The Ontario Securities Commission

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March 30, 2012

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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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1.1.1 Current Proceedings Before The Ontario Securities Commission

March 30, 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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Christopher Portner	—	CP
Judith N. Robertson	—	JNR
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

April 2-3, 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
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 3, 2012 10:00 a.m.	**Fibrek Inc.** S. 21.7 J. Waechter in attendance for Staff Panel: JEAT
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 10, 2012 2:30 p.m.	**North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti** s. 127 M. Vaillancourt in attendance for Staff Panel: TBA
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 11, 2012 11:00 a.m.	**Energy Syndications Inc., Green Syndications Inc., Syndications Canada Inc., Land Syndications Inc. and Douglas Chaddock** s. 127 C. Johnson in attendance for Staff Panel: CP
April 12, 2012 10:00 a.m.	**Alexander Christ Doulis (aka Alexander Christos Doulis, aka Alexandros Christodoulidis) and Liberty Consulting Ltd.** s. 127 S. Horgan in attendance for Staff Panel: CP
April 16, 2012 10:00 a.m.	**Bunting & Waddington Inc., Arvind Sanmugam, Julie Winget and Jenifer Brekelmans** s. 127 S. Schumacher in attendance for Staff Panel: JEAT
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: EPK
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: JEAT/CP
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 J. Feasby in attendance for Staff Panel: JEAT
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
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 5-10, September 12-14 and September 19-21, 2012 10:00 a.m.	**Vincent Ciccone and Medra Corp.** s. 127 M. Vaillancourt 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 C. Watson 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 5, 2012 10:00 a.m.	**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
November 12-19 and November 21, 2012 10:00 a.m.	**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
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 10:00 a.m.	**Jowdat Waheed and Bruce Walter** s. 127 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	**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

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

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 **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 **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: TBA

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

s. 127

D. Ferris in attendance for Staff

Panel: TBA

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

s. 127

J. Feasby in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

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

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

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

1.1.2 OSC Staff Notice 51-719 – Emerging Markets Issuer Review

The OSC Staff Notice 51-719 – *Emerging Markets Issuer Review* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

ONTARIO SECURITIES COMMISSION

OSC Staff Notice 51-719

Emerging Markets Issuer Review

March 20, 2012

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PURPOSE OF THE EMERGING MARKET REVIEW

Introduction

On July 5, 2011, the OSC announced the commencement of a regulatory review (EMIR Review or the Review) of emerging market issuers (EM issuers) that would examine a targeted selection of Ontario reporting issuers that were listed on Canadian exchanges and had significant business operations in emerging market jurisdictions.

We conducted the Review in the face of notable concerns that began to surface involving some EM issuers that were listed for trading and raising capital in our markets. We also did this work in recognition of our increasingly globalized marketplace and the corresponding importance of remaining focused on investor protection and the integrity of our markets.

Given the importance of EM issuers in both the global and Canadian marketplace, we wanted to ensure that any systemic or specific issues that affect these issuers were identified and addressed. This is important to investors and for the integrity of the Canadian capital markets.

Several securities regulators in other jurisdictions had also been taking action in similar areas due to some concerns relating to information about title to assets and operations of issuers headquartered in foreign jurisdictions, as well as access to that information. In addition, the body responsible for the oversight of auditors in the U.S., the Public Company Accounting Oversight Board (PCAOB), focused on the fraud risks that auditors might encounter in audits of companies with operations in emerging market jurisdictions and published in October, 2011, a Staff Audit Practice Alert on auditors' responsibilities for addressing those risks, and certain other auditor responsibilities under PCAOB auditing standards. In Canada, the Canadian Public Accountability Board (CPAB) issued a special report in February, 2012, outlining its significant findings and recommendations following its review of audit files for Canadian public companies with their primary operations in China.

The purpose of the Review was to assess the quality and adequacy of selected EM issuers' disclosure and corporate governance practices, as well as the adequacy of the gatekeeper roles played by auditors, underwriters and the exchanges, to identify any broad policy issues and entity-specific concerns. In addition, the Review also examined the legal vehicles through which EM issuers have accessed the Ontario market. In undertaking the Review, staff contacted issuers and their advisors, and organizations such as Canadian exchanges, CPAB and other provincial securities regulators.

We understand the importance of Ontario's markets being attractive globally to quality issuers seeking capital investment. We want Ontario investors to have access to a wide variety of investment opportunities but also want to ensure that this access is balanced with the right level of investor protection. The Review was undertaken to determine if there are areas in the regulation of EM issuers that we can improve or strengthen, including the oversight of the performance of different entities that play a role in bringing these issuers to our market.

A snapshot of EM issuers in Canada

While the term 'emerging market' has different meanings in different contexts, for the purposes of conducting the Review, staff considered a number of criteria in determining whether a reporting issuer was an EM issuer. Staff focused on issuers with the following characteristics:

- whose mind and management are largely outside of Canada and
- whose principal active operations are outside of Canada, in regions such as Asia, Africa, South America and Eastern Europe

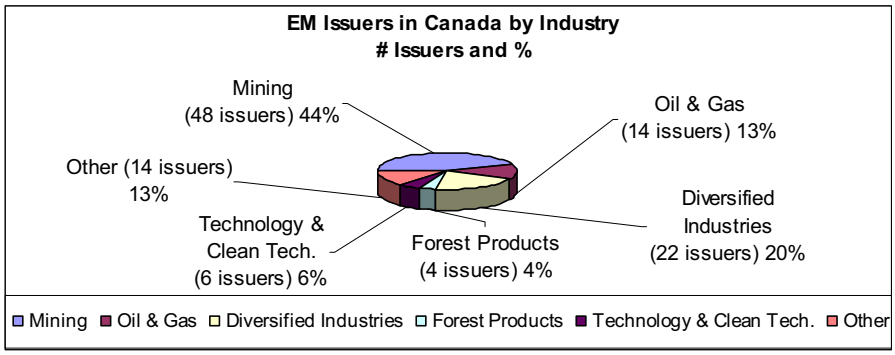
TMX Group issuers listed on the TSX and TSXV and CNSX issuers listed on the CNSX as at April 30, 2011, and having headquarters in jurisdictions other than Canada, the US, the UK, Western Europe, Australia and New Zealand, totalled 108.

At April 30, 2011, these 108 issuers had a total market capitalization of approximately $40 billion. This was in contrast to a total of nearly 4,000 exchange-listed reporting issuers in Canada, having a total market capitalization of $2.39 trillion.

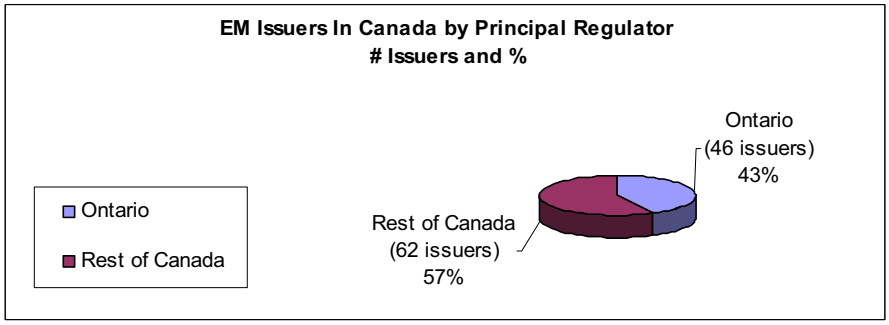
EM Issuers – Canada
All data as at April 2011, as supplied by TMX Group and CNSX

	# Issuers	**Market Cap. (CAD $ mill)**
TSX	50	$37,108
TSXV	55	$3,228
CNSX	3	$33
Total	**108**	**$40,369**

EM issuers were present and operated in a variety of industries, primarily mining, as indicated in the chart below.



Of the 108 EM issuers in Canada, approximately 43% had the OSC as their principal regulator.



The number of EM issuers in Ontario is relatively small compared to the total number of reporting issuers in Ontario. However, staff wished to assess if investors in EM issuers could be exposed to any inappropriate risks or associated risks that were not fully understood. While we appreciate the importance of EM issuers to our markets, we thought it was important to determine if any issues existed that could impact the reputation and integrity of Ontario's market, either at home or abroad.

Who we looked at

Staff selected and reviewed 24 issuers, which represented more than 50% of the EM issuers for which Ontario is the principal regulator. All had operations in emerging market jurisdictions and were listed on Canadian exchanges. The issuers ranged across a number of industries, including mining, forestry, financial services, technology and clean energy, and diversified industries and operated in a variety of countries.

Integrity of public disclosure is the bedrock of investor protection

The integrity of public disclosure by reporting issuers, including financial reporting, is core to investor information and protection. This disclosure depends critically on each of the following performing their duties responsibly:

- the Chief Executive Officer (CEO)
- the Chief Financial Officer (CFO)
- the board of directors (board)
- the audit committee of the board
- the external auditor
- the underwriter
- the exchange

Integrity of public disclosure starts with management. The CEO and CFO are the key individuals that investors rely on to provide accurate and comprehensive information on an issuer's performance and prospects through the issuer's disclosure. The CEO and CFO must ensure the issuer's disclosure is accurate and complete and certify the disclosure and the internal controls over financial reporting.

Effective oversight of management by the board is a critical component of the investor protection framework. The board has a duty to act honestly and in good faith in the best interests of the issuer and must supervise the issuer's management. It plays a pivotal role in effective governance and is responsible for overseeing the general business direction of the issuer.

The board appoints the audit committee whose primary responsibility is to oversee the financial reporting process and manage the issuer's relationship with its external auditors. The external auditor has a unique role in the reporting process for annual financial statements which are relied upon by the board, audit committee and, most importantly, investors to provide an independent assessment of whether the information presented in the issuer's annual financial statements has been fairly presented.

Underwriters are uniquely situated to verify information about an issuer, its operations and management and act as gatekeepers to our markets. In prospectus offerings, underwriters certify that they have undertaken due diligence and that to the best of their knowledge, information and belief the issuer's prospectus constitutes full, true and plain disclosure of all material facts relating to the offered securities. As part of the EMIR Review, staff reviewed the underwriters' activities as they are essential contributors to the oversight of the integrity of public disclosure.

Staff also acknowledge the important role played by other professionals such as lawyers, experts and consultants in bringing issuers to market and confirming the completeness and accuracy of issuers' ongoing public disclosure. Although they were not the focus of the Review, staff also encourage these professionals to be cognizant of the role they play in the disclosure process, and of the importance of due diligence, professional scrutiny and full disclosure of the risks in their work on emerging market related matters.

What we did

The Review involved a broad examination of the public disclosure record of each selected EM issuer and an examination of the issuer's board and audit committee activities. In addition, staff examined the detailed files of auditors of the EM issuers because of the integral role they play in enhancing the degree of confidence that the investing public place on the information presented in an EM issuer's annual financial statements. The auditor's report is a critical third party communication that investors rely on to ensure that the issuer's annual financial information has been sufficiently examined and verified. Staff also reviewed the due diligence activities undertaken by issuers' underwriters, focusing on the depth of the due diligence they performed when underwriting a public offering of securities.

The exchanges undertake a fundamentally important role in promoting market integrity and fostering investor confidence in our markets. The exchanges have detailed and prescriptive listing requirements that require the filing of audited financial statements and, in many cases, sponsorship by an exchange participating organization. We examined whether the core processes of the exchanges are sufficiently robust to address the unique concerns raised by EM issuers and if the review processes would benefit from additional due diligence in the emerging market context.

Purpose of this Report

The purpose of this Report is to identify areas of concern arising from the Review. At this time our observations are preliminary and identify the key policy areas that we believe merit further examination.

The ultimate goals of the EMIR Review and Report are to identify areas of concern and recommend changes that will contribute to the protection of investors and strengthen the integrity of our markets.

Much of the information staff reviewed is protected by confidentiality provisions in the *Securities Act* (Ontario) and therefore cannot be publicly disclosed. As a result, this Report is general in its

discussion, rather than citing specific instances or examples.

Where the Review resulted in significant staff concerns about an issuer's, auditor's or underwriter's apparent regulatory non-compliance, files were referred to the Enforcement Branch of the OSC for further assessment and, if warranted, the initiation of enforcement proceedings.

GENERAL CONCERNS

In this section of the Report, we identify four principal concerns arising from our EMIR Review including:

- the level of EM issuer governance and disclosure
- the adequacy of the audit function for an EM issuer's annual financial statements
- the adequacy of the due diligence process conducted by underwriters in offerings of securities by EM issuers
- the nature of the exchange listing approval process

For each of these four areas of concern, we have identified the main focus for additional examination and analysis. We anticipate that these concerns can be addressed by a combination of action by issuers, auditors, underwriters, exchanges, securities regulators, other oversight bodies and gatekeepers working together to strengthen our markets and protect investors.

Overall concerns

As noted, the regulatory framework for issuers involves a system of reliance and connection between different groups – the issuers themselves, their boards and audit committees, auditors, underwriters and exchanges. We found examples of practices in all of these areas that concerned us and we believe further work is warranted to improve compliance by all of these important groups of market participants with their regulatory obligations.

One of our central concerns was the apparent 'form over substance' approach to compliance with applicable standards for disclosure, issuer governance, board oversight, audit practices and due diligence practices. In our view, the level of rigor and independent-mindedness applied by boards, auditors and underwriters in doing their important jobs – management oversight, audit, due diligence on offerings – should have been more thorough.

The fact that the core operations and assets of many of the issuers were located in an emerging market jurisdiction, with very little presence in Canada in most cases, contributed to a separation between the issuer's Canadian governance and local management functions. It also contributed to challenges for both the audit process and the performance of due diligence by underwriters.

The need for a good understanding of local business practices, how the business operates in the emerging market jurisdiction, and the degree of reliance that can be placed on local members of management, should generally have been given more prominence in management oversight,

audits and due diligence functions. Language barriers and translation issues also appeared to be important factors in how well those functions were performed.

EM issuers

Staff conducted in-depth reviews of the public disclosure record of the selected EM issuers and examined information concerning the function of each selected EM issuer's board and audit committee. Our principal concerns are set out below.

EM issuers, their management and boards are expected to discharge all of their responsibilities in a way that promotes the protection of Ontario investors and confidence in our markets. They are expected to do this on a basis that is fully informed by both the business and cultural practices of all of the jurisdictions in which the EM issuer operates.

Corporate governance practices

An issuer's board and audit committee must have a thorough understanding of the business and the operating environment of the issuer as this understanding is the foundation upon which the executives will execute all of their responsibilities. For Canadian reporting issuers whose businesses are based in Canada, the Canadian directors serving on their boards are expected to have a thorough understanding of the Canadian marketplace and its legal, business and political environment.

We recognize that board members of EM issuers may face a steeper learning curve to understand these same aspects of the EM issuer's business and operating environment. The time zone, language, location of key books and records and cultural differences may make communication especially complicated in these situations. Nevertheless, all board members of Canadian reporting issuers, regardless of where they are located and where the business operations are located, are required to adhere to Canadian regulatory requirements.

It appeared to us that the level of engagement by boards and audit committees in their oversight of management and sense of responsibility for the stewardship of an EM issuer with public investors was in certain cases deficient. For example, in some cases it appeared that the board had very little contact with senior management in the emerging market jurisdiction running the business.

We were concerned with the extent of knowledge of boards and audit committees of the cultural and business practices of the jurisdictions in which the issuer operated. In some situations, it appeared that the board was not aware of environmental factors that could have a significant impact on the issuer, such as banking practices, currency restrictions and the regulatory and legal environment specific to the industry in which the issuer operated. To the extent there was

knowledge of relevant cultural and business practices, the manner of board oversight was not, in some situations, appropriately adjusted to reflect those practices. For instance, we observed situations in which it appeared that board members relied solely on a member of management to provide an overview of key business documents in a foreign language and did not obtain appropriate translations in order to read and assess the documents themselves.

Corporate structures

An issuer's structure should be designed to facilitate the conduct of its business. Emerging market jurisdictions may present additional challenges to issuers as they must navigate the political, legal and cultural realities of those markets and design an appropriate corporate structure. In some cases, the legal or regulatory system may present impediments to foreign ownership or control and may result in the need for specific structures to enable the issuer to do business in that market.

Complex structures may increase the risk profile of an issuer. These structures may be difficult to adequately describe to investors in disclosure, and they may impact the ability of the board to properly oversee management or understand the full extent of the issuer's operations. In particular, boards should consider the potential for complex structures to facilitate inappropriate activity, such as fraud or misappropriation of assets, or misrepresentations about an issuer's financial performance or condition.

In the Review, we observed structures that caused us to question their appropriateness and transparency, such as the presence of multiple legal entities supporting a single operating business. We were concerned that the complexity of certain corporate structures did not appear to be clear or necessary to support the EM issuer's underlying business model. The quality of controls in place to manage the risks arising from the complexity of the structure was also a concern in these cases.

Related party transactions

Related party transactions (RPTs) warrant careful scrutiny by investors so that they may evaluate the fairness of the transactions and the impact they may have on an issuer's operations and financial results. Although not unique to EM issuers, transactions with other issuers in the same group of issuers, or with parties linked to an issuer's shareholders, directors or management may represent a heightened risk for issuers conducting business in these markets. Some of this may be due to differences between local business practices and cultural norms and the legal requirements in North America. Nevertheless, they need to be understood and disclosed accurately.

While RPTs may provide the issuer with benefits that are not available from other arms-length parties or to other issuers on the same terms, they can also be abusive if they only benefit the related party and not the issuer. We are concerned about transactions of this nature as they can be detrimental to investors in the issuer and can undermine the integrity of our capital markets.

Boards and audit committees are expected to approach their oversight role with an appropriate degree of independent-mindedness. In the case of the RPTs involving some EM issuers we reviewed, we observed that this could have been done better. In these cases, we were particularly concerned with the extent and frequency of RPTs and the quality of the management and board processes in place to identify and approve RPTs. Our disclosure reviews also revealed deficiencies in the completeness and appropriate clarity of related party disclosures.

Risk management and internal controls

The board's responsibility for the stewardship of an issuer includes the identification of principal risks to the issuer's business and oversight of the implementation of appropriate systems to manage those risks. The board oversees management, which is responsible for identifying and quantifying an issuer's exposure to risks and for adopting suitable risk management systems to address those risks.

Boards of EM issuers should be particularly sensitive to the unique risks associated with operations in emerging market jurisdictions, especially those that could result in a serious disruption to business operations. Board members should ensure that they have a sufficient understanding of the political and cultural risks impacting the EM issuer and assess those risks in the context of the emerging market jurisdiction, and not only from a North American viewpoint. Risk analysis and mitigation techniques that may seem appropriate in a Canadian or North American business context may not be effective in emerging market jurisdictions. It is important that boards obtain a clear understanding of how the risks of operating in emerging market jurisdictions could impact the corporate structure, operations and material assets of the issuer.

Internal controls are an important way to manage risk. Boards should review and be satisfied that management has put in place appropriate internal controls to manage the risks facing the issuer. For example, effective internal controls help reduce the risks of inaccurate financial reporting. A breakdown of the integrity of financial reporting often stems from a lack of, or a circumvention of, internal controls. It is therefore important for board members to oversee the design and implementation of internal controls and to assess the appropriateness of the remediation of significant deficiencies and material weaknesses. Board members should also be aware of the risks if there is a material weakness in the issuer's internal controls.

Staff concerns with some EM issuers' internal controls related to the risks of doing business in emerging market jurisdictions, and linked to this, the quality and extent of work performed by the CEO and CFO to support their certification of annual and interim filings. We would have expected to see the internal controls adjusted to reflect the particular risks of having significant business operations located in an emerging market, including those associated with political, legal and cultural factors, as well as the location of books and records and language barriers. However, in certain cases, this was not what we observed.

For EM issuers, internal controls may be particularly important to assist in mitigating such risks. For example, it is particularly challenging for a board whose members principally reside in Canada to govern an issuer whose operations are located in a foreign jurisdiction. This challenge may further be magnified in circumstances where the CEO, being the principal decision-maker, resides in the emerging market, and the CFO resides in Canada.

In the Review, we noted risks that may not have been appropriately identified, understood or managed by the board including risks related to:

- political factors, such as government instability and changing governmental policy that may affect legal rights, such as property ownership
- the legal and regulatory framework, given that emerging market jurisdictions may have less developed legal or regulatory systems
- the movement and conversion of currency out of the foreign jurisdiction, which could hinder the repatriation of profits to Canadian investors
- legal title to assets

We also found that risk disclosures by the issuers were not as specific or relevant as they should have been to be helpful and informative to investors.

Auditors

In the course of the Review, we identified several areas of potential concern with respect to the way in which the external audit function was performed for EM issuers. We were concerned that auditors may not have performed sufficient procedures in some instances to understand and appropriately scrutinize the information provided to them by an issuer and/or foreign 'component' auditor. On February 21, 2012, CPAB issued a special report "Auditing in Foreign Jurisdictions" outlining its significant findings and recommendations following its review of audit files for Canadian public companies with their primary operations in China. The observations noted in CPAB's report are largely consistent with our principal concerns, as set out below.

Level of professional scepticism

The level of professional scepticism exhibited by auditors when examining the information gathered in the course of their audit was generally lacking. We were concerned that in some instances the auditor accepted management's representations at face value and did not perform sufficient alternative procedures to independently verify the information they received. There were also instances where, in our view, auditors should have been uncomfortable based on the work performed and information received – for example if responses received were unusual or unexpected, we would have expected an auditor to further challenge or examine the response to ensure they understood the situation.

In addition, we saw conclusions for areas of judgement that were not supported by an underlying analysis, for example, broad-based conclusions (i.e., a conclusion that no issues were noted) with no underlying analysis regarding the procedures or evidence obtained to support the general statement. This disconnect raised issues on what work, if any, was done to substantiate the auditor's conclusion or ensure that risks were sufficiently mitigated.

Degree of knowledge auditors had of the local cultural and business practices

It was unclear in some instances what was done to understand an issuer's business environment. For example, if checklists were prepared it was questionable that responses resulted in sufficient understanding of the cultural and business practices of the jurisdictions in which the issuer operated. Some auditors appeared to have an insufficient understanding of the legal environment (i.e. use of corporate seals) and/or procedures to obtain licenses and/or permits in the emerging market. In some cases auditors appeared to accept certain information provided by management at face value without performing any procedures to support those representations with independent external information.

Extent of delegation to a foreign 'component' auditor

Applicable auditing standards have no defined parameters for the extent of work that can be delegated to a component auditor, and we were concerned that this resulted in group auditors' insufficient involvement with the audit of underlying operations in some circumstances. This was particularly true in situations where an issuer's underlying operations were entirely in the emerging market and the foreign component auditor performed all audit procedures in the emerging market.

A key concern noted was that some component working paper files could not be removed from a foreign jurisdiction. This could prevent regulators (i.e., the Commission or CPAB) from reviewing files or group auditors from including key working papers from a component auditor in their files. It was also unclear to us the extent of review that group auditors were choosing to, or were able to,

perform on audit files of component auditors or whether group auditors were visiting the foreign jurisdiction.

It appeared in some instances that group auditors asked component auditors to do the work to understand the business and environment but did not receive sufficient communication back to understand what the component auditor learned or understood. In fact, we do not believe there was enough communication in general between group and component auditors, particularly communication from the component auditor to the group auditor. We would expect to see more group auditor executives visiting foreign operations or interacting with members of issuers' management.

Inability to access audit working papers

We experienced difficulty in obtaining domestic auditor working papers voluntarily, so other means were generally needed to obtain audit working papers. When an auditor resided in a foreign jurisdiction, or a portion of the audit work was done by a component auditor, we were unable to obtain those working papers.

Language barriers

We observed that language barriers impacted an auditor's ability to communicate with management or examine documentation. We could not discern how audit executives addressed these language concerns in some audits or why this was not an issue for consideration in connection with the audit. For example, in some instances the communication between audit executives and key client executives appeared to be insufficient due to language differences. Perhaps more importantly, there also appeared to be insufficient translation of key documents despite audit engagement executives not being fluent in the local language. It was not clear from the Review how auditors addressed language barriers in client documents for audit executives who did not speak the local language.

Underwriters

Underwriters, as gatekeepers to our securities markets, are uniquely situated to verify information about an issuer, its operations and management. In prospectus offerings, underwriters must certify that to the best of their knowledge, information and belief, the prospectus constitutes full, true and plain disclosure of all material facts relating to the offered securities. In the listing process, the underwriters may act as sponsors. In this role, they conduct due diligence and may prepare reports on, among other things, the issuer's business and financial position, the issuer's directors and officers, and the issuer's qualifications for meeting all relevant listing criteria. The role of the sponsor in the listing process is a critical part of the listing review and approval.

Underwriters should participate in the offering process with a healthy amount of scepticism regarding management claims. Their due diligence must be designed to detect if there are material misstatements or omissions in prospectus disclosure. An underwriter must also develop a full understanding of an issuer's finances, management, operations, industry and country of origin, in order to be able to certify the prospectus. They should also document their findings in a clear and concise manner.

Staff reviewed the work of underwriters in the public offerings of securities by selected EM issuers. Our principal concerns are set out below.

Variations in due diligence practices

While there is some general guidance on due diligence practices for Canadian underwriters, there are no explicit, standard requirements for the conduct of due diligence by underwriters. As a result, it was evident during the Review that underwriters adopted a varied array of policies, procedures and practices. Some underwriters provided internal policies and due diligence checklists, while others had limited processes. Some of the reviews appeared to be thorough and some were not. We also noted that internal committee memoranda, due diligence committee meeting minutes and due diligence checklists were largely not provided to us. We observed in some cases that risks were not always documented, and if they were raised, there was little or no follow-up recorded or evident in the due diligence materials.

We reviewed transcripts of due diligence calls with issuers and observed a number of instances where several customers of a single issuer provided identical answers to questions posed by the underwriters. We think the similarity of these responses should have raised some degree of scepticism and further questioning by the underwriter, yet this did not occur. In addition, in some cases, questions posed during the course of due diligence calls were deflected, not answered or inadequately explained by the issuer's management and the questions were not pursued nor were satisfactory explanations provided. We also noted situations where site visits were attempted unsuccessfully and these were not rescheduled, nor were additional questions asked about the site's availability during the remainder of the due diligence process.

Level of professional scepticism and rigor

In the underwriter material we examined, we observed that the level of professional scepticism and rigor that appeared to be applied in the due diligence process was lacking. We noted several instances where 'red flags' (such as significant growth or a change in the issuer's business in the recent past, financial metrics that were superior to an industry average, unusual year-over-year growth results and a high degree of reliance on government relationships or the founder/CEO)

should have prompted further probing or questions. Our review indicated little or no follow-up in these instances to either understand or analyze the concerns, or disclose them.

Approval process for offerings

We observed some cases where, due to a lack of documentation of due diligence meetings, site visits and bring-down calls (calls among the underwriter, issuer, auditors and legal counsel to reconfirm statements previously made during the due diligence investigation), it was not always evident that the approvals process called for by the underwriter's own internal process was followed.

Understanding of emerging market jurisdictions

The due diligence information and process we examined in connection with a number of EM issuer offerings contained little documentation or discussion of the risks associated with the issuer's operations. Even where the due diligence policies and procedures of a firm contemplated additional factors or steps that should be considered or taken in light of additional risks, it was evident from the documentation that these were not taken into account in performing the due diligence.

Due diligence documentation

In the Review, we noted that the amount and degree of due diligence documentation varied widely. In some circumstances, the documentation did not reflect the process by which due diligence was undertaken and completed nor the risks identified in connection with the offering (including those related to the issuer's industry group or market, if appropriate).

In terms of due diligence calls, while we found the lists of questions to be asked of the issuer were documented, in some cases the names of the participants on the calls were not provided and written transcripts were not provided.

Exchanges

The exchanges are important gatekeepers to our securities markets as they set standards for issuers seeking to list their securities on Canadian markets. The exchanges undertake a vigorous review process, including review and reliance on third party reports to determine if the issuer meets the listing requirements, which is a critical part of the access to public capital. As part of this process, when sponsorship is required, the sponsors conduct due diligence and prepare reports on the issuer's business and financial position, the issuer's directors and officers, and the issuer's qualifications for meeting all relevant listing criteria.

We examined the listing processes in place and the listing review that was undertaken for the EM

issuers selected for this study. We considered whether the core processes of the exchanges are sufficiently robust to address the unique concerns raised by EM issuers that have come to light as a result of the EMIR Review and other recent events. We also considered whether the exchange review processes would benefit from additional due diligence in the emerging market context, particularly with respect to reliance on work performed by third parties and the quality of third parties' work.

We also examined the methods by which EM issuers selected for review accessed the Ontario market and raised capital from Ontario investors. An issuer can become a reporting issuer through different methods, including:

- an initial public offering (IPO), which involves the preparation of a prospectus to be filed with securities regulators and is often accompanied by an application for a public listing on an exchange
- a direct listing on a recognized Canadian exchange, which may be facilitated if the issuer is already listed on another exchange in a foreign jurisdiction
- a reverse take-over (RTO) (also known as a back door listing or reverse merger), which usually involves a transaction with an existing issuer that is already a reporting issuer. The form of transaction varies but typically involves an amalgamation or issuance of shares in exchange for other shares or assets.

The EM issuers in our review sample accessed our market through different methods, including IPOs, direct listings and RTOs. We did not identify any particular method of accessing the market and becoming a reporting issuer as being specifically problematic.

In conducting this work, we worked co-operatively with staff at the TSX and considered:

- how the issuers 'went public'
- the various parties involved in the listing of an EM issuer
- the inter-reliance of those parties and their interconnectivity with the exchange listing framework applicable to EM issuers
- the listing requirements and review processes of Canadian exchanges that generally apply to the types of reporting issuers selected for review

Our principal concerns are set out below.

Specific listing requirements for EM issuers

The exchanges have supplemental procedures and policies geared to EM issuers. However, a re-examination of the sufficiency of those procedures and policies may be warranted in light of our

increased understanding of risks associated with emerging markets. There also does not appear to be a requirement for an EM issuer whose primary listing is in Canada to maintain a meaningful 'Canadian presence' (which could include having a combination of directors, key officers, employees, books and records and assets (such as cash) located in Canada).

Transparency when exchanges waive any listing requirements

In accordance with the exchanges' listing requirements, the exchanges have broad discretion in how they apply the listing requirements. The exchanges may, in their discretion, take into account any factors they consider relevant in assessing the merits of a listing application, resulting in the granting or denial of a listing application notwithstanding the published criteria. There does not generally appear to be any public disclosure that is made about waivers of listing requirements granted to specific issuers.

Strong reliance on third parties in conducting due diligence

The listing process involves the exchanges' review of various documents prepared for the issuer by outside experts, such as auditors, geologists or sponsors. In particular, the exchanges place significant reliance on the role of sponsors to conduct due diligence of prospective listings. Sponsors are expected to undertake a comprehensive review of the issuer being sponsored, including, potentially, site visits, reviewing all relevant documentation and evaluating past conduct of directors and officers, among other things. Notwithstanding the prescribed exchange requirements for a sponsorship report, the actual terms of a sponsorship report are generally negotiated between the sponsor and the issuer seeking a listing, and the sponsor is paid a fee for providing this service. In addition, there does not generally appear to be publicly available information regarding a particular sponsor's role in a new listing or the sponsor's due diligence report.

RECOMMENDATIONS AND NEXT STEPS

All issuers, including emerging market issuers, their management and boards are expected to discharge all of their responsibilities in a way that promotes the protection of Ontario investors and confidence in our markets. They are expected to do so on a basis that is fully informed by the business and cultural practices of all of the jurisdictions in which the EM issuer operates. Auditors, underwriters and all other advisors to issuers are also expected to discharge their responsibilities in a similar manner with a full appreciation of the reliance that Ontario investors place on them.

This Report raises particular issues associated with EM issuers coming to market. Emerging market issuers are an important growth market for Canadian investors and this Report identifies areas for improvement related to governance and the critical work of auditors, underwriters and other experts. We will continue to follow up with individual issuers and their advisors as appropriate, and will continue to refer matters to our Enforcement Branch as warranted. We will also continue to work with CPAB to address audit related concerns, with staff at the Canadian exchanges to address concerns related to the listing process and with the Investment Industry Regulatory Organization of Canada (IIROC) on the underwriter practices we observed in the Review.

The concerns we have identified in this Report are, to varying degrees, unfolding on a global basis. With that in mind, we will continue to engage in dialogue with other securities regulators within and outside of Canada to share perspectives and best practices to address areas of common concern.

Staff expect that EM issuers, their auditors, underwriters and their other advisors, as well as the exchanges, will address the concerns identified in this Report and will, where necessary, take immediate steps to improve their practices to effectively discharge their responsibilities to protect investors in Ontario.

What follows is a list of recommendations for further work needed to address the principal concerns in this Report. In most cases, these recommendations do not involve the creation of new policies or rules but instead involve the development of guidance, best practices or enhanced vigilance to support compliance with current requirements.

EM issuers

- establish guidance to improve corporate governance practices, particularly in the areas related to the responsibilities of the board and its committees to understand the business, operating environment and risks for issuers whose principal operations are in foreign jurisdictions
- clarify the regulatory expectations of CEOs and CFOs in conducting reasonable due diligence to support their certifications for companies whose principal operations are in foreign jurisdictions
- require better disclosure to investors of complex corporate structures and their purpose
- require better explanations of risk factors relevant to EM issuers
- raise investor awareness of risks associated with investments in issuers whose principal operations are in foreign jurisdictions
- ensure the maintenance of appropriate books and records in Canada
- consider a minimum language competency component for Canadian-resident board members in the applicable local language where the issuer's principal business operations are located
- consider minimum Canadian director residency requirements

Auditors

- facilitate access by the OSC to the audit working papers of Ontario reporting issuers
- determine what should be done to address situations where regulators are unable to access foreign audit files relating to reporting issuers
- work with CPAB to analyse whether securities rules can be enhanced to allow more information sharing in connection with the oversight of audit firms
- examine whether suitability standards for auditors of reporting issuers should be developed
- analyse whether auditors should be required to publicly disclose their resignation from a file, and to explain the reasons for that resignation
- develop greater cooperation among securities regulators and audit oversight bodies to monitor the quality of audits of public companies with operations in emerging markets
- continue to discuss the audit-related concerns in this Report with CPAB and audit firms
- bring these concerns to the attention of both the Canadian Audit and Assurance Standards Board and the International Auditing and Assurance Standards Board

Underwriters

- establish a consistent and transparent set of requirements for the conduct of due diligence by underwriters
- ensure these requirements include a process that addresses:
  - the issuer's operational structure
  - internal controls and risk management
  - translation and foreign language issues
  - business practices and business environment in which the issuer operates
  - government relationships
  - asset ownership
  - CEO/founder shareholdings and RPTs
  - cultural norms that affect the issuer's structure, operations, governance and the ability to do business
  - review of key documents
  - review of key members of management
  - review of customers, suppliers and others parties relevant to the issuer's business
  - reporting on results of site visits
- develop best practices around documentation of all aspects of an underwriter's due diligence
- develop best practices for due diligence calls and site visits

Exchanges

- assess whether additional listing requirements are needed for EM issuers to address specific risks associated with them, or if additional exchange review procedures are required to assess if significant risks are present and how those risks could be addressed
- provide greater transparency regarding waivers of any listing requirements
- assess whether the extent of reliance on third parties in conducting due diligence is appropriate in the listings process or whether additional due diligence steps are warranted
- review the role of sponsors (if applicable) in bringing EM issuers to market to ensure that there is adequate accountability placed on the sponsor and if there is an appropriate level of transparency regarding the sponsor's due diligence work

OSC staff will continue to work on the issues identified in this Report with other provincial securities regulators, CPAB, IIROC, the exchanges and other interested parties so that we can advance the work we have begun through the EMIR Review. We think it is also important to recognize that some of the policy issues we may pursue from the EMIR Review could have broader applications and a more general benefit to our markets.

We are focused on our markets remaining open and attractive to issuers from all jurisdictions. Fostering markets that are fair and efficient and that protect investors interests will continue to attract both domestic and foreign issuers.

ONTARIO SECURITIES COMMISSION

Emerging Markets Issuer Review

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

1.1.3 CSA Staff Notice 81-320 (Revised) – Update on International Financial Reporting Standards for Investment Funds

CANADIAN SECURITIES ADMINISTRATORS' STAFF NOTICE 81-320 (REVISED)
UPDATE ON INTERNATIONAL FINANCIAL REPORTING STANDARDS FOR INVESTMENT FUNDS
First published October 8, 2010, revised March 23, 2011 and March 30, 2012

Purpose

This notice updates investment funds and their advisers on the adoption of International Financial Reporting Standards (IFRS) by investment funds in Canada.

The Handbook of the Canadian Institute of Chartered Accountants (Handbook) refers to "investment companies", the majority of which are "investment funds" for the purposes of securities legislation. This notice applies only to those investment companies that are investment funds as defined in securities legislation and are subject to National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106).[1]

The Canadian Securities Administrators (CSA) previously published proposals relating to the adoption of IFRS by investment funds on October 16, 2009.[2] These proposals were based on the Canadian Accounting Standards Board (AcSB) decision to transition financial reporting for Canadian publicly accountable enterprises to IFRS as issued by the International Accounting Standards Board (IASB) for financial years beginning on or after January 1, 2011.

The AcSB has deferred for a third time the transition to IFRS for investment companies. On February 29, 2012, the AcSB issued amendments to the Handbook extending the deferral to January 1, 2014.[3]

Background

Under existing International Accounting Standard 27 *Consolidated and Separate Financial Statements* (IAS 27) and the recently issued IFRS 10 *Consolidated Financial Statements*, which replaces IAS 27 for financial years beginning on or after January 1, 2013, an entity must consolidate investments that it controls. The IASB published the Exposure Draft *Investment Entities* on August 25, 2011[4] which proposed that an "investment entity" be exempt from consolidating entities that it controls and instead account for controlling interests in other entities at fair value. The IASB has not yet indicated a target date when a final standard for investment entities will be available.[5]

The AcSB amended Part I of the Handbook to require investment companies, as defined in and applying Accounting Guideline 18 *Investment Companies*, to adopt IFRS as issued by the IASB for interim and annual periods beginning on or after January 1, 2014, with earlier adoption permitted. The deferral of the mandatory changeover to January 1, 2014 is intended to allow the IASB's proposed exemption from consolidation for investment entities to be in place prior to the adoption of IFRS by investment entities in Canada.

Move to IFRS by Investment Funds

CSA staff are also of the view that it would be preferable for the IASB's proposed consolidation exemption to be in place when IFRS is adopted by investment funds in Canada. Accordingly, we will be reviewing and revising the proposed amendments to NI 81-106 and related consequential amendments, previously published for comment in 2009, in light of the recent developments at both the IASB and AcSB.

The CSA comment period for the proposed amendments ended on January 14, 2010, and the majority of the comments related to the implications of IAS 27 to Canadian investment funds. Given the proposed exemption that the IASB is now considering, the issues raised by commenters relating to consolidation may no longer exist for the majority of investment funds. As a result, CSA staff anticipate that the proposed amendments to NI 81-106 related to the consolidation requirement may no longer be required.

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1 The IFRS-related amendments to CSA rules for issuers that are not investment funds came into force on January 1, 2011.

2 These proposals were published in French on March 12, 2010 by the Autorité des marchés financiers and the New Brunswick Securities Commission.

3 The AcSB Decision Summary regarding the most recent deferral is at http://www.frascanada.ca/accounting-standards-board/meetings/decision-summaries/2011/item59121.aspx

4 The Exposure Draft *Investment Entities* and comment letters submitted to the IASB can be found on the Consolidations – Investment Entities project webpage http://www.ifrs.org/Current+Projects/IASB+Projects/Consolidation/IE/investment+entities+ED+Aug+2011/ED+and+comment+letters.htm.

5 The IASB work plan and projected timetable for this project can be found in the Standards Development section of the IASB/IFRS website (www.ifrs.org/Current+Projects/IASB+Projects/IASB+Work+Plan.htm).

In order to have more certainty about the scope and impact of the anticipated exemption from consolidation for investment entities that the IASB is considering, CSA staff will take additional time before seeking approval in each CSA jurisdiction to either republish or finalize IFRS-related amendments to NI 81-106 and other instruments related to investment funds, with the goal of having the necessary IFRS-related amendments for investment funds in force by January 1, 2014.

Prior to the mandatory changeover to IFRS set out in the Handbook, CSA staff consider the standards in Part V of the Handbook to be Canadian generally accepted accounting principles (Canadian GAAP) as applicable to public enterprises for securities legislation purposes. CSA staff recognize that some investment funds may want to prepare their financial statements in accordance with IFRS as issued by the IASB for annual periods beginning prior to January 1, 2014. Therefore, an investment fund that wants to use IFRS for interim and annual financial statements relating to annual periods beginning prior to January 1, 2014 must apply for exemptive relief from the current requirement to prepare its financial statements in accordance with Canadian GAAP as applicable to public enterprises.[6] Investment funds filing applications for exemptive relief from NI 81-106 should also identify any issues that early adoption may create with respect to their financial disclosure.

CSA Staff Notice 52-320 *Disclosure of Expected Changes in Accounting Policies Relating to Changeover to International Financial Reporting Standards*[7] sets out the CSA's views on the disclosure that investment funds should be providing in advance of the changeover to IFRS. Investment funds should continue to provide appropriate disclosure about the expected impacts of the changeover to IFRS in accordance with the guidance in CSA Staff Notice 52-320 in their annual and interim filings in advance of the January 1, 2014 changeover date.

Questions

Please refer your questions to any of:

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March 30, 2012

6 This requirement is found in section 2.6 of NI 81-106.

7 This CSA Staff Notice was published May 9, 2008.

1.1.4 OSC Notice 11-766 – Statement of Priorities – Request for Comment Regarding Statement of Priorities for Financial Year to End March 31, 2013

ONTARIO SECURITIES COMMISSION
NOTICE 11-766 – STATEMENT OF PRIORITIES

REQUEST FOR COMMENTS
REGARDING STATEMENT OF PRIORITIES
FOR FINANCIAL YEAR TO END MARCH 31, 2013

The *Securities Act* requires the Commission to deliver to the Minister and publish in its Bulletin each year a statement by the Chairman setting out the proposed priorities of the Commission for its current fiscal year in connection with the administration of the Act, the regulations and rules, together with a summary of the reasons for the adoption of the priorities.

In an effort to obtain feedback and specific advice on our proposed objectives and initiatives, the Commission is publishing a draft Statement of Priorities which follows this Request for Comments. The Commission will consider the feedback, and make any necessary revisions prior to finalizing and publishing its 2012–2013 Statement of Priorities. The Statement of Priorities, once approved by the Minister, will serve as the guide for the Commission's ongoing operations. Shortly after the conclusion of our 2011–2012 fiscal year we will publish a report on our progress against our 2011–2012 priorities on our website.

Comments

Interested parties are invited to make written submissions by May 29, 2012 to:

Robert Day
Manager, Business Planning
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8

(416) 593-8179
rday@osc.gov.on.ca

March 30, 2012

Ontario Securities Commission
2012–2013 – Statement of Priorities

Draft for Comment
March 30, 2012

INTRODUCTION

The *Securities Act* (Ontario) requires the Ontario Securities Commission (OSC) to publish in its Bulletin, and to deliver to the Minister by June 30 of each year, a statement by the Chair setting out the proposed priorities for the Commission for the current financial year.

This Statement of Priorities sets out the OSC's strategic goals and the specific initiatives that will be pursued in support of each of these goals in the fiscal year commencing April 1, 2012. It also discusses the environmental factors that the OSC considered in setting these goals.

The OSC remains committed to delivering its regulatory services effectively and with accountability. The recent ruling from the Supreme Court stated that the federal government did not have the authority under the constitution to enact the proposed Canadian Securities Act. Therefore, the OSC continues to work closely with its colleagues in the Canadian Securities Administrators (CSA), and to ensure that the Canadian regulatory system continues to function efficiently and remains responsive to changing market circumstances.

Our Vision

To be an effective and responsive securities regulator – fostering a culture of integrity and compliance and instilling investor confidence in the capital markets.

Our Mandate

The OSC's mandate is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets. The mandate is established by statute.

OUR ENVIRONMENT

Each year, the OSC develops its business plan and sets goals and priorities to promote the achievement of its vision and the fulfillment of its mandate. The OSC does this in the context of current and forecast economic conditions, evolving market practices, developing trends and issues, as well as changes in public expectations. This year's planning exercise has the benefit of recent internal efforts to develop a vision and a strategic plan for the OSC as a 21st century regulator. The plan focuses on how the OSC sets its policy priorities, conducts its compliance programs and interacts with its stakeholders. This statement of priorities reflects some of these changes.

Today's market reality

Capital markets have changed fundamentally in recent years. We have experienced sharp increases in the breadth of activity as well as changes in the nature of business models and the complexity of products. Securities, insurance and banking products have become more interchangeable and global markets more interconnected than ever before.

The current market reality requires the OSC to address many new issues that have international implications, such as multi-jurisdictional enforcement investigations, a regulatory framework for the over-the-counter (OTC) derivatives, oversight of credit rating agencies and hedge funds, the regulation of emerging market reporting issuers, the proliferation of complex exchange-traded funds (ETFs) and structure products and an ever-changing market infrastructure. These raise complex regulatory, jurisdictional and operational challenges for the OSC.

There continue to be instances where retail and institutional investors have been sold products that were not adequately explained, were not suitable and did not meet their needs. These problems resulted in investor harm and have shone a spotlight on the inadequacies of the existing disclosure regimes and on the need for financial advisers to appropriately inform investors to enable them to make good investment decisions.

One of the greatest challenges now facing the OSC and other securities regulators is to strengthen the capacity and expertise to keep pace with ongoing market developments and risks that are emerging as a result of innovation and global market stresses.

International response

Given the changes to the markets and the lessons learned from the global financial crisis, expectations for financial services regulators have changed quite significantly. The unprecedented use of taxpayer dollars in many jurisdictions to bail out large financial institutions and to protect the local capital markets has created new accountability for regulators to a constituency with little interest in underwriting unnecessarily or overly risky behaviour.

In an effort to fix the underlying causes of the crisis, the G20 countries, along with the Financial Stability Board (FSB) and international standard-setters, such as IOSCO and the Basel Committee on Banking Supervision, are focussed on global support for regulation by way of additional investments in regulatory processes, development of new financial market infrastructures, expanding the perimeter of regulation and strengthening cooperation and regulatory oversight. The call for increased regulation has been challenged by those who question whether regulators can develop the agility required to keep pace with developments in the markets they regulate.

Implications for securities regulation in Ontario

Commitments made to the G20 will require the introduction of a broad set of new policies that cannot simply be imported from other jurisdictions, but will require careful analysis of their impact in the Canadian market. In addition, the implications and consequences of policies introduced in other jurisdictions will need to be carefully monitored and their impact considered in Canada.

The effects of all new policies and changes in other markets will be two-fold in Canada. First, direct compliance with these new rules by either domestic subsidiaries of foreign headquartered players or by local players transacting with foreign entities will cause shifts in the competitive landscape resulting in the potential for regulatory arbitrage. Second, it is possible that initiatives such as the EU Tobin tax and the US Volcker rule, or the application of lower position limits for commodity traders could drive high-frequency trading, proprietary trading and broker activity, or commodities speculation further into Canada's markets.

The greatest challenge facing regulators will not merely be the effective implementation of new rules, but also the development of the regulatory capacity to keep current with new market developments that will emerge over time as a result of financial innovation, or as unforeseen consequences of the implementation of the current proposed rules.

Whether as a result of innovation in the industry, or as required by global events, the OSC faces a fast-changing operating environment and rising stakeholder and public expectations. As the regulator of the largest share of Canada's capital markets, the OSC has an obligation to take these challenges seriously and demonstrate leadership.

The recent Supreme Court of Canada decision on the national securities regulator means that the OSC will continue to meet its mandate by working in the best interests of investors and market participants of Ontario. The OSC will continue to work cooperatively with its CSA colleagues and other regulators to make the regulatory system more efficient.

KEY REGULATORY PRIORITIES FOR 2012–2013

In light of the environmental factors outlined above, the OSC has reviewed and affirmed its broad strategic goals as set out below. A three year OSC strategic plan released on February 29, 2012 outlined a number of initiatives and operational programs in order to achieve its mandate.

The OSC has five regulatory goals for 2012–2013. Four of the goals remain the same as in previous years with a fifth goal added to respond to the systemic risk concerns raised as part of the global response to the market issues that emerged in 2008.

Goal #1 – Deliver Responsive Regulation

The OSC strives to identify the important issues and deal with them in a timely way. The OSC will continue to be proactive in pursuing regulatory standards that discourage or pre-empt regulatory arbitrage, maintain or improve market confidence, reduce financial crime and safeguard investors. Expanding OSC research and analytical capabilities in support of policy making and operational decisions will better inform policy development.

Key initiatives the OSC plans to undertake in the coming year are to:

- Facilitate shareholder empowerment in director elections by advocating for the elimination of slate voting, the adoption of majority voting policies for director elections and enhancing disclosure of voting results for shareholder meetings

- Improve the proxy voting system by:
  - conducting an empirical analysis to review concerns raised about the accountability, transparency and efficiency of the voting system
  - facilitating discussions amongst market participants on improving the functioning of the proxy system, taking into account the needs and concerns of retail investors, and
  - working with the CSA to review the role of proxy advisers in our capital markets by soliciting feedback from issuers, investors and other market participants
- Develop and publish a consultation paper addressing issues associated with market data in a multi-marketplace environment
- Undertake comparative research on capital raising regimes in other jurisdictions, including gathering economic data focussing specifically on approaches to raising capital for start-up and small businesses. This work will include consultation with issuers, investors, dealers, academics and others
- Consider and consult on alternate capital raising exemptions in Ontario in addition to the accredited investor and $150,000 exemption
- Conduct research and analysis, and publish a discussion paper on the cost of ownership of mutual funds in Canada, identifying investor protection and public interest issues
- Re-evaluate the regulatory and operational requirements associated with closed-end funds (non-redeemable investment funds) by assessing the rationale for rules that differ from the rules governing the more common open-end mutual funds. This work will include consultations with issuers and investors with a view to publishing new rules for comment
- Undertake research and analysis of increasingly complex financial products and investment strategies and collaborate closely with other regulators and exchanges to ensure regulatory approaches towards investment products are consistent and opportunities for regulatory arbitrage minimized.

Goal #2 – Deliver Effective Enforcement and Compliance

Timely and appropriate compliance oversight and enforcement actions are integral to fostering confidence in capital markets and preventing harm to investors. The OSC's compliance and enforcement regimes are dynamic; however, greater focus is needed on preventing non-compliance by issuers and registrants, rather than finding non-compliance after the fact. To address these issues, the OSC will:

- Work with other regulators, oversight bodies, exchanges, emerging markets issuers, auditors, underwriters and investors to address the principal concerns identified in the Emerging Markets Issuer Review (EMIR) completed in 2011 – 2012, as outlined in the *OSC Staff Notice 51-719* dated March 20, 2012. This work will include:
  - developing and/or enhancing guidance and practices for boards, auditors and underwriters to address the principal concerns described in the Staff Notice
  - examining listing requirements applicable to Emerging Market issuers
- Conduct more targeted compliance reviews and desk reviews of registrants by focussing on high risk areas, new registrants and on major issues of concern that have been identified through compliance reviews
- Conduct compliance reviews of website and marketing disclosures by smaller issuers.
- Promote vigorous and timely enforcement action by reducing timelines for completing investigations and initiating regulatory proceedings
- Continue to work with national and international enforcement regulators to develop a comprehensive response to emerging market issues
- Increase the use of stronger enforcement mechanisms and increase quasi-criminal prosecutions

- Further develop and implement a more effective, risk-based and proactive approach to both issuer regulation and compliance oversight

- Conduct educational seminars and publish a variety of practice directives and guidance to small and medium enterprises to provide direction on understanding our expectations regarding filings, and to alert them to issues we are focussing on in our review programs.

Goal #3 – Deliver Strong Investor Protection

Key initiatives the OSC plans to undertake to champion investor protection are as follows.

- The OSC will create an Office of the Investor to establish a stronger investor focus and understanding. This Office will:
  - deepen the OSC's understanding of investor issues
  - act as the focus for investor concerns and ensure investor issues are considered in policy and operational activities within the OSC
  - work with the OSC Research and Data Analysis Group to conduct specific research into investor issues and the implications for regulatory responses
  - work with investor advocacy groups and regulators to enhance OSC understanding of investor issues
  - work with the Investor Advisory Panel to support its mandate, and
  - work with the Investor Education Fund to support its efforts
- Re-evaluate the adviser-client relationship to consider whether an explicit statutory fiduciary duty or other standards should apply to all advisers and dealers in Ontario. The research underway will be completed, and a paper on the adviser's duty to clients will be prepared and published in consultation with the CSA
- The OSC will help investors get the necessary information to enable them to make better investment decisions by:
  - applying high standards of disclosure through robust prospectus and continuous disclosure reviews
  - developing alternative, tailored disclosure documents – such as: re-examining risk disclosure in the 'Fund Facts' as part of the Point of Sale initiative, and developing similar disclosure documents for other types of investment funds and scholarship plans
  - publishing rules that ensure investors receive from their dealers/advisers reports on the ongoing costs and performance of their investments
- Continue to work with OBSI and the CSA to support a sustainable and robust system of informal dispute resolution for investors.

The need to assist and protect investors is critical given the availability of complex products, greater reliance on the exempt market for distribution, and potential intermediary conflicts of interest in the distribution of products. The OSC will:

- Examine the exempt market to obtain a better understanding of how and why individual investors participate not only in terms of direct investment in issuers, but also through structured investments sold through exempt market dealers
- Re-consider the current regulatory requirements governing shareholders' rights plans to reflect recent market and governance developments.

Goal #4 – Run a Modern, Accountable and Efficient Organization

The OSC continues to pursue its mandate and efforts to improve the efficiency and effectiveness of its operational and policy work. In its efforts to become a more performance-based and accountable organization, the OSC will:

- Prioritize and coordinate policy development. A dedicated committee will be established for the control and prioritization of policy initiatives, to ensure they are aligned with the goals and objectives of the organization and that investors' concerns and operational issues are considered early in the policy process. Greater emphasis will be placed on

assessing the implications of policies, testing implementation of regulations and on collaboration with other domestic and international regulators

- Establish an Emerging Risk Committee that will develop a framework for the identification and analysis of risk
- Expand its research and data analysis capabilities to adopt a data-based approach to identifying issues, decision making and policy development. A dedicated group will be created to further enhance the research and analytical functions to bring about a more disciplined approach to policy development, a better understanding of investor behaviour and needs, and improved and timely identification of risks and issues in order to react faster
- Build an attractive, modern, high-performing workplace where every manager is a great talent manager and every employee is fully engaged
- Incorporate more sophisticated analytical tools to improve the efficiency, quality and timeliness of investigation efforts. Expand the use of technology and *e-discovery* tools to assist in insider trading investigations
- Improve the adjudicative process by moving to electronic hearings. This will facilitate more efficient management of the increased numbers of hearings and related documents
- Develop IT tools to assist in gathering, monitoring and analyzing data, automating areas of work that are now manually intensive and not efficient – e.g. creating online information submission (*eForms*) to capture submissions electronically to reduce data entry and errors, expedite analysis, and improve the quality of information submitted through initial validation
- Review the existing OSC fee model and propose a new Fee Rule for implementation in April 2013
- Further develop key performance measures to track the outcomes of OSC activities and report on progress on a quarterly basis
- Improve internal work processes – such as: a more effective approach to issuer regulation by continuing to improve screening and review protocols for prospectuses and compliance oversight; plus enhancing the risk-based approach to licensing registrants.

Goal #5 – Support and Promote Financial Stability

The OSC aims to build the capabilities required to play a more active role in assessing risks to its own objectives and to financial stability arising from the interaction between securities and other financial services activities. The OSC will:

- Continue the work on the creation of a framework to regulate OTC derivatives participants in order to meet the G20 requirements:
  - complete and publish various concept papers in consultation with the CSA
  - roll-out proposed rules regarding oversight of trade repositories and a requirement to report all derivative trades to an approved trade repository, and
  - publish rules for comment in late 2012
- Increase cooperation by developing more formal and regular working relationships with the CSA and other financial service regulators in Canada and internationally
- Work with IOSCO and the CSA Systemic Risk Committee to implement IOSCO Principle 6 regarding systemic risk, and Principle 7 regarding perimeter of regulation.

2012–2013 FINANCIAL OUTLOOK

OSC Revenues and Surplus

Overall, the OSC is forecasting revenues in 2012–2013 to increase by 12.5% from 2011–2012 forecast actual revenues. This forecast reflects the fee increases in place for the coming year and a market growth assumption of 5%. When the OSC reset fee rates for three years in April 2010, fees were set at levels to generate revenues that would be below expected costs. The intent was to reduce the surplus that had been accumulated in the prior three year period. Based on the projected revenues and

proposed 2012–2013 OSC Budget, the OSC expects to operate at a deficit in 2012–2013. As a result, the OSC surplus is projected to be less than $2 million as at March 31, 2013.

2012–2013 Budget Approach

The 2012–2013 OSC Budget is focused on investment in the key strategies identified in its recently completed three year OSC Strategic Plan. While these initiatives will be staffed in part through redeployment of existing resources, the scope of the initiatives is such that more resources will be needed and are reflected in the budget.

The budget reflects a projected increase of $7.2 million or 7.8% over expected 2011–2012 spending and 10.2% above the 2011–2012 budget. Salaries and benefits, which comprise $74.8 million, or 74.8% of the budget, reflect an increase of $6.0 million or 8.7% over 2011–2012 spending. The increase in salaries and benefits cost reflects:

- new positions approved to achieve the strategic initiatives
- full-year costs for vacancies and staff hired throughout 2011–2012, and
- higher projected restructuring costs.

The 2012–2013 budget includes funding for new staff focused in the following areas:

- to address market structure issues that are increasing both in number and complexity
- to establish and staff a new Office of the Investor
- to set up an accredited chartered accountant training program, and
- to provide analytical and research support to allow the OSC to undertake a more fact based approach.

These initiatives will support the regulatory results the OSC is seeking. The OSC is committed to becoming a 21st century regulator and needs to attract, retain and motivate staff with the required skills and experience. The OSC believes that becoming a leading employer will help it attract skilled staff. Therefore, resources have been allocated to various human resources initiatives with the goal to create the appropriate organizational structure and development environment.

($000's)	2011-2012 Budget	2011-2012 Forecast Actual	2012-2013 Budget	2012-2013 Budget to 2011-2012 Budget $ Change	2012-2013 Budget to 2011-2012 Budget % Change	2012-2013 Budget to 2011-2012 Actual $ Change	2012-2013 Budget to 2011-2012 Actual % Change
Revenues	$80,287	$83,147	$93,524	$13,237	16.5	$10,377	12.5%
Expenses	90,706	92,739	99,986	9,280	10.2	$7,247	7.8%
Deficiency of Revenue compared to Expenses	($10,419)	($9,592)	($6,462)	$3,957		$3,130	
Capital Expenditures	$2,396	$2,236	$8,057	$5,661		$5,821	

The significant increase in the capital budget primarily reflects the build-out of recently acquired additional space as well as the realignment and refurbishment of the OSC's existing space. The budget also includes considerable investments to support upgrading and expansion of our information technology which will help to facilitate excellence in the execution of the OSC's operations.

1.2 Notices of Hearing

1.2.1 Bunting & Waddington Inc. 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
BUNTING & WADDINGTON INC.,
ARVIND SANMUGAM, JULIE WINGET AND
JENIFER BREKELMANS

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 located at 20 Queen Street West, 17th Floor, on April 16, 2012 at 10:00 a.m., or as soon thereafter as the hearing can be held.

AND TAKE NOTICE THAT the purpose of the hearing is to consider whether it is in the public interest for the Commission, at the conclusion of the hearing, to make an order:

(i) pursuant to clause 2 of subsection 127(1) of the Act that trading in any securities by Bunting & Waddington Inc. ("Bunting & Waddington"), Arvind Sanmugam ("Sanmugam"), Julie Winget ("Winget") and Jenifer Brekelmans ("Brekelmans") (collectively, the "Respondents") cease permanently or for such period as is specified by the Commission;

(ii) pursuant to clause 2.1 of subsection 127(1) of the Act that the acquisition of any securities by the Respondents is prohibited permanently or for such period as is specified by the Commission;

(iii) pursuant to clause 3 of subsection 127(1) of the Act 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;

(iv) pursuant to clause 6 of subsection 127(1) of the Act that the Respondents be reprimanded;

(v) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act that Sanmugam, Winget and Brekelmans (collectively the "Individual Respondents") resign all positions that they hold as a director or officer of any issuer, registrant, or investment fund manager;

(vi) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act that the Individual Respondents be prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(vii) pursuant to clause 8.5 of subsection 127(1) of the Act that the Respondents be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(viii) pursuant to clause 9 of subsection 127(1) of the Act that 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;

(ix) pursuant to clause 10 of subsection 127(1) of the Act that each Respondent disgorge to the Commission any amounts obtained as a result of non-compliance by that Respondent with Ontario securities law;

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

(xi) such further order as the Commission considers appropriate in the public interest.

BY REASON OF the allegations as set out in the Statement of Allegations of Staff of the Commission dated March 22, 2012 and such 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 22nd 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
BUNTING & WADDINGTON INC.,
ARVIND SANMUGAM, JULIE WINGET AND
JENIFER BREKELMANS

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 involves unregistered trading in securities and unregistered advising with respect to investing in, buying or selling securities by the respondents between approximately February 2006 and June 2010 (the "Material Period").

2. Arvind Sanmugam ("Sanmugam") and Bunting & Waddington Inc. ("Bunting & Waddington") engaged in fraudulent conduct by making misrepresentations to investors in order to induce them to engage the services of Bunting & Waddington and Sanmugam.

II. THE RESPONDENTS

3. Bunting & Waddington was incorporated in November 2001 pursuant to the *Business Corporations Act*, R.S.O. 1990, c. B.16., and conducted business in several locations in the Toronto area.

4. Sanmugam was at all times the directing mind and *de facto* director of Bunting & Waddington. He is an Ontario resident.

5. Julie Winget ("Winget") is an Ontario resident, Sanmugam's common law wife, and was the sole director of Bunting & Waddington during the Material Period.

6. Jenifer Brekelmans ("Brekelmans") is an Ontario resident, and was an employee of Bunting & Waddington during the Material Period.

7. Bunting & Waddington, Sanmugam, Winget and Brekelmans (collectively the "Respondents") have never been registered with the Commission in any capacity.

III. THE ACTIVITY

a. Bunting & Waddington and Sanmugam

8. Bunting & Waddington held itself out as providing "market commentary" to its clients, who are investors located in Ontario (the "Investors"). Market commentary includes advice on buying and selling specific securities at particular prices on a specific date.

9. Sanmugam directed the Investors to open "trading accounts with margins and options" at an online discount brokerage service (the "Investor Accounts"). Sanmugam exercised control over the Investor Accounts in two ways:

   (a) Investors would provide the passwords to their trading accounts to Sanmugam and he would execute trades in those accounts; or

   (b) Sanmugam would direct Investors to execute specific trades within their accounts.

10. Bunting & Waddington and Sanmugam represented to some or all of the Investors that they could expect to earn a monthly return of $8,000 on a total investment of $100,000. Provided this 8% return was achieved in any given month, investors would pay Bunting & Waddington a monthly retainer of $3500.

11. During the Material Period, Sanmugam exercised trading control over more than $3,600,000 of the Investors' funds.

12. Bunting & Waddington received in excess of $475,000 in fees in respect of trading and advising activities directed by Sanmugam.

13. Sanmugam made the following misrepresentations to some or all of the Investors:

    (a) he was a successful trader;

    (b) he had over 75 advisors working for him at Bunting & Waddington;

    (c) Bunting & Waddington's market commentators were highly experienced, and each had a proven track record of generating high rates of return; and

    (d) Investors would always retain full control over their invested funds.

14. These representations were misleading in the following ways:

    (a) through his trading and advising activities, Sanmugam lost over $3.6 million of investor funds between February 2006 and June 2010 alone;

    (b) there is no evidence of Sanmugam having any advisors working for him at Bunting & Waddington;

    (c) Sanmugam was the only market commentator at Bunting & Waddington;

    (d) there is no evidence of Sanmugam having a proven track record of generating high rates of return; and

    (e) Sanmugam persisted in trading Investors' funds, notwithstanding repeated complaints from many of his Investors. He refused to communicate directly with some Investors when they tried to contact him.

b. Brekelmans

15. Sanmugam directed his employees, including Brekelmans, to trade in specific securities on behalf of some of the Investors, and to advise some of the Investors with respect to trading in securities.

16. Under Sanmugam's direction, Brekelmans traded in securities in some of the Investors' accounts and advised some of the Investors with respect to trading in specific securities.

c. Winget

17. Winget incorporated Bunting & Waddington in November 2001, and is identified on the Ministry of Government Services' Corporation Profile Report as its sole director.

18. In furtherance of the trading and advising activities described above, Winget opened the bank accounts for Bunting & Waddington, and was the sole signatory over those accounts. She caused Bunting & Waddington business expenses to be paid from those accounts, either by cheque, or by arranging for a payroll service.

19. Of the $475,000 received into the Bunting & Waddington bank accounts, referred to in paragraph 12 above, Winget received a net amount of over $200,000 in transfers into her personal bank account.

IV. BREACHES OF ONTARIO SECURITIES LAW

20. During the Material Period, each of 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 and without an exemption from the dealer registration requirement, contrary to subsection 25(1)(a) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") as that section existed at the time the conduct at issue commenced in February 2006, and contrary to subsection 25(1) of the Act as subsequently amended on September 28, 2009.

21. During the Material Period, each of Bunting & Waddington, Sanmugam and Brekelmans advised and engaged in or held themselves out as engaging in the business of advising with respect to investing in, buying or selling securities without being registered to do so and without an exemption from the adviser registration requirement, contrary to subsection 25(1)(c) of the Act as that section existed at the time the conduct at issue commenced in February 2006, and contrary to subsection 25(3) of the Act as subsequently amended on September 28, 2009.

22. Sanmugam and Bunting & Waddington directly or indirectly engaged or participated in an act, practice or course of conduct relating to securities that he or it knew or reasonably ought to have known, perpetrated a fraud on investors, contrary to subsection 126.1(b) of the Act.

23. Winget as director and Sanmugam as *de facto* director of Bunting & Waddington authorized, permitted or acquiesced in the corporate respondent's non-compliance with Ontario securities law and accordingly, failed to comply with Ontario securities law pursuant to section 129.2 of the Act.

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

DATED at Toronto this 22nd day of March, 2012.

1.2.2 Joseph Caza and Salim Kanji – s. 127

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

AND

IN THE MATTER OF
JOSEPH CAZA AND SALIM KANJI

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF
OF THE COMMISSION AND JOSEPH CAZA

NOTICE OF HEARING
(Section 127)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Securities Act*") at the offices of the Commission located at 20 Queen Street West, 17th Floor, on March 26, 2012 at 11:00 a.m., or as soon thereafter as the hearing can be held.

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve the settlement of the proceeding entered into between Staff of the Commission ("Staff") and Joseph Caza (the "Settlement Agreement") and to make an order approving the sanctions set out in the Settlement Agreement.

BY REASON OF the allegations as set out in the Statement of Allegations of Staff dated March 22, 2012 and such 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 22nd 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
JOSEPH CAZA AND SALIM KANJI

STATEMENT OF ALLEGATIONS OF STAFF OF
THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission make the following allegations:

The Respondents

1. Joseph Caza ("Caza") is a resident of Thornhill, Ontario. On or about January 1, 1996, Caza became a director of Realcash Bancorp Inc. ("Realcash"), and on or about January 20, 1998, Caza became the President of Realcash. Caza has never been registered with the Commission in any capacity, nor employed in any capacity as, or on behalf of, a market participant.

2. Salim Kanji ("Kanji") is a resident of Scarborough, Ontario. On or about June 30, 1996, Kanji became a director of Realcash and on or about January 20, 1998, Kanji became the Vice-President of Realcash. Kanji has never been registered with the Commission in any capacity, nor employed in any capacity as, or on behalf of, a market participant.

3. In the period May 2009 to November 2010 (the "Material Time"), in addition to his role as President, Caza was a director, owner and the directing mind of Realcash. During the Material Time, in addition to his role as Vice-President, Kanji was a director and owner of Realcash.

4. Barham Investment Services Inc. ("Barham") was incorporated in Ontario on June 11, 1993. On June 27, 1996, Barham changed its name to Realcash. Realcash has never been registered with the Commission in any capacity.

5. On December 20, 2010, Realcash filed an assignment in bankruptcy under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

Realcash Security

6. The business of Realcash involved the provision of commission advances to real estate agents and/or agencies. Funding for these advances was obtained from investors, who were paid an interest rate determined by Realcash or one of its principals. The investor was on occasion provided with a promissory note as evidence of the indebtedness. This arrangement is referred to herein as the "Realcash Security."

7. Realcash Security investors typically received monthly interest payments, but played no role in the generation of profits and/or the accrual of interest. The Realcash Security was a "security" as defined in clauses (e), (g), and/or (n) of section 1(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Securities Act*").

8. Throughout the Material Time, Caza operated the Realcash business, including meeting with investors and initiating and managing Realcash's arrangements with real estate agents and agencies.

9. During the Material Time, Kanji referred family and friends to Realcash, and on occasion, delivered interest cheques to Realcash Security investors.

10. During the Material Time, a total of more than $2.8 million was raised from investors in the Realcash Security and more than $3.2 million was paid to Realcash Security investors. Notwithstanding this, many investors did not receive full repayment of their capital.

Unregistered Trading and Unlawful Distribution

11. The respondents each traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so and without an exemption from the dealer registration requirement, contrary to section 25(1)(a) of the *Securities Act* as that section existed at the time the conduct at issue commenced, and contrary to section 25(1) of the *Securities Act* as subsequently amended on September 28, 2009.

12. The respondents' activities in respect of the Realcash Security constituted trades in securities which were distributions, for which no preliminary prospectus or prospectus was filed or receipted by the Director, contrary to section 53 of the *Securities Act*.

DATED at Toronto this 22nd day of March, 2012.

1.2.3 Joseph Caza and Salim Kanji – s. 127

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

AND

IN THE MATTER OF
JOSEPH CAZA AND SALIM KANJI

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF
OF THE COMMISSION AND SALIM KANJI

NOTICE OF HEARING
(Section 127)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Securities Act*") at the offices of the Commission located at 20 Queen Street West, 17th Floor, on March 26, 2012 at 11:30 a.m., or as soon thereafter as the hearing can be held.

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve the settlement of the proceeding entered into between Staff of the Commission ("Staff") and Salim Kanji (the "Settlement Agreement"), and to make an order approving the sanctions set out in the Settlement Agreement.

BY REASON OF the allegations as set out in the Statement of Allegations of Staff dated March 22, 2012 and such 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 22nd 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
JOSEPH CAZA AND SALIM KANJI

STATEMENT OF ALLEGATIONS OF STAFF OF
THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission make the following allegations:

The Respondents

1. Joseph Caza ("Caza") is a resident of Thornhill, Ontario. On or about January 1, 1996, Caza became a director of Realcash Bancorp Inc. ("Realcash"), and on or about January 20, 1998, Caza became the President of Realcash. Caza has never been registered with the Commission in any capacity, nor employed in any capacity as, or on behalf of, a market participant.

2. Salim Kanji ("Kanji") is a resident of Scarborough, Ontario. On or about June 30, 1996, Kanji became a director of Realcash and on or about January 20, 1998, Kanji became the Vice-President of Realcash. Kanji has never been registered with the Commission in any capacity, nor employed in any capacity as, or on behalf of, a market participant.

3. In the period May 2009 to November 2010 (the "Material Time"), in addition to his role as President, Caza was a director, owner and the directing mind of Realcash. During the Material Time, in addition to his role as Vice-President, Kanji was a director and owner of Realcash.

4. Barham Investment Services Inc. ("Barham") was incorporated in Ontario on June 11, 1993. On June 27, 1996, Barham changed its name to Realcash. Realcash has never been registered with the Commission in any capacity.

5. On December 20, 2010, Realcash filed an assignment in bankruptcy under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

Realcash Security

6. The business of Realcash involved the provision of commission advances to real estate agents and/or agencies. Funding for these advances was obtained from investors, who were paid an interest rate determined by Realcash or one of its principals. The investor was on occasion provided with a promissory note as evidence of the indebtedness. This arrangement is referred to herein as the "Realcash Security."

7. Realcash Security investors typically received monthly interest payments, but played no role in the generation of profits and/or the accrual of interest. The Realcash Security was a "security" as defined in clauses (e), (g), and/or (n) of section 1(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Securities Act*").

8. Throughout the Material Time, Caza operated the Realcash business, including meeting with investors and initiating and managing Realcash's arrangements with real estate agents and agencies.

9. During the Material Time, Kanji referred family and friends to Realcash, and on occasion, delivered interest cheques to Realcash Security investors.

10. During the Material Time, a total of more than $2.8 million was raised from investors in the Realcash Security and more than $3.2 million was paid to Realcash Security investors. Notwithstanding this, many investors did not receive full repayment of their capital.

Unregistered Trading and Unlawful Distribution

11. The respondents each traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so and without an exemption from the dealer registration requirement, contrary to section 25(1)(a) of the *Securities Act* as that section existed at the time the conduct at issue commenced, and contrary to section 25(1) of the *Securities Act* as subsequently amended on September 28, 2009.

12. The respondents' activities in respect of the Realcash Security constituted trades in securities which were distributions, for which no preliminary prospectus or prospectus was filed or receipted by the Director, contrary to section 53 of the *Securities Act*.

DATED at Toronto this 22nd day of March, 2012.

1.2.4 Fibrek Inc. – s. 21.7

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

AND

IN THE MATTER OF
FIBREK INC.

AND

IN THE MATTER OF
A DECISION OF THE TORONTO STOCK EXCHANGE

NOTICE OF HEARING
(Section 21.7 of the Act)

TAKE NOTICE THAT the Ontario Securities Commission will hold a hearing pursuant to section 21.7 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, to consider the Application made by Fibrek Inc. dated March 21, 2012 for a review of a decision of the Toronto Stock Exchange made March 20, 2012;

AND TAKE FURTHER NOTICE THAT the hearing will be held on March 28, 2012 at 10:00 a.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

Dated at Toronto this 23rd day of March, 2012

"John Stevenson"
Secretary to the Commission

1.2.5 Carmine Domenicucci – 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
CARMINE DOMENICUCCI

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 Ontario *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 March 29, 2012 at 1:00 p.m., or as soon thereafter as the hearing can be held, to consider:

(a) 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:

(i) trading in any securities by the Respondent cease permanently or for such period as is specified by the Commission;

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

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

(iv) the Respondent be reprimanded;

(v) the Respondent resign one or more positions that he holds as a director or officer of any issuer, registrant or investment fund manager;

(vi) the Respondent be prohibited from becoming or acting as a director or officer of any issuer, a registrant or investment fund manager;

(vii) the Respondent be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(viii) the Respondent pay an administrative penalty of not more than $1 million for each failure by the Respondent to comply with Ontario securities law;

(ix) the Respondent disgorge to the Commission any amounts obtained as a result of non-compliance by the Respondent with Ontario securities law; and

(x) the Respondent be ordered to pay the costs of the Commission investigation and the hearing;

(b) whether 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 23, 2012 and such additional allegations as counsel may advise and the Commission may permit;

AND BY REASON OF the evidence filed with the Commission and the testimony heard by the Commission;

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 23rd day of March, 2012

"John Stevenson"

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

AND

IN THE MATTER OF
CARMINE DOMENICUCCI

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. During the period September 2008 to June 2009 (the "Material Time"), Carmine Domenicucci ("Domenicucci") engaged in trading in securities beyond the scope of his registration, illegal distributions of securities and held himself out as engaging in the business of advising with respect to investing or buying securities without proper registration contrary to the *Securities Act*, R.S.O. 1990, c.S.5 as amended (the "Act") and contrary to the public interest.

2. During the Material Time, Domenicucci was the sole officer and director of G8 Resorts Management Inc. ("G8 Resorts") when G8 Resorts engaged in trading without registration and in illegal distributions of securities contrary to the Act and contrary to the public interest.

3. Further, during the Material Time, Domenicucci and G8 Resorts made misleading statements in offering memoranda delivered to investors.

II. BACKGROUND

4. Domenicucci is a resident of Ottawa, Ontario. Domenicucci was registered as a trading officer in the category of limited market dealer with Oasis Park Investments Ltd. ("Oasis") from July 18, 2006 to August 25, 2009. Domenicucci was also a shareholder and the designated compliance officer of Oasis.

5. From May 10, 2006 to July 1, 2009, Domenicucci was the sole officer and director of G8 Resorts. G8 Resorts is an Ontario company incorporated on May 10, 2006 and was formerly named 1686980 Ontario Ltd.

6. G8 Resorts was the general partner for Minas Investments Limited Partnership ("Minas"), a limited partnership registered under the *Limited Partnerships Act*, R.S.O. 1990, c. L.16 (the "*Limited Partnerships Act*") on June 3, 2008.

7. G8 Resorts was also the *de facto* general partner for GEMS Capital Limited Partnership II ("GEMS II"), a limited partnership registered under the *Limited Partnerships Act* on January 6, 2009. G8 Resorts was identified as the general partner for GEMS II in the GEMS II Offering Memorandum (the "GEMS II OM") that was delivered to investors.

8. Ciccone Group Inc. is an Ontario company incorporated on August 18, 1992 that was formerly named 990509 Ontario Inc. (collectively referred to as "Ciccone Group"). During the Material Time, Vincent Ciccone, a resident of Cambridge, Ontario and a childhood friend of Domenicucci, was the sole officer and director of Ciccone Group. Ciccone Group purported to be one of the fastest growing niche financial venture companies in Canada.

9. 990509 Ontario Inc. (now known as Ciccone Group) was identified as the fund manager (the "GEMS II Fund Manager") in the GEMS II OM.

10. Ciccone Group was assigned into bankruptcy on November 30, 2010, at which time it owed over $17 million to investors.

11. None of G8 Resorts, Minas or GEMS II was registered with the Commission in any capacity during the period September 2008 to June 2009.

A. Trading without Registration and Distribution of Securities without a Prospectus

(i) Minas

12. During the period October 2008 to May 2009, Minas raised approximately $1.9 million from the issuance and sale of Minas limited partnership units ("Minas securities") to approximately 43 investors.

13. Commencing in or about September 2008 to May, 2009, G8 Resorts and Domenicucci engaged in acts in furtherance of trades of Minas securities and thereby traded in Minas securities. In particular, as the General Partner and the sole officer and director of the General Partner, G8 Resorts and Domenicucci respectively caused Minas to trade in its securities. In addition, Domenicucci prepared the Offering Memorandum used in connection with the sale of Minas securities to investors (the "Minas OM").

14. Domenicucci traded in Minas securities when no exemption was available which was contrary to the scope of his registration. G8 Resorts traded in Minas securities without registration.

15. The sale of Minas securities were trades in securities not previously issued and were therefore distributions. Domenicucci and G8 Resorts traded in Minas securities when a preliminary prospectus and a prospectus had not been filed for Minas and receipts had not been issued for them by the Director.

(ii) GEMS II

16. During the period February 2009 to October 2009, GEMS II raised approximately $6.2 million from the issuance and sale of GEMS II limited partnership units ("GEMS II securities") to approximately 30 investors.

17. Commencing in or about January 2009 to June 2009, G8 Resorts and Domenicucci engaged in acts in furtherance of the trades in GEMS II securities and thereby traded in GEMS II securities. In particular, as the General Partner and the sole officer and director of the General Partner, G8 Resorts and Domenicucci respectively caused GEMS II to trade in its securities. In addition, Domenicucci prepared the GEMS II OM used in connection with the sale of GEMS II securities to investors.

18. Domenicucci traded in GEMS II securities when no exemption was available which was contrary to the scope of his registration. G8 Resorts traded in GEMS II securities without registration.

19. The sale of GEMS II securities were trades in securities not previously issued and were therefore distributions. Domenicucci and G8 Resorts traded in GEMS II securities when a preliminary prospectus and a prospectus had not been filed for GEMS II and receipts had not been issued for them by the Director.

B. Misleading and Untrue Statements in Minas OM and GEMS II OM

(i) The Minas OM

20. The Minas OM contained statements which Domenicucci knew or reasonably ought to have known, were, in a material respect and at the time and in light of the circumstances under which they were made, misleading and did not state a fact that was required to be stated or was necessary to make the statements not misleading, contrary to subsection 126.2(1) of the Act and contrary to the public interest. In particular:

    (a) Domenicucci knew at the time of the drafting of the Minas OM that the funds raised from the Minas distribution were to be invested with Gordon Driver ("Driver"), the principal of Axcess Automation LLC ("Axcess"). However, neither Driver's name nor Axcess's name appears anywhere in the Minas OM. Instead the Minas OM includes details about three investment advisors to the fund manager and that these advisors were being supported by a network of traders, analysts and operations staff when Domenicucci knew or reasonably ought to have known that this network did not exist;

    (b) During the period in which the Minas OM was being provided to investors, Domenicucci was sending Minas investor funds to Ciccone Group in exchange for Ciccone Group Promissory Notes on the basis that Ciccone Group would be investing the money in Axcess. However, there is no mention of any of this in the Minas OM;

    (c) The Minas OM states that the General Partner of the Fund Manager is an experienced computer scientist, which statement was not true at the time it was made. There was no General Partner to the Fund Manager. The only other General Partner involved in the Minas distribution was G8 Resorts. Domenicucci was the sole officer and director of G8 Resorts at the time of the Minas distribution and he knew that G8 Resorts was not an experienced computer scientist; and

(d) Domenicucci signed a Certificate to the Minas OM to the effect that the Minas OM contained no misrepresentations when he knew or reasonably ought to have known that this statement was not true.

21. The misleading statements referred to above would reasonably be expected to have a significant effect on the market price or value of the Minas securities.

(ii) The GEMS II OM

22. The GEMS II OM contained statements which Domenicucci knew or reasonably ought to have known, were, in a material respect and at the time and in light of the circumstances under which they were made, misleading and did not state a fact that was required to be stated or was necessary to make the statements not misleading, contrary to subsection 126.2(1) of the Act and contrary to the public interest. In particular:

(a) Domenicucci is referred to in the GEMS II OM as an investment advisor to the GEMS II Fund Manager. This reference remained in the GEMS II OM which continued to be distributed to investors when Domenicucci knew or reasonably ought to have known that he was not fulfilling that function;

(b) The GEMS II OM also stated that three investment advisors to the fund were supported by an experienced network of traders, analysts and operations staff when Domenicucci knew or reasonably ought to have known that this statement was not true; and

(c) The GEMS II OM contained a certificate signed by Domenicucci to the effect that the GEMS II OM contained no misrepresentations. Domenicucci knew or reasonably ought to have known that this statement was not true.

23. The misleading statements referred to above would reasonably be expected to have a significant effect on the market price or value of the GEMS II securities.

C. Advising in Securities without Registration

24. Domenicucci is listed in the GEMS II OM as one of three principal advisors to the fund manager. Based on the investment strategy of GEMS II which included buying and selling long and short positions in securities and the description of Domenicucci in the GEMS II OM, Domenicucci held himself out in the GEMS II OM as engaging in the business of advising others as to investing in or the buying or selling of securities without being registered with the Commission to advise in securities.

D. Benefits received by Domenicucci

25. Minas and GEMS II investor funds were used, in part, to pay management fees and/or professional fees to G8 Resorts and/or Linkline International Ltd ("Linkline"), an Ontario corporation owned and controlled by Domenicucci and, of the amounts paid to G8 Resorts and Linkline, Domenicucci personally received approximately $100,000 as draws.

III. STAFF'S ALLEGATIONS – Conduct Contrary to Ontario Securities Law and Contrary to the Public Interest

26. The specific allegations advanced by Staff are:

(a) Domenicucci traded in Minas and GEMS II securities when no exemption was available and thereby traded outside the scope of his registration, contrary to subsection 25(1)(a) of the Act (as that subsection existed during the Material Time) and contrary to the public interest;

(b) G8 Resorts traded in Minas and GEMS II securities without being registered to trade in securities, contrary to subsection 25(1)(a) of the Act (as that subsection existed during the Material Time) and contrary to the public interest;

(c) Domenicucci and G8 Resorts traded in Minas securities when a preliminary prospectus and a prospectus had not been filed for Minas and receipts had not been issued for them by the Director, contrary to subsection 53(1) of the Act and contrary to the public interest;

(d) Domenicucci and G8 Resorts traded in GEMS II securities when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the Director, contrary to subsection 53(1) of the Act and contrary to the public interest;

(e) The Minas OM contained statements which Domenicucci and G8 Resorts knew or reasonably ought to have known, were, in a material respect and at the time and in light of the circumstances under which they were made, misleading and did not state a fact that was required to be stated or was necessary to make the statements not misleading and which would reasonably be expected to have a significant effect on the market price or value of Minas securities, contrary to subsection 126.2(1) of the Act and contrary to the public interest;

(f) The GEMS II OM contained statements which Domenicucci and G8 Resorts knew or reasonably ought to have known, were, in a material respect and at the time and in light of the circumstances under which they were made, misleading and did not state a fact that was required to be stated or was necessary to make the statements not misleading and which would reasonably be expected to have a significant effect on the market price or value of GEMS II securities, contrary to subsection 126.2(1) of the Act and contrary to the public interest;

(g) Domenicucci engaged in advising without being registered to advise in securities contrary to subsection 25(1)(c) of the Act (as that subsection existed during the Material Time) and contrary to the public interest; and

(h) Domenicucci, as a director and officer of G8 Resorts during the Material Time, authorized, permitted or acquiesced in the commission of the violations of subsections 25(1)(a), 53(1) and 126.2(1) of the Act, as set out above, by G8 Resorts pursuant to section 129.2 of the Act and contrary to the public interest.

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

Dated at Toronto this 23rd day of March, 2012

1.2.6 Carmine Domenicucci – 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
CARMINE DOMENICUCCI

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF
OF THE ONTARIO SECURITIES COMMISSION
AND CARMINE DOMENICUCCI

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 March 29, 2012 at 1:00 p.m., or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve the settlement agreement between Staff of the Commission and the Respondent, Carmine Domenicucci;

BY REASON OF the allegations set out in the Statement of Allegations dated March 23, 2012 and such 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

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 proceeding.

DATED at Toronto this 26th day of March, 2012

"John Stevenson"

1.3 News Releases

1.3.1 OSC INVESTOR ALERT: Medwell Capital Corp. (formerly BioMS Medical Corp.)

FOR IMMEDIATE RELEASE
March 22, 2012

OSC INVESTOR ALERT:
MEDWELL CAPITAL CORP.
(FORMERLY BIOMS MEDICAL CORP.)

TORONTO – The Ontario Securities Commission (OSC) is warning investors of what appears to be a form of 'advance fee' scheme that is reportedly targeting shareholders in Medwell Capital Corp. (formerly BioMS Medical Corp.). Advance fee schemes involve contacting investors who may be losing money in a current investment with an offer to buy their shares at an inflated price or exchange them for shares in a different company. Once investors agree to the deal, the operators of the scheme ask the investor to first pay a fee for the transaction or there is a cost to exchange shares. The operators keep the fee, but do not repurchase the shares or issue the promised replacement shares.

This investor alert is in response to reports that Medwell Capital shareholders in Ontario have been solicited directly via phone or email by an individual representing himself as Michael DeJuan of NT Global. This individual is offering to purchase Medwell Capital shares from investors in exchange for shares in some other entity. Shareholders are then emailed a form to complete that includes their contact information and the purported address of NT Global. The address on these forms is false. The name NT Global is similar to that of NT Global Advisors, Inc., a registrant in a number of Canadian provinces, including Ontario. NT Global Advisors, Inc. has confirmed to the OSC that neither it nor any of its employees has been contacting shareholders in Medwell Capital Corp.

If you have any questions or information relating to this matter, please contact the OSC Contact Centre at 1-877-785-1555.

The mandate of the OSC is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets. Investors are urged to check the registration of any person or company offering an investment opportunity and to review the OSC's investor materials available at www.osc.gov.on.ca.

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

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

Dylan Rae
Media Relations Specialist
416-595-8934

For investor inquiries:

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

1.4 Notices from the Office of the Secretary

1.4.1 Bunting & Waddington Inc. et al.

FOR IMMEDIATE RELEASE
March 22, 2012

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

AND

IN THE MATTER OF
BUNTING & WADDINGTON INC.,
ARVIND SANMUGAM, JULIE WINGET AND
JENIFER BREKELMANS

TORONTO – The Office of the Secretary issued a Notice of Hearing on March 22, 2012 setting the matter down to be heard on April 16, 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 22, 2012 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 22, 2012 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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SECRETARY

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416-595-8934

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1-877-785-1555 (Toll Free)

1.4.2 Maple Leaf Investment Fund Corp. et al.

FOR IMMEDIATE RELEASE
March 22, 2012

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

AND

IN THE MATTER OF
MAPLE LEAF INVESTMENT FUND CORP.,
JOE HENRY CHAU (aka: HENRY JOE CHAU,
SHUNG KAI CHOW and HENRY SHUNG KAI CHOW),
TULSIANI INVESTMENTS INC., SUNIL TULSIANI AND
RAVINDER TULSIANI

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

A copy of the Reasons and Decision on Sanctions and Costs and the Order dated March 22, 2012 are available at **www.osc.gov.on.ca**.

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1.4.3 Joseph Caza and Salim Kanji

FOR IMMEDIATE RELEASE
March 23, 2012

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

AND

IN THE MATTER OF
JOSEPH CAZA AND SALIM KANJI

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE COMMISSION AND JOSEPH CAZA

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE COMMISSION AND SALIM KANJI

TORONTO – The Office of the Secretary issued two Notices of Hearing in the above noted matter for hearings to consider whether it is in the public interest to approve the settlement agreements entered into between (1) Staff of the Commission and Joseph Caza to be held on March 26, 2012 at 11:00 a.m.; and (2) Staff of the Commission and Salim Kanji to be held on March 26, 2012 at 11:30 a.m.

The hearings will be held in Hearing Room C on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the above Notices of Hearing and Statement of Allegations of Staff of the Ontario Securities Commission dated March 22, 2012 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.4 Fibrek Inc.

FOR IMMEDIATE RELEASE
March 23, 2012

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

AND

IN THE MATTER OF
FIBREK INC.

AND

IN THE MATTER OF
A DECISION OF THE TORONTO STOCK EXCHANGE

TORONTO – The Commission issued a Notice of Hearing pursuant to section 21.7 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, to consider the Application made by Fibrek Inc. for a review of decision of the Toronto Stock Exchange made March 20, 2012.

The hearing will be held at the Commission's offices at 20 Queen Street West, 17th Floor in Hearing Room A, Toronto, Ontario commencing on Wednesday, March 28, 2012 at 10:00 a.m.

A copy of the Notice of Hearing dated March 23, 2012 and the Application for Hearing and Review dated March 21, 2012 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.5 Alexander Christ Doulis et al.

FOR IMMEDIATE RELEASE
March 26, 2012

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

AND

IN THE MATTER OF
ALEXANDER CHRIST DOULIS
(aka ALEXANDER CHRISTOS DOULIS,
aka ALEXANDROS CHRISTODOULIDIS)
and LIBERTY CONSULTING LTD.

TORONTO – Take notice that a hearing in the above named matter will resume on April 12, 2012 at 10:00 a.m.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1-877-785-1555 (Toll Free)

1.4.6 Carmine Domenicucci

FOR IMMEDIATE RELEASE
March 26, 2012

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

AND

IN THE MATTER OF
CARMINE DOMENICUCCI

TORONTO – The Office of the Secretary issued a Notice of Hearing on March 23, 2012 setting the matter down to be heard on March 29, 2012 at 1:00 p.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 23, 2012 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 23, 2012 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.7 American Heritage Stock Transfer Inc. et al.

FOR IMMEDIATE RELEASE
March 27, 2012

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

AND

IN THE MATTER OF
AMERICAN HERITAGE STOCK TRANSFER INC., AMERICAN HERITAGE STOCK TRANSFER, INC., BFM INDUSTRIES INC., DENVER GARDNER INC., SANDY WINICK, ANDREA LEE MCCARTHY, KOLT CURRY AND LAURA MATEYAK

TORONTO – The Commission issued an Order in the above named matter which provides that (1) Denver Gardner is removed as a respondent in this matter and that (2) the Temporary Order is extended as against all remaining respondents until the conclusion of the merits hearing, scheduled to commence on November 12, 2012.

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

OFFICE OF THE SECRETARY
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1.4.8 Sandy Winick et al.

FOR IMMEDIATE RELEASE
March 27, 2012

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing on the merits in this matter shall commence on November 12, 2012, and continue until November 21, 2012, except that the hearing will not sit on November 20, 2012.

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

OFFICE OF THE SECRETARY
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1.4.9 Carmine Domenicucci

FOR IMMEDIATE RELEASE
March 28, 2012

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

AND

IN THE MATTER OF
CARMINE DOMENICUCCI

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF
OF THE ONTARIO SECURITIES COMMISSION
AND CARMINE DOMENICUCCI

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Carmine Domenicucci. The hearing will be held on March 29, 2012 at 1:00 p.m. in Hearing Room C on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated March 26, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.10 Fibrek Inc.

FOR IMMEDIATE RELEASE
March 28, 2012

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

AND

IN THE MATTER OF
FIBREK INC.

AND

IN THE MATTER OF
A DECISION OF THE TORONTO STOCK EXCHANGE

TORONTO – The Commission issued an Order adjourning the hearing in the above named matter to April 3, 2012 at 10:00 a.m.

A copy of the Order dated March 28, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.11 Joseph Caza and Salim Kanji

FOR IMMEDIATE RELEASE
March 28, 2012

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

AND

IN THE MATTER OF
JOSEPH CAZA AND SALIM KANJI

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF
OF THE COMMISSION AND JOSEPH CAZA

TORONTO – Following a hearing held on March 26, 2012, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Joseph Caza.

A copy of the Order dated March 26, 2012 and Settlement Agreement dated March 22, 2012 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.12 Joseph Caza and Salim Kanji

FOR IMMEDIATE RELEASE
March 28, 2012

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

AND

IN THE MATTER OF
JOSEPH CAZA AND SALIM KANJI

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE COMMISSION AND SALIM KANJI

TORONTO – Following a hearing held on March 26, 2012, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Salim Kanji.

A copy of the Order dated March 26, 2012 and Settlement Agreement dated March 22, 2012 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
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1.4.13 New Found Freedom Financial et al.

FOR IMMEDIATE RELEASE
March 28, 2012

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing is adjourned to August 20, 2012 at 10:00 a.m., or such other date as agreed to by the parties and advised by the Office of the Secretary, for a continued pre-hearing conference.

A copy of the Order dated March 26, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.14 Sextant Capital Management Inc. et al.

FOR IMMEDIATE RELEASE
March 28, 2012

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

AND

IN THE MATTER OF
SEXTANT CAPITAL MANAGEMENT INC., SEXTANT CAPITAL GP INC., OTTO SPORK, KONSTANTINOS EKONOMIDIS, ROBERT LEVACK AND NATALIE SPORK

TORONTO – The Commission issued an Order in the above named matter which provides that the Motion is dismissed with reasons to follow and that the Sanctions Hearing will proceed on Wednesday, April 18, 2012.

A copy of the Order dated March 28, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.15 Shallow Oil & Gas Inc. et al.

FOR IMMEDIATE RELEASE
March 28, 2012

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that the parties attend before the Commission on April 26, 2012 at 10:00 a.m. to continue the pre-hearing conference.

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

A copy of the Order dated March 27, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Titan Uranium Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for an order that the issuer is not a reporting issuer under applicable securities laws – requested relief granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).
CSA Staff Notice 12-307 Applications for a Decision that an Issuer is not a Reporting Issuer.

March 20, 2012

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA,
ONTARIO AND SASKATCHEWAN
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
TITAN URANIUM INC.
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer is not a reporting issuer in the Jurisdictions (the Exemptive Relief Sought).

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

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

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

Interpretation

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

Representations

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

1. the Filer is a corporation continued under the *Canada Business Corporations Act* on February 19, 2009;

2. the Filer is a reporting issuer in each of the Jurisdictions;

3. the Filer's head office is located in British Columbia;

4. effective February 29, 2012, all of the Filer's issued and outstanding common shares (the Shares) were acquired by Energy Fuels Inc. (EFI) pursuant to a court ordered plan of arrangement (the Arrangement); the Filer has 20,652,190 warrants outstanding and these warrants are held by approximately 65 warrantholders; pursuant to the Arrangement, all warrants previously issued by the Filer are exercisable for common shares of EFI; the Filer has no other securities issued and outstanding; as a result, the outstanding securities of the Filer, other than the warrants which are only exercisable for common shares of EFI, are owned by fewer than 15 securityholders in each of the Jurisdictions and fewer than 51 securityholders in total;

5. the Shares were delisted from the TSX Venture Exchange on March 1, 2012; the Shares were cease traded from the Freiverkehr or "open market" of the Frankfurt Stock Exchange on March 1, 2012 and all other exchanges or marketplaces in Germany where the Shares traded on March 1, 2012 and March 2, 2012;

6. no securities of the Filer are traded on a "marketplace" as defined in National Instrument 21-101 *Marketplace Operation* as of the date hereof;

7. the Filer has no current intention to seek public financing by way of an offering of securities;

8. the Filer is not in default of any of its obligations under the Legislation as a reporting issuer;

9. the Filer did not voluntarily surrender its status as a reporting issuer in British Columbia pursuant to British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* because it wanted to avoid the 10-day waiting period under that Instrument;

10. the Filer is not eligible to use the simplified procedure under CSA Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* because it is a reporting issuer in British Columbia; and

11. the Filer, upon granting of the Exemptive Relief Sought, will no longer be a reporting issuer or the equivalent thereof in any jurisdiction in Canada.

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 Exemptive Relief Sought is granted.

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

2.1.2 Lone Pine Resources Inc.

Headnote

MI 11-102 and NP 11-203 – Issuer allowed to make disclosure of reserves and future net revenue based on US disclosure requirements, at its option – the Issuer's US disclosure could not meet certain requirements in NI 51-101 – the Issuer is subject to the requirements of NI 51-101 and will provide disclosure compliant with that instrument – National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

Applicable Legislative Provisions

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

Citation: Lone Pine Resources Inc., Re, 2012 ABASC 118

March 22, 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
LONE PINE RESOURCES 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**) that the Filer be exempted from the following (collectively, the **Exemptions Sought**):

(a) sections 5.2 and 5.3 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**) (the **COGEH Relief**);

(b) section 5.15(b)(iii) of NI 51-101 (the **Transitional F&D Comparative Relief**); and

(c) sections 5.1(1)(a) and 5.1(2)(a) of Form 51-101F1 (the **Transitional PUD Relief**).

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 section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of British Columbia, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador; 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, NI 51-101 or CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* 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 head office of the Filer is located in Calgary, Alberta.

2. The Filer is a reporting issuer in each of the provinces of Canada other than Québec and is not in default of the securities legislation thereof.

3. The Filer has securities registered under the 1934 Act.

4. The Filer prepares its financial statements in accordance with U.S. GAAP.

5. Differences between the requirements and restrictions under NI 51-101 and the requirements and restrictions under U.S. federal securities law, guidance applied by the SEC and U.S. GAAP, as they relate to disclosure concerning reserves and other oil and gas information, in material required to be filed with the SEC, in other disclosure made to the public or filed with or furnished to the SEC and in the supplemental disclosure in the notes to the financial statements prepared in accordance with U.S. GAAP (collectively, **US Disclosure Requirements**), are such that, absent relief, some disclosure made in accordance with US Disclosure Requirements would contravene NI 51-101, Form 51-101F1 or both (together, the **Instrument**).

6. In complying with its reporting obligations under U.S. federal securities law and financial statement requirements under U.S. GAAP, the Filer is required to include, in its disclosure that is subject to Part 5 of NI 51-101, disclosure of reserves and other oil and gas information prepared in accordance with US Disclosure Requirements (the **Filer's US Disclosure**).

7. Temporary transitional relief would facilitate convergence of certain past practices regarding the disclosure of reserves and future net revenue in respect of the Filer's properties with its current obligations under NI 51-101.

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.

Pursuant to Section 8.1 of NI 51-101:

(a) the COGEH Relief is granted with respect to the Filer's US Disclosure, and with respect to the Filer's disclosure of finding and development costs based on reserves determined in accordance with US Disclosure Requirements (the **Filer's US F&D Disclosure**) (if any), as the case may be, when and to the extent that the Filer's US Disclosure or the Filer's US F&D Disclosure is filed or disseminated by or on behalf of the Filer in Canada, provided that:

(i) the Filer describes any material differences between such disclosure and the corresponding disclosure it also makes, as required, under Canadian securities laws (its **Required Canadian Disclosure**), within or proximate to its Required Canadian Disclosure;

(ii) in the case of the Filer's US Disclosure, it:

A. complies with the US Disclosure Requirements;

B. is identified as having been prepared in accordance with US Disclosure Requirements;

C. discloses the effective date of the estimates disclosed therein; and

D. is based on reserves estimates which have been prepared or audited by a qualified reserves evaluator or auditor; and

(iii) In the case of the Filer's US F&D Disclosure (if any):

A. all proved reserves, and any probable reserves, are determined in accordance with US Disclosure Requirements and are accompanied by a statement to the effect that the proved reserves, and any probable reserves, have been determined in accordance with US Disclosure Requirements; and

B. the Filer provides disclosure in accordance with section 5.15 of NI 51-101 and this disclosure is publicly available to investors;

(b) the Transitional F&D Comparative Relief is granted for the Filer's disclosure of finding and development costs (if any) for the Filer's financial years ending on December 31, 2011, 2012 and 2013, in each case only to the extent that the requisite comparative information for the most recent financial year, the second most recent financial year and the averages for the three most recent financial years is not available to the Filer; and

(c) the Transitional PUD Relief is granted for the Required Canadian Disclosure for the Filer's financial years ending on December 31, 2011, 2012 and 2013, only to the extent that the requisite information about volumes of proved undeveloped reserves or probable undeveloped reserves that were first attributed in each of the most recent three financial years, and the aggregate attributed before that time, is not available to the Filer, provided that the Filer includes in its annual filing under section 2.1 of NI 51-101 an explanation of why this information is omitted.

This decision, as it relates to paragraph (a) above, will terminate on the effective date of any amendment to the Legislation that permits disclosure of the nature contemplated by that paragraph.

“Blaine Young”
Associate Director, Corporate Finance

2.1.3 Seaview Energy Inc.

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – exemption granted from the requirement under section 4.2 of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards that the audited annual financial statements of Charger Energy Corp. for the period ended December 31, 2010, included in an information circular, be prepared in accordance with Canadian Generally Accepted Accounting Principles – Part V in order that Charger's financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, which is the International Financial Reporting Standards as issued by the International Accounting Standards Board and as incorporated into the handbook.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.

Citation: Seaview Energy Inc., Re, 2012 ABASC 47

February 3, 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
SEAVIEW ENERGY INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in the Jurisdiction (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 requirement under section 4.2 of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (**NI 52-107**) that the audited annual financial statements of Charger Energy Corp. (**Charger**) to be included in an information circular (**Circular**), be prepared in accordance with Canadian Generally Accepted Accounting Principles – Part V (**Old Canadian GAAP**) in order that Charger's financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, which is International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board and as incorporated into the handbook (**IFRS-IASB**) (the **Requested Relief**).

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 and Nova Scotia; and

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

Interpretation

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

Representations

The 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 **ABCA**). The head office of the Filer is in Calgary, Alberta.

2. The Filer is a reporting issuer in the Jurisdictions and Passport Jurisdiction and is not in default of securities legislation of any jurisdiction.

3. On November 21, 2011, the Filer announced that it had entered into a definitive agreement dated November 11, 2011, with Charger, Silverback Energy Ltd. (**Silverback**) and Sirius Energy Inc. (**Sirius**) providing for a plan of arrangement whereby: (i) Charger, Silverback and Sirius will exchange all of their issued and outstanding shares for class A shares of the Filer (**Seaview Shares**); (ii) each class B share of the Filer will be exchanged for 10.0 Seaview Shares; (iii) all issued and outstanding Seaview Shares will be consolidated on a one to five basis; and (iv) the name of the Filer will be changed to Charger (the **Arrangement**).

4. Charger is a corporation incorporated under the ABCA. The head office of Charger is in Calgary, Alberta.

5. Charger, Silverback and Sirius are private companies and are not reporting issuers under the securities laws of any jurisdiction and to each of their knowledge, are not in default of securities legislation in any jurisdiction. None of their securities are listed on any stock exchange.

6. The Filer is required to prepare a Circular in connection with the Arrangement.

7. The Arrangement will be a restructuring transaction under NI 51-102 in respect of the Filer and therefore would require compliance with Item 14.2 in Form 51-102F5 *Information Circular* (the **Circular Form**). The restructuring transaction is a reverse take-over whereby Charger is the reverse take-over acquirer and the Filer, Silverback and Sirius are the reverse take-over acquirees. Accordingly, the Filer will continue to carry on its business through Charger.

8. Item 14.2 of the Circular Form requires, among other items, that the Circular contain the disclosure (including financial statements) prescribed under securities legislation and described in the form of prospectus that the Filer, Charger, Silverback and Sirius would be eligible to use immediately prior to the filing and sending of the Circular to the Filer's shareholders. Therefore, the Circular must contain the disclosure in respect of Charger prescribed by the Form 41-101F1 *Information Required in a Prospectus* (the **Prospectus Form**) and by National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**).

9. Item 32.1(b) of the Prospectus Form requires the Filer to include certain annual and interim financial statements for Charger, Silverback and Sirius in the Circular, including, in accordance with Items 32.2 and 32.3(1) of the Prospectus Form: (i) an income statement, a statement of retained earnings and a cash flow statement relating to Charger, Silverback and Sirius; and (ii) a balance sheet relating to each of these same entities (collectively, the **Financial Statements**).

10. Subsection 4.2(1) of NI 41-101 requires that the Financial Statements required to be included in the Circular must be audited in accordance with NI 52-107.

11. The Circular will include the following financial statements in respect of the Arrangement:

    (a) the Filer's

        (i) audited annual financial statements prepared in accordance with Old Canadian GAAP for the years ended December 31, 2010 and 2009; and

        (ii) unaudited interim financial report for the three and nine month period ended September 30, 2011 prepared in accordance with the international accounting standard on interim financial reporting as issued under IFRS-IASB;

(b) Charger

(i) audited annual financial statements prepared in accordance with IFRS-IASB for the period September 22, 2010 (the **Period of Incorporation**) to December 31, 2010; and

(ii) unaudited interim financial report for the three and nine month period ended September 30, 2011 prepared in accordance with the international accounting standard on interim financial reporting as issued under IFRS-IASB.

(c) Silverback

(i) audited annual financial statements prepared in accordance with Old Canadian GAAP for the years ended December 31, 2010 and 2009 and 2008; and

(ii) unaudited interim financial report for the three and nine month period ended September 30, 2011 prepared in accordance with the international accounting standard on interim financial reporting as issued under IFRS-IASB.

(d) Sirius

(i) audited annual financial statements prepared in accordance with Old Canadian GAAP for the years ended December 31, 2010 and 2009 and 2008; and

(ii) unaudited interim financial report for the three and nine month period ended September 30, 2011 prepared in accordance with the international accounting standard on interim financial reporting as issued under IFRS-IASB.

(e) Pro Forma Financial Statements

(i) statement of financial position as at September 30, 2011 prepared in accordance with the international accounting standard on interim financial reporting as issued under IFRS-IASB;

(ii) statement of loss for the year ended December 31, 2010 prepared in accordance with IFRS-IASB; and

(iii) statement of loss for the nine month period ended September 30, 2011 prepared in accordance with the international accounting standard on interim financial reporting as issued under IFRS-IASB.

12. Charger has been preparing its financial statements in accordance with IFRS since its Period of Incorporation. Charger's financial statements as at and for the period ended December 31, 2010 were prepared in accordance with IFRS-IASB, were audited in such form and contain an explicit and unreserved statement of compliance with IFRS-IASB. All interim financial reports prepared by Charger have been prepared in accordance with the international accounting standard on interim financial reporting as issued under IFRS-IASB.

13. Charger wishes to early adopt IFRS-IASB since it will be the business of the Filer going forward.

Early Adoption of IFRS-IASB

14. The Canadian Accounting Standards Board adopted IFRS-IASB as Canadian GAAP for most publicly accountable enterprises for fiscal years beginning on or after January 1, 2011.

15. NI 52-107 sets out acceptable accounting principles for financial reporting under the Legislation by domestic issuers, foreign issuers, registrants and other market participants; absent granting the Requested Relief, under Part 4 of NI 52-107, for financial years beginning before January 1, 2011, a domestic issuer must use Old Canadian GAAP for financial years beginning before January 1, 2011.

16. In CSA Staff Notice 52-321 *Early Adoption of International Financial Reporting Standards, use of US GAAP and Reference to IFRS-IASB*, staff of the Canadian Securities Administrators recognized that some issuers may wish to prepare their financial statements in accordance with IFRS-IASB for periods beginning prior to January 1, 2011, and indicated that staff were prepared to recommend exemptive relief on a case by case basis to permit a domestic issuer to do so, despite NI 52-107.

17. Charger believes that the use of IFRS-IASB would eliminate complexity and cost from the financial statement preparation process; since Charger prepares its financial statements in accordance with IFRS-IASB, the Requested Relief would permit Charger to streamline the reporting process and reduce costs which would otherwise be incurred in presenting Charger's financial statements as at and for the period ended December 31, 2010 in accordance with Old Canadian GAAP.

Decision

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

1. The decision of the Decision Maker under the Legislation is that the Requested Relief is granted provided that:

   (a) Charger prepares its annual financial statements for years beginning on or after the Period of Incorporation in accordance with IFRS-IASB;

   (b) Charger's first annual IFRS-IASB financial statements and first IFRS-IASB interim financial report include an opening IFRS statement of financial position as at the date of transition to IFRSs, September 22, 2010;

   (c) in Charger's first annual IFRS-IASB financial statements, the opening IFRS statement of financial position as at the date of transition to IFRSs is audited;

   (d) if Charger presents the components of profit or loss in a separate income statement, the separate income statement is displayed immediately before the statement of comprehensive income;

   (e) Charger's annual IFRS-IASB financial statements disclose an explicit and unreserved statement of compliance with IFRS; and

   (f) Charger's IFRS-IASB interim financial reports disclose compliance with International Accounting Standard 34 Interim Financial Reporting.

2. The Filer will provide the financial statements as set out in paragraph 10, and will update these financial statements to comply with Item 32.2 and Item 32.3 of the Prospectus Form if the Circular is dated after March 30, 2012.

"Cheryl McGillivray"
Manager, Corporate Finance

2.1.4 Compagnie de Saint-Gobain

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from prospectus and dealer registration requirements in respect of certain trades in units made in connection with an employee share offering by a French issuer – Relief from prospectus and dealer registration requirements upon the redemption of units for shares of the 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 Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74(1).
National Instrument 31-103 Registration Requirements and Exemptions.
National Instrument 45-102 Resale of Securities.
National Instrument 45-106 Prospectus and Registration Exemptions.

March 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
COMPAGNIE DE SAINT-GOBAIN
(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 Saint-Gobain Avenir Monde (the "**Principal Classic Compartment**"), a compartment of an FCPE named Saint-Gobain PEG Monde, 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, the "**Units**") of a temporary FCPE named Saint-Gobain Relais Adhésion 2012 Monde (the "**Temporary Classic FCPE**"), which will merge with the Principal Classic Compartment following the Employee Share Offering (as defined below), such transaction being referred to as the "**Merger**", as further described below (the term "**Classic Compartment**" used herein means, prior to the Merger, the Temporary Classic FCPE, and following the Merger, the Principal Classic Compartment);

made pursuant to the Employee Share Offering (as defined below) to or with Qualifying Employees (as defined below) resident in the Jurisdiction or in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Newfoundland and Labrador and Nova Scotia (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 Classic Compartment 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 Saint-Gobain Group (as defined below and which, for clarity, includes the Filer and the Local Affiliates (as defined below)), the Temporary Classic FCPE, the Principal Classic Compartment and Amundi (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 by the Classic Compartment 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, Newfoundland and Labrador and Nova Scotia (together with the Jurisdiction, the "**Jurisdictions**").

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 under the Legislation or the securities legislation of the other Jurisdictions. 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 the securities legislation of the other Jurisdictions.

2. The Filer carries on business in Canada through certain affiliated companies including Certainteed Gypsum Canada Inc., Certainteed Gypsum NA Svcs Inc, Decoustics Limited, Ottawa Fibre L.P., Redcliff Fibre L.P., Saint-Gobain Abrasives, Inc., SG Abrasives Canada, SG Ceramics Materials Canada, St-Gobain Adfors America, Inc., St-Gobain ADFORS Canada, LTD., Tillsonburg L.P. and VIB L.P. (collectively, the "**Local Affiliates**," and together with the Filer and other affiliates of the Filer, the "**Saint-Gobain Group**"). 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 under the Legislation or the securities legislation of the other Jurisdictions. The principal office of the Saint-Gobain Group in Canada is located in Ontario and the greatest number of employees of Local Affiliates are employed in Ontario. None of the Local Affiliates is in default under the Legislation or the securities legislation of the other Jurisdictions.

3. The Filer has established a global employee share offering for employees of the Saint-Gobain Group (the "**Employee Share Offering**"). As of the date hereof and after giving effect to the Employee Share Offering, 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 Classic Compartment 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.

4. The Employee Share Offering is comprised of one subscription option, being an offering of Shares to be subscribed through the Temporary Classic FCPE, which Temporary Classic FCPE will be merged with the Principal Classic Compartment after completion of the Employee Share Offering, subject to the approval of the FCPE's supervisory board and the French AMF (defined below) (the "**Classic Plan**").

5. Only persons who are employees of a member of the Saint-Gobain Group during the subscription 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.

6. The Principal Classic Compartment was established for the purpose of implementing employee share offerings of the Filer, and the Temporary Classic FCPE was established for the purpose of implementing the Employee Share Offering. There is no current intention for either the Principal Classic Compartment or the Temporary Classic FCPE to become a reporting issuer under the Legislation or the securities legislation of the other Jurisdictions.

7. The Temporary Classic FCPE is, and the Principal Classic Compartment is a compartment of, an FCPE (known in France as *fonds commun de placement d'entreprise*) which is a form of collective shareholding vehicle commonly used in France for the conservation of shares held by employee-investors. The Principal Classic Compartment 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.

8. 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 under the Classic Plan (such as a release on death or termination of employment).

9. Under the Classic Plan, the subscription price will be the Canadian dollar equivalent of the average of the opening price of the Shares (expressed in Euros) on the 20 trading days preceding the date of the fixing of the subscription price by the Chief Executive Officer of the Filer, less a 20% discount.

10. Canadian Participants who wish to subscribe will make a contribution to the Classic Plan (such contribution, the "**Employee Contribution**"). For each Canadian Participant who contributes, the Local Affiliate employing such Canadian Participant will make a contribution to the Classic Plan, for the benefit of, and at no cost to, the Canadian Participant, of an amount equal to 15% of such Employee Contribution up to a maximum amount of $1,500 per Canadian Participant (the "**Employer Contribution**").

11. Under the Classic Plan, the Temporary Classic FCPE will apply the cash received from the Employee Contributions and the Employer Contributions to subscribe for Shares from the Filer.

12. Initially, the Shares subscribed for 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 Compartment (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 Compartment on a *pro rata* basis and the Shares subscribed for under the Employee Share Offering will be held in the Principal Classic Compartment (such transaction being referred to as the "**Merger**").

13. At the end of the Lock-Up Period a Canadian Participant may

    (a) request the redemption of Units in the Classic Compartment 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 Compartment 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.

14. 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 Compartment in consideration for a cash payment equal to the then market value of the Shares held by the Classic Compartment.

15. Dividends paid on the Shares held in the Classic Compartment will be contributed to the Classic Compartment and used to purchase additional Shares. To reflect this reinvestment, new Units (or fractions thereof) will be issued. The declaration of dividends on the Shares is determined by the board of directors of the Filer.

16. An FCPE is a limited liability entity under French law. The Classic Compartment's portfolio will consist almost entirely of Shares of the Filer and may, from time to time, also include cash in respect of dividends paid on the Shares which will be reinvested in Shares. From time to time the portfolio will also include cash or cash equivalents pending investments in Shares and for the purposes of Unit redemptions.

17. 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 under the Legislation or the securities legislation of the other Jurisdictions.

18. The Management Company's portfolio management activities in connection with the Employee Share Offering and the Classic Compartment are limited to purchasing Shares from the Filer and selling such Shares as necessary in order to fund redemption requests.

19. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of the Classic Compartment. 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 the other Jurisdictions.

20. Shares issued in the Employee Share Offering will be deposited in the Principal Classic Compartment and/or the Temporary Classic FCPE, as applicable, through CACEIS Bank (the "**Depositary**"), a large French commercial bank subject to French banking legislation.

21. 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 Compartment and the Temporary Classic FCPE to exercise the rights relating to the securities held in its respective portfolio.

22. The value of Units will be calculated and reported to the French AMF on a regular basis, based on the net assets of the Classic Compartment divided by the number of Units outstanding. The value of Units will be based on the value of the Shares.

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

24. 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.

25. The total amount invested by a Canadian Employee in the Employee Share Offering cannot exceed 25% of his or her gross annual compensation. The Employer Contribution will not be factored into the maximum amount that a Canadian Employee may contribute.

26. 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.

27. The Shares are not currently listed for trading on any stock exchange in Canada and the Filer has no intention to have the Shares so listed. As there is no market for the Shares in Canada, and none is expected to develop, any first trades of Shares by Canadian Participants will be effected through the facilities of, and in accordance with the rules and regulations of, a foreign stock exchange outside of Canada.

28. Canadian Employees will receive, or will be notified of their ability to request, 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 containing a description of Canadian income tax consequences of subscribing to and holding the Units and requesting the redemption of Units at the end of the Lock-Up Period.

29. Upon request, Canadian Employees may receive copies of 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 Compartment (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.

30. Canadian Participants will receive an initial statement indicating the number and value of the Units they hold under the Classic Plan, together with an updated statement at least once per year.

31. There are approximately 1127 Canadian Employees resident in Canada, with the greatest number resident in Ontario (668), and the remainder in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New

Brunswick, Newfoundland and Labrador and Nova Scotia who represent, in the aggregate, less than 2% of the number of employees in the Saint-Gobain Group worldwide.

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.

“Edward P. Kerwin”
Commissioner
Ontario Securities Commission

“James Carnwath”
Commissioner
Ontario Securities Commission

2.1.5 Canadian Banc Corp. and Quadravest Capital Management Inc.

Headnote

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

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 74(1).
Multilateral Instrument 11-102 Passport System, s. 4.7(1).
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.5.
National Instrument 45-106 Prospectus and Registration Exemptions, ss. 3.1, 3.42.

March 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
CANADIAN BANC CORP. (BK) AND
QUADRAVEST CAPITAL MANAGEMENT INC.
(the Manager, and together with BK, 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**) exempting the Filers from the dealer registration requirement in the Legislation in respect of certain trades (the **Warrant Offering Activities**) to be carried out by the Manager, on behalf of BK, in connection with a proposed distribution (the **Warrant Offering**) of warrants to be issued by BK (the **Warrants**) to acquire units, each consisting of one Class A share of BK (the **Class A Shares**) and one preferred share of BK (the **Preferred Shares** and, together with the Class A Shares, the **Units**), to be made in the Jurisdiction and each of the Passport Jurisdictions (as defined below) pursuant to a short form prospectus (the **Prospectus**) (such exemption from the dealer registration requirement, 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. each 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 by the Filers in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (collectively, the Passport Jurisdictions).

Interpretation

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

Representations

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

1. BK is a mutual fund corporation incorporated under the laws of the Jurisdiction by articles of incorporation dated May 25, 2005, as amended June 28, 2005, April 23, 2009 and January 20, 2012. BK was initially incorporated under the name "Prime Rate Plus Corp.". On April 23, 2009, BK changed its name to "Canadian Banc Recovery Corp." and on January 20, 2012, BK adopted its current name. BK is a reporting issuer in the Jurisdiction and each of the Passport Jurisdictions.

2. The Manager is incorporated under the laws of the Jurisdiction by articles of incorporation dated October 20, 1971, as most recently amended effective November 27, 1997. At the time of the most recent amendment, the Manager came under new control and changed its name to its current name, Quadravest Capital Management Inc.

3. The Manager acts as the investment fund manager for BK. The Manager is registered as an investment fund manager, portfolio manager and exempt market dealer under the Legislation.

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

5. The Filers are not in default of securities legislation in any jurisdiction.

6. The authorized capital of BK consists of an unlimited number of the Preferred Shares and the Class A Shares and 1,000 Class B shares. The Preferred Shares and the Class A Shares are currently listed for trading on the Toronto Stock Exchange (the **TSX**) under the symbols "PR.BK.A" and "BK", respectively.

7. The portfolio of BK consists primarily of investments in securities of publicly-traded Canadian banks. BK is subject to certain investment restrictions that, among other things, limit the equity securities and other securities that may be acquired for its investment portfolio.

8. The investment objectives of BK are: (i) to provide holders of the Preferred Shares with cumulative preferential floating rate monthly cash dividends at a rate per annum equal to the prevailing prime rate in Canada (the **Prime Rate**) plus 0.75%, with a minimum annual rate of 5.0% and a maximum annual rate of 7.0%; (ii) to provide holders of the Class A Shares with regular floating rate monthly cash distributions targeted to be at a rate per annum equal to the Prime Rate plus 1.25%, with a minimum targeted annual rate of 4.25% and a maximum annual rate of 8.50%; and (iii) to return the original issue price of $10.00 and $15.00 to holders of the Preferred Shares and the Class A Shares, respectively, at the time of the redemption of such shares on December 1, 2018 (or such other date as BK may terminate).

9. On July 15, 2005 and July 29, 2005, BK completed its initial public offering of 11,525,000 Preferred Shares and 11,525,000 Class A Shares pursuant to a prospectus dated June 28, 2005. The Preferred Shares and the Class A Shares are issued only on the basis that an equal number of the Preferred Shares and the Class A Shares will be issued and outstanding at all times.

10. BK does not engage in a continuous distribution of its securities.

11. Under the Warrant Offering, each holder of the Class A Shares, as at a specified record date, will be entitled to receive, for no consideration, one Warrant for each Class A Share held by the holder. Three Warrants entitle the holder to subscribe for one Unit upon payment to BK of a subscription price, to be specified in the Prospectus, prior to the expiry of the Warrants. Holders of Warrants in Canada are permitted to sell or transfer their Warrants instead of exercising their Warrants to subscribe for Units. Holders of Warrants who exercise their Warrants may subscribe *pro rata* for additional Units pursuant to an additional subscription privilege. The term of the Warrants issued is expected to be 12 months or less.

12. BK will apply to list on the TSX the Warrants to be distributed under the Warrant Offering and the Preferred Shares and the Class A Shares issuable upon the exercise thereof.

13. The Warrant Offering Activities will consist of:

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

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

14. Because each of the Filers is in the business of trading, the Warrant Offering Activities would require each of the Filers to register as a dealer in the appropriate category in the absence of this decision (or another available exemption from the dealer registration requirement).

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

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.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"James D. Carnwath"
Commissioner
Ontario Securities Commission

2.1.6 Dividend Select 15 Corp. and Quadravest Capital Management Inc.

Headnote

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

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 74(1).
Multilateral Instrument 11-102 Passport System, s. 4.7(1).
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.5.
National Instrument 45-106 Prospectus and Registration Exemptions, ss. 3.1, 3.42.

March 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
DIVIDEND SELECT 15 CORP. (DS) AND
QUADRAVEST CAPITAL MANAGEMENT INC.
(the Manager, and together with DS, 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**) exempting the Filers from the dealer registration requirement in the Legislation in respect of certain trades (the **Warrant Offering Activities**) to be carried out by the Manager, on behalf of DS, in connection with a proposed distribution (the **Warrant Offering**) of warrants to be issued by DS (the **Warrants**) to acquire equity shares of DS (the **Equity Shares**), to be made in the Jurisdiction and each of the Passport Jurisdictions (as defined below) pursuant to a short form prospectus (the **Prospectus**) (such exemption from the dealer registration requirement, 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. each 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 by the Filers in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (collectively, the **Passport Jurisdictions**).

Interpretation

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

Representations

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

1. DS is a mutual fund corporation incorporated under the laws of the Jurisdiction by certificate and articles of incorporation dated August 26, 2010, as amended effective October 27, 2010. DS is a reporting issuer in the Jurisdiction and each of the Passport Jurisdictions.

2. The Manager is incorporated under the laws of the Jurisdiction by articles of incorporation dated October 20, 1971, as most recently amended effective November 27, 1997. At the time of the most recent amendment, the Manager came under new control and changed its name to its current name, Quadravest Capital Management Inc.

3. The Manager acts as the investment fund manager for DS. The Manager is registered as an investment fund manager, portfolio manager and exempt market dealer under the Legislation.

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

5. The Filers are not in default of securities legislation in any jurisdiction.

6. The authorized capital of DS consists of an unlimited number of the Equity Shares and 1,000 Class B shares. The Equity Shares are currently

listed for trading on the Toronto Stock Exchange (the **TSX**) under the symbol "DS".

7. The portfolio of DS consists primarily of investments in securities of certain publicly-traded Canadian dividend-paying companies or trusts whose shares offer investors an above-average dividend yield, and which have shown solid earnings growth and have a history of capital appreciation (the **Portfolio Companies**). DS is subject to certain investment restrictions that, among other things, limit the equity securities and other securities that may be acquired for its investment portfolio.

8. The investment objectives of DS are to provide holders of the Equity Shares with: (i) monthly cash distributions, plus (ii) the opportunity for capital appreciation, through investment in the common shares of the Portfolio Companies.

9. On November 18, 2010 and December 3, 2010, DS completed its initial public offering of 9,780,000 Equity Shares pursuant to a prospectus dated October 27, 2010.

10. DS does not engage in a continuous distribution of its securities.

11. Under the Warrant Offering, each holder of the Equity Shares, as at a specified record date, will be entitled to receive, for no consideration, one Warrant for each Equity Share held by the holder. Two Warrants entitle the holder to subscribe for one Equity Share upon payment to DS of a subscription price, to be specified in the Prospectus, prior to the expiry of the Warrants. Holders of Warrants in Canada are permitted to sell or transfer their Warrants instead of exercising their Warrants to subscribe for Equity Shares. Holders of Warrants who exercise their Warrants may subscribe *pro rata* for additional Equity Shares pursuant to an additional subscription privilege. The term of the Warrants issued is expected to be 12 months or less.

12. DS will apply to list on the TSX the Warrants to be distributed under the Warrant Offering and the Equity Shares issuable upon the exercise thereof.

13. The Warrant Offering Activities will consist of:

    (a) the distribution of the Prospectus and the issuance of Warrants to holders of the Equity Shares (as at the record date specified in the Prospectus), after the Prospectus has been filed and receipts obtained therefor under the Legislation and the securities legislation of each of the Passport Jurisdictions; and

    (b) the distribution of Equity Shares to holders of the Warrants, upon the exercise of the Warrants by the holders, through a registered dealer that is registered in a category that permits the registered dealer to make such a distribution.

14. Because each of the Filers is in the business of trading, the Warrant Offering Activities would require each of the Filers to register as a dealer in the appropriate category in the absence of this decision (or another available exemption from the dealer registration requirement).

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

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.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"James D. Carnwath"
Commissioner
Ontario Securities Commission

2.1.7 Prime Dividend Corp. and Quadravest Capital Management Inc.

Headnote

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

Applicable Legislative Provisions

Securities Act, R.S.O.1990, c. S.5, as am., ss. 25(1), 74(1).
Multilateral Instrument 11-102 Passport System, s. 4.7(1).
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.5.
National Instrument 45-106 Prospectus and Registration Exemptions, ss. 3.1, 3.42.

March 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
PRIME DIVIDEND CORP. (PDV) AND
QUADRAVEST CAPITAL MANAGEMENT INC.
(the Manager, and together with PDV, 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**) exempting the Filers from the dealer registration requirement in the Legislation in respect of certain trades (the **Warrant Offering Activities**) to be carried out by the Manager, on behalf of PDV, in connection with a proposed distribution (the **Warrant Offering**) of warrants to be issued by PDV (the **Warrants**) to acquire units, each consisting of one Class A share of PDV (the **Class A Shares**) and one preferred share of PDV (the **Preferred Shares** and, together with the Class A Shares, the **Units**), to be made in the Jurisdiction and each of the Passport Jurisdictions (as defined below) pursuant to a short form prospectus (the **Prospectus**) (such exemption from the dealer registration requirement, 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. each 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 by the Filers in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (collectively, the **Passport Jurisdictions**).

Interpretation

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

Representations

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

1. PDV is a mutual fund corporation incorporated under the laws of the Jurisdiction by articles of incorporation dated September 27, 2005, as amended October 27, 2005 and December 22, 2011. PDV is a reporting issuer in the Jurisdiction and each of the Passport Jurisdictions.

2. The Manager is incorporated under the laws of the Jurisdiction by articles of incorporation dated October 20, 1971, as most recently amended effective November 27, 1997. At the time of the most recent amendment, the Manager came under new control and changed its name to its current name, Quadravest Capital Management Inc.

3. The Manager acts as the investment fund manager for PDV. The Manager is registered as an investment fund manager, portfolio manager and exempt market dealer under the Legislation.

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

5. The Filers are not in default of securities legislation in any jurisdiction.

6. The authorized capital of PDV consists of an unlimited number of the Preferred Shares and the

Class A Shares and 1,000 Class B shares. The Preferred Shares and the Class A Shares are currently listed for trading on the Toronto Stock Exchange (the TSX) under the symbols "PR.PDV.A" and "PDV", respectively.

7. The portfolio of PDV consists primarily of investments in securities of certain publicly-traded Canadian dividend-paying companies or trusts. PDV is subject to certain investment restrictions that, among other things, limit the equity securities and other securities that may be acquired for its investment portfolio.

8. The investment objectives of PDV are: (i) to provide holders of the Preferred Shares with cumulative preferential floating rate monthly cash dividends at a rate per annum equal to the prevailing prime rate in Canada (the **Prime Rate**) plus 0.75%, with a minimum annual rate of 5.0% and a maximum annual rate of 7.0%; (ii) to provide holders of the Class A Shares with regular floating rate monthly cash distributions targeted to be at a rate per annum equal to the Prime Rate plus 2.0%, with a minimum targeted annual rate of 5.0% and a maximum annual rate of 10.0%; and (iii) to return the original issue price of $10.00 and $15.00 to holders of the Preferred Shares and the Class A Shares, respectively, at the time of the redemption of such shares on December 1, 2018 (or such other date as PDV may terminate).

9. On November 16, 2005 and December 1, 2005, PDV completed its initial public offering of 2,400,000 Preferred Shares and 2,400,000 Class A Shares pursuant to a prospectus dated October 28, 2005. The Preferred Shares and the Class A Shares are issued only on the basis that an equal number of the Preferred Shares and the Class A Shares will be issued and outstanding at all times.

10. PDV does not engage in a continuous distribution of its securities.

11. Under the Warrant Offering, each holder of the Class A Shares, as at a specified record date, will be entitled to receive, for no consideration, one Warrant for each Class A Share held by the holder. One Warrant entitles the holder to subscribe for one Unit upon payment to PDV of a subscription price, to be specified in the Prospectus, prior to the expiry of the Warrants. Holders of Warrants in Canada are permitted to sell or transfer their Warrants instead of exercising their Warrants to subscribe for Units. Holders of Warrants who exercise their Warrants may subscribe *pro rata* for additional Units pursuant to an additional subscription privilege. The term of the Warrants issued is expected to be 12 months or less.

12. PDV will apply to list on the TSX the Warrants to be distributed under the Warrant Offering and the Preferred Shares and the Class A Shares issuable upon the exercise thereof.

13. The Warrant Offering Activities will consist of:

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

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

14. Because each of the Filers is in the business of trading, the Warrant Offering Activities would require each of the Filers to register as a dealer in the appropriate category in the absence of this decision (or another available exemption from the dealer registration requirement).

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

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.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"James D. Carnwath"
Commissioner
Ontario Securities Commission

2.1.8 Eldorado Gold Yukon Corp. (formerly European Goldfields Limited)

Headnote

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

Ontario Statutes

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

March 26, 2012

Borden Ladner Gervais LLP
1200 – 200 Burrard Street
Vancouver, BC V7X 1T2

Dear Mr. Robertson:

Re: Eldorado Gold Yukon Corp. (formerly European Goldfields Limited) (the "Applicant") – Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the "Jurisdictions")

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.9 Bridgewater Associates, LP

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from section 12.13 of National Instrument 31-103 Registration Requirements and Exemptions – Registrant exempted from delivering its annual financial statements and corresponding Form 31-103F1 to the regulator within 90 days following the end of its 2011 financial year. – Change in auditors caused a delay in filing despite diligent efforts by the registrant and its new audit firm. – Unique situation which is not likely to reoccur.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 31-103 Registration Requirements and Exemptions, ss. 12.13, 15.1.

March 26, 2012

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

AND

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

AND

IN THE MATTER OF
BRIDGEWATER ASSOCIATES, LP

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 for the Filer from the requirement contained in section 12.13 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) to permit the Filer to file its audited financial statements and completed form 31-103F1 *Calculation of Excess Working Capital* within 150 days after the end of its financial year, rather than within 90 days after its year end (the **Exemption Sought**).

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

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

(b) The Filer hereby gives 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 and Quebec (the **Non-principal Jurisdictions** or together with the Jurisdiction, the **Filing Jurisdictions**).

Interpretation

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

Representations

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

1. The Filer is a limited partnership organized under the laws of Delaware, United States.

2. The Filer is engaged in advising in respect of the buying and selling of securities, primarily to institutional investors. The Filer is registered as an investment adviser with the United States Securities and Exchange Commission (**SEC**), a commodity trading adviser and commodity pool operator with the U.S. Commodity Futures Trading Commission and an investment adviser with the Australian Securities and Investments Commission. In Canada, the Filer is registered as an adviser in the category of portfolio manager in Ontario, British Columbia and Quebec and as an adviser in the category of commodity trading manager in Ontario.

3. The Filer is a non-resident of Canada, and as such does not maintain a business office from which it provides advice nor financial records anywhere in Canada.

4. The SEC, the Filer's securities regulator in its home jurisdiction, does not require that registrants, such as the Filer, file audited financial statements.

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

6. The Filer has significant excess working capital.

7. The Filer's year end is December 31 (**Year End**).

8. The Filer changed audit firms in November 2011 and the new auditors began their initial audit on November 15, 2011, as soon as possible after their engagement was finalized.

9. As a result of the nature of the initial audit, the Filer's auditors have encountered unexpected delays in preparing the Filer's 2011 audited financial statements. Such unexpected delays

have related to the volume of customized work and testing required by the complexity of the Filer's business and operations, in this first year of the Filer's auditors' engagement in order that the Filer's auditors may familiarize and acclimate themselves to the Filer's history and operations. Such issues have included considerations relating to:

(a) the consolidation of the audit of the funds managed by the Filer to determine whether these should be consolidated with the audit of the Filer;

(b) accounting treatment for certain compensation arrangements;

(c) the volume of corporate accounting issues and new transactions that require significant accounting research, analysis and judgment; and

(d) valuation issues relating to the fact that the Filer is not publicly traded and comparable benchmarks are not readily available.

10. Given the sheer volume of work and scope of this first year's audit for the Filer involving multiple jurisdictions, the audited financial statements for the Filer will not be completed by the filing deadline contained in NI 31-103, despite diligent efforts on the part of the Filer and its auditors. In particular, the Filer and its auditors commenced the audit work as early as possible after their engagement was finalized and the Filer acted diligently in disclosing to the Commission the events that are the cause of the delay well in advance of the filing deadline.

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 to the Filer provided that the Filer:

(i) files its audited financial statements with the Commission within 150 days of the Filer's Year End; and

(ii) pays any late filing fees associated with the delay in filing audited financial statements with the Commission up until the date that this Decision document is issued.

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

2.1.10 Quadra FNX Mining Ltd. – s. 1(10)

Headnote

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

Ontario Statutes

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

March 28, 2012

Quadra FNX Mining Ltd.
Suite 2414, Four Bentall Centre
1055 Dunsmuir Street, P.O. Box 49185
Vancouver, BC V7X 1K8

Attn: Krzysztof Kubacki

Dear Krzysztof:

Re: Quadra FNX Mining Ltd. (the "Applicant") – application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Nunavut, Yukon and Northwest Territories (the "Jurisdictions") that the Applicant is not a Reporting Issuer

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision

Maker with the jurisdiction to make the decision has been met and orders that the Applicant is not a reporting issuer.

"Shannon O'Hearn"
Acting Manager, Corporate Finance
Ontario Securities Commission

2.2 Orders

2.2.1 Maple Leaf Investment Fund Corp. et al. – s. 127, 127.1

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

AND

**IN THE MATTER OF
MAPLE LEAF INVESTMENT FUND CORP.,
JOE HENRY CHAU (aka: HENRY JOE CHAU,
SHUNG KAI CHOW and HENRY SHUNG KAI CHOW),
TULSIANI INVESTMENTS INC., SUNIL TULSIANI AND
RAVINDER TULSIANI**

**ORDER
(Sections 127 and 127.1 of the Act)**

WHEREAS on February 12, 2010, a Notice of Hearing was issued by the Ontario Securities Commission (the "**Commission**") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") in connection with a Statement of Allegations filed by Staff of the Commission ("**Staff**") in respect of Maple Leaf Investment Fund Corp. ("**MLIF**"), Joe Henry Chau (also known as Henry Joe Chau, Shung Kai Chow and Henry Shung Kai Chow) ("**Chau**"), Tulsiani Investments Inc. ("**Tulsiani Investments**"), Sunil Tulsiani ("**Tulsiani**") and Ravinder Tulsiani ("**Ravinder**");

AND WHEREAS on October 29, 2010, Staff filed an Amended Statement of Allegations;

AND WHEREAS on December 21, 2010, the Commission approved a settlement agreement between Staff and Ravinder;

AND WHEREAS on January 10, 12, 13, 14, 17, 18 and 19, 2011, the Commission held the hearing on the merits in this matter;

AND WHEREAS on November 9, 2011, the Commission issued its Reasons and Decision on the merits in this matter (the "**Merits Decision**");

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

AND WHEREAS on January 9, 2012, the Commission held a hearing with respect to the sanctions and costs to be imposed in this matter;

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

IT IS ORDERED THAT:

(a) Pursuant to clause 2 of subsection 127(1) of the Act, MLIF, Chau, Tulsiani Investments and Tulsiani shall cease trading in securities permanently;

(b) Pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of securities by MLIF, Chau, Tulsiani Investments and Tulsiani is prohibited permanently;

(c) Pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to MLIF, Chau, Tulsiani Investments and Tulsiani permanently;

(d) Pursuant to clause 6 of subsection 127(1) of the Act, Chau and Tulsiani are reprimanded;

(e) Pursuant to clause 7 of subsection 127(1) of the Act, Chau and Tulsiani shall resign all positions that they may hold as a director or officer of an issuer;

(f) Pursuant to clause 8 of subsection 127(1) of the Act, Chau and Tulsiani are prohibited from becoming or acting as a director or officer of any issuer permanently;

(g) Pursuant to clause 8.2 of subsection 127(1) of the Act, Chau and Tulsiani are prohibited from becoming or acting as a director or officer of a registrant permanently;

(h) Pursuant to clause 9 of subsection 127(1) of the Act, Chau shall pay an administrative penalty in the amount of $450,000, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(i) Pursuant to clause 9 of subsection 127(1) of the Act, Tulsiani shall pay an administrative penalty in the amount of $200,000, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(j) Pursuant to clause 10 of subsection 127(1) of the Act, MLIF and Chau shall jointly and severally disgorge to the Commission the amount of $3,062,106 obtained as a result of their non-compliance with Ontario securities law, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(k) Pursuant to clause 10 of subsection 127(1) of the Act, MLIF, Chau, Tulsiani Investments and Tulsiani shall jointly and severally disgorge to the Commission the amount of $70,000 obtained as a result of their non-compliance with Ontario securities law, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(l) Pursuant to section 127.1 of the Act, MLIF and Chau shall jointly and severally pay costs in the amount of $163,700; and

(m) Pursuant to section 127.1 of the Act, Tulsiani Investments and Tulsiani shall jointly and severally pay costs in the amount of $81,800.

DATED at Toronto at this 22nd day of March, 2012.

“Christopher Portner”

“Paulette L. Kennedy”

2.2.2 American Heritage Stock Transfer Inc. et al. – s. 127(7)

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

AND

IN THE MATTER OF
AMERICAN HERITAGE STOCK TRANSFER INC.,
AMERICAN HERITAGE STOCK TRANSFER, INC.,
BFM INDUSTRIES INC., DENVER GARDNER INC.,
SANDY WINICK, ANDREA LEE MCCARTHY,
KOLT CURRY AND LAURA MATEYAK

TEMPORARY ORDER
(Subsection 127(7))

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

a. trading in the securities of BFM Industries Inc. ("BFM") shall cease;

b. all trading by and in the securities of American Heritage Stock Transfer, Inc. ("AHST Nevada") shall cease;

c. all trading by and in the securities of American Heritage Stock Transfer Inc. ("AHST Ontario") shall cease;

d. all trading by and in the securities of Denver Gardner Inc. ("Denver Gardner") shall cease;

e. all trading by Sandy Winick ("Winick") shall cease;

f. all trading by Andrea Lee McCarthy ("McCarthy") shall cease;

g. all trading by Kolt Curry ("Curry") shall cease; and

h. all trading by Laura Mateyak ("Mateyak") shall cease;

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

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

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

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

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

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

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

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

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

AND WHEREAS on February 16, 2012, the Temporary Order was extended until March 26, 2012;

AND WHEREAS on March 23, 2012, a hearing was held before the Commission and Staff appeared and made submissions;

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

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

AND WHEREAS Staff submitted that Denver Gardner appears to be a fictitious entity, that Staff does not intend to pursue allegations against Denver Gardner at this time and that Denver Gardner should be removed as a respondent in this matter;

AND WHEREAS Staff reserves its right to apply to add Denver Gardner as a respondent to this Order if Staff comes into possession of information that Denver Gardner is a real business entity;

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

IT IS ORDERED that Denver Gardner is removed as a respondent in this matter and that the Temporary Order is extended as against all remaining respondents until the conclusion of the merits hearing, scheduled to commence on November 12, 2012.

DATED at Toronto this 23rd day of March, 2012.

"Christopher Portner"

2.2.3 Sandy Winick et al. – s. 127, 127.1

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

AND

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

**ORDER
(Sections 127 and 127.1)**

WHEREAS on January 27, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") (the "Notice of Hearing") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on January 27, 2012, to consider whether it is in the public interest to make certain orders against Sandy Winick ("Winick"), Andrea Lee McCarthy ("McCarthy"), Kolt Curry, Laura Mateyak ("Mateyak"), Gregory J. Curry ("Greg Curry"), American Heritage Stock Transfer Inc. ("AHST Ontario"), American Heritage Stock Transfer, Inc. ("AHST Nevada"), BFM Industries Inc. ("BFM"), Liquid Gold International Inc. ("Liquid Gold"), and Nanotech Industries Inc. ("Nanotech") (collectively, the "Respondents");

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

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

AND WHEREAS on February 16, 2012, a first appearance hearing was held and the matter was adjourned to a pre-hearing conference on March 23, 2012;

AND WHEREAS on March 23, 2012, a hearing was held before the Commission and Staff made submissions;

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

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

IT IS ORDERED that the hearing on the merits in this matter shall commence on November 12, 2012, and continue until November 21, 2012, except that the hearing will not sit on November 20, 2012.

DATED at Toronto this 23rd day of March, 2012.

"Christopher Portner"

2.2.4 Fibrek Inc. – s. 21.7

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

AND

**IN THE MATTER OF
FIBREK INC.**

AND

**IN THE MATTER OF
A DECISION OF THE TORONTO STOCK EXCHANGE**

**ORDER
(Section 21.7)**

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing on March 23, 2012 pursuant to section 21.7 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, to consider an Application made by Fairfax Financial Holdings Corporation for a review of decision of the Toronto Stock Exchange in respect of Fibrek Inc. made March 19, 2012;

AND WHEREAS on March 28, 2012, the Commission was advised that the parties and proposed intervenors consent to the adjournment of this matter;

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

IT IS ORDERED that this matter is adjourned to April 3, 2012 at 10:00 a.m.

DATED at Toronto this 28th day of March, 2012.

"James Turner"

2.2.5 Joseph Caza and Salim Kanji

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

AND

IN THE MATTER OF
JOSEPH CAZA AND SALIM KANJI

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE COMMISSION AND JOSEPH CAZA

ORDER

WHEREAS on March 22, 2012, the Commission issued a Notice of Hearing (the "Notice of Hearing") pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Securities Act*") in respect of the conduct of Joseph Caza ("Caza") and one other;

AND WHEREAS on March 22, 2012, Staff of the Commission filed a Statement of Allegations (the "Statement of Allegations") in respect of the same matter;

AND WHEREAS Caza entered into a settlement agreement dated March 22, 2012 (the "Settlement Agreement") in relation to the matters set out in the Statement of Allegations;

UPON reviewing the Settlement Agreement, the Notice of Hearing, the Statement of Allegations, and upon considering submissions from counsel for Caza and from Staff of the Commission;

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

IT IS HEREBY ORDERED, PURSUANT TO SECTION 127(1) OF THE *SECURITIES ACT* THAT:

a) The settlement agreement is approved;

b) pursuant to clause 2 of subsection 127(1) of the *Securities Act*, Caza shall cease trading in any securities for a period of 5 years, with the exception that Caza is permitted to trade securities for the account of his registered retirement savings plan as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended ("RRSP"), and/or tax-free savings accounts ("TFSA") and/or for any registered education savings plan ("RESP") accounts for which he is the or a sponsor;

c) pursuant to clause 2.1 of subsection 127(1) of the *Securities Act*, Caza shall cease acquisitions of any securities for a period of 5 years, except acquisitions undertaken in connection with Caza's RRSP and/or TFSA and/or for any RESP accounts for which he is the or a sponsor;

d) pursuant to clause 3 of subsection 127(1) of the *Securities Act*, any exemptions in Ontario securities law do not apply to Caza for a period of 5 years, except to the extent such exemption is necessary for trades undertaken in connection with Caza's RRSP and/or TFSA and/or for any RESP accounts for which he is the or a sponsor;

e) pursuant to clause 7 of section 127(1) of the *Securities Act* that Caza resign any position that he holds as a director or officer of an issuer, except that Caza may continue to act as a director of two non-profit soccer organizations;

f) pursuant to clause 8 of section 127(1) of the *Securities Act* that Caza be prohibited from becoming or acting as a director or officer of any issuer for a period of 5 years, except that Caza may continue to act as a director of two non-profit soccer organizations;

g) pursuant to clause 8.2 of section 127(1) of the *Securities Act* that Caza be prohibited from becoming or acting as a director or officer of a registrant for a period of 5 years;

h) pursuant to clause 8.4 of section 127(1) of the *Securities Act* that Caza be prohibited from becoming or acting as a director or officer of an investment fund manager for a period of 5 years; and

i) pursuant to clause 8.5 of section 127(1) of the *Securities Act* that Caza be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of 5 years.

DATED at Toronto this 26th day of March, 2012.

"Christopher Portner"

2.2.6 Joseph Caza and Salim Kanji

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

AND

IN THE MATTER OF
JOSEPH CAZA AND SALIM KANJI

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE COMMISSION AND SALIM KANJI

ORDER

WHEREAS on March 22, 2012, the Commission issued a Notice of Hearing (the "Notice of Hearing") pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Securities Act*") in respect of the conduct of Salim Kanji ("Kanji") and one other;

AND WHEREAS on March 22, 2012, Staff of the Commission filed a Statement of Allegations (the "Statement of Allegations") in respect of the same matter;

AND WHEREAS Kanji entered into a settlement agreement dated March 22, 2012 (the "Settlement Agreement") in relation to the matters set out in the Statement of Allegations;

UPON reviewing the Settlement Agreement, the Notice of Hearing, the Statement of Allegations, and upon considering submissions from Kanji and from Staff of the Commission;

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

IT IS HEREBY ORDERED, PURSUANT TO SECTION 127(1) OF THE SECURITIES ACT THAT:

a) the settlement agreement is approved;

b) pursuant to clause 2 of section 127(1) of the *Securities Act*, Kanji shall cease trading in any securities for a period of 4 years, with the exception that Kanji is permitted to trade securities for the account of his registered retirement savings plan ("RRSP") as defined in the *Income Tax Act*, R.S.C., 1985, c. 1, as amended, and/or tax-free savings accounts ("TFSA") and/or for any registered education savings plan ("RESP") accounts for which he is the or a sponsor;

c) pursuant to clause 2.1 of section 127(1) of the *Securities Act*, Kanji shall cease acquisitions of any securities for a period of 4 years, except acquisitions undertaken in connection with Kanji's RRSP and/or TFSA and/or for any RESP accounts for which he is the or a sponsor;

d) pursuant to clause 3 of section 127(1) of the *Securities Act*, any exemptions in Ontario securities law do not apply to Kanji for a period of 4 years, except to the extent such exemption is necessary for trades undertaken in connection with Kanji's RRSP and/or TFSA and/or for any RESP accounts for which he is the or a sponsor;

e) pursuant to clause 7 of section 127(1) of the *Securities Act* that Kanji resign any position that he holds as a director or officer of an issuer;

f) pursuant to clause 8 of section 127(1) of the *Securities Act* that Kanji be prohibited from becoming or acting as a director or officer of any issuer for a period of 4 years;

g) pursuant to clause 8.2 of section 127(1) of the *Securities Act* that Kanji be prohibited from becoming or acting as a director or officer of a registrant for a period of 4 years;

h) pursuant to clause 8.4 of section 127(1) of the *Securities Act* that Kanji be prohibited from becoming or acting as a director or officer of an investment fund manager for a period of 4 years; and

i) pursuant to clause 8.5 of section 127(1) of the *Securities Act* that Kanji be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of 4 years.

DATED at Toronto this 26th day of March, 2012.

"Christopher Portner"

2.2.7 New Found Freedom Financial et al.

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

AND

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

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

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

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

AND WHEREAS the Commission ordered on January 19, 2012 that the hearing of this matter be adjourned to March 26, 2012 at 10:00 a.m. for a continued pre-hearing conference;

AND WHEREAS the Commission held a pre-hearing conference on March 26, 2012 to consider preliminary matters;

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

AND WHEREAS no one appeared at the pre-hearing conference of behalf of Whidden;

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

IT IS ORDERED THAT the hearing is adjourned to August 20, 2012 at 10:00 a.m., or such other date as agreed to by the parties and advised by the Office of the Secretary, for a continued pre-hearing conference.

DATED at Toronto this 26th day of March, 2012.

"Christopher Portner"

2.2.8 Sextant Capital Management Inc. et al. – s. 127 of the Act and Rule 3 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
SEXTANT CAPITAL MANAGEMENT INC., SEXTANT CAPITAL GP INC., OTTO SPORK, KONSTANTINOS EKONOMIDIS, ROBERT LEVACK AND NATALIE SPORK

ORDER
(Section 127 and Rule 3 of the Ontario Securities Commission Rules of Procedure (2010), 33 O.S.C.B. 8017)

WHEREAS on May 17, 2011, the Ontario Securities Commission (the "Commission") issued Reasons for Decision on the merits;

AND WHEREAS by order dated December 5, 2011, a sanctions hearing was set down to be heard on April 18, 2012 (the "Sanctions Hearing");

AND WHEREAS Otto Spork, Natalie Spork and Konstantinos Ekonomidis (the "Respondents") brought a motion requesting that any order to be made against the Respondents pursuant to subsection 127(1) and section 127.1 be made before the same quorum of the Commission that heard the matter at the merits hearing (the "Motion");

AND WHEREAS counsel for the Respondents and Staff of the Commission provided written submissions and subsequently appeared to make oral submissions on the Motion on March 14, 2012;

AND WHEREAS the Commission considers it in the public interest to make this order;

IT IS ORDERED that the Motion is dismissed with reasons to follow and that the Sanctions Hearing will proceed on Wednesday, April 18, 2012.

DATED at Toronto this 28th day of March, 2012.

"James D. Carnwath"

2.2.9 Shallow Oil & Gas Inc. et al. – ss. 127(1), 127(8)

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

AND

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

ORDER
(Subsections 127(1) & 127(8))

WHEREAS on January 16, 2008, the Ontario Securities Commission ("the Commission") issued a Temporary Order pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that: (i) all trading in securities by Shallow Oil & Gas Inc. ("Shallow Oil") shall cease and that all trading in Shallow Oil securities shall cease; and (ii) Eric O'Brien ("O'Brien"), Abel Da Silva ("Da Silva"), Gurdip Singh Gahunia, also known as Michael Gahunia ("Gahunia"), and Abraham Herbert Grossman, also known as Allen Grossman ("Grossman"), cease trading in all securities (the "Temporary Order");

AND WHEREAS on January 16, 2008, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on January 18, 2008, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, such hearing to be held on January 30, 2008 commencing at 2:00 p.m.;

AND WHEREAS hearings to extend the Temporary Order were held on January 30 and 31, and March 31, 2008. The Temporary Order was extended by the Commission on each date;

AND WHEREAS on June 11, 2008, the Commission issued a Notice of Hearing for June 18, 2008 to consider, among other things:

(a) the issuance of a temporary cease trade order against Diadamo, McQuarrie, Wash, and Mankofsky; and,

(b) the extension of the original Temporary Order dated January 16, 2008.

AND WHEREAS on June 18, 2008, a hearing was held commencing at 10:00 a.m. and Staff and Grossman appeared, presented evidence and made submissions, and Diadamo, McQuarrie, and Mankofsky appeared before the panel of the Commission and made submissions as to the issuance of a temporary cease trade order against them;

AND WHEREAS on June 18, 2008, the panel of the Commission considered the evidence and submissions of Staff and Grossman, and the submissions of Diadamo, McQuarrie, and Mankofsky;

AND WHEREAS on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that the Temporary Order as against Shallow Oil, O'Brien, Da Silva, and Grossman be extended until the conclusion of the hearing on the merits in this matter;

AND WHEREAS on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that the Temporary Order as against Gahunia be extended until November 26, 2008;

AND WHEREAS on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(5) of the Act, that Diadamo, McQuarrie, Wash, and Mankofsky cease trading in any securities (the "Second Temporary Order"), with the following exception:

> Diadamo shall be permitted to trade in securities that are listed on a public exchange recognized by the Commission and only in his own existing trading accounts. Furthermore, any such trading by Diadamo shall be for his sole benefit and only through a dealer registered with the Commission.

AND WHEREAS on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that the Second Temporary Order be extended until November 26, 2008 and that the hearing with respect to the Second Temporary Order in this matter be adjourned to November 25, 2008, at 2:30 p.m.;

AND WHEREAS on November 25, 2008, a hearing was held and the panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that:

- the Temporary Order is extended as against Gahunia until the conclusion of the hearing on the merits in this matter and the Second Temporary Order is extended as against Diadamo, McQuarrie, Wash, and Mankofsky until the conclusion of the hearing on the merits in this matter; and,

- the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 is adjourned to June 4, 2009 at 10:00 a.m. for a status hearing.

AND WHEREAS on May 12, 2009, the Commission approved a settlement agreement between McQuarrie and Staff of the Commission, and on July 24,

2009, the Commission approved a settlement agreement between Mankofsky and Staff of the Commission;

AND WHEREAS on June 4th and September 10th, 2009, and January 12th, 2010 status hearings were held before the Commission and, on each date, a panel of the Commission ordered that the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 be adjourned;

AND WHEREAS on June 28th, 2010, a status hearing was held commencing at 10:00 a.m. and Staff appeared before the panel of the Commission and provided the panel of the Commission with a status update with respect to this matter;

AND WHEREAS on June 28th, 2010, none of the respondents attended and a panel of the Commission considered the submissions of Staff;

AND WHEREAS on June 28th, 2010, the Commission ordered that the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 be adjourned to February 11, 2011 at 10:00 a.m. for the purpose of a status hearing;

AND WHEREAS on February 11, 2011, a status hearing was held and Staff appeared before the panel of the Commission and provided the panel of the Commission with a status update with respect to this matter;

AND WHEREAS on February 11, 2011, none of the respondents attended and a panel of the Commission considered the submissions of Staff;

AND WHEREAS on February 11, 2011, the Commission ordered that the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 be adjourned to May 24, 2011 at 2:30 p.m., for the purpose of a status hearing and to consider setting dates for the hearing on the merits in this matter;

AND WHEREAS on May 24, 2011, a status hearing was held, and Staff and Diadamo attended and no other respondents attended, although properly served with notice of the hearing;

AND WHEREAS on May 24, 2011, Staff appeared before the panel of the Commission and provided the panel of the Commission with a status update with respect to this matter;

AND WHEREAS on May 24, 2011, scheduling of the hearing on the merits was discussed, and Diadamo consented to setting the dates for the hearing on the merits;

AND WHEREAS on May 24, 2011, it was ordered that the hearing on the merits shall commence on September 6, 2011, and shall continue on September 7, 9, and 12, 2011;

AND WHEREAS on May 24, 2011, it was further ordered that the parties attend before the Commission on July 26, 2011 at 2:00 p.m. for a pre-hearing conference;

AND WHEREAS on July 26, 2011, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents;

AND WHEREAS the Commission was satisfied that all parties had been properly served with notice of the hearing;

AND WHEREAS on July 26, 2011, it was ordered that the hearing be adjourned to August 16, 2011 at 3:30 p.m. for the purpose of continuing the pre-hearing conference;

AND WHEREAS on August 16, 2011, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents, although properly served with notice of the hearing;

AND WHEREAS on August 16, 2011, Staff informed the panel that Da Silva and O'Brien will be sentenced on October 19, 2011 in the related section 122 proceedings before the Ontario Court of Justice, and Staff requested that the hearing on the merits be adjourned until after the sentencing decision is rendered in the section 122 proceedings;

AND WHEREAS on August 16, 2011, it was ordered that the dates set down for the hearing on the merits be vacated;

AND WHEREAS on August 16, 2011, it was further ordered that the hearing be adjourned to November 4, 2011 at 10:00 a.m. for the purpose of continuing the pre-hearing conference;

AND WHEREAS on November 4, 2011, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents, although properly served with notice of the hearing;

AND WHEREAS Staff informed the panel that the sentencing hearing for Shallow Oil, Da Silva and O'Brien in the related section 122 proceedings before the Ontario Court of Justice was adjourned to November 15, 2011;

AND WHEREAS Staff requested that the pre-hearing conference be adjourned to December 15, 2011, pending the sentencing decision for Shallow Oil, Da Silva and O'Brien to be rendered in the section 122 proceedings;

AND WHEREAS on November 4, 2011, it was ordered that the hearing be adjourned to December 15, 2011 at 9:30 a.m. for the purpose of continuing the pre-hearing conference;

AND WHEREAS on December 15, 2011, it was ordered that the hearing on the merits shall commence on June 18, 2012, and shall continue on June 20, 21, and 22, 2012, or such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary;

AND WHEREAS on December 15, 2011, it was further ordered that the hearing be adjourned to March 27, 2012 at 9:00 a.m. for the purpose of continuing the pre-hearing conference;

AND WHEREAS on March 27, 2012, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents;

IT IS ORDERED that the parties attend before the Commission on April 26, 2012 at 10:00 a.m. to continue the pre-hearing conference.

DATED at Toronto this 27th day of March, 2012.

"Paulette L. Kennedy"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Maple Leaf Investment Fund Corp. 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
MAPLE LEAF INVESTMENT FUND CORP.,
JOE HENRY CHAU (aka: HENRY JOE CHAU,
SHUNG KAI CHOW and HENRY SHUNG KAI CHOW),
TULSIANI INVESTMENTS INC., SUNIL TULSIANI AND
RAVINDER TULSIANI

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

Hearing:	January 9, 2012		
Decision:	March 22, 2012		
Panel:	Christopher Portner	–	Commissioner and Chair of the Panel
	Paulette L. Kennedy	–	Commissioner
Appearances:	Carlo Rossi	–	For Staff of the Ontario Securities Commission
	Sunil Tulsiani	–	For himself and Tulsiani Investments Inc.
	No one appeared for the Respondents:	–	Joe Henry Chau
		–	Maple Leaf Investment Fund Corp.

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REASONS FOR DECISION ON SANCTIONS AND COSTS

I. INTRODUCTION

[1] This is a hearing (the "**Sanctions and Costs Hearing**") before the Ontario Securities Commission (the "**Commission**") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") to consider whether it is in the public interest to make an order with respect to sanctions and costs against Maple Leaf Investment Fund Corp. ("**MLIF**"), Joe Henry Chau (also known as Henry Joe Chau, Shung Kai Chow and Henry Shung Kai Chow) ("**Chau**"), Tulsiani Investments Inc. ("**Tulsiani Investments**") and Sunil Tulsiani ("**Tulsiani**") (collectively, the "**Respondents**").

[2] The Sanctions and Costs Hearing was held following the Hearing on the Merits in this matter in January 2011 (the "**Merits Hearing**") and the issuance of the decision on the merits on November 9, 2011 ((2011), 34 O.S.C.B. 11551)(the "**Merits Decision**").

[3] On January 9, 2012, Staff of the Commission ("**Staff**") appeared at the Sanctions and Costs Hearing and made oral submissions. Staff's oral submissions were supported by Staff's Written Submissions on Sanctions and Costs dated December 30, 2011, a Bill of Costs, the Affidavit of Yolanda Leung, sworn December 30, 2011, with respect to costs, a Brief of Authorities and an Affidavit of Service. Chau filed his undated Written Submissions on Sanctions of Chau and MLIF on January 2, 2012 and informed the Office of the Secretary that he would not be attending the Sanctions and Costs Hearing. At the Sanctions and Costs Hearing held on January 9, 2012, Tulsiani appeared and made oral submissions on behalf of himself and Tulsiani Investments. Chau did not appear.

[4] Based on the Affidavit of Service, Tulsiani's appearance on behalf of himself and Tulsiani Investments and Chau's communications to the Office of the Secretary on behalf of himself and MLIF dated January 2, 2012, the Panel found that the Respondents received notice of the Sanctions and Costs Hearing. In accordance with subsection 7(1) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, the Panel was entitled to proceed in the absence of the Respondents who did not appear.

II. ANALYSIS

A. Sanctions

1. Specific Sanctioning Factors Applicable in this Matter

[5] The Commission has a public interest jurisdiction to order sanctions restricting or banning Respondents from participating in the Ontario capital markets (*Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, [2001] 2 S.C.R. 132 at para. 43). It is well established in its jurisprudence that, in determining the appropriate sanctions, the Commission is guided by the factors set out in *Re M.C.J.C. Holdings Inc.* (2002), 25 O.S.C.B. 1133 at para. 26; and *Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at pp. 7746-7747). In determining the appropriate sanctions, we have taken into account the factors summarized in the following paragraphs.

[6] The securities law violations committed by each of the Respondents were serious and their behaviour was egregious. In the Merits Decision, we found that Chau and MLIF engaged in the unregistered trading and illegal distribution of four series of MLIF bonds, namely, the 100, 200, 300 and 400 series of bonds, contrary to subsections 25(1)(a) and 53(1) of the Act (Merits Decision, *supra*, at paras. 222 and 257). The Respondents purported to rely on the accredited investor exemption but made no legitimate effort to determine whether the investors were duly qualified (Merits Decision, *supra*, at para. 275). Instead, they engaged in high pressure sales tactics by encouraging or counseling investors to misstate their entitlement to be treated as accredited investors and by stampeding investors into signing documents, including accredited investor declaration forms, without the opportunity to review them carefully and without the benefit of independent legal advice (Merits Decision, *supra*, at paras. 348 and 373). Accordingly, the Respondents were not entitled to rely on the accredited investor exemption and, in any event, we also found that Chau and MLIF were not entitled to rely on the accredited investor exemption as they were market intermediaries (Merits Decision, *supra*, at para. 284).

[7] We found that Chau and MLIF made prohibited representations to potential investors about the future listing on a stock exchange of certain shares, contrary to subsection 38(3) of the Act (Merits Decision, *supra*, at para. 297). We further found that Chau and MLIF knowingly perpetrated a fraud on MLIF investors, contrary to subsection 126.1(b) of the Act, and that they had done so by, among other things, providing false and incomplete information with respect to (i) the use of investor funds; (ii) the safe nature of the investments; (iii) the background and status of MLIF; and (iv) the project in Curacao that would purportedly receive the proceeds of the investments (the "**Project**"), and by diverting funds to pay Chau's personal expenses, interest to existing bondholders and MLIF's capital requirements in connection with unrelated matters (Merits Decision, *supra*, at paras. 333 and 377).

[8] We found that Tulsiani and Tulsiani Investments engaged in unregistered trading of the 400 series of bonds, contrary to subsection 25(1)(a) of the Act (Merits Decision, *supra*, at para. 222). They represented to investors that they had (i) conducted the necessary due diligence with respect to the investments; (ii) invested in every transaction that was presented to investors; and (iii) represented the interests of the investors (Merits Decision, *supra*, at paras. 174 and 235). Tulsiani also made frequent reference to his 16-year career as an Ontario Provincial Police officer and the fact that he was also investing on behalf of his elderly and prudent father in the expectation that this information would enhance his credibility and perceived reliability with the investors (Merits Decision, *supra*, at paras. 126 and 153). These representations induced investors to take risks that they otherwise would not likely have assumed (Merits Decision, *supra*, at para. 351). Accordingly, Tulsiani and Tulsiani Investments were also found to have expressly or impliedly recommended the 400 series of bonds to investors which constituted unregistered advising, contrary to subsection 25(1)(c) of the Act (Merits Decision, *supra*, at paras. 235 and 248).

[9] Further, in their promotional activities relating to the 400 series of bonds, Tulsiani and Tulsiani Investments engaged in high pressure sales tactics as described at paragraph 6 above. It was also found that they made representations endorsing the investment despite being aware of the precarious financial position of the Project and despite an undisclosed conflict of interest (Merits Decision, *supra*, at para. 246).

[10] As a director or officer of MLIF, Chau was found to have authorized, permitted or acquiesced in the contraventions of subsections 25(1)(a), 53(1), 38(3) and 126.1(b) of the Act by MLIF and was therefore liable for such contraventions pursuant to section 129.2 of the Act (Merits Decision, *supra*, at para. 366). As a director or officer of Tulsiani Investments, Tulsiani was found to have authorized, permitted or acquiesced in the contraventions of subsections 25(1)(a) and 25(1)(c) of the Act by Tulsiani Investments and was therefore liable for such contraventions pursuant to section 129.2 of the Act (Merits Decision, *supra*, at para. 365).

[11] In the Merits Decision, we concluded that:

> The conduct of the Respondents was egregious and dishonest. They preyed on vulnerable investors, many of whom clearly did not understand the purported investments, and did not qualify for any exemptions. In the case of Chau and MLIF, they applied the proceeds of the investments in a manner that was contrary to their written and oral representations without regard to the consequences. In addition to contravening the Act in a number of material respects, the behaviour of the Respondents was reprehensible and contrary to the public interest.
>
> (Merits Decision, *supra*, at para. 379)

[12] The level of the Respondents' activity in the marketplace and the amounts raised by the Respondents were significant. The Respondents raised $4,475,000 from approximately 80 investors over a period of 19 months (Merits Decision, *supra*, at para. 62). Of the $4,475,000, $1,675,000 was raised by Chau and MLIF from the sale of the 100, 200 and 300 series of bonds from June 2007 to October 2008 and $2,800,000 was raised by all of the Respondents from the sale of the 400 series of bonds from December 2008 to January 2009 (Merits Decision, *supra*, at paras. 87, 118 and 177). Approximately $3,100,000 was not returned to investors (Merits Decision, *supra*, at para. 201). In many cases, investors had used their life savings or loans obtained through lines of credit secured against their homes to make their investments and the loss of their investments caused irreparable and significant harm to them (Merits Decision, *supra*, at paras. 82, 153, 155, 158 and 337).

[13] We acknowledge that Chau, on behalf of himself and MLIF, and Tulsiani, on behalf of himself and Tulsiani Investments, admitted certain facts or contraventions of the securities law at the Merits Hearing (Merits Decision, *supra*, at paras. 48-53). We also note that Chau expressed his "sincere regret for the outcome of [the] investment in the hotel project in Curacao" and asked the Panel to "allow [Chau and MLIF] the opportunity to amend the mistakes and do [their] best to compensate the investors from this point onward". Tulsiani also submitted that he felt "responsible" and that he "never intended anybody to get hurt, and – those members or investors were friends" (Hearing Transcript dated January 9, 2012 at pp. 32-33). Notwithstanding the foregoing, however, in our view, the Respondents have not demonstrated any meaningful appreciation of the severity of their illegal conduct or remorse for the harm caused by such conduct. We find that Chau's written submissions and Tulsiani's oral submissions as a whole demonstrate that they continue to attempt to justify their conduct, ascribe blame to others and refuse to accept responsibility for their actions.

[14] For instance, in Chau's written sanctions and costs submissions, he stated that he would not admit to the allegation that he and MLIF "had intentionally cheated on the investors". He characterized his action as "negligent", but nevertheless motivated by "good causes and intention", despite our findings that he knowingly engaged in fraud (Merits Decision, *supra*, at para. 345). He made statements contrary to the findings of the Panel, including that "the investment…was either paid to the property seller or spent on items related to the project" in circumstances where we made findings that the funds raised were used to pay existing investors, Chau's personal expenses and the ongoing operational expenses of MLIF and unrelated projects (Merits Decision, *supra*, at para. 377). He also blames investors for their losses in his written submissions, in which he stated that "investors should bear the responsibility of making their investments and know about the fact that there was always risks to investments".

[15] Tulsiani's oral submissions at the Sanctions and Costs Hearing reflect similar characteristics. Tulsiani made submissions about his involvement in the sale of the 400 series of bonds, including that (i) Chau was the one who conducted the presentations to investors; (ii) the funds raised from the sale of the 401 series of bonds remained in a trust account as represented to investors; (iii) the 402 series of bonds was not represented to investors as risk free; and (iv) he did not have knowledge of Chau's misappropriation of investor funds. Having heard evidence from investors and found in the Merits Decision that Tulsiani played a significant role in the presentations, the funds raised from the 401 series of bonds did not remain in a trust account, the investors understood that the 402 series of bonds had the same terms as the 401 series of bonds and Tulsiani was fully aware of the flow of funds, we find Tulsiani's unsworn statements to be unsupported by the facts and lacking credibility (Merits Decision, *supra*, at paras. 173-176, 184-187, 194 and 330). Based on the foregoing, we are of the view that Tulsiani failed to accept responsibility for his actions.

[16] Chau and Tulsiani also made submissions to the effect that they have no ability to satisfy monetary sanctions. Chau submitted that he is "practically pennyless". He provided us with a list of proposed sanctions, which includes monetary sanctions, and submits that:

> Only because of my wishes to make good what we have caused drove me forward. The ground-work we have laid down in Asia in the past year will likely flourish in the coming months. If I am allowed the time and the peace to accomplish the task, the investors should be able to recouperate a portion of their investments (about 33%). Any penalty harsher than the above cannot possibly be workable. That would only drive me off the edges. If I should give up on it all, it would not be in the best interest of the public.

[17] Tulsiani described himself as having "no money" and being "in great debt" (Hearing Transcript dated January 9, 2012 at p. 34).

[18] Although a respondent's ability to pay is one of the factors to be considered in determining the appropriate monetary sanctions, the Respondents made submissions only and provided no evidence to support their claims of impecuniosity. Accordingly, this factor will be given limited weight in our determination of the sanctions to be imposed, and in particular, the disgorgement orders and administrative penalties at paragraphs 29 to 46 below.

2. Trading and Other Market Prohibitions

[19] Staff submits that the Respondents should be subject to permanent prohibitions against market participation. In particular, Staff requests that the Respondents cease trading in securities permanently, that the acquisition of securities by the Respondents be prohibited permanently and that any exemptions in Ontario securities law do not apply to the Respondents permanently.

[20] In his written submissions, Chau provided a proposed list of sanctions for the Panel to consider which includes a permanent prohibition against "participating in any capital raising activities in Canada".

[21] Although Tulsiani indicated that he had no intention to trade in securities, he requested that the Panel consider ordering less than a permanent prohibition as requested by Staff. Tulsiani also asked the Panel to consider a carve-out to allow him to trade in or acquire securities in mutual funds for the account of his registered savings or pension plan. Staff does not object to such a trading carve-out being granted to Tulsiani, however, Staff requests that the carve-out only apply once Tulsiani has satisfied any financial orders made by the Panel, particularly with respect to disgorgement. Staff submits that this treatment is consistent with the Commission's jurisprudence and that it would be unfair for Tulsiani to trade securities for his own account prior to disgorging the funds that were illegally obtained from and lost by investors.

[22] Based on the sanctioning factors discussed above, we are of the view that the Respondents cannot be trusted to participate in the capital markets. The Respondents raised $4,475,000 through the sale of securities in contravention of the Act. This scheme, which we found to be fraudulent, affected over 80 investors and was conducted over a period of 19 months (Merits Decision, *supra*, at paras. 62 and 347). Further, the Respondents encouraged or counseled prospective investors to misstate their entitlement to be treated as accredited investors and deprived investors of an opportunity to carefully review subscription documents, including the accredited investor declaration forms (Merits Decision, *supra*, at paras. 352 and 373). Given this misconduct, the Respondents should not be permitted to trade in or acquire securities or rely on exemptions. Further, at the Sanctions and Costs Hearing, the Respondents failed to demonstrate either by oral or written submissions that they recognized the severity of their illegal conduct. To protect the public, we find that it is appropriate to impose permanent market prohibitions on the Respondents as requested by Staff.

[23] As Tulsiani did not provide the Panel with any details relating to the terms of his registered savings or pension plan, we do not consider it appropriate to exempt trading relating to such plan.

3. Director and Officer Bans

[24] Staff requests that Chau and Tulsiani resign all positions that they may hold as a director or officer of an issuer and that they be permanently prohibited from becoming or acting as a director or officer of any issuer or registrant.

[25] Chau agrees that he be permanently prohibited from becoming or acting as a director of any issuer in Canada, but made no reference to prohibitions against becoming or acting as an officer of an issuer or a director or officer of a registrant.

[26] Tulsiani made no specific submissions regarding the director and officer bans requested by Staff; however, he asked the Panel to consider that the "permanent ban" requested by Staff "be reduced" (Hearing Transcript dated January 9, 2012 at p. 34).

[27] In the Merits Decision, we found that Chau conducted this fraudulent scheme by distributing securities and misusing the corporate funds of MLIF of which he was the sole directing mind, director and officer, and was found to have authorized, permitted or acquiesced in MLIF's non-compliance with subsections 25(1)(a), 53(1), 38(3) and 126.1(b) of the Act (Merits Decision, *supra*, at paras. 347 and 366). Despite having knowledge of Chau's misuse of MLIF corporate funds, Tulsiani aided and abetted the fraudulent scheme by selling the 400 series of bonds through Tulsiani Investments, of which he was a directing mind, a director and officer, and was found to have authorized, permitted or acquiesced in Tulsiani Investments's non-compliance with subsections 25(1)(a) and 25(1)(c) of the Act (Merits Decision, *supra*, at paras. 351 and 365). In our view, the imposition of permanent director and officer bans requested by Staff will ensure that neither Chau nor Tulsiani will be placed in a position of control or trust with respect to any issuer or registrant in the future.

4. Reprimand

[28] We find it appropriate for Chau and Tulsiani to be reprimanded given the indifference shown by them to the consequences of their behaviour on the majority of the investors, many of whose lives were shattered by the loss of their investments and what they perceived as the humiliation resulting from being misled and defrauded. We think that a reprimand will provide the appropriate censure of their misconduct and will impress on the public the importance of complying with the Act. [1]

5. Disgorgement

[29] Subsection 127(1)10 of the Act provides that a person or company that has not complied with Ontario securities law can be ordered to disgorge to the Commission "any amounts obtained" as a result of the non-compliance. When determining the appropriate disgorgement orders, we are guided by a non-exhaustive list of factors set out in *Re Limelight Entertainment Inc.* (2008), 31 O.S.C.B. 12030 ("***Limelight Sanctions and Costs***") at para. 52.

[30] In Staff's submission, the Commission should order that Chau and MLIF disgorge $1,420,024 on a joint and several basis and that all of the Respondents disgorge $1,712,082 on a joint and several basis, to be allocated to or for the benefit of third parties, pursuant to subsection 3.4(2)(b) of the Act. Staff explained that the amounts are "all funds illegally obtained minus the amounts that were returned to investors" (Hearing Transcript dated January 9, 2012 at p. 17). Staff further submits that a joint and several disgorgement order that includes Tulsiani and Tulsiani Investments in relation to the amounts obtained from the sale of the 400 series of bonds is appropriate because "investors trusted Mr. Tulsiani and he abused their trust" (Hearing Transcript dated January 9, 2012, at p. 19).

[31] Chau submits that he "did not profit" from the investment scheme and that he would be able to "disgorge to the Commission an amount of CAD$1,000,000 for paying back to the bond holders only". He requests that "such money should be put in a separte [*sic*] account designated to the purpose of compensating the investors and for that purpose only". He submits that he would be able to disgorge the amount of $1,000,000 in 12 monthly instalments starting on February 15, 2012.

[32] Tulsiani made no specific submission with respect to disgorgement, only that the "penalties…be reduced" (Hearing Transcript dated January 9, 2012 at p. 34). Tulsiani also submits that he did not profit from selling the 400 series of bonds.

[33] Chau and MLIF were the perpetrators of a fraudulent scheme which involved the issuance of securities for which the registration and prospectus requirements of the Act were not satisfied. As a result of this fraudulent scheme, Chau raised $4,475,000 through MLIF, an entity which Chau controlled. Chau was found to have direct and total control of the funds received from the 100, 200 and 300 series of bond investors (Merits Decision, *supra*, at para. 345). He was also found to have diverted funds raised from all four series of MLIF bonds to pay his personal expenses and interest to existing bondholders and to fund MLIF's capital raising requirements (Merits Decision, *supra*, at para. 377). As a result, the investors' funds were fully dissipated and there was little or no prospect of the return of the principal amounts invested by the investors (Merits Decision, *supra*, at para. 329). In many cases, investors were irreparably harmed as they invested their life savings or monies obtained through lines of credits secured against their homes (Merits Decision, *supra*, at paras. 82, 153, 155, 158 and 337). A disgorgement order on a joint and several basis against Chau and MLIF is necessary to ensure that Chau and MLIF do not retain any financial

benefit from their respective breaches of the Act and to provide general and specific deterrence (*Re Sabourin* (2010), 33 O.S.C.B. 5299 ("***Sabourin Sanctions and Costs***") at para. 65; and *Limelight Sanctions and Costs*, *supra*, at para. 60).

[34] We note that of the total amount of $4,475,000 that was raised, $1,342,894 was returned to investors. More specifically, $1,275,000 was returned to investors and $67,894 was paid out as purported interest to holders of the MLIF bonds (Merits Decision, *supra*, at para. 201). To avoid double counting, in our determination of the disgorgement order to be made, we find it appropriate to take into account that some of the funds have been returned to investors in the form of purported redemptions or interest payments.

[35] The evidence shows that Tulsiani and Tulsiani Investments obtained $70,000 in commissions (Merits Reasons, *supra*, at para. 195). We find that it is appropriate to require Tulsiani and Tulsiani Investments to disgorge the $70,000 that they received to ensure that they do not retain any financial benefit from their respective breaches of the Act and to provide general and specific deterrence. As the role of Tulsiani and Tulsiani Investments was limited to the solicitation of funds and not their application, we do not find it appropriate to order that they jointly and severally disgorge $1,712,082 as requested by Staff.

[36] In our view, Chau and MLIF should jointly and severally disgorge the net amount that they obtained through the scheme, being $3,132,106, and that Tulsiani and Tulsiani Investments should be jointly and severally liable with Chau and MLIF to disgorge the commissions that they obtained, being $70,000. Accordingly, we make an order to that effect, namely, that Chau and MLIF jointly and severally disgorge $3,062,106 and MLIF, Chau, Tulsiani and Tulsiani Investments jointly and severally disgorge $70,000.

[37] The amounts paid to the Commission in satisfaction of a disgorgement order will be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act.

6. Administrative Penalty

[38] Staff seeks orders for the payment of an administrative penalty against Chau in the amount of $450,000 and against Tulsiani in the amount of $200,000, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act. Staff did not request administrative penalties against MLIF or Tulsiani Investments.

[39] Chau requests that the Panel consider a fine of $10,000 against him and MLIF. He submits that he would be able to pay the amount of $10,000 in 12 monthly instalments starting February 15, 2012.

[40] As discussed at paragraph 32 above, Tulsiani requests a penalty in an amount lower than what was requested by Staff.

[41] In our view, it is in the public interest to impose a significant administrative penalty against Chau. As we found in the Merits Decision, *supra*, at para. 345, "[Chau] was at the centre of the fraud, was primarily responsible for the creation, marketing and sales of the MLIF bonds, communicated directly and indirectly with MLIF bond investors and actively misled them. He also had direct and total control of the funds received from the 100, 200 and 300 series of bond investors". He preyed on vulnerable investors who did not understand the purported investments and did not qualify for any exemptions (Merits Decision, *supra*, at para. 379). We are of the view that a significant administrative penalty against Chau is necessary to achieve specific and general deterrence.

[42] With respect to Tulsiani, we will impose a lesser administrative penalty to reflect his involvement in the sale of the 400 series of bonds only. The administrative penalty is nonetheless significant because he played an integral role in the promotion of the 400 series of bonds, as described at paragraphs 8 and 9 above, and facilitated the raising of $2,800,000 out of the total of $4,475,000 that was raised. He preyed on vulnerable investors and induced investors to take risks that they otherwise would not have assumed, and the investors clearly relied on his representations to their detriment (Merits Decision, *supra*, at paras. 351 and 379).

[43] In determining the appropriate administrative penalties, we have considered the cases provided by Staff, including *Re Borealis International Inc.* (2011), 34 O.S.C.B. 5261, *Re White* (2010), 33 O.S.C.B. 8893, *Limelight Sanctions and Costs*, *Re Al-Tar Energy Corp.* (2011), 34 O.S.C.B. 447 and *Sabourin Sanctions and Costs*. We find the amounts proposed by Staff to be within the range of penalties ordered by the Commission against respondents involved in similar misconduct and proportional to the circumstances and conduct of each Respondent.

[44] Accordingly, we order that Chau pay an administrative penalty in the amount of $450,000 and that Tulsiani pay an administrative penalty in the amount of $200,000.

[45] Staff did not request that an administrative penalty be ordered against MLIF or Tulsiani Investments and, accordingly, we have not done so.

[46] The amounts paid to the Commission in satisfaction of an administrative penalty will be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act.

B. Costs

[47] Pursuant to subsections 127.1(1) and 127.1(2) of the Act, the Commission has discretion to order a person or company to pay the costs of an investigation and hearing if the Commission is satisfied that the person or company has not complied with the Act or has not acted in the public interest.

[48] Staff requested that the Respondents pay, on a joint and several basis, a total of $245,536.31 representing the costs incurred in relation to the Merits Hearing. Staff has submitted a bill of costs supporting that amount. We accept that the amount claimed by Staff represents only a portion of Staff's costs related to this proceeding and does not include the costs of the investigation in the matter or the time spent preparing for and attending the Sanctions and Costs Hearing.

[49] Staff submits that it is appropriate to make a joint and several order against all of the Respondents with respect to costs because Staff's case with respect to the 100, 200 and 300 series of bonds, which only involved Chau and MLIF and did not involve Tulsiani and Tulsiani Investments, was less complicated, took less time to prove and required fewer witnesses than the case with respect to the 400 series of bonds which involved Tulsiani and Tulsiani Investments. Although counsel for Tulsiani and Tulsiani Investments appeared and made certain admissions at the commencement of the Merits Hearing, they were, in Staff's view, "bare admissions" which required Staff to prove its case in its entirety. Further, Staff notes that the money raised pursuant to the 400 series of bonds was more than the money raised pursuant to the 100, 200 and 300 series of bonds.

[50] Chau submits that he would be able to pay $100,000 in costs to the Commission in 12 monthly instalments starting on February 15, 2012.

[51] Tulsiani made no submissions with respect to costs.

[52] In our view, it is appropriate to require that the Respondents pay costs in the total amount of $245,500, allocated on the sums of $163,700 to Chau and MLIF on a joint and several basis and $81,800 to Tulsiani and Tulsiani Investments on a joint and several basis.

[53] Although Chau and MLIF made certain factual admissions which were provided to Staff and read into the record at the outset of the Merits Hearing, Chau and MLIF contested a number of allegations made by Staff, and in particular, the fraud allegations, all of which were ultimately established by Staff in their case against these Respondents. Accordingly, we order that Chau and MLIF pay costs in the amount of $163,700 on a joint and several basis.

[54] We are of the view that Tulsiani and Tulsiani Investments should jointly and severally pay costs in the amount of $81,800 in recognition of their more complete admissions of certain breaches of the Act through their counsel at the commencement of the Merits Hearing. Further, Staff's case against them was limited to breaches of section 25 of the Act and Tulsiani's liability as the director of Tulsiani Investments, all of which arose out of their involvement in the sale of the 400 series of bonds.

III. CONCLUSION

[55] We conclude that it is in the public interest to make the following orders and are of the view that the sanctions imposed will deter the Respondents and other like-minded individuals from engaging in similar misconduct in the capital markets in the future and that the sanctions are proportionate to the circumstances and conduct of each Respondent:

(a) Pursuant to clause 2 of subsection 127(1) of the Act, MLIF, Chau, Tulsiani Investments and Tulsiani shall cease trading in securities permanently;

(b) Pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of securities by MLIF, Chau, Tulsiani Investments and Tulsiani is prohibited permanently;

(c) Pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to MLIF, Chau, Tulsiani Investments and Tulsiani permanently;

(d) Pursuant to clause 6 of subsection 127(1) of the Act, Chau and Tulsiani are reprimanded;

(e) Pursuant to clause 7 of subsection 127(1) of the Act, Chau and Tulsiani shall resign all positions that they may hold as a director or officer of an issuer;

(f) Pursuant to clause 8 of subsection 127(1) of the Act, Chau and Tulsiani are prohibited from becoming or acting as a director or officer of any issuer permanently;

(g) Pursuant to clause 8.2 of subsection 127(1) of the Act, Chau and Tulsiani are prohibited from becoming or acting as a director or officer of a registrant permanently;

(h) Pursuant to clause 9 of subsection 127(1) of the Act, Chau shall pay an administrative penalty in the amount of $450,000, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(i) Pursuant to clause 9 of subsection 127(1) of the Act, Tulsiani shall pay an administrative penalty in the amount of $200,000, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(j) Pursuant to clause 10 of subsection 127(1) of the Act, MLIF and Chau shall jointly and severally disgorge to the Commission the amount of $3,062,106 obtained as a result of their non-compliance with Ontario securities law, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(k) Pursuant to clause 10 of subsection 127(1) of the Act, MLIF, Chau, Tulsiani Investments and Tulsiani shall jointly and severally disgorge to the Commission the amount of $70,000 obtained as a result of their non-compliance with Ontario securities law, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(l) Pursuant to section 127.1 of the Act, MLIF and Chau shall jointly and severally pay costs in the amount of $163,700; and

(m) Pursuant to section 127.1 of the Act, Tulsiani Investments and Tulsiani shall jointly and severally pay costs in the amount of $81,800.

[56] We will issue a separate order giving effect to our decision on sanctions and costs.

Dated at Toronto this 22nd day of March, 2012.

“Christopher Portner”

“Paulette L. Kennedy”

3.1.2 ONE Financial Corporation and ONE Financial All-Weather Profit Family Corp.

March 23, 2012

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Attention: Tracy L. Hooey

Re: ONE Financial Corporation and ONE Financial All-Weather Profit Family Corp.

Preliminary Prospectus dated October 5, 2011 (the **Prospectus**) – SEDAR Project No. 1845211

This letter sets out my decision as Director on an Opportunity to be Heard (**OTBH**) held on February 28, 2012 and February 29, 2012 in respect of staff's recommendation to refuse to issue a receipt for the Prospectus. I have received extensive written materials from both ONE Financial Corporation (**ONE Financial**) and staff (**Staff**) of the Ontario Securities Commission (the **Commission**), and I have reviewed and considered both the written materials and oral submissions made to me.

Based on the materials and submissions made by the parties, I accept Staff's recommendation that a receipt not be issued for the Prospectus for the reasons set out below.

This Decision follows closely the completion of the OTBH and subsequent written submissions provided on March 2, 2012 and March 13, 2012. This is at the request of ONE Financial. Accordingly, the Decision highlights the key policy considerations that form the basis of my determination.

Finally, I note that Staff in their written materials identified several issues still to be addressed prior to the issuance of the receipt for the Prospectus, outside of the scope of the OTBH.[1] I have made no determination with respect to these issues.

I. Background

On October 5, 2011, ONE Financial filed a draft prospectus on a confidential pre-filing basis with the Commission on behalf of the All-Weather Profit Family Corp. (the individual share classes of which are referred to as a **Fund**). Each Fund is a commodity pool whose investment objectives include potentially gaining exposure to a reference fund (each, an **Investment Pool**) by way of a forward agreement.

Staff provided comments on the draft prospectus on October 28, 2011 and ONE Financial responded to the comments on November 11, 2011. On December 2, 2011, Staff provided a further comment letter that advised ONE Financial that Staff would be hesitant to recommend a receipt for the draft prospectus on the basis that it would not be in the public interest to do so.

On December 29, 2011, ONE Financial filed the Prospectus. Staff issued a comment letter in connection with the Prospectus on January 13, 2012 and ONE Financial responded to the comment letter on January 31, 2012. In its response letter, ONE Financial indicated that it wished to exercise its opportunity to be heard by the Director under subsection 61(3) of the *Securities Act* (Ontario) (the **Act**).

In connection with the OTBH, ONE Financial filed a Memorandum of Argument and supporting materials on February 13, 2012. On that same date, ONE Financial also filed a revised draft of the Prospectus. This revised draft of the Prospectus is the only one submitted by either of the parties at the OTBH and is therefore the version of the Prospectus that I refer to and rely on throughout this decision.

Staff filed their written submissions and supporting materials on February 23, 2012. The OTBH was held on February 28 and 29, 2012 at the offices of the Commission. Additional written submissions were received from Staff on March 2, 2012 and from ONE Financial on March 13, 2012.

II. Issues

In their February 23, 2012 and March 2, 2012 written submissions and at the OTBH, Staff argued that a receipt for the Prospectus should not be issued on the basis of the following elements:

[1] *Written Submissions of Staff of the Commission* (23 February 2012) at para 113.

(A) the payment of the Collateral Investment Compensation (defined below) to ONE Financial;

(B) the Advisor Performance Bonus (defined below);

(C) the following disclosure issues in the Prospectus:

(i) the disclosure of the fee payable to the counterparty in respect of the forward agreements;

(ii) the inclusion of the Indices (defined below) in the Prospectus; and

(iii) the disclosure of the Funds' use of leverage;

(D) issues related to the following forward agreement structures that may be used by the Funds:

(i) the forward purchase agreement and forward sale agreement; and

(ii) the prepaid forward agreement;

(E) the failure of ONE Financial to file a prospectus for the Investment Pools; and

(F) the payment of the Advisory Fee (defined below) to ONE Financial.

Staff submit that, as a result of the above elements, issuing a receipt for the Prospectus would be contrary to the public interest. Furthermore, Staff submit that the Prospectus "appears to not comply with the requirements of the Act or the regulations; and contains statements, promises, estimates or forward-looking information that are misleading".[2]

For the reasons set out below, with respect to each of the elements above (except items (D)(i) and (E), where I have made no determination for reasons discussed below, and item (C)(iii)) I accept Staff's recommendation that a receipt not be issued for the Prospectus. That is, issuing a receipt for the Prospectus in light of each of these items, taken alone or cumulatively, would be contrary to the public interest. Moreover, in respect of items (C)(i) and (C)(ii) above, these elements comprise or contain misleading statements, promises or estimates, and in respect of (C)(ii), the inclusion of the Indices does not comply with the requirements of the regulations under the Act.

III. Legislative Framework for Commodity Pools

Each Fund is a commodity pool, which is a specialized type of mutual fund that uses certain alternative investment strategies involving specified derivatives and physical commodities beyond what is permitted by National Instrument 81-102 *Mutual Funds* (**NI 81-102**). Like conventional mutual funds, commodity pools are in continuous distribution and permit daily redemptions of their securities at net asset value (**NAV**), and the securities of commodity pools are generally not listed on a stock exchange.

National Instrument 81-104 *Commodity Pools* (**NI 81-104**) exempts commodity pools from the application of several of the investment restrictions in NI 81-102 to allow commodity pools liberalized use of derivatives, leverage strategies and physical commodities. NI 81-104 also provides commodity pools with an exemption from the concentration restrictions in NI 81-102 in connection with a commodity pool's exposure to a counterparty in a specified derivatives transaction.

Section 1.4 of Companion Policy 81-104CP (**81-104CP**) states that the Canadian Securities Administrators (the **CSA**) considered the following regulatory principles in developing and implementing NI 81-104:

(a) *Commodity pools should be regulated in the same manner as conventional mutual funds, except in respect of their use of specified derivatives and leverage strategies.* Therefore, commodity pools are defined in NI 81-104 as a type of mutual fund, so that the rules of NI 81-102, and other applicable securities legislation apply except as provided otherwise in NI 81-104. [emphasis added]

(b) *Commodity pools should be granted greater freedom in their use of specified derivatives and leverage strategies than conventional mutual funds, in exchange for requirements which, among other things, are aimed at increasing the information available to investors* about the investment strategies, risks and on-going performance of commodity pools. Therefore, NI 81-104 generally exempts commodity pools from the specified derivative rules of NI 81-102. [emphasis added]

With this in mind, NI 81-104 imposes higher proficiency and supervisory requirements on dealers who trade in securities of a commodity pool than on those who trade in securities of conventional mutual funds.

[2] *Ibid* at para 1.

Finally, unlike conventional mutual funds, commodity pools file a long form prospectus in accordance with the requirements of Form 41-101F2 *Information Required in an Investment Fund Prospectus* (**Form 41-101F2**). Moreover, commodity pools are required to include certain prescribed warning language on the cover page of their prospectuses that is not required of other types of investment funds.

IV. Applicable Provisions and the Extent of the Director's Discretion

The OTBH engages the Director's jurisdiction under subsection 61(1) and clauses 61(2)(a)(i) and 61(2)(a)(ii) of the Act.

Subsection 61(1) of the Act states that, subject to specified exceptions, the Director shall issue a receipt for a prospectus "unless it appears to the Director that it is not the public interest to do so".

Subsection 61(2) of the Act states in part that the Director

> "shall not issue a receipt for a prospectus or an amendment to a prospectus if it appears to the Director that,
>
> (a) the prospectus or any document required to be filed with it,
>
> (i) does not comply in any substantial respect with any of the requirements of this Act or the regulations,
>
> (ii) contains any statement, promise, estimate or forward-looking information that is misleading, false or deceptive…"

Meaning of Public Interest in the Context of Subsection 61(1) of the Act

Both ONE Financial and Staff refer to *Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission) (**Asbestos**)* as informing the scope of the public interest jurisdiction in the context of subsection 61(1) of the Act. In that case, the Supreme Court of Canada, in considering the public interest jurisdiction under section 127 of the Act, declared that the Commission has broad discretion to intervene in Ontario capital markets if it is in the public interest to do so. However, the court held that such discretion is not unlimited; it must be exercised with reference to the purposes of the Act as set out in section 1.1 of the Act.[3] Staff and ONE Financial both submit that the Director must also have regard to the principles outlined in section 2.1 of the Act.[4]

The purposes of the Act as detailed in section 1.1 of the Act are,

(a) to provide protection to investors from unfair, improper or fraudulent practices; and

(b) to foster fair and efficient capital markets and confidence in capital markets.

Staff submit that, even though the purposes of the Act as detailed in section 1.1 are to a large degree complementary, the purposes do not have to be treated equally in a given case, so long as they are both considered.[5] I agree with Staff's submission that in a retail-focused context, such as the mutual fund industry, confidence in capital markets and investor protection gain more prominence.[6]

In considering the public interest jurisdiction under subsection 61(1) of the Act, Staff argue that the Commission has stated that there is no requirement that the Director find a breach of the Act or related instruments, or that, in the absence of a breach, the transaction be "abusive". In support of this proposition, Staff cite the Commission decisions in *Biovail Corp. (Re)* and *Guard Inc., Re*.[7] Staff also argue that the discretion granted to the Director under subsection 61(1) is broader than the public interest jurisdiction that the Commission has typically exercised under subsection 127(1) of the Act, and gives the Director some degree of "blue sky" discretion.[8]

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3 *Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, 2001 SCC 37, [2001] 2 SCR 132 at paras 39-41.

4 S*upra* note 1 at para 15; *Memorandum of Argument of ONE Financial Corporation and ONE Financial All-Weather Profit Family Corp.* (13 February 2012) at para 13.

5 *Supra* note 1 at paras 14-16.

6 *Ibid* at para 20.

7 *Biovail Corp. (Re)*, (2010), 33 OSCB 8914 at paras 382, 388-389 [*Biovail*]; *Guard Inc., Re*, (1996), 19 OSCB 3737 at 3743 [*Guard*].

8 *Ibid*.

In its submissions, ONE Financial argues that "in the case of a commodity pool, the scope of the Director's public interest jurisdiction is tightly constrained by the specificity of applicable instruments, which provide a comprehensive code respecting the obligations of commodity pool issuers and leave little room for supplementary public interest consideration."[9] ONE Financial further submits that because a prospectus in the context of an initial public offering (**IPO**) is incapable of affecting the pre-existing rights of any member of the public, the animating principles of the Act must be premised fundamentally upon the quality of the disclosure, where the viability of the issuer is not in question.[10] I disagree.

The rapid pace of product and market innovation does not always make it possible for rule-making to keep pace with product and market developments. In this context, I agree with Staff's submission that National Instruments may inform the Director's discretion,[11] but, as Staff submitted at the OTBH, the Commission has stated that it should not be supposed that specific rules necessarily exhaust all of the policy concerns which led to the implementation of the rules in the first place.[12]

In my experience, an IPO prospectus for an investment fund can give rise to concerns about whether the product is consistent with the purposes and animating principles of the Act, beyond the quality of the disclosure in the prospectus. In a dynamic market environment, it is important for the Director to have broad discretion when it comes to determining whether it is in the public interest to issue a receipt for a prospectus. This is consistent with the Supreme Court of Canada's decision in *Asbestos*.[13]

In exercising a broad public interest discretion, I am mindful of the guidance provided in the Commission decisions referred to by both ONE Financial and Staff. Specifically, I recognize that the public interest jurisdiction must be exercised with some caution and restraint,[14] and that caution needs to be exercised where intervention in the public interest would amount to an amendment of the existing law or policies.[15] I note that I do not consider the public interest jurisdiction I have exercised in this decision to constitute intervention that would amount to any amendment of existing law or policies.

Onus and Standard of Proof for the OTBH

Both ONE Financial and Staff agree that Staff bear the onus of proving that (i) the issuance of a receipt for the Prospectus would be contrary to the public interest, (ii) the prospectus does not comply in any substantial respect with the requirements of the Act or the regulations, or (iii) the prospectus contains any statement, promise, estimate or forward-looking information that is misleading.

I accept the submissions of Staff that the standard applicable to Staff in establishing that a receipt should not be granted for the Prospectus is the balance of probabilities.[16] That is, "whether it is more likely than not" that the issuance of a receipt would be contrary to the public interest, that the Prospectus does not substantially comply with the requirements of the Act, or that the Prospectus contains misleading statements, promises, estimates or forward-looking information.

Precedent Prospectuses

ONE Financial submits that the Director, in exercising her public interest jurisdiction under subsection 61(1) of the Act, should take into consideration where other issuers have received receipts for prospectuses that have the same or similar disclosure, or attributes of, those that Staff are objecting to in the OTBH.[17] At the OTBH, counsel for ONE Financial argued that precedents must have value as they are one of the only ways counsel have for advising clients as to what kinds of structures and disclosure are appropriate. Moreover, previously receipted prospectuses create reasonable expectations among market participants.

While I would agree that receipted prospectuses have some value in demonstrating to market participants the level of disclosure, attributes of a product or investment strategies for which Staff have, in the past, been prepared to recommend a prospectus receipt, I accept Staff's submission that the precedential value of previously receipted prospectuses is limited and in no way confines the Director's public interest jurisdiction under subsection 61(1) of the Act. In their submissions, Staff referred to the Commission's statement in *Guard Inc., Re*,

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9 *Memorandum of Argument of ONE Financial Corporation and ONE Financial All-Weather Profit Family Corp.* (13 February 2012) at para 20.III.

10 *Ibid* at para 18.

11 *Supra* note 1 at para 34.

12 *H.E.R.O. Industries Ltd. (Re)*, (1990), 13 OSCB 3775 at 3788.

13 *Supra* note 3.

14 *Biovail, supra* note 7 at para 374.

15 *Supra* note 9 at para 20.IV; *Financial Models Co. (Re)*, (2005), 28 OSCB 2184 at para 54.

16 *Maple Leaf Investment Fund Corp. (Re)*, (2011), 34 OSCB 11551 at paras 42-43.

17 *Supra* note 9 at para 20.V.

> "While it may be reasonable for counsel to consider past decisions of the Commission and the Director in advising clients, *the fact that a receipt has issued in the past for a prospectus does not necessarily mean that the Director, in exercising her discretion under the Act, must issue a receipt for a similar prospectus in the future*. Counsel should exercise some caution in relying on such precedents, particularly given the selective review system for prospectuses that is now in place."[18]

At the OTBH, Staff argued that at least since the Commission decision in *Guard Inc., Re*, the reasonable expectations of market participants should be informed by the statement quoted above regarding previously receipted prospectuses. I agree.

Finally, I note that no precedent prospectus has been provided to me by ONE Financial that contains all the elements of the Prospectus that Staff is objecting to in the OTBH.

V. Discussion of the Issues

As identified above, Staff have raised nine grounds for refusing to issue a receipt for the Prospectus. Other than with respect to (i) the use of forward sale agreements and forward purchase agreements and the failure to file a prospectus for the Investment Pools, for which I have made no determination, and (ii) the leverage disclosure in the Prospectus, I accept Staff's recommendation that each of these grounds is sufficient on its own for refusing a receipt, for the reasons set out below. Alternatively, even if any of the grounds would not be sufficient in itself to refuse a receipt, in my view their cumulative effect is sufficient to find it is not in the public interest to issue a receipt for the Prospectus. A discussion of each of the issues follows.

A. Collateral Investment Compensation

Submissions

The Prospectus discloses that the interest income generated from Collateral Investments (the **Collateral Investment Compensation**) held by the Funds or the Investment Pools from time to time will be payable to ONE Financial in its capacity as principal broker of the Funds.

The Prospectus defines "Collateral Investments" as,

> "cash and cash investments in investment grade debt, money market instruments, or demand deposits of Canadian chartered banks, or similarly rated foreign denominated investments, held by a [Fund] or an Investment Pool including on account of initial and maintenance margin and reserves for the variation thereof."[19]

Staff submit that the Collateral Investment Compensation is contrary to the public interest on the basis that the Prospectus disclosure does not allow prospective investors to know the total compensation payable to ONE Financial, and that the payment of the Collateral Investment Compensation to ONE Financial is not consistent with the standard of care expected of an investment fund manager under the Act.

With respect to the disclosure, Staff argue that the Prospectus does not display the Collateral Investment Compensation as part of the management fee, but rather as an operating expense, which makes it difficult for an investor to identify and assess the impact this fee would have on an ongoing basis.[20] More significantly, Staff submit that, because the Collateral Investment Compensation is variable, it is difficult for prospective investors to know in advance what the total compensation earned by ONE Financial will be.[21]

In response, ONE Financial argues that there is comprehensive disclosure of the Collateral Investment Compensation in the Prospectus[22] that is consistent with the law of fiduciaries, which states that a fiduciary may enter into a fully agreed and disclosed compensation arrangement with the beneficiary of the fiduciary duty.[23]

ONE Financial further submits that while it is not possible to disclose this form of compensation as a component of the management fee, as it will vary depending on prevailing interest rates and the amount of cash held from time to time, the Collateral Investment Compensation will be fully disclosed to investors as a component of each Fund's management expense

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18 *Guard*, *supra* note 7 at 3744 [emphasis added].

19 Draft Prospectus of All-Weather Profit Family dated February 13, 2012 at 15, submitted as evidence in the *Book of Authorities of Staff of the Commission* (23 February 2012) at Tab 9.

20 *Supra* note 1 at para 38.

21 *Ibid* at paras 40-45.

22 *Supra* note 9 at para 42.

23 *Ibid* at paras 44-45.

ratio (**MER**) in the Funds' subsequent continuous disclosure.[24] In this regard, ONE Financial argues that the variable nature of the Collateral Investment Compensation is similar to fees payable to third-party service providers, such as legal, audit or custodial fees. In addition, ONE Financial proposes to disclose in the Prospectus an estimate of the first year's Collateral Investment Compensation prior to publishing the first MERs and financial statements of the Funds, to provide investors with sufficient disclosure of their anticipated ownership costs.[25]

At the OTBH, counsel for ONE Financial also argued that the Collateral Investment Compensation cannot be found contrary to the public interest because of the legislative history surrounding the structure of these fees. Specifically, OSC Policy 11.4 *Commodity Pool Programs* (**Policy 11.4**), the predecessor to NI 81-104, required that any interest or other income earned by any portion of a commodity pool's assets accrue solely to the benefit of the commodity pool. Moreover, the manager of a commodity pool was prohibited from taking any action with respect to the assets or property of the commodity pool which does not benefit the commodity pool.[26] ONE Financial submitted that these requirements from Policy 11.4 were not carried over into NI 81-104 on the basis that the CSA believed that "generally the appropriate regulatory approach to fees is to mandate their disclosure, but not regulate the quantum".[27] Accordingly, ONE Financial argued at the OTBH that the appropriate approach to the Collateral Investment Compensation is disclosure.

In response, at the OTBH Staff focused on the CSA's use of the word "generally". Staff argued that the CSA recognized that there may be situations where regulating the quantum of fees would be appropriate, and that the legislative history of NI 81-104 should not be read as limiting the Director's public interest jurisdiction in connection with commodity pools. At the OTBH, Staff submitted that their primary concern was with the disclosure of the Collateral Investment Compensation in the Prospectus, and indicated that they would be prepared to accept a maximum placed on the Collateral Investment Compensation, as a way to mitigate Staff's concern that prospective investors cannot discern the total fee payable to ONE Financial.

In addition to disclosure, Staff also submit that the Collateral Investment Compensation is not consistent with the standard of care expected of investment fund managers under section 116 of the Act, as it is contrary to the presumption that assets of a mutual fund are invested for the benefit of securityholders. According to Staff, diverting revenue generated by an investment fund's portfolio assets to the investment fund manager impairs an investor's ability to benefit from the returns of the fund's portfolio and is not in the best interests of the fund.[28] In light of the conflict of interest inherent in the structure, Staff argue that the use of the Funds' assets for the benefit of ONE Financial is inconsistent with ONE Financial's statutory duties towards the Funds.[29]

In contrast, ONE Financial submits that the Collateral Investment Compensation payment structure is not uncommon in the managed futures industry generally.[30] Furthermore, ONE Financial is able to offer its services at a lower fixed fee as a consequence of the income generated from the Collateral Investment Compensation.[31]

Determination

In my view, a key aspect of a prospective investor's consideration when making an investment decision is the cost of ownership. ONE Financial submits that it is settled law that a fiduciary may receive remuneration for *fully agreed and disclosed* compensation arrangements.[32] On a balance of probabilities, however, I find the variable nature of the Collateral Investment Compensation makes it more likely than not that it will not be possible for prospective investors to fully agree to such a payment, as the total compensation payable to ONE Financial is not fully disclosed.

On this point I agree with Staff's submission that the inclusion of an estimate of the total Collateral Investment Compensation in the Prospectus is of little utility,[33] as is the subsequent disclosure of the MER. Neither disclosure, in my view, enables potential investors to determine the total compensation that will be payable to ONE Financial, since absent a maximum limit placed on the Collateral Investment Compensation, the amount payable could be unlimited.

The Commission has stated that disclosure by reporting issuers is a fundamental cornerstone of securities regulation.[34] Accurate and efficient disclosure is fundamental to protect investors from unfair or improper practices and to foster fair and

24 *Ibid* at para 46.

25 *Ibid* at para 47.

26 OSC Policy 11.4 *Commodity Pool Programs*, s E.II.4, as replaced by NI 81-104.

27 *Notice of Proposed National Instrument 81-104 and Companion Policy 81-104CP Commodity Pools*, Mutual Fund Rules Supplement to the OSC Bulletin, 20 OSC(Supp2) 109 (27 June 1997) at 113.

28 *Supra* note 1 at para 47.

29 *Ibid* at paras 46-50.

30 *Supra* note 9 at para 39.

31 *Ibid* at para 41.

32 *Ibid* at paras 44-45.

33 *Supra* note 1 at para 39.

34 *Biovail*, *supra* note 7 at para 376.

efficient capital markets and confidence in those markets.[35] I consider this to be particularly relevant with respect to the fees and expenses that are payable by a mutual fund, since these costs reduce the fund's (and ultimately, the investors') return; and with respect to the fees payable by the mutual fund to the investment fund manager, given the fundamental role of the manager in the organization and ongoing oversight of the mutual fund. Accordingly, confidence in the capital markets is crucial in this area.

I further agree with Staff that the payment of the Collateral Investment Compensation to ONE Financial, in its capacity as principal broker, gives rise to a potential conflict of interest. That is, as investment fund manager and portfolio manager, ONE Financial is required to manage the Funds' portfolios in the best interests of the Funds, while as principal broker, ONE Financial has an interest in making the Funds invest in Collateral Investments, as any interest earned on these investments is paid to ONE Financial. In my view, this potential conflict of interest related to the Collateral Investment Compensation, in addition to the variable nature of the payment, heightens the need for prospective investors to have disclosure in the Prospectus that allows them to determine what the total compensation payable to ONE Financial will be.

While I accept the proposition that generally, the appropriate regulatory approach to fees is to mandate their disclosure, not regulate the quantum, I disagree with the submission made by counsel for ONE Financial at the OTBH that it is not necessary, in the public interest, for ONE Financial to impose a hard maximum on the Collateral Investment Compensation.

Based on the specific facts before me, namely, the potential conflict of interest and the variable nature of the payment, I agree with Staff's submission that absent the inclusion in the disclosure of the Prospectus of a maximum limit on the Collateral Investment Compensation, issuing a receipt for the Prospectus would be contrary to the public interest under section 61(1) of the Act.

On this point, I note that the only precedent to which ONE Financial directed me has a maximum limit on compensation substantially similar to the Collateral Investment Compensation.

With respect to section 116 of the Act, while I agree with Staff that the Collateral Investment Compensation creates a potential conflict of interest for ONE Financial, based on the facts before me I do not find the payment of the Collateral Investment Compensation to ONE Financial to be inconsistent with ONE Financial's duties under section 116 of the Act. The CSA have recognized that the structure of the fund industry creates the potential for the interests of fund investors to diverge from the pecuniary interests of the fund manager, and that this risk is exacerbated by the fact that, in many cases, related parties provide all of the requisite services to the fund.[36] However, in my view not all potential conflicts of interest will result in a breach of the fund manager's duties under the Act. I note that the CSA introduced National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**) to provide "for the independent review and oversight of the conflicts faced by the fund manager in the operation of the investment fund."[37] The potential conflict of interest for ONE Financial raised by the Collateral Investment Compensation is, in my view, the type of "business" or "operational" conflict intended to be captured by NI 81-107.

Furthermore, in light of the evidence provided by ONE Financial with respect to the use of this payment structure in the managed futures industry generally, as well as its impact on fees, I am satisfied that the Collateral Investment Compensation is not inconsistent with the statutory duties of ONE Financial as an investment fund manager.

Finally, I note that Staff had queried whether ONE Financial has the appropriate registration status to act as principal broker with respect to the activities associated with the Collateral Investments.[38] In subsequent written submissions dated March 2, 2012, Staff stated that, based on the information contained in an e-mail provided by counsel for ONE Financial dated February 29, 2012, the concerns previously expressed by Staff regarding the requisite registration status of ONE Financial, in the context of the Collateral Investment Compensation, have been addressed.[39] Accordingly, in my view I do not have to make a determination on this issue.

B. Advisor Performance Bonus

Submissions

The Prospectus discloses that brokers, dealers and advisors of clients holding any series of shares of a Fund may also be paid a portion of the performance bonus earned by ONE Financial in its capacity as investment fund manager of the Funds in respect of that Fund (the **Advisor Performance Bonus**). The Advisor Performance Bonus is calculated as 15 per cent of the performance bonus earned by ONE Financial.

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35 *Securities Act*, RSO 1990, c. S. 5, s 2.1(2).

36 *Notice of National Instrument 81-107 Independent Review Committee for Investment Funds*, National Instrument 81-107 Independent Review Committee for Investment Funds Supplement to the OSC Bulletin, 29 OSCB (28 July 2006) at 3-4.

37 *Ibid* at 5.

38 *Supra* note 1 at paras 54-55.

39 *Additional Written Submissions of Staff of the Commission* (2 March 2012) at para 3.

Staff argue that National Instrument 81-105 *Mutual Fund Sales Practices* (**NI 81-105**) prohibits payments to advisors other than in the form of sales commissions or trailing commissions that comply with Part 3 of NI 81-102. In their submissions, Staff disagree with the characterization of the Advisor Performance Bonus as a trailing commission contemplated by Part 3 of NI 81-105, as it is based solely on the performance of the Fund.[40] Accordingly, Staff submit that the Advisor Performance Bonus is prohibited by NI 81-105.

Additionally, Staff argue that the payment of the Advisor Performance Bonus in addition to a trailing commission already payable to the advisor at competitive industry rates[41] creates a potential conflict of interest where an advisor may recommend the Funds to an investor because of the potential for receiving the Advisor Performance Bonus, rather than because of the suitability of the Fund for the investor. Staff submit that this new type of fee arrangement is contrary to the spirit and intent of NI 81-105, as contemplated by sections 2.2 and 2.4(2) of Companion Policy 81-105CP (**81-105CP**) and is therefore contrary to the public interest.[42]

In contrast, ONE Financial argues that the Advisor Performance Bonus is consistent with the express requirements and the spirit and intent of NI 81-105. In its submissions, ONE Financial argues that Part 3 of NI 81-105 prohibits a variable trailing commission that is based on the level of sales by the advisor. This prohibition is intended to remove the conflict inherent in advisors seeking to achieve specific asset and sales thresholds in order to receive compensation in respect of mutual fund sales.[43] According to ONE Financial, as the rate payable pursuant to the Advisor Performance Bonus is always fixed, it does not contravene NI 81-105. In fact, ONE Financial submits that the Advisor Performance Bonus aligns the interests of advisors with those of their clients. Since an advisor will only receive the Advisor Performance Bonus if the Funds perform well, the advisor has an incentive to monitor the anticipated performance of the Funds at the point of sale and in subsequent periods, as his or her compensation is dependent on the Funds' performance.[44]

At the OTBH, counsel for ONE Financial argued that NI 81-105 contemplates that more than one trailing commission could be paid to advisors, so long as the commissions do not violate the express wording of the Instrument. Since NI 81-105 does not limit the quantum of the trailing commission payable to advisors, there are no grounds to find the Advisor Performance Bonus problematic on the basis that, when combined with the trailing commission, it results in too high a compensation being paid to advisors whose clients have securities of the Funds in their accounts.

Finally, ONE Financial submits that, as the Funds are commodity pools, the higher proficiency and supervisory requirements imposed by NI 81-104 on advisors who sell the Funds will help ensure that they will only recommend the Funds where the investment is suitable for the investor.[45] Moreover, given that non-investment fund issuers and issuers in the exempt market pay bonuses to advisors substantially similar to those described in the Prospectus, there is no basis for having different forms of compensation payable to advisors on products with similar attributes.

Determination

The question of whether the Advisor Performance Bonus complies with NI 81-105 is difficult. I note that the only precedents to which ONE Financial has directed me involve either corporate issuers or investment funds sold under a prospectus exemption, neither of which are subject to NI 81-105.

Even if I accept the submissions of ONE Financial that the Advisor Performance Bonus complies with the express requirements of Part 3 of NI 81-105, in keeping with the general purpose of the Instrument as set out in Part 2 of 81-105CP, I nonetheless have to consider whether the Advisor Performance Bonus undermines, compromises or conflicts with the fundamental obligations outlined in subsection 2.2(2) of 81-105CP. For the reasons stated below, I believe it more likely than not that it does. Accordingly, I find the issuance of a receipt for the Prospectus while it contemplates the Advisor Performance Bonus to be contrary to the public interest.

I agree that Part 3 of NI 81-105 is intended to ensure that the rate of sales commissions and trailing commissions payable to advisors is not dependent on the level of sales achieved, so as not to create an incentive on the part of advisors to recommend a mutual fund without adequate regard to the merits of the investment. However, I do not agree with the submissions made by ONE Financial that this objective is the animating concern underlying the Instrument.[46]

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40 *Supra* note 1 at paras 57-59.

41 *Ibid* at para 61. The trailing commissions payable in connection with the Funds vary between zero to 2.00 per cent per annum depending factors such as the Fund, the series of securities purchased and the sales charge option selected. See *supra* note 19 at 51.

42 *Ibid* at paras 60-63.

43 *Supra* note 9 at paras 23-24.

44 *Ibid* at paras 27-28.

45 *Ibid* at para 31.

46 *Ibid* at para 23.

On this point, 81-105CP is helpful with respect to the background and general purpose of NI 81-105. From the discussion in Part 2 of 81-105CP, it is clear that NI 81-105 was adopted in response to sales practices and compensation arrangements that had developed at the time, which gave rise to questions as to whether advisors were being induced to sell mutual fund securities on the basis of the incentives they were receiving as opposed to what was suitable for and in the best interests of their clients.[47]

However, subsection 2.2(3) and section 2.4 of 81-105CP clearly state that the CSA also intended NI 81-105 to capture any future sales practices or compensation arrangements that "could arise" that may undermine, compromise or conflict with the fundamental obligations outlined in subsection 2.2(2) of 81-105CP. These obligations are:

(a) investment recommendations should be made by a representative of a participating dealer to an investor based on the investor's investment objectives and circumstances and must be suitable for that investor;

(b) a participating dealer and its representatives have a primary obligation to act in the best interests of clients;

(c) where an investor is relying on a participating dealer and a representative of a participating dealer to provide him or her with independent expertise and advice regarding options for mutual fund or other investments, the participating dealer and the representative of the participating dealer have a fiduciary obligation not to compromise the provision of this expertise and advice;

(d) a participating dealer, as a registrant under securities legislation, is required to exercise adequate and appropriate supervision of its representatives who are dealing with clients to ensure compliance with all statutory and other legal obligations;

(e) members of the organization of a mutual fund providing management services to a mutual fund have an obligation to act honestly, in good faith and in the best interests of the mutual fund and its securityholders; and

(f) full, true and plain disclosure of all material facts concerning a mutual fund, including the compensation paid to participating dealers and their representatives and other sales practices followed in connection with the distribution of mutual fund securities, is essential to ensure that investors understand the nature of the investments they are making and the impact of fees and charges on them.

I accept Staff's submission that it is more likely than not that the Advisor Performance Bonus will cause a misalignment of the interests of advisors and clients, by incenting advisors to sell securities of the Funds over mutual fund securities that do not offer a similar performance bonus, contrary to their obligations as outlined in subsection 2.2(2) of 81-105CP. I consider this potential conflict of interest to be inherent in the structure of the Advisor Performance Bonus. That is, while the benefit of the Advisor Performance Bonus goes to the advisor, the risk of negative performance by the Funds falls on the investor.

Maintenance of high standards of business conduct to ensure honest and responsible conduct by market participants is a fundamental principle for achieving the purposes of the Act.[48] In my view, this is especially relevant with respect to sales practices and compensation arrangements in the mutual fund industry, which the Commission has identified as attracting a high level of retail investor participation.[49] Accordingly, confidence in the capital markets is crucial in this area.

I am not persuaded by the submissions of ONE Financial that the higher proficiency and supervisory requirements imposed on advisors who sell commodity pools mitigates the potential conflict of interest raised by the Advisor Performance Bonus. While commodity pools are a specialized class of mutual funds, they are not exempt from, nor distinguished by, NI 81-105. Section 1.4 of 81-104CP specifies that commodity pools are a type of mutual fund and applicable securities legislation applies to them except as provided otherwise in NI 81-104.

I am also not persuaded by ONE Financial's argument that there is no basis for having different forms of compensation payable to advisors for corporate issuers and prospectus exempt investment funds with similar attributes to the Funds. As noted already, the Commission has recognized that the mutual fund industry is a vital and important component of our capital markets, attracting a high level of retail investor participation.[50] Publicly offered mutual funds are subject to a robust regulatory framework that includes NI 81-105, a rule dedicated to sales practices and compensation arrangements for the mutual fund industry. In my view, this demonstrates that the CSA have chosen to take a different approach with respect to these retail focused products.

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47 *Companion Policy 81-105CP – To National Instrument 81-105 Mutual Fund Sales Practices*, ss 2.1-2.2.

48 *Supra* note 35.

49 *AGF Funds Inc. (Re)* (2005), 28 OSCB 73 at para 47 [*AGF*].

50 *Ibid*.

C. Disclosure Issues

In my view, three of the grounds raised by Staff in recommending that a receipt not be granted for the Prospectus focus on the disclosure in the Prospectus. These elements of the Prospectus are: the disclosure of the fee payable to the counterparty in respect of the forward agreements; the inclusion of the Indices (defined below) in the Prospectus; and the disclosure of the Funds' use of leverage.

The Commission has stated that disclosure by reporting issuers is a fundamental cornerstone of securities regulation, and the public interest jurisdiction should not be interpreted or constrained in a manner that condones inaccurate, misleading or untrue public disclosure regardless of whether that disclosure contravenes Ontario securities law.[51]

Applying the balance of probabilities test discussed above, the question for me is whether it is more likely than not that the disclosure in question in the Prospectus is misleading or that it does not comply in a substantial respect with any of the requirements of the Act or the regulations.

(i) Disclosure of the fee payable to the counterparty in respect of the forward agreements

Submissions

In relation to the forward agreements proposed to be entered into by the Funds, the Prospectus states that each Fund will pay to the counterparty an expense amount (the **Forward Fee**) up to a maximum per cent of the applicable Investment Pool's net assets. There is also a minimum payment amount that is payable by all the Funds. Although the maximum percentage and minimum payment are not identified in the Prospectus, at the OTBH ONE Financial confirmed Staff's understanding (based on the draft prospectus reviewed during the pre-file) that the maximum rate per annum would be 0.30 per cent of the NAV of the applicable Investment Pool and the minimum payment amount would be $480,000.

Staff argue that the disclosure in the Prospectus with respect to the maximum Forward Fee payable is misleading. Given that the Funds expect to hold approximately 30 to 50 per cent of their assets in cash and cash equivalents, in Staff's estimation the average aggregate net asset value of the Investment Pools to which the Funds are exposed would have to reach at least between $228 to $320 million to keep the maximum Forward Fee at or below 0.30 per cent of the Investment Pools' NAV.[52] Accordingly, in certain circumstances the Forward Fee may exceed the "maximum" of 0.30 per cent of NAV disclosed in the Prospectus.

Staff submit that, at a minimum, the disclosure must be revised so that the maximum amount of the Forward Fee is clear to investors, including the fact that the range of Forward Fees payable by the Funds depends largely on the value of the underlying Investment Pool's NAV.[53]

In addition to the disclosure issue, Staff also submit that, given that the Funds cannot guarantee a certain level of the Funds' NAV (or the NAV of the underlying Investment Pools), the minimum Forward Fee may threaten the viability of the Funds, thus raising public interest concerns.[54]

Determination

Accurate and efficient disclosure is fundamental to protect investors from unfair or improper practices and to foster fair and efficient capital markets and confidence in those markets.[55] As noted above, in my view this is particularly true with respect to the fees and expenses that are payable by a mutual fund, since these costs reduce the mutual fund's (and ultimately, the investors') return.

On a balance of probabilities, I consider the disclosure in the Prospectus with respect to the Forward Fee to be misleading as it gives investors the impression that 0.30 per cent of the NAV of the applicable Investment Pool is the highest Forward Fee payable by each Fund. Accordingly, I find a receipt for the Prospectus may not be issued under clause 61(2)(a)(ii) of the Act. Furthermore, I agree with Staff's submission that absent disclosure that makes the maximum amount of the Forward Fee clear to investors, issuing a receipt for the Prospectus would be contrary to the public interest under subsection 61(1) of the Act.

With respect to Staff's argument that the minimum Forward Fee may threaten the viability of the Funds, in my view the Funds' fee structure must be viewed in the context of the regulatory framework governing commodity pools, which allows for considerable freedom in entering into derivative transactions and structuring agreements with counterparties. Commodity pools

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51 *Biovail*, *supra* note 7 at paras 376, 382.

52 *Supra* note 1 at para 80.

53 *Ibid* at para 83.

54 *Ibid* at para 82.

55 *Supra* note 35.

are permitted to take on types of risk (such as leverage) and amount of risk (e.g., more than 10 per cent exposure to one counterparty) not permitted to conventional mutual funds. With this perspective, I consider the minimum Forward Fee to be another type of risk of the commodity pool. I also accept the submissions of ONE Financial that the minimum fee was negotiated with an arm's length third party to effect the best commercially available terms, and will not materially affect the fees ultimately payable by each Fund. Therefore, within this context, I do not consider an accurately disclosed minimum Forward Fee to raise public interest concerns.

(ii) The inclusion of the Indices in the Prospectus

Submissions

Under the heading "Overview of the Sector that the Share Classes Invest In", the Prospectus discloses the historical performance of the Barclay CTA Index, the Newedge CTA Index, the Global/Long Short Index, the Barclay Global Marco Index and the Newedge Macro Trading Index (collectively, the **Indices**).

If an investment fund invests, or intends to invest, in a specific sector or sectors, Item 7.1(1) of Form 41-101F2 asks for a brief description of the sectors in which the investment fund has been or will be investing. Item 7.1(2) of Form 41-101F2 further elaborates on the content of such disclosure, which may include known material trends, events or uncertainties in the sector(s) that the investment fund invests or intends to invest in that might reasonably be expected to affect the investment fund. The Indices have been included in the Prospectus in response to these Items.

Staff submit that the Indices are confusing, misleading and should be removed from the Prospectus because they do not represent the sectors in which the Funds invest.[56] Further, the Indices do not comply with Form 41-101F2, but rather, represent "the performance history of an unknown collection of trading programs and investment funds that may or may not invest in the same sectors that the Funds may invest in".[57] That is, Staff submit the Indices illustrate the past performance of other funds that use a similar investment strategy as the Funds, which is not the disclosure contemplated by Item 7.1 of Form 41-101F2.

In contrast, ONE Financial argues that the Indices do in fact illustrate the nature of the sectors to which the Funds will have exposure, namely the long/short managed futures sector. According to ONE Financial, the "index information provided informs investors (and their Advisors) of the nature of the sectors to which the Funds will have exposure and illustrates the sector's average performance, risk/return profile and trends".[58] At the OTBH, counsel for ONE Financial argued that showing the performance of other similar funds is relevant information for investors and is not confusing, as it shows an objective or benchmark of the Funds, not a promise of certain returns.

In its submissions, ONE Financial further argues that there is no provision in securities law that prohibits the disclosure of the Indices. Moreover, submits ONE Financial, the statements cannot be characterized as misleading because of the cautionary language used.[59] ONE Financial goes on to argue that,

> "the public interest is not engaged on this issue because the use of the indices does not pertain to any element of the securities being offered apart from the use of descriptors to illustrate past performance of similar investments. That is to say that the Director cannot invoke the public interest to justify the refusal of a receipt where it cannot be established that a statement or series of statements are misleading. To do so would amount to an amendment of the form requirements."[60]

Determination

In considering the use of the Indices to describe the "sectors" in which the Funds invest or intend to invest, I have considered the ordinary meaning of the term. In my view, in the context of the capital markets, a "sector" is generally understood to be an industry or market sharing common characteristics. The Canadian Investment Funds Standards Committee includes, as examples of sectors, precious metals, real estate, industrials, financial services and utilities.[61]

With this in mind, I agree with Staff that the Indices do not provide information that is specific to the actual equity, fixed income, currency, or commodity sectors in which the Funds will invest,[62] as intended by Form 41-101F2. Nor do the Indices provide information about the material trends, events or uncertainties in the actual sectors in which each Fund will invest and which may reasonably be expected to affect the Fund, which is the express intent of Item 7.1 of Form 41-101F2. Accordingly, I find that the

56 *Supra* note 1 at para 91.

57 *Ibid* at para 94.

58 *Supra* note 9 at para 70.

59 *Ibid* at para 75.

60 *Ibid* at para 76.

61 Canadian Investment Funds Standards Committee, *Retail Investment Fund Category Definitions* (31 August 2011) at 4.

62 *Supra* note 1 at para 99.

inclusion of the Indices in the Prospectus does not comply in any substantial respect with the requirements of Item 7.1 of Form 41-101F2 and, therefore, a receipt for the Prospectus may not be issued under clause 61(2)(a)(i) of the Act.

In my view, General Instruction (11) to Form 41-101F2 contemplates that performance data may be included in a prospectus if such data is relevant. In this case, I accept Staff's submission that the Indices do not measure the actual performance of ONE Financial as manager, nor is there any indication that ONE Financial will approximate the performance of the Indices since the Funds do not have investment objectives that seek to track the Indices.[63] Rather, I consider it more likely than not that investors will mistakenly infer that the Indices are indicative of the performance of the Funds.

On this point, I am not persuaded by ONE Financial's argument that the inclusion of cautionary language in the Prospectus stating that the performance of the Indices is not in any way indicative of either the historical or future performance of the Funds, and that the Funds may even perform worse than the Indices, makes the inclusion of the Indices not misleading.[64] If this were correct, then reporting issuers would be able to include any information in a prospectus, no matter how extraneous or confusing, so long as cautionary language was included. In my view, the presence of cautionary language in the Prospectus does not outweigh, on a balance of probabilities, the concern that the Indices will be misconstrued by investors as indicative of how the Funds will perform. Therefore, I find a receipt for the Prospectus may not be issued under clause 61(2)(a)(ii) of the Act.

Accurate and efficient disclosure of information is a fundamental principle for achieving the purposes of the Act.[65] Consequently, I disagree with ONE Financial's argument that the public interest is not engaged in this instance because the Indices do not pertain to any element of the securities being offered, apart from the use of descriptors to illustrate past performance of similar investments. As noted, the Commission has stated that the public interest jurisdiction should not be interpreted or constrained in a manner that condones inaccurate, misleading or untrue public disclosure regardless of whether that disclosure contravenes Ontario securities law.[66] Having found the inclusion in the Prospectus of the Indices to be misleading and not in substantial compliance with the requirements of Item 7.1 of Form 41-101F2, in my view issuing a receipt for the Prospectus would be contrary to the public interest under subsection 61(1) of the Act.

Finally, I note that Staff raised concerns regarding the reliability of the data in the Indices, and that ONE Financial provided substantial submissions, both in writing and at the OTBH, in response. In my view, whether or not the data in the Indices is reliable is ancillary to the grounds raised by Staff in recommending that a receipt not be granted for the Prospectus. Accordingly, in my view I do not have to make a determination on this issue.

(iii) The disclosure of the Funds' use of leverage

Submissions

Items 3.3(1)(e) and 6.1(1)(b) of Form 41-101F2 require disclosure of an investment fund's use of leverage, including any restrictions and the maximum amount of leverage the fund could use, expressed as a ratio.[67]

The Prospectus does not provide disclosure of the potential leverage of the Funds in the form of a ratio, but states that the Investment Pools are not limited to any specific maximum amount of leverage. Moreover, the Prospectus states that the margin utilization ratio of the Investment Pools in normal market conditions is expected to be between one per cent and 25 per cent.

Staff submit that the disclosure of the Funds' use of leverage does not comply with the requirements of Form 41-101F2 to disclose the notional market exposure of the derivative positions of a fund divided by the fund's net assets.[68] Staff argue that the total notional exposure of the derivatives positions of a fund is important information for investors, as it illustrates the ultimate exposure of the fund in respect of its derivatives positions.

In response, ONE Financial submits that, with respect to leverage gained through the use of derivatives, the total notional exposure is not useful disclosure, as the Funds will never actually pay or receive that amount. Rather, a fund that wants to exit a derivatives position will simply take an offsetting position in the same derivative product. What is relevant, argues ONE Financial, is the margin utilization ratio which illustrates the aggregate amount of cash or securities on deposit with brokers as required for initial margin for all derivative contracts expressed as a percentage of a fund's total net assets.[69] At the OTBH, Staff responded to this argument by stating that if the market begins to quickly move away from the fund's position in a specified

63 *Ibid* at para 101.

64 *Supra* note 9 at para 73.

65 *Supra* note 35.

66 *Biovail*, *supra* note 7 at paras 376, 382.

67 The ratio must be expressed as follows: (total long positions including leveraged positions plus total short positions) divided by the net assets of the investment fund.

68 *Supra* note 1 at paras 86-88.

69 *Supra* note 9 at para 56.

derivative, it could become very costly for the fund to offset that position. The larger the fund's total notional exposure under the specified derivative relative to net assets, the costlier the offsetting may be.

Additionally, at the OTBH counsel for ONE Financial submitted that, because there is no maximum amount of leverage applicable to the Funds or the Investment Pools, a statement to this effect satisfies the requirements of Form 41-101F2.

Determination

While I agree with Staff that disclosure of the notional exposure of the derivatives positions of a fund divided by the fund's net assets is useful disclosure for an investor, I accept the submissions made by ONE Financial that, because the Funds impose no limitations on the use of leverage, the requirements in Items 3.3(1)(e) and 6.1(1)(b) of Form 41-101F2 are satisfied by disclosing in the Prospectus that there is no maximum amount of leverage available to the Funds. Accordingly, I find the leverage disclosure in the Prospectus to comply with the requirements of Form 41-101F2 and to not be misleading.

D. Forward Agreement Structure

In addition to the disclosure of the fee payable to the counterparty in connection with the Forward Fee, Staff raise two additional issues with respect to the forward agreements: the use of forward purchase agreements and the use of prepaid forward agreements.

(i) Forward Purchase Agreement and Forward Sale Agreement

Submissions

The prospectus discloses two possible forward agreement structures that may be utilized by the Funds: a forward purchase agreement and a forward sale agreement (the **Forward Agreements**).[70]

Staff submit that they do not object to the use by the Funds of forward sale agreements, subject to the resolution of disclosure comments related to the All-Weather Profit SPC Notes in Staff's February 6, 2012 e-mail to ONE Financial (the **Request for Clarification**).[71]

With respect to the use of forward purchase agreements by the Funds, the initial concern raised by Staff during the comment process appears to have been addressed. Specifically, the potential for the majority of the Funds' portfolio assets to be exposed to the credit risk of a single financial institution where the Deposit Account is held. Staff had found it difficult to reconcile the degree of exposure to the financial institution with the rationale underlying the concentration restrictions applicable to mutual funds, including commodity pools.[72]

In light of this concern, ONE Financial appears to have agreed to amend the Prospectus and to enter into an irrevocable direction regarding the disposition of redemption proceeds in the event of counterparty insolvency. In a letter to Staff dated November 11, 2011, ONE Financial responded to Staff's comments as follows:

> "… the proposed counterparty to the Funds has agreed to enter into an irrevocable direction with respect to the units of the Investment Pools whereby upon certain insolvency events of the counterparty, the proceeds of the redemption of any units of the Investment Pools held by a counterparty will be paid directly to the Funds."[73]

While the Prospectus does not disclose an intention to enter into the irrevocable direction mentioned above, Staff submit that, subject to the inclusion of appropriate disclosure in the Prospectus and confirmation of the nature of the collateralization created by the irrevocable direction referred to above, Staff would no longer have a concern with the degree of exposure to the financial institution and therefore would no longer object to the potential use of forward purchase agreements by the Funds.[74]

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[70] Pursuant to each forward sale agreement, each Fund may use a portion of its proceeds to purchase a basket of common shares of Canadian public companies (a **Canadian Share Portfolio**) which will be pledged to the counterparty to secure the Fund's obligation to exchange it for cash on the date the Forward Agreement matures in accordance with its terms (the **Forward Date**).

Pursuant to each forward purchase agreement, each Fund may use a portion of its proceeds to make an investment in an interest-bearing account (the **Deposit Account**) collaterally pledged to the counterparty to secure the Fund's obligation to exchange it for a Canadian Share Portfolio on the Forward Date.

See *supra* note 19 at 27.

[71] *Supra* note 1 at paras 71 and 77.

[72] *Ibid* at para 73.

[73] *Ibid* at para 75. The November 11, 2011 letter of ONE Financial was submitted as evidence at the OTBH in the *Book of Documents of ONE Financial Corporation and ONE Financial All-Weather Profit Family Corp., Volume 1 of 2* (13 February 2012) at Tab 6.

[74] *Supra* note 1 at para 76.

Determination

ONE Financial did not make any submissions with respect to these issues in its written submissions or at the OTBH that were contrary to its November 11, 2011 response to Staff. Accordingly, I assume Staff and ONE Financial are in agreement regarding the disclosure proposed by Staff in the Request for Clarification with respect to the forward sale agreement, and with the disclosure proposed by ONE Financial in its November 11, 2011 response letter to Staff with respect to the Forward Agreements. As the parties appear to have reached agreement, in my view I do not have to make a determination on this issue.

(ii) Prepaid Forward Agreement

Submissions

On March 15, 2011 ONE Financial made an application for exemptive relief from the investment restrictions regarding illiquid assets set out in section 2.4 of NI 81-102, in connection with the Funds' proposed use of prepaid forward agreements (the **Requested Relief**). A comment letter was issued by Staff on May 4, 2011, which ONE Financial responded to on June 27, 2011.

By comment letter dated September 7, 2011 Staff advised ONE Financial that they were not prepared to recommend approval of the Requested Relief.[75] The primary concern identified was the potential magnitude of a Fund's exposure to a single counterparty through an over-the-counter derivative, which Staff submitted could not be reconciled with the rationale underlying the concentration restrictions applicable to mutual funds, including commodity pools. Staff further stated that even with effective collateralization, they were concerned that the prepaid forward agreement would add complexity to the Funds, such that they would not be readily understood by investors or advisors. Finally, Staff stated they were not comfortable allowing a commodity pool to be potentially 100 per cent exposed to a single counterparty through an over-the-counter derivative in an illiquid asset.

Staff and ONE Financial agree that the onus of proving that the Requested Relief should be granted rests with ONE Financial, and not Staff.[76] Therefore, ONE Financial must establish on a balance of probabilities that the granting of the Requested Relief would not be prejudicial to the public interest.[77]

In its written submissions and at the OTBH, ONE Financial submitted that the counterparty to the forward agreements will be a Canadian chartered bank and, as such, the risk of counterparty default is remote. Additionally, the forward agreement would be fully collateralized and, in the event that a Fund detects a potential default or insolvency of the counterparty, it may pre-settle the forward agreement at any time.[78]

ONE Financial further argues that the unique structure of the Funds, specifically their exposure to a portfolio of managed futures, will allow for a significant amount of their assets to be held in cash, with approximately 30 to 50 per cent in cash and cash equivalents. Therefore, there will be sufficient liquid assets to satisfy redemption requests and pay operating expenses. This structure, argues ONE Financial, further insulates investors against the risks associated with illiquidity or default.[79]

Finally, ONE Financial submits that notwithstanding the complexity of the prepaid forward structure, there is no basis to conclude that advisors will not be able to comprehend the rationale for the forward structures or to assess counterparty risks, particularly given the higher proficiency and compliance requirements to which advisors of commodity pools are subject.[80] In addition, 81-104CP recognizes that commodity pools are granted greater freedom in their use of specified derivatives and leverage strategies than conventional mutual funds, in exchange for requirements which, among other things, are aimed at increasing the information available to investors.[81]

In their submissions, Staff note that the Prospectus does not indicate that the Funds will utilize a prepaid forward agreement to gain exposure to the Investment Pools. Staff argue that if it is intended that the Funds will use prepaid forward agreements, the disclosure in the Prospectus is misleading.[82]

At the OTBH and in additional written submissions provided on March 2, 2012, Staff elaborated on their concerns regarding the Requested Relief.

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75 *Book of Documents of ONE Financial Corporation and ONE Financial All-Weather Profit Family Corp., Volume 1 of 2* (13 February 2012) at Tab 4.

76 *Supra* note 39 at para 29.

77 *Supra* note 35, s 147; National Instrument 81-102 *Mutual Funds*, s 19.1 [NI 81-102].

78 *Supra* note 9 at para 84.

79 *Ibid* at para 85.

80 *Ibid* at para 87.

81 *Ibid* at para 88.

82 *Supra* note 1 at para 69.

Specifically, Staff submit that while NI 81-104 exempts commodity pools from several of the investment restrictions in NI 81-102 concerning derivatives, it *does not* exempt them from the illiquid asset restrictions in section 2.4 of NI 81-102. These restrictions, Staff argue, are fundamental. Unlike several other similar investment restrictions in NI 81-102, the illiquid asset restrictions apply not only at the time a portfolio asset is purchased, but also contain an ongoing restriction that prohibits a mutual fund, including a commodity pool, from holding illiquid assets in excess of 15 per cent of its net assets for a period of more than 90 days.[83]

Staff argue that even though not all of the Funds' assets will be exposed to the prepaid forward, the amounts that will be exposed will be several times larger than the illiquid asset thresholds specified in section 2.4 of NI 81-102.[84] Staff further argue that the opportunity to pre-settle in advance of specified settlement dates is not the same as the ability to dispose of an asset through market facilities. That is, the ability to pre-settle "is dependent on the counterparty and may be impaired or unavailable during periods where the counterparty is in default of its obligations or during an insolvency event".[85] Therefore, Staff recommend that the Requested Relief not be granted to permit the Funds to enter into a concentrated over-the-counter derivative transaction.[86]

In addition to liquidity risk, Staff submit that while effective collateralization may reduce the potential effect of counterparty credit risk, it does not remove the risk altogether. Moreover, in Staff's view, the risk would be exacerbated by the concentrated nature of the prepaid forward.[87]

In its reply to Staff's additional written submissions, ONE Financial argues that the terms imposed on the prepaid forward agreement will "virtually eliminate any counterparty risk" and also address any concerns about the ability of a Fund to satisfy redemption requests.[88] These terms are (i) 30 to 50 per cent of each Fund's assets will be held in cash or cash equivalents; (ii) the Funds may pre-settle a forward agreement in whole or in part for any reason on any day; (iii) the Funds are required by NI 81-102 to terminate a forward agreement if the rating of the counterparty or the guarantor falls below the prescribed level; and (iv) the obligations of the counterparty to fully collateralize the prepaid forward agreement.

ONE Financial further submits that given the full collateralization of the prepaid forward agreement, there is no policy reason why commodity pools should be treated differently from closed-end investment funds with respect to their use of prepaid forward agreements or open-ended mutual funds with respect to their use of forward purchase agreements.[89]

Finally, in its September 7, 2011 comment letter, Staff stated that over the last six months it had reviewed several applications and pre-files seeking similar relief, and had discussed the Requested Relief with the CSA Investment Funds Committee. At the OTBH and in additional written submissions provided on March 2, 2012, Staff submitted that none of these applicants, which included a conventional mutual fund, a commodity pool and a closed end fund that would become subject to NI 81-102 on its pre-planned conversion into a conventional mutual fund, received relief to enter into prepaid forwards.[90] In response, ONE Financial stated that the Funds are distinguishable from other applicants in that the Funds are commodity pools that seek to maintain 30 to 50 per cent of their net assets in cash and cash equivalents, and therefore, the Director should entirely discount the value of such previous applications.[91]

Determination

On the basis of the facts and submissions before me, I accept Staff's recommendation that the Requested Relief not be granted, as it would be prejudicial to the public interest. Accordingly, the Funds may not utilize prepaid forward agreements to gain exposure to the Investment Pools.

Issuer regulation is fundamental to protecting investors and fostering fair and efficient capital markets, especially in relation to the mutual fund industry, which the Commission has noted attracts a high level of retail investor participation in particular.[92] Accordingly, confidence in the capital markets is crucial in this area.

I agree with Staff's submissions that the restriction on a mutual fund investing in illiquid assets is a fundamental investment restriction in NI 81-102. In the June 27, 1997 *Notice of Proposed National Instrument 81-102 and Companion Policy 81-102CP*, the CSA, citing a previously published commentary on a proposed federal mutual fund statute, stated that:

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83 *Supra* note 39 at para 25; NI 81-102, *supra* note 77, s 2.4(2).

84 *Supra* note 39 at para 26.

85 *Ibid* at para 27.

86 *Ibid* at para 26.

87 *Ibid* at para 28.

88 *Reply of ONE Financial and ONE Financial All-Weather Profit Family Corp. to the Additional Written Submissions of Staff of the Commission* (12 March 2012) at para 15.

89 *Ibid* at para 16.

90 *Supra* note 39 at paras 30-31.

91 *Supra* note 88 at para 21-22.

92 *AGF*, *supra* note 49.

> "Constraints inherent in the mutual fund form of organization result largely from the availability of *the right to redeem which is the key attribute of a mutual fund. This right dictates constraints to avoid investments that would result in portfolios which* could not be precisely valued or *would be so illiquid as to make the redemption right unrealistic*." [93]

Therefore, it is fundamental to investor protection that a mutual fund should hold sufficient assets that can be quickly liquidated to allow the fund to meet the redemption requests of investors on an on-going basis. In my view, this attribute is equally applicable to commodity pools, and provides the basis for why granting relief from section 2.4 of NI 81-102 to allow retail commodity pools to utilize prepaid forward agreements would be prejudicial to the public interest. On this issue, I am not persuaded by the submission by ONE Financial that holding 30 to 50 per cent of each Fund's assets in cash or cash equivalents effectively mitigates the risks associated with illiquidity, as it is not evident to me from the submissions that this amount would permit the Funds to avoid liquidity risk. Further, I note that the 30 to 50 per cent in cash or cash equivalents proposed by ONE Financial is substantially lower than the threshold on holdings of non-illiquid assets in subsection 2.4(2) of NI 81-102.

With respect to the issue of counterparty risk, I believe that the exposure of the Funds to counterparty credit risk must be viewed in the context of the regulatory framework governing commodity pools, which allows up to 100 per cent exposure to a single counterparty. I accept the submissions made by ONE Financial that NI 81-104 was established to allow retail investors to participate in commodity pools through retail products, which carry added complexity and risks (including credit risk), in exchange for additional disclosure.[94] Accordingly, in my view, where the applicant is a commodity pool, the concern with the prepaid forward structure is the large investment in an illiquid asset, not counterparty credit risk.

In light of Staff's submissions regarding recent applications for similar relief, in my view, granting the Requested Relief would represent a substantive policy shift, and that it would therefore be more appropriate to consider the use of prepaid forwards by mutual funds generally as part of a policy initiative that would allow for public comment.

Further to this point, I disagree with ONE Financial's submission that the previous applications cited by Staff should be discounted because the applicants in those cases were not commodity pools with a large portion of their net assets held in cash or cash equivalents. As 81-104CP clearly states, all rules applicable to mutual funds apply to commodity pools unless commodity pools are explicitly exempted by NI 81-104. Accordingly, the illiquid asset restriction in section 2.4 of NI 81-102 is as applicable to the Funds as it is to conventional mutual funds, and no reason has been presented to me for distinguishing commodity pools from conventional mutual funds on this point.

E. Failure to File a Prospectus for the Investment Pools

Staff submit that the Director should not issue a receipt for the Prospectus until Staff have been able to review the prospectus for the Investment Pools, as "the Funds' exposure to the Investment Pools will be the primary means through which the Funds seek to achieve their investment objectives".[95]

In its January 31, 2012 response letter to Staff, ONE Financial stated that a prospectus for the Investment Pools would be filed as soon as possible after ONE Financial had settled on a forward structure.

In my view, a prospectus for the Investment Pools, in a form acceptable to Staff, must be filed before a receipt for the Prospectus may be issued. Given that ONE Financial appears prepared to file a prospectus for the Investment Pools, in my view I do not have to make any further determination on this issue.

F. Advisory Fee

Submissions

On February 29, 2012, counsel for ONE Financial sent Staff an e-mail (the **E-mail**) responding to questions previously posed by Staff regarding whether ONE Financial had the requisite registration status to act as principal broker for the Funds, as described in the Prospectus. In the E-mail, ONE Financial specifies it will provide "value-added advisory services to the Funds beyond its typical role as portfolio manager" in respect of the Funds' acquisition of commodity futures contracts and commodity futures options. In exchange for these services, ONE Financial will be paid an advisory fee (the **Advisory Fee**) equal to a percentage of the fees paid to the registered dealer.

In their written submissions dated March 2, 2012, Staff submit that while the E-mail addresses the concerns previously expressed by Staff in relation to the Collateral Investments, it raises additional issues that cannot be considered separately from

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[93] *Notice of Proposed National Instrument 81-102 and Companion Policy 81-102CP Mutual Funds*, Mutual Fund Rules Supplement to the OSC Bulletin, 20 OSC(Supp2) 109 (27 June 1997) at 4 [emphasis added].

[94] *Supra* note 9 at para 88.

[95] *Supra* note 1 at para 109.

the determination of whether the Prospectus should be receipted.[96] Specifically, Staff argue that the Advisory Fee is prohibited by Ontario commodity futures law and gives rise to conflicts of interest under Ontario securities law. Accordingly, it would be contrary to the public interest to receipt the Prospectus.[97]

The Prospectus discloses that brokerage commissions will be paid to dealers on a "roundturn commission" basis.[98] Staff argue that this means that ONE Financial will be paid compensation based on the *volume of trades* executed by futures commission merchants.[99] Since the Advisory Fee to ONE Financial constitutes a charge based on the volume of transactions, Staff submit that it is expressly prohibited by subsection 29(3) of Regulation 90 (the **CFA Regulation**) made under the *Commodity Futures Act* (Ontario) (the **CFA**).[100] Subsection 29(3) of the CFA Regulation states:

> "Every commodity trading counsel shall charge clients directly for services and such charge may be based upon the dollar value of the client's portfolio, *but not on the value or volume of the transactions initiated for the client* and, except with the written agreement of the client, shall not be contingent upon profits or performance."[101]

In its subsequent written submissions dated March 12, 2012, ONE Financial does not respond to Staff's argument regarding the non-compliance of the Advisory Fee with the CFA Regulation. Instead, it states that it "recognizes and agrees" that the Advisory Fee and the activities of ONE Financial must comply with applicable law and that the disclosure in the Prospectus must reflect the final compensation structure in accordance with applicable law.[102] Moreover, ONE Financial argues in its subsequent written submissions, as it did at the OTBH, that the payment of the Advisory Fee to ONE Financial is not a matter before the Director, as it is fundamentally a registration and compliance issue that can be resolved with Staff independently of the OTBH.[103]

In addition to compliance with the CFA Regulation, Staff also submit that if the Advisory Fee is received by ONE Financial on transactions in respect of "securities", as defined in the Act, the Advisory Fee payable to ONE Financial in its capacity as principal broker creates a potential conflict of interest because ONE Financial will receive the fee in respect of the number of trades executed, which it is responsible for initiating.[104] Staff submit this type of compensation fee may encourage ONE Financial to initiate trades that may or may not have any benefit to the Funds in order to maximize its own compensation.[105]

On this point, Staff argue the Advisory Fee represents a *material* conflict of interest that requires ONE Financial to take reasonable steps to identify and respond to the conflict as portfolio manager for the Funds in accordance with section 13.4 of National Instrument 31-103 *Registrant Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**).[106] Staff note the Prospectus does not disclose what steps ONE Financial will take to meet its obligations under NI 31-103.[107] This, in turn, makes it also difficult for Staff to ascertain whether the Prospectus complies with Item 19.3(3) of Form 41-101F2, which requires that the particulars of existing or potential material conflicts of interest between an investment fund and its portfolio advisor be disclosed.[108]

Staff seem to suggest in their submissions that an appropriate response to the conflict of interest associated with the Advisory Fee would be for ONE Financial to avoid the fee altogether, consistent with the guidance provided in Companion Policy 31-103CP. Staff argue the prohibition of the Advisory Fee in the CFA Regulation should inform ONE Financial's assessment of how to respond to the conflict of interest.[109] Furthermore, Staff submit they do not have sufficient information to assess whether ONE Financial, as an investment fund manager, has complied with its obligations under NI 81-107 with respect to the Advisory Fee.[110]

In response, ONE Financial submits that any conflict of interest associated with the Advisory Fee is not material,[111] and that a prohibition of a fee similar to the Advisory Fee in the CFA should not inform the assessment of whether or not it is a conflict of

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96 *Supra* note 39 at para 3.
97 *Ibid* at para 4.
98 *Supra* note 19 at 47.
99 *Supra* note 39 at para 6.
100 *Ibid* at para 10.
101 RRO 1990, Reg 90, s 29(3) [emphasis added].
102 *Supra* note 88 at para 5.
103 *Ibid* at para 6.
104 *Supra* note 39 at paras 12-13.
105 *Ibid* at para 14.
106 *Ibid* at para 15.
107 *Ibid* at para 17.
108 *Ibid* at para 20.
109 *Ibid* at paras 18-19.
110 *Ibid* at para 21.
111 *Supra* note 88 at para 7.

interest that can be managed in accordance with NI 31-103.[112] In fact, ONE Financial argues that any conflict created by the Advisory Fee is more than offset by the fact that ONE Financial has a greater incentive to ensure that the Funds perform well to ensure its reputation and to receive the performance fee contemplated in the Prospectus, than it would be to be incented to initiate trades which will not add value to the overall performance of the Funds.[113] Additionally, as the investment fund manager and portfolio manager of the Funds, ONE Financial is required to comply with the applicable standards of care and good faith in the Act and in OSC Rule 31-505 *Conditions of Registration*.

ONE Financial submits that the Prospectus will be clarified to include the particulars of any existing or potential conflict of interest with respect to the Advisory Fee,[114] and the Advisory Fee will be compliant with ONE Financial's policies and procedures regarding conflicts of interest.[115] Furthermore, ONE Financial submits that it will comply with its obligations under NI 81-107 with respect to the Advisory Fee. The Funds' independent review committee will be presented with a conflict of interest policy and related standing instruction regarding best execution.[116]

Finally, Staff submit that an increase in the portfolio management fee to reflect the additional services associated with the Advisory Fee, rather than the addition of the Advisory Fee "would remove the conflict of interest of having a portion of the fee based on the volume of trades in the portfolio, as well as address Staff's general submissions regarding an investor's ability to assess the overall costs of investing in the Funds."[117] ONE Financial disagrees. It submits that if it was not providing the enhanced advisory services (and paid the Advisory Fee) with respect to trades of commodity futures contracts and commodity futures options, the Funds would have to pay a higher commission to a registered dealer to provide these services and the Funds could not obtain these services from a dealer that provides direct market access only, which is the circumstance here.[118] Furthermore, ONE Financial submits that an investor has sufficient information to assess the overall costs of investing in the Funds, as the Prospectus discloses the compensation per trade applicable to each trade in a commodity futures contract or commodity futures option, a level of information investors do not normally receive with respect to potential trading and brokerage commissions.[119]

Determination

As noted above, the Commission has stated that disclosure by reporting issuers is a fundamental cornerstone of securities regulation.[120] Accurate and efficient disclosure is fundamental to protect investors from unfair or improper practices and to foster fair and efficient capital markets and confidence in those markets.[121] As I have indicated, I consider this to be particularly relevant with respect to the fees and expenses that are payable by a mutual fund, since these costs reduce the mutual fund's (and ultimately, the investors') return. Therefore, while I accept the submission of ONE Financial that the question of whether the Advisory Fee is in compliance with the CFA Regulation will be resolved with Staff independent of the OTBH, in my view absent a resolution of the legality of the Advisory Fee and disclosure in the Prospectus that reflects the *final compensation structure*, issuing a receipt for the Prospectus would be contrary to the public interest under subsection 61(1) of the Act.

Having found that the issuance of a receipt for the Prospectus absent a resolution of the legality of the Advisory Fee would be contrary to the public interest, and given that the discussion of the potential conflict of interest of the Advisory Fee is premised on its current structure, I consider it premature to assess the conflict of interest that may be created by the Advisory Fee given that it is not yet finalized. Accordingly, in my view I do not have to make a determination whether the Advisory Fee gives rise to a material conflict of interest for ONE Financial that cannot be effectively managed.

VI. Closing Comments

In summary, having considered the extensive written material before me and the oral submissions made by Staff and ONE Financial, I find that a receipt for the Prospectus should not be issued.

I note that this decision does not preclude ONE Financial from amending the Prospectus to address the issues noted in this decision and seeking a new recommendation from Staff on the revised Prospectus.

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112 *Ibid* at para 10.
113 *Ibid* at para 9.
114 *Ibid* at para 11.
115 *Ibid* at para 7.
116 *Ibid* at para 12.
117 *Supra* note 39 at para 22.
118 *Supra* note 88 at para 13.
119 *Ibid* at para 14.
120 *Biovail*, *supra* note 7 at para 376.
121 *Supra* note 35.

Yours truly,

"Rhonda Goldberg"
Director, Investment Funds Branch

cc: Cullen Price, Senior Litigation Counsel, Enforcement
Sonny Randhawa, Manager, Investment Funds
Stephen Paglia, Senior Legal Counsel, Investment Funds
Ian Kearsey, Legal Counsel, Investment Funds
Carina Kwan, Legal Counsel, Investment Funds

3.1.3 Joseph Caza and Salim Kanji

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

AND

IN THE MATTER OF
JOSEPH CAZA AND SALIM KANJI

SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND JOSEPH CAZA

PART I – INTRODUCTION

1. The Ontario Securities Commission (the "Commission") will issue a Notice of Hearing to announce that it will hold a hearing to consider whether pursuant to section 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Securities Act*") it is in the public interest for the Commission to make certain orders in respect of Joseph Caza ("Caza").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding to be commenced by Notice of Hearing against Caza according to the terms and conditions set out in Part VI of this Settlement Agreement. Caza agrees to the making of an order in the form attached as Schedule "A" based on the facts set out below.

PART III – AGREED FACTS

3. For this proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, Caza agrees with the facts as set out in Part III of this Settlement Agreement.

4. Staff and Caza agree that the facts and admissions set out in Parts III, IV and V for the purpose of this settlement are without prejudice to Caza in any other proceedings of any kind including, but without limiting the generality of the foregoing, any other proceedings brought by the Commission under the *Securities Act* (subject to paragraph 21 below) or any civil or other proceedings currently pending or which may be brought by any other person, corporation or agency (subject to paragraph 19 below). Nothing in this settlement agreement is intended to be an admission of civil liability by Caza to any person or company; such liability is expressly denied by Caza.

(a) Caza

5. Caza is a resident of Thornhill, Ontario. On or about January 1, 1996, Caza became a director of Realcash Bancorp Inc. ("Realcash") and on or about January 20, 1998, Caza became the President of Realcash. Caza has never been registered with the Commission in any capacity nor employed in any capacity as, or on behalf of, a market participant.

6. In the period May 2009 to November 2010 (the "Material Time"), in addition to his role as President, Caza was a director, owner and the directing mind of Realcash.

(b) Realcash

7. Barham Investment Services Inc. ("Barham") was incorporated in Ontario on June 11, 1993. On June 27, 1996, Barham changed its name to Realcash. Realcash has never been registered with the Commission in any capacity.

8. On December 20, 2010, Realcash filed an assignment in bankruptcy under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

(c) Realcash Security

9. The business of Realcash involved the provision of commission advances to real estate agents and/or agencies. Funding for these advances was obtained from investors, who were paid an interest rate determined by Realcash or one of its principals. The investor was on occasion provided with a promissory note as evidence of the indebtedness. This arrangement is referred to herein as the "Realcash Security."

10. Realcash Security investors typically received monthly interest payments, but played no role in the generation of profits and/or the accrual of interest. The Realcash Security was a "security" as defined in clauses (e), (g), and/or (n) of section 1(1) of the *Securities Act*.

11. Throughout the Material Time, Caza operated the Realcash business, including meeting with investors and initiating and managing Realcash's arrangements with real estate agents and agencies.

(d) Total Investment

12. A total of more than $2.8 million was raised from investors in the Realcash Security and more than $3.2 million was paid to Realcash Security investors. Notwithstanding this, many investors did not receive full repayment of their capital.

PART IV – THE RESPONDENT'S POSITION

13. Caza requests that the settlement hearing panel consider the following mitigating circumstances:

a) that Caza earned a modest salary during the Material Time, between $40,000 and $48,000 per year;

b) that Caza invested a net amount of $177,500 of his own funds in Realcash during the Material Time in an effort to sustain the business;

c) that Realcash had a bona fide business which generated profits for more than 10 years and Realcash used those profits to pay interest to investors;

d) that Caza is currently employed as a house painter; and

e) that Caza has never been the subject of any prior securities-related disciplinary proceeding.

PART V – BREACHES OF SECURITIES ACT AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

14. Caza traded and engaged in or held himself out as engaging in the business of trading in securities without being registered to do so and without an exemption from the dealer registration requirement, contrary to section 25(1)(a) of the *Securities Act* as that section existed at the time the conduct at issue commenced, and contrary to section 25(1) of the *Securities Act* as subsequently amended on September 28, 2009.

15. Caza's activities in respect of the Realcash Security constituted trades in securities which were distributions, for which no preliminary prospectus or prospectus was filed or receipted by the Director, contrary to section 53 of the *Securities Act*.

16. Caza's conduct was contrary to the public interest.

PART VI – TERMS OF SETTLEMENT

17. Caza agrees to the terms of settlement set out below.

18. The Commission will make an order pursuant to section 127(1) of the *Securities Act* that:

a) The settlement agreement is approved;

b) pursuant to clause 2 of section 127(1) of the *Securities Act*, Caza shall cease trading in any securities for a period of 5 years, with the exception that Caza is permitted to trade securities for the account of his registered retirement savings plan as defined in the *Income Tax Act*, 1985, c.1 as amended ("RRSP"), and/or tax-free savings accounts ("TFSA") and/or for any registered education savings plan ("RESP") accounts for which he is the or a sponsor ;

c) pursuant to clause 2.1 of section 127(1) of the *Securities Act*, Caza shall cease acquisitions of any securities for a period of 5 years, except acquisitions undertaken in connection with Caza's RRSP and/or TFSA and/or for any RESP accounts for which he is the or a sponsor;

d) pursuant to clause 3 of section 127(1) of the *Securities Act*, any exemptions in Ontario securities law do not apply to Caza for a period of 5 years, except to the extent such exemption is necessary for trades undertaken in connection with Caza's RRSP and/or TFSA and/or for any RESP accounts for which he is the or a sponsor;

e) pursuant to clause 7 of section 127(1) of the *Securities Act* that Caza resign any position that he holds as a director or officer of an issuer, except that Caza may continue to act as a director of two non-profit soccer organizations;

f) pursuant to clause 8 of section 127(1) of the *Securities Act* that Caza be prohibited from becoming or acting as a director or officer of any issuer for a period of 5 years, except that Caza may continue to act as a director of two non-profit soccer organizations;

g) pursuant to clause 8.2 of section 127(1) of the *Securities Act* that Caza be prohibited from becoming or acting as a director or officer of a registrant for a period of 5 years;

h) pursuant to clause 8.4 of section 127(1) of the *Securities Act* that Caza be prohibited from becoming or acting as a director or officer of an investment fund manager for a period of 5 years; and

i) pursuant to clause 8.5 of section 127(1) of the *Securities Act* that Caza be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of 5 years.

19. Caza consents to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in paragraph 18 above. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

PART VII – STAFF COMMITMENT

20. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding against Caza under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 21 below.

21. If the Commission approves this Settlement Agreement and Caza fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against him. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

22. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission according to the procedures set out in this Settlement Agreement and the Commission's Rules of Practice.

23. Staff and Caza agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on Caza's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

24. If the Commission approves this Settlement Agreement, Caza agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the *Securities Act*.

25. If the Commission approves this Settlement Agreement, no party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

26. Whether or not the Commission approves this Settlement Agreement, Caza will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

27. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

(a) this Settlement Agreement and all discussions and negotiations between Staff and Caza before the settlement hearing takes place will be without prejudice to Staff and Caza; and

(b) Staff and Caza will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and

challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

28. All parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, all parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART X – EXECUTION OF SETTLEMENT AGREEMENT

29. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

30. A fax or email copy of any signature will be treated as an original signature.

Dated this 21st day of March, 2012

"Kobi Lederman"
Witness

"Joseph Caza"
Joseph Caza

Dated this 22nd day of March, 2012 STAFF OF THE ONTARIO SECURITIES COMMISSION

"Tom Atkinson"
Tom Atkinson
Director, Enforcement Branch

SCHEDULE "A"

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

AND

IN THE MATTER OF
JOSEPH CAZA AND SALIM KANJI

ORDER

WHEREAS on _____, 2012, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the "*Securities Act*") in respect of the conduct of, among others, Joseph Caza ("Caza");

AND WHEREAS on _____, 2012, Staff of the Commission filed a Statement of Allegations (the "Statement of Allegations") in respect of the same matter;

AND WHEREAS Caza entered into a settlement agreement dated _____, 2012 (the "Settlement Agreement") in relation to the matters set out in the Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated _____, 2012 (the "Notice of Hearing") setting out that it proposed to consider the Settlement Agreement;

UPON reviewing the Settlement Agreement, the Notice of Hearing, the Statement of Allegations, and upon considering submissions from counsel for Caza and from Staff of the Commission;

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

IT IS HEREBY ORDERED, PURSUANT TO SECTION 127(1) OF THE SECURITIES ACT THAT:

a) The settlement agreement is approved;

b) pursuant to clause 2 of subsection 127(1) of the *Securities Act*, Caza shall cease trading in any securities for a period of 5 years, with the exception that Caza is permitted to trade securities for the account of his registered retirement savings plan as defined in the Income Tax Act, 1985, c.1 as amended ("RRSP"), and/or tax-free savings accounts ("TFSA") and/or for any registered education savings plan ("RESP") accounts for which he is the or a sponsor ;

c) pursuant to clause 2.1 of subsection 127(1) of the *Securities Act*, Caza shall cease acquisitions of any securities for a period of 5 years, except acquisitions undertaken in connection with Caza's RRSP and/or TFSA and/or for any RESP accounts for which he is the or a sponsor;

d) pursuant to clause 3 of subsection 127(1) of the *Securities Act*, any exemptions in Ontario securities law do not apply to Caza for a period of 5 years, except to the extent such exemption is necessary for trades undertaken in connection with Caza's RRSP and/or TFSA and/or for any RESP accounts for which he is the or a sponsor;

e) pursuant to clause 7 of section 127(1) of the *Securities Act* that Caza resign any position that he holds as a director or officer of an issuer, except that Caza may continue to act as a director of two non-profit soccer organizations;

f) pursuant to clause 8 of section 127(1) of the *Securities Act* that Caza be prohibited from becoming or acting as a director or officer of any issuer for a period of 5 years, except that Caza may continue to act as a director of two non-profit soccer organizations;

g) pursuant to clause 8.2 of section 127(1) of the *Securities Act* that Caza be prohibited from becoming or acting as a director or officer of a registrant for a period of 5 years;

h) pursuant to clause 8.4 of section 127(1) of the *Securities Act* that Caza be prohibited from becoming or acting as a director or officer of an investment fund manager for a period of 5 years; and

i) pursuant to clause 8.5 of section 127(1) of the *Securities Act* that Caza be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of 5 years.

Dated at Toronto, Ontario this _____ day of _____, 2012.

_____ _____

3.1.4 Joseph Caza and Salim Kanji

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

AND

IN THE MATTER OF

JOSEPH CAZA AND SALIM KANJI

SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND SALIM KANJI

PART I – INTRODUCTION

1. The Ontario Securities Commission (the "Commission") will issue a Notice of Hearing to announce that it will hold a hearing to consider whether pursuant to section 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Securities Act*") it is in the public interest for the Commission to make certain orders in respect of Salim Kanji ("Kanji").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding to be commenced by Notice of Hearing against Kanji according to the terms and conditions set out in Part VI of this Settlement Agreement. Kanji agrees to the making of an order in the form attached as Schedule "A" based on the facts set out below.

PART III – AGREED FACTS

3. For this proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, Kanji agrees with the facts as set out in Part III of this Settlement Agreement.

4. Staff and Kanji agree that the facts and admissions set out in Parts III, IV and V for the purpose of this settlement are without prejudice to Kanji in any other proceedings of any kind including, but without limiting the generality of the foregoing, any other proceedings brought by the Commission under the *Securities Act* (subject to paragraph 21 below) or any civil or other proceedings currently pending or which may be brought by any other person, corporation or agency (subject to paragraph 19 below). Nothing in this settlement agreement is intended to be an admission of civil liability by Kanji to any person or company; such liability is expressly denied by Kanji.

(a) Kanji

5. Kanji is a resident of Scarborough, Ontario. On or about June 30, 1996, Kanji became a director of Realcash and on or about January 20, 1998, Kanji became the Vice-President of Realcash. Kanji has never been registered with the Commission in any capacity nor employed in any capacity as, or on behalf of, a market participant.

6. In the period May 2009 to November 2010 (the "Material Time"), in addition to his role as Vice-President, Kanji was a director and owner of Realcash.

(b) Realcash

7. Barham Investment Services Inc. ("Barham") was incorporated in Ontario on June 11, 1993. On June 27, 1996, Barham changed its name to Realcash. Realcash has never been registered with the Commission in any capacity.

8. On December 20, 2010, Realcash filed an assignment in bankruptcy under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

(c) Realcash Security

9. The business of Realcash involved the provision of commission advances to real estate agents and/or agencies. Funding for these advances was obtained from investors, who were paid an interest rate determined by Realcash or one of its principals. The investor was on occasion provided with a promissory note as evidence of the indebtedness. This arrangement is referred to herein as the "Realcash Security."

10. Realcash Security investors typically received monthly interest payments, but played no role in the generation of profits and/or the accrual of interest. The Realcash Security was a "security" as defined in clauses (e), (g), and/or (n) of section 1(1) of the *Securities Act*.

11. During the Material Time, Kanji referred family and friends to Realcash, and on occasion, delivered interest cheques to Realcash Security investors.

(d) Total Investment

12. A total of more than $2.8 million was raised from investors in the Realcash Security and more than $3.2 million was paid to Realcash Security investors. Notwithstanding this, many investors did not receive full repayment of their capital.

PART IV – THE RESPONDENT'S POSITION

13. Kanji requests that the settlement hearing panel consider the following mitigating circumstances:

a) that Kanji did not earn any remuneration during the Material Time;

b) that Kanji invested his own funds in Realcash during the Material Time in an effort to sustain the business;

c) that Realcash had a bona fide business which generated profits for more than 10 years and Realcash used those profits to pay interest to investors;

d) that Kanji has suffered harm to his reputation and embarrassment within his community;

e) that Kanji has never been the subject of any prior securities-related disciplinary proceeding.

PART V – BREACHES OF *SECURITIES ACT* AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

14. Kanji traded and engaged in or held himself out as engaging in the business of trading in securities without being registered to do so and without an exemption from the dealer registration requirement, contrary to section 25(1)(a) of the *Securities Act* as that section existed at the time the conduct at issue commenced, and contrary to section 25(1) of the *Securities Act* as subsequently amended on September 28, 2009.

15. Kanji's activities in respect of the Realcash Security constituted trades in securities which were distributions, for which no preliminary prospectus or prospectus was filed or receipted by the Director, contrary to section 53 of the *Securities Act*.

16. Kanji's conduct was contrary to the public interest.

PART VI – TERMS OF SETTLEMENT

17. Kanji agrees to the terms of settlement set out below.

18. The Commission will make an order pursuant to section 127(1) of the *Securities Act* that:

a) The settlement agreement is approved;

b) pursuant to clause 2 of section 127(1) of the *Securities Act*, Kanji shall cease trading in any securities for a period of 4 years, with the exception that Kanji is permitted to trade securities for the account of his registered retirement savings plan ("RRSP") as defined in the *Income Tax Act*, 1985, c.1 as amended, and/or tax-free savings accounts ("TFSA") and/or for any registered education savings plan ("RESP") accounts for which he is the or a sponsor ;

c) pursuant to clause 2.1 of section 127(1) of the *Securities Act*, Kanji shall cease acquisitions of any securities for a period of 4 years, except acquisitions undertaken in connection with Kanji's RRSP and/or TFSA and/or for any RESP accounts for which he is the or a sponsor;

d) pursuant to clause 3 of section 127(1) of the *Securities Act*, any exemptions in Ontario securities law do not apply to Kanji for a period of 4 years, except to the extent such exemption is necessary for trades undertaken in connection with Kanji's RRSP and/or TFSA and/or for any RESP accounts for which he is the or a sponsor;

e) pursuant to clause 7 of section 127(1) of the *Securities Act* that Kanji resign any position that he holds as a director or officer of an issuer;

f) pursuant to clause 8 of section 127(1) of the *Securities Act* that Kanji be prohibited from becoming or acting as a director or officer of any issuer for a period of 4 years;

g) pursuant to clause 8.2 of section 127(1) of the *Securities Act* that Kanji be prohibited from becoming or acting as a director or officer of a registrant for a period of 4 years;

h) pursuant to clause 8.4 of section 127(1) of the *Securities Act* that Kanji be prohibited from becoming or acting as a director or officer of an investment fund manager for a period of 4 years; and

i) pursuant to clause 8.5 of section 127(1) of the *Securities Act* that Kanji be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of 4 years.

19. Kanji consents to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in paragraph 18 above. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

PART VII – STAFF COMMITMENT

20. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding against Kanji under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 21 below.

21. If the Commission approves this Settlement Agreement and Kanji fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against him. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

22. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission according to the procedures set out in this Settlement Agreement and the Commission's Rules of Practice.

23. Staff and Kanji agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on Kanji's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

24. If the Commission approves this Settlement Agreement, Kanji agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the *Securities Act*.

25. If the Commission approves this Settlement Agreement, no party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

26. Whether or not the Commission approves this Settlement Agreement, Kanji will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

27. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

(a) this Settlement Agreement and all discussions and negotiations between Staff and Kanji before the settlement hearing takes place will be without prejudice to Staff and Kanji; and

(b) Staff and Kanji will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

28. All parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, all parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART X – EXECUTION OF SETTLEMENT AGREEMENT

29. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

30. A fax or email copy of any signature will be treated as an original signature.

Dated this 20th day of March, 2012

"Shirin Zaver"
Witness

"Salim Kanji"
Salim Kanji

Dated this 22nd day of March, 2012 STAFF OF THE ONTARIO SECURITIES COMMISSION

"Tom Atkinson"
Tom Atkinson
Director, Enforcement Branch

SCHEDULE "A"

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

AND

IN THE MATTER OF
JOSEPH CAZA AND SALIM KANJI

SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND SALIM KANJI

ORDER

WHEREAS on _____, 2012, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the "*Securities Act*") in respect of the conduct of, among others, Salim Kanji ("Kanji");

AND WHEREAS on _____, 2012, Staff of the Commission filed a Statement of Allegations (the "Statement of Allegations") in respect of the same matter;

AND WHEREAS Kanji entered into a settlement agreement dated _____, 2012 (the "Settlement Agreement") in relation to the matters set out in the Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated _____, 2012 (the "Notice of Hearing") setting out that it proposed to consider the Settlement Agreement;

UPON reviewing the Settlement Agreement, the Notice of Hearing, the Statement of Allegations, and upon considering submissions from counsel for Kanji and from Staff of the Commission;

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

IT IS HEREBY ORDERED, PURSUANT TO SECTION 127(1) OF THE *SECURITIES ACT* THAT:

a) the settlement agreement is approved;

b) pursuant to clause 2 of section 127(1) of the *Securities Act*, Kanji shall cease trading in any securities for a period of 4 years, with the exception that Kanji is permitted to trade securities for the account of his registered retirement savings plan ("RRSP") as defined in the Income Tax Act, 1985, c.1 as amended, and/or tax-free savings accounts ("TFSA") and/or for any registered education savings plan ("RESP") accounts for which he is the or a sponsor ;

c) pursuant to clause 2.1 of section 127(1) of the *Securities Act*, Kanji shall cease acquisitions of any securities for a period of 4 years, except acquisitions undertaken in connection with Kanji's RRSP and/or TFSA and/or for any RESP accounts for which he is the or a sponsor;

d) pursuant to clause 3 of section 127(1) of the *Securities Act*, any exemptions in Ontario securities law do not apply to Kanji for a period of 4 years, except to the extent such exemption is necessary for trades undertaken in connection with Kanji's RRSP and/or TFSA and/or for any RESP accounts for which he is the or a sponsor;

e) pursuant to clause 7 of section 127(1) of the *Securities Act* that Kanji resign any position that he holds as a director or officer of an issuer;

f) pursuant to clause 8 of section 127(1) of the *Securities Act* that Kanji be prohibited from becoming or acting as a director or officer of any issuer for a period of 4 years;

g) pursuant to clause 8.2 of section 127(1) of the *Securities Act* that Kanji be prohibited from becoming or acting as a director or officer of a registrant for a period of 4 years;

h) pursuant to clause 8.4 of section 127(1) of the *Securities Act* that Kanji be prohibited from becoming or acting as a director or officer of an investment fund manager for a period of 4 years; and

i) pursuant to clause 8.5 of section 127(1) of the *Securities Act* that Kanji be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of 4 years.

DATED at Toronto, Ontario this ____ day of _____, 2012.

_____ _____

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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
Higher River Gold Mines Ltd	15 Mar 12	27 Mar 12	27 Mar 12		

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Higher River Gold Mines Ltd	15 Mar 12	27 Mar 12	27 Mar 12		

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service 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
03/06/2012	6	7944047 Canada Inc. - Common Shares	408,000.00	100.00
07/07/2011 to 11/02/2011	3	Addenda Canadian Equity Pooled Fund - Trust Units	47,673,231.00	5,373,718.00
03/31/2011 to 11/30/2011	18	Addenda Commercial Mortgages Pooled Fund - Trust Units	41,543,730.00	4,122,629.00
01/04/2011 to 12/30/2011	25	Addenda Money Market Liquidity Pooled Fund - Trust Units	277,387,432.00	27,749,743.00
01/06/2011 to 10/27/2011	39	Addenda Money Market Pooled Fund - Trust Units	289,449,500.00	29,225,450.00
07/07/2011	3	Addenda U.S. Equity Pooled Fund - Trust Units	3,001,866.00	249,718.00
02/29/2012	29	African Metals Corp. - Units	1,283,650.00	11,669,545.00
01/03/2011 to 12/30/2011	6	AHL Strategies PCC Limited - Common Shares	30,125,644.24	31,024,044.00
02/24/2012	54	Alix Resources Corp. - Units	763,200.00	8,490,000.00
02/24/2012	7	American Solar Direct Holdings Inc. - Preferred Shares	1,498,200.00	750,000.00
12/21/2011	1	Archer Capital Trust 5B - Investment Trust Interest	46,611,000.00	1.00
12/21/2011	3	Archer Capital VCLP 5, LP - Limited Partnership Interest	162,620,600.00	3.00
02/27/2012 to 02/29/2012	29	Argent Energy Trust - Trust Units	1,135,000.00	227,000.00
02/29/2012	1	Asher Resources Corporation - Common Shares	22,500.00	62,500.00
02/16/2012	1	Atna Resources Ltd. - Common Shares	599,999.32	618,556.00
03/07/2012	2	Azelon Pharmaceuticals Canada, Inc. - Common Shares	917,840.06	917,840.06
02/29/2012 to 03/09/2012	50	Baccalieu Energy Inc. - Common Shares	19,981,850.00	2,160,200.00
05/09/2011 to 12/29/2011	2	Baillie Gifford Global Alpha Fund - Units	4,615,816.44	381,213.30
07/26/2011	1	Baillie Gifford Overseas Fund - Units	26,170,000.00	2,295,452.95
03/02/2012	5	Banro Corporation - Units	173,040,000.00	175,000.00
11/01/2011 to 11/25/2011	104	Banyan Capital Partners Fund II Limited Partnership - Limited Partnership Units	2,600,000.00	260,000.00
03/01/2011 to 07/01/2011	8	Baryshnik Fund L.P. - Limited Partnership Units	8,505,010.00	850,626.61

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
02/29/2012	7	Bazaarvoice, Inc. - Common Shares	1,823,236.80	154,000.00
03/07/2012	24	bcIMC Realty Corporation - Notes	500,000,000.00	24.00
01/29/2011	5	Benefuel Inc. - Notes	504,495.00	225,854.00
03/05/2012	2	Bill Barrett Corporation - Notes	2,980,800.00	2.00
09/01/2011 to 12/21/2011	43	Bison Income Trust II - Trust Units	5,971,132.06	597,113.21
01/21/2011 to 11/21/2011	1	BlackRock Mortgage (Offshore) Investors AIV I, L.P. - Limited Partnership Interest	16,081,301.66	1.00
02/01/2011	1	BlueGold Global Fund Inc. - Common Shares	99,220,000.00	1,000,000.00
03/08/2012	16	Bombardier Inc. - Notes	496,050,000.00	16.00
10/31/2011	1	Brevan Howard Asia Fund Limited - Common Shares	293,140.40	1,499.74
09/30/2011	1	Brevan Howard Credit Catalysts Fund Limited - Common Shares	439,060.58	3,070.35
08/31/2011 to 12/31/2011	5	Brevan Howard Fund Limited - Common Shares	29,472,578.30	137,518.60
01/31/2011 to 12/31/2011	37	BT Global Growth Fund LP - Limited Partnership Units	3,033,786.00	156,900.90
01/01/2011 to 12/31/2011	8	B.S.P. Funds Canada Inc. - Units	2,550,000.00	N/A
02/28/2012	29	C2C Industrial Properties Ltd. - Units	10,453,982.15	N/A
08/08/2011 to 12/30/2011	19	Caldwell Canadian Value Momentum Fund - Units	1,732,100.00	175,182.09
02/02/2012	21	Caledonian Royalty Corporation - Units	1,450,000.00	145,000.00
03/02/2012	90	Caltex Resources Ltd. - Common Shares	13,452,865.10	9,277,838.00
03/08/2012	1	CanAir Nitrogen Fund - Trust Units	204,750.00	325,000.00
12/30/2011	43	Canoe Unique Energy (CDN) Limited Partnership II - Limited Partnership Units	19,560,000.00	19,560.00
08/30/2011 to 12/29/2011	1	Castor Cat Fund, Ltd. - Common Shares	162,586,350.00	144,016.34
03/05/2011	25	Cavan Ventures Inc. - Units	372,500.00	7,450,000.00
03/06/2012	178	Cedar Mountain Explortion Inc. - Common Shares	6,400,000.00	32,000,000.00
02/21/2012	1	Celmatix Inc. - Preferred Shares	144,845.25	42,990.00
02/29/2012	129	Centurion Apartment Real Estate Investment Trust - Units	6,196,580.71	608,402.62
01/01/2011 to 12/31/2011	151	CGOV Balanced Fund - Class A - Trust Units	7,007,849.86	457,334.00
01/01/2011 to 12/31/2011	17	CGOV Balanced Fund - Class F - Trust Units	7,112,182.99	457,280.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2011 to 12/31/2011	6	CGOV Canadian Equity Fund - Class A - Trust Units	646,426.56	71,993.00
01/01/2011 to 12/31/2011	2	CGOV Canadian Equity Fund - Class F - Trust Units	3,100.00	321.00
01/01/2011 to 12/31/2011	197	CGOV Equity Fund - Class A - Trust Units	3,658,618.67	198,351.00
01/01/2011 to 12/31/2011	71	CGOV Equity Fund - Class F - Trust Units	7,624,211.48	405,818.00
01/01/2011 to 12/31/2011	208	CGOV Equity Income Fund - Class A - Trust Units	11,049,642.61	783,617.00
01/01/2011 to 12/31/2011	46	CGOV Equity Income Fund - Class F - Trust Units	8,999,358.23	622,289.00
01/01/2011 to 12/31/2011	25	CGOV Equity Income Fund - Class G - Trust Units	5,494,719.15	376,239.00
01/01/2011 to 12/31/2011	77	CGOV Fixed Income Fund - Class A - Trust Units	5,894,594.06	544,431.00
01/01/2011 to 12/31/2011	44	CGOV Fixed Income Fund - Class F - Trust Units	10,620,075.21	946,484.00
01/01/2011 to 12/31/2011	20	CGOV Fixed Income Fund - Class G - Trust Units	2,802,947.72	242,656.00
01/01/2011 to 12/31/2011	25	CGOV Focused 15 Fund - Trust Units	1,285,681.69	108,632.00
01/01/2011 to 12/31/2011	1	CGOV Private Equity Fund - Trust Units	35,343.15	2,145.00
01/01/2011 to 12/31/2011	2	CGOV U.S. Equity Fund - Class A - Trust Units	150,000.00	10,764.00
01/01/2011 to 12/31/2011	2	CGOV U.S. Equity Fund - Class F - Trust Units	98,222.46	7,049.00
04/15/2011 to 10/17/2011	1	CIF Global High Income Opportunities Fund - Common Shares	307,941.95	12,786.66
02/28/2012	5	CiRBA Inc. - Common Shares	15,000,000.40	11,990,408.00
01/26/2011 to 11/30/2011	102	Claret Growth Limited Partnership - Limited Partnership Units	8,201,602.10	837,305.00
02/02/2012	2	Cobalt International Energy, Inc. - Common Shares	3,729,348.00	135,000.00
03/05/2012	1	Colfax Corporation - Common Shares	684,354.00	20,000.00
02/24/2012	20	Colombia Minerals Inc. - Common Shares	164,625.01	1,646,250.00
01/06/2011 to 11/28/2011	10	Comgest Growth PLC - Common Shares	283,432,639.81	8,816,983.35
11/30/2011	7	CoreCap Fund LP - Limited Partnership Units	9,137,501.00	9,137,501.00
05/30/2011	2	Coventry Resources Limited - Common Shares	10,620.00	60,000.00
06/30/2011	6	Coventry Resources Limited - Common Shares	60,720.00	120,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
02/16/2012	3	Coventry Resources Limited - Common Shares	33,000.00	220,000.00
04/20/2010	1	Coventry Resources Limited - Common Shares	2,904,000.00	12,000,000.00
01/01/2011 to 12/31/2011	123	Crystal Enhanced Mortgage Fund - Trust Units	7,520,819.00	745,553.95
09/02/2011 to 12/31/2011	17	Crystal Wealth Strategic Yield Media Fund - Trust Units	4,142,484.09	413,611.29
02/03/2012	3	Cyrium Technologies Incorporated - Common Shares	400,000.00	N/A
02/03/2012	3	Cyrium Technologies Incorporated - Common Shares	400,000.00	400,000.00
03/09/2012	3	Cyrium Technologies Incorporated - Debentures	400,000.00	3.00
12/07/2011	3	D-Wave Systems Inc. - Notes	3,508,625.00	5.00
12/07/2011	2	D-Wave Systems Inc. - Warrants	0.00	695,164.00
02/28/2012	1	Dealer Track Holdings, Inc. - Notes	250,000.00	250.00
01/07/2011 to 12/15/2011	43	Deans Knight Equity Growth Fund - Trust Units	11,229,155.69	5,120.00
01/07/2011 to 12/15/2011	54	Deans Knight Income Fund - Trust Units	27,470,571.04	3,433,508.00
01/13/2012	3	Direct Media Technologies Inc. - Units	715,890.00	700,000.00
02/21/2012	5	Duncan Park Holdings Corporation - Common Shares	319,200.00	3,000,000.00
06/06/2011 to 10/14/2011	1	Emerging Markets Value Portfolio of DFA Investment Dimensions Group Inc. - Common Shares	201,119,871.46	6,074,530.89
05/18/2011 to 11/28/2011	1	Emerging Markets Value Portfolio of DFA Investment Dimensions Group Inc. - Common Shares	59,519,936.47	1,719,500.22
02/28/2012	6	Energy Future Intermediate Holding Company LLC - Notes	4,978,000.00	6.00
02/13/2012	10	Entourage Metals Ltd. - Common Shares	109,500.00	20,000.00
02/10/2012	29	Erin Ventures Inc. - Units	955,500.00	9,555,000.00
03/08/2012	4	EV Energy Partners, L.P. and EV Energy Finance Corp. - Notes	58,246,191.00	4.00
01/01/2011 to 12/31/2011	3	ExxonMobil Canada Master Trust - Trust Units	146,909,860.69	10,589,628.02
03/17/2011 to 10/12/2011	1	Farallon Special Situation Partners III, L.P. - Limited Partnership Interest	167,124,800.00	2.00
05/01/2011	1	Fir Tree International Value Fund II, Ltd. - Common Shares	71,145,000.00	7,500.00
02/22/2012	58	Flinders Resources Limited (Formerly Tasex Capital Limited) - Units	5,200,000.00	10,400,000.00
01/01/2011 to 01/01/2012	42	Front Street Canadian Energy Resource Fund - Trust Units	1,617,019.73	54,527.71

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2011 to 12/31/2011	12	Front Street Canadian Hedge - Trust Units	26,111,666.00	1,236,936.36
02/01/2012 to 02/17/2012	13	GDV Resources Inc. - Common Shares	129,000.00	2,580,000.00
01/31/2012	1	Green Swan Capital Corp. - Common Shares	82,500.00	600,000.00
02/27/2012	2	Health Care REIT, Inc. - Common Shares	3,471,650.00	18,000,000.00
03/05/2012	1	Hexion U.S. Finance Corp. - Note	248,400.00	1.00
03/02/2012	2	Hornbeck Offshore Services, Inc. - Notes	1,483,200.00	2.00
01/01/2011 to 12/31/2011	195	IA Clarington Canadian Equities Pooled Fund-Defensive - Trust Units	2,884,884.00	577.91
01/01/2011 to 12/31/2011	367	IA Clarington Money Market Pooled Fund - Trust Units	1,344,596.00	2,096.56
03/05/2012 to 03/09/2012	7	IGW Real Estate Investment Trust - Units	1,769,501.40	1,769,501.40
03/05/2012 to 03/09/2012	8	IGW Real Estate Investment Trust - Units	257,199.54	244,952.00
02/27/2012 to 03/02/2012	20	IGW Real Estate Investment Trust - Units	760,370.00	760,370.00
02/27/2012 to 03/02/2012	51	IGW Real Estate Investment Trust - Units	759,470.72	723,305.00
02/28/2012	3	Initio Fuels LLC - Debentures	800,000.00	800.00
12/22/2010 to 01/25/2011	1	International Small Cap Value Portfolio of DFA Investment Dimensions Group Inc. - Common Shares	2,529,210.47	147,576.12
03/31/2011 to 06/24/2011	115	Invico Energy III LP - Limited Partnership Units	10,310,000.00	103,100.00
03/31/2011 to 06/24/2011	3	Invico Energy III (Int) LP - Limited Partnership Units	165,000.00	1,650.00
02/24/2012	9	Iron South Mining Corp. (Formerly Panthera Exploration Inc.) - Units	250,000.00	1,250,000.00
01/01/2011 to 12/31/2011	45	Jarislowsky International Equity Fund - Units	34,166,717.29	1,725,921.31
01/01/2011 to 12/31/2011	73	Jarislowsky Special Equity Fund - Units	96,568,618.11	4,982,654.51
01/01/2011 to 12/31/2011	65	Jarislowsky, Fraser Balanced Fund - Units	135,305,513.88	9,857,995.74
01/01/2011 to 12/31/2011	17	Jarislowsky, Fraser Bond Fund - Units	25,321,423.46	2,245,197.38
01/01/2011 to 12/31/2011	51	Jarislowsky, Fraser Canadian Equity Fund - Units	285,210,004.20	8,747,941.07
01/01/2011 to 12/31/2011	19	Jarislowsky, Fraser Global Balanced Fund - Units	15,376,117.83	1,453,030.38

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2011 to 12/31/2011	11	Jarislowsky, Fraser Global Equity Fund - Units	4,619,454.41	565,142.60
01/01/2011 to 12/31/2011	207	Jarislowsky, Fraser Money Market Fund - Units	177,090,604.00	17,709,060.40
01/01/2011 to 12/31/2011	18	Jarislowsky, Fraser Special Bond Fund - Units	5,261,500.00	502,177.30
01/01/2011 to 12/31/2011	8	Jarislowsky, Fraser U.S. Equity Fund - Units	27,567,491.35	3,982,050.25
01/01/2011 to 12/31/2011	101	Jarislowsky, Fraser U.S. Money Market Fund - Units	26,283,417.19	2,668,260.00
01/07/2011 to 12/30/2011	114	KFA Balanced Pooled Fund - Units	6,906,191.00	370,871.29
02/01/2011 to 12/01/2011	2	King & Victoria Fund LP - Units	4,490,841.70	530.65
02/21/2012	97	Kivalliq Energy Corporation - Common Shares	9,466,749.80	19,972,444.00
03/01/2012 to 03/06/2012	3	KmX Corp. - Common Shares	994,113.74	1,334,560.00
02/29/2012	36	Kootenay Silver Inc. - Warrants	2,163,000.00	1,430,000.00
03/14/2012	6	Lakeside Minerals Inc. - Common Shares	222,700.00	1,713,079.00
02/27/2012	24	Laurion Mineral Exploration Inc. - Units	413,539.80	6,892,330.00
02/01/2011	3	Lazard Emerging Income, Ltd. - Common Shares	4,500,000.00	45,000.00
01/04/2011 to 12/30/2011	4	Lazard Global Listed Infrastructure (Canada) Fund - Trust Units	20,580,103.18	2,397,414.76
03/01/2012	1	Lily Lake Solar Inc. - Debenture	35,475,000.00	1.00
02/24/2012	11	Lithium One Inc. - Common Shares	9,784,750.00	9,318,810.00
02/28/2012	3	MarketAxess Holdings Inc. - Common Shares	5,314,750.00	3,597,333.00
01/01/2011 to 12/31/2011	23	Mawer Balanced Pooled Fund - Trust Units	93,542,860.91	9,528,133.10
01/01/2011 to 12/31/2011	12	Mawer Canadian Bond Pooled Fund - Trust Units	56,613,248.06	5,956,021.09
01/01/2011 to 12/31/2011	21	Mawer Canadian Equity Pooled Fund - Trust Units	312,532,673.72	19,179,342.13
03/07/2012	1	Member-Partners Solar Energy Limited Partnership - Units	10,000.00	10,000.00
03/08/2012	255	Millennium Stimulation Services Ltd. - Common Shares	32,860,500.00	28,110,000.00
01/01/2011 to 10/01/2011	11	MMCAP Fund Inc. - Common Shares	2,935,654.00	2,280.09
10/12/2011	1	Monarques Resources Inc. - Common Shares	14,500.00	50,000.00
09/01/2011	1	Morgan Stanley Hedge Premier/Millenium International, Ltd. - Common Shares	97,522.92	92.31

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
07/01/2011	1	Morgan Stanley Hedge Premier/Millenium Strategic Capital LP - Limited Partnership Interest	239,946.25	250.00
07/01/2011	1	Morgan Stanley Hedge Premier/OZ DP II Fund II LP - Limited Partnership Interest	95,978.50	100.87
01/01/2011 to 12/31/2011	76	Mortgage Investment Corporation of Eastern Ontario - Common Shares	6,976,667.60	697,666.76
02/29/2012	1	Motors Mechanical Reinsurance Company, Limited - Common Shares	7,601.86	100.00
02/29/2012	3	MOVE Trust, BNY Trust Company of Canada as Trustee - Notes	13,589,867.85	3.00
02/28/2012 to 03/02/2012	39	Netco Energy Inc. - Units	804,375.00	6,435,000.00
02/27/2012	5	Newbaska Gold and Copper Mines Ltd. - Common Shares	45,445.35	302,969.00
03/05/2012	1	Newcastle Minerals Ltd. - Common Shares	500,000.00	10,000,000.00
01/31/2012	4	Newstart Financial Inc. - Notes	415,000.00	4.00
02/17/2012	7	Newstrike Resources Ltd. - Units	370,000.00	2,000,000.00
01/01/2011	62	Norema Income Fund - Units	60,250.00	1,205.00
03/02/2012	19	NorthIsle Copper and Gold Inc. - Flow-Through Shares	1,499,995.00	4,285,700.00
02/23/2012	80	Northland Resources S.A. - Common Shares	74,161,208.44	65,629,388.00
03/07/2012	27	Northland Resources S.A. - Common Shares	33,985,270.00	N/A
01/23/2012	3	Nuinsco Resources Limited - Common Shares	300,000.00	3,157,894.00
03/07/2012	15	NXT Energy Solutions Inc. - Units	1,501,078.01	2,002,839.00
12/15/2011 to 01/16/2012	36	Omniarch Capital Corporation - Bonds	849,088.45	N/A
04/21/2011 to 06/09/2011	1	Orbis Institutional SPC Limited - Global Equity Fund Segregated Portfolio - Common Shares	47,757,182.34	382,852.84
03/05/2012	2	Oxane Materials, Inc. - Preferred Shares	9,027,107.32	4,266,304.00
02/22/2012	1	OYO Geospace Corporation - Common Shares	1,900,000.00	20,000.00
01/14/2011 to 12/16/2011	29	Palos Credit Fund L.P. - Limited Partnership Units	953,824.06	N/A
01/01/2011 to 12/31/2011	137	Palos Income Fund L.P. - Limited Partnership Units	9,461,789.06	962,150.02
04/28/2011 to 12/01/2011	5	Palos Majestic Commondity Fund L.P. - Limited Partnership Units	265,925.00	21,133.00
01/01/2011 to 12/31/2011	78	Palos Merchant Bank L.P. - Limited Partnership Units	2,678,978.08	N/A
04/05/2011	88	Palos Rendez-Vous Fund - Trust Units	1,189,611.74	N/A
02/29/2012	84	Pan Terra Industries Inc. - Receipts	13,157,000.00	26,314,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
03/08/2012	35	Panoro Minerals Ltd. - Units	13,800,000.00	23,000,000.00
01/01/2011 to 06/01/2011	6	Parkwood Limited Partnership Fund - Limited Partnership Units	8,200,000.00	7,035.93
02/29/2012	6	Pershimco Resources Inc. - Common Shares	30,000,000.00	30,000,000.00
03/02/2012	99	Petrocapita Income Trust - Trust Units	1,981,841.00	1,981,841.00
02/24/2012	5	PetroSahara Energy Corp. - Special Warrants	375,000.00	375,000.00
02/06/2012 to 02/15/2012	82	PetroSahara Energy Corp. - Special Warrants	5,534,000.00	550,400.00
02/28/2012	47	Petrotoro Inc. - Debentures	2,961,200.00	N/A
03/05/2012 to 03/09/2012	4	Place Trans Canadienne Commercial Limited Partnership - Notes	125,000.00	125,000.00
01/05/2011 to 12/22/2011	295	Polar Investment Funds Limited - Common Shares	39,427,889.43	386,276.42
02/01/2011 to 10/01/2011	7	Portland India Select Business Portfolio Inc. - Common Shares	1,402,947.85	1,416.40
07/29/2011 to 12/30/2011	9	Portland India Select Business Portfolio Trust - Units	685,879.57	73,653.81
02/16/2012	1	Pounder Venture Capital Corp. - Common Shares	15,750.00	100,000.00
01/01/2011 to 12/31/2011	6	Premium Value Partnership LP - Units	345,921.77	436.09
03/08/2012	16	Prestige Hospitality HW Limited Partnership - Limited Partnership Units	1,088,750.00	1,090.00
10/26/2011	527	Priviti Energy Limited Partnership 2011 - Limited Partnership Units	60,000,000.00	12,000.00
02/22/2012	1	Protalix BioTherapeutics, Inc. - Common Shares	262,500.00	50,000.00
02/23/2012	2	Rainy River Resources Ltd. - Common Shares	87,960.00	12.00
01/01/2011 to 12/31/2011	339	RBC Dexia Short-Term Investment Fund - Units	7,662,292,408.84	11,207,068,252.00
01/01/2011 to 12/31/2011	7	RBC $U.S. ARC Fund - Units	810,000.00	34,187.43
11/01/2011 to 12/31/2011	11	REDF V Limited Partnership - Limited Partnership Units	80,000,000.00	80,000.00
11/01/2011 to 12/31/2011	10	REDF VI Limited Partnership - Limited Partnership Units	20,012,000.00	20,012.00
03/01/2011 to 12/31/2011	5	REDF VI Limited Partnership - Limited Partnership Units	10,250,000.00	10,250.00
02/14/2012	3	Return on Innovation Capital Ltd. - Units	5,400,000.00	5,400,000.00
02/13/2012	2	Return on Innovation Capital Ltd. - Units	9,200,000.00	9,200,000.00
01/01/2011	1	Robeco WPG Opportunistic Value Fund, L.P. - Limited Partnership Interest	180,633.87	1.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
02/13/2012	1	ROI Capital Ltd. - Units	14,917.38	14,917.38
01/01/2011 to 12/31/2011	1710	ROI High Income Private Placement Fund - Units	172,741,647.89	1,344,919.87
01/01/2011 to 12/31/2011	433	ROI Institutional Private Placement Fund - Units	48,616,059.59	466,349.51
01/01/2011 to 12/31/2011	1373	ROI Private Placement Fund - Units	230,842,288.94	1,973,571.09
01/01/2011 to 12/31/2011	753	ROI Strategic Private Placement Fund - Units	107,744,924.30	928,975.96
01/01/2011 to 12/31/2011	831	Romspen Mortgage Investment Fund - Units	206,930,525.70	20,693,085.00
02/28/2012	20	Roxgold Inc. - Common Shares	25,900,000.00	14,000,000.00
03/01/2012	1	Royal Bank of Canada - Notes	1,477,350.00	1,500.00
02/27/2012	14	Royal Bank of Canada - Notes	2,021,557.50	2,025.00
02/28/2012	1	Royal Bank Of Canada - Notes	1,991,200.00	2,000.00
01/01/2011 to 07/01/2011	45	RP Debt Opportunities Fund LP - Limited Partnership Units	48,738,425.00	48,738.43
04/01/2011 to 12/01/2011	211	RP Debt Opportunities Fund Trust - Trust Units	285,144,877.19	28,514,487.72
06/01/2010 to 07/01/2011	7	RP Debt Opportunities Trust - Units	11,900,100.00	119,001.00
02/17/2012	18	RXT 110 Inc. - Units	366,000.00	1,847,500.00
02/28/2012	1	R.R. Donnelley & Sons Company - Notes	2,000,000.00	2,000.00
02/28/2012	55	Saturn Minerals Inc. - Units	1,188,066.00	5,400,300.00
03/14/2011 to 07/14/2011	4	SEAMARK Pooled Balanced Fund - Units	245,351.06	17,045.00
02/07/2011	1	SEAMARK Pooled Canadian Small Cap Fund - Units	50,000.00	3,859.00
01/17/2011 to 12/06/2011	19	SEAMARK Pooled Money Market Fund - Units	4,153,044.24	415,305.00
04/01/2011 to 12/08/2011	17	Secure Capital MIC Inc. - Preferred Shares	1,352,671.00	1,352,671.00
11/01/2011	2	Silver Point Capital Offshore Fund, Ltd. - Common Shares	2,523,750.00	250.00
03/01/2012	8	Snipp Interactive Inc. - Common Shares	2,956,499.65	22,742,305.00
03/01/2012	66	Snipp Interactive Inc. - Units	1,999,999.95	13,333,333.00
01/27/2012	14	Sonoro Metals Corp. (formerly Becker Gold Mines Ltd.) - Units	331,250.00	1,325,000.00
02/27/2012	4	Sprint Nextel Corporation - Notes	28,950,700.00	290,000.00
02/28/2012	78	Standard Exploration Ltd. - Units	4,417,287.00	21,948,063.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/14/2011 to 12/30/2011	134	Steinberg High Yield Fund - Trust Units	14,629,182.13	1,495,009.56
01/14/2011 to 12/30/2011	129	Steinberg Value Equity Fund - Trust Units	4,084,190.53	409,157.11
03/06/2012	5	Stone Energy Corporation - Notes	3,004,500.00	5.00
06/30/2011 to 11/30/2011	4	Stratus Feeder Limited - Common Shares	185,158,447.00	141,509.87
03/05/2012	25	Surmont Energy Ltd. - Common Shares	1,449,600.00	1,932,800.00
01/01/2011 to 12/01/2011	145	SW8 Strategy Fund LP - Limited Partnership Units	19,778,021.30	1,534,259.91
01/01/2011 to 12/01/2011	208	SW8 Strategy Trust - Trust Units	12,730,324.55	1,201,056.52
02/21/2012	15	Taranis Resources Inc. - Units	518,500.20	3,456,668.00
03/09/2012	2	TCL Funding Limited Partnership - Notes	60,000,000.00	2.00
01/01/2011 to 12/31/2011	2	TD Emerald 2020 Retirement Target Date Pooled Fund Trust - Trust Units	3,490,318.00	331,852.00
01/01/2011 to 12/31/2011	2	TD Emerald 2030 Retirement Target Date Pooled Fund Trust - Trust Units	3,985,378.00	360,314.00
01/01/2011 to 12/31/2011	3	TD Emerald 2040 Retirement Target Date Pooled Fund Trust - Trust Units	3,572,950.00	325,004.00
01/01/2011 to 12/31/2011	3	TD Emerald 2050 Retirement Target Date Pooled Fund Trust - Trust Units	2,915,724.00	266,588.00
01/01/2011 to 12/31/2011	5	TD Emerald 20+ Strip Bond Pooled Fund Trust - Trust Units	3,252,824.00	326,250.00
01/01/2011 to 12/31/2011	1	TD Emerald Active Canadian Long Bond Pooled Fund Trust - Trust Units	100.00	10.00
01/01/2011 to 12/31/2011	2	TD Emerald Active Core Canadian Bond Pooled Fund Trust - Trust Units	13,954.00	1,423.00
01/01/2011 to 12/31/2011	31	TD Emerald Canadian Bond Pooled Fund Trust - Trust Units	254,846,687.00	23,905,830.00
01/01/2011 to 12/31/2011	1	TD Emerald Canadian Core Plus Bond Pooled Fund Trust - Trust Units	9,458,000.00	893,303.00
01/01/2011 to 12/31/2011	5	TD Emerald Canadian Equity Market Neutral Fund - Trust Units	8,473,401.00	930,277.00
01/01/2011 to 12/31/2011	15	TD Emerald Canadian Equity Market Pooled Fund Trust II - Trust Units	20,583,743.00	2,264,732.00
01/01/2011 to 12/31/2011	3	TD Emerald Canadian Government Bond Pooled Fund Trust - Trust Units	4,091,279.00	412,458.00
01/01/2011 to 12/31/2011	16	TD Emerald Canadian Long Bond Broad Market Pooled Fund Trust - Trust Units	65,772,477.00	6,311,275.00
01/01/2011 to 12/31/2011	27	TD Emerald Canadian Long Bond Pooled Fund Trust - Trust Units	312,129,882.00	26,648,230.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2011 to 12/31/2011	4	TD Emerald Canadian Long Government Bond Pooled Fund Trust - Trust Units	128,715,305.00	12,572,760.00
01/01/2011 to 12/31/2011	9	TD Emerald Canadian Market Capped Pooled Fund Trust - Trust Units	11,160,839.00	7,820,705.00
01/01/2011 to 12/31/2011	9	TD Emerald Canadian Real Return Bond Pooled Fund Trust - Trust Units	48,825,528.00	3,386,756.00
01/01/2011 to 12/31/2011	2	TD Emerald Enhanced Canadian Equity Pooled Fund Trust - Trust Units	6,182,092.00	679,704.00
01/01/2011 to 12/31/2011	2	TD Emerald Enhanced Hedged U.S. Equity Pooled Fund Trust - Trust Units	4,813,022.00	691,416.00
01/01/2011 to 12/31/2011	2	TD Emerald Enhanced U.S. Equity Pooled Fund Trust - Trust Units	605,630.00	51,691.00
01/01/2011 to 12/31/2011	9	TD Emerald Global Equity Pooled Fund Trust - Trust Units	15,844,200.00	2,502,858.00
01/01/2011 to 12/31/2011	4	TD Emerald Hedged Synthetic International Equity Pooled Fund Trust - Trust Units	6,928,099.00	903,912.00
01/01/2011 to 12/31/2011	11	TD Emerald Hedged Synthetic U.S. Equity Pooled Fund Trust - Trust Units	128,950,365.00	17,128,900.00
01/01/2011 to 12/31/2011	9	TD Emerald Hedged U.S. Equity Pooled Fund Trust II - Trust Units	20,958,100.00	2,529,446.00
01/01/2011 to 12/31/2011	2	TD Emerald Low Volatility All World Equity Pooled Fund Trust - Trust Units	109,015,368.00	10,889,801.00
01/01/2011 to 12/31/2011	7	TD Emerald Low Volatility Canadian Equity Pooled Fund Trust - Trust Units	421,251,108.00	35,911,352.00
01/01/2011 to 12/31/2011	6	TD Emerald Low Volatility Global Equity Pooled Fund Trust - Trust Units	7,707,794.00	689,065.00
01/01/2011 to 12/31/2011	5	TD Emerald North American Equity Pairs Fund - Trust Units	15,861,613.00	1,466,340.00
01/01/2011 to 12/31/2011	36	TD Emerald Pooled U.S. Fund - Trust Units	166,030,055.00	9,116,052.00
01/01/2011 to 12/31/2011	2	TD Emerald Provincial Long Bond Pooled Fund Trust - Trust Units	298,150,157.00	29,902,088.00
01/01/2011 to 12/31/2011	3	TD Emerald Retirement Income Pooled Fund Trust - Trust Units	3,095,522.00	299,338.00
01/01/2011 to 12/31/2011	5	TD Emerald U.S. Equity Market Neutral Fund - Trust Units	4,503,869.00	415,188.00
01/01/2011 to 12/31/2011	25	TD Harbour Capital Balanced Fund - Trust Units	2,397,472.56	1,861.94
01/01/2011 to 12/31/2011	68	TD Harbour Capital Canadian Balanced Fund - Trust Units	1,192,008.66	10,379.02
01/01/2011 to 12/31/2011	11	TD Harbour Capital Commodity Fund - Trust Units	1,205,022.00	14,402.14
01/01/2011 to 12/31/2011	1	TD Harbour Capital Foreign Balanced Fund - Trust Units	3,266.72	27.02

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2011 to 12/31/2011	3	TD Lancaster Balanced Fund II - Trust Units	875,519.00	93,219.00
01/01/2011 to 12/31/2011	2	TD Lancaster Canadian Equity Fund - Trust Units	15,397,825.00	1,737,149.00
01/01/2011 to 12/31/2011	16	TD Lancaster Fixed Income Fund II - Trust Units	296,355,754.00	21,701,472.00
01/01/2011 to 12/31/2011	80	TD Private Canadian Diversified Equity Fund - Trust Units	12,276,951.78	122,295.00
02/02/2012	8	Tembec Industries Inc. - Notes	14,221,136.25	8.00
09/16/2011 to 02/17/2012	11	Tembo Gold Corp. - Units	1,427,000.00	1,402,000.00
02/29/2012	15	Terrapro Mat Investors Group Limited Partnership #1 - Limited Partnership Units	1,305,000.00	1,305.00
02/28/2012	2	The Hertz Corporation - Notes	776,568.00	2.00
01/05/2011 to 12/01/2011	124	The SoundVest Portfolio Fund - Trust Units	2,897,950.61	226,598.23
02/15/2012	31	TomaGold Corporation - Common Shares	298,400.00	1,243,332.00
02/15/2012	32	TomaGold Corporation - Units	84,600.00	423,000.00
02/23/2012 to 03/01/2012	3	Touchdown Resources Inc. - Common Shares	37,500.00	500,000.00
01/30/2012	75	Touchpoint Metrics, Inc. - Common Shares	633,019.00	2,524,000.00
02/27/2012	46	Toyota Credit Canada Inc. - Notes	399,964,000.00	46.00
03/06/2012	14	Transurban Finance Company Pty Ltd. - Notes	250,000,000.00	2,500,000.00
02/22/2012	1	Tri Origin Exploration Ltd. - Common Shares	350,000.00	5,000,000.00
03/09/2012	156	Triple Dragon Resources Inc. - Common Shares	2,353,514.90	23,535,149.00
01/04/2011 to 12/01/2011	205	Turtle Creek Equity Fund - Trust Units	21,730,059.61	988,154.91
01/04/2011 to 12/01/2011	34	Turtle Creek Investment Fund - Trust Units	9,732,602.70	584,737.11
02/27/2012	55	UBS AG, Jersey Branch - Certificates	15,543,015.89	110.00
02/23/2012	36	UR- Energy Inc. - Common Shares	17,250,000.00	17,250,000.00
03/09/2012	13	UR Financing Escrow Capital - Notes	24,581,159.00	13.00
03/02/2012	6	U.S. Bancorp. - Notes	28,689,903.00	6.00
12/22/2010 to 01/25/2011	1	U.S. Small Cap Value Portfolio of DFA Investment Dimensions Group Inc. - Common Shares	2,936,325.61	112,863.43
03/06/2012	2	Vennsa Technologies Inc. - Common Shares	150,000.00	50,000.00
08/18/2010	2	Vennsa Technologies Inc. - Common Shares	300,000.00	109,090.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/29/2011	1	Victoria South American Partners II LP - Limited Partnership Interest	20,420,000.00	1.00
02/16/2012	13	Victory Ventures Inc. - Units	65,940.00	1,099,000.00
01/24/2012	1	Viper Gold Ltd. - Common Shares	0.00	400,000.00
03/02/2012	22	Walton AZ Casa Grande Investment Corporation - Units	532,410.00	53,241.00
03/02/2012	9	Walton AZ Casa Grande LP - Units	851,118.52	85,989.00
01/27/2012	15	Walton AZ Casa Grande LP - Units	712,695.75	70,915.00
02/29/2012	28	Walton Canadian Land 1 Development Investment Corporation - Common Shares	598,184.00	62,966.74
02/29/2012	32	Walton Canadian Land Development LP 1 - Units	5,796,823.00	610,191.89
03/02/2012	22	Walton GA Crossroads Investment Corporation - Common Shares	400,240.00	40,024.00
01/27/2012	49	Walton GA Crossroads Investment Corporation - Common Shares	760,870.00	76,087.00
03/02/2012	14	Walton GA Crossroads LP - Units	916,653.78	92,610.00
01/27/2012	6	Walton GA Crossroads LP - Units	915,635.40	91,108.00
02/29/2012	25	Walton Income 4 Corporation - Notes	1,031,000.00	2,062.00
01/27/2012	7	Walton MD Gardner Ridge Investment Corporation - Common Shares	192,370.00	19,237.00
01/27/2012	2	Walton MD Gardner Ridge LP - Units	343,117.05	34,141.00
01/31/2012	14	Walton NC Westlake LP - Units	2,487,682.36	249,117.00
03/02/2012	1	Waste Connections, Inc. - Common Shares	9,210,672.00	300,000.00
02/24/2012	7	Westridge Resources Inc. - Units	166,125.05	255,577.00
02/29/2012	19	Wolf Coulee Resources Inc. - Special Warrants	4,572,000.00	2,286,000.00
03/13/2012	6	Wolfden Resources Corporation - Units	180,000.00	720,000.00
03/07/2012	4	Yelp Inc. - Common Shares	851,432.00	56,800.00
12/30/2011	1	Z-Gold Exploration Inc. - Common Shares	50,000.00	333,333.33
02/21/2012	31	Zaio Corporation - Units	1,033,000.00	10,380,000.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Agrium Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated March 23, 2012
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
U.S.$2,500,000,000.00:
Common Shares
Preferred Shares
Subscription Receipts
Debt Securities
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1876167

Issuer Name:
Allied Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 21, 2012
NP 11-202 Receipt dated March 21, 2012
Offering Price and Description:
$90,350,000.00 - 3,475,000 Units Price: $26.00 per Unit
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
Promoter(s):
-
Project #1874730

Issuer Name:
Canadian Banc Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 22, 2012
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
Warrants to Subscribe for up to * Units (each Unit consisting of one Class A Share and one Preferred Share) at a Subscription Price of $*
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1875774

Issuer Name:
Canadian Convertibles Plus Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 22, 2012
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
Maximum $* (* Units) Price: $* per Unit Minimum Purchase: 200 Units
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
GMP SECURITIES L.P.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
CANACCORD GENUITY CORP.
DESJARDINS SECURITIES INC.
RAYMOND JAMES LTD.
DUNDEE SECURITIES LTD.
MACQUARIE PRIVATE WEALTH INC.
MANULIFE SECURITIES INCORPORATED
Promoter(s):
PROPEL CAPITAL CORPORATION
Project #1875777

Issuer Name:
Commonwealth Silver and Gold Mining Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 23, 2012
NP 11-202 Receipt dated March 26, 2012
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
Frazer Mackenzie Limited,
Haywood Securities Inc.
Canaccord Genuity Corp.
Sprott Private Wealth LP
Promoter(s):
Michael Farrant,
Hall Stewart
Donald Greco
Project #1876577

Issuer Name:
Coxe Global Agribusiness Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 22, 2012
NP 11-202 Receipt dated March 22, 2012
Offering Price and Description:
$* Maximum - Up to * Units Price: $* per Unit
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
Promoter(s):
BMO NESBITT BURNS INC.
Project #1875230

Issuer Name:
Dividend Select 15 Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 22, 2012
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
Warrants to Subscribe for up to * Equity Shares at a Subscription Price of $*
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1875762

Issuer Name:
Dynamic Power Managed Growth Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated March 20, 2012
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
Series A, F, IP, O, OP and T Shares
Underwriter(s) or Distributor(s):
GCIC Ltd.
GCIC Ltd.
Promoter(s):
GCIC Ltd.
Project #1875875

Issuer Name:
Fidelity Canadian Focused Equity Investment Trust
Fidelity Canadian Focused Equity Private Pool
Fidelity Total Bond Capital Yield Private Pool
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated March 23, 2012
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
Series B, Series S5, Series S8, Series I, Series I5, Series I8, Series F, Series F5, Series F8 and Series O Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
FIDELITY INVESTMENTS CANADA ULC
Project #1876218

Issuer Name:
Fidelity Total Bond Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated March 23, 2012
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
Series A, Series B, Series F and Series O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
FIDELITY INVESTMENTS CANADA ULC
Project #1876224

Issuer Name:
Horizons Universa Canadian Black Swan ETF
Horizons Universa US Black Swan ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 21, 2012
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
Class E and Advisor Class Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
ALPHAPRO MANAGEMENT INC.
Project #1875845

Issuer Name:
JFT Strategies Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 22, 2012
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
Maximum $* - Price: $10.00 per Unit Minimum Purchase: 200 Units
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
MACQUARIE PRIVATE WEALTH INC.
Promoter(s):
FIRST ASSET INVESTMENT MANAGEMENT INC.
Project #1876004

Issuer Name:
Prime Dividend Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 22, 2012
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
Warrants to Subscribe for up to * Units (each Unit consisting of one Class A Share and one Preferred Share) at a Subscription Price of $*
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1875733

Issuer Name:
Sentry Select Primary Metals Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 21, 2012
NP 11-202 Receipt dated March 22, 2012
Offering Price and Description:
$* Maximum - Up to * Class A Shares Price: $* per Share
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
CANACCORD GENUITY CORP.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
MACQUARIE PRIVATE WEALTH INC.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
HSBC SECURITIES (CANADA) INC.
MACKIE RESEARCH CAPITAL CORPORATION
MANULIFE SECURITIES INCORPORATED
Promoter(s):
SENTRY INVESTMENTS INC.
Project #1874914

Issuer Name:
Silver Bull Resources, Inc.
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary MJDS Prospectus dated March 21, 2012
NP 11-202 Receipt dated March 22, 2012
Offering Price and Description:
US$125,000,000.00:
Senior Debt Securities
Subordinated Debt Securities
Common Stock
Warrants
Rights
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1872577

Issuer Name:
Spartan Oil Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 21, 2012
NP 11-202 Receipt dated March 21, 2012
Offering Price and Description:
$57,501,840 -13,068,600 Common Shares issuable on exercise of
13,068,600 outstanding Special Warrants
Price: $4.40 per SpecialWarrant
Underwriter(s) or Distributor(s):
CLARUS SECURITIES INC.
GMP SECURITIES L.P.
PETERS & CO. LIMITED
ALTACORP CAPITAL INC.
SCOTIA CAPITAL INC.
Promoter(s):
-
Project #1874802

Issuer Name:
AGF Canadian Growth Equity Class (Mutual Fund Series Securities, Series D Securities, Series F
Securities and Series O Securities) (Class of AGF All World Tax Advantage Group Limited)
AGF Canadian Growth Equity Fund (Series S Securities)
AGF Canadian High Yield Bond Fund (Mutual Fund Series Securities, Series D Securities, Series F
Securities and Series O Securities)
AGF Canadian Stock Class (Mutual Fund Series Securities, Series D Securities, Series F
Securities, Series G Securities, Series H Securities, Series O Securities, Series T Securities and
Series V Securities) (Class of AGF All World Tax Advantage Group Limited)
AGF Canadian Value Fund (Mutual Fund Series Securities, Series D Securities, Series F
Securities, Series G Securities, Series H Securities and Series O Securities)
AGF Global Resources Fund (Series S Securities)

Principal Regulator - Ontario
Type and Date:
Amendment #5 dated March 6, 2012 to the Simplified Prospectuses and Annual Information Form dated April 19, 2011
NP 11-202 Receipt dated March 21, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
AGF Funds Inc.
Promoter(s):
-
Project #1711344

Issuer Name:
Bloom Select Income Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 22, 2012
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
Maximum: $100,000,000.00 - 10,000,000 Units @ $10.00 per Unit; Minimum: $20,000,000.00 - 2,000,000 Units @ $10.00 per Unit
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
GMP SECURITIES L.P.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
MACQUARIE PRIVATE WEALTH INC.
MACKIE RESEARCH CAPITAL CORPORATION
DUNDEE SECURITIES LTD.
HSBC SECURITIES (CANADA) INC.
Promoter(s):
BLOOM INVESTMENT COUNSEL, INC.
Project #1860844

Issuer Name:
Canadian Imperial Bank of Commerce
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated March 21, 2012
NP 11-202 Receipt dated March 22, 2012
Offering Price and Description:
$8,000,000,000.00 - Debt Securities (unsubordinated indebtedness) Debt Securities (subordinated indebtedness) Common Shares Class A Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1871266

Issuer Name:
Claymore Canadian Fundamental Index ETF
Claymore US Fundamental Index ETF
Claymore International Fundamental Index ETF
Claymore Japan Fundamental Index ETF C$ hedged
Claymore S&P/TSX Canadian Dividend ETF
Claymore Global Monthly Advantaged Dividend ETF
Claymore S&P/TSX CDN Preferred Share ETF
Claymore S&P US Dividend Growers ETF
Claymore Oil Sands Sector ETF
Claymore S&P/TSX Global Mining ETF
Claymore S&P Global Water ETF
Claymore Global Real Estate ETF
Claymore Global Infrastructure ETF
Claymore Global Agriculture ETF
Claymore BRIC ETF
Claymore Broad Emerging Markets ETF
Claymore China ETF
Claymore Small-Mid Cap BRIC ETF
Claymore Balanced Income CorePortfolio ETF
Claymore Balanced Growth CorePortfolio ETF
Claymore Canadian Balanced Income CorePortfolio ETF
Claymore Conservative CorePortfolio ETF
Claymore Advantaged Canadian Bond ETF
Claymore Advantaged High-Yield Bond ETF
Claymore Inverse 10 Yr Government Bond ETF
Claymore 1-5 Yr Laddered Government Bond ETF
Claymore 1-5 Yr Laddered Corporate Bond ETF
Claymore 1-10 Yr Laddered Government Bond ETF
Claymore 1-10 Yr Laddered Corporate Bond ETF
Claymore Advantaged Short Duration High Income ETF
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated March 16, 2012 to the Long Form Prospectus dated May 12, 2011
NP 11-202 Receipt dated March 26, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Claymore Investments, Inc.
Promoter(s):
Claymore Investments Inc.
Project #1726989

Issuer Name:
Claymore Advantaged Convertible Bond ETF
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated March 16, 2012 to the Long Form Prospectus dated June 7, 2011
NP 11-202 Receipt dated March 26, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Claymore Investments, Inc.
Promoter(s):
Claymore Investments Inc.
Project #1745804

Issuer Name:
Claymore Broad Commodity ETF
Claymore Canadian Financial Monthly Income ETF
Claymore Equal Weight Banc & Lifeco ETF
Claymore Managed Futures ETF
Claymore Natural Gas Commodity ETF
Claymore Premium Money Market ETF
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated March 16, 2012 to the Long Form Prospectus dated November 28, 2011
NP 11-202 Receipt dated March 26, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Claymore Investments, Inc.
Promoter(s):
CLAYMORE INVESTMENTS, INC.
Project #1818813

Issuer Name:
Claymore Gold Bullion ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 16, 2012 to the Long Form Prospectus dated January 31, 2012
NP 11-202 Receipt dated March 26, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Claymore Investments, Inc.
Promoter(s):
CLAYMORE INVESTMENTS, INC.
Project #1843581

Issuer Name:
Constellation Software Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 26, 2012
NP 11-202 Receipt dated March 26, 2012
Offering Price and Description:
C$150,062,500.00 - 1,715,000 Common Shares Price: C$87.50 per Common Share
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
Promoter(s):
-
Project #1873523

Issuer Name:
Corona Minerals Limited
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated March 23, 2012
NP 11-202 Receipt dated March 26, 2012
Offering Price and Description:
Minimum $5,000,000 (33,333,333 Units)
Maximum $6,500,000 (43,333,333 Units)
$0.15 per Unit
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
-
Project #1854772

Issuer Name:
Dundee Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 21, 2012
NP 11-202 Receipt dated March 21, 2012
Offering Price and Description:
$201,495,000.00 - 5,700,000 REIT Units, Series A PRICE: $35.35 per Unit
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
HSBC SECURITIES (CANADA) INC.
BROOKFIELD FINANCIAL CORP.
GMP SECURITIES L.P.
NATIONAL BANK FINANCIAL INC.
Promoter(s):
-
Project #1871732

Issuer Name:
E-L Financial Corporation Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 26, 2012
NP 11-202 Receipt dated March 26, 2012
Offering Price and Description:
$100,000,000.00 - (4,000,000 shares) 5.50% Non-Cumulative Redeemable First Preference Shares, Series 3 Price: $25.00 per share to yield 5.50%
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
TD SECURITIES INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
DESJARDINS SECURITIES INC.
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #1871930

Issuer Name:
Exall Energy Corporation
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 21, 2012
NP 11-202 Receipt dated March 22, 2012
Offering Price and Description:
$20,000,000.00 - 7.75% Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
STONECAP SECURITIES INC.
EMERGING EQUITIES INC.
ACUMEN CAPITAL FINANCE PARTNERS LIMITED
DUNDEE SECURITIES LTD.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #1871208

Issuer Name:
Great Basin Gold Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated March 23, 2012
NP 11-202 Receipt dated March 26, 2012
Offering Price and Description:
$50,025,000.00 - 66,700,000 Units Price: $0.75 per Unit
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
RAYMOND JAMES LTD.
CIBCWORLD MARKETS INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
STIFEL NICOLAUS CANADA INC.
Promoter(s):
-
Project #1872995

Issuer Name:
Amaya Gaming Group Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated March 27, 2012
NP 11-202 Receipt dated March 27, 2012
Offering Price and Description:
$28,750,000.00 - 28,750 Units comprised of 28,750 Convertible Debentures and
1,437,500 Warrants issuable upon exercise of 28,750 Special Warrants
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Desjardins Securities Inc.
Union Securities Ltd.
Promoter(s):
David Baazov
Project #1872524

Issuer Name:
Advisor Series, Series F, Series I, Series IT and Series T6 Securities of:
Manulife Canadian Equity Balanced Fund
Manulife Dividend Income Fund
Manulife Strategic Balanced Yield Fund
Manulife Canadian Equity Balanced Class*
Manulife Dividend Income Class*
Manulife Strategic Balanced Yield Class*
Manulife Corporate Bond Class*
* Shares of Manulife Investment Exchange Funds Corp.
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated March 22, 2012
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
ADVISOR SERIES, SERIES F, SERIES I, SERIES IT AND SERIES T6 SECURITIES
Underwriter(s) or Distributor(s):
Manulife Asset Management Limited
Promoter(s):
Manulife Asset Management Limited
Project #1857581

Issuer Name:
Marquis Balanced Class Portfolio
Marquis Balanced Growth Class Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated March 21, 2012
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
GCIC Ltd.
GCIC Ltd.
Promoter(s):
GCIC Ltd.
Project #1861301

Issuer Name:
Marquis Institutional Balanced Portfolio
Marquis Institutional Balanced Growth Portfolio
Marquis Institutional Growth Portfolio
Marquis Institutional Equity Portfolio
Marquis Institutional Canadian Equity Portfolio
Marquis Institutional Global Equity Portfolio
Marquis Institutional Bond Portfolio
Marquis Balanced Portfolio
Marquis Balanced Growth Portfolio
Marquis Growth Portfolio
Marquis Equity Portfolio
Marquis Balanced Income Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated February 21, 2012 to the Simplified Prospectuses and Annual Information Form dated December 7, 2011
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
GCIC Ltd.
Promoter(s):
Goodman & Company, Investment Counsel Inc.
Project #1818180

Issuer Name:
Novadaq Technologies Inc.
Principal Regulator - Ontario
Type and Date:
Final Based Shelf Prospectus dated March 26, 2012
NP 11-202 Receipt dated March 27, 2012
Offering Price and Description:
US$100,000,000.00:
Preferred Shares
Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1873684

Issuer Name:
imaxx Canadian Balanced Fund
imaxx Canadian Equity Value Fund
imaxx Canadian Small Cap Fund
imaxx U.S. Equity Growth Fund
imaxx U.S. Equity Value Fund
imaxx Global Equity Value Fund
imaxx TOP Income Portfolio
imaxx Global Equity Growth Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 8, 2012 to the Simplified Prospectuses and Annual Information Form dated May 27, 2011
NP 11-202 Receipt dated March 27, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
AEGON Fund Management Inc.
Project #1732488

Issuer Name:
Nautilus Minerals Inc.
Principal Regulator - British Columbia
Type and Date:
Final Base Shelf Prospectus dated March 23, 2012
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
Cdn$400,000,000.00:
COMMON SHARES
WARRANTS
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1869568

Issuer Name:
Northland Power Inc.
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated March 23, 2012
NP 11-202 Receipt dated March 26, 2012
Offering Price and Description:
$500,000,000.00:
Common Shares
Preferred Shares
Debentures (unsecured)
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1872763

Issuer Name:
Plata Latina Minerals Corporation
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated March 21, 2012
NP 11-202 Receipt dated March 22, 2012
Offering Price and Description:
$3,450,000.00 - 6,900,000 Common Shares Price: $0.50 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:
PYROGENESIS CANADA INC.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated March 22, 2012
NP 11-202 Receipt dated March 22, 2012
Offering Price and Description:
$3,000,000.00 (Minimum Offering); $7,000,000.00 (Maximum Offering) A minimum of 3,750,000 Units and a maximum of 8,750,000 Units Price: $0.80 per Unit
Underwriter(s) or Distributor(s):
VERSANT PARTNERS INC.
STONECAP SECURITIES INC.
Promoter(s):
P. Peter Pascali
Project #1858393

Issuer Name:
Renegade Petroleum Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 23, 2012
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
$40,000,000.00 - 10,000,000 Common Shares; $10,003,200.00 - 2,084,000 Flow-Through Shares
Price: $4.00 per Common Share and $4.80 per Flow-Through Share
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
MACQUARIE CAPITAL MARKETS CANADA LTD.
PARADIGM CAPITAL INC.
TD SECURITIES INC.
ALTACORP CAPITAL INC.
FIRSTENERGY CAPITAL CORP.
Promoter(s):
-
Project #1873637

Issuer Name:
Sandspring Resources Ltd.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 23, 2012
NP 11-202 Receipt dated March 23, 2012
Offering Price and Description:
$25,002,000.00 - 23,150,000 Common Shares Price: $1.08 per common share
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
CLARUS SECURITIES INC.
Promoter(s):
Richard A. Munson
Crescent Global Gold Ltd.
Project #1871703

Issuer Name:
Verde Potash Plc (formerly Amazon Mining Holding Plc)
Principal Regulator - Ontario
Type and Date:
Amended and Restated Short Form Prospectus dated March 21, 2012 to
NP 11-202 Receipt dated March 21, 2012
Offering Price and Description:
$25,000,000.00 - 3,875,969 ORDINARY SHARES Price: $6.45 PER ORDINARY SHARE
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Mackie Research Capital Corporation
Promoter(s):
-
Project #1869073

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Claymore Investments, Inc. To: BlackRock Investments Canada Inc.	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	March 16, 2012
Change in Registration Category	Capital International Asset Management (Canada), Inc.	From: Investment Fund Manager and Portfolio Manager To: Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	March 22, 2012
Voluntary Surrender	Notre-Dame Capital Inc. / Capital Notre-Dame Inc.	Exempt Market Dealer	March 23, 2012
Voluntary Surrender	Newport Securities LP	Exempt Market Dealer	March 23, 2012
Consent to Suspension (Pending Surrender)	Helvea Inc.	Exempt Market Dealer	March 27, 2012
New Registration	Foremost Financial Corporation	Exempt Market Dealer	March 28, 2012

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 IIROC Rules Notice – Request for Comment – Plain Language Rule Re-write Project: Clean Up Amendments

IIROC RULES NOTICE – REQUEST FOR COMMENT
PLAIN LANGUAGE RULE RE-WRITE PROJECT:
CLEAN UP AMENDMENTS

The Commission is publishing for comment IIROC's proposed Amendments to its Dealer Member Rules. The main objective of these proposed amendments is to ensure that all of the rule provisions that may not have been included in the previously submitted series under the Plain Language Rule Re-write Project have been accounted for. The proposed rules and IIROC's Rule Notice can be found at http://www.osc.gov.on.ca/en/20447.htm. Comments on the proposed amendments should be in writing and submitted within 90 days following the date of publication of this notice in the Ontario Securities Commission Bulletin.

13.2 Marketplaces

13.2.1 Notice of Effective Date of Recognition: Recognition of Alpha Trading Systems Limited Partnership and Alpha Exchange Inc. as an Exchange

NOTE: The full text of the following notice was posted to the OSC website on March 30, 2012 at http://www.osc.gov.on.ca, and has not been reproduced in the OSC Bulletin below. Specifically, Appendices B and C referred to in the below notice are only available on the OSC website at the previously mentioned internet address.

RECOGNITION OF
ALPHA TRADING SYSTEMS LIMITED PARTNERSHIP AND ALPHA EXCHANGE INC.
AS AN EXCHANGE

NOTICE OF EFFECTIVE DATE OF RECOGNITION

On December 8, 2011, the Commission approved the recognition of each of Alpha Trading Systems Limited Partnership (Alpha LP) and Alpha Exchange Inc. (Alpha Exchange) as an exchange. The recognition order states that the recognition of Alpha LP and Alpha Exchange is effective as at the later of: (a) February 1, 2012; or (b) the date the operations of Alpha ATS Limited Partnership have been legally transferred to Alpha Exchange. The order was published on December 16, 2011 in the OSC Bulletin at (2001) 34 OSCB 12623.

Alpha Exchange has announced that the operations of Alpha ATS Limited Partnership will be legally transferred to Alpha Exchange on April 1, 2012, with the first day of trading on Alpha Exchange to take place on Monday, April 2, 2012. Commission staff confirm that April 1, 2012 will be the effective date of the recognition of each of Alpha LP and Alpha Exchange.

The recognition order sets out the terms and conditions of recognition and includes the review process to be followed for the rules, policies and other similar instruments of Alpha Exchange (Rules).

After the recognition order for Alpha LP and Alpha Exchange was granted, the name of a party to the recognition order, Alpha Services Inc., was changed to Alpha Market Services Inc. The Commission has approved a variation to the recognition order to reflect this name change. This order is found at Appendix A.

Pursuant to various terms and conditions of recognition, the Commission also approved on December 8, 2012 the Rules of Alpha Exchange, those being Alpha Exchange's Trading Policies, Member Agreement, Market Maker Agreements, the Alpha Main Listing Handbook and related Forms, and the Alpha Venture Plus Listing Handbook and related Forms.

There have been some non-material changes made to Alpha Exchange's Trading Policies and Member Agreement. The changes to the Trading Policies may be found at Appendix B and the changes to the Member Agreement may be found at Appendix C.

APPENDIX A

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

AND

IN THE MATTER OF
ALPHA TRADING SYSTEMS LIMITED PARTNERSHIP,
ALPHA TRADING SYSTEMS INC.,
ALPHA MARKET SERVICES INC.
AND ALPHA EXCHANGE INC.

ORDER
(Section 144 of the Act and section 6.1 of Rule 13-502 *Fees*)

WHEREAS the Ontario Securities Commission (the Commission) issued an order dated December 8, 2011 recognizing each of Alpha Exchange Inc. and Alpha Trading Systems Limited Partnership as an exchange pursuant to section 21 of the Act (the Recognition Order);

AND WHEREAS Alpha Services Inc. is a party to the Recognition Order is subject to the terms and conditions thereof;

AND WHEREAS, subsequent to the date of the Recognition Order, the articles of incorporation of Alpha Services Inc. were amended to change the name of Alpha Services Inc. to Alpha Market Services Inc.;

AND WHEREAS Alpha Exchange Inc., Alpha Trading Systems Limited Partnership, Alpha Trading Systems Inc. and Alpha Market Services Inc. (collectively, the Applicants) have applied for an order pursuant to section 144 of the Act to vary the Recognition Order to replace all references to Alpha Services Inc. therein with Alpha Market Services Inc. (the Variation Application);

AND WHEREAS the Applicants have further applied for an order pursuant to section 6.1 of Rule 13-502 *Fees* (the Fee Exemption Application) exempting the Applicants from the requirement to pay the prescribed activity fees of $3,000 for the Variation Application and $1,500 for the Fee Exemption Application;

AND UPON the Applicants have represented to the Commission and the Director that the change of name of Alpha Services Inc. to Alpha Market Services Inc. was made because Industry Canada did not accept the name Alpha Services Inc.;

AND UPON considering the Variation Application, the Fee Exemption Application and the recommendation of staff of the Commission;

AND UPON the Commission and the Director, respectively, being of the opinion that it would not be prejudicial to the public interest:

IT IS ORDERED in respect of the Variation Application pursuant to section 144 of the Act, that the Recognition Order be varied by replacing the name “Alpha Services Inc.” wherever it occurs with “Alpha Market Services Inc.”

DATED this 27th day of March, 2012

“James Carnwath” “Wesley Scott”

IT IS FURTHER ORDERED, in respect of the Fee Exemption Application pursuant to section 6.1 of Rule 13-502, that the Applicants are exempted from:

(i) paying an activity fee of $3,000 in connection with the Variation Application, and

(ii) paying an activity fee of $1,500 in connection with the Fee Exemption Application.

DATED this 26th day of March, 2012

“Susan Greenglass”
Director, Market Regulation
Ontario Securities Commission

13.2.2 TRIACT Canada Marketplace LP – Notice of Completion of Staff Review of Proposed Changes – No Self Trade Feature

TRIACT CANADA MARKETPLACE LP
NOTICE OF COMPLETION OF STAFF REVIEW OF PROPOSED CHANGES

NO SELF TRADE FEATURE

TriAct Canada Marketplace LP (TriAct) had previously announced its plans to implement changes to its Form 21-101F2 that would provide for a "no self trade" feature.

A notice describing the proposed changes was published in accordance with OSC Staff Notice 21-703 – *Transparency of the Operations of Stock Exchanges and Alternative Trading Systems* on February 10, 2012 in the OSC Bulletin. Pursuant to OSC Staff Notice 21-703, market participants were also invited by OSC staff to provide the Commission with feedback on the proposed changes. No comment letters were received.

OSC staff have completed their review of the proposed changes and have no further comment. TriAct is expected to publish a notice indicating the intended implementation date of the proposed changes.

Chapter 25

Other Information

25.1.1 OSC Bulletin publication day is changing from Fridays to Thursdays, effective April 26, 2012

Effective April 26, 2012 the OSC Bulletin will change its weekly publication day from Friday to Thursday. Apart from the weekly publication day, there are no other changes to the OSC Bulletin and the currency of the information in each week's Bulletin will be the same. From April 26, documents published in the Bulletin will be posted on the OSC website (www.osc.gov.on.ca) on Thursday afternoons instead of Friday afternoons. Also see the OSC website for information released between issues of the Bulletin.

Subscribers to the OSC Bulletin may contact their representative at Carswell Thomson Reuters for any questions concerning their subscription to the Bulletin or any related Carswell products.

For other questions about this change, please contact the Inquiries & Contact Centre at the OSC, at 416-593-8314 or toll-free at 1-877-785-1555, or by email at inquiries@osc.gov.on.ca.

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