 60 days of the Implementation Date, a certificate that collectively certifies for the Filers:

(i) the name of each Agent that operated in the Jurisdictions as of December 31 of the applicable year, along with his or her FINRA registration number together with information about the Agent's registration status in the United States;

(ii) that each Agent has submitted to the jurisdiction of each of the Jurisdictions and has appointed the same agent for service in each of the Jurisdictions as has been appointed by the Filers; and

(iii) that the Filers will provide any securities regulator in Canada upon the reasonable request of that regulator, an up-to-date list of all Agents that are operating in the applicable Jurisdiction; and

(f) the Filers deliver to the OSC a notice describing any criminal or quasi-criminal proceeding brought against any of the Agents in any Jurisdiction or a non-Canadian jurisdiction or of any decision, order, ruling, or other requirement made with respect to or imposed on the Agent in a Jurisdiction or a non-Canadian jurisdiction as a result of any administrative, self-regulatory or regulatory action, hearing or proceeding involving fraud, theft, deceit, misrepresentation or similar conduct; with such notice being provided to the OSC as soon as reasonably practicable after the Filers becoming aware of such information about an Agent;

(g) the Designated Agent, in the course of his or her dealings with the Filers' clients, acts fairly, honestly and in good faith; and

(h) in connection with trades made for the Non-Qualified Accounts, the Filers comply, in all material respects, with the Transition Plan.

3. The adviser registration requirement does not apply to advising activities of the Filers or the Designated Agents if those activities are solely incidental to trading activities of the Filers and the Designated Agents under paragraphs 1 and 2 hereof.

4. The prospectus requirement does not apply to a distribution of foreign securities to a tax-advantaged retirement savings plan only if that distribution

(a) is made by a Filer or a Designated Agent that is exempt from the adviser registration requirement and the dealer registration requirement under paragraphs 1, 2 or 3; and

(b) is made in compliance with all applicable

(i) U.S. federal securities laws, and

(ii) state securities legislation in the United States of America.

5. The relief granted by this Decision that gives the Filers and the Designated Agents conditional exemptions for trading and advising activities carried out by any of them with Qualified Accounts will cease to be effective on the same date that rule amendments are made effective in the Jurisdictions to the equivalent exemptions that are presently provided for in NI 35-101 where such amendments materially affect the subject matter of this Decision, in respect of any such trading or advising activities of the Filers or the Designated Agents carried out on or after that effective date. For greater certainty, this "sunset" does not apply to the relief granted by this Decision in respect of any other trading or advising activities carried out by the Filers and the Designated Agents provided that, such trading or advising continues to be carried out in compliance with the conditions of this Decision, until such time as this Decision is revoked in accordance with applicable law.

"James Turner"
Vice-Chair
Ontario Securities Commission

"Mary Condon"
Vice-Chair
Ontario Securities Commission

2.1.12 HSBC Global Asset Management (Canada) Limited

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

Securities Act, R.S.O. 1990, c. S.5, s. 74(1) – Exemption order by commission – exemption from s. 25(1)(a) requirement to be registered as a dealer to trade securities – a registered adviser requires relief from the dealer registration requirement so that it can directly trade securities for a registered dealer's clients – a registered adviser has contracted with a registered dealer to provide discretionary investment services to the dealer's clients – the client agrees that the dealer can retain the adviser to invest the client's money as described in a model portfolio created by the adviser, including re-balancing from time to time so that the client's portfolio stays true to the pre-established parameters of the model portfolio – the pre-established parameters cannot be changed without notice to the client – the dealer conducts know-your-client reviews and provides suitability advice – the dealer will at all times be ultimately responsible to the client for the rebalancing activities undertaken by the adviser – the trades carried out by the adviser will be reflected in the dealer's records and subject to oversight by the Mutual Fund Dealers Association (MFDA) – the MFDA Investor Protection Corporation coverage will apply to the investments held in the client's account with the dealer on the same terms as other mutual fund investments.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System.
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.
Securities Act (Ontario), R.S.O. 1990, c. S.5., as am., ss. 25(1)(a), 74(1).

December 23, 2011

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

AND

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

AND

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

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption relieving the Filer from the dealer registration requirement (the **Exemption Sought**) in respect of any trades in securities of the Funds (as defined below) in accordance with the investment decisions made by the Filer in its Auto Rebalancing Activities (as defined below) and Strategic and Tactical Rebalancing Activities (as defined below) in connection with the Product (as defined and described below) distributed by HSBC Investment Funds (Canada) Inc. (**HIFC**).

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

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

(b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, and Newfoundland and Labrador, and

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

Interpretation

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

Representations

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

1. the Filer is a corporation continued under the laws of Canada, with its head office in Vancouver, British Columbia; the Filer is currently registered under applicable securities legislation in British Columbia as an investment fund manager and is registered in each of the provinces of Canada, except Prince Edward Island, as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer;

2. the Filer is not in default of securities legislation in any jurisdiction;

3. HIFC is registered in each of the provinces of Canada, except Prince Edward Island, as a dealer in the category of mutual fund dealer and is a member of the Mutual Fund Dealers Association of Canada (the "**MFDA**");

4. the Filer and HIFC are affiliated entities;

5. HIFC's registered dealing representatives propose to offer investments in the "HSBC World Selection Portfolio" service (the "**Product**") to their clients;

6. the Product consists of a number of model portfolios, which together occupy successive portions of the investing spectrum from conservative, income-maintenance investing to aggressive growth investing. Each model portfolio is comprised of mutual funds. The model portfolios will be principally comprised of units of the HSBC Pooled Funds and HSBC Mutual Funds, each being a family of mutual funds managed by the Filer;

7. any of the HSBC Pooled Funds or HSBC Mutual Funds that are used in connection with the Product will be qualified under a simplified prospectus that has been filed in one or more of the Jurisdictions; similarly, any other mutual fund that is used in connection with the Product (collectively with the HSBC Pooled Funds and HSBC Mutual Funds, the "**Funds**") will be qualified under a simplified prospectus that has been filed in one or more of the Jurisdictions;

8. if a client is interested in the Product, the client completes a risk rated profile form questionnaire (the "**Form**") that produces a score and recommends a suitable model portfolio; the Form is used by HIFC as a "know your client" form, to obtain information that enables HIFC to consider the client's financial circumstances, investment knowledge, investment objectives, time horizon and risk tolerance, and thereby assist in determining an appropriate model portfolio for the client; based on the score of the Form and information provided in the Form, HIFC recommends one of the model portfolios as suitable for the client; the client can either select the recommended or an alternative model portfolio;

9. the client receives a description of the model portfolio selected by the client (the "**Selected Model Portfolio**") in the Form; the description provides information on the Selected Model Portfolio's Asset Classes (as defined below), Permitted Ranges (as defined below) and Benchmark Percentages (as defined below); the client also receives the simplified prospectus for the Funds which provides information about all of the Funds that may be used to comprise the Selected Model Portfolio; the client then completes an account application and enters into an account agreement ("**Account Agreement**") with HIFC; the account application must be approved by the applicable Branch Manager of HIFC before the account is opened;

10. the client agrees to pay HIFC a quarterly fee outlined in the Account Agreement; fees could be changed from time to time, provided clients are given at least 60 days' advance written notice; fees will be calculated based on the net asset value of assets held in each client's account, subject to a minimum amount;

11. HIFC pays the Filer a management fee pursuant to an advisory agreement between HIFC and the Filer (the "**Advisory Agreement**"), no management fees will be charged by the Filer directly to the Funds or to the clients, in relation to the series or class of units of the Funds that are available under the Product; no sales charges or commissions will be payable by the client in respect of any Auto Rebalancing Activities (as defined

below) or Strategic and Tactical Rebalancing Activities (as defined below), and each Fund will pay its own operating expenses; as a result, there will be no duplication of any fees between HIFC and the Filer; investors in the Funds who acquire units of the Funds outside the Product will not bear expenses attributable to the Product; HIFC will at all times be ultimately responsible to the client for the Auto Rebalancing Activities (as defined below) and the Strategic and Tactical Rebalancing Activities (as defined below) undertaken by the Filer;

12. the Account Agreement authorizes HIFC to retain the Filer, pursuant to the Advisory Agreement, to invest client monies in accordance with the terms of the Selected Model Portfolio; clients will receive express disclosure that the Filer will be providing discretionary investment management services in connection with the Auto Rebalancing Activities (as defined below) and Strategic and Tactical Rebalancing Activities (as defined below);

13. pursuant to the Advisory Agreement, the Filer undertakes to develop and manage the model portfolios; each model portfolio is comprised of different asset classes (the "**Asset Classes**") which are determined by the Filer in its sole discretion; the Filer allocates each Asset Class a permitted range ("**Permitted Range**"), being a minimum and maximum percentage of the model portfolio that can be allocated to investments of a particular Asset Class; the Filer can change the Permitted Range or the Asset Classes of a model portfolio, including adding a new Asset Class, or both, if the client is provided at least 60 days' advance written notice of the change; the Filer's actions will be carried out with a view to ensuring that the model portfolio continues to abide by the stated objectives;

14. the Filer manages the model portfolios on a discretionary basis; in addition to determining the Asset Classes for each model portfolio, the Filer also determines the benchmark percentage ("**Benchmark Percentage**") for each Asset Class, representing the target percentage within the Permitted Range, and adjusts that percentage at its discretion; the Filer also uses its discretion in choosing which Fund or Funds will be used for each Asset Class, provided the investment objective and strategies of any Funds are consistent with the Asset Class; the Filer's actions will be carried out with a view to ensuring that the Selected Model Portfolio continues to abide by the stated objectives;

15. the client's account will be periodically rebalanced through a series of purchase and redemption trades effected by the Filer; if the percentage weighting of at least one of the Asset Classes in the Selected Model Portfolio exceeds or falls below the Permitted Range, the Filer will carry out the trades on behalf of all clients invested in the Selected Model Portfolio to bring the Asset Classes of the Selected Model Portfolio within the Permitted Range; additionally, a client account may be rebalanced if the percentage weighting of at least one Fund in a client account exceeds or falls below its target range; the Filer will carry out trades on behalf of that client account to bring the Funds in the client account back within their target range (and within the Permitted Range for the Asset Class); these trades are referred to herein as the "**Auto Rebalancing Activities**";

16. in addition to the Auto Rebalancing Activities described above that are carried out by the Filer, the Filer will review all of the model portfolios on a periodic basis, currently at least annually, to ensure the model portfolios are consistent with their stated objectives and to make any changes to the Benchmark Percentage, the Funds and their weight in the model portfolios; the Filer will also review all of the model portfolios on a monthly basis and may change the weightings of the Funds within the model portfolios to take advantage of market conditions and trends; all changes carried out by the Filer as described above will be done on a fully discretionary basis and in a manner consistent with the stated objectives of the model portfolios; in connection with its responsibilities under the Product, the Filer will carry out the trades in the Funds that are necessary and incidental in connection with modifying the model portfolios; these activities are referred to herein as the "**Strategic and Tactical Rebalancing Activities**";

17. the trades carried out by the Filer as described above will be reflected in HIFC's records and subject to oversight by the MFDA;

18. MFDA Investor Protection Corporation coverage will apply to the investments in the Funds held in the clients' accounts with HIFC on the same terms as other mutual fund investments;

19. the client is provided with a simplified prospectus or other offering document required by securities legislation for the Funds prior to investing in any of the model portfolios; after investing in the Selected Model Portfolio, the client is provided with details of the Funds held in their account on a quarterly basis in the account statements; the account statement will also include information about how a client can obtain a copy of the current simplified prospectus or other offering document required by securities legislation for the Funds if the client requires further details;

20. in the absence of the Exemption Sought, the Filer would have to be registered under the Legislation as a dealer in the category of "mutual fund dealer" or "investment dealer" in order to carry out the trading activities permitted by the Exemption Sought;

21. in order to obtain registration under the Legislation as a mutual fund dealer, the Filer would be required to be a member of the MFDA, except in Quebec;

22. the MFDA has rules that govern its membership which would have the effect of precluding the Filer from being a member of the MFDA if it continues to conduct its principal business of acting as a portfolio manager.

Decision

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

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

(a) the Filer is at the time of the trade registered under the Legislation as an adviser in the category of portfolio manager; and

(b) the Auto Rebalancing Activities and the Strategic and Tactical Rebalancing Activities will be made in accordance with the terms of the Selected Model Portfolios.

"Sandra Jakab"
Director, Capital Markets Regulation
British Columbia Securities Commission

2.1.13 Veresen Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Filer requests relief exempting it from the requirements under section 4.2 of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards (NI 52-107) that any other financial statements filed pursuant to section 2.1(2)(e) of NI 52-107 be prepared in accordance with Canadian GAAP – Part V for the financial year that begins on or after January 1 2011 but before January 1 2012.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.

Citation: Veresen Inc., Re, 2012 ABASC 72

February 27, 2012

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

AND

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

AND

IN THE MATTER OF
VERESEN INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filer from the requirements under section 4.2 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**) that any other financial statements filed pursuant to section 2.1(2)(e) of NI 52-107, be prepared in accordance with Canadian GAAP – Part V for the financial year that begins on or after 1 January 2011 but before 1 January 2012 (the **Voluntary Financial Statements**) (the **Exemption Sought**).

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

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

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the *Business Corporations Act* (Alberta). The head office of the Filer is in Calgary, Alberta.

2. The Filer is a reporting issuer or equivalent in the Jurisdictions and each of the Passport Jurisdictions and is not in default of securities legislation in any jurisdiction.

3. The Filer is not an SEC issuer.

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

5. On 15 July 2011, the Filer was granted exemptive relief pursuant to the legislation in *Re Veresen Inc.*, 2011 ABASC 380 (the **U.S. GAAP Relief**), which decision exempts the Filer from the requirement of section 3.2 of NI 52-107 that the Filer prepares its financial statements in accordance with Canadian GAAP applicable to publicly accountable enterprises and allows the Filer to prepare its financial statements in accordance with U.S. GAAP for the financial years that begin on or after 1 January 2012 but before 1 January 2015.

6. The Filer believes that filing the Voluntary Financial Statements in advance of its first U.S. GAAP interim filing for 2012 will assist readers in understanding the transition from Canadian GAAP – Part V to U.S. GAAP.

7. The Filer will prepare the Voluntary Financial Statements in accordance with U.S. GAAP, except that the Filer will not provide the statements of income, shareholders' equity and cash flows for the fiscal year ended 31 December 2009 (**Modified U.S. GAAP**).

8. The Filer will file the Voluntary Financial Statements on SEDAR under the "Other" documents category with an explanatory cover note.

9. The Filer will file the Voluntary Financial Statements subsequent to the filing of the Canadian GAAP – Part V annual audited financial statements for Fiscal 2011 and prior to the filing of its unaudited interim financial statements as at and for the three months ended 31 March 2012, which will be prepared in accordance with U.S. GAAP.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted, provided that the Filer prepares the Voluntary Financial Statements in accordance with Modified U.S. GAAP.

"Cheryl McGillivray"
Manager, Corporate Finance
Alberta Securities Commission

2.1.14 J.P. Morgan Clearing Corp.

Headnote

Multilateral Instrument 11-102, section 4.7(1) – Exemption granted from requirement to file Form 31-103 F1 – U.S. broker/dealer subject to U.S. reporting requirements registered as restricted dealer and thus required to file Form 31-103 F1 pursuant to section 12.1 of National Instrument 31-103 – Conditions concerning filing of SEC Form X-17a-5 (FOCUS Report) in lieu of Form 31-103F1 and notification of any issues.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7(1).
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 12.1, 15.1.

March 6, 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
J.P. MORGAN CLEARING CORP.
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer (the "**Application**") for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") that, for the purposes of sections 12.1 – *Capital Requirements* ("**Section 12.1**") of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**") the Filer be permitted to calculate its excess working capital using United States ("US") Securities and Exchange Commission ("**SEC**") Form X-17a-5 (FOCUS Report) (the "**FOCUS Report**") rather than Form 31-103F1 *Calculation of Excess Working Capital* ("**Form 31-103F1**") and for the purposes of section 12.12(1)(b) – *Delivering Financial Information – Dealer* ("**Section 12.12(1)(b)**") of NI 31-103, the Filer be permitted to deliver the FOCUS Report in lieu of Form 31-103F1 for so long as the Filer is subject to SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers* ("**Rule 15c3-1**") and SEC Rule 17a-5 *Reports to be Made by Certain Brokers and Dealers* ("**Rule 17a-5**") (the "**Exemption Sought**").

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

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

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

Interpretation

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

Representations

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

1. The Filer is a company incorporated under the laws of the State of Delaware. Its head office is located at One Metrotech Center North, Brooklyn, NY 11201, United States.

2. The Filer is a wholly owned subsidiary of J.P. Morgan Securities LLC, a Delaware corporation, and an indirect wholly owned subsidiary of JPMorgan Chase & Co., a Delaware corporation.

3. The Filer is registered as a broker-dealer with the SEC, and is a member of the Financial Industry Regulatory Authority ("**FINRA**"). This registration permits the Filer to carry on in the US, being its home jurisdiction, substantially similar activities that registration as an investment dealer would authorize it to carry on in the Jurisdiction if the Filer were registered under the Legislation as an investment dealer.

4. The Filer is a member of major securities exchanges, including the Chicago Stock Exchange and NYSE Euronext ("**NYSE**").

5. The Filer is a Foreign Approved Participant of the Montreal Exchange and a Registered Futures Commission Merchant of ICE Futures Canada, Inc. The Filer is also a member of the CME Group (including the Chicago Board of Trade), ICE Futures U.S., Inc., and other principal US commodity exchanges, and may facilitate trades through affiliated or unaffiliated member firms on all other exchanges, including exchanges in Canada, France, Italy, Japan, Singapore, Spain, Taiwan, Mexico, Korea and the United Kingdom.

6. The Filer is relying on the international dealer exemption under section 8.18 of NI 31-103 in the Canadian Jurisdictions.

7. The Filer is registered, or has applied to be registered, as a restricted dealer, with terms and conditions, in the Canadian jurisdictions.

8. The Filer was established for the express purpose of holding and financing customer accounts and clearing and settling transactions. The Filer does not make proprietary investments or engage in market making activities.

9. The Filer may engage in activities which may be considered lending money, extending credit or providing margin to clients. All such activities are conducted in compliance with the rules of its home jurisdiction.

10. Under NI 31-103, the Filer is required to calculate its excess working capital using Form 31-103F1.

11. The Filer is subject to regulatory capital requirements under the *Securities Exchange Act of 1934*, specifically Rule 15c3-1, that are designed to provide protections that are substantially similar to the protections provided by the regulations regarding excess working capital to which dealer members of the Investment Industry Regulatory Organization of Canada ("**IIROC**") are subject, and the Filer is in compliance in all material respects with Rule 15c3-1. The SEC and FINRA have the responsibility for ensuring that the Filer operates in compliance with Rule 15c3-1.

12. The Filer is required to prepare and file a FOCUS Report with United States regulators, which is the financial and operational report containing a net capital calculation.

13. The FOCUS Report provides a more comprehensive description of the business activities of the Filer, and more accurately reflects those activities including client lending activity, than would be provided by Form 31-103F1, and the minimum SEC Rule 15c3-1 requirements applicable to the Filer are a substantially greater amount than the minimum requirement of NI 31-103.

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 so long as:

(a) the Filer is registered under the securities legislation of the US in a category of

registration that permits it to carry on the activities in the US that registration as an investment dealer would permit it to carry on in the Jurisdiction;

(b) by virtue of the registration referred to in paragraph (a), including required membership in one or more self-regulatory organizations, the Filer is subject to Rule 15c3-1 and Rule 17a-5; and that the protections provided by Rule 15c3-1 and Rule 17a-5 in respect of maintaining excess net capital are substantially similar to the protections provided by the capital requirements of IIROC that would be applicable to the Filer if it were registered under the Legislation as an investment dealer and were a member of IIROC;

(c) the Filer submits the FOCUS Report in lieu of Form 31-103F1;

(d) the Filer prepares the FOCUS Report on an unconsolidated basis;

(e) the Filer does not guarantee any debt of a third party;

(f) the Filer gives prompt written notice to the principal regulator of any significant issues arising from analysis by US securities regulators of the FOCUS report filed by the Filer pursuant to FINRA and SEC requirements;

(g) the Filer gives written notice to the principal regulator immediately if excess net capital as calculated on line 25, page 6 of the FOCUS Report is less than zero, and ensures that such capital is not less than zero for two (2) consecutive days; and

(h) the Filer provides the principal regulator with at least five (5) days written notice prior to any repayment of subordinated intercompany debt or termination of a subordination agreement with respect to intercompany debt.

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

2.1.15 Caldwell Investment Management Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – limited relief granted from the self-dealing provisions in section 13.5(2) of National Instrument 31-103 Registration Requirements to permit inter-fund trades between mutual funds, pooled funds, closed-end funds and discretionary managed accounts managed by the same portfolio advisor or an affiliate – relief restricted to trades in securities evidencing equity ownership of securities marketplaces – inter-fund trades will comply with conditions in s. 6.1(2) of National Instrument 81-107 Independent Review Committee for Investment Funds, including independent review committee approval or client consent.

Applicable Legislative Provisions

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

March 6, 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
CALDWELL INVESTMENT MANAGEMENT LTD.
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**"), for an exemption from subsections 13.5(2)(b)(ii) and (iii) of National Instrument 31-103 *Registration Requirements* (**NI 31-103**), (the "**Inter-Fund Trading Prohibition**") which prohibits a registered adviser from knowingly causing a managed account or investment fund managed by it to purchase or sell a security from or to a managed account or investment fund for which a responsible person acts as an adviser, to permit:

(a) a Pooled Fund (as defined below) to purchase Private Marketplace Investments (as defined below) from or sell Private Marketplace Invest-

ments to another Pooled Fund, a Managed Account (as defined below), an NI 81-102 Fund (as defined below) or a Closed-End Fund (as defined below);

(b) a Managed Account to purchase Private Marketplace Investments from or sell Private Marketplace Investments to, another Managed Account, a Pooled Fund, an NI 81-102 Fund or a Closed-End Fund;

(c) an NI 81-102 Fund to purchase Private Marketplace Investments from or sell Private Marketplace Investments to a Pooled Fund or a Managed Account, and

(d) a Closed-End Fund, to purchase Private Marketplace Investments from or sell Private Marketplace Investments to a Pooled Fund or a Managed Account.

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

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

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

Interpretation

Defined terms contained in National Instrument 14-101 – *Definitions*, MI 11-102, NI 31-103, National Instrument 81-102 *Mutual Funds* ("**NI 81-102**") and National Instrument 81-107 – *Independent Review Committee for Investment Funds* ("**NI 81-107**") have the same meaning in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is a corporation incorporated under the law of the province of Ontario. The Filer's head office is in Toronto, Ontario.

2. The Filer is registered as a portfolio manager in Alberta, British Columbia, Saskatchewan and Ontario.

3. The Filer currently acts as manager, portfolio advisor and trustee to several pooled funds, and may in the future act as manager, portfolio advisor and trustee to additional pooled funds, which are made available to accredited investors on a private placement basis through an offering memorandum (the existing pooled funds and any future pooled funds are hereinafter collectively referred to as the "**Pooled Funds**"). The Pooled Funds are not reporting issuers and are not subject to NI 81-102 or NI 81-107.

4. The Filer currently provides discretionary investment management services to certain accounts and may in the future provide discretionary investment management services to additional accounts (the existing managed accounts and any future managed accounts are hereinafter collectively referred to as the "**Managed Accounts**") for which the Filer acts as portfolio advisor. The Managed Accounts are not reporting issuers and are not subject to NI 81-102 or NI 81-107.

5. The Filer currently acts as manager, portfolio advisor and trustee to several mutual funds, and may in the future act as manager, portfolio advisor and trustee to additional mutual funds, which are offered by way of simplified prospectus and annual information form (the existing mutual funds offered by way of simplified prospectus and annual information form and any future mutual funds offered by way of simplified prospectus and annual information form are referred to as "**NI 81-102 Funds**"), and are qualified for distribution in each province or territory of Canada except Québec. The NI 81-102 Funds are reporting issuers and are subject to NI 81-102 and NI 81-107.

6. The Filer acts as investment manager to Urbana Corporation ("**Urbana**"), a closed-end investment fund that is a reporting issuer whose shares are listed and trade on The Toronto Stock Exchange, and may in the future act as investment manager for one or more closed-end investment funds that are reporting issuers (Urbana and any such future closed-end reporting issuer investment funds are referred to as **Closed-End Funds**). The Closed-End Funds are subject to NI 81-107 but are not subject to NI 81-102.

7. The Filer is therefore a "responsible person" under NI 31-103, in respect of the NI 81-102 Funds, the Closed-End Funds, the Pooled Funds (collectively, the "**Funds**") and the Managed Accounts.

8. None of the Filer nor the Funds are in default of securities legislation in any of the Jurisdictions.

9. The Filer, from time to time, causes each of the Funds and the Managed Accounts (collectively, the "**Investment Accounts**") to purchase shares, seats, memberships or other instruments evidencing equity ownership in a stock exchange,

alternative trading systems or other similar securities marketplaces ("**Marketplace Investments**"). Such purchases of Marketplace Investments are, in all cases, within the scope of the investment objective and liquidity requirements of the applicable Investment Accounts.

10. In many cases, the Marketplace Investments are publicly qualified in their domestic capital markets and are traded on one or more organized stock exchanges. In other cases, these marketplace equity ownership interests are not traded on an organized stock exchange and are not reporting issues or the equivalent therein their domestic jurisdiction and are not subject to continuous disclosure rules (a "**Private Marketplace Investment**").

11. Private Marketplace Investments are not traded on organized stock exchanges, however, some are available for purchase and sale through bulletin boards (a "**Bulletin Board**") operated by the particular marketplace for the convenience of its investors where bid and ask quotations are posted by buyers and sellers on the Bulletin Board. The spreads shown on a Bulletin Board between the bid and ask prices are often material in percentage and dollar terms.

12. The Filer wishes to facilitate inter-fund trades of Private Marketplace Investments (each a "**Private Marketplace Inter-Fund Trade**") from an Investment Account to another, subject to the terms and conditions in this decision document.

13. The NI 81-102 Funds and the Closed-End Funds have an Independent Review Committee ("**IRC**"), in accordance with the requirements of NI 81-107. Any inter-fund trades amongst the NI 81-102 Funds and the Closed-End Funds, including Private Marketplace Inter-Fund Trades, are or will be referred to the IRC for approval under section 5.2(1) of NI 81-107.

14. Although they are not subject to NI 81-107, the Filer will appoint the IRC to oversee the Pooled Funds if the Exemption Sought is granted. The mandate for the Pooled Funds' IRC will be to provide approval for Private Marketplace Inter-Fund Trades involving the Pooled Funds.

15. The IRC has been composed by the Filer in accordance with the requirements of Section 3.7 of NI 81-107 and the IRC complies or will comply with the standard of care set out in Section 3.9 of NI 81-107.

16. At the time of a Private Marketplace Inter-Fund Trade, the Filer will have in place policies and procedures to enable the Funds and/or the Managed Accounts to engage in Private Marketplace Inter-Fund Trades.

17. If the Exemption Sought is granted, the Filer will ask the IRC to approve a standing instruction that permits Private Marketplace Investment Inter-Fund Trades from an Investment Account to another Investment Account provided that:

    (a) the Filer confirms to the IRC that the Private Marketplace Investment is a suitable sale or purchase for each Investment Account, as applicable;

    (b) the Private Marketplace Investments being traded have bid and ask prices displayed on Bulletin Boards where such bid and ask prices are publicly available and has appropriate rules and procedures to ensure the market integrity of the bid and ask prices displayed on the Bulletin Board;

    (c) the price paid for the Private Marketplace Investment by the applicable Investment Account will be the average of the highest current bid and lowest current ask as displayed on the applicable Bulletin Board, (that being the "current market price of the security" as that term is defined under section 6.1(a)(ii) of NI 81-107);

    (d) none of the Investment Accounts, the Filer or any of its affiliates receive compensation for the trade and the only cost for the trade to the Investment Account will be the nominal cost incurred by the Investment Account to effect transfer and custody arrangements which will be paid to parties at arm's length to the Filer;

    (e) the Private Marketplace Inter-Fund Trade is conducted through Caldwell Securities Limited (**CSL**), a registered investment dealer and member of the Investment Industry Regulatory Organization of Canada and an affiliate of the Filer;

    (f) the Filer will, on behalf of the Investment Account(s), keep written records, including (i) a record of each purchase and sale of securities; (ii) the parties to the trade; and (iii) the terms of the purchase or sale for five years after the end of the fiscal year in which the trade occurred, the most recent two years in a reasonably accessible place; and

    (g) in the case of a Private Marketplace Inter-Fund Trade involving a Managed Account, the Filer will ensure that the account agreement governing the Managed Accounts contain an authorization of the holder of the Managed

Account to purchase securities from, or sell securities to, another Investment Account or, in the absence of such authority being contained in the account agreement governing the Managed Account, the Filer will obtain the prior written consent of the holder of the Managed Account before the Private Marketplace Inter-Fund Trade is conducted.

18. The Filer will comply with the following procedures when entering into Private Marketplace Inter-Fund Trades between Investment Accounts:

(a) the portfolio manager will deliver the trade instructions in respect of a purchase or a sale of the Private Marketplace Investment by a Fund or a Managed Account ("**Fund A**") to a trader on the trading desk of the Filer;

(b) the portfolio manager will deliver the trade instructions in respect of a purchase or sale of the Private Marketplace Investment by a Fund ("**Fund B**") to a trader on the trading desk of the Filer;

(c) the trader on the trading desk will execute the trade as a Private Marketplace Inter-Fund Trade between Fund A and Fund B in accordance with the requirements of paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107;

(d) the policies applicable to the trading desk will require that all orders are to be executed on a timely basis;

(e) the trader on the trading desk will advise the portfolio manager of Fund A and Fund B of the price at which the Private Marketplace Inter-Fund Trade occurs; and

(f) the trade as well as the final sale price will be displayed on the applicable Bulletin Board.

19. The Filer submits that:

(a) in the absence of the Exemption Sought, the Inter-Fund Trading Prohibition would mean that Private Marketplace Inter-Fund Trades would not be permitted to the extent that the trade involved a Managed Account or a Pooled Fund as a party, because they cannot avail themselves of the codified exemption in section 6.1(4) of NI 81-107, because the Pooled Funds and Managed Accounts are not reporting issuers subject to NI 81-107;

(b) granting the Exemption Sought, on the terms and conditions in the decision, would ensure that trades involving the Pooled Funds or the Managed Accounts are made pursuant to the same requirements as would be for trades involving only the NI 81-102 Funds or the Closed-End Funds under section 6.1(2) of NI 81-107;

(c) it is in the best interests of the Investment Accounts to be able to engage in Private Marketplace Inter-Fund Trades on the terms proposed; and

(d) in particular, setting the price at the average of the highest current bid and lowest current ask as displayed on the Bulletin Board will result in a material saving to the Investment Account as it will result in a better price whether the Investment Account is a buyer or a seller than would be the case if the Investment Account bought or sold over the Bulletin Board.

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

(a) the Filer refers the Private Marketplace Inter-Fund Trade to the IRC in the manner contemplated by section 5.1 of NI 81-107 and the Filer and the IRC of the Fund comply with section 5.4 of NI 81-107 in respect of any standing instructions an IRC provides in connection with the Inter-Fund Trade;

(b) the IRC of each Fund that is a party to the Private Marketplace Inter-Fund Trade has approved the trade in respect of such Fund in accordance with the terms of Section 5.2(2) of NI 81-107; and

(c) each such Private Marketplace Inter-Fund Trade is made pursuant to the following conditions:

(i) the Filer confirms to the IRC that the Private Marketplace Investment is a suitable sale or purchase for each Investment Account, as applicable;

(ii) the Private Marketplace Investments being traded have bid and ask prices displayed on Bulletin Boards where such bid and ask prices are publicly available;

(iii) The Private Marketplace Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, and

(iv) in the case of a Private Marketplace Inter-Fund Trade involving a Managed Account, the Filer ensures that the account agreement governing the Managed Accounts contain an authorization of the holder of the Managed Account to purchase securities from, or sell securities to, another Investment Account or, in the absence of such authority being contained in the account agreement governing the Managed Account, the Filer will obtain the prior written consent of the holder of the Managed Account before the Private Marketplace Inter-Fund Trade is conducted.

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

2.1.16 McLean Budden Limited et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – approval for fund mergers under 5.5 of NI 81-102 – relief needed because mergers will not meet pre-approval criteria – continuing funds have different investment objectives than terminating funds and some mergers will not be tax deferred – securityholders of terminating funds provided with timely and adequate disclosure regarding the mergers.

Applicable Legislative Provisions

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

March 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

AND

IN THE MATTER OF
McLEAN BUDDEN LIMITED
(MFS McLean Budden)

AND

SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.
(Sun Life Global Investments)

AND

SUN LIFE McLEAN BUDDEN CANADIAN BOND FUND
McLEAN BUDDEN REAL RETURN BOND FUND
McLEAN BUDDEN GLOBAL BOND FUND
McLEAN BUDDEN LIFEPLAN® RETIREMENT FUND
McLEAN BUDDEN LIFEPLAN® 2020 FUND
McLEAN BUDDEN LIFEPLAN® 2030 FUND
(each, a Terminating Fund and collectively,
the Terminating Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from MFS McLean Budden and Sun Life Global Investments for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for approval of the mergers (the **Mergers**) of the Terminating Funds into the applicable Continuing

Funds (as defined below) as set out in paragraph 11 below (the **Exemption Sought**).

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

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, and MI 11-102 have the same meaning if used in this decision, unless otherwise defined. The following additional terms shall have the following meanings:

Continuing Funds means McLean Budden Fixed Income Fund, Sun Life Managed Conservative Portfolio, Sun Life Milestone 2020 Fund and Sun Life Milestone 2030 Fund;

Fund or **Funds** means, individually or collectively, the Terminating Funds and the Continuing Funds;

IRC means, in respect of each Fund, the independent review committee for the Fund;

Managers means, collectively, MFS McLean Budden and Sun Life Global Investments;

MB Funds means McLean Budden Real Return Bond Fund, McLean Budden Fixed Income Fund, McLean Budden Global Bond Fund, McLean Budden LifePlan® Retirement Fund, McLean Budden LifePlan® 2020 Fund and McLean Budden LifePlan® 2030 Fund;

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

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

Sun Life Global Investments Funds means Sun Life McLean Budden Canadian Bond Fund, Sun Life Managed Conservative Portfolio, Sun Life Milestone 2020 Fund and Sun Life Milestone 2030 Fund;

Tax Act means the *Income Tax Act* (Canada).

Representations

This decision is based on the following facts represented by MFS McLean Budden and Sun Life Global Investments:

1. MFS McLean Budden is a corporation continued under the laws of Canada. MFS McLean Budden is an indirect, majority-owned subsidiary of Sun Life Financial Inc., a public company listed on the Toronto Stock Exchange.

2. Sun Life Global Investments is a corporation incorporated under the laws of Canada. Sun Life Global Investments is an indirect wholly-owned subsidiary of Sun Life Financial Inc.

3. As both MFS McLean Budden and Sun Life Global Investments are subsidiaries of Sun Life Financial Inc., MFS McLean Budden and Sun Life Global Investments are affiliates.

4. MFS McLean Budden is the manager of each of the MB Funds and RBC Dexia Investor Services Trust is currently the trustee of the MB Funds. Effective on or about April 2, 2012, Sun Life Global Investments will become the trustee and manager of these Funds.

5. Sun Life Global Investments is the trustee and manager of the Sun Life Global Investments Funds.

6. Each Fund is an open-end mutual fund trust established under the laws of Ontario by a master trust agreement or a master declaration of trust.

7. Units of the MB Funds are currently qualified for sale by a simplified prospectus and annual information form dated April 4, 2011, as amended. Units of Sun Life McLean Budden Canadian Bond Fund are currently qualified for sale by a simplified prospectus and annual information form dated April 7, 2011, as amended. Units of Sun Life Milestone 2020 Fund and Sun Life Milestone 2030 Fund are currently qualified for sale by a simplified prospectus and annual information form dated August 24, 2011, as amended. Units of Sun Life Managed Conservative Portfolio are currently qualified for sale by a simplified prospectus and annual information form dated January 11, 2012.

8. Each of the Funds is a reporting issuer under applicable securities legislation of each province and territory of Canada. None of the Managers nor the Funds is in default of securities legislation in any province or territory of Canada.

9. Other than circumstances in which the securities regulatory authority of a province or territory of Canada has expressly exempted a Fund therefrom, each of the Funds follows the standard investment restrictions and practices prescribed by applicable securities legislation.

10. The net asset value for each class or each series of the Funds, as applicable, is calculated on a daily basis on each day that the Toronto Stock Exchange is open for trading.

11. The Terminating Funds will merge into the Continuing Funds as follows:

    (a) Sun Life McLean Budden Canadian Bond Fund, McLean Budden Real Return Bond Fund and McLean Budden Global Bond Fund into McLean Budden Fixed Income Fund;

    (b) McLean Budden LifePlan® Retirement Fund into Sun Life Managed Conservative Portfolio;

    (c) McLean Budden LifePlan® 2020 Fund into Sun Life Milestone 2020 Fund; and

    (d) McLean Budden LifePlan® 2030 Fund into Sun Life Milestone 2030 Fund.

12. The Merger of McLean Budden LifePlan® Retirement Fund into Sun Life Managed Conservative Portfolio will be a material change for this Continuing Fund, as the net asset value of the Continuing Fund is smaller than the net asset value of the Terminating Fund merging into it.

13. Each Manager, in respect of the Terminating Funds it manages, concluded that approval of the Mergers is required because:

    (a) for each Merger, the fundamental investment objectives of each Continuing Fund are not, or may be considered not to be, "substantially similar" to the investment objectives of its corresponding Terminating Fund; and

    (b) for the Merger of McLean Budden Real Return Bond Fund into McLean Budden Fixed Income Fund, the Merger of McLean Budden Global Bond Fund into McLean Budden Fixed Income Fund and the Merger of McLean Budden LifePlan® 2030 Fund into Sun Life Milestone 2030 Fund (collectively, the **Taxable Mergers**), each such Merger will not be a "qualifying exchange" within the meaning of the Tax Act or a tax deferred transaction under the Tax Act,

    and therefore each Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

14. Each Manager, in respect of the Funds it manages, will, except as noted in paragraph 13, comply with all of the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

15. In the Merger of Sun Life McLean Budden Canadian Bond Fund into McLean Budden Fixed Income Fund, Series A units, Series F units and Series I units of the Terminating Fund will be exchanged for Class A units, Class F units (a new class to be created and qualified under a simplified prospectus) and Class O units of the Continuing Fund, respectively. Units of the Continuing Fund received by the Terminating Fund will be distributed to unitholders of the Terminating Fund on a dollar-for-dollar basis, with holders of Series A units, Series F units and Series I units of the Terminating Fund receiving Class A units, Class F units and Class O units of the Continuing Fund, respectively.

16. In the Merger of McLean Budden Real Return Bond Fund into McLean Budden Fixed Income Fund, Class C units and Class D units of the Terminating Fund will be exchanged for Class C units and Class D units of the Continuing Fund, respectively. Units of the Continuing Fund received by the Terminating Fund will be distributed to unitholders of the Terminating Fund on a dollar-for-dollar basis, with holders of Class C units and Class D units of the Terminating Fund receiving Class C units and Class D units of the Continuing Fund, respectively. Currently, McLean Budden Real Return Bond Fund does not have any Class A units, Class F units or Class O units outstanding and these classes are no longer offered for sale.

17. In the Merger of McLean Budden Global Bond Fund into McLean Budden Fixed Income Fund, Class A units, Class C units, Class D units and Class O units of the Terminating Fund will be exchanged for Class A units, Class C units, Class D units and Class O units of the Continuing Fund, respectively. Units of the Continuing Fund received by the Terminating Fund will be distributed to unitholders of the Terminating Fund on a dollar-for-dollar basis, with holders of Class A units, Class C units, Class D units and Class O units of the Terminating Fund receiving Class A units, Class C units, Class D units and Class O units of the Continuing Fund, respectively. Currently, McLean Budden Global Bond Fund does not have any Class F units outstanding and this class is no longer offered for sale.

18. Immediately upon the Merger of Sun Life McLean Budden Canadian Bond Fund, McLean Budden Real Return Bond Fund and McLean Budden Global Bond Fund into McLean Budden Fixed Income Fund, the Continuing Fund will be renamed Sun Life MFS McLean Budden Canadian Bond Fund, and its Class A, Class C, Class D, Class F and Class O units will be

reclassified as Series A, Series I, Series D, Series F and Series I units, respectively.

19. In the Merger of McLean Budden LifePlan® Retirement Fund into Sun Life Managed Conservative Portfolio, Class A units and Class VMD units of the Terminating Fund will be exchanged for Series A units of the Continuing Fund, and Class O units of the Terminating Fund will be exchanged for Series I units of the Continuing Fund. Units of the Continuing Fund received by the Terminating Fund will be distributed to unitholders of the Terminating Fund on a dollar-for-dollar basis, with holders of Class A units and Class VMD units of the Terminating Fund receiving Series A units of the Continuing Fund and holders Class O units of the Terminating Fund receiving Series I units of the Continuing Fund. Currently, McLean Budden LifePlan® Retirement Fund does not have any Class F units outstanding and this class is no longer offered for sale.

20. In the Merger of McLean Budden LifePlan® 2020 Fund into Sun Life Milestone 2020 Fund, Class A units, Class VMD units and Class O units of the Terminating Fund will be exchanged for Series A units of the Continuing Fund. Units of the Continuing Fund received by the Terminating Fund will be distributed to unitholders of the Terminating Fund on a dollar-for-dollar basis, with holders of Class A units, Class VMD units and Class O units of the Terminating Fund receiving Series A units of the Continuing Fund. Currently, McLean Budden LifePlan® 2020 Fund does not have any Class F units outstanding and this class is no longer offered for sale.

21. In the Merger of McLean Budden LifePlan® 2030 Fund into Sun Life Milestone 2030 Fund, Class A units, Class VMD units and Class O units of the Terminating Fund will be exchanged for Series A units of the Continuing Fund. Units of the Continuing Fund received by the Terminating Fund will be distributed to unitholders of the Terminating Fund on a dollar-for-dollar basis, with holders of Class A units, Class VMD units and Class O units of the Terminating Fund receiving Series A units of the Continuing Fund. Currently, McLean Budden LifePlan® 2030 Fund does not have any Class F units outstanding and this class is no longer offered for sale.

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

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

24. Unitholders of a Terminating Fund will continue to have the right to redeem units of the Terminating Fund for cash at any time up to the close of business on the business day immediately prior to the effective date of the Mergers.

25. An amendment to the simplified prospectus and annual information form of the Terminating Funds, other than Sun Life McLean Budden Canadian Bond Fund, was filed via SEDAR on December 15, 2011 with respect to the proposed Mergers and a material change report was filed via SEDAR on December 16, 2011. An amendment to the simplified prospectus and annual information form of Sun Life McLean Budden Canadian Bond Fund was filed via SEDAR on December 12, 2011 with respect to the proposed Merger and a material change report was filed via SEDAR on December 12, 2011.

26. As required by NI 81-107, the terms of each Merger were presented to the respective IRC of the Funds for its review and recommendation. The IRC reviewed the potential conflict of interest matters related to the applicable Merger and has determined that each proposed Merger, if implemented, would achieve a fair and reasonable result for the applicable Funds.

27. A notice of meeting, a management information circular and a proxy (collectively, **meeting materials**) in connection with meetings of unitholders were mailed to unitholders of the Terminating Funds and of Sun Life Managed Conservative Portfolio. The meeting materials were mailed to unitholders commencing on or about February 28, 2012 and have been filed via SEDAR.

28. Unitholders of the Terminating Funds and of Sun Life Managed Conservative Portfolio will be asked to approve the Mergers at meetings to be held on or about March 23, 2012.

29. Each of the Mergers, other than the Taxable Mergers, will be effected on a tax-deferred basis.

30. For each Taxable Merger, the Merger must be effected on a taxable basis because the applicable Terminating Fund is not a “mutual fund trust” under the Tax Act and therefore the Merger is not eligible to be effected on a tax-deferred basis.

31. Sun Life Global Investments will pay for the costs of the Mergers. These costs consist mainly of brokerage charges associated with the Merger related trades that occur both before and after the date of the Mergers and legal, proxy solicitation, printing, mailing and regulatory fees.

32. If the requisite approvals are obtained, each Terminating Fund will merge into the applicable Continuing Fund on or about the close of business on March 30, 2012. If unitholder approval for the merger of McLean Budden Real Return Bond Fund into McLean Budden Fixed Income Fund or McLean Budden Global Bond Fund into McLean Budden Fixed Income Fund is not obtained, the applicable Terminating Fund will be terminated on or about May 31, 2012. If unitholder approval is not obtained for any of the other Mergers, it is the current intention of Sun Life Global Investments that the remaining Terminating Funds will continue to operate.

33. The following steps will be carried out to effect each Merger:

    (a) Prior to the date of the Merger, each applicable Terminating Fund will sell securities in its portfolio that do not meet the investment objectives and investment strategies of the applicable Continuing Fund, if any. As a result, a Terminating Fund may temporarily hold cash or money market instruments and may not be fully invested in accordance with its investment objectives for a brief period of time prior to the relevant Merger. It is anticipated that McLean Budden LifePlan® Retirement Fund, McLean Budden LifePlan® 2020 Fund and McLean Budden LifePlan® 2030 Fund will each sell all or substantially all of its portfolio assets prior to the applicable Merger;

    (b) The value of each Terminating Fund's portfolio and other assets will be determined at the close of business on the effective date of the relevant Merger in accordance with its trust agreement or declaration of trust, as applicable;

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

    (d) The applicable Continuing Fund will not assume liabilities of any applicable Terminating Fund and each Terminating Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the date of the relevant Merger;

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

    (f) Each Terminating Fund will distribute to its unitholders a sufficient amount of its net income and net realized capital gains so that it will not be subject to tax under Part I of the Tax Act for its taxation year ending on the date of the Merger;

    (g) Immediately thereafter, the units of the applicable Continuing Fund received by each Terminating Fund will be distributed to unitholders of the Terminating Fund on a dollar for dollar basis in exchange for their units in the Terminating Fund, with unitholders of each class or each series of the Terminating Fund receiving the corresponding class or series of units of the Continuing Fund in the manner described above; and

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

34. Units of each of the Funds are qualified investments under the Tax Act for registered retirement savings plans, registered retirement income funds, tax-free savings accounts, registered education savings plans, deferred profit sharing plans and registered disability savings plans.

35. Following each Merger, the applicable Terminating Fund will be wound up as soon as reasonably possible and the applicable Continuing Fund will continue as publicly offered open-end mutual fund governed by the laws of Ontario.

36. Following each Merger, units of the applicable Continuing Fund received by unitholders of the Terminating Fund as a result of the Merger will have the same sales charge option and, for units purchased under the deferred sales charge option or the low load option (such options will only be applicable to unitholders of Sun Life McLean Budden Canadian Bond Fund), remaining deferred sales charge schedule as their units in the Terminating Fund.

37. Each Manager, in respect of the Terminating Funds it manages, believes that the applicable Merger will be beneficial to unitholders of each Terminating Fund and Continuing Fund for the following reasons:

    (a) In the case of the Merger of McLean Budden Real Return Bond Fund into McLean Budden Fixed Income Fund and the Merger of McLean Budden Global Bond Fund into McLean Budden Fixed

Income Fund, there will be a savings in brokerage charges for these Terminating Funds over a straight liquidation of the portfolio of securities of that Fund if it were terminated;

(b) Unitholders of each Terminating Fund and each Continuing Fund will enjoy increased economies of scale and potentially lower aggregate Fund operating expenses (which are borne indirectly by unitholders) as part of a larger combined Continuing Fund. Sun Life McLean Budden Canadian Bond Fund is responsible for the payment of its operating expenses. Currently, each of the other Terminating Funds (which are all MB Funds) do not pay such expenses, as they have been absorbed by the Manager. As disclosed in the simplified prospectus of the MB Funds, the Manager has the authority to cease absorbing these expenses upon providing prior written notice to unitholders. Unitholders of each such Terminating Fund have been sent a notice that, effective on or about April 2, 2012, Sun Life Global Investments, as the new manager of the MB Funds, will cease absorbing the expenses of these Funds. As a result, administrative expenses either currently are (in the case of Sun Life McLean Budden Canadian Bond Fund), or will be (in the case of the other Terminating Funds), payable by the Terminating Funds. Accordingly, if the Terminating Funds that are MB Funds were to continue after April 2, 2012, there will be an increase in the management expense ratios of such Funds. The Mergers are expected to result in increased economies of scale for each Terminating Fund because the combined Continuing Fund will have a greater asset base following the Merger over which to distribute the costs of operating a mutual fund and thus will result in a potentially lower management expense ratio to be borne by unitholders of each Terminating Fund as part of the larger Continuing Fund compared to the management expense ratio of the Terminating Fund following April 2, 2012;

(c) Each Continuing Fund will have a portfolio of greater value, allowing for increased portfolio diversification opportunities, which may lead to increased returns and/or a reduction of risk;

(d) Each Continuing Fund, as a result of its greater size, will benefit from a larger profile in the marketplace by potentially attracting more investors and enabling it to maintain a "critical mass"; and

(e) A line-up consisting of fewer mutual funds that target similar types of investors will allow the Manager to concentrate its marketing efforts to attract additional assets in the Continuing Funds. Ultimately this benefits unitholders because it ensures that each Continuing Fund remains a viable, long-term investment vehicle for existing and potential investors.

Decision

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

The decision of the Principal Regulator under the Legislation is that the Exemption Sought is granted.

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

2.1.17 Dundee Real Estate Investment Trust and Whiterock Real Estate Investment Trust

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from the requirement in section 74 of the Act that the prospectus requirements shall not apply to the proposed distributions of REIT Units to a REIT and, subsequently, by that REIT to its unitholders and the depositary in respect of non-resident Unitholders in connection with an acquisition and certain first trade relief.

Applicable Legislative Provisions

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

February 24, 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
DUNDEE REAL ESTATE INVESTMENT TRUST AND
WHITEROCK REAL ESTATE INVESTMENT TRUST
(the "Filers")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for a decision pursuant to section 74 of the Act that the prospectus requirements contained in the Legislation (as defined below) shall not apply to the proposed distribution of REIT Units, Series A (the "**Dundee Units**") of Dundee Real Estate Investment Trust ("**Dundee REIT**") to Whiterock Real Estate Investment Trust ("**Whiterock REIT**") and, subsequently, by Whiterock REIT to unitholders of Whiterock REIT (the "**Whiterock Unitholders**") and the depositary in respect of non-resident Whiterock Unitholders in connection with the Acquisition (as defined below) and certain first trade relief (the "**Requested Relief**").

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

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

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

Representations

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

1. Dundee REIT is an unincorporated, open-ended real estate investment trust governed by the laws of the Province of Ontario and constituted pursuant to a declaration of trust dated May 9, 2003, as amended and restated. The head office of Dundee REIT is located at 30 Adelaide Street East, Suite 1600, Toronto, Ontario, M5C 3H1.

2. Dundee REIT is, and has been since June 30, 2003, a reporting issuer in all provinces of Canada.

3. The outstanding Dundee Units are listed and traded on The Toronto Stock Exchange (the "**TSX**") under the symbol "D.UN."

4. Dundee REIT is not on the list of defaulting reporting issuers maintained by the Ontario Securities Commission pursuant to section 83 of the Act (the "**Defaulting Issuer List"**).

5. Whiterock REIT is an unincorporated, open-ended real estate investment trust governed by the laws of the Province of Manitoba and constituted pursuant to a declaration of trust dated May 17, 2005, as amended and restated (the "**Whiterock Declaration of Trust**"). The head office of Whiterock is located at 401 The West Mall, Suite 1000, Toronto, Ontario, M9C 5J5.

6. The outstanding trust units of Whiterock REIT (the "**Whiterock Units**") are listed and posted on the TSX under the symbol "WRK.UN".

7. As at January 16, 2012, there were 35,926,551 Whiterock Units issued and outstanding.

8. Whiterock REIT is not on the Defaulting Issuer List.

9. The transaction will be effected by means of the Offer (as defined below) and the Acquisition (as defined below) (collectively, the "**Transaction**").

10. The offer (the "**Offer**") refers to the take-over bid made by Dundee REIT for any and all of the issued and outstanding Whiterock Units held by Canadian residents. In consideration for Whiterock Units, Whiterock Unitholders may chose either:

    (a) $16.25 in cash for each Whiterock Unit, subject to a maximum aggregate cash amount of $360 million and pro-ration if elections exceed this amount (the "**Cash Option**"); or

    (b) 0.4729 Dundee Units for each Whiterock Unit, subject to a maximum number of Dundee Units and pro-ration if elections exceed this number (with the balance to be paid in cash) (the "**Unit Option**").

11. The Cash Option and the Unit Option shall be subject to pro-ration if, respectively, (i) more than 22,153,846 Whiterock Units are deposited to the Offer pursuant to the Cash Option or (ii) the number of Whiterock Units deposited to the Offer pursuant to the Unit Option, together with the number of Whiterock Units to be redeemed in connection with the Acquisition (other than any Whiterock Units held by Dundee REIT that are redeemed) plus the number of Whiterock Units issuable upon the exercise, exchange or conversion of Whiterock Convertible Securities outstanding at the Closing Time, exceeds 36,855,299, as applicable.

12. No fractional Dundee Units will be issued pursuant to the Offer. Whiterock Unitholders who would otherwise be entitled to receive a fraction of a Dundee Unit pursuant to the Offer will have such fractions of Dundee Units issued to the depositary, which shall, as their agent, as expeditiously as is commercially reasonable thereafter, sell the sum of such fractional Dundee Units through the facilities of the TSX and pay the net proceeds of such sale, after brokerage sales commissions, to such Whiterock Unitholders based on their entitlement to a fractional Dundee Unit, less any applicable withholding taxes and without interest.

13. The Offer is not being made to Whiterock Unitholders who are non-residents of Canada. Upon the completion of the Acquisition, all Whiterock Unitholders who are non-residents of Canada will have their Whiterock Units redeemed by Whiterock and the Dundee Units to which they would otherwise be entitled will be issued to the depositary, which shall, as their agent, as expeditiously as is commercially reasonable thereafter, sell all such Dundee Units through the facilities of the TSX, and pay upon receipt of a completed letter of transmittal and accompanying Whiterock Unit certificates the net proceeds of such sales, after brokerage sales commissions, to such non-resident Whiterock Unitholders based on their respective entitlements to Dundee Units, less any applicable withholding taxes and without interest.

14. The acquisition (the "**Acquisition**") collectively refers to: (i) the transfer by Whiterock REIT of all or substantially all of its assets to a newly formed wholly-owned limited partnership (the "**Whiterock Limited Partnership**"), of which the general partner is a newly formed trust with Whiterock REIT as the sole beneficiary, in consideration for limited partnership units of Whiterock Limited Partnership; and (ii) the sale by Whiterock REIT of all of the outstanding limited partnership units of Whiterock Limited Partnership and all of the units of the general partner of Whiterock Limited Partnership to Dundee REIT in consideration for cash, the assumption by Dundee REIT of all of Whiterock REIT's liabilities, and the issuance by Dundee REIT of Dundee Units to Whiterock REIT. Each of the issued and outstanding Whiterock Units (except, possibly, for certain Whiterock Units to be held by Dundee REIT upon completion of the Offer) will then be redeemed by Whiterock REIT in consideration for 0.4729 Dundee Units for each Whiterock Unit.

15. To the extent that cash is pro-rated under the Offer, any Whiterock Units not taken-up for cash pursuant to the Cash Option will be automatically withdrawn (without any further action by the depositing Whiterock Unitholder) with the result that such Whiterock Units will be redeemed by Whiterock REIT on a tax deferred "rollover" basis for Canadian income tax purposes under the Acquisition, unless the depositing Whiterock Unitholder elects not to withdraw such Whiterock Units and therefore have the remainder of such holder's Whiterock Units taken-up by Dundee REIT in consideration for 0.4729 Dundee Units for each Whiterock Unit on a taxable basis for Canadian income tax purposes under the Offer.

16. In connection with the Acquisition, following the take-up of Whiterock Units under the Offer, Whiterock REIT will consolidate all of the outstanding Whiterock Units on the basis of 0.4729 of a post-consolidation Whiterock Unit for each outstanding Whiterock Unit prior to the consolidation. This consolidation of Whiterock Units will not affect the consideration to be received by Whiterock Unitholders pursuant to the Offer and Acquisition.

17. The Transaction has been structured in this manner in order to, among other things, provide flexibility for each Whiterock Unitholder resident in Canada to achieve the desired tax consequences between the alternatives of: (i) depositing such holder's Whiterock Units to the Offer for either cash and/or Dundee Units, with such sale of

Whiterock Units for Dundee Units and/or cash being treated as a taxable disposition for Canadian income tax purposes; or (ii) retaining their Whiterock Units with the subsequent redemption of their Whiterock Units on the completion of the Acquisition being effected on a tax-deferred "rollover" basis for Canadian income tax purposes so as to defer the realization of any gain (or loss) until the holder disposes or is deemed to dispose of the Dundee Units received by such holder pursuant to the Acquisition.

18. Dundee REIT and Whiterock REIT mailed on or about January 26, 2012, among other items, the offer to purchase Whiterock Units by Dundee REIT, the take-over bid circular of Dundee REIT, the trustees' circular of the board of trustees of Whiterock REIT and the management information circular of Whiterock REIT (collectively, the "**Offer to Purchase and the Circulars**") to Whiterock Unitholders, holders of convertible debentures of Whiterock REIT and holders of options of Whiterock REIT. The Offer to Purchase and the Circulars were filed on SEDAR on January 26, 2012. The Offer to Purchase and the Circulars contain detailed descriptions of the Offer and the Acquisition, including a notice of a meeting of Whiterock Unitholders (the "**Whiterock Unitholders Meeting**") to consider and, if deemed advisable, approve the Acquisition. The Whiterock Unitholders Meeting is scheduled to take place on February 27, 2012. The Offer, in respect of which Whiterock Unitholder approval is a condition, will expire, subject to extension, at 12:01 am (local time) on March 2, 2012, and, if all conditions of the Offer and the Acquisition have at that time been satisfied or waived, it is anticipated that the Transaction would be closed on March 2, 2012.

19. The Acquisition is considered a "qualifying exchange" as defined in section 132.2 of the *Income Tax Act* (Canada) (the "**Tax Act**"). Accordingly, for Canadian income tax purposes, where a Whiterock Unitholder's Whiterock Units are redeemed in consideration for Dundee Units, the proceeds of disposition, and the cost to the Whiterock Unitholder of the Dundee Units received in consideration therefor, will be deemed to be equal to the adjusted cost base to the Whiterock Unitholder of the Whiterock Units immediately prior to their disposition, thereby resulting in a tax-deferred "rollover" for Canadian income tax purposes.

20. In order to ensure compliance with section 132.2 of the Tax Act, the take-up of Whiterock Units under the Offer will occur after approval of the Acquisition at the Whiterock Unitholders Meeting, but prior to effecting the Acquisition. The Acquisition (including the distribution of Dundee Units to Whiterock Unitholders upon the redemption of the outstanding Dundee Units) will be completed as soon as possible following the take-up of Whiterock Units under the Offer so as to provide the most consistent treatment possible to all Whiterock Unitholders, whether they are depositing Whiterock Units for Dundee Units or cash under the Offer or surrendering Whiterock Units for redemption in connection with the Acquisition.

21. An exemption from the prospectus requirements contained in the Legislation would be available for the issuance of Dundee Units to Whiterock REIT, and the transfer of such Dundee Units by Whiterock REIT to the Whiterock Unitholders (and the depositary in respect of non-resident Whiterock Unitholders) in consideration for the redemption of Whiterock Units in connection with the Acquisition if the Acquisition were a "merger" or "recapitalization" and, as a result, the first trade of those Dundee Units by such Whiterock Unitholders (and the depositary in respect of non-resident Whiterock Unitholders) would be a distribution unless the conditions in section 2.6(3) of NI 45-102 were satisfied.

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 prospectus requirements contained in the Legislation shall not apply to the issuance of Dundee Units to Whiterock REIT and the transfer of such Dundee Units by Whiterock REIT to the Whiterock Unitholders (and the depositary in respect of non-resident Whiterock Unitholders) in consideration for the redemption of the Whiterock Units in connection with the Acquisition and the first trade of any such Dundee Units shall be a distribution under the Legislation unless the following conditions are satisfied:

1. At the time of such first trade Dundee REIT is and has been a reporting issuer in a jurisdiction of Canada for the four months preceding the trade.

2. The trade is not a control distribution.

3. No unusual effort is made to prepare the market or to create a demand for the Dundee Unit that is the subject of the trade.

4. No extraordinary commission or consideration is paid to a person or company in respect of the trade.

5. If the selling securityholder is an insider or officer of Dundee REIT, the selling securityholder has no reasonable grounds to believe that Dundee REIT is in default of securities legislation.

"Edward P. Kerwin"

"Judith Roberston"

2.2 Orders

2.2.1 HEIR Home Equity Investment Rewards Inc. et al. – Rule 1.7.4 of the OSC Rules of Procedure

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

AND

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

ORDER
(Rule 1.7.4 of the Ontario Securities Commission *Rules of Procedure* (2010), 33 O.S.C.B. 8017)

WHEREAS on March 29, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 29, 2011 in respect of HEIR Home Equity Investment Rewards Inc., FFI First Fruit Investments Inc., Wealth Building Mortgages Inc., Archibald Robertson, Eric Deschamps (collectively, the "HEIR Respondents") and Canyon Acquisitions, LLC, Canyon Acquisitions International, LLC, Brent Borland, Wayne D. Robbins, Marco Caruso, Placencia Estates Development, Ltd., Copal Resort Development Group, LLC, Rendezvous Island, Ltd., The Placencia Marina, Ltd. and The Placencia Hotel and Residences Ltd. (collectively, the "Canyon Respondents");

AND WHEREAS on February 14, 2012, Staff filed an Amended Statement of Allegations in respect of the HEIR Respondents and the Canyon Respondents;

AND WHEREAS on February 27, 2012, counsel for the Canyon Respondents, McCarthy Tétrault LLP, filed a notice of motion, pursuant to rule 1.7.4 of the Commission's *Rules of Procedure* (2010), 33 O.S.C.B. 8017, for leave to withdraw as representative for the Canyon Respondents and requesting that the motion be heard in writing (the "Withdrawal Motion");

AND WHEREAS McCarthy Tétrault LLP has confirmed that the Canyon Respondents have been served with the Withdrawal Motion;

IT IS ORDERED that the Withdrawal Motion is heard in writing;

IT IS FURTHER ORDERED that McCarthy Tétrault LLP is granted leave to withdraw as representative for the Canyon Respondents.

DATED at Toronto, this 1st day of March, 2012.

"Christopher Portner"

2.2.2 Sage Investment Group et al. – s. 127

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

AND

IN THE MATTER OF
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

ORDER
(Section 127 of the Securities Act)

WHEREAS on January 27, 2012, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") accompanied by a Statement of Allegations dated January 27, 2012, issued by Staff of the Commission ("Staff") with respect to Sage Investment Group ("Sage"), C.A.D.E. Resources Group Inc. ("C.A.D.E."), Greenstone Financial Group ("Greenstone"), Fidelity Financial Group ("Fidelity"), Antonio Carlos Neto David Oliveira ("Oliveira"), and Anne Marie Ridley ("Ridley"), (collectively, the "Respondents");

AND WHEREAS the Notice of Hearing stated that a hearing would be held at the offices of the Commission on February 9, 2012;

AND WHEREAS on February 9, 2012, Staff confirmed that the Commission had received the affidavit of Charlene Rochman affirmed February 9, 2012, which indicated that the Notice of Hearing and Statement of Allegations were served on all Respondents personally, or through their counsel;

AND WHEREAS on February 9, 2012, Staff and Ridley attended the hearing and made submissions, and Staff requested that a pre-hearing conference be scheduled in this matter;

AND WHEREAS on February 9, 2012, an agent for counsel for Sage, C.A.D.E., Greenstone, Fidelity, and Oliveira provided Staff with counsel's available dates for a pre-hearing conference in this matter;

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

IT IS HEREBY ORDERED THAT the hearing is adjourned to April 26, 2012 at 2:00 p.m. for the purpose of a pre-hearing conference, or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 9th day of February, 2012.

"James E. A. Turner"

2.2.3 Rare Investments et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
2196768 ONTARIO LTD
CARRYING ON BUSINESS AS RARE INVESTMENTS,
RAMADHAR DOOKHIE, ADIL SUNDERJI
And EVGUENI TODOROV

ORDER
(Sections 127 and 127.1)

WHEREAS on November 22, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), accompanied by a Statement of Allegations with respect to 2196768 Ontario Ltd carrying on business as RARE Investments, Ramadhar Dookhie, Adil Sunderji and Evgueni Todorov (collectively, the "Respondents") for a hearing to commence on December 5, 2011;

AND WHEREAS on November 23, 2011, the Respondents were served with the Notice of Hearing and Statement of Allegations dated November 22, 2011;

AND WHEREAS at a hearing on December 5, 2011, counsel for Staff of the Commission ("Staff") advised that disclosure would be made to the Respondents by Staff on or by January 16, 2012, and the parties consented to the scheduling of a confidential pre-hearing conference on March 5, 2012 at 10:00 a.m.;

AND WHEREAS counsel for the Respondents has advised that it is necessary for two of the three individual respondents to obtain separate legal counsel, and seeks an adjournment of the confidential pre-hearing conference to May 2, 2012 at 10:00 a.m. to permit them to do so;

AND WHEREAS Staff consents to the adjournment;

AND WHEREAS the Commission considers it to be in the public interest to do so;

IT IS HEREBY ORDERED that the confidential pre-hearing conference scheduled for March 5, 2012 at 10:00 a.m. is adjourned to May 2, 2012 at 10:00 a.m., or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 1st day of March, 2012.

"James E. A. Turner"

2.2.4 Irwin Boock et al. – ss. 127, 127.1

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

AND

**IN THE MATTER OF
IRWIN BOOCK, STANTON DEFREITAS, JASON WONG, SAUDIA ALLIE, ALENA DUBINSKY, ALEX KHODJAIANTS, 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**

**ORDER
(Section 127 and 127.1)**

WHEREAS on October 16, 2008, the Ontario Securities Commission (the "Commission") commenced the within proceeding by issuing 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");

AND WHEREAS on October 14, 2009, Staff of the Commission ("Staff") brought a disclosure motion (the "Motion") regarding the Respondent, Irwin Boock ("Boock") which was heard on October 21, 2009; November 2 and 20, 2009 and January 8, 2010;

AND WHEREAS on December 10, 2009 the Commission ordered that the hearing on the merits of this matter (the "Merits Hearing") shall commence on February 1, 2010;

AND WHEREAS on January 29, 2010, the Commission ordered that the Merits Hearing be adjourned *sine die* pending the release of the Commission's decision on the Motion;

AND WHEREAS on February 9, 2010, the Commission issued a decision on the Motion (the "Disclosure Decision");

AND WHEREAS Boock commenced an Application for Judicial Review before the Superior Court of Justice (Divisional Court) (the "Divisional Court") of the Disclosure Decision ("JR Application");

AND WHEREAS on February 24, 2010, the Commission made an order that the Disclosure Decision be stayed until the earlier of the date of a decision in the JR Application, a status hearing scheduled for September 13, 2010 and that the Merits Hearing shall commence on October 18, 2010;

AND WHEREAS on July 15, 2010, the Commission made an order that the dates for the Merits Hearing be vacated and the Disclosure Decision remain stayed until the earlier of the date of a decision in the JR Application or a status hearing scheduled for November 29, 2010;

AND WHEREAS on October 27, 2010, the JR Application was heard and dismissed by the Divisional Court (the "JR Decision");

AND WHEREAS on November 29, 2010, the Commission ordered that the Stay shall lapse;

AND WHEREAS on January 27, 2011, the Commission held a Status Hearing attended by Staff, counsel for Stanton DeFreitas ("DeFreitas"), and counsel to Jason Wong ("Wong");

AND WHEREAS pre-hearing conferences were held in this matter on April 19 and May 24, 2011;

AND WHEREAS on May 24, 2011, the Commission ordered that the hearing on the merits shall commence on February 1, 2012, and shall continue as scheduled thereafter;

AND WHEREAS status hearings in this matter were held on October 5 and December 5, 2011;

AND WHEREAS on February 1, 2012, Boock brought a motion to adjourn the hearing on the merits for 30 days on the grounds that Staff made late disclosure of evidence and a witness list;

AND WHEREAS on the same date the respondent, Alex Khodjaiants, advised the panel of the proper spelling of his name (hereinafter, "Khodjaiants");

AND WHEREAS counsel for Khodjaiants brought a motion to adjourn the hearing on the merits until May 2012 to permit Khodjaiants to retain him for representation at the hearing on the merits;

AND WHEREAS the Commission ordered that the title of proceeding be amended to change "Alex Khodjiaints" to "Alex Khodjaiants";

AND WHEREAS the Commission granted an adjournment in part and ordered that the hearing on the merits, previously set to commence February 1, 2012, be adjourned until February 8, 2012 and to continue thereafter as scheduled;

AND WHEREAS on February 7, 2012, Khodjaiants filed an Application for Judicial Review and Factum with the Divisional Court, seeking to set aside the Commission's order dated February 1, 2012 (the "Second JR Application");

AND WHEREAS Khodjaiants' Factum for the Second JR Application includes a request for, among other things, an order for a stay of the Commission proceedings;

AND WHEREAS Khodjaiants has spelled his name "Khodjiaints" in his Divisional Court materials, contrary to his advice to the Commission on February 1, 2012;

AND WHEREAS on February 8, 2012, Khodjaiants did not attend before the Commission as scheduled, and Staff advised that Khodjaiants has not served motion materials or set a date for a motion for a stay;

AND WHEREAS the Commission ordered that Khodjaiants clarify the proper legal spelling of his name, failing which the Commission notes that the names "Khodjiaints" or "Khodjaiants" are one and the same for the purpose of this proceeding;

AND WHEREAS the Commission further ordered that Staff contact Khodjaiants to advise him of what procedural steps he must take to bring his motion for a stay expeditiously, that the hearing date of February 9, 2012 be vacated, and that the hearing be adjourned until February 10, 2012 at which time the parties shall advise the Commission of the status of the motion before the Divisional Court;

AND WHEREAS Staff and Khodjaiants attended before the Commission on February 10, 2012 as ordered;

AND WHEREAS Khodjaiants confirmed that the proper legal spelling of his name is "Khodjaiants";

AND WHEREAS Khodjaiants advised that he has not retained legal counsel, has no intention of booking a date for a motion for a stay order, has not booked a hearing date for the Second JR Application, and requested that a status hearing be scheduled for April, 2012;

AND WHEREAS Staff requested a brief adjournment of the hearing on the merits in order to bring a motion to quash the Second JR Application as being improperly constituted;

AND WHEREAS the Commission ordered that the hearing on the merits be adjourned until February 15, 2012 for an update on Staff's motion to quash;

AND WHEREAS Staff and Khodjaiants attended on February 15, 2012, and Staff advised that a Notice of Motion to strike the Second JR Application had been served, returnable on March 6, 2012;

AND WHEREAS on February 15, 2012 the Commission ordered that the hearing dates of February 16, 17, 21, 22, 23, 27, 29 and March 2, 5, and 6, 2012 be vacated and status hearings be held on March 13 and 23, 2012, if necessary;

AND WHEREAS on March 5, 2012, Staff advised the Commission in writing that its motion to quash the Second JR Application has been moved to April 4, 2012 due to procedural issues;

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

IT IS HEREBY ORDERED that the status hearing dates of March 13 and 23, 2012 be vacated;

AND IT IS FURTHER ORDERED that the hearing on the merits be held on April 25, 27, 2012, May 3, 4, 7, 11, 17, 18, 2012, June 4 and 7, 2012.

DATED at Toronto, this 5th day of March, 2012.

"Vern Krishna"

2.2.5 Caterpillar Financial Services Limited – s. 158(1.1) of the OBCA

Headnote

Order pursuant to subsection 158(1.1) of the Business Corporations Act(Ontario) that an offering corporation is authorized to dispense with its audit committee – Issuer is a credit support issuer – Issuer exempt from audit committee requirements of National Instrument 52-110 Audit Committees – Relief conditional upon issuer continuing to be a credit support issuer and exempt from the application of NI 52-110 or a successor instrument.

Ontario Legislative Provisions Cited

Business Corporations Act, R.S.O. 1990, c. B.16, s. 158(1.1).
National Instrument 52-110 Audit Committees, s. 1.2.

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT,
R.S.O. 1990, CHAPTER B.16, AS AMENDED
(THE "OBCA")

AND

IN THE MATTER OF
CATERPILLAR FINANCIAL SERVICES LIMITED
(THE "FILER")

ORDER
(SECTION 158(1.1) OF THE OBCA)

UPON the application of the Filer to the Ontario Securities Commission (the "**Commission**") for an order pursuant to subsection 158(1.1) of the OBCA that the Filer be authorized to dispense with an audit committee;

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

The Filer has represented to the Commission that:

1. The Filer was incorporated pursuant to the OBCA on December 12, 1985, continued under the *Canada Business Corporations Act* ("**CBCA**") on March 20, 2006, and continued under the OBCA on March 6, 2012.

2. The Filer was previously a "distributing corporation" under the CBCA and, pursuant to Section 171(2) of the CBCA, had received exemptions from Industry Canada from the requirement to have an audit committee under Section 171(1) of the CBCA for, most recently, the Filer's financial years ended December 31, 2011 and December 31, 2012.

3. The registered and principal office of the Filer is at 5575 North Service Road, Suite #600, Burlington, Ontario, Canada, L7L 6M1.

4. All of the issued common shares of the Filer are owned by Caterpillar Financial Nova Scotia Corporation ("**CFNSC**"), a Nova Scotia company that is a direct wholly-owned subsidiary of Caterpillar Financial Services Corporation ("**CFSC**"), a Delaware corporation.

5. CFSC is a wholly-owned subsidiary of Caterpillar Inc., a Delaware corporation listed on the New York Stock Exchange under the symbol "CAT".

6. On July 17, 2001, the Filer was issued a receipt for a final prospectus by the securities commissions and similar regulatory authorities in all the provinces of Canada in connection with the establishment of the Filer's medium term note program.

7. The Filer's capital structure is comprised of (i) its common shares, (ii) publicly-held medium term notes issued pursuant to prospectuses and (iii) publicly-held short-term debt securities issued pursuant to an exemption from the prospectus requirements under applicable securities legislation in each of the provinces in Canada.

8. The terms governing the Filer's issued and outstanding securities do not contain any restrictions or affirmative or negative covenants requiring the Filer to have an audit committee.

9. The Filer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

10. The Filer is a reporting issuer only due to the issuance of medium term notes unconditionally guaranteed as to the payment of principal, premium and interest by CFSC.

11. The Filer is not in default of any of its obligations as a reporting issuer under the securities legislation in each of the provinces in Canada.

12. The Filer is an "offering corporation" under the OBCA and obligated under Section 158(1) of the OBCA to have an audit committee.

13. The board of directors of the Filer will approve the Filer's financial statements, as required by Section 159(1) of the OBCA.

14. The Filer is a "credit support issuer" (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**")) that qualifies for the relief contemplated by, and is in compliance with the requirements and conditions set out in, Section 13.4 of NI 51-102. CFSC is the applicable "credit supporter" (as defined in NI 51-102).

15. As a credit support issuer, pursuant to Section 1.2 of National Instrument 52-110 – *Audit Committees*

("**NI 52-110**"), the mandatory standards adopted by the Ontario Securities Commission and other Canadian securities regulatory authorities relating to the composition and function of audit committees currently do not apply to the Filer.

16. The Filer will inform the OSC promptly upon the Filer ceasing to qualify as a credit support issuer .

17. CFNSC and CFSC require the Filer to provide them with a regular flow of financial and operating reports designed to furnish comprehensive and up-to-date information on the financial condition and results of the Filer and on its operations, and, where deemed necessary, these reports are supplemented by personal interviews with officers or other management employees of the Filer. CFNSC and CFSC maintain an experienced and professionally trained staff to review the foregoing information.

18. The Filer believes that CFNSC, as the sole shareholder of the Filer, and CFSC as the sole shareholder of CFNSC, would not be prejudiced if the Filer were permitted to dispense with an audit committee.

AND UPON the Commission being satisfied that do so would not be prejudicial to the Filer's sole shareholder,

IT IS ORDERED, pursuant to subsection 158(1.1) of the OBCA, that the Filer is authorized to dispense with an audit committee for so long as the Filer continues to be a credit support issuer and exempt from the application of NI 52-110 or a successor instrument.

DATED at Toronto this the 6th day of March, 2012.

"James E. A. Turner"
Commissioner
Ontario Securities Commission

"Mary G. Condon"
Commissioner
Ontario Securities Commission

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Pacrim International Capital Inc.	30 Dec 11	11 Jan 12	11 Jan 12		

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Chapter 5

Rules and Policies

5.1.1 Revised CSA Notice – NI 25-101 Designated Rating Organizations, Related Policies and Consequential Amendments

REVISED CSA NOTICE[1]

NATIONAL INSTRUMENT 25-101
DESIGNATED RATING ORGANIZATIONS

RELATED POLICIES AND CONSEQUENTIAL AMENDMENTS

1. Purpose of Notice

We, the members of the Canadian Securities Administrators (**CSA**), are adopting National Instrument 25-101 *Designated Rating Organizations* (the **Instrument**), related policies and related consequential amendments. The Instrument will impose requirements on those credit rating agencies or organizations (**CROs**) that wish to have their credit ratings eligible for use in securities legislation.

Specifically, we are adopting the materials included in the following annexes:

- the Instrument (Annex B),
- Consequential amendments to National Instrument 41-101 *General Prospectus Requirements* (Annex C),
- Consequential amendments to National Instrument 44-101 *Short Form Prospectus Distributions* (Annex D),
- Consequential amendments to National Instrument 51-102 *Continuous Disclosure Obligations* (Annex E), and
- National Policy 11-205 *Process for Designation of Credit Rating Organizations in Multiple Jurisdictions* **(NP 11-205**) (Annex F).

The Instrument, the consequential amendments and NP 11-205 are collectively referred to as the **Materials**.

Jurisdictions that are a party to Multilateral Instrument 11-102 *Passport System* (currently all jurisdictions except Ontario) are also publishing amendments to that instrument and companion policy that permit the use of the passport system for designation applications by CROs and exemptive relief applications by designated rating organizations. As Ontario is not a party to Multilateral Instrument 11-102, these amendments will not be published in Ontario.

The Materials are also available on the websites of CSA members, including the following:

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

[1] This is a revised version of the Materials originally published on January 27, 2012. The revisions are of a non-material nature.

In some jurisdictions, Ministerial approvals are required for the implementation of the Materials. Subject to obtaining all necessary approvals, the Materials will come into force on **April 20, 2012**.

2. Substance and Purpose of the Instrument

CROs play a significant role in the credit markets, and ratings issued by CROs continue to be referred to within securities legislation. However, CROs are not currently subject to formal securities regulatory oversight in Canada. As a result, we think it is appropriate to develop a securities regulatory regime for CROs that is consistent with international standards and developments. The Instrument, together with the related legislative amendments (described below), are intended to implement an appropriate Canadian regulatory regime for CROs.

We initially published for comment the Instrument, related policies and consequential amendments on July 16, 2010 (the **2010 Proposal**). The 2010 Proposal would have required that a designated rating organization establish, maintain and ensure compliance with a code of conduct that complies with each provision of the IOSCO *Code of Conduct Fundamentals for Credit Rating Agencies* (the **IOSCO Code**). However, in the spirit of the IOSCO Code, the 2010 Proposal would have also permitted a designated rating organization to deviate from a provision or provisions of the IOSCO Code in certain circumstances; this was referred to as a "comply or explain" model.

The European Union has implemented a regulatory framework for CROs in the form of *Regulation (EC) No 1060/2009 on credit rating agencies* (the **EU Regulation**). The EU Regulation contains some provisions that are also found in the IOSCO Code but that are now legally binding. A registration procedure has thus been introduced to enable the European Commission to monitor the activities of CROs. For recognizing the ratings issued by CROs outside of the European Union, the European Commission must make a decision confirming that the standards of regulation in a non-European country are "equivalent" to the EU Regulation.

In connection with the endorsement and certification provisions in articles 4 and 5 of the EU Regulation, staff of the European Security Markets Authority have been assessing whether the proposed Canadian regulatory framework applicable to CROs is "equivalent" to the EU Regulation. The failure to obtain an equivalency determination from the European Commission, and the consequent inability of a CRO that issues ratings in Canada to rely on the endorsement or certification models in the EU Regulation, would have a negative impact on such CROs. The issuers that such CROs rate might also be negatively impacted to the extent those ratings are used for regulatory purposes in the European Union.

To be consistent with developing international standards and to facilitate a positive equivalency determination from the European Commission, we republished for comment the Instrument, related policies and consequential amendments on March 18, 2011 (the **2011 Proposal**). The 2011 Proposal departed from the "comply or explain" model and required designated rating organizations to establish, maintain and comply with a code of conduct that incorporates a list of provisions set out in Appendix A of the Instrument. These provisions are based substantially on the IOSCO Code and have been supplemented and modified to meet developing international standards and to clarify the conduct we expect of designated rating organizations.

Unless a designated credit rating organization obtains exemptive relief, its code of conduct would not be permitted to deviate from the provisions enumerated in the Instrument.

3. Summary of Key Changes Made to the Instrument

We have made some revisions to the 2011 Proposal, including minor drafting changes made only for the purposes of clarification or in response to comments received. The paragraphs below describe the key changes made to the 2011 Proposal. As the changes are not considered material, we are not republishing the Instrument for a further comment period.

– Application of the Instrument to DRO Affiliates Outside of Canada

The 2011 Proposal clarified that CROs applying to be designated rating organizations (**DROs**) pursuant to the Instrument will have to ensure that the application for designation is made by the entity or entities that want to have their credit ratings used in Canada. A number of commenters have expressed concern that the 2011 Proposal could be read to constitute an attempt to apply the Canadian regime extra-territorially. Commenters also asked whether it is necessary or efficient for the Canadian regulatory regime to extend to non-Canadian CRO affiliates of DROs when a number of these affiliates are already, or likely will become, subject to regulatory oversight in other jurisdictions.

While we do not think that the 2011 Proposal would, at law, have resulted in extra-territorial application of the Instrument, we have nonetheless amended the Instrument so that it clearly applies on only a local level. This has primarily been achieved through the adoption of the definition of **DRO affiliate**. Section 1 of the Instrument now provides that a DRO affiliate is

> *an affiliate of a designated rating organization that issues credit ratings in a foreign jurisdiction and that has been designated as a DRO affiliate under the terms of the designated rating organization's designation.*

A DRO affiliate is not required to comply with all of the Instrument, although where appropriate, references to a DRO affiliate are included in the Instrument and the prescribed code of conduct provisions in Appendix A to the Instrument.

The suitability of an affiliate to be designated as a "DRO affiliate" under a designation order of a CRO will be determined on a case-by-case basis at the time of designation. A CRO applying for a designation should provide the name of each affiliate proposed as a DRO affiliate, the jurisdiction of incorporation, or equivalent, and the address of the principal place of business of such affiliate.

In determining whether a CRO in a foreign jurisdiction should be designated as a DRO affiliate, we will consider the legal and supervisory framework of the foreign jurisdiction, including whether the CRO is authorized or registered in that foreign jurisdiction and whether the CRO is subject to effective supervision and enforcement. We may also consider the ability of the competent regulatory authority of the foreign jurisdiction to assess and monitor the compliance of the CRO established in the foreign jurisdiction.

Future consequential amendments (see below) will provide that a designated rating is a rating that is provided by either a designated rating organization or its DRO affiliate.

4. Legislative Amendments

To make the Instrument as a rule and fully implement the regulatory regime it contemplates, certain amendments to local securities legislation are required. In addition to rule-making authority, changes to the local securities legislation may include:

- the power to designate a CRO under the legislation,
- the power to conduct compliance reviews of a CRO, and to require a CRO to provide the securities regulatory authority with access to relevant books, information and documents,
- the power to make an order that a CRO submit to a review of its practices and procedures, where such an order is considered to be in the public interest, and
- confirmation that the securities regulatory authorities may not direct or regulate the content of credit ratings or the methodologies used to determine credit ratings.

In Québec, Ontario, Alberta, British Columbia, Manitoba, New Brunswick and Nova Scotia the enabling legislation is either already in force or awaiting proclamation. In Saskatchewan, the enabling legislation will be proclaimed later in the Spring.

5. NP 11-205

NP 11-205 contained in Annex F describes the process for the filing and review of an application to become a designated rating organization in more than one jurisdiction of Canada.

6. Consequential Amendments

We are also adopting related consequential amendments to the following:

- National Instrument 41-101 *General Prospectus Requirements*,
- National Instrument 44-101 *Short Form Prospectus Distributions*, and
- National Instrument 51-102 *Continuous Disclosure Obligations*.

These related consequential amendments are contained in Annexes C, D & E and will require issuers to more fully describe their relationship with CROs.

7. Future Consequential Amendments

Following the implementation of the Instrument and the application for designation by interested CROs, we propose to make further consequential amendments to our rules to reflect the new regime.

Among other things, these amendments will replace existing references to "approved rating organization" and "approved credit rating organization" with "designated rating organization". Similar changes will also be made to the term "approved rating".

8. Civil Liability

Certain international jurisdictions have either adopted or are considering adopting changes to their securities legislation to impose greater civil liability upon CROs.

In the U.S., the *Dodd-Frank Wall Street Reform and Consumer Protection Act* repealed an exemption which exempted an NRSRO from having to provide a consent if its ratings were included in a registration statement.

Since the repeal of the U.S. exemption, we understand that NRSROs have refused to provide their consent to their ratings being included in a registration statement. In the case of Regulation AB, which requires ratings disclosure in a registration statement relating to an offering of asset-backed securities, the U.S. Securities and Exchange Commission (**SEC**) has issued a "no-action" letter exempting asset-backed issuers from the disclosure requirement. As a result, the repeal of the exemption in the U.S. has not resulted in CROs being exposed to additional liability.

Similarly, the Australian Securities and Investments Commission (**ASIC**) withdrew relief that allowed issuers of investment products to cite credit ratings without the consent of CROs. CROs have responded to ASIC's decision by refusing to consent, with the result that retail investors cannot access credit ratings in Australia.

In Canada, similar changes would involve revoking those provisions of securities legislation that provide a "carve-out" from the consent requirements for expertized portions of a prospectus or secondary market disclosure document. We are not at this time proposing such changes because we do not think that the benefits of subjecting designated rating organizations to "expert" liability in Canada would outweigh the potential costs. Unlike the U.S. and Australia, we require specified disclosure in prospectuses and annual information forms if a credit rating has been sought or if the issuer is aware that one has or will be issued.

On November 15, 2011, the European Commission published for comment a draft amendment to the EU Regulation in relation to the civil liability of CROs towards investors. This amendment would render a CRO liable in circumstances where it infringes, whether intentionally or with gross negligence, the EU Regulation, thereby causing damage to an investor having relied on a credit rating of such CRO, provided the infringement in question affected the credit rating.

We will continue to monitor developments in the U.S. and other jurisdictions and will assess methods of increasing CRO accountability.

9. Written Comments

The comment period for the 2011 Proposal expired on May 17, 2011 and we received submissions from four commenters. We have considered these comments and we thank all the commenters. A list of the four commenters and a summary of their comments, together with our responses, are contained in Annex A.

10. Local Notices

Certain jurisdictions are publishing other information required by local securities legislation. In Ontario this information is contained in Annex G.

11. Questions

If you have any questions, please refer them to any of the following:

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March 2, 2012

ANNEX A

SUMMARY OF COMMENTS AND RESPONSES ON NOTICE AND REQUEST FOR COMMENT – PROPOSED NATIONAL INSTRUMENT 25-101 *DESIGNATED RATING ORGANIZATIONS*, RELATED POLICIES AND CONSEQUENTIAL AMENDMENTS PUBLISHED MARCH 18, 2011

This annex summarizes the written public comments we received on the 2011 Proposal. It also sets out our responses to those comments.

List of Parties Commenting on the 2011 Proposal

- Fitch Ratings
- Moody's Investors Service
- McGraw-Hill Companies (Canada) Corp. (S&P Canada)
- DBRS

General Comments

One commenter noted that regulatory harmony is very important, and that the proposal needed to be calibrated to global precedent notably in the areas of transparency and disclosure, analytical independence and objectivity of the ratings process. Because of the global nature of the credit rating business, the commenter recommended the CSA pick an existing regulatory regime and adopt its language verbatim.

Three other commenters were concerned about a perceived "extra-territorial" scope of the proposed rule. Each of the commenters noted that the associated increase in these entities' business and regulatory costs would be disproportionate to the regulatory objectives the CSA is seeking to achieve. One commenter questioned the necessity of having the Canadian regulatory framework extend to non-Canadian affiliates of DROs, especially when imposing such requirements on these entities, many of which already are or likely will become subject to regulatory oversight in other jurisdictions, will significantly increase the complexity of their operations.

> ***Response: We appreciate the global nature of the credit rating business and the difficulty of operating this business on an international level. While we do not agree that the Instrument has any inappropriate extra-territorial reach, we have nonetheless further revised the Instrument to harmonize it with existing international regulation. In particular, we have clarified the scope of the Instrument through the addition of the DRO affiliate concept.***

Governance

Three commenters believed that the governance provisions in section D of Appendix A of the Instrument should be revised to allow a DRO to satisfy the requirement to have a board of directors by constituting a board at either the level of the DRO or at the level of its direct or indirect parent entity.

> ***Response: We have revised the Instrument and clarified that either a designated rating organization or a DRO affiliate that is a parent of the DRO must have a board of directors (see sections 7 and 8 of the Instrument).***

One commenter queried how the director independence provisions would be interpreted, noting that many of the potential leading candidates for appointment to a DRO's board are likely to be familiar with credit ratings and to be current or past users of credit ratings, either in a personal capacity or as representatives of entities that use credit ratings. The commenter recommended that further guidance on the interpretation of the director independence provisions be provided.

> ***Response: We have revised section 2.21 of Appendix A of the Instrument (now section 8 of the Instrument) to clarify that, in forming its opinion, the board of directors is not required to conclude that a member is not independent solely on the basis that the member is, or was, a user of the designated rating organization's rating services.***

One commenter noted that section 3.5 of Appendix A of the Instrument specifies that a DRO must separate, operationally and legally, its credit rating business and its credit rating employees from any ancillary businesses (including the provision of consultancy or advisory services) of the DRO. The commenter suggested that as currently drafted, this section goes substantially beyond the requirements of the IOSCO Code and similar regulatory regimes in the U.S., Europe, Australia and Hong Kong.

> ***Response: Section 3.5 of Appendix A of the Instrument has been revised to require separation of a DRO's credit rating business from its ancillary services only where such services may present a potential conflict of***

interest. We have also added a requirement to ensure that a DRO providing ancillary services which do not necessarily present conflicts of interest with the DRO's rating business, has in place procedures and mechanisms designed to minimize the likelihood that conflicts will arise. We think this amendment is in line with not only the IOSCO Code, but also U.S. and European regimes.

Code of Conduct as Securities Law

One commenter noted that some of the provisions of the IOSCO Code (on which the code of conduct provisions in Appendix A of the Instrument are based) are ambiguous or impose obligations whose scope is unclear. Consequently, the commenter suggested that Appendix A should not be converted into securities law. The commenter believed that in some cases, there would not be sufficient time to get an exemption but that it would be in the public interest for a DRO to waive a provision of its code so that it can, for example, disclose on a timely basis significant, new information to the market about an issuer or obligation. As an alternative, the commenter suggested reclassifying the requirement for a DRO to have a code of conduct as an ongoing "term and condition" of designation, and specifying that a DRO's breach of its code of conduct does not, in itself, constitute a breach of securities law. Under this construction, a DRO's breach of its code of conduct would only be a factor that CSA members could consider in deciding whether or not to suspend, revoke or impose further terms and conditions upon the designation of a CRO as a DRO.

Response: We disagree. The purpose of adopting the Instrument is to bring credit rating agencies within our regulatory ambit and to ensure that their behaviours are bounded by legal obligations. As a result, we think it is appropriate that a breach of a DRO's code of conduct should constitute a breach of securities law.

Waiver of Code of Conduct

One commenter recommended that section 9 (now section 11) of the Instrument be revised to permit a DRO to waive one or more provisions of its code of conduct in certain limited circumstances, provided that it creates and maintains a written record documenting the reasons for the waiver.

Response: We disagree. We think it is important for a DRO to comply with all provisions set out in its code of conduct. Staff of the securities regulatory authorities may be willing to recommend that relief be granted from the requirement to include a specific provision in a DRO's code of conduct if it satisfies the applicable legislative test for granting the relief. Applications for exemptive relief may be made using the passport system.

Another commenter was concerned with the requirement in Part 3, section 7 (now Part 4, section 9) of the Instrument, which requires a DRO to "incorporate each of the provisions listed in Appendix A", as they believe that this is too prescriptive. They note that as currently drafted, this suggests that a DRO's code must contain identical provisions to those contained in Appendix A, and that this does not provide a DRO with the ability to implement and comply with the provisions in a way that suits its circumstances, business needs and requirements. The commenter did not object *per se* to the concept of mandatory compliance, but noted there must be flexibility for the DRO to determine how it describes how the various provisions are implemented. The commenter also noted that the CSA had indicated that it expects a DRO's code of conduct to be an accurate reflection of its practices and procedures. The commenter suggested that mandating that a DRO's code of conduct must incorporate each of the provisions listed in Appendix A could result in the DRO's code of conduct not accurately reflecting how the DRO complies with this requirement.

Response: We reiterate our expectation that a DRO's code of conduct will be an accurate reflection of its practices and procedures.

Amendments to Code of Conduct

One commenter noted that the proposed rule provides that each time an amendment is made to a code of conduct, a DRO must file an amended code and prominently display the amended code on its website within five business days of the amendment coming into effect. To harmonize internationally, the commenter recommended changing this from five to ten business days.

Response: Given the importance of the code of conduct to DRO regulation, we remain of the view that any amendments to it should be filed and publicly displayed within five business days. We do not think that this will create undue hardship with compliance in other jurisdictions.

Compliance Officer

Two commenters noted that section 2.27 (now section 2.28) of Appendix A of the Instrument specifies that a DRO must not outsource the DRO's compliance officer. The commenters believed that that the prohibition against outsourcing the compliance officer is unnecessary in the context of the organizations that have a comprehensive compliance framework and sufficient people to support the infrastructure within the group of companies.

Response: We have revised the Instrument and clarified that either a designated rating organization or a DRO affiliate that is a parent of the DRO must have a compliance officer. In light of this revision, we do not think that any further accommodation is necessary in this regard.

Another commenter suggested that the reporting requirements for the compliance officer are overly broad and outside of the role of a DRO. The commenter was not aware of any reasonable and objective standard related to the determination of whether a particular situation presents a risk of significant harm to the capital markets. The commenter therefore suggested that this accountability be removed.

Response: We disagree. We remain of the view that as market participants, DROs should be cognizant of the greater systemic risks that surround them, and should consider risks resulting from the DROs' business as rating agencies. Thus, we have retained the broad mandate of the DRO compliance officer.

Definition of Ratings Employee

One commenter believed that the term "ratings employee" could be construed to include non-analytical staff. The commenter recommended replacing this term with the term "analyst".

Response: We think that the definition of "ratings employee", which includes only those DRO employees who participate in determining, approving or monitoring a credit rating issued by a DRO, remains appropriate.

Ratings Shopping and Disclosure of Preliminary Ratings

One commenter said that the provisions of section 4.6 (now section 4.7) of Appendix A of the Instrument will not effectively deter rating shopping. The commenter suggested that the disclosure requirement could be interpreted as requiring DROs to disclose information about potential transactions before the issuer discloses the transaction and could even be interpreted as requiring disclosure of potential transactions that are never implemented. As a result, the commenter recommended deleting this section, and instead enhancing the mandatory disclosure regime for structured finance products.

Response: We disagree, and note that identical provisions have also been incorporated into the EU Regulation.

Another commenter suggested that the definition of "rated entity" should not include entities that receive an initial review or a preliminary rating, as this would be too broad and inconsistent with international requirements. The commenter recommended that the definition of rated entity be modified to mean only entities for which a DRO provides a final rating.

Response: In our view, the provisions of the Instrument should apply equally to those entities that have received a final rating from a DRO as well as to those that are in the process of rating. Accordingly, we have not narrowed the definition of "rated entity" as suggested.

Disclosure re Securitization

Two commenters objected to the provision in section 3.9(c) of Appendix A of the Instrument, which requires a DRO to disclose in its ratings reports for securitized products whether the rated entity (*i.e.*, the issuer) has informed the DRO that it is publicly disclosing all relevant information about the product being rated or if the information remains non-public. Both commenters believed that a CRO should not be required to monitor such disclosure. Both commenters believed that the public disclosure of this information was the responsibility of issuers, arrangers and trustees.

Response: As a result of recently proposed CSA initiatives regarding securitized products, we have deleted the requirement in section 3.9(c).

Use of Form NRSRO

One commenter noted that in the 2011 Proposal, we provided a response that indicates that a DRO who files its Form NRSRO in place of Form 25-101F1 will be able to apply for confidentiality. Due to the commercially sensitive nature of this information, the commenter was concerned that an application for confidentiality could be denied. The commenter therefore urged the CSA to specify that if the information is treated by the SEC as confidential it will also automatically receive the same treatment in Canada.

Response: The granting of confidential treatment for information that has been filed with securities regulatory authorities involves the exercise of discretion by the appropriate decision maker. Nonetheless, we fully expect the decision maker will consider the nature and extent of any confidential treatment accorded to the document by the SEC in making their determination.

Another commenter appreciated the ability to file a completed Form NRSRO in lieu of a Form 25-101F1. However, given the differences between the regulatory regimes, the commenter recommended that all CROs be required to file Form 25-101F1 in connection with both their initial application and ongoing filings.

Response: We have not made the suggested change. We also note that we have added a requirement that any entity that will be a DRO affiliate upon the designation of a CRO that does not have an office in Canada must file a completed Form 25-101F2.

Disclosure re Ancillary Services

One commenter noted that section 3.9 of Appendix A of the Instrument requires that if a DRO receives from a rated entity, its affiliates or related entities compensation unrelated to its credit rating business (such as compensation for ancillary services) the DRO must disclose the percentage that such non-rating fees represent with respect to the total amount of fees received by the DRO from such rated entity, its affiliates and related entities. The commenter suggested that the administrative cost of gathering and computing such information would be significant, and that the information would not provide useful information to users of ratings.

Response: We disagree and think that users of credit ratings would be very interested in knowing the proportion of the DRO's income that was derived from its rating business as compared to the ancillary businesses. Consequently, we have not made a change to address this comment.

Monitoring and Updating

One commenter believed that section 2.10 (now section 2.11) of Appendix A of the Instrument, which deals with annual committee reviews of methodologies, models and key ratings assumptions, should be amended to permit the participation of analytical employees to ensure that the reviewers have a deep understanding of the appropriate analytical factors.

Response: As drafted, section 2.11 of Appendix A of the Instrument is consistent with the terms of the IOSCO Code. We do note, however, that the IOSCO Code also provides that independence need only be achieved "[w]here feasible and appropriate for the size and scope of its [a CRO's] credit rating services". Smaller DROs that find that independence in the review is not feasible and appropriate may consider applying for exemptive relief.

Another commenter recommended that the requirement in section 2.10 (now section 2.11) of Appendix A of the Instrument be amended to recognize that the required committee can be established by a DRO's affiliate outside of Canada.

Response: As discussed above, we have added a definition of DRO affiliate to the Instrument, which in effect addresses this comment, among other things.

Methodologies

One commenter suggested amending section 2.2 of Appendix A of the Instrument to require use of rating methodologies that are subject to validation based on historical testing only where such processes would be feasible. Otherwise, the commenter noted that the requirement for back-testing in all cases would make it difficult or impossible to rate new products, develop new methodologies or modify methodologies to address newly identified risks. The inclusion of "where feasible" would be consistent with the IOSCO Code, the commenter suggested.

The same commenter also suggested amending section 2.6 of Appendix A of the Instrument to add the following language: "If the rating involves a type of financial product presenting limited historical data (such as an innovative financial vehicle), the CRA should make clear, in a prominent place, the limitations of the rating".

Response: We disagree. We remain of the view that the use of historical testing is important when developing rigorous and systematic methodologies. We also note that this requirement for historical testing is also found in Article 8 of the EU Regulation.

Equity Ownership

Two commenters noted that sections 3.14 and 3.15 of Appendix A of the Instrument both reference "an investment fund where exposure to the rated entity does not exceed 10% of the investment fund's portfolio". The commenters were concerned that this ownership criterion is difficult to apply in practice and suggested we use internationally consistent concepts and language.

Response: We note the concern and have revised sections 3.14 and 3.15 accordingly.

Review of Past Employee's Work

One commenter suggested limiting the review of a past employee's work to situations where the employee was involved in the credit rating or had significant dealings with the financial firm in the past year.

Response: We have revised the text of section 3.18 of Appendix A of the Instrument so that it applies only to employees that were involved in the credit rating or had significant dealings with the rated entity within the past year.

Disclosure and Content of Ratings Report

Two commenters suggested that the provisions of sections 4.4 and 4.5 of Appendix A of the Instrument be revised to more closely track the language of the EU Regulation.

Response: We have revised sections 4.4 and 4.5 of Appendix A of the Instrument accordingly.

Disclosure of Historical Default Rates

Two commenters believed that the requirement to disclose historical default rates every six months in section 4.12 (now section 4.13) of Appendix A of the Instrument was burdensome. One commenter suggested this should be modified to be an annual requirement, while the other simply noted that other international jurisdictions such as Hong Kong and Singapore do not specify a timeline.

Response: We agree and have revised section 4.13 of Appendix A of the Instrument to require such disclosure on an annual basis only.

Disclosure re Methodologies

Two commenters noted that the requirement in section 4.14 (now section 4.15) of Appendix A of the Instrument, which requires a DRO to disclose material methodology modifications prior to them going into effect, may be inappropriate in some circumstances. The commenters recommended such disclosure should only be made where "feasible and appropriate".

Response: We agree and have revised section 4.15 of Appendix A of the Instrument accordingly.

Confidential Information

Two commenters were concerned that the prohibition in section 4.21 of Appendix A of the Instrument, which provides that a DRO must not share confidential information with employees of any affiliate that is not a DRO, was too narrow.

Response: We have revised section 4.21 of Appendix A of the Instrument to provide that a DRO may also share information with employees of a DRO affiliate. We think this will provide sufficient flexibility while still achieving the purpose of the provision.

Effective Date

One commenter recommended that the CSA allow six months of implementation time in which to allow credit rating organizations to apply for designation.

Response: We will endeavour to adopt and bring into force the proposed Instrument promptly so as to commence the designation process as quickly as feasible. We remain cognizant of the fact that the designation of a CRO may require legal, operational or other changes within the organization that may take some time to implement.

Passport

One commenter said that the certification required by Part 4, section 10 of proposed NP 11-205, that the filer and "any relevant party is not in default of securities legislation applicable to CROs in any jurisdiction in Canada or in any jurisdiction in which the filer operates" is overly broad and vague. In addition, the commenter suggested that instead of "default", a standard such as "material breach" be used.

Response: We disagree and note that similar language has been successfully used in national policies regarding the operation of passport. Consequently, we have not revised the text of the policy as suggested.

Amendments to Prospectus and CD Rules

One commenter suggested that section 2 of the amending instrument for National Instruments 41-101, 44-101 and 51-102 should be amended to specifically state that actual fees paid to CROs are not required to be disclosed.

Response: Upon review, we think that the wording of the prospectus and CD rules is sufficiently clear. As a result, we have not made further changes to these instruments.

ANNEX B

NATIONAL INSTRUMENT 25-101
DESIGNATED RATING ORGANIZATIONS

PART 1 – DEFINITIONS AND INTERPRETATION

Definitions

1. In this Instrument

"board of directors" means, in the case of a designated rating organization that does not have a board of directors, a group that acts in a capacity similar to a board of directors;

"code of conduct" means the code of conduct referred to in Part 4 of this Instrument and may include, for greater certainty, one or more codes;

"compliance officer" means the compliance officer referred to in section 12;

"designated rating organization" means a credit rating organization that has been designated under securities legislation;

"DRO affiliate" means an affiliate of a designated rating organization that issues credit ratings in a foreign jurisdiction and that has been designated as a DRO affiliate under the terms of the designated rating organizations' designation;

"DRO employee" means an individual, other than an employee or agent of a DRO affiliate, who is

(a) employed by a designated rating organization, or

(b) an agent who provides services directly to the designated rating organization and who is involved in determining, approving or monitoring a credit rating issued by the designated rating organization;

"Form NRSRO" means the annual certification on Form NRSRO, including exhibits, required to be filed by an NRSRO under the 1934 Act;

"NRSRO" means a nationally recognized statistical rating organization, as defined in the 1934 Act;

"rated entity" means a person or company that is issuing, or that has issued, securities that are the subject of a credit rating issued by a designated rating organization and includes a person or company that made a submission to a designated rating organization for the designated rating organization's initial review or for a preliminary rating but did not request a final rating;

"rated securities" means the securities issued by a rated entity that are the subject of a credit rating issued by a designated rating organization;

"ratings employee" means any DRO employee who participates in determining, approving or monitoring a credit rating issued by the designated rating organization;

"related entity" means in relation to an issuer of a securitized product, an originator, arranger, underwriter, servicer or sponsor of the securitized product or any person or company performing similar functions;

"securitized product" means any of the following:

(a) a security that entitles the security holder to receive payments that primarily depend on the cash flow from self-liquidating financial assets collateralizing the security, such as loans, leases, mortgages, and secured or unsecured receivables, including:

(i) an asset-backed security;

(ii) a collateralized mortgage obligation;

(iii) a collateralized debt obligation;

(iv) a collateralized bond obligation;

(v) a collateralized debt obligation of asset-backed securities;

(vi) a collateralized debt obligation of collateralized debt obligations;

(b) a security that entitles the security holder to receive payments that substantially reference or replicate the payments made on one or more securities of the type described in paragraph (a) but that do not primarily depend on the cash flow from self-liquidating financial assets that collateralize the security, including:

(i) a synthetic asset-backed security;

(ii) a synthetic collateralized mortgage obligation;

(iii) a synthetic collateralized debt obligation;

(iv) a synthetic collateralized bond obligation;

(v) a synthetic collateralized debt obligation of asset-backed securities;

(vi) a synthetic collateralized debt obligation of collateralized debt obligations.

Interpretation

2. Nothing in this Instrument is to be interpreted as regulating the content of a credit rating or the methodology a credit rating organization uses to determine a credit rating.

Affiliate

3. (1) In this Instrument, a person or company is an affiliate of another person or company if either of the following apply:

(a) one of them is the subsidiary of the other;

(b) each of them is controlled by the same person or company.

(2) For the purposes of paragraph (1)(b), a person or company (first person) is considered to control another person or company (second person) if any of the following apply:

(a) the first person beneficially owns, or controls or directs, directly or indirectly, securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation;

(b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership;

(c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

Credit rating

4. In British Columbia, credit rating means an assessment that is publicly disclosed or distributed by subscription concerning the creditworthiness of an issuer,

(a) as an entity, or

(b) with respect to specific securities or a specific pool of securities or assets.

Market participant in Ontario

5. In Ontario, a DRO affiliate is deemed to be a market participant.

PART 2 – DESIGNATION OF RATING ORGANIZATIONS

Application for designation

6. (1) A credit rating organization that applies to be a designated rating organization must file a completed Form 25-101F1.

(2) Despite subsection (1), a credit rating organization that is an NRSRO may file its most recent Form NRSRO.

(3) A credit rating organization that applies to be a designated rating organization that is incorporated or organized under the laws of a foreign jurisdiction and does not have an office in Canada must file a completed Form 25-101F2.

(4) Any person or company that will be a DRO affiliate upon the designation of a credit rating agency that does not have an office in Canada must file a completed Form 25-101F2.

PART 3 – BOARD OF DIRECTORS

Board of directors

7. A designated rating organization must not issue a credit rating unless it, or a DRO affiliate that is a parent of the designated rating organization, has a board of directors.

Composition

8. (1) For the purposes of section 7, a board of directors of a designated rating organization, or the board of directors of the DRO affiliate that is a parent of the designated rating organization, as the case may be, must be composed of a minimum of three members.

(2) At least one-half, but not fewer than two, of the members of the board of directors must be independent of the organization and any DRO affiliate.

(3) For the purposes of subsection (2), a member of the board of directors is not considered independent if the director

(a) other than in his or her capacity as a member of the board of directors or a board committee, accepts any consulting, advisory or other compensatory fee from the designated rating organization or a DRO affiliate;

(b) is a DRO employee or an employee or agent of a DRO affiliate;

(c) has a relationship with the designated rating organization that could, in the opinion of the board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment; or

(d) has served on the board of directors for more than five years in total.

(4) For the purposes of paragraph 3(c), in forming its opinion, the board of directors is not required to conclude that a member is not independent solely on the basis that the member is, or was, a user of the designated rating organization's rating services.

PART 4 – CODE OF CONDUCT

Code of conduct

9. (1) A designated rating organization must establish, maintain and comply with a code of conduct.

(2) A designated rating organization's code of conduct must incorporate each of the provisions set out in Appendix A.

Filing and publication

10. (1) A designated rating organization must file a copy of its code of conduct and post a copy of it prominently on its website promptly upon designation.

(2) Each time an amendment is made to a code of conduct by a designated rating organization, the amended code of conduct must be filed, and prominently posted on the organization's website, within five business days of the amendment coming into effect.

Waivers

11. A designated rating organization's code of conduct must specify that a designated rating organization must not waive provisions of its code of conduct.

PART 5 – COMPLIANCE OFFICER

Compliance officer

12. (1) A designated rating organization must not issue a credit rating unless it, or a DRO affiliate that is a parent of the designated rating organization, has a compliance officer that monitors and assesses compliance by the designated rating organization and its DRO employees with the organization's code of conduct and with securities legislation.

(2) The compliance officer must regularly report on his or her activities directly to the board of directors.

(3) The compliance officer must report to the board of directors as soon as reasonably possible if the compliance officer becomes aware of any circumstances indicating that the designated rating organization or its DRO employees may be in non-compliance with the organization's code of conduct or securities legislation and any of the following apply:

(a) the non-compliance would reasonably be expected to create a significant risk of harm to a rated entity or the rated entity's investors;

(b) the non-compliance would reasonably be expected to create a significant risk of harm to the capital markets;

(c) the non-compliance is part of a pattern of non-compliance.

(4) The compliance officer must not, while serving in such capacity, participate in any of the following:

(a) the development of credit ratings, methodologies or models;

(b) the establishment of compensation levels, other than for DRO employees reporting directly to the compliance officer.

(5) The compensation of the compliance officer and of any DRO employee that reports directly to the compliance officer must not be linked to the financial performance of the designated rating organization or its DRO affiliates and must be determined in a manner that preserves the independence of the compliance officer's judgment.

PART 6 – BOOKS AND RECORDS

Books and records

13. (1) A designated rating organization must keep such books and records and other documents as are necessary to account for the conduct of its credit rating activities, its business transactions and financial affairs and must keep such other books, records and documents as may otherwise be required under securities legislation.

(2) A designated rating organization must retain the books and records maintained under this section

(a) for a period of seven years from the date the record was made or received, whichever is later;

(b) in a safe location and a durable form; and

(c) in a manner that permits it to be provided promptly to the securities regulatory authority upon request.

PART 7 – FILING REQUIREMENTS

Filing requirements

14. (1) No later than 90 days after the end of its most recently completed financial year, each designated rating organization must file a completed Form 25-101F1.

(2) Upon any of the information in a Form 25-101F1 filed by a designated rating organization becoming materially inaccurate, the designated rating organization must promptly file an amendment to, or an amended and restated version of, its Form 25-101F1.

(3) Until six years after it has ceased to be a designated rating organization in any jurisdiction of Canada, a designated rating organization must file a completed amended Form 25-101F2 at least 30 days before

(a) the termination date of Form 25-101F2, or

(b) the effective date of any changes to Form 25-101F2.

(4) Until six years after it has ceased to be a DRO affiliate in any jurisdiction of Canada, a DRO affiliate must file a completed amended Form 25-101F2 at least 30 days before

(a) the termination date of Form 25-101F2, or

(b) the effective date of any changes to Form 25-101F2.

PART 8 – EXEMPTIONS AND EFFECTIVE DATE

Exemptions

15. (1) The regulator or the securities regulatory authority may grant an exemption from the provisions of this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

Effective date

16. This Instrument comes into force on April 20, 2012.

APPENDIX A TO NATIONAL INSTRUMENT 25-101

DESIGNATED RATING ORGANIZATIONS – PROVISIONS REQUIRED TO BE INCLUDED IN A DESIGNATED RATING ORGANIZATION'S CODE OF CONDUCT

1. INTERPRETATION

1.1 A term used in this code of conduct has the same meaning as in National Instrument 25-101 *Designated Rating Organizations* if used in that Instrument.

2. QUALITY AND INTEGRITY OF THE RATING PROCESS

A. Quality of the rating process

I – General requirements

2.1 A designated rating organization must adopt, implement and enforce procedures in its code of conduct to ensure that the credit ratings it issues are based on a thorough analysis of all information known to the designated rating organization that is relevant to its analysis according to its rating methodologies.

2.2 A designated rating organization must include a provision in its code of conduct that it will use only rating methodologies that are rigorous, systematic, continuous and subject to validation based on experience, including back-testing.

II – Specific provisions

2.3 Each ratings employee involved in the preparation, review or issuance of a credit rating, action or report must use methodologies established by the designated rating organization. Each ratings employee must apply a given methodology in a consistent manner, as determined by the designated rating organization.

2.4 A credit rating must be assigned by the designated rating organization and not by an employee or agent of the designated rating organization.

2.5 A credit rating must reflect all information known, and believed to be relevant, to the designated rating organization, consistent with its published methodology. The designated rating organization will ensure that its ratings employees and agents have appropriate knowledge and experience for the duties assigned.

2.6 The designated rating organization, its ratings employees and its agents must take all reasonable steps to avoid issuing a credit rating, action or report that is false or misleading as to the general creditworthiness of a rated entity or rated securities.

2.7 The designated rating organization will ensure that it has and devotes sufficient resources to carry out high-quality credit assessments of all rated entities and rated securities. When deciding whether to rate or continue rating an entity or securities, the organization will assess whether it is able to devote sufficient personnel with sufficient skill sets to make a credible rating assessment, and whether its personnel are likely to have access to sufficient information needed in order make such an assessment. A designated rating organization will adopt all necessary measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating and is obtained from a source that a reasonable person would consider to be reliable.

2.8 The designated rating organization will appoint a senior manager, or establish a committee made up of one or more senior managers, with appropriate experience to review the feasibility of providing a credit rating for a structure that is significantly different from the structures the designated rating organization currently rates.

2.9 The designated rating organization will assess whether the methodologies and models used for determining credit ratings of a securitized product are appropriate when the risk characteristics of the assets underlying the securitized product change significantly. If the quality of the available information is not satisfactory or if the complexity of a new type of structure, instrument or security should reasonably raise concerns about whether the designated rating organization can provide a credible rating, the designated rating organization will not issue or maintain a credit rating.

2.10 The designated rating organization will ensure continuity and regularity, and avoid conflicts of interest, in the rating process.

B. Monitoring and updating

2.11 The designated rating organization will establish a committee to be responsible for implementing a rigorous and formal process for reviewing, on at least an annual basis, and making changes to the methodologies, models and key ratings

assumptions it uses. This review will include consideration of the appropriateness of the designated rating organization's methodologies, models and key ratings assumptions if they are used or intended to be applied to new types of structures, instruments or securities. This process will be conducted independently of the business lines that are responsible for credit rating activities. The committee will report to its board of directors or the board of directors of a DRO affiliate that is a parent of the designated rating organization.

2.12 If a methodology, model or key ratings assumption used in a credit rating activity is changed, the designated rating organization will do each of the following:

(a) promptly identify each credit rating likely to be affected if the credit rating were to be re-rated using the new methodology, model or key ratings assumption and, using the same means of communication the organization generally uses for the credit ratings, disclose the scope of credit ratings likely to be affected by the change in methodology, model or key ratings assumption;

(b) promptly place each credit rating identified under subsection (a) under surveillance;

(c) within six months of the change, review each credit rating identified under subsection (a) with respect to its accuracy;

(d) re-rate a credit rating if, following the review required in subsection (c), the change, alone or combined with all other changes, affects the accuracy of the credit rating.

2.13 The designated rating organization will ensure that adequate personnel and financial resources are allocated to monitoring and updating its credit ratings. Except for ratings that clearly indicate they do not entail ongoing monitoring, once a rating is published the designated rating organization will monitor the rated entity's creditworthiness on an ongoing basis and, at least annually, update the rating. In addition, the designated rating organization must initiate a review of the accuracy of a rating upon becoming aware of any information that might reasonably be expected to result in a rating action (including termination of a rating), consistent with the applicable rating methodology and must promptly update the rating, as appropriate, based on the results of such review.

Subsequent monitoring will incorporate all cumulative experience obtained.

2.14 If the designated rating organization uses separate analytical teams for determining initial ratings and for subsequent monitoring, the organization will ensure each team has the requisite level of expertise and resources to perform their respective functions competently and in a timely manner.

2.15 If the designated rating organization discloses a credit rating to the public and subsequently discontinues the rating, the designated rating organization will disclose that the rating has been discontinued using the same means of communication as was used for the disclosure of the rating. If the designated rating organization discloses a rating only to its subscribers, if it discontinues the rating, the designated rating organization will disclose to each subscriber of that rating that the rating has been discontinued. In both cases, a subsequent publication by the designated rating organization of the discontinued rating will indicate the date the rating was last updated and disclose that the rating is no longer being updated and the reasons for the decision to discontinue the rating.

C. Integrity of the rating process

2.16 The designated rating organization, its ratings employees and agents will comply with all applicable laws and regulations governing its activities.

2.17 The designated rating organization, its ratings employees and agents must deal fairly, honestly and in good faith with rated entities, investors, other market participants, and the public.

2.18 The designated rating organization will hold its ratings employees and agents to a high standard of integrity, and the designated rating organization will not employ an individual which a reasonable person would consider to be lacking in or have compromised integrity.

2.19 The designated rating organization and its ratings employees and agents will not, either implicitly or explicitly, give any assurance or guarantee of a particular rating prior to a rating assessment. The designated rating organization may develop prospective assessments if the assessment is to be used in a securitized product or similar transaction.

2.20 A person or company listed below must not make a recommendation to a rated entity about the corporate or legal structure, assets, liabilities, or activities of the rated entity:

(a) a designated rating organization;

(b) an affiliate or related entity of the designated rating organization;

(c) the ratings employees of any of the above.

2.21 The designated rating organization will instruct its employees and agents that, upon becoming aware that the organization, another employee or an affiliate, or an employee of an affiliate of the designated rating organization, is or has engaged in conduct that is illegal, unethical or contrary to the designated rating organization's code of conduct, the employee or agent must report that information immediately to the compliance officer. Upon receiving the information, the compliance officer will take appropriate action, as determined by the laws and regulations of the jurisdiction and the rules and guidelines set forth by the designated rating organization. The designated rating organization will not take or allow retaliation against the employee or agent by employees, agents, the designated rating organization itself or its affiliates.

D. Governance requirements

2.22 The designated rating organization will not issue a credit rating unless a majority of its board of directors, or the board of directors of a DRO affiliate that is a parent of the designated rating organization, including its independent directors, have, what a reasonable person would consider, sufficient expertise in financial services to fully understand and properly oversee the business activities of the designated rating organization. If the designated rating organization issues a credit rating for a securitized product, at least one independent member and one other member must have, what a reasonable person would consider to be, in-depth knowledge and experience at a senior level, regarding the securitized product.

2.23 The designated rating organization will not issue a credit rating if a member of its board of directors, or the board of directors of a DRO affiliate that is a parent of the designated rating organization, participated in any deliberation involving a specific rating in which the member has a financial interest in the outcome of the rating.

2.24 The designated rating organization will not compensate an independent member of its board of directors, or the board of directors of a DRO affiliate that is a parent of the designated rating organization, in a manner or in an amount that a reasonable person could conclude that the compensation is linked to the business performance of the designated rating organization or its affiliates. The organization will only compensate directors in a manner that preserves the independence of the director.

2.25 The board of directors of a designated rating organization or a DRO affiliate that is a parent of the designated rating organization must monitor the following:

(a) the development of the credit rating policy and of the methodologies used by the designated rating organization in its credit rating activities;

(b) the effectiveness of any internal quality control system of the designated rating organization in relation to credit rating activities;

(c) the effectiveness of measures and procedures instituted to ensure that any conflicts of interest are identified and either eliminated or managed and disclosed, as appropriate;

(d) the compliance and governance processes, including the performance of the committee identified in section 2.11.

2.26 The designated rating organization will design reasonable administrative and accounting procedures, internal control mechanisms, procedures for risk assessment, and control and safeguard arrangements for information processing systems. The designated rating organization will implement and maintain decision-making procedures and organizational structures that clearly, and in a documented manner, specify reporting lines and allocate functions and responsibilities.

2.27 The designated rating organization will monitor and evaluate the adequacy and effectiveness of its administrative and accounting procedures, internal control mechanisms, procedures for risk assessment, and control and safeguard arrangements for information processing systems, established in accordance with securities legislation and the designated rating organization's code of conduct, and take any measures necessary to address any deficiencies.

2.28 The designated rating organization will not outsource activities if doing so impairs materially the effectiveness of the designated rating organization's internal controls or the ability of the securities regulatory authority to conduct compliance reviews of the designated rating organization's compliance with securities legislation or its code of conduct. The designated rating organization will not outsource the functions or duties of the designated rating organization's compliance officer.

3. INDEPENDENCE AND CONFLICTS OF INTEREST

A. General

3.1 The designated rating organization will not refrain from taking a rating action based in whole or in part on the potential effect (economic or otherwise) of the action on the designated rating organization, a rated entity, an investor, or other market participant.

3.2 The designated rating organization and its employees will use care and professional judgment to remain independent and maintain the appearance of independence and objectivity.

3.3 The determination of a credit rating will be influenced only by factors relevant to the credit assessment.

3.4 The designated rating organization will not allow its decision to assign a credit rating to a rated entity or rated securities to be affected by the existence of, or potential for, a business relationship between the designated rating organization or its affiliates and any other person or company including, for greater certainty, the rated entity, its affiliates or related entities.

3.5 The designated rating organization and its affiliates will keep separate, operationally and legally, their credit rating business and their rating employees from any ancillary services (including the provision of consultancy or advisory services) that may present conflicts of interest with their credit rating activities and will ensure that the provision of such services does not present conflicts of interest with their credit rating activities. The designated rating organization will define and publicly disclose what it considers, and does not consider, to be an ancillary service and identify those that are ancillary services. The designated rating organization will disclose in each ratings report any ancillary services provided to a rated entity, its affiliates or related entities.

3.6 The designated rating organization will not rate a person or company that is an affiliate or associate of the organization or a ratings employee. The designated rating organization must not assign a credit rating to a person or company if a ratings employee is an officer or director of the person or company, its affiliates or related entities.

B. Procedures and policies

3.7 The designated rating organization will identify and eliminate or manage and publicly disclose any actual or potential conflicts of interest that may influence the opinions and analyses of ratings employees.

3.8 The designated rating organization will disclose the actual or potential conflicts of interest it identifies under section 3.7 in a complete, timely, clear, concise, specific and prominent manner.

3.9 The designated rating organization will disclose the general nature of its compensation arrangements with rated entities.

(1) If the designated rating organization or an affiliate receives from a rated entity, an affiliate or a related entity compensation unrelated to its ratings service, such as compensation for ancillary services (as referred to in section 3.5), the designated rating organization will disclose the percentage that non-rating fees represent out of the total amount of fees received by the designated rating organization or its affiliate, as the case may be, from the rated entity, the affiliate or the related entity.

(2) If the designated rating organization or its affiliates receives directly or indirectly 10 percent or more of its annual revenue from a particular rated entity or subscriber, including revenue received from an affiliate or related entity of the rated entity or subscriber, the organization will disclose that fact and identify the particular rated entity or subscriber.

3.10 A designated rating organization and its DRO employees and their associates must not trade a security, derivative or exchange contract if the organization's employee's or associate's interests in the trade conflict with their interests relating to a credit rating.

3.11 If a designated rating organization is subject to the oversight of a rated entity, or an affiliate or related entity of the rated entity, the designated rating organization will use different DRO employees to conduct the rating actions in respect of that entity than those involved in the oversight.

C. Employee independence

3.12 Reporting lines for a ratings employee or DRO employees and their compensation arrangements will be structured to eliminate or manage actual and potential conflicts of interest.

(1) The designated rating organization will not compensate or evaluate a ratings employee on the basis of the

amount of revenue that the designated rating organization or its affiliates derives from rated entities that the ratings employee rates or with which the ratings employee regularly interacts.

(2) The designated rating organization will conduct reviews of compensation policies and practices for its DRO employees within reasonable regular time periods to ensure that these policies and practices do not compromise the objectivity of the designated rating organization's rating process.

3.13 The designated rating organization will take reasonable steps to ensure that its ratings employees, and any agent who has responsibility for developing or approving procedures or methodologies used for determining credit ratings, do not initiate, or participate in, discussions or negotiations regarding fees or payments with any rated entity or its affiliates or related entities.

3.14 The designated rating organization will not permit a ratings employee to participate in or otherwise influence the determination of a credit rating if the ratings employee

(a) owns directly or indirectly securities, derivatives or exchange contracts of the rated entity, other than holdings through an investment fund;

(b) owns directly or indirectly securities, derivatives or exchange contracts of a rated entity or its related entities, the ownership of which causes or may reasonably be perceived as causing a conflict of interest;

(c) has had a recent employment, business or other relationship with the rated entity, its affiliates or related entities that causes or may reasonably be perceived as causing a conflict of interest; or

(d) has an associate who currently works for the rated entity, its affiliates or related entities.

3.15 The designated rating organization will not permit a ratings employee or an associate of such ratings employee to buy or sell or engage in any transaction involving a security, a derivative or an exchange contract based on a security issued, guaranteed, or otherwise supported by any person or company within such ratings employee's area of primary analytical responsibility, other than holdings through an investment fund.

3.16 The designated rating organization will not permit a ratings employee or an associate of such ratings employee to accept gifts, including entertainment, from anyone with whom the designated rating organization does business, other than items provided in the normal course of business if the aggregate value of all gifts received is nominal.

3.17 If a DRO employee of a designated rating organization becomes involved in any personal relationship that creates any actual or potential conflict of interest, the DRO employee must disclose the relationship to the designated rating organization's compliance officer. The designated rating organization will not issue a credit rating if a DRO employee has an actual or potential conflict of interest with a rated entity. If the credit rating has been issued, the designated rating organization will publicly disclose in a timely manner that the credit rating may be affected.

3.18 The designated rating organization will review the past work of any ratings employee that leaves the organization and joins a rated entity (or an affiliate or related entity of the rated entity) if

(a) the ratings employee has, within the last year, been involved in rating the rated entity, or

(b) the rated entity is a financial firm with which the ratings employee had, within the last year, significant dealings as part of his or her duties at the designated rating organization.

4. RESPONSIBILITIES TO THE INVESTING PUBLIC AND ISSUERS

A. Transparency and timeliness of ratings disclosure

4.1 The designated rating organization will distribute in a timely manner its ratings decisions regarding the entities and securities it rates.

4.2 The designated rating organization will publicly disclose its policies for distributing ratings, ratings reports and updates.

4.3 Except for a rating it discloses only to the rated entity, a designated rating organization will disclose to the public, on a non-selective basis and free of charge, any ratings decision regarding rated entities that are reporting issuers or the securities of such issuers, as well as any subsequent decisions to discontinue such a rating, if the rating decision is based in whole or in part on material non-public information.

4.4 In each of its ratings reports, a designated rating organization will disclose the following:

(a) when the rating was first released and when it was last updated;

(b) the principal methodology or methodology version that was used in determining the rating and where a description of that methodology can be found. If the rating is based on more than one methodology, or if a review of only the principal methodology might cause investors to overlook other important aspects of the rating, the designated rating organization must explain this fact in the ratings report, and include a discussion of how the different methodologies and other important aspects factored into the rating decision;

(c) the meaning of each rating category and the definition of default or recovery, and the time horizon the designated rating organization used when making a rating decision;

(d) any attributes and limitations of the credit rating. If the rating involves a type of financial product presenting limited historical data (such as an innovative financial vehicle), the designated rating organization will disclose, in a prominent place, the limitations of the rating;

(e) all material sources, including the rated entity, its affiliates and related entities, that were used to prepare the credit rating and whether the credit rating has been disclosed to the rated entity or its related entities and amended following that disclosure before being issued.

4.5 In each of its ratings reports in respect of a securitized product, a designated rating organization will disclose the following:

(a) all information about loss and cash-flow analysis it has performed or is relying upon and an indication of any expected change in the credit rating. The designated rating organization will also disclose the degree to which it analyzes how sensitive a rating of a securitized product is to changes in the designated rating organization's underlying rating assumptions;

(b) the level of assessment the designated rating organization has performed concerning the due diligence processes carried out at the level of underlying financial instruments or other assets of securitized products. The designated rating organization will also disclose whether it has undertaken any assessment of such due diligence processes or whether it has relied on a third-party assessment and how the outcome of such assessment impacts the credit rating.

4.6 If, to a reasonable person, the information required to be included in a ratings report under sections 4.4 and 4.5 would be disproportionate to the length of the ratings report, the designated rating organization will include a prominent reference to where such information can be easily accessed.

4.7 A designated rating organization will disclose on an ongoing basis information about all securitized products submitted to it for its initial review or for a preliminary rating, including whether the issuer requested the designated rating organization to provide a final rating.

4.8 The designated rating organization will publicly disclose the methodologies, models and key rating assumptions (such as mathematical or correlation assumptions) it uses in its credit rating activities and any material modifications to such methodologies, models and key rating assumptions. This disclosure will include sufficient information about the designated rating organization's procedures, methodologies and assumptions (including financial statement adjustments that deviate materially from those contained in the issuer's published financial statements and a description of the rating committee process, if applicable) so that outside parties can understand how a rating was arrived at by the designated rating organization.

4.9 The designated rating organization will differentiate ratings of securitized products from traditional corporate bond ratings through a different rating symbology. The designated rating organization will also disclose how this differentiation functions. The designated rating organization will clearly define a given rating symbol and apply it in a consistent manner for all types of securities to which that symbol is assigned.

4.10 The designated rating organization will assist investors in developing a greater understanding of what a credit rating is, and the limits to which credit ratings can be put to use in relation to a particular type of financial product that the designated rating organization rates. The designated rating organization will clearly indicate the attributes and limitations of each credit rating.

4.11 When issuing or revising a rating, the designated rating organization will provide in its press releases and public reports an explanation of the key elements underlying the rating opinion.

4.12 Before issuing or revising a rating, the designated rating organization will inform the issuer of the critical information and principal considerations upon which a rating will be based and afford the issuer an opportunity to clarify any likely factual

misperceptions or other matters that the designated rating organization would wish to be made aware of in order to produce an accurate rating. The designated rating organization will duly evaluate the response.

4.13 Every year, the designated rating organization will publicly disclose data about the historical default rates of its rating categories and whether the default rates of these categories have changed over time. If the nature of the rating or other circumstances make a historical default rate inappropriate, statistically invalid, or otherwise likely to mislead the users of the rating, the designated rating organization will explain this. This information will include verifiable, quantifiable historical information about the performance of its rating opinions, organized and structured, and, where possible, standardized in such a way so as to assist investors in drawing performance comparisons between different designated rating organizations.

4.14 For each rating, the designated rating organization will disclose whether the rated entity and its related entities participated in the rating process and whether the designated rating organization had access to the accounts and other relevant internal documents of the rated entity or its related entities. Each rating not initiated at the request of the rated entity will be identified as such. The designated rating organization will also disclose its policies and procedures regarding unsolicited ratings.

4.15 The designated rating organization will fully and publicly disclose, in a timely fashion, any material modification to its methodologies, models, key ratings assumptions and significant systems, resources or procedures. Where a reasonable person would consider feasible and appropriate, disclosure of such material modifications will be made before they go into effect. The designated rating organization will carefully consider the various uses of credit ratings before modifying its methodologies, models, key ratings assumptions and significant systems, resources or procedures.

B. The treatment of confidential information

4.16 The designated rating organization and its DRO employees will take all reasonable measures to protect the confidential nature of information shared with them by rated entities under the terms of a confidentiality agreement or otherwise under a mutual understanding that the information is shared confidentially. Unless otherwise permitted by the confidentiality agreement or required by applicable laws, regulations or court orders, the designated rating organization and its DRO employees will not disclose confidential information.

4.17 The designated rating organization and its DRO employees will not use confidential information for any purpose except for their rating activities or in accordance with applicable legislation or a confidentiality agreement with the rated entity to which the information relates.

4.18 The designated rating organization and its DRO employees will take all reasonable measures to protect all property and records relating to credit rating activities and belonging to or in possession of the designated rating organization from fraud, theft or misuse.

4.19 A designated rating organization will ensure that its DRO employees do not engage in transactions in securities, derivatives or exchange contracts when they possess confidential information concerning the issuer of such security or to which the derivative or the exchange contract relates.

4.20 A designated rating organization will cause its DRO employees to familiarize themselves with the internal securities trading policies maintained by the designated rating organization and certify their compliance with such policies within reasonable regular time periods.

4.21 The designated rating organization and its DRO employees will not selectively disclose any non-public information about ratings or possible future rating actions of the designated rating organization, except to the issuer or its designated agents.

4.22 The designated rating organization and its DRO employees will not share confidential information entrusted to the designated rating organization with employees of any affiliate that is not a designated rating organization or a DRO affiliate. The designated rating organization and its DRO employees will not share confidential information within the designated rating organization, except as necessary in connection with the designated rating organization's credit rating functions.

4.23 A designated rating organization will ensure that its DRO employees do not use or share confidential information for the purpose of buying or selling or engaging in any transaction in any security, derivative or exchange contract based on a security issued, guaranteed, or otherwise supported by any person or company, or for any other purpose except the conduct of the designated rating organization's business.

FORM 25-101F1
Designated Rating Organization Application and Annual Filing

Instructions

(1) Terms used in this form but not defined in this form have the meaning given to them in the Instrument.

(2) Unless otherwise specified, the information in this form must be presented as at the last day of the applicant's most recently completed financial year. If necessary, the applicant must update the information provided so it is not misleading when it is filed. For information presented as at any date other than the last day of the applicant's most recently completed financial year, specify the relevant date in the form.

(3) Applicants are reminded that it is an offence under securities legislation to give false or misleading information on this form.

(4) Applicants may apply to the securities regulatory authority to hold in confidence portions of this form which disclose intimate financial, personal or other information. Securities regulatory authorities will consider the application and accord confidential treatment to those portions to the extent permitted by law.

(5) When this form is used for an annual filing, the term "applicant" means the designated rating organization.

Item 1. Name of Applicant

State the name of the applicant.

Item 2. Organization and Structure of Applicant

Describe the organizational structure of the applicant, including, as applicable, an organizational chart that identifies the ultimate and intermediate parent companies, subsidiaries, and material affiliates of the applicant (if any); an organizational chart showing the divisions, departments, and business units of the applicant; and an organizational chart showing the managerial structure of the applicant, including the compliance officer referred to in section 12 of the Instrument. Provide detailed information regarding the applicant's legal structure and ownership.

Item 3. DRO Affiliates

Provide the name, address and governing jurisdiction of each affiliate that is (or, in the case of an applicant, proposes to be) a DRO affiliate.

Item 4. Rating Distribution Model

Briefly describe how the applicant makes its credit ratings readily accessible for free or for a fee. If a person must pay a fee to obtain a credit rating made readily accessible by the applicant, provide a fee schedule or describe the price(s) charged.

Item 5. Procedures and Methodologies

Briefly describe the procedures and methodologies used by the applicant to determine credit ratings, including unsolicited credit ratings. The description must be sufficiently detailed to provide an understanding of the processes employed by the applicant in determining credit ratings, including, as applicable:

- policies for determining whether to initiate a credit rating;
- the public and non-public sources of information used in determining credit ratings, including information and analysis provided by third-party vendors;
- whether and, if so, how information about verification performed on assets underlying or referenced by a security issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction is relied on in determining credit ratings;
- the quantitative and qualitative models and metrics used to determine credit ratings, including whether and, if so, how assessments of the quality of originators of assets underlying or referenced by a security issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction factor into the determination of credit ratings;

- the methodologies by which credit ratings of other credit rating agencies are treated to determine credit ratings for securities issued by an asset pool or as part of any asset-backed or mortgaged-backed securities transaction;

- the procedures for interacting with the management of a rated obligor or issuer of rated securities;

- the structure and voting process of committees that review or approve credit ratings;

- procedures for informing rated obligors or issuers of rated securities about credit rating decisions and for appeals of final or pending credit rating decisions; and

- procedures for monitoring, reviewing, and updating credit ratings, including how frequently credit ratings are reviewed, whether different models or criteria are used for ratings surveillance than for determining initial ratings, whether changes made to models and criteria for determining initial ratings are applied retroactively to existing ratings, and whether changes made to models and criteria for performing ratings surveillance are incorporated into the models and criteria for determining initial ratings; and procedures to withdraw, or suspend the maintenance of, a credit rating.

An applicant may provide the location on its website where additional information about the procedures and methodologies is located.

Item 6. Code of Conduct

Unless previously provided, attach a copy of the applicant's code of conduct.

Item 7. Policies and Procedures re Non-public Information

Unless previously provided, attach a copy of the most recent written policies and procedures established, maintained, and enforced by the applicant to prevent the misuse of material non-public information.

Item 8. Policies and Procedures re Conflicts of Interest

Unless previously provided, attach a copy of the most recent written policies and procedures established with respect to conflicts of interest.

Item 9. Policies and Procedures re Internal Controls

Describe the applicant's internal control mechanisms designed to ensure the quality of its credit rating activities.

Item 10. Policies and Procedures re Books and Records

Describe the applicant's policies and procedures regarding record-keeping.

Item 11. Ratings Employees

Disclose the following information about the applicant's ratings employees and the persons who supervise the ratings employees:

- The total number of ratings employees,

- The total number of ratings employees supervisors,

- A general description of the minimum qualifications required of the ratings employees, including education level and work experience (if applicable, distinguish between junior, mid, and senior level ratings employees), and

- A general description of the minimum qualifications required of the ratings employees supervisors, including education level and work experience.

Item 12. Compliance Officer

Disclose the following information about the compliance officer of the applicant:

- Name,
- Employment history,
- Post secondary education, and
- Whether employed by the applicant full-time or part-time.

Item 13. Specified Revenue

Disclose information, as applicable, regarding the applicant's aggregate revenue for the most recently completed financial year:

- Revenue from determining and maintaining credit ratings,
- Revenue from subscribers,
- Revenue from granting licenses or rights to publish credit ratings, and
- Revenue from all other services and products offered by the credit rating organization (include descriptions of any major sources of revenue).

Include financial information on the revenue of the applicant divided into fees from credit rating and non-credit rating activities, including a comprehensive description of each.

This information is not required to be audited.

Item 14. Credit Rating Users

(a) Disclose a list of the largest users of credit rating services of the applicant by the amount of net revenue earned by the applicant attributable to the user during the most recently completed financial year. First, determine and list the 20 largest issuers and subscribers in terms of net revenue. Next, add to the list any obligor or underwriter that, in terms of net revenue during the financial year, equalled or exceeded the 20th largest issuer or subscriber. In making the list, rank the users in terms of net revenue from largest to smallest and include the net revenue amount for each person. For purposes of this Item:

- **"credit rating services"** means any of the following: rating an issuer's securities (regardless of whether the issuer, underwriter, or any other person or company paid for the credit rating) and providing credit ratings, credit ratings data, or credit ratings analysis to a subscriber; and
- **"net revenue"** means revenue earned by the applicant for any type of service or product provided to the person or company, regardless of whether related to credit rating services, and net of any rebates and allowances the applicant paid or owes to the person or company.

(b) Disclose a list of users of credit rating services whose contribution to the growth rate in the generation of revenue of the applicant in the previous fiscal year exceeded the growth rate in the applicant's total revenue in that year by a factor of more than 1.5 times. A user must be disclosed only if, in that year, the user accounted for more than 0.25% of the applicant's worldwide total revenue.

Item 15. Financial Statements

Attach a copy of the audited financial statements of the applicant, which must include a statement of financial position, a statement of comprehensive income, and a statement of changes in equity, for each of the three most recently completed financial years. If the applicant is a division, unit, or subsidiary of a parent company, the applicant may provide audited consolidated financial statements of its parent company.

Item 16. Verification Certificate

Include a certificate of the applicant in the following form:

> The undersigned has executed this Form 25-101F1 on behalf of, and on the authority of, [the Applicant]. The undersigned, on behalf of the [Applicant], represents that the information and statements contained in this Form, including appendices and attachments, all of which are part of this Form, are true and correct.
>
> _____ _____
> (Date) (Name of the Applicant/Designated Rating Organization)
>
> By: _____
> (Print Name and Title)
>
> _____
> (Signature)

FORM 25-101F2
Submission to Jurisdiction and Appointment of Agent for Service of Process

1. Name of credit rating organization (the **CRO**):

2. Jurisdiction of incorporation, or equivalent, of CRO:

3. Address of principal place of business of CRO:

4. Name of agent for service of process (the **Agent**):

5. Address for service of process of Agent in Canada (the address may be anywhere in Canada):

6. The CRO designates and appoints the Agent at the address of the Agent stated in Item 5 as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the **Proceeding**) arising out of, relating to or concerning the issuance and maintenance of credit ratings or the obligations of the CRO as a designated rating organization, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring such Proceeding.

7. The CRO irrevocably and unconditionally submits to the non-exclusive jurisdiction of

   (a) the judicial, quasi-judicial and administrative tribunals of each of the provinces and territories of Canada in which it is a designated rating organization; and

   (b) any administrative proceeding in any such province or territory,

   in any Proceeding arising out of or related to or concerning the issuance or maintenance of credit ratings or the obligations of the CRO as a designated rating organization.

8. This submission to jurisdiction and appointment of agent for service of process is governed by and construed in accordance with the laws of [insert province or territory of above address of Agent].

_____ _____
Signature of Credit Rating Organization Date

_____
Print name and title of signing officer
of Credit Rating Organization

AGENT

The undersigned accepts the appointment as agent for service of process of [insert name of CRO] under the terms and conditions of the appointment of agent for service of process set out in this document.

_____ _____
Signature of Agent Date

_____
Print name of person signing and, if Agent
is not an individual, the title of the person

ANNEX C

AMENDMENTS TO
NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. National Instrument 41-101 *General Prospectus Requirements* is amended by this Instrument.

2. Form 41-101F1 *Information Required in a Prospectus* is amended by replacing section 10.9 with the following:

"**10.9 Ratings** (1) If the issuer has asked for and received a credit rating, or if the issuer is aware that it has received any other kind of rating, including a stability rating or a provisional rating, from one or more credit rating organizations for securities of the issuer that are outstanding, or will be outstanding, and the rating or ratings continue in effect, disclose

(a) each rating received from a credit rating organization;

(b) for each rating disclosed under paragraph (a), the name of the credit rating organization that has assigned the rating;

(c) a definition or description of the category in which each credit rating organization rated the securities and the relative rank of each rating within the organization's overall classification system;

(d) an explanation of what the rating addresses and what attributes, if any, of the securities are not addressed by the rating;

(e) any factors or considerations identified by the credit rating organization as giving rise to unusual risks associated with the securities;

(f) a statement that a credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization; and

(g) any announcement made by, or any proposed announcement known to the issuer that is to be made by, a credit rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

(2) If payments were, or reasonably will be, made to a credit rating organization that provided a rating described in subsection (1), state that fact and state whether any payments were made to the credit rating organization in respect of any other service provided to the issuer by the credit rating organization during the last two years.

INSTRUCTIONS

There may be factors relating to a security that are not addressed by a credit rating organization when they give a rating. For example, in the case of cash settled derivative instruments, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by a credit rating organization by way of a superscript or other notation to a rating. Any such attributes must be discussed in the disclosure under this section.

A provisional rating received before the issuer's most recently completed financial year is not required to be disclosed under this section."

3. Form 41-101F2 *Information Required in an Investment Fund Prospectus* is amended by replacing section 21.8 with the following:

"**21.8 Ratings** (1) If the investment fund has asked for and received a credit rating, or if the investment fund is aware that it has received any other kind of rating, including a stability rating or a provisional rating, from one or more credit rating organizations for securities of the investment fund that are outstanding, or will be outstanding, and the rating or ratings continue in effect, disclose

(a) each rating received from a credit rating organization;

(b) for each rating disclosed under paragraph (a), the name of the credit rating organization that has assigned the rating;

(c) a definition or description of the category in which each credit rating organization rated the securities and the relative rank of each rating within the organization's overall classification system;

(d) an explanation of what the rating addresses and what attributes, if any, of the securities are not addressed by the rating;

(e) any factors or considerations identified by the credit rating organization as giving rise to unusual risks associated with the securities;

(f) a statement that a credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization; and

(g) any announcement made by, or any proposed announcement known to the investment fund that is to be made by, a credit rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

(2) If payments were, or reasonably will be, made to a credit rating organization that provided a rating described in subsection (1), state that fact and state whether any payments were made to the credit rating organization in respect of any other service provided to the investment fund by the credit rating organization during the last two years.

INSTRUCTIONS

There may be factors relating to a security that are not addressed by a credit rating organization when they give a rating. For example, in the case of cash settled derivative instruments, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by a credit rating organization by way of a superscript or other notation to a rating. Any such attributes must be discussed in the disclosure under this section.

A provisional rating received before the investment fund's most recently completed financial year is not required to be disclosed under this section."

4. The effect of these amendments applies to a prospectus or a prospectus amendment of an issuer or an investment fund where the preliminary prospectus is filed on or after April 20, 2012; for all other prospectuses or prospectus amendments, the provisions of National Instrument 41-101 *General Prospectus Requirements* in force on April 19, 2012 apply.

5. This Instrument comes into force on April 20, 2012.

ANNEX D

AMENDMENTS TO
NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS*

1. National Instrument 44-101 *Short Form Prospectus Distributions* is amended by this Instrument.

2. Form 44-101F1 *Short Form Prospectus* is amended by replacing Item 7.9 with the following:

"**7.9 Ratings** (1) If the issuer has asked for and received a credit rating, or if the issuer is aware that it has received any other kind of rating, including a stability rating or a provisional rating, from one or more credit rating organizations for securities of the issuer that are outstanding, or will be outstanding, and the rating or ratings continue in effect, disclose

(a) each rating received from a credit rating organization;

(b) for each rating disclosed under paragraph (a), the name of the credit rating organization that has assigned the rating;

(c) a definition or description of the category in which each credit rating organization rated the securities and the relative rank of each rating within the organization's overall classification system;

(d) an explanation of what the rating addresses and what attributes, if any, of the securities are not addressed by the rating;

(e) any factors or considerations identified by the credit rating organization as giving rise to unusual risks associated with the securities;

(f) a statement that a credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization; and

(g) any announcement made by, or any proposed announcement known to the issuer that is to be made by, a credit rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

(2) If payments were, or reasonably will be, made to a credit rating organization that provided a rating described in subsection (1), state that fact and state whether any payments were made to the credit rating organization in respect of any other service provided to the issuer by the credit rating organization during the last two years.

INSTRUCTIONS

There may be factors relating to a security that are not addressed by a credit rating organization when they give a rating. For example, in the case of cash settled derivative instruments, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by a credit rating organization by way of a superscript or other notation to a rating. Any such attributes must be discussed in the disclosure under this section.

A provisional rating received before the issuer's most recently completed financial year is not required to be disclosed under this section."

3. The effect of these amendments applies to a short form prospectus or a short form prospectus amendment of an issuer where the preliminary short form prospectus is filed on or after April 20, 2012; for all other short form prospectuses or short form prospectus amendments, the provisions of National Instrument 44-101 *Short Form Prospectus Distributions* in force on April 19, 2012 apply.

4. This Instrument comes into force on April 20, 2012.

ANNEX E

AMENDMENTS TO
NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. National Instrument 51-102 *Continuous Disclosure Obligations* is amended by this Instrument.

2. Form 51-102F2 *Annual Information Form* is amended by replacing section 7.3 with the following:

"**7.3 Ratings** (1) If you have asked for and received a credit rating, or if you are aware that you have received any other kind of rating, including a stability rating or a provisional rating, from one or more credit rating organizations for securities of your company that are outstanding, or will be outstanding, and the rating or ratings continue in effect, disclose

(a) each rating received from a credit rating organization;

(b) for each rating disclosed under paragraph (a), the name of the credit rating organization that has assigned the rating;

(c) a definition or description of the category in which each credit rating organization rated the securities and the relative rank of each rating within the organization's overall classification system;

(d) an explanation of what the rating addresses and what attributes, if any, of the securities are not addressed by the rating;

(e) any factors or considerations identified by the credit rating organization as giving rise to unusual risks associated with the securities;

(f) a statement that a credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization; and

(g) any announcement made by, or any proposed announcement known to your company that is to be made by, a credit rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

(2) If payments were, or reasonably will be, made to a credit rating organization that provided a rating described in subsection (1), state that fact and state whether any payments were made to the credit rating organization in respect of any other service provided to your company by the credit rating organization during the last two years.

INSTRUCTIONS

There may be factors relating to a security that are not addressed by a credit rating organization when they give a rating. For example, in the case of cash settled derivative instruments, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by a credit rating organization by way of a superscript or other notation to a rating. Any such attributes must be discussed in the disclosure under section 7.3.

A provisional rating received before the company's most recently completed financial year is not required to be disclosed under section 7.3."

3. The effect of these amendments applies only to documents required to be prepared, filed, delivered or sent under National Instrument 51-102 *Continuous Disclosure Obligations* for periods relating to a financial year ending on or after April 20, 2012; for documents required to be prepared, filed, delivered or sent under that Instrument for periods relating to a financial year ending before April 20, 2012, the provisions of that Instrument in force on April 19, 2012 apply.

4. This Instrument comes into force on April 20, 2012.

ANNEX F

NATIONAL POLICY 11-205
PROCESS FOR DESIGNATION OF CREDIT RATING ORGANIZATIONS IN MULTIPLE JURISDICTIONS

NATIONAL POLICY 11-205
PROCESS FOR DESIGNATION OF CREDIT RATING ORGANIZATIONS IN MULTIPLE JURISDICTIONS

PART 1 APPLICATION

1. Application – This policy describes the process for the filing and review of an application to become a designated rating organization in more than one jurisdiction of Canada.

PART 2 DEFINITIONS

2. Definitions – In this policy

"AMF" means the regulator in Québec;

"application" means an application to become a designated rating organization;

"dual application" means an application described in section 6 of this policy;

"dual review" means the review under this policy of a dual application;

"filer" means

(a) a person or company filing an application, or

(b) an agent of a person or company referred to in paragraph (a);

"MI 11-102" means Multilateral Instrument 11-102 *Passport System;*

"NI 25-101" means National Instrument 25-101 *Designated Rating Organizations*;

"notified passport jurisdiction" means a passport jurisdiction for which a filer gave the notice referred to in section 4B.6(1)(c) of MI 11-102;

"OSC" means the regulator in Ontario;

"passport application" means an application described in section 5 of this policy;

"passport jurisdiction" means the jurisdiction of a passport regulator;

"passport regulator" means a regulator that has adopted MI 11-102;

"regulator" means a securities regulatory authority or regulator.

3. Further definitions – Terms used in this policy that are defined in MI 11-102, National Instrument 14-101 *Definitions* or NI 25-101 have the same meanings as in those instruments.

PART 3 OVERVIEW, PRINCIPAL REGULATOR AND GENERAL GUIDELINES

4. Overview

This policy applies to an application to become a designated rating organization in multiple jurisdictions. These are the possible types of applications:

(a) The principal regulator is a passport regulator and the filer does not seek a designation in Ontario. This is a "passport application."

(b) The principal regulator is the OSC and the filer also seeks a designation in a passport jurisdiction. This is also a "passport application."

(c) The principal regulator is a passport regulator and the filer also seeks a designation in Ontario. This is a "dual application."

5. Passport application

(1) If the principal regulator is a passport regulator and the filer does not seek a designation in Ontario, the filer files the application only with, and pays fees only to, the principal regulator. Only the principal regulator reviews the application. The principal regulator's decision to grant the designation automatically results in a deemed designation in the notified passport jurisdictions.

(2) If the principal regulator is the OSC and the filer also seeks designation in a passport jurisdiction, the filer files the application only with, and pays fees only to the OSC. Only the OSC reviews the application. The OSC's decision to grant the designation automatically results in a deemed designation in the notified passport jurisdictions.

6. Dual application – Designation sought in passport jurisdiction and Ontario

If the principal regulator is a passport regulator and the filer also seeks a designation in Ontario, the filer files the application with, and pays fees to the principal regulator and the OSC. The principal regulator reviews the application and the OSC, as non-principal regulator, coordinates its review with the principal regulator. The principal regulator's decision to grant the designation automatically results in a deemed designation in the notified passport jurisdictions and, if the OSC has made the same decision as the principal regulator, evidences the decision of the OSC.

7. Principal regulator for an application

(1) For an application under this policy, the principal regulator is identified in the same manner as in sections 4B.2 to 4B.5 of MI 11-102.

(2) If the filer cannot determine its principal regulator under 4B.2(a) or (b) of MI 11-102, section 4B.2(c) of MI 11-102 requires that the filer determine its principal regulator by determining the specified jurisdiction with which the filer has the most significant connection. Section 4B.3 and 4B.4 also establish circumstances in which the filer may need to determine its principal regulator.

(3) For the purpose of this section, a specified jurisdiction is one of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and New Brunswick.

(4) The factors a filer should consider in identifying the principal regulator for the application based on the most significant connection test are, in order of influential weight:

(a) jurisdiction where the filer generated the majority of its credit rating related revenue in the 3-year period preceding the date of its application, or

(b) jurisdiction where the filer issued the most initial ratings in the 3-year period preceding the date of its application.

8. Discretionary change in principal regulator

(1) If the principal regulator identified under section 7 of this policy thinks it is not the appropriate principal regulator, it will first consult with the filer and the appropriate regulator and then give the filer a written notice of the new principal regulator and the reasons for the change.

(2) A filer may request a discretionary change of principal regulator for an application if

(a) the filer concludes that the principal regulator identified under section 7 of this policy is not the appropriate principal regulator,

(b) the location of the head office changes over the course of the application,

(c) the most significant connection to a specified jurisdiction changes over the course of the application, or

(d) the filer withdraws its application in the principal jurisdiction because it does not want to be designated in that jurisdiction.

(3) Regulators do not anticipate changing a principal regulator except in exceptional circumstances.

(4) A filer should submit a written request for a change in principal regulator to its current principal regulator and include the reasons for requesting the change.

PART 4 FILING MATERIALS

9. Election to file under this policy and identification of principal regulator

In an application, the filer should indicate whether it is filing a passport application or a dual application and identify the principal regulator for the application.

10. Materials to be filed with application

(1) For a passport application, the filer should remit to the principal regulator the fees payable under the securities legislation of the principal regulator, and file the following materials with the principal regulator only:

(a) a written application in which the filer:

(i) states the basis for identifying the principal regulator under section 7 of this policy,

(ii) gives notice of the non-principal passport jurisdictions for which section 4B.6 of MI 11-102 is intended to be relied upon,

(iii) states that the filer and any relevant party is not in default of securities legislation applicable to credit rating organizations in any jurisdiction of Canada or in any jurisdiction in which the filer operates or, if the filer is in default, the nature of the default;

(b) the materials required by Part 2 of NI 25-101;

(c) other supporting materials.

(2) For a dual application, the filer should remit the fees payable under the securities legislation of the principal regulator and the OSC, and file the following materials with the principal regulator and the OSC:

(a) a written application in which the filer:

(i) states the basis for identifying the principal regulator under section 7 of this policy,

(ii) gives notice of the non-principal passport jurisdictions for which section 4B.6 of MI 11-102 is intended to be relied upon;

(iii) states that the filer is not in default of securities legislation applicable to credit rating organizations in any jurisdiction of Canada or in any jurisdiction in which the filer operates or, if the filer is in default, the nature of the default;

(b) the materials required by Part 2 of NI 25-101;

(c) other supporting materials.

11. Language – A filer seeking a designation in Québec should file a French language version of the draft decision when the AMF is acting as principal regulator.

12. Materials to be filed to make a designation available in an additional passport jurisdiction under section 4B.6 of MI 11-102

(1) Under section 4B.6 of MI 11-102, the principal regulator's decision to grant the designation under a passport application or dual application can become available in a non-principal passport jurisdiction for which the filer did not give the notice referred to in section 10(1)(a)(ii) or 10(2)(a)(ii) of this policy in the initial application if certain conditions are met. One of the conditions is that the filer gives the notice under section 4B.6(1)(c) of MI 11-102 for the additional non-principal passport jurisdiction.

(2) For greater certainty, a filer may not rely on section 4B.6 of MI 11-102 to obtain an automatic designation under the provision of Ontario's securities legislation.

(3) The filer should give the notice referred to in subsection (1) to the principal regulator for the initial application. The notice should

(a) list each relevant non-principal passport jurisdiction for which notice is given that section 4B.6 of MI 11-102 is intended to be relied upon,

(b) include the date of the decision of the principal regulator for the initial application, if the notice is given under section 4B.6(1)(c) of MI 11-102,

(c) include the citation for the principal regulator's decision, and

(d) confirm that the designation is still in effect.

(4) The regulator that receives the notice referred to in section 10 will send a copy of the notice and its decision to the regulator in the relevant non-principal passport jurisdiction.

13. Filing – A filer should send the application materials in paper together with the fees to

(a) the principal regulator, in the case of a passport application, and

(b) the principal regulator and the OSC in the case of a dual application.

The filer should also provide an electronic copy of the application materials, including the draft decision document, by e-mail or on CD ROM. Filing the application concurrently in all required jurisdictions will make it easier for the principal regulator and non-principal regulators, if applicable, to process the application expeditiously.

Filers should send application materials by e-mail using the relevant address or addresses listed below:

British Columbia	www.bcsc.bc.ca (click on BCSC e-services and follow the steps)
Alberta	legalapplications@asc.ca
Saskatchewan	exemptions@sfsc.gov.sk.ca
Manitoba	exemptions.msc@gov.mb.ca
Ontario	applications@osc.gov.on.ca
Québec	Dispenses-Passeport@lautorite.qc.ca
New Brunswick	Passport-passeport@nbsc-cvmnb.ca
Nova Scotia	nsscexemptions@gov.ns.ca
Prince Edward Island	CCIS@gov.pe.ca
Newfoundland and Labrador	securitiesexemptions@gov.nl.ca
Yukon	corporateaffairs@gov.yk.ca
Northwest Territories	securitiesregistry@gov.nt.ca
Nunavut	legalregistries@gov.nu.ca

14. Incomplete or deficient material – If the filer's materials are deficient or incomplete, the principal regulator may ask the filer to file an amended application. This will likely delay the review of the application.

15. Acknowledgment of receipt of filing

After the principal regulator receives a complete and adequate application, the principal regulator will send the filer an acknowledgment of receipt of the application. The principal regulator will send a copy of the acknowledgement to any other regulator with whom the filer has filed the application. The acknowledgement will identify the name, phone number, fax number and e-mail address of the individual reviewing the application.

16. Withdrawal or abandonment of application

(1) If a filer withdraws an application at any time during the process, the filer is responsible for notifying the principal regulator and any non-principal regulator with whom the filer filed the application and for providing an explanation of the withdrawal.

(2) If at any time during the review process, the principal regulator determines that a filer has abandoned an application, the principal regulator will notify the filer that it will mark the application as "abandoned". In that case, the principal regulator will close the file without further notice to the filer unless the filer provides acceptable reasons not to close the file in writing within 10 business days. If the filer does not, the principal regulator will notify the filer and any non-principal regulator with whom the filer filed the application that the principal regulator has closed the file.

PART 5 REVIEW OF MATERIALS

17. Review of passport application

(1) The principal regulator will review any passport application in accordance with its securities legislation and securities directions and based on its review procedures, analysis and considering previous decisions.

(2) The filer will deal only with the principal regulator, who will provide comments to and receive responses from the filer.

18. Review and processing of dual application

(1) The principal regulator will review any dual application in accordance with its securities legislation and securities directions, and based on its review procedures, analysis and considering previous decisions. Please refer to section 10(2) of this policy for guidance on filing an application with the OSC as non-principal regulator with whom a filer should file a dual application.

(2) The filer will generally deal only with the principal regulator, who will be responsible for providing comments to the filer once it has completed its own review. However, in exceptional circumstances, the principal regulator may refer the filer to the OSC as non-principal regulator.

PART 6 DECISION-MAKING PROCESS

19. Passport application

(1) After completing the review process and after considering the recommendation of its staff, the principal regulator will determine whether to grant or deny the designation sought in a passport application.

(2) If the principal regulator is not prepared to grant the designation based on the information before it, it will notify the filer accordingly.

(3) If a filer receives a notice under subsection (2) and this process is available in the principal jurisdiction, the filer may request the opportunity to appear before, and make submissions to, the principal regulator.

20. Dual application

(1) After completing the review process and after considering the recommendation of its staff, the principal regulator will determine whether to grant or deny the designation sought in a dual application and immediately circulate its decision to the OSC.

(2) The OSC will have at least 10 business days from receipt of the principal regulator's decision to confirm whether it has made the same decision and is opting in or is opting out of the dual review.

(3) If the OSC is silent, the principal regulator will consider that the OSC has opted out.

(4) If the filer shows that it is necessary and reasonable in the circumstances, the principal regulator may request, but cannot require, the OSC to abridge the opt-out period.

(5) The principal regulator will not send the filer a decision for a dual application before the earlier of

(a) the expiry of the opt-out period, or

(b) receipt from the OSC of the confirmation referred to in subsection (2).

(6) If the principal regulator is not prepared to grant the designation a filer sought in its dual application based on the information before it, it will notify the filer and the OSC.

(7) If a filer receives a notice under subsection (6) and this process is available in the principal jurisdiction, the filer may request the opportunity to appear before, and make submissions to, the principal regulator. The principal regulator may hold a hearing on its own, or jointly or concurrently with the OSC. After the hearing, the principal regulator will send a copy of the decision to the filer and the OSC.

(8) If the OSC elects to opt out it will notify the filer and the principal regulator and give its reasons for opting out. The filer may deal directly with the OSC to resolve outstanding issues and obtain a decision without having to file a new application or pay any additional related fees. If the filer and the OSC resolve all outstanding issues, the OSC may opt back into the dual review by

notifying the principal regulator within the opt-out period referred to in subsection (2).

PART 7 DECISION

21. Effect of decision made under passport application

(1) The decision of the principal regulator under a passport application is the decision of the principal regulator. Under MI 11-102, a filer is automatically designated in the notified passport jurisdictions as a result of the decision of the principal regulator making the designation.

(2) Except in the circumstances described in section 12(1) of this policy, the designation is effective in each notified passport jurisdiction on the date of the principal regulator's decision (even if the regulator in the notified passport jurisdiction is closed on that date). In the circumstances described in section 12(1) of this policy, the designation is effective in the relevant non-principal passport jurisdiction on the date the filer gives the notice under section 4B.6(1)(c) of MI 11-102 for that jurisdiction (even if the regulator in that jurisdiction is closed on that date).

22. Effect of decision made under dual application

(1) The decision of the principal regulator under a dual application is the decision of the principal regulator. Under MI 11-102, a filer is automatically designated in the notified passport jurisdictions as a result of the decision of principal regulator making the designation. The decision of the principal regulator under a dual application also evidences the OSC's decision, if the OSC has confirmed that it has made the same decision as the principal regulator.

(2) The principal regulator will not issue the decision until the earlier of

(a) the date that the OSC confirms that it has made the same decision as the principal regulator, or

(b) the date the opt-out period referred to in section 20(2) of this policy has expired.

23. Listing non-principal jurisdictions

(1) For convenience, the decision of the principal regulator on a passport application or a dual application will refer to the notified passport jurisdictions, but it is the filer's responsibility to ensure that it gives the required notice for each jurisdiction for which section 4B.6(1) of MI 11-102 is intended to be relied upon.

(2) The decision of the principal regulator on a dual application will contain wording that makes it clear that the decision evidences and sets out the decision of the OSC to the effect that it has made the same decision as the principal regulator.

(3) For a dual application for which Québec is not the principal jurisdiction, the AMF will issue a local decision concurrently with and in addition to the principal regulator's decision. The AMF decision will contain the same terms and conditions as the principal regulator's decision. No other local regulator will issue a local decision.

24. Issuance of decision – The principal regulator will send the decision to the filer and to all non-principal regulators.

PART 8 EFFECTIVE DATE

25. Effective date

This policy comes into effect on April 20, 2012.

ANNEX G

ADDITIONAL INFORMATION REQUIRED IN ONTARIO

Notice of Commission Approval

On December 20, 2011 the Ontario Securities Commission (the **Commission**) approved the publication of National Instrument 25-101 *Designated Rating Organizations* (the **Instrument**) and related consequential amendments pursuant to section 143 of the *Securities Act* (Ontario) (the **Act**). Also on that day, the Commission adopted NP 11-205 pursuant to section 143.8 of the Act (collectively, the **Materials**).

On February 29, 2012 a quorum of the Commission approved non-material drafting changes to the Materials designed to achieve uniformity of drafting across Canada.

The Materials have an effective date of April 20, 2012.

Delivery to the Minister

The original version of the Materials was delivered to the Minister of Finance on January 25, 2012. No approval was given by the Minister with regard to the original version of the Instrument and the related consequential amendments. A revised version of the Materials replaced the original version and was delivered to the Minister on March 2, 2012. The Minister has a 60-day statutory period within which he may approve or reject the revised version of the Instrument and the related consequential amendments or return them for further consideration. We have requested that the Minister make an expedited decision on the revised version of the Instrument and the related consequential amendments by April 5, 2012. If the Minister approves the revised version of the Instrument and the related consequential amendments by this date, they will come into force on April 20, 2012.

Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/31/2012	8	7329563 Canada Inc. - Preferred Shares	55,500.00	60,327.00
02/07/2012	2	Accutrac Capital Solutions Inc. - Preferred Shares	50,000.00	50.00
02/10/2012	6	African Minerals Ltd. - Bonds	86,441,360.00	N/A
01/31/2012	116	Alder Resources Ltd. - Units	3,250,000.00	31,904,038.00
01/17/2012	100	Amaya Gaming Group Inc. - Special Warrants	25,000,000.00	25,000.00
02/24/2012	12	APIC Petroleum Corporation - Common Shares	3,200,000.00	16,000,000.00
02/08/2012	3	Aurora USA Oil & Gas Inc. - Notes	18,724,880.00	3.00
01/18/2012	6	BacTech Environmental Corporation - Units	141,000.00	705,000.00
01/17/2012 to 01/20/2012	41	Barkerville Gold Mines Ltd. - Units	5,997,788.43	7,056,218.00
02/03/2012	3	Barlow Mine Inc. - Common Shares	751,001.00	283,667.00
01/31/2012	1	Berkshire Hathaway Inc. - Note	5,025,748.70	1.00
02/09/2012	71	BMW Canada Inc. - Notes	449,984,500.00	N/A
02/09/2012	57	Broccolini Limited Partnership - Units	78,332,000.00	7,833.20
02/04/2012	22	Cabo Drilling Corp. - Debentures	1,760,000.00	1,760.00
02/09/2012	4	Caesars Operating Escrow LLC and Caesars Escrow Corporation - Notes	7,455,750.00	7,500,000.00
07/21/2010 to 02/03/2012	7	Cemcorp Cement Inc. - Units	1,371,695.00	30,691.00
02/13/2012	4	Chesapeake Energy Corporation - Notes	81,592,350.00	82,658.00
02/03/2012	1	Chromadex Corporation - Common Shares	150,000.00	200,000.00
02/27/2012	4	Cleanfield Alternative Energy Inc. - Common Shares	86,099.00	1,721,980.00
01/24/2012	1	Clearwire Communications LLC and Clearwire Finance, Inc. - Note	8,077,600.00	1.00
02/16/2012	2	Clera Inc. - Common Shares	60,000.00	54,546.00
02/01/2012	1	Colwood City Centre Limited Partnership - Notes	50,000.00	50,000.00
02/14/2012 to 02/17/2012	7	Colwood City Centre Limited Partnership - Notes	442,000.00	442,000.00
10/27/2010	2	Coventry Resources Limited - Common Shares	5,500.00	20,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
10/03/2011	2	Coventry Resources Limited - Common Shares	4,525.00	25,000.00
02/11/2011	1	Coventry Resources Limited - Common Shares	12,400.00	50,000.00
02/17/2012	23	Creative Wealth Monthly Pay Trust - Trust Units	968,690.00	96,869.00
01/31/2012	185	Crestwell Resources Inc. - Special Warrants	246,450.00	2,464,500.00
02/15/2012	5	Crown Gold Corporation - Units	100,000.00	2,000,000.00
01/26/2012	1	Detour Gold Corporation - Common Shares	568,000.00	20,000.00
02/10/2012	42	Eagle Hill Exploration Corporation - Flow-Through Shares	7,200,000.06	43,636,364.00
02/13/2012	37	Emperor Minerals Ltd. - Units	1,208,000.00	24,160,000.00
02/09/2012	25	ES Investments Ltd. - Common Shares	1,500,000.00	3,625,000.00
10/21/2011 to 12/27/2011	18	Fixmo, Inc. - Preferred Shares	23,615,011.02	6,904,974.00
02/01/2012	15	Flying A Petroleum Ltd. - Units	148,500.00	2,970,000.00
02/08/2012	63	Ford Credit Canada Limited - Notes	500,000,000.00	500,000,000.00
11/21/2011	9	Fresco Microchip Inc. - Preferred Shares	4,215,402.38	5,785,857.75
02/10/2012	1	Fuel Transfer Technologies Inc. - Common Shares	225,000.00	225,000.00
02/16/2011	41	Gener8 Digital Media Corp. - Units	692,140.05	0.45
01/20/2012	3	Golden Valley Mines Ltd. - Units	674,999.70	2,249,999.00
01/30/2012	4	Guidewire Software, Inc. - Common Shares	821,520.00	8,850,000.00
01/31/2012	2	Guinea Iron Ore Limited - Units	250,000.00	1,250,000.00
02/03/2012	10	Hana Mining Ltd. - Common Shares	14,923,774.80	11,054,648.00
01/26/2012	125	Harbour First Mortgage Fund Limited Partnership - Units	7,500,000.00	7,500.00
02/22/2012	166	High Desert Gold Corporation - Units	4,708,888.65	20,928,394.00
02/15/2012	233	HomeStreet, Inc. - Common Shares	95,959,952.00	2,180,908.00
02/13/2012 to 02/17/2012	1	IGW Real Estate Investment Trust - Notes	25,000.00	25,380.71
01/30/2012 to 02/03/2012	9	IGW Real Estate Investment Trust - Units	505,000.00	505,000.00
01/30/2012 to 02/03/2012	12	IGW Real Estate Investment Trust - Units	84,098.90	80,094.00
02/13/2012 to 02/17/2012	28	IGW Real Estate Investment Trust - Units	1,062,135.76	N/A
02/09/2012 to 02/16/2012	8	Initio Fuels LLC - Debentures	1,550,000.00	1,550.00
02/08/2012	31	International PBX Ventures Ltd. - Units	789,300.00	5,262,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/24/2012	38	Intus Capital Corporation - Common Shares	357,500.00	7,150,000.00
02/09/2012	1	Kilroy Realty Corporation - Common Shares	5,845,308.00	140,000.00
01/30/2012	120	KingSett Canadian Real Estate Income Fund LP - Units	29,276,682.47	24,146.51
02/07/2012	1	KKR North America Fund XI L.P. - Limited Partnership Interest	273,570,000.00	N/A
02/07/2012	4	Limited Brands, Inc. - Notes	35,066,700.00	N/A
02/14/2012	13	Lone Pine Resources Canada Ltd. - Notes	196,976,561.40	196,977.00
02/02/2012	3	Lord Lansdowne Holdings Inc - Units	371,329.49	149.00
02/13/2012 to 02/17/2012	7	Member-Partners Solar Energy Capital Inc. - Bonds	143,100.00	1,431.00
01/20/2012	13	Merc International Minerals Inc. - Notes	7,000,000.00	13.00
02/14/2012	76	Midas Gold Corp. - Special Warrants	40,428,250.00	9,085,000.00
02/15/2012	1	Milton Hydro Distribution Inc. - Debenture	2,550,000.00	1.00
02/14/2012	4	Minfocus Exploration Corp. - Common Shares	28,750.00	100,000.00
02/09/2012	38	Miromatrix Medical Inc. - Preferred Shares	3,305,017.76	1,356,902.00
02/16/2012	11	Mongolia Minerals Corporation - Common Shares	2,451,682.20	1,442,166.00
02/01/2012	2	Monster Uranium Corp. - Common Shares	80,000.00	800,000.00
02/09/2012 to 02/17/2012	2	MOVE Trust, (BNY Trust company of Canada as trustee) - Notes	11,768,667.05	2.00
01/26/2012	2	Nara Cable Funding Limited - Notes	9,921,824.97	2.00
02/15/2012	4	Newlox Gold Ventures Corp. - Common Shares	56,050.00	1,121,000.00
02/17/2012	8	Newton Gold Corp. - Non-Flow Through Units	170,100.00	1,260,000.00
02/10/2012	8	Nova-Ethio Potash Corporation - Common Shares	760,898.00	2,173,995.00
02/07/2012	6	NWM Mining Corporation - Common Shares	494,000.00	6,175,000.00
02/10/2012	4	Pacific Polar Energy Group Corp. - Common Shares	800,000.00	4,000,000.00
02/09/2012	2	PBF Holding Company LLC/PBF Finance Corporation - Notes	15,928,104.00	2.00
01/26/2012	43	Petro Vista Energy Corp. - Units	1,250,000.00	25,000,000.00
01/17/2012	1	PHH Corporation - Note	4,052,800.00	1.00
01/27/2012	9	Post Holdings, Inc. - Notes	15,269,825.00	15,250.00
01/17/2012	3	Pounder Venture Capital Corp. - Common Shares	64,998.68	412,690.00
02/03/2012	1	Rambler Metals and Mining plc - Common Shares	100,000.00	197,242.00
02/07/2012	8	Real Matters Inc. - Units	11,600,000.32	12,608,696.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/25/2012	4	Realogy Corporation - Notes	5,313,000.00	4.00
02/13/2012	27	Ressources Appalaches Inc. - Units	1,265,000.00	25,300,000.00
02/02/2012	5	Rialto Energy Limited - Common Shares	980,185.17	3,053,251.00
01/16/2012 to 01/17/2012	23	Ring of Fire Resources Inc. - Units	231,363.72	1,147,128.00
01/20/2012	16	Russell Breweries Inc. - Units	765,000.00	15,300,000.00
02/06/2012	5	Sable Fish Canada Inc. - Common Shares	340,000.50	485,715.00
02/28/2012	1	Shoal Point Energy Ltd. - Flow-Through Units	188,199.90	537,714.00
02/14/2012	1	Sky Deutschland AG - Common Shares	29,091.92	70,809,978.00
02/10/2012	16	Solimar Energy Limited - Units	2,050,000.00	N/A
02/09/2012	36	Strike Graphite Corp. - Common Share Purchase Warrant	582,175.00	3,326,715.00
02/03/2012	1	Taminco Global Chemical Corporation - Note	247,500.00	1.00
02/10/2012	32	Tarsis Resources Ltd. - Investment Trust Interests	1,200,000.00	4,800,000.00
02/06/2012	8	The Procter & Gamble Company - Notes	20,518,199.31	20,760,000.00
01/27/2012	5	Torch River Resources Ltd. - Common Shares	155,000.00	3,100,000.00
01/31/2012 to 02/03/2012	29	UBS AG, Jersey Branch - Certificates	7,058,037.49	N/A
02/10/2012	20	Walton AZ Casa Grande LP - Units	565,409.28	56,768.00
02/03/2012	14	Walton AZ Casa Grande LP - Units	451,556.93	45,219.00
02/10/2012	16	Walton Canadian land 1 Development Investment Corporation - Common Shares	348,747.00	36,710.21
02/03/2012	17	Walton Canadian Land Development LP 1 - Units	1,471,472.68	154,891.86
02/10/2012	18	Walton GA Crossroads Investment Corporation - Common Shares	316,080.00	31,608.00
02/10/2012	9	Walton GA Crossroads LP - Units	689,680.20	69,245.00
02/03/2012	7	Walton GA Crossroads LP - Units	768,093.16	154,891.86
02/03/2012	5	Walton MD Gardner Heights Investment Corporation - Common Shares	206,550.00	20,655.00
01/30/2012 to 01/31/2012	17	Wand Capital Corporation - Common Shares	4,600,000.00	51,000,000.00
01/20/2012	12	Western Wind Energy Corp. - Units	3,100,000.00	1,550,000.00
01/31/2012	5	Westpen Properties Ltd. - Common Shares	45,180,156.08	6,288,402.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Canadian Satellite Radio Holdings Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 2, 2012
NP 11-202 Receipt dated March 2, 2012
Offering Price and Description:
$24,000,000.00 - 8,000,000 Class A Subordinate Voting Shares
Price: $3.00 per Offered Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
National Bank Financial Inc.
Promoter(s):
-
Project #1867389

Issuer Name:
Elcora Resources Corp.
Principal Regulator - Nova Scotia
Type and Date:
Preliminary CPC Prospectus dated March 2, 2012
NP 11-202 Receipt dated March 5, 2012
Offering Price and Description:
$375,000.00 - 3,750,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
Troy Grant
Project #1867698

Issuer Name:
Enerkem Inc.
Principal Regulator - Quebec
Type and Date:
Amended and Restated Preliminary Long Form PREP Prospectus dated March 2, 2012
NP 11-202 Receipt dated March 2, 2012
Offering Price and Description:
US$ * - * Common Shares
Price: $ * per Common Share
Underwriter(s) or Distributor(s):
GOLDMAN SACHS CANADA INC.
CREDIT SUISSE SECURITIES (CANADA), INC.
BMO NESBITT BURNS INC.
-
Promoter(s):
-
Project #1855592

Issuer Name:
Guardian Balanced Fund
Guardian Canadian Bond Fund
Guardian Canadian Equity Fund
Guardian Canadian Growth Equity Fund
Guardian Canadian Maple Equity Fund
Guardian Canadian Plus Equity Fund
Guardian Canadian Short-Term Investment Fund
Guardian Canadian Small/Mid Cap Equity Fund
Guardian Canadian Value Equity Fund
Guardian Equity Income Fund
Guardian Global Equity Fund
Guardian High Yield Bond Fund
Guardian International Equity Fund
Guardian Private Wealth Bond Fund
Guardian U.S. Equity Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated February 28, 2012
NP 11-202 Receipt dated February 29, 2012
Offering Price and Description:
Series A and Series I units
Underwriter(s) or Distributor(s):
Guardian Capital LP
Promoter(s):
Guardian Capital LP
Project #1864646

Issuer Name:
JM Capital II Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated February 29, 2012
NP 11-202 Receipt dated March 1, 2012
Offering Price and Description:
$250,000.00 - 2,500,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
Michael P. Kraft
Project #1865999

Issuer Name:
Labrador Iron Mines Holdings Limited
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated February 29, 2012
NP 11-202 Receipt dated February 29, 2012
Offering Price and Description:
$60,950,000.00 - 11,500,000 Common Shares Price: $5.30 per Common Share and $10,675,000.00 - 1,750,000 Flow-Through Shares Price: $6.10 per Flow-Through Share
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
JENNINGS CAPITAL INC.
OCTAGON CAPITAL CORP.
RBC DOMINION SECURITIES INC.
HAYWOOD SECURITIES INC.
SCOTIA CAPITAL INC.
PARADIGM CAPITAL INC.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #1864009

Issuer Name:
Morguard North American Residential Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 2, 2012
NP 11-202 Receipt dated March 5, 2012
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
HSBC SECURITIES (CANADA) INC.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
Promoter(s):
MORGUARD CORPORATION
Project #1867739

Issuer Name:
NorSerCo Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 6, 2012
NP 11-202 Receipt dated March 6, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1868746

Issuer Name:
Northern Property Real Estate Investment Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 6, 2012
NP 11-202 Receipt dated March 6, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
GMP SECURITIES L.P.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
Promoter(s):
-
Project #1868750

Issuer Name:
O'Leary BrIC-Plus Income & Growth Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectus dated February 28, 2012
NP 11-202 Receipt dated February 29, 2012
Offering Price and Description:
Series A, F, H, I, M and X units
Underwriter(s) or Distributor(s):
-
Promoter(s):
O'Leary Funds Management LP
Project #1864785

Issuer Name:
Plata Latina Minerals Corporation
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated March 1, 2012
NP 11-202 Receipt dated March 2, 2012
Offering Price and Description:
$ * - * Common Shares Price: $ * per Share
Underwriter(s) or Distributor(s):
HAYWOOD SECURITIES INC.
Promoter(s):
Gilmour Clausen
Richard Warke
Michael Clarke
W. Durand Eppler
Project #1837214

Issuer Name:
Precipitate Gold Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated February 29, 2012
NP 11-202 Receipt dated February 29, 2012
Offering Price and Description:
$2,200,000.00 - 4,400,000 Shares Price: $0.50 per Share
Underwriter(s) or Distributor(s):
Wolverton Securities Ltd.
Promoter(s):
Darcy W. Krohman
Project #1866307

Issuer Name:
Sprott Physical Platinum and Palladium Trust
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Long From PREP Prospectus dated March 1, 2012
NP 11-202 Receipt dated March 2, 2012
Offering Price and Description:
US$ * - * Units - Minimum Subscription: US$1000 (100 Units) Price: US$ 10.00 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Morgan Stanley Canada Limited
Promoter(s):
Sprott Asset Management LP
Project #1848741

Issuer Name:
TriOil Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 1, 2012
NP 11-202 Receipt dated March 1, 2012
Offering Price and Description:
$31,749,603.00 - 8,943,550 Class A Shares Price: $3.55 per Class A Share
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
HAYWOOD SECURITIES INC.
ALTACORP CAPITAL INC.
Promoter(s):
-
Project #1866793

Issuer Name:
Whitecap Resources Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 5, 2012
NP 11-202 Receipt dated March 5, 2012
Offering Price and Description:
$120,008,200.00 - 5,941,000 Units Price: $20.20 per Unit
Underwriter(s) or Distributor(s):
GMP Securities L.P.
National Bank Financial Inc.
Macquarie Capital Markets Canada Ltd.
Dundee Securities Ltd.
FirstEnergy Capital Corp.
Cormark Securities Inc.
Scotia Capital Inc.
Desjardins Securities Inc.
Promoter(s):
-
Project #1868053

Issuer Name:
Atico Mining Corporation
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated March 2, 2012
NP 11-202 Receipt dated March 2, 2012
Offering Price and Description:
$10,000,000.00 - 20,000,000 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:
Canada Dominion Resources 2012 Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated February 28, 2012
NP 11-202 Receipt dated February 29, 2012
Offering Price and Description:
Maximum: $50,000,000.00 - 2,000,000 Limited Partnership Units 2@ $25.00/Unit; Minimum: $10,000,000.00 - 400,000 Limited Partnership Untis @ $25.00/Unit.
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
DUNDEE SECURITIES LTD.
TD SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
CANACCORD GENUITY CORP.
MANULIFE SECURITIES INCORPORATED
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
GMP SECURITIES L.P.
Promoter(s):
CANADA DOMINION RESOURCES 2012 CORPORATION
DUNDEE SECURITIES LTD.
Project #1856948

Issuer Name:
Champion Minerals Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 1, 2012
NP 11-202 Receipt dated March 1, 2012
Offering Price and Description:
Cdn $30,000,000.00 - 15,000,000 Common Shares Price: Cdn$2.00 per Common Share
Underwriter(s) or Distributor(s):
MACQUARIE CAPITAL MARKETS CANADA LTD.
PARADIGM CAPITAL INC.
STIFEL NICOLAUS CANADA INC.
CANACCORD GENUITY CORP.
FRASER MACKENZIE LIMITED
Promoter(s):
-
Project #1862056

Issuer Name:
Chartwell Seniors Housing Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 2, 2012
NP 11-202 Receipt dated March 2, 2012
Offering Price and Description:
$190,035,000.00 - 23,175,000 Subscription Receipts each representing the right to receive one Unit; and
$120,000,000.00 - 5.7% Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
Promoter(s):
-
Project #1861276

Issuer Name:
Connor, Clark & Lunn Financial Opportunities Fund
(formerly, Focused Global Trends Fund)
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 2, 2012
NP 11-202 Receipt dated March 5, 2012
Offering Price and Description:
Warrants to subscribe for up to 3,291,940 Class A Units at a Subscription Price of $4.85 per Class A Unit

Warrants to subscribe for up to 63,388 Class F Units at a Subscription Price of $5.03 per Class F Unit

Underwriter(s) or Distributor(s):
-
Promoter(s):
CONNOR, CLARK & LUNN CAPITAL MARKETS INC.
Project #1860304

Issuer Name:
Crescent Point Energy Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 1, 2012
NP 11-202 Receipt dated March 1, 2012
Offering Price and Description:
$525,352,500.00 - 11,610,000 Common Shares $45.25 per Common Share
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
FIRSTENERGY CAPITAL CORP.
NATIONAL BANK FINANCIAL INC.
GMP SECURITIES L.P.
MACQUARIE CAPITAL MARKETS CANADA LTD.
PETERS & CO. LIMITED
Promoter(s):
-
Project #1862087

Issuer Name:
Front Street Growth Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated February 29, 2012 to the Simplified Prospectus and Annual Information Form dated June 28, 2011
NP 11-202 Receipt dated March 5, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1748564

Issuer Name:
Maple Leaf 2012 Energy Income Limited Partnership
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated February 29, 2012
NP 11-202 Receipt dated February 29, 2012
Offering Price and Description:
Maximum Offering: $30,000,000.00 (300,000 Units)
Minimum Offering: $5,000,000.00 (50,000 Units) Price: $100 per Unit Minimum Purchase: $5,000 (50 Units)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Macquaire Private Wealth Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Acumen Capital Finance Partners Limited
Desjardins Securities Inc.
Mackie Research Capital Corporation
Union Securities Ltd.
Promoter(s):
Maple Leaf Energy Income Holdings Corp.
CADO Bancorp Ltd.
Toscana Energy Corporation
Project #1849433

Issuer Name:
Matrix 2012-I FT National Class
Matrix 2012-I FT Québec Class
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated February 28, 2012
NP 11-202 Receipt dated February 29, 2012
Offering Price and Description:
Maximum Offering: $25,000,000.00 - 2,500,000 National Class Units @ $10/Unit; Maximum Offering: $20,000,000.00 - 2,000,000 Québec Class Units @ $10/Unit
Underwriter(s) or Distributor(s):
DESJARDINS SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
INDUSTRIAL ALLIANCE SECURITIES INC.
MANULIFE SECURITIES INCORPORATED
CANACCORD GENUITY CORP.
LAURENTIAN BANK SECURITIES INC.
DUNDEE SECURITIES LTD.
GMP SECURITIES L.P.
MACQUARIE PRIVATE WEALTH INC.
RAYMOND JAMES LTD.
ROTHENBERG CAPITAL MANAGEMENT INC.
UNION SECURITIES LTD.
Promoter(s):
Matrix Funds Management
Project #1841293; 1841292

Issuer Name:
Minera IRL Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 28, 2012
NP 11-202 Receipt dated February 29, 2012
Offering Price and Description:
UP TO $30,058,000.00 - 26,600,000 ORDINARY SHARES
Price: $1.13 per Offered Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Jennings Capital Inc.
Haywood Securities Inc.
Promoter(s):
-
Project #1860180

Issuer Name:
NSX Silver Inc.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated February 28, 2012
NP 11-202 Receipt dated February 29, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
NSGold Corporation
Project #1814004

Issuer Name:
Scotia Canadian Dividend Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated February 29, 2012 to the Simplified Prospectuses and Annual Information Form dated November 30, 2011
NP 11-202 Receipt dated March 2, 2012
Offering Price and Description:
Advisor Series units @ net asset value
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Promoter(s):
-
Project #1818286

Issuer Name:
Scotia INNOVA Balanced Income Portfolio
Scotia INNOVA Income Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated February 29, 2012 to the Simplified Prospectuses and Annual Information Form dated November 30, 2011
NP 11-202 Receipt dated March 2, 2012
Offering Price and Description:
Series A and T units @ net asset value
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Promoter(s):
-
Project #1818239

Issuer Name:
Stone & Co. Dividend Growth Class Canada (Series A, B, C, F, L, T8A, T8B and T8C)
Stone & Co. Resource Plus Class (Series A, B, C and L)
(Classes of Mutual Fund Shares of Stone & Co. Corporate Funds Limited)
Stone & Co. Flagship Growth & Income Fund Canada (Series F, L, AA, BB, CC, FF, T8A, T8B and T8C Units)
Stone & Co. Flagship Stock Fund Canada (Series A, B, C, F, L, T8A, T8B and T8C)
Stone & Co. Flagship Global Growth Fund (Series A, B, C, F, L, T8A, T8B and T8C)
Stone & Co. Growth Industries Fund (Series A, B, C, F and L)
Stone & Co. Europlus Dividend Growth Fund (Series A, B, C, F, L, T8A, T8B and T8C)
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated February 27, 2012 to the Simplified Prospectuses and Annual Information Form dated August 25, 2011
NP 11-202 Receipt dated March 5, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Stone & Co. Limited
Project #1774094

Issuer Name:
Symphony Floating Rate Senior Loan Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 29, 2012
NP 11-202 Receipt dated February 29, 2012
Offering Price and Description:
Maximum $19,400,000.00 - 1,920,000 Units
$10.10 per Class A Unit and $10.10 per Class D 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:
Titan Goldworx Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated February 28, 2012
NP 11-202 Receipt dated March 1, 2012
Offering Price and Description:
Minimum Distribution: 2,000,000 Common Shares at a price of $0.15 per Common Share: $300,000.00
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
Promoter(s):
Herrick Lau
Project #1851906

Issuer Name:
UEX Corporation
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus (NI 44-101) dated March 5, 2012
NP 11-202 Receipt dated March 5, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
DUNDEE SECURITIES LTD.
RAYMOND JAMES LTD.
PI FINANCIAL CORP.
Promoter(s):
-
Project #1862034

Issuer Name:
Wand Capital Corporation
Type and Date:
Final CPC Prospectus (TSX-V) dated March 5, 2012
Receipted on March 6, 2012
Offering Price and Description:
$400,000.00 - 4,000,000 Common Shares Price: $0.10 per Common Share
Minimum Subscription (per subscriber): $100 (1,000 Common Shares)
Maximum Subscription (per subscriber): $8,000 (80,000 Common Shares)
Underwriter(s) or Distributor(s):
DUNDEE SECURITIES LTD.
Promoter(s):
-
Project #1854937

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Networth Financial Corp	Mutual Fund Dealer	February 27, 2012
New Registration	Westpoint Capital Corporation	Exempt Market Dealer	February 29, 2012
Amalgamation	Acuity Funds Ltd. and AGF Investments Inc. To Form: AGF Investments Inc.	Exempt Market Dealer, Portfolio Manager, Investment Fund Manager, Mutual Fund Dealer, Commodity Trading Manager	March 1, 2012
New Registration	Otterwood Capital Management Inc.	Portfolio Manager	March 1, 2012
Change in Registration Category	Covenant Capital Management Inc.	From: Portfolio Manager To: Portfolio Manager, Exempt Market Dealer	March 2, 2012

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.3 Clearing Agencies

13.3.1 CDS – Request for Comments – Material Amendments to CDS Procedures – Elimination of ACV to Entitlement Processors for Security Submit Events

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

MATERIAL AMENDMENTS TO CDS PROCEDURES

ELIMINATION OF ACV TO ENTITLEMENT PROCESSORS FOR SECURITY SUBMIT EVENTS

REQUEST FOR COMMENTS

A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTS

In February 2011, CDS implemented changes to address the risks associated with providing aggregate collateral value (ACV) to Entitlement Processors when acting as Paying Agents in CDSX for maturing securities (see Notice distributed December 16, 2010, entitled "ELIMINATION OF ACV TO ENTITLMENT PROCESSORS FOR MATURING SECURITIES").

Currently, ACV is given to Entitlement Processors for securities that have been submitted by holding participants in other, non maturity-type events. Upon release of the payment item by the Entitlement Processor to the receiving participants, the securities being submitted for payment are moved from the holding participant ledgers into a CDS entitlement account. If the Entitlement Processor leaves the submitted securities in the CDS entitlement account intraday on the day of payment, they receive an ACV credit for those paid-for securities. If the Entitlement Processor releases the securities from the CDS entitlement account to themselves intraday on day of payment, they lose that credit. If the securities remain in the CDS entitlement account until the end of day on the day of payment, CDSX functionality automatically moves the securities to the Entitlement Processor's account overnight (at this point, the intraday ACV credit will have expired).

In order for securities to provide ACV in CDSX, there needs to be certainty that the collateral can be used to provide the necessary liquidity for survivors in the credit ring of a defaulting Entitlement Processor. After completion of their related corporate action events, these securities have no market value, and will subsequently be removed from CDSX and cancelled by the issuer. Continuing with the existing practice of giving ACV for these submitted securities exposes surviving participants to significant liquidity and credit risk.

Based on the above, CDS proposes to implement system and procedure changes to eliminate the practice of providing intraday ACV to Entitlement Processors in CDSX for the following security-submit type events:

Mandatory Events

Consolidation
Liquidation
Mandatory Change
Mandatory Conversion
Mandatory Exchange
Mandatory Extension
Mandatory Redemption
Mandatory Acquisition with Option
Mandatory Change with Option
Merger
Partial Call Lottery
Partial Call Pro Rata
Plan of Arrangement
Push Out
Subscription Installment Receipt
Unit Separation
Mandatory Merger with Option
Plan of Arrangement with Option

Voluntary Events

Debenture Buy-Back
Odd Lot Offer
Retraction
Subscription
Tender Offer
Voluntary Conversion
Voluntary Exchange
Voluntary Extension
Voluntary Redemption

The movement of the submitted securities will not change - the Entitlements Processor can leave the securities in CDS's entitlement account intraday and the CDSX functionality will move them automatically in the overnight batch process, or they can release the securities to themselves intraday in order to complete their internal processing. There will no longer be an advantage to leaving the submitted securities in the CDS entitlement account intraday on the event's payable date.

B. NATURE AND PURPOSE OF THE PROPOSED CDS PROCEDURE AMENDMENTS

CDS will implement system and procedure changes so Entitlement Processors acting as Paying Agents will not receive ACV for securities submitted to entitlement events in CDSX. The proposed amendments to CDS's external procedures (i) remove the references to the ACV that was previously credited to the Paying Agent, and (ii) describe the automated movement of the submitted securities during overnight CDSX processing.

C. IMPACT OF THE PROPOSED CDS PROCEDURE AMENDMENTS

The elimination of ACV on submitted securities may require Paying Agents to collateralize their entitlement payments with other securities. Not receiving ACV for submitted securities could cause Paying Agents to fail the ACV edit checks resulting in payments to participants holding the submitted securities to fail. The settlement flow for the Paying Agent and participants that are depending on the proceeds from the submitted securities could be slowed down until all ACV edit checks are satisfied.

During the analysis of historical payment data conducted by CDS in 2011 prior to the removal of ACV on maturing securities, it was determined that the impact for that change would not create a significant processing or financial impact to participants. As the 2011 change involved the highest volume event types (maturities, final asset-back payments and final mortgage-backed payments), it has further been determined that the impacts of removing ACV on the remaining security-submit type events will be minor.

C.1 Competition

The change in process and procedures will not have a competitive impact on CDS, its participants or any other interested parties.

C.2 Risks and Compliance Costs

There is a potential increase in cost to Paying Agents in CDSX if they are required to provide additional ACV to ensure that the settlement process is not affected by this change. The cost is not expected to be material based on the analysis conducted.

There is no compliance costs associated with this change.

C.3 Comparison to International Standards – (a) Committee on Payment and Settlement Systems of the Bank for International Settlements, (b) Technical Committee of the International Organization of Securities Commissions, and (c) the Group of Thirty

This recommendation is consistent with "Recommendation 9" made by CPSS-IOSCO, regarding the risk controls of CSDs, to address participant's failure to settle. The recommendation states that, CSDs that extend intraday credit to participants, including CSDs that operate net settlement systems, should institute risk controls that, at a minimum, ensure timely settlement in the event that the participant with the largest payment obligation is unable to settle. The most reliable set of controls is a combination of collateral requirements and limits.

D. DESCRIPTION OF THE PROCEDURE DRAFTING PROCESS

D.1 Development Context

The amendments have been proposed to remove the references to the crediting of ACV to Entitlements Processors acting as Paying Agents in CDSX, and to better describe the automated movement of the submitted securities during CDSX processing.

D.2 Procedure Drafting Process

CDS Procedure Amendments are reviewed and approved by CDS's Strategic Development Review Committee ("SDRC"). The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SDRC's membership includes representatives from the CDS Participant community and it meets on a monthly basis.

These amendments were reviewed and approved by the SDRC on February 23, 2012.

D.3 Issues Considered

CDS considered that the implementation of this change could impact the flow of settlements and possibly cause a settlement gridlock within CDSX. A settlement gridlock could occur if the lack of ACV prevented a Paying Agent from releasing entitlement proceeds to CDS and downstream processing to participants holding the submitted securities. While a settlement gridlock is possible, the analysis based on historic data indicates that such a gridlock is unlikely as it relates to the amount of ACV currently provided to Paying Agents for submitted securities.

D.4 Consultation

CDS has communicated the proposed change to all Entitlement Processors/Paying Agents and participants through the SDRC subcommittees, and the CDS Development Plan, published monthly on CDS's website (www.cds.ca). CDS also plans to distribute a bulletin to all participants notifying them of the upcoming changes.

D.5 Alternatives Considered

No other alternatives were considered.

D.6 Implementation Plan

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Ontario *Securities Act*. The Autorité des marchés financiers has authorized CDS to carry on clearing activities in Québec pursuant to sections 169 and 170 of the Québec *Securities Act*. In addition CDS is deemed to be the clearing house for CDSX®, a clearing and settlement system designated by the Bank of Canada pursuant to section 4 of the *Payment Clearing and Settlement Act.* The Ontario Securities Commission, the Autorité des marchés financiers and the Bank of Canada will hereafter be collectively referred to as the "Recognizing Regulators".

The amendments to Participant Procedures may become effective upon approval of the amendments by the Recognizing Regulators following public notice and comment. Implementation of this change is planned for May 28, 2012.

E. TECHNOLOGICAL SYSTEMS CHANGES

E.1 CDS

CDS will need to implement a system change to eliminate the practice of providing ACV for securities submitted in entitlement and corporate action events within CDSX to Entitlement Processors, acting as Paying Agents, that are participants of CDS.

E.2 CDS Participants

There are no anticipated system changes to be made by participants.

E.3 Other Market Participants

There is no anticipated impact to other market participants.

F. COMPARISON TO OTHER CLEARING AGENCIES

All CSDs are required to ensure that credit exposures are fully collateralized according to CPSS-IOSCO recommendation 9, point #5. There is no information available from other CSDs in order to conduct a further comparable analysis.

G. PUBLIC INTEREST ASSESSMENT

CDS has determined that the proposed amendments are not contrary to the public interest.

H. COMMENTS

Comments on the proposed amendments should be in writing and submitted within 30 calendar days following the date of publication of this notice in the Ontario Securities Commission Bulletin to:

Laura Ellick
Manager, Business Systems
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

Phone: 416-365-3872
Fax: 416-365-0842
Email: lellick@cds.ca

Copies should also be provided to the Autorité des marchés financiers and the Ontario Securities Commission by forwarding a copy to each of the following individuals:

M^e^ Anne-Marie Beaudoin
Secrétaire del'Autorité
Autorité des marchés financiers
800, square Victoria, 22^e^ étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Télécopieur: (514) 864-6381
Courrier électronique: consultation-en-cours@lautorite.qc.ca

Manager, Market Regulation
Capital Markets Branch
Ontario Securities Commission
Suite 1903, Box 55,
20 Queen Street West
Toronto, Ontario, M5H 3S8

Fax: 416-595-8940
e-mail: marketregulation@osc.gov.on.ca

CDS will make available to the public, upon request, all comments received during the comment period.

I. PROPOSED CDS PROCEDURE AMENDMENTS

Access the proposed amendments to the CDS Procedures and CDS Forms (if applicable) on the User documentation revisions web page (http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-UserDocumentation?Open). The revision portfolio contains text of CDS Procedures marked to reflect proposed amendments, as well as text of these procedures reflecting the adoption of the proposed amendments.

Chapter 25

Other Information

25.1 Exemptions

25.1.1 Aegon Fund Management Inc. and the imaxx Funds – Part 6 of NI 81-101 Mutual Fund Prospectus Disclosure

Headnote

National Instrument 81-101 Mutual Fund Prospectus Disclosure – Exemption from general instruction 8 of the Form to include information on proposed fund mergers in the Fund Facts document.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, Part 6.
General Instruction 8 to Form 81-101F3 Contents of Fund Facts Document.

February 29, 2012

Aegon Fund Management
C/O Blake Cassels & Graydon LLP
199 Bay Street
Toronto, Ontario
M5L 1A9

Attention: Jennifer Woo

Dear Ms. Woo:

Re: Aegon Fund Management Inc. and the imaxx Funds (the Applicants)

Exemptive Relief Application under Part 6 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (NI 81-101)

Application No. 2012/0116; SEDAR Project No. 1862172

By letter dated February 23, 2012 (the Application), Aegon Fund Management Inc., on behalf of certain imaxx Funds, applied to the Director of the Ontario Securities Commission (the Director) under Part 6 of NI 81-101 for relief from General Instruction 8 to Form 81-101F3 *Contents of Fund Facts* (the Form). General instruction 8 prohibits an issuer from including any information not specifically prescribed by the Form. The Applicants seek to include information pertaining to proposed mergers involving the Funds in their Fund Facts documents.

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the requested exemption to be evidenced by the issuance of a receipt for the amendments to imaxx Funds' prospectus.

Yours very truly,

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

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