The Ontario Securities Commission

OSC Bulletin

June 14, 2012

Volume 35, Issue 24

(2012), 35 OSCB

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

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

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

Published under the authority of the Commission by:
Carswell, a Thomson Reuters business
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

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

Contact Centre - Inquiries, Complaints:	Fax: 416-593-8122
Market Regulation Branch:	Fax: 416-595-8940
Compliance and Registrant Regulation Branch	
- Compliance:	Fax: 416-593-8240
- Registrant Regulation:	Fax: 416-593-8283
Corporate Finance Branch	
- Team 1:	Fax: 416-593-8244
- Team 2:	Fax: 416-593-3683
- Team 3:	Fax: 416-593-8252
- Insider Reporting:	Fax: 416-593-3666
- Mergers and Acquisitions:	Fax: 416-593-8177
Enforcement Branch:	Fax: 416-593-8321
Executive Offices:	Fax: 416-593-8241
General Counsel's Office:	Fax: 416-593-3681
Investment Funds Branch:	Fax: 416-593-3699
Office of the Secretary:	Fax: 416-593-2318

THOMSON REUTERS

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

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

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

U.S.	$175
Outside North America	$400

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

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

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

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

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

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

ISSN 0226-9325

THOMSON REUTERS

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

Customer Relations
Toronto 1-416-609-3800
Elsewhere in Canada/U.S. 1-800-387-5164
Fax 1-416-298-5082
www.carswell.com
Email www.carswell.com/email

Table of Contents

Chapter 1 Notices / News Releases 5307
1.1 Notices 5307
1.1.1 Current Proceedings before the Ontario Securities Commission 5307
1.1.2 Notice of Ministerial Approval of Amendments to NI 21-101 Marketplace Operation and Companion Policy 21-101CP, and to NI 23-101 Trading Rules and Companion Policy 23-101CP 5316
1.1.3 Notice of Ministerial Approval of Repeal of OSC Rule 21-501 Deferral of Information Transparency Requirements for Government Debt Securities in National Instrument 21-101 – Marketplace Operation 5317
1.1.4 OSC Staff Notice 45-707 – OSC Broadening Scope of Review of Prospectus Exemptions – June 7, 2012 5318
1.1.5 CSA Staff Notice 45-310 – Update on CSA Staff Consultation Note 45-401 – Review of Minimum Amount and Accredited Investor Exemptions 5319
1.2 Notices of Hearing ..... (nil)
1.3 News Releases ..... (nil)
1.4 Notices from the Office of the Secretary 5321
1.4.1 Eda Marie Agueci et al. 5321
1.4.2 David Charles Phillips and John Russell Wilson 5321
1.4.3 Alexander Christ Doulis et al. 5322
1.4.4 Jowdat Waheed and Bruce Walter 5322
1.4.5 Lehman Brothers & Associates Corp. et al. 5323
1.4.6 Systematech Solutions Inc. et al. 5323
1.4.7 David Charles Phillips 5324
1.4.8 International Strategic Investments et al. 5324
1.4.9 Global Consulting and Financial Services et al. 5325
1.4.10 Alexander Christ Doulis et al. 5325

Chapter 2 Decisions, Orders and Rulings 5327
2.1 Decisions 5327
2.1.1 BMO Investments Inc. et al. 5327
2.1.2 HSBC Financial Corporation Limited – s. 1(10) 5333
2.1.3 Man Investments Canada Corp. and GLG EM Income Fund 5334
2.1.4 Man Investments Canada Corp. and GLG EM Income Fund 5337
2.1.5 Aeroquest International Limited 5343
2.2 Orders 5344
2.2.1 Saputo Inc. – s. 104(2)(c) 5344
2.2.2 Alexander Christ Doulis et al. – s. 127 of the Act and Rule 6 of the OSC Rules of Procedure 5347
2.2.3 Jowdat Waheed and Bruce Walter 5348
2.2.4 Lehman Brothers & Associates Corp. et al. – ss. 127, 127.1 5348
2.2.5 Systematech Solutions Inc. et al. – ss. 127(1), 127(7), 127(8) 5349
2.2.6 David Charles Phillips – s. 127(1) 5350
2.2.7 International Strategic Investments et al. 5351
2.2.8 Global Consulting and Financial Services et al. – ss. 12791), 127(8) 5352
2.2.9 Alexander Christ Doulis et al. – s. 127 of the Act and Rule 6 of the OSC Rules of Procedure 5355
2.3 Rulings ..... (nil)

Chapter 3 Reasons: Decisions, Orders and Rulings 5357
3.1 OSC Decisions, Orders and Rulings 5357
3.1.1 Lehman Brothers & Associates Corp. et al. – s. 127 5357
3.2 Court Decisions, Order and Rulings ..... (nil)

Chapter 4 Cease Trading Orders 5367
4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders 5367
4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders 5367
4.2.2 Outstanding Management & Insider Cease Trading Orders 5367

Chapter 5 Rules and Policies 5369
5.1.1 Amendments to NI 21-101 Marketplace Operation 5369
5.1.2 Amendments to NI 23-101 Trading Rules 5425

Chapter 6 Request for Comments 5429
6.1.1 Proposed Amendments to NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and to Companion Policy 31-103CP Registration Requirements, Exemptions and Ongoing Registrant Obligations 5429

Chapter 7 Insider Reporting 5491

Chapter 8 Notice of Exempt Financings 5609
Reports of Trades Submitted on Forms 45-106F1 and 45-501F1 5609

Chapter 9 Legislation ..... (nil)

Chapter 11 IPOs, New Issues and Secondary Financings 5613

Chapter 12 Registrations 5623
12.1.1 Registrants 5623

Chapter 13 SROs, Marketplaces and Clearing Agencies ..... (nil)
13.1 SROs ..... (nil)
13.2 Marketplaces ..... (nil)
13.3 Clearing Agencies ..... (nil)

Chapter 25 Other Information ..... (nil)

Index 5625

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

June 14, 2012

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
Suite 1700, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

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

CDS **TDX 76**

Late Mail depository on the 19th Floor until 6:00 p.m.

M. -

THE COMMISSIONERS

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

SCHEDULED OSC HEARINGS

June 18 and June 20-22, 2012 10:00 a.m.	**Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva and Abraham Herbert Grossman aka Allen Grossman and Kevin Wash** s. 127 S. Schumacher in attendance for Staff Panel: PLK
June 18, 2012 11:00 a.m.	**Shaun Gerard McErlean, Securus Capital Inc., and Acquiesce Investments** s. 127 M. Britton in attendance for Staff Panel: VK/JDC
June 20, 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
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: EPK
June 22, 2012 11:00 a.m.	**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: EPK
June 25, 2012 11:00 a.m.	**David Charles Phillips and John Russell Wilson** s. 127 Y. Chisholm in attendance for Staff Panel: JDC
July 5, 2012 10:00 a.m.	**North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti** s. 127 M. Vaillancourt in attendance for Staff Panel: MGC
July 12, 2012 10:00 a.m.	**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: MGC
July 12, 2012 10:00 a.m.	**Sino-Forest Corporation, Allen Chan, Albert Ip, Alfred C.T. Hung, George Ho, Simon Yeung and David Horsley** s. 127 H. Craig in attendance for Staff Panel: MGC
July 16, 2012 10:00 a.m.	**Shane Suman and Monie Rahman** s. 127 and 127(1) C. Price in attendance for Staff Panel: JEAT/PLK
July 18, 19, 20 and 23, 2012 10:00 a.m.	**Crown Hill Capital Corporation and Wayne Lawrence Pushka** s. 127 A. Perschy/A. Pelletier in attendance for Staff Panel: JEAT/CP/JNR
July 18, 2012 10:30 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
August 1, 2012 10:00 a.m.	**Marlon Gary Hibbert, Ashanti Corporate Services Inc., Dominion International Resource Management Inc., Kabash Resource Management, Power to Create Wealth Inc. and Power to Create Wealth Inc. (Panama)** s. 127 J. Lynch/S. Chandra in attendance for Staff Panel: JDC

August 7-13, August 15-16 and August 21, 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
August 15, 2012 10:00 a.m.	**Morgan Dragon Development Corp., John Cheong (aka Kim Meng Cheong), Herman Tse, Devon Ricketts and Mark Griffiths** s. 127 J. Feasby in attendance for Staff Panel: EPK
August 15 and 16, 2012 10:00 a.m.	**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: MGC
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 4, 2012 11:00 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
September 5, 2012 10:00 a.m.	**Vincent Ciccone and Cabo Catoche Corp. (a.k.a. Medra Corp. and Medra Corporation)** s. 127 M. Vaillancourt in attendance for Staff Panel: VK
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: VK
September 11, 2012 3:00 p.m.	**Systematech Solutions Inc., April Vuong and Hao Quach** s. 127 J. Feasby in attendance for Staff Panel: EPK

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: JDC
October 10, 2012 10:00 a.m.	**Peter Beck, Swift Trade Inc. (continued as 7722656 Canada Inc.), Biremis, Corp., Opal Stone Financial Services S.A., Barka Co. Limited, Trieme Corporation and a limited partnership referred to as "Anguilla LP"** s. 127 B. Shulman in attendance for Staff Panel: TBA
October 11, 2012 9:00 a.m.	**New Solutions Capital Inc., New Solutions Financial Corporation, New Solutions Financial (II) Corporation, New Solutions Financial (III) Corporation, New Solutions Financial (VI) Corporation and Ron Ovenden** s. 127 S. Horgan 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
October 22, October 24-31, November 1-2, November 7-14, 2012 10:00 a.m.	**Peter Sbaraglia** s. 127 J. Lynch in attendance for Staff Panel: CP
October 31 – November 5, November 7-9, December 3, December 5-17 and December 19, 2012 10:00 a.m.	**Rezwealth Financial Services Inc., Pamela Ramoutar, Justin Ramoutar, Tiffin Financial Corporation, Daniel Tiffin, 2150129 Ontario Inc., Sylvan Blackett, 1778445 Ontario Inc. and Willoughby Smith** s. 127(1) and (5) A. Heydon in attendance for Staff Panel: TBA

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
December 4, 2012 3:30 p.m.	**Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos (Also Known As Peter Kuti), Jan Chomica, and Lorne Banks** s. 127 H. Craig/C. Rossi in attendance for Staff Panel: CP
January 7 – February 5, 2013 10:00 a.m.	**Jowdat Waheed and Bruce Walter** s. 127 J. Lynch in attendance for Staff Panel: TBA
January 21-28 and January 30 – February 1, 2013 10:00 a.m.	**Moncasa Capital Corporation and John Frederick Collins** s. 127 T. Center in attendance for Staff Panel: TBA
January 23-25 and January 30-31, 2013 10:00 a.m.	**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	**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

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

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

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

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

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

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	**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	**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
TBA	**Energy Syndications Inc. Green Syndications Inc. , Syndications Canada Inc., Daniel Strumos, Michael Baum and Douglas William Chaddock** s. 127 C. Johnson in attendance for Staff Panel: TBA
TBA	**Alexander Christ Doulis (aka Alexander Christos Doulis, aka Alexandros Christodoulidis) and Liberty Consulting Ltd.** s. 127 S. Horgan in attendance for Staff Panel: TBA
TBA	**Bunting & Waddington Inc., Arvind Sanmugam, Julie Winget and Jenifer Brekelmans** s. 127 S. Schumacher in attendance for Staff Panel: TBA
TBA	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 37, 127 and 127.1 C. Watson in attendance for Staff Panel: TBA

TBA **Colby Cooper Capital Inc. Colby Cooper Inc., Pac West Minerals Limited John Douglas Lee Mason**

s. 127

B. Shulman in attendance for Staff

Panel: TBA

TBA **Normand Gauthier, Gentree Asset Management Inc., R.E.A.L. Group Fund III (Canada) LP, and CanPro Income Fund I, LP**

s. 127

B. Shulman in attendance for Staff

Panel: TBA

TBA **Beryl Henderson**

s. 127

S. Schumacher in attendance for Staff

Panel: TBA

TBA **Ciccone Group, Cabo Catoche Corp. (a.k.a Medra Corp. and 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: TBA

TBA **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: 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 **David Charles Phillips**

s. 127

Y. Chisholm 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 Notice of Ministerial Approval of Amendments to NI 21-101 Marketplace Operation and Companion Policy 21-101CP, and to NI 23-101 Trading Rules and Companion Policy 23-101CP

NOTICE OF MINISTERIAL APPROVAL OF
AMENDMENTS TO NATIONAL INSTRUMENT 21-101 MARKETPLACE OPERATION AND COMPANION POLICY 21-101 CP
AND TO NATIONAL INSTRUMENT 23-101 TRADING RULES AND COMPANION POLICY 23-101CP

On May 16, 2012, the Minister of Finance approved amendments (the Amendments) to the following instruments:

- National Instrument 21-101 *Marketplace Operation* (NI 21-101) and Companion Policy 21-101CP;
- National Instrument 23-101 *Trading Rules* (NI 23-101) and Companion Policy 23-101CP;
- Form 21-101F1 *Information Statement Exchange or Quotation and Trade Reporting System*;
- Form 21-101F2 *Initial Operation Report Alternative Trading System*;
- Form 21-101F3 *Quarterly Report of Marketplace Activities* (Form 21-101F3); and
- Form 21-101F5 *Initial Operation Report for Information Processor*.

The Amendments were published in the Ontario Securities Commission Bulletin on March 23, 2012 at (2012) 35 OSCB (Supp-1).

The key objectives of the Amendments are to:

- update and streamline the regulatory and reporting requirements and to align, where applicable, the requirements applicable to all marketplaces;
- establish the circumstances under which orders are exempt from the pre-trade transparency requirements in NI 21-101;
- increase transparency of marketplace operations;
- update other requirements applicable to marketplaces to address certain issues or situations, such as conflicts of interest, outsourcing arrangements, or business continuity plans;
- give guidance in a number of areas, including what would be considered a marketplace or when indications of interest would be considered to be firm orders;
- extend the current exemption from transparency requirements applicable to government debt securities until December 31, 2014;
- extend the obligation in NI 23-101 to not intentionally lock or cross markets to marketplaces in certain circumstances; and
- revise and update the requirements applicable to information processors.

The Amendments will come into force on **July 1, 2012**, with the exception of the amendments to Form 21-101F3, which come into force on **December 31, 2012**.

The Amendments are published in Chapter 5 of this Bulletin and at www.osc.gov.on.ca. No changes have been made to the rule since publication in the Bulletin on March 23, 2012.

June 14, 2012

1.1.3 Notice of Ministerial Approval of Repeal of OSC Rule 21-501 Deferral of Information Transparency Requirements for Government Debt Securities in National Instrument 21-101 – Marketplace Operation

NOTICE OF MINISTERIAL APPROVAL OF
REPEAL OF ONTARIO SECURITIES COMMISSION RULE 21-501
DEFERRAL OF INFORMATION TRANSPARENCY REQUIREMENTS
FOR GOVERNMENT DEBT SECURITIES IN NATIONAL INSTRUMENT 21-101 – *MARKETPLACE OPERATION*

On May 16, 2012, the Minister of Finance approved the repeal of OSC Rule 21-501 *Deferral of Information Transparency Requirements for Government Debt Securities in National Instrument 21-101 – Marketplace Operation*. Notice of the repeal was published on the Ontario Securities Commission Bulletin on March 23, 2012 at (2012) 35 OSCB (Supp-1).

The rule will be repealed as it will become redundant when amendments to National Instrument 21-101 *Marketplace Operation* come into effect on July 1, 2012. The repeal of the rule will be effective on **July 1, 2012**.

June 14, 2012

1.1.4 OSC Staff Notice 45-707 – OSC Broadening Scope of Review of Prospectus Exemptions – June 7, 2012

OSC Staff Notice 45-707 – *OSC Broadening Scope of Review of Prospectus Exemptions – June 7, 2012* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

OSC STAFF NOTICE 45-707

OSC BROADENING SCOPE OF REVIEW OF PROSPECTUS EXEMPTIONS

June 7, 2012

Introduction

On November 10, 2011, CSA staff announced that they are reviewing the $150,000 minimum amount and the accredited investor prospectus exemptions contained in National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106). In light of feedback received from stakeholders to date, OSC staff are broadening the scope of our review to consider whether the OSC should introduce new prospectus exemptions that may assist capital raising for business enterprises while protecting the interests of investors. For instance, we heard from some stakeholders that we should consider prospectus exemptions based on a number of factors, such as the financial resources of a purchaser relative to the size of the investment and the availability of disclosure regarding the investment.

Different capital raising exemptions currently exist in the exempt market across CSA jurisdictions, and as a result, different feedback was received across CSA jurisdictions during consultations on the exempt market. In conducting the broader review, we will continue to work with staff in other CSA jurisdictions.

No decisions regarding changes to the exempt market regulatory regime have been made at this point. In deciding whether changes are necessary or appropriate, we will be governed by our regulatory mandate of:

- protecting investors from unfair, improper or fraudulent practices, and
- fostering fair and efficient capital markets, and confidence in those markets.

Significance of exempt market

The exempt market in Canada has become increasingly important for investors and issuers. The total amount of capital raised through exempt distributions reported to the OSC in 2011 was approximately $142.9 billion. Approximately $86.5 billion of that amount was raised in Ontario. In 2011, approximately $72.8 billion was raised under the accredited investor prospectus exemption in Ontario. The minimum amount prospectus exemption was less used, but in 2011, approximately $3.9 billion was raised under this exemption in Ontario.

We want the exempt market to be an effective mechanism for raising capital for business enterprises, particularly small and medium-sized businesses. However, we need to strike a balance between investor protection and efficient capital raising. In doing so, we need to consider in what circumstances investors do not require the

protections afforded by a prospectus offering, including prospectus level disclosure, the provision of statutory rights where there is a misrepresentation and the involvement of a registrant.

CSA consultation

On November 10, 2011, CSA staff published CSA Staff Consultation Note 45-401 *Review of Minimum Amount and Accredited Investor Exemptions*. The consultation note provided summary information regarding the two prospectus exemptions being reviewed and set out a number of specific consultation questions. The comment period closed on February 29, 2012 and 108 comment letters were received.

As part of the consultation process, OSC staff met with over 300 individuals. We held four public consultation sessions in February 2012, which were attended in total by approximately 200 individuals. We also consulted with our Investor Advisory Panel, Securities Advisory Committee, Small Business Advisory Committee and Continuous Disclosure Advisory Committee. In addition, we met with several interested stakeholder groups, including investor representatives, industry members, registrants, other regulators and legal and other advisors.

Key themes from feedback received

A wide range of views were expressed in both the written comment letters and in our consultation sessions. Some of the themes raised with OSC staff were:

- **Diversity of the exempt market.** There are different segments of the exempt market: capital raising traditionally associated with business enterprises, as well as a capital management component, including investments in pooled or hedge funds. There is a wide range of products being sold in the exempt market. A "one size fits all" regulatory approach may not be appropriate or sufficient.

- **Access to the exempt market by issuers.** Many stakeholders expressed concern that any changes to the exempt market regime might restrict access to capital by businesses. Some suggested that access to a broader range of investors through the exempt market may provide better support for small and medium-sized businesses.

- **Access to the exempt market by investors.** Some stakeholders supported "democratization" of the exempt market so that more individuals, rather than simply high net worth or high income individuals, would be able to make investments on a prospectus-exempt basis. Other stakeholders expressed investor protection concerns with broader investor participation in the exempt market given that no disclosure is currently mandated and registrant involvement is not always required.

- **Existing criteria for accredited investor status.** Some stakeholders believe the current financial thresholds for individuals to qualify for accredited investor status are appropriate. Other stakeholders do not think net income or financial assets are an adequate proxy for sophistication. Other stakeholders questioned whether the monetary criteria should be adjusted for inflation. Some stakeholders have suggested that individuals who do not meet the current financial thresholds should nonetheless be able to invest in the exempt market if they have certain attributes of sophistication such as investment or work experience or education, or are relying on the advice of a registrant.

- **Existing minimum purchase amount.** Many stakeholders questioned the rationale for the existing minimum amount prospectus exemption. They felt that it had the effect of causing investors to invest $150,000 in one investment when an investment in smaller amounts or a more diversified approach would have been more appropriate. We also heard that the ability to invest a lump sum of $150,000 does not indicate that an investor is sophisticated or able to withstand the loss of that investment. Some stakeholders indicated that a limit on the maximum amount invested, expressed either as a dollar amount or a percentage of the investor's assets or net income, would be more appropriate than the current minimum amount prospectus exemption.

- **Other options.** There were a number of views on whether there should be prospectus exemptions based on the provision of disclosure to investors and, if so, what form that disclosure should take. Some stakeholders suggested that Ontario should adopt an offering memorandum prospectus exemption, which would allow a broader range of investors to participate in the exempt market on the condition that a minimum level of disclosure is provided to investors. That exemption currently exists in some CSA jurisdictions. Some stakeholders supported more rigorous risk disclosure to enhance investor protection. In addition, there were different views on whether the availability of a prospectus exemption should be contingent on the involvement of a registrant who is subject to know-your-client (or KYC), know-your-product (or KYP) and suitability obligations.

- **Harmonization.** Some commenters encouraged CSA members to renew their efforts to harmonize the current prospectus exemptions that exist in National Instrument 45-106 *Prospectus and Registration Exemptions.* We received feedback that exemptions, which are not totally harmonized across Canada, add undue complexity for investors and costs for issuers.

This is not an exhaustive list of all the comments staff received. We are currently considering all of the comments provided to us by stakeholders, which will inform the next phase of this initiative. We will publish a summary of the comment letters we have received in response to our request for comment on the minimum amount and accredited investor prospectus exemptions.

Next steps for OSC staff

In light of feedback received from stakeholders, we are broadening the scope of our review to consider the exempt market regulatory regime more generally. We will continue to assess whether the existing minimum amount and accredited investor prospectus exemptions remain appropriate or whether changes should be made. We will also consider whether the OSC should introduce other prospectus exemptions to facilitate capital raising for business enterprises. Because this latter consideration was not part of the review of the minimum amount and accredited investor prospectus exemptions, we are giving market participants an opportunity to address that issue before our review of the exempt market is completed.

During this fiscal year, OSC staff will:

- **Publish a second consultation note.** We will publish a second consultation note which will seek further feedback on the exempt market regulatory regime. That consultation note will explore whether the OSC should adopt any new prospectus exemptions and, if so, under what circumstances or terms.

- **Hold further public consultation sessions.** We will hold further public consultation sessions following the publication of the second consultation note. In addition, we will actively reach out to investors and meet with other stakeholders to obtain their feedback.

- **Consider the experience of the other CSA jurisdictions with prospectus exemptions not currently available in Ontario.** Other CSA jurisdictions currently have a form of offering memorandum prospectus exemption and a "friends and family" prospectus exemption, neither of which are currently available in Ontario. On April 26, 2012, CSA staff published Multilateral CSA Staff Notice 45-309 *Guidance for Preparing and Filing an Offering Memorandum under National Instrument 45-106 Prospectus and Registration Exemptions*. The staff notice summarizes common deficiencies in offering memoranda prepared in accordance with Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers* and provides guidance to improve compliance with the disclosure requirements.

- **Consider developments in other jurisdictions relevant to capital raising in the exempt market.** We will consider the securities regulatory regime for capital raising in the exempt market in other jurisdictions. In particular, we will consider developments in the U.S. with respect to capital raising contained in the *Jumpstart Our Business Startups Act* (or the JOBS Act).

- **Establish an ad hoc advisory committee.** We will establish an ad hoc advisory committee to communicate views to us on possible regulatory approaches to the exempt market. The committee will be comprised of investors, issuer representatives, registrants and legal and other advisors. A separate news release will be published inviting interested stakeholders to apply for membership on this committee.

As noted above, we will publish a summary of the comment letters received on CSA Staff Consultation Note 45-401 *Review of Minimum Amount and Accredited Investor Exemptions*.

Questions

Please refer any questions to:

Jo-Anne Matear, Manager Corporate Finance Branch 416.593.2323, jmatear@osc.gov.on.ca	Elizabeth Topp, Senior Legal Counsel Corporate Finance Branch 416.593.2377, etopp@osc.gov.on.ca
Maria Carelli, Senior Accountant Compliance and Registrant Regulation Branch 416.593.2380, mcarelli@osc.gov.on.ca	Carolyn Slon, Legal Counsel Corporate Finance Branch 416.593.2364, cslon@osc.gov.on.ca
Melissa Schofield, Senior Legal Counsel Investment Funds Branch 416.595.8777, mschofield@osc.gov.on.ca	

1.1.5 CSA Staff Notice 45-310 – Update on CSA Staff Consultation Note 45-401 – Review of Minimum Amount and Accredited Investor Exemptions

CSA Staff Notice 45-310 – *Update on CSA Staff Consultation Note 45-401 – Review of Minimum Amount and Accredited Investor Exemptions* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

This page intentionally left blank

CSA Staff Notice 45-310
Update on CSA Staff Consultation Note 45-401
Review of Minimum Amount and Accredited Investor Exemptions

June 7, 2012

Introduction

On November 10, 2011, CSA staff published CSA Staff Consultation Note 45-401 *Review of Minimum Amount and Accredited Investor Exemptions* (the consultation note). The consultation note provided information about the two exemptions under review and set out 31 consultation questions. The comment period closed on February 29, 2012.

This notice updates market participants on the status of this consultation.

We received 108 comment letters and feedback from over 300 people who attended consultation sessions held across Canada. People expressed a wide range of views in the written comments and in the consultation sessions. We thank all participants for contributing to our consultation.

Accredited Investor Exemption

Many commented on the importance of the accredited investor exemption for raising capital.

Some commenters supported retaining the accredited investor exemption and the definition of accredited investor in its current form. They commented that although the current income and asset thresholds are not perfect proxies for investor sophistication, they are administratively efficient and practical to apply.

Some commenters suggested ways we could broaden the exemption to increase access to capital by businesses and opportunities to invest in the exempt market for more people. Their suggestions included lowering the prescribed income and asset thresholds or adding new categories of accredited investor based on an investor's education, work experience or investing experience.

We received some comments suggesting that we increase the thresholds or impose additional limitations on the use of the exemption to ensure sufficient investor protection.

Minimum Amount Exemption

There were divergent comments about the minimum amount exemption. Many stated that the minimum amount is a flawed basis to measure investor sophistication or ability to withstand loss and operates to discourage diversification or appropriate investment strategies. Many recommended that we repeal the exemption because of these concerns.

Others recommended that we keep the exemption at its current threshold despite these concerns.

Their reasons for keeping the minimum amount exemption included: its usefulness as an alternative exemption when no other is available; its simplicity where investors are not willing to complete paperwork; and, the reasonable assumption that an investor would exercise care and caution before making such a large investment.

Some recommended that we add requirements to the exemption to increase investor protection. Their suggestions included: changing the threshold; adding risk and financial disclosure requirements; prohibiting sales to individuals; requiring a suitability assessment by a registrant; and, replacing the current dollar threshold with a maximum investment limit based on a percentage of the investor's net worth or net income.

Impact on Capital Raising and Investment Opportunities

Many expressed concern that any change that would restrict the availability of the prospectus exemptions would negatively impact capital raising for issuers, particularly small and medium-sized enterprises. Some suggested that the CSA should not change the exemptions unless there is clear evidence not only of a problem but also that the change would address that problem. Others asked the CSA to provide quantitative and qualitative data on the use of current prospectus exemptions to give better understanding of staff's concerns.

Some commenters encouraged the CSA to consider expanding the accredited investor definition or adopting additional prospectus exemptions in order to support capital raising by small and medium-sized enterprises and to allow more investment opportunities.

Harmonization

Some commenters encouraged CSA members to renew their efforts to harmonize the current prospectus exemptions that exist in National Instrument 45-106 *Prospectus and Registration Exemptions.*

Next Steps

This is not a complete list of the comments received. Given the number of comments and the diversity of the feedback provided, staff will need further time to complete their review and consider the feedback. Before making any recommendation about these exemptions, we also intend to gather and analyze information from filed exempt distribution reports. The CSA will finalize this review and publicly report on our conclusions later this year.

Some CSA jurisdictions are considering expanding their review to include other capital raising exemptions, including the offering memorandum exemption, as well as research about exemptions in other jurisdictions, such as the U.S., U.K. and Australia. Some CSA jurisdictions may issue local notices announcing their plans.

Questions

Please refer your questions to any of the following people:

British Columbia
Leslie Rose
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
604-899-6654
Toll free across Canada: 800-373-6393
lrose@bcsc.bc.ca

George Hungerford
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
604-899-6690
Toll free across Canada: 800-373-6393
ghungerford@bcsc.bc.ca

Alberta
Tracy Clark
Legal Counsel
Alberta Securities Commission
403-355-4424
Tracy.Clark@asc.ca

Patrick Hlavac-Winsor
Legal Counsel
Alberta Securities Commission
403-355-2803
Patrick.Hlavac-Winsor@asc.ca

Saskatchewan
Sonne Udemgba
Acting Deputy Director, Legal (Securities Division)
Saskatchewan Financial Services Commission
306-787-5879
sonne.udemgba@gov.sk.ca

Manitoba
Chris Besko
Legal Counsel - Deputy Director
The Manitoba Securities Commission
204-945-2561
cbesko@gov.mb.ca

Ontario
Jo-Anne Matear
Manager, Corporate Finance
Ontario Securities Commission
416-593-2323
jmatear@osc.gov.on.ca

Elizabeth Topp
Senior Legal Counsel, Corporate Finance
Ontario Securities Commission
416-593-2377
etopp@osc.gov.on.ca

Maria Carelli
Senior Accountant, Compliance and Registrant Regulation
Ontario Securities Commission
416-593-2380
mcarelli@osc.gov.on.ca

Carolyn Slon
Legal Counsel, Corporate Finance
Ontario Securities Commission
416-593-2364
cslon@osc.gov.on.ca

Melissa Schofield
Senior Legal Counsel, Investment Funds
Ontario Securities Commission
416-595-8777
mschofield@osc.gov.on.ca

Quebec
Sylvie Lalonde
Manager, Policy and Regulations Department
Autorité des marchés financiers
514-395-0337, ext. 4461
sylvie.lalonde@lautorite.qc.ca

New Brunswick
Brian Maude
Legal Counsel
New Brunswick Securities Commission
506-643-7202
brian.maude@gnb.ca

Nova Scotia
Shirley Lee
Director, Policy and Market Regulation
Nova Scotia Securities Commission
902-424-5441
leesp@gov.ns.ca

Prince Edward Island
Steve Dowling
Superintendent of Securities
Prince Edward Island
902-368-4552
sddowling@gov.pe.ca

Newfoundland and Labrador
Don Boyles
Program & Policy Development
Securities Commission of Newfoundland and Labrador
Government of Newfoundland & Labrador
709-729-4501
dboyles@gov.nl.ca

Nunavut
Louis Arki, Director, Legal Registries
Department of Justice, Government of Nunavut
867-975-6587
larki@gov.nu.ca

Northwest Territories
Donn MacDougall
Deputy Superintendent, Legal & Enforcement
Office of the Superintendent of Securities
Government of the Northwest Territories
867-920-8984
donald_macdougall@gov.nt.ca

Yukon
Frederik J. Pretorius
Manager Corporate Affairs (C-6)
Dept of Community Services
Government of Yukon
867-667-5225
Fred.Pretorius@gov.yk.ca

1.4 Notices from the Office of the Secretary

1.4.1 Eda Marie Agueci et al.

FOR IMMEDIATE RELEASE
June 5, 2012

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

AND

IN THE MATTER OF
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

TORONTO – Take notice that the date for the motions hearing scheduled to be heard on June 8, 2012 in the above named matter has been vacated.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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)

1.4.2 David Charles Phillips and John Russell Wilson

FOR IMMEDIATE RELEASE
June 5, 2012

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

AND

IN THE MATTER OF
DAVID CHARLES PHILLIPS AND
JOHN RUSSELL WILSON

TORONTO – Take notice that the hearing in the above named matter scheduled to be heard on June 25, 2012 at 10:00 a.m. will be heard on June 25, 2012 at 11:00 a.m.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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)

1.4.3 Alexander Christ Doulis et al.

FOR IMMEDIATE RELEASE
June 6, 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 – The Commission issued an Order in the above named matter which provides that the Pre-Hearing Conference is adjourned and will continue, pursuant to Rule 6 of the Commission's Rules of Procedure, on June 12, 2012, at 2:00 p.m., or such other date and time as is specified by the Secretary's Office and agreed to by the parties.

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

A copy of the Order dated May 29, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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)

1.4.4 Jowdat Waheed and Bruce Walter

FOR IMMEDIATE RELEASE
June 7, 2012

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

AND

IN THE MATTER OF
JOWDAT WAHEED AND BRUCE WALTER

TORONTO – The Commission issued an Order in the above named matter which provides that a confidential pre-hearing conference will be held on September 19, 2012, at 2:30 p.m.

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

A copy of the Order dated June 6, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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)

1.4.5 Lehman Brothers & Associates Corp. et al.

FOR IMMEDIATE RELEASE
June 7, 2012

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

AND

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

TORONTO – 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 May 29, 2012 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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)

1.4.6 Systematech Solutions Inc. et al.

FOR IMMEDIATE RELEASE
June 8, 2012

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

AND

IN THE MATTER OF
SYSTEMATECH SOLUTIONS INC.,
APRIL VUONG AND HAO QUACH

TORONTO – The Commission issued a Temporary Order in the above named matter which provides that the Temporary Order is extended until September 12, 2012; and the hearing to consider the extension of the Temporary Order is adjourned until September 11, 2012 at 3:00 p.m. or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

A copy of the Temporary Order dated June 7, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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)

1.4.7 David Charles Phillips

FOR IMMEDIATE RELEASE
June 8, 2012

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

AND

IN THE MATTER OF
DAVID CHARLES PHILLIPS

TORONTO – Following the hearing held on June 6, 2012 in the above named matter, the Commission issued an Order with certain provisions. The Temporary Order is extended to Friday, September 28, 2012.

A copy of the Order dated June 6, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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)

1.4.8 International Strategic Investments et al.

FOR IMMEDIATE RELEASE
June 12, 2012

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that the confidential pre-hearing conference be adjourned to August 20, 2012 at 10:00 a.m., at which time the panel anticipates scheduling dates for a hearing on the merits in this matter.

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

A copy of the Order dated June 6, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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)

1.4.9 Global Consulting and Financial Services et al.

FOR IMMEDIATE RELEASE
June 12, 2012

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

AND

IN THE MATTER OF
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

TORONTO – The Commission issued a Temporary Order in the above named matter which provides that the Amended Temporary Order is extended to December 5, 2012 and the hearing is adjourned to December 4, 2012 at 3:30 p.m., or such other date and time as set by the Office of the Secretary and agreed to by the parties.

A copy of the Temporary Order dated June 11, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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)

1.4.10 Alexander Christ Doulis et al.

FOR IMMEDIATE RELEASE
June 12, 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 – The Commission issued an Order in the above named matter which provides that the Pre-Hearing Conference is adjourned and will continue, pursuant to Rule 6 of the Commission's Rules of Procedure, on June 26, 2012, at 2:00 p.m., or such other date and time as is specified by the Secretary's Office and agreed to by the parties.

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

A copy of the Order dated June 12, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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)

This page intentionally left blank

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 BMO Investments Inc. et al.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund mergers – approval required because merger does not meet the criteria for pre-approved reorganizations and transfers in National Instrument 81-102 – certain merging funds do not have substantially similar investment objectives and fee structure – some mergers not a "qualifying exchange" or a tax-deferred transaction under the Income Tax Act – current simplified prospectus or the most recently filed fund facts document of certain series of the Continuing Fund are not sent – securityholders provided with timely and adequate disclosure regarding the mergers.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(1)(b), 5.5(3), 5.6, 5.7(1)(b), 19.1.

May 24, 2012

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

AND

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

AND

IN THE MATTER OF
BMO INVESTMENTS INC.
(the Manager)

AND

BMO CANADIAN LARGE CAP EQUITY CLASS
BMO ENTERPRISE CLASS
BMO RESOURCE CLASS
BMO GLOBAL ENERGY CLASS
BMO GUARDIAN DIVIDEND GROWTH FUND
BMO U.S. GROWTH FUND
BMO GLOBAL MONTHLY INCOME FUND
BMO GUARDIAN GLOBAL BOND FUND
BMO JAPANESE FUND
BMO U.S. SPECIAL EQUITY FUND
BMO GUARDIAN GLOBAL TECHNOLOGY FUND
BMO GUARDIAN GLOBAL EQUITY FUND
BMO GLOBAL ABSOLUTE RETURN CLASS
BMO EMERGING MARKETS CLASS
BMO GLOBAL SMALL CAP CLASS
BMO GLOBAL TECHNOLOGY CLASS AND
BMO T-BILL FUND
(each, a Terminating Fund and collectively, the Terminating Funds, and with the Manager, the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Manager on behalf of the Terminating Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) approving the mergers (the **Mergers**) of the Terminating Funds into the Continuing Funds (defined below) pursuant to paragraph 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) (the **Approval Sought**).

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

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined. The following additional terms shall have the following meanings:

Classic Class Mergers means the Merger of BMO Guardian Global Bond Fund into BMO World Bond Fund and the Merger of BMO Guardian Global Technology Fund into BMO Guardian Global Small Cap Fund;

Continuing Funds means BMO Canadian Equity Class, BMO Dividend Fund, BMO U.S. Equity Fund, BMO Diversified Income Portfolio, BMO World Bond Fund, BMO Guardian Asian Growth and Income Fund, BMO Guardian Global Small Cap Fund, BMO Global Equity Class and BMO Money Market Fund;

Corporation means BMO Global Tax Advantage Funds Inc.;

Continuing Corporate Class Fund means each of BMO Global Equity Class and BMO Canadian Equity Class;

Corporate Class Funds means each of BMO Canadian Large Cap Equity Class, BMO Enterprise Class, BMO Resource Class, BMO Global Energy Class, BMO Global Absolute Return Class, BMO Emerging Markets Class, BMO Global Small Cap Class, BMO Global Technology Class, BMO Canadian Equity Class and BMO Global Equity Class, each of which are separate classes of securities of the Corporation;

Fee Structure Mergers means the Merger of:

(a) BMO Resource Class into BMO Canadian Equity Class;

(b) BMO Guardian Dividend Growth Fund into BMO Dividend Fund;

(c) BMO Guardian Global Bond Fund into BMO World Bond Fund;

(d) BMO Japanese Fund into BMO Guardian Asian Growth and Income Fund;

(e) BMO U.S. Special Equity Fund into BMO Guardian Global Small Cap Fund; and

(f) BMO Guardian Global Equity Fund into BMO Global Equity Class;

Fund or **Funds** means, individually or collectively, the Terminating Funds and the Continuing Funds;

Investment Objective Mergers means each Merger, other than the Merger of BMO Guardian Dividend Growth Fund into BMO Dividend Fund;

IRC means the independent review committee for the Funds;

NI 81-107 means National Instrument 81-107 – *Independent Review Committee for Investment Funds*;

Tax Act means the *Income Tax Act* (Canada);

Taxable Mergers means the Merger of:

(a) BMO Global Monthly Income Fund into BMO Diversified Income Portfolio;

(b) BMO Japanese Fund into BMO Guardian Asian Growth and Income Fund;

(c) BMO U.S. Special Equity Fund into BMO Guardian Global Small Cap Fund;

(d) BMO Guardian Global Technology Fund into BMO Guardian Global Small Cap Fund; and

(e) BMO Guardian Global Equity Fund into BMO Global Equity Class;

Terminating Corporate Class Fund means each of BMO Canadian Large Cap Equity Class, BMO Enterprise Class, BMO Resource Class, BMO Global Energy Class, BMO Global Absolute Return Class, BMO Emerging Markets Class, BMO Global Small Cap Class and BMO Global Technology Class;

Terminating Trust Fund means each of BMO Guardian Dividend Growth Fund, BMO U.S. Growth Fund, BMO Global Monthly Income Fund, BMO Guardian Global Bond Fund, BMO Japanese Fund, BMO U.S. Special Equity Fund, BMO Guardian Global Technology Fund, BMO Guardian Global Equity Fund and BMO T-Bill Fund; and

Transition Manager Mergers means the Merger of:

(a) BMO U.S. Special Equity Fund into BMO Guardian Global Small Cap Fund;

(b) BMO Guardian Global Technology Fund into BMO Guardian Global Small Cap Fund;

(c) BMO Guardian Global Equity Fund into BMO Global Equity Class;

(d) BMO U.S. Growth Fund into BMO U.S. Equity Fund;

(e) BMO Global Energy Class into BMO Canadian Equity Class; and

(f) BMO Global Monthly Income Fund into BMO Diversified Income Portfolio;

Trust Funds means each of BMO Guardian Dividend Growth Fund, BMO U.S. Growth Fund, BMO Global Monthly Income Fund, BMO Guardian Global Bond Fund, BMO Japanese Fund, BMO U.S. Special Equity Fund, BMO Guardian Global Technology Fund, BMO Guardian Global Equity Fund, BMO T-Bill Fund, BMO Dividend Fund, BMO U.S. Equity Fund, BMO Diversified Income Portfolio, BMO World Bond Fund, BMO Guardian Asian Growth and Income Fund, BMO Guardian Global Small Cap Fund and BMO Money Market Fund.

Representations

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

The Manager

1. The Manager is a corporation governed by the laws of Canada with its head office in Toronto, Ontario.

2. The Manager is the investment fund manager of the Funds and is registered as an investment fund manager in Ontario and as a mutual fund dealer in Ontario and the Other Jurisdictions.

The Funds

3. The Funds are either open-ended mutual fund trusts established under the laws of Ontario or separate classes of securities of the Corporation, a mutual fund corporation governed under the laws of Canada.

4. Securities of the Funds are currently qualified for sale under one or more of the simplified prospectus, annual information form and fund facts each dated March 26, 2012, as amended (collectively, the **Retail Offering Documents**), the simplified prospectus, annual information form and fund facts each dated June 16, 2011, as amended (collectively, the **Guardian Offering Documents**) and/or the simplified prospectus, annual information form and fund facts each dated September 20, 2011, as amended (collectively, the **Advisor Offering Documents** and together with the Retail Offering Documents and the Guardian Offering Documents, the **Offering Documents**).

5. Each of the Funds is a reporting issuer under the applicable securities legislation of Ontario and the Other Jurisdictions.

6. Neither the Manager nor the Funds is in default under the applicable securities legislation of Ontario or the Other Jurisdictions.

7. Other than circumstances in which the securities regulatory authority of a province or territory of Canada has expressly exempted a Fund therefrom, each of the Funds follows the standard investment restrictions and practices established under NI 81-102.

8. The net asset value for each class or series of the Funds, as applicable, is calculated on a daily basis in accordance with the Funds' valuation policy and as described in the applicable Offering Documents.

The Proposed Mergers

9. The Manager intends to reorganize the Funds as follows:

   (a) BMO Canadian Large Cap Equity Class will merge into BMO Canadian Equity Class;

   (b) BMO Enterprise Class will merge into BMO Canadian Equity Class;

   (c) BMO Resource Class will merge into BMO Canadian Equity Class;

   (d) BMO Global Energy Class will merge into BMO Canadian Equity Class;

   (e) BMO Guardian Dividend Growth Fund will merge into BMO Dividend Fund;

   (f) BMO U.S. Growth Fund will merge into BMO U.S. Equity Fund;

   (g) BMO Global Monthly Income Fund will merge into BMO Diversified Income Portfolio;

   (h) BMO Guardian Global Bond Fund will merge into BMO World Bond Fund;

   (i) BMO Japanese Fund will merge into BMO Guardian Asian Growth and Income Fund;

   (j) BMO U.S. Special Equity Fund will merge into BMO Guardian Global Small Cap Fund;

   (k) BMO Guardian Global Technology Fund will merge into BMO Guardian Global Small Cap Fund;

   (l) BMO Guardian Global Equity Fund will merge into BMO Global Equity Class;

   (m) BMO Global Absolute Return Class will merge into BMO Global Equity Class;

   (n) BMO Emerging Markets Class will merge into BMO Global Equity Class;

   (o) BMO Global Small Cap Class will merge into BMO Global Equity Class;

   (p) BMO Global Technology Class will merge into BMO Global Equity Class; and

   (q) BMO T-Bill Fund will merge into BMO Money Market Fund.

10. In accordance with National Instrument 81-106 – *Investment Fund Continuous Disclosure*, a press release announcing the proposed Mergers was issued and filed on SEDAR on March 23, 2012. Amendments to the Advisor Offering Documents and the Guardian Offering Documents with respect to the proposed Mergers were filed on SEDAR on March 26, 2012 and a material change report was filed on SEDAR on March 29, 2012. The Retail Offering Documents contained this disclosure in their final simplified prospectus and annual information form dated March 26, 2012.

11. As required by NI 81-107, the Manager presented the potential conflict of interest matters related to the proposed Mergers to the IRC for a recommendation. On March 7, 2012, the IRC reviewed the potential conflict of interest matters related to the proposed Mergers and provided its positive recommendation for each of the Mergers, after determining that each proposed Merger, if implemented, would achieve a fair and reasonable result for each applicable Fund.

12. Regulatory approval of the Mergers is required because each Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102. The pre-approval criteria are not satisfied in the following ways:

    (a) In the case of the Investment Objective Mergers, the fundamental investment objectives of the Continuing Funds are not, or may be considered not to be, "substantially similar" to the investment objectives of their corresponding Terminating Funds;

    (b) In the case of the Fee Structure Mergers, the fee structure of the Continuing Funds are not, or may be considered not to be, "substantially similar" to the fee structure of their corresponding Terminating Funds;

    (c) In the case of the Taxable Mergers, these Mergers will not be completed as a "qualifying exchange" or a tax deferred transaction under the Tax Act; and

    (d) In the case of the Classic Class Mergers, the materials to be sent to securityholders of each applicable Terminating Fund will not include the current simplified prospectus or the most recently filed fund facts documents of Classic series securities for each applicable Continuing Fund, as these Classic series securities will not be qualified for distribution under a prospectus.

13. Except as described in this decision, the proposed Mergers comply with all of the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

14. Securityholders of the Terminating Funds will be asked to approve the Mergers at special meetings to be held on or about May 25, 2012.

15. In accordance with corporate law requirements, securityholders of the Continuing Corporate Class Funds will be asked to approve an amendment to the articles of the Corporation in connection with the exchange of securities relating to the applicable Mergers for the Continuing Corporate Class Funds at special meetings to be held on or about May 25, 2012.

16. The Mergers involving an exchange of securities of the Corporation have also been approved by the Manager as the sole common voting shareholder of the Corporation, as required under applicable corporate law.

17. A notice of meeting, a management information circular and a proxy in connection with special meetings of securityholders (collectively, the **Meeting Materials**) were mailed to securityholders of each Terminating Fund and Continuing Corporate Class Fund commencing on or about May 2, 2012 and were concurrently filed via SEDAR.

18. The tax implications of the Mergers as well as the differences between the investment objectives and fee structures of the Terminating Funds and the Continuing Funds and the IRC's recommendation of the Mergers are described in the Meeting Materials so that the securityholders of the Terminating Funds may consider this information before voting on the Mergers. The Meeting Materials also describe the various ways in which investors can obtain a copy of the simplified prospectus, annual information form and fund facts for the Continuing Fund and its most recent interim and annual financial statements and management reports of fund performance.

19. Fund facts relating to the relevant series or class of the Continuing Funds were mailed to securityholders of the corresponding Terminating Funds, with the exception of fund facts relating to Classic series securities of BMO World Bond Fund and BMO Guardian Global Small Cap Fund. These series will not be qualified for distribution under a prospectus. In lieu of mailing the current simplified prospectus or the most recently filed fund facts document, the Manager proposes to provide fund fact level disclosure regarding Classic series of BMO World Bond Fund and BMO Guardian Global Small Cap Fund in a fund fact type document that was sent, together with the Meeting Materials, to securityholders of the applicable Terminating Funds.

20. Securityholders of each Terminating Fund will continue to have the right to redeem securities of the Terminating Fund at any time up to the close of business on the business day immediately before the effective date of the Mergers.

21. The Manager will pay for the costs of the Mergers. These costs consist mainly of brokerage charges associated with the merger related trades that occur both before and after the effective date of the Mergers and legal, proxy solicitation, printing, mailing and regulatory fees.

22. No sales charges will be payable in connection with the acquisition by a Continuing Fund of the investment portfolio of its applicable Terminating Fund.

23. Securities of each Continuing Fund received by the applicable Terminating Trust Fund will be distributed to securityholders of the Terminating Trust Fund in exchange for their securities in the Terminating Trust Fund on a dollar for dollar and class or series by class or series basis, as applicable.

24. All of the issued and outstanding securities of each Terminating Corporate Class Fund will be exchanged for securities of its applicable Continuing Corporate Class Fund on a dollar-for-dollar and series-by-series basis, so that securityholders of each Terminating Corporate Class Fund become securityholders of its applicable Continuing Corporate Class Fund.

25. The investment portfolio and other assets of each Terminating Fund to be acquired by the applicable Continuing Fund in order to effect the Mergers are currently, or will be, acceptable, on or prior to the effective date of the Mergers, to the portfolio manager(s) of the applicable Continuing Fund and are, or will be, consistent with the investment objectives of the applicable Continuing Fund. In the case of the Transition Manager Mergers, the transition manager will effect the reallocation of each applicable Terminating Fund's assets to ensure that these Terminating Funds' portfolios and other assets will be acceptable to the portfolio manager(s) of the applicable Continuing Funds prior to the effective date of each Transition Manager Merger.

26. Each Terminating Fund will merge into its applicable Continuing Fund and the Continuing Funds will continue as publicly offered open end mutual funds.

27. Each Terminating Fund will be wound up as soon as reasonably possible following the applicable Merger.

28. The Manager will terminate the following Terminating Funds and will cancel the applicable classes of the Corporation if approval for the relevant Mergers is not obtained: BMO Resource Class, BMO Global Absolute Return Class, BMO Emerging Markets Class, BMO Global Small Cap Class, BMO Global Technology Class, BMO Canadian Large Cap Equity Class and BMO Japanese Fund.

29. The Manager believes that the Mergers are beneficial to securityholders of each Terminating Fund and Continuing Fund for the following reasons:

    (a) the Mergers will result in a more streamlined and simplified product line-up that is easier for investors to understand;

    (b) the Mergers will eliminate duplicate fund offerings across product line-ups, thereby reducing the administrative and regulatory costs of operating each Terminating Fund and Continuing Fund as a separate mutual fund;

    (c) securityholders of each Terminating Fund and Continuing Fund will enjoy increased economies of scale as part of a larger combined Continuing Fund;

    (d) securityholders of a Terminating Trust Fund who become securityholders of a Corporate Class Fund will be able to switch between different funds that are classes of the Corporation without creating a disposition for income tax purposes;

    (e) following the Mergers, each Continuing Fund will have a portfolio of greater value, which may allow for increased portfolio diversification opportunities if desired;

    (f) in some cases, there is significant overlap between portfolio holdings of the Terminating Fund and portfolio holdings of the Continuing Fund;

    (g) each Continuing Fund, as a result of its greater size, may benefit from its larger profile in the marketplace; and

    (h) in some cases, management fees and/or fixed administration fees will be lower for the Continuing Funds.

Decision

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

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

"Sonny Randhawa"
Manager, Investment Funds
Ontario Securities Commission

2.1.2 HSBC Financial Corporation Limited – s. 1(10)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to no longer be a reporting issuer under securities legislation.

Applicable Legislative Provisions

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

June 8, 2012

3381 Steeles Avenue East
Suite 300
Toronto, Ontario
M2H 3S7

Dear Sirs/Mesdames:

Re: HSBC Financial Corporation Limited (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, Québec. New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the "Jurisdictions") that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.3 Man Investments Canada Corp. and GLG EM Income Fund

Headnote

NP 11-203 – Process for Exemptive Relief Application in Multiple Jurisdictions.

Relief granted to a commodity pool from sections 2.1(1), 2.5(2)(a) and (c) of National Instrument 81-102 Mutual Funds to permit a commodity pool to gain exposure to another investment fund in a two-tier structure, subject to certain conditions. The bottom fund will observe NI 81-102, except as permitted by NI 81-104 and in accordance with exemptive relief obtained by the Top Fund including that the bottom fund may engage in short selling – bottom fund will never file a prospectus under National Instrument 81-101 Mutual Fund Prospectus Disclosure, but has filed a non-offering long form prospectus and will be a reporting issuer in Ontario and Quebec subject to National Instrument 81-106 Investment Fund Continuous Disclosure and NI 81-107 Independent Review Committee for Investment Funds.

Relief granted to permit purchases at the next weekly net asset value after order received two business days before, even though net asset value is calculated daily – daily net asset value calculated to provide more frequent and up-to-date information – National Instrument 81-102 Mutual Funds.

Relief granted from seed capital requirements for commodity pools in NI 81-104 – manager permitted to redeem seed investment in pool provided pool has received subscriptions from investors totalling at least $5 million and provided the manager maintains working capital as required for investment fund manager under National Instrument 31-103 Registration Requirements and Exemptions – National Instrument 81-104 Commodity Pools.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.1(1), 2.5(2)(a), 2.5(2)(c), 9.3, 19.1.
National Instrument 81-104 Commodity Pools, ss. 3.2(2)(a), 10.1.

May 18, 2012

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

AND

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

AND

IN THE MATTER OF
MAN INVESTMENTS CANADA CORP. (the Filer)
AND GLG EM INCOME FUND (the Top Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of the Top Fund, for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) granting exemptive relief (the **Requested Relief**), pursuant to Part 10 of NI 81-104, from subsection 3.2(2)(a) of National Instrument 81-104 *Commodity Pools* (**NI 81-104**), which requires a commodity pool to have invested in it at all times an amount invested in securities that were issued pursuant to subsection 3.2(1)(a) of NI 81-104 and had an aggregate issue price of $50,000 (the **Seed Investment**), to permit the Filer to ask the Top Fund to redeem the Filer's Seed Investment.

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

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

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

Interpretation

Unless expressly defined herein, terms in this application have the respective meanings given to them in National Instrument 81-102 *Mutual Funds* (**NI 81-102**), NI 81-104, National Instrument 14-101 *Definitions* and MI 11-102.

Representations

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

The Filer

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

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

3. The Filer's head office is located in Toronto, Ontario.

4. None of the Filer, the Top Fund or Bottom Fund is in default of any securities legislation in any of the Jurisdictions.

5. Concurrently with this application, the Filer filed an application on behalf of the Top Fund for a decision under the Legislation granting an exemption from the requirements in subsection 2.1(1), paragraph 2.5(2)(a) and paragraph 2.5(2)(c) of NI 81-102 to permit the Top Fund to gain exposure to securities of GLG Emerging Markets Income Portfolio II Ltd. (**GLG Ltd.** or the **Bottom Fund**).

The Top Fund

6. The Top Fund will be a mutual fund subject to NI 81-102 and a commodity pool as such term is defined in NI 81-104, in that the Top Fund has adopted fundamental investment objectives that permit the Top Fund to use specified derivatives in a manner that is not permitted under NI 81-102.

7. The Top Fund filed a preliminary prospectus dated March 15, 2012 and an amended and restated preliminary prospectus dated May 4, 2012 on SEDAR (together, the **Preliminary Prospectus**) with respect to the proposed offering (the **Offering**) of Class L Units, Class M Units, Class N Units and Class O Units (together, the **Units**) of the Top Fund, receipts for which were issued on March 16, 2012 and May 7, 2012, respectively.

8. The Top Fund will file a final prospectus that has been prepared and filed in accordance with the securities legislation of the Jurisdictions (the **Final Prospectus**); upon receiving a receipt therefor, the Top Fund will be a reporting issuer in each of the Jurisdictions.

9. As disclosed in the Preliminary Prospectus, the Top Fund's investment objectives are: (i) to provide holders of Class L Units and Class M Units with monthly tax-advantaged distributions; and (ii) to preserve capital while providing the opportunity for long-term capital appreciation for holders of Units. The Top Fund has been created to provide exposure to an actively managed, liquid and diversified portfolio of securities and other instruments (the **Portfolio**), to be held by the Bottom Fund, invested across various asset classes primarily within global currency markets and global emerging markets such as countries in Latin America, Central and Eastern Europe, the Middle East, Africa and Asia. In managing the Portfolio, GLG Partners LP (the **GLG Investment Manager**), the portfolio adviser of the Bottom Fund and an affiliate of the Filer, will pursue its strategy through both active trading and investment principally in interest rate securities and instruments, sovereign and corporate credit instruments and other fixed income securities, foreign exchange instruments and derivatives (including futures and forward contracts) that provide exposure to these asset classes. The Top Fund will obtain exposure to the Portfolio through one or more forward sale agreements (each a **Forward Agreement**) entered into with one or more Canadian chartered banks and/or their affiliates (each a **Counterparty**).

10. The Top Fund will invest substantially all of the proceeds of the Offering in a specified portfolio of common shares of Canadian public companies (the **Common Share Portfolio**). Under the terms of each Forward Agreement, the Counterparty will agree to pay to the Top Fund on the scheduled settlement date of the Forward Agreement (the **Forward Date**), as the purchase price for the Common Share Portfolio, an amount based on the value of the Portfolio on the Forward Date.

11. The Top Fund does not intend to list the Units on any stock exchange.

The Bottom Fund

12. The Bottom Fund is an exempted company with limited liability incorporated in the Cayman Islands on February 13, 2012 that will acquire and maintain the Portfolio.

13. GLG Partners (Cayman) Limited will act as manager of the Bottom Fund. The Portfolio will be actively managed by the GLG Investment Manager, a limited partnership registered under the *Limited Partnership Act 1907* of England and Wales. The GLG Investment Manager is authorized and regulated in the United Kingdom by the Financial Services Authority.

14. The Bottom Fund filed a non-offering preliminary prospectus in Ontario and Quebec on March 30, 2012, a receipt for which was issued on April 2, 2012, and intends to file and obtain a receipt for a final prospectus, pursuant to which it will become a reporting issuer under the *Securities Act* (Ontario) and the *Securities Act* (Québec) and subject to the continuous disclosure requirements of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**). Accordingly, the financial statements and other reports required to be filed by the Bottom Fund will be available through SEDAR.

15. The Bottom Fund will be a mutual fund because holders of its securities will be entitled to receive, on demand, an amount computed by reference to the net asset value of the Portfolio. However, the Bottom Fund will not distribute any securities under its non-offering prospectus. Accordingly, the Bottom Fund will be a mutual fund to which NI 81-106 applies, but will not be subject to the requirements of either NI 81-102 or NI 81-104.

16. Though not subject to NI 81-104, the Bottom Fund will be a commodity pool as such term is defined in NI 81-104 in that the Bottom Fund has adopted fundamental investment objectives that permit it to use specified derivatives in a manner that is not permitted under NI 81-102.

17. The Bottom Fund has adopted the investment restrictions contained in NI 81-102 and the Portfolio is managed in accordance with these restrictions, except as otherwise permitted by NI 81-104 and in accordance with any exemptions therefrom obtained by the Top Fund including that the Bottom Fund may engage in short selling.

18. The GLG Investment Manager will monitor the Bottom Fund's compliance with its investment restrictions for the Portfolio.

Seed Investment

19. Paragraph 3.2(2)(a) of NI 81-104 states that a commodity pool may redeem, repurchase or return any amount invested in, securities issued upon the investment in the commodity pool referred to in paragraph 3.2(1)(a) of NI 81-104 only if securities issued under paragraph 3.2(1)(a) of NI 81-104 that had an aggregate issue price of $50,000 remain outstanding and at least $50,000 invested under paragraph 3.2(1)(a) remains invested in the commodity pool.

20. If the Top Fund was governed by the provisions of NI 81-102 in this regard, the Top Fund would be allowed to redeem securities issued upon the seed capital investment in the Top Fund made by the Filer upon the Top Fund having received subscriptions totaling not less than $500,000 from persons other than the persons referred to in paragraph 3.1(1)(a) of NI 81-102.

21. The Filer wishes the Top Fund to redeem the Filer's Seed Investment in the Top Fund subject to the conditions set out in this decision.

22. The Filer understands that the policy rationale behind the permanent seed capital requirement for commodity pools under NI 81-104 is to encourage promoters to ensure that the commodity pool is being properly run for the benefit of the investors by requiring that the promoter of a commodity pool, or a related party, will itself be an investor in the commodity pool at all times.

23. The Filer is obliged: (i) in accordance with the Legislation, to at all times act honestly and in good faith, and in the best interests of the Top Fund, and exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and (ii) in accordance with the terms of the declaration of trust governing the Top Fund, to act as a reasonably prudent trustee.

24. Having regard to the Filer's fiduciary obligation as set out above, not having $50,000 invested in the Top Fund at all times will not change how the Filer manages the Top Fund. The Filer will manage the Top Fund in accordance with the Legislation and its contractual requirements and the Filer's interests will generally be aligned to those of investors in the Top Fund.

25. None of the Filer, the Top Fund or the Bottom Fund is in default of any securities legislation in any of the Jurisdictions.

Decision

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

The decision of the principal regulator under the Legislation is that the Requested Relief is granted, provided that:

(a) the Filer may not ask the Top Fund to redeem the Filer's Seed Investment until the Top Fund has received subscriptions totaling not less than $5,000,000 from investors other than the persons and companies referred to in paragraph 3.2(l)(a) of the NI 81-104;

(b) the Top Fund will disclose in its Final Prospectus the basis on which the Top Fund may redeem the Filer's Seed Investment;

(c) if, after the Top Fund has redeemed the Filer's Seed Investment, the value of the Units subscribed for by investors other than the persons and companies referred to in paragraph 3.2(l)(a) of NI 81-104 drops below $5,000,000 for more than 30 consecutive days, the Filer will, unless the Top Fund is in the process of being dissolved or terminated, reinvest $50,000 in the securities of the Top Fund and maintain that investment until condition (a) is again satisfied;

(d) The Filer, as investment fund manager, will at all times maintain excess working capital of a minimum of $100,000 or any higher amount that may be required in compliance with NI 31-103 Registration Requirements and Exemptions.

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

2.1.4 Man Investments Canada Corp. and GLG EM Income Fund

Headnote

NP 11-203 – Process for Exemptive Relief Application in Multiple Jurisdictions.

Relief granted to a commodity pool from sections 2.1(1), 2.5(2)(a) and (c) of National Instrument 81-102 Mutual Funds to permit a commodity pool to gain exposure to another investment fund in a two-tier structure, subject to certain conditions. The bottom fund will observe NI 81-102, except as permitted by NI 81-104 and in accordance with exemptive relief obtained by the Top Fund including that the bottom fund may engage in short selling – bottom fund will never file a prospectus under National Instrument 81-101 Mutual Fund Prospectus Disclosure, but has filed a non-offering long form prospectus and will be a reporting issuer in Ontario and Quebec subject to National Instrument 81-106 Investment Fund Continuous Disclosure and NI 81-107 Independent Review Committee for Investment Funds.

Relief granted to permit purchases at the next weekly net asset value after order received two business days before, even though net asset value is calculated daily – daily net asset value calculated to provide more frequent and up-to-date information – National Instrument 81-102 Mutual Funds.

Relief granted from seed capital requirements for commodity pools in NI 81-104 – manager permitted to redeem seed investment in pool provided pool has received subscriptions from investors totalling at least $5 million and provided the manager maintains working capital as required for investment fund manager under National Instrument 31-103 Registration Requirements and Exemptions – National Instrument 81-104 Commodity Pools.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.1(1), 2.5(2)(a), 2.5(2)(c), 9.3, 19.1.
National Instrument 81-104 Commodity Pools, ss. 3.2(2)(a), 10.1.

May 18, 2012

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

AND

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

AND

IN THE MATTER OF
MAN INVESTMENTS CANADA CORP. (the Filer)
AND GLG EM INCOME FUND (the Top Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of the Top Fund, for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) granting exemptive relief (the **Requested Relief**), pursuant to Part 19 of National Instrument 81-102 *Mutual Funds* (**NI 81-102**), from the following provisions of NI 81-102, as further described below:

(i) subsections 2.1(1) and 2.5(2)(a) and (c) to permit the Top Fund to gain exposure to securities of GLG Emerging Markets Income Portfolio II Ltd. (**GLG Ltd.** or the **Bottom Fund**), which has adopted the investment restrictions contained in NI 81-102 and is managed in accordance with these restrictions, except as otherwise permitted by NI 81-104, and in accordance with any exemptions therefrom obtained by the Top Fund including that the Bottom Fund may engage in short selling in accordance with the terms of this decision; and

(ii) section 9.3 to permit the issue price of the Units (as defined below) of the Top Fund to which a purchase order pertains to be the net asset value (**NAV**) per Unit determined on the next Weekly Valuation Date (as defined below) after receipt by the Top Fund of a purchase order two business days before.

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

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

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

Interpretation

Unless expressly defined herein, terms in this application have the respective meanings given to them in NI 81-102, National Instrument 14-101 *Definitions* and MI 11-102.

Representations

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

The Filer

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

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

3. The Filer's head office is located in Toronto, Ontario.

4. None of the Filer, the Top Fund or Bottom Fund is in default of any securities legislation in any of the Jurisdictions.

The Top Fund

5. The Top Fund will be a mutual fund subject to NI 81-102 and a commodity pool as such term is defined in NI 81-104 *Commodity Pools* (**NI 81-104**), in that the Top Fund has adopted fundamental investment objectives that permit the Top Fund to use specified derivatives in a manner that is not permitted under NI 81-102.

6. The Top Fund prepared and filed in accordance with NI 41-101 *General Prospectus Requirements* (**NI 41-101**) a long form preliminary prospectus dated March 15, 2012 and an amended and restated long form preliminary prospectus dated May 4, 2012 on SEDAR (together, the **Preliminary Prospectus**) with respect to the proposed offering (the **Offering**) of units of the Top Fund (the **Units**), receipts for which were issued on March 16, 2012 and May 7, 2012, respectively.

7. The Top Fund will prepare and file a long form final prospectus in accordance with NI 41-101 (the **Final Prospectus**); upon receiving a receipt therefor, the Top Fund will be a reporting issuer in each of the Jurisdictions.

8. As disclosed in the Preliminary Prospectus, the Top Fund's investment objectives are: (i) to provide holders of Class L Units and Class M Units with monthly tax-advantaged distributions; and (ii) to preserve capital while providing the opportunity for long-term capital appreciation for holders of Units (the **Unitholders**). The Top Fund has been created to provide exposure to an actively managed, liquid and diversified portfolio of securities and other instruments (the **Portfolio**), to be held by the Bottom Fund, invested across various asset classes primarily within global currency markets and global emerging markets such as countries in Latin America, Central and Eastern Europe, the Middle East, Africa and Asia. In managing the Portfolio, GLG Partners LP (the **GLG Investment Manager**), the portfolio adviser of the Bottom Fund and an affiliate of the Filer, will pursue its strategy through both active trading and investment principally in interest rate securities and instruments, sovereign and corporate credit instruments and other fixed income securities, foreign exchange instruments and derivatives (including futures and forward contracts) that provide exposure to these asset classes. The Top Fund will obtain exposure to the Portfolio through one or more forward sale agreements (each a **Forward Agreement**) entered into with one or more Canadian chartered banks and/or their affiliates (each a **Counterparty**).

9. The Top Fund will invest substantially all of the proceeds of the Offering in a specified portfolio of common shares of Canadian public companies (the **Common Share Portfolio**). Under the terms of any Forward Agreement, the Counterparty will agree to pay to the Top Fund on the scheduled settlement date of the Forward Agreement (the **Forward Date**), as the purchase price for the Common Share Portfolio, an amount based on the value of the Portfolio on the Forward Date.

10. The Top Fund does not intend to list the Units on any stock exchange.

GLG Ltd. and the Portfolio

11. The Bottom Fund is an exempted company with limited liability incorporated in the Cayman Islands on February 13, 2012 that will acquire and maintain the Portfolio.

12. GLG Partners (Cayman) Limited (the **GLG Manager**) will act as manager of the Bottom Fund. The Portfolio will be actively managed by the GLG Investment Manager, a limited partnership registered under the Limited Partnership Act 1907 of England and Wales. The GLG Investment Manager is authorized and regulated in the United Kingdom by the Financial Services Authority.

13. The Bottom Fund prepared and filed a long form non-offering preliminary prospectus in accordance with NI 41-101 in Ontario and Quebec on March 30, 2012, a receipt for which was issued on April 2, 2012, and intends to prepare and file in accordance with NI 41-101 and obtain a receipt for a long form final prospectus, pursuant to which it will become a reporting issuer under the *Securities Act* (Ontario) and the *Securities Act* (Québec) and subject to the continuous disclosure requirements of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**). Accordingly, the financial statements and other reports required to be filed by the Bottom Fund will be available through SEDAR.

14. The Bottom Fund will be a mutual fund because holders of its securities will be entitled to receive, on demand, an amount computed by reference to the NAV of the Portfolio. However, the Bottom Fund will not distribute any securities under its non-offering prospectus. Accordingly, the Bottom Fund will be a mutual fund to which NI 81-106 applies, but will not be subject to the requirements of either NI 81-102 or NI 81-104.

15. Though not subject to NI 81-104, the Bottom Fund will be a commodity pool as such term is defined in NI 81-104 in that the Bottom Fund has adopted fundamental investment objectives that permit it to use specified derivatives in a manner that is not permitted under NI 81-102.

16. The Bottom Fund has adopted the investment restrictions contained in NI 81-102 and the Portfolio is managed in accordance with these restrictions, except as otherwise permitted by NI 81-104, and in accordance with any exemptions therefrom obtained by the Top Fund including that the Bottom Fund may engage in short selling as more fully described below.

17. The GLG Investment Manager will monitor the Bottom Fund's compliance with its investment restrictions for the Portfolio.

18. The indirect investment by the Top Fund in securities of the Bottom Fund pursuant to the Forward Agreements will constitute more than 10% of the NAV of the Top Fund.

19. The indirect investment by the Top Fund in securities of the Bottom Fund pursuant to the Forward Agreement will comply with the requirements of section 2.5 of NI 81-102, except that, contrary to subsections 2.5(a) and (c) of NI 81-102, the Bottom Fund is a mutual fund that:

    (a) is not subject to NI 81-102 and will never have offered securities under a simplified prospectus in accordance with National Instrument 81-101 *Mutual Fund Distributions*; and

    (b) will not be a reporting issuer in any jurisdiction that the Top Fund is a reporting issuer in except Ontario and Quebec.

Short Selling

20. The Bottom Fund wishes to be able to engage in a limited, prudent and disciplined amount of short selling. Each short sale made by the Bottom Fund will comply with its investment objectives. In order to effect short sales of securities, the Bottom Fund will borrow securities from either its custodian or a dealer (in either case, a **Borrowing Agent**), which Borrowing Agent may be acting either as principal for its own account or as agent for other lenders of securities.

21. The GLG Investment Manager will monitor the short positions of the Bottom Fund at least as frequently as daily.

Purchase Price

22. Units of the Top Fund may be purchased or redeemed on a weekly basis on each Monday, or if Monday is not a business day, the following business day (the **Weekly Valuation Date**) at a price equal to the NAV per Unit. Purchase and redemption orders must be received before 4:00 p.m. (Toronto time) on the second business day immediately preceding a Weekly Valuation Date to be processed at the Unit price calculated as at the next Weekly Valuation Date.

23. Subsection 14.2(3) of NI 81-106 requires that the NAV of an investment fund be calculated at least once every business day if the fund will use specified derivatives. Since the Top Fund will use Forward Agreements, it will calculate NAV once every business day.

24. Sections 9.3 and 10.3 of NI 81-102 require that the purchase or redemption price of units of a mutual fund be the NAV per unit next determined after receipt, by the mutual fund, of the purchase or redemption order.

25. Notwithstanding section 10.3 of NI 81-102, section 6.2 of NI 81-104 permits the redemption price of units of a commodity pool to be the NAV per unit determined on the first or second business day after the date of receipt by the commodity pool of the redemption order. However, there is no similar exception with respect to the purchase price of units of a commodity pool.

26. The Filer has structured the Top Fund's operations so that it can consolidate all purchase and redemption orders into one efficient weekly transaction. It has determined that effecting such purchases and redemptions on a weekly basis strikes the best balance between the needs of purchasers to invest or access their assets in a timely manner and the need to provide timely exposure to the Portfolio held by the Bottom Fund.

Decision

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

The decision of the principal regulator under the Legislation is that the Requested Relief is granted, provided that:

(a) the Top Fund is a commodity pool subject to NI 81-102 and NI 81-104;

(b) the Bottom Fund is an investment fund that has adopted the investment restrictions contained in NI 81-102 and the Portfolio is managed in accordance with these restrictions, except as otherwise permitted by NI 81-104 and in accordance with any exemptions therefrom obtained by the Top Fund including that the Bottom Fund may engage in short selling in accordance with the terms of this decision;

(c) the exposure of the Top Fund to securities of the Bottom Fund is in accordance with the fundamental investment objectives of the Top Fund;

(d) the Preliminary Prospectus discloses, and the Final Prospectus and any annual information form filed will disclose, that the Top Fund will obtain exposure to securities of the Bottom Fund and the risks associated with such an investment;

(e) no securities of the Bottom Fund are distributed in Canada other than to the Counterparty under the Forward Agreement or otherwise to a counterparty under a forward agreement;

(f) the indirect investment by the Top Fund in securities of the Bottom Fund is made in compliance with each provision of NI 81-102, except subsections 2.1(1) and 2.5(2)(a) and (c) of NI 81-102, as described in this decision;

(g) each short sale made by the Bottom Fund will comply with its investment objectives;

(h) the Top Fund will have disclosed in the Final Prospectus and the Bottom Fund will have disclosed in its prospectus the following information:

1. a description of short selling, how the Bottom Fund engages in short selling, the risks associated with short selling and, in the investment strategies section, the Bottom Fund's strategy with respect to short selling;

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

3. who is responsible for setting and reviewing the policies and procedures referred to in the preceding paragraph, how often the policies and procedures are reviewed, and the extent and nature of the involvement of the GLG Investment Manager or other applicable parties in the risk management process;

4. the trading limits and other controls on short selling and who is responsible for authorizing the trading and for placing limits or other controls on the trading;

5. whether there are individuals or groups that monitor the risks independent of those who trade; and

6. whether risk measurement procedures or simulations are used to test the Portfolio under stress conditions.

(i) the Bottom Fund and the GLG Manager will implement the following controls when conducting short sales of securities:

1. securities will be sold short for cash, with the Bottom Fund assuming the obligation to return to the Borrowing Agent the securities borrowed to effect the short sale;

2. the short sales will be effected through market facilities through which the securities sold short would normally be bought and sold;

3. the Bottom Fund will receive cash for securities sold short within normal trading settlement periods for the market in which the short sale is effected;

4. the securities sold short will be liquid securities that satisfy either (i) or (ii) below:

(i) the securities are listed and posted for trading on a stock exchange; and

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

(B) the Bottom Fund's portfolio advisor has pre-arranged to borrow the securities for the purpose of such sale; or

(ii) the securities are fixed-income securities, bonds, debentures or other evidences of indebtedness of, or guaranteed by, any issuer;

(j) the securities sold short will not include any of the following:

(i) a security that a mutual fund subject to NI 81-102 is otherwise not permitted by securities legislation to purchase at the time of the short sale transaction;

(ii) an illiquid asset;

(iii) a security of an investment fund other than an index participation unit.

(k) the aggregate market value of all securities sold short by the Bottom Fund does not exceed 40% of the NAV of the Bottom Fund on a daily marked-to-market basis;

(l) the aggregate market value of all securities of a particular issuer sold short by the Bottom Fund, whether direct short positions or indirect short positions through specified derivatives, does not exceed 10% of the NAV of the Bottom Fund on a daily marked-to-market basis;

(m) the Bottom Fund will deposit its assets with the Borrowing Agent as security in connection with the short sale transaction;

(n) except where the Borrowing Agent is the Bottom Fund's custodian or sub-custodian, when the Bottom Fund deposits portfolio assets with a Borrowing Agent as security in connection with a short sale of securities, the market value of portfolio assets deposited with the Borrowing Agent does not, when aggregated with the

market value of portfolio assets already held by the Borrowing Agent as security for outstanding short sales of securities by the Bottom Fund, exceed 10% of the NAV of the Bottom Fund at the time of deposit;

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

(p) the Bottom Fund will not use the cash from a short sale to enter into a long position in a security, other than a security that qualifies as cash cover;

(q) the Bottom Fund will not deposit portfolio assets as security in connection with a short sale of securities with a dealer in Canada unless the dealer is a registered dealer in Canada and is a member of Investment Industry Regulatory Organization of Canada (or IIROC);

(r) the Bottom Fund will not deposit portfolio assets as security in connection with a short sale of securities with a dealer outside of Canada unless that dealer:

(i) is a member of a stock exchange and is subject to a regulatory audit; and

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

(s) the security interest provided by the Bottom Fund over any of its assets that is required to enable the Bottom Fund to effect short sale transactions will be made in accordance with industry practice for that type of transaction and relate only to obligations arising under such short sale transactions;

(t) the Bottom Fund and the GLG Manager will maintain appropriate internal controls regarding its short sales prior to conducting any short sales, including written policies and procedures, risk management controls and proper books and records;

(u) the Bottom Fund and the GLG Manager will keep proper books and records of all short sales and all of its assets deposited with Borrowing Agents as security;

(v) upon the coming into force of any legislation or rule of the principal regulator dealing with matters referred to in subsections 2.6(a), 2.6(c) and 6.1(1) of NI 81-102, the Bottom Fund will modify the manner in which it conducts short sales to comply with such legislation or rule; and

(w) the Top Fund uses the NAV per Unit determined on the next Weekly Valuation Date after receipt by the Top Fund of a purchase order two business days before to calculate the issue and redemption price of Units.

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

2.1.5 Aeroquest International 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 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

June 12, 2012

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO, NEW BRUNSWICK AND NOVA SCOTIA
(the "Jurisdictions")

AND

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

AND

IN THE MATTER OF
AEROQUEST INTERNATIONAL LIMITED
(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 is deemed to have ceased to be a reporting issuer (the "**Exemptive Relief Sought**").

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

(a) the Ontario 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

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 *Passport System* 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 corporation governed by the *Business Corporations Act* (Ontario) with its registered address located at 7687 Bath Road, Mississauga, Ontario L4T 3T1.

2. The Filer is a reporting issuer in the Jurisdictions.

3. The Filer's authorized share capital consists of an unlimited number of common shares ("**Shares**").

4. No securities of the Filer are listed on a marketplace as defined in National Instrument 21-101 *Marketplace Operation.* ("**NI 21-101**").

The Arrangement

5. On March 13, 2012, the Filer entered into a definitive agreement with Geotech Ltd. ("**Geotech**") to complete a business combination, to be completed by way of a statutory plan of arrangement in accordance with the *Business Corporations Act* (Ontario) (the "**Arrangement**").

6. The Arrangement was completed on May 14, 2012.

7. Pursuant to the Arrangement, Geotech acquired all of the issued and outstanding Shares for cash consideration of $0.15 per Share.

Background to Application

8. Prior to consummation of the Arrangement described above, the Shares were listed for trading on the Toronto Stock Exchange under the symbol "AQL".

9. Other than the Shares, the Filer has no other securities issued and outstanding.

10. On May 14, 2012, an application was made to delist the Shares from the Toronto Stock Exchange. Such Shares were delisted on the close of business on May 15, 2012.

11. The Filer has no current intention to seek public financing by way of an offering of securities.

12. The Filer is applying for relief to cease to be a reporting issuer in all of the Jurisdictions. The Filer ceased to be a reporting issuer in the province of British Columbia as of May 26, 2012.

13. The Filer is not in default of any requirement of the securities legislation in any of the Jurisdictions except for the obligation arising after Geotech came to be the issuer's sole shareholder pursuant to the Arrangement to file its Interim Financial

Statements and its Management Discussion and Analysis for the period ending March 31, 2012, as required under National Instrument 51-102 – *Continuous Disclosure Obligations* and the related certification of such financial statements as required under Multilateral Instrument 52-109 – *Certification of Disclosure in Filers' Annual and Interim Filings*.

14. All of the Shares are owned by Geotech.

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

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

"Kevin J. Kelly"
Commissioner
Ontario Securities Commission

"James D. Carnwath"
Commissioner
Ontario Securities Commission

2.2. Orders

2.2.1 Saputo Inc. – s. 104(2)(c)

Headnote

Clause 104(2)(c) – Issuer bid – relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act – Issuer proposes to purchase, at a discounted purchase price, up to 1,200,000 of its common shares from one of its shareholders and/or such shareholder's affiliates – due to discounted purchase price, proposed purchases cannot be made through TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Securities Act and in accordance with the TSX rules governing normal course issuer bid purchases – no adverse economic impact on or prejudice to issuer or public shareholders – proposed purchases exempt from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions, including that the issuer not purchase more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 94 to 94.8, 97 to 98.7, 104(2)(c).

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

AND

IN THE MATTER OF
SAPUTO INC.

ORDER
(Clause 104(2)(c))

UPON the application (the "**Application**") of Saputo Inc. (the "**Issuer**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to clause 104(2)(c) of the Act exempting the Issuer from the requirements of sections 94 to 94.8 and 97 to 98.7 of the Act (the "**Issuer Bid Requirements**") in respect of the proposed purchases by the Issuer of up to 1,060,000 (collectively, the "**Subject Shares"**) of its common shares (the "**Common Shares**") in one or more trades from BMO Nesbitt Burns Inc. (the "**Selling Shareholder**");

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

AND UPON the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 10, 22 and 23, as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Canada Business Corporations Act*.

2. The head office and registered office of the Issuer are located at 6869, Métropolitain Boulevard East, Saint-Léonard, Québec, H1P 1X8.

3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and the Common Shares of the Issuer are listed for trading on the TSX under the symbol "SAP". The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The authorized common share capital of the Issuer consists of an unlimited number of Common Shares, of which approximately 199,243,140 were issued and outstanding as of April 30, 2012.

5. The corporate headquarters of the Selling Shareholder are located in the Province of Ontario.

6. The Selling Shareholder has advised the Issuer that it does not directly or indirectly own more than 5% of the issued and outstanding Common Shares.

7. The Selling Shareholder has advised the Issuer that it is the beneficial owner of at least 1,060,000 Common Shares and that the Subject Shares were not acquired in anticipation of resale pursuant to private agreements under an issuer bid exemption order issued by a securities regulatory authority ("**Off-Exchange Block Purchases**").

8. The Selling Shareholder is at arm's length to the Issuer and is not an "insider" of the Issuer or "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the Act. The Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions* ("**NI 45-106**").

9. Pursuant to a Notice of Intention to Make a Normal Course Issuer Bid dated November 9, 2011 (the "**Notice**"), the Issuer announced on November 9, 2011 a normal course issuer bid (the "**Normal Course Issuer Bid**") for up to 10,030,630 Common Shares. In accordance with the Notice, the Normal Course Issuer Bid is conducted through the facilities of the TSX or such other means as may be permitted by the TSX or a securities regulatory authority, in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX NCIB Rules**"), including, further to an amendment to the Notice announced by the Issuer on June 5, 2012, private agreements under an issuer bid exemption order issued by a securities regulatory authority.

10. The Issuer and the Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, an "**Agreement**") pursuant to which the Issuer will agree to acquire the Subject Shares from the Selling Shareholder by one or more purchases each occurring on or prior to June 29, 2012 (each such purchase, a "**Proposed Purchase**") for a purchase price (the "**Purchase Price**") that will be negotiated at arm's length between the Issuer and the Selling Shareholder. The Purchase Price will be at a discount to the prevailing market price of the Common Shares on the TSX and below the bid-ask price for the Common Shares at the time of each Proposed Purchase.

11. The Subject Shares acquired under each Proposed Purchase will constitute a "block" as that term is defined in section 628 of the TSX NCIB Rules.

12. The purchase of the Subject Shares by the Issuer pursuant to each Agreement will constitute an "issuer bid" for purposes of the Act, to which the applicable Issuer Bid Requirements would apply.

13. Because the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Common Shares at the time of each Proposed Purchase, each Proposed Purchase cannot be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire the Subject Shares from the Selling Shareholder in reliance upon the exemption from the Issuer Bid Requirements that is available pursuant to section 101.2(1) of the Act.

14. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Common Shares at the time of each Proposed Purchase, the Issuer could otherwise acquire the Subject Shares as a block purchase (a "**Block Purchase**") in accordance with the block purchase exception in section 629(l)7 of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements that is available pursuant to section 101.2(1) of the Act.

15. The sale of any of the Subject Shares to the Issuer will not be a "distribution" (as defined in the Act).

16. The Notice contemplates that purchases under the Normal Course Issuer Bid may be made by such other means as may be permitted by the TSX or a securities regulatory authority.

17. For each Proposed Purchase, the Issuer will be able to acquire the Subject Shares from the Selling Shareholder without the Issuer being

subject to the dealer registration requirements of the Act.

18. The Issuer is of the view that it will be able to purchase the Subject Shares at a lower price than the price at which it would be able to purchase the Common Shares under the Normal Course Issuer Bid through the facilities of the TSX and the Issuer is of the view that this is an appropriate use of the Issuer's funds on hand.

19. The purchase of the Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's securityholders and it will not materially affect the control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other shareholders of the Issuer to otherwise sell Common Shares in the open market at the prevailing market price. The Proposed Purchases will be carried out with a minimum of cost to the Issuer.

20. To the best of the Issuer's knowledge, as of April 30, 2012, the "public float" for the Common Shares represented approximately 64% of all issued and outstanding Common Shares for purposes of the TSX NCIB Rules.

21. The market for the Common Shares is a "liquid market" within the meaning of section 1.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

22. Other than the Purchase Price, no additional fee or other consideration will be paid in connection with the Proposed Purchases.

23. At the time that each Agreement is entered into by the Issuer and the Selling Shareholder, neither the Issuer, the Trading Products Group of the Selling Shareholder nor personnel of the Selling Shareholder that have negotiated the Agreement or have made or participated in the making of or provided advice in connection with the decision to enter into the Agreement and sell the Shares will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

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

IT IS ORDERED pursuant to clause 104(2)(c) of the Act that the Issuer be exempt from the Issuer Bid Requirements in connection with each Proposed Purchase, provided that:

(a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Normal Course Issuer Bid in accordance with the TSX NCIB Rules;

(b) the Issuer will refrain from conducting a Block Purchase in accordance with the TSX NCIB Rules during the calendar week that it completes each Proposed Purchase and may not make any further purchases under the Normal Course Issuer Bid for the remainder of that calendar day on which it completes each Proposed Purchase;

(c) the Purchase Price is not higher than the last "independent trade" (as that term is used in paragraph 629(l)1 of the TSX NCIB Rules) of a board lot of Common Shares immediately prior to the execution of each Proposed Purchase;

(d) the Issuer will otherwise acquire any additional Common Shares pursuant to the Normal Course Issuer Bid in accordance with the Notice and the TSX NCIB Rules, as applicable;

(e) immediately following each Proposed Purchase of the Subject Shares from the Selling Shareholder, the Issuer will report the purchase of the Subject Shares to the TSX;

(f) at the time that each Agreement is entered into by the Issuer and the Selling Shareholder, neither the Issuer, the Trading Products Group of the Selling Shareholder nor personnel of the Selling Shareholder that have negotiated the Agreement or have made or participated in the making of or provided advice in connection with the decision to enter into the Agreement and sell the Shares will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;

(g) the Issuer will issue a press release in connection with the Proposed Purchases; and

(h) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, more than one-third of the maximum number of Common Shares the Issuer can purchase under the Normal Course Issuer Bid.

DATED at Toronto this 5th day of June, 2012.

"Kevin J. Kelly"
Commissioner
Ontario Securities Commission

"James D. Carnwath"
Commissioner
Ontario Securities Commission

2.2.2 Alexander Christ Doulis et al. – s. 127 of the Act and Rule 6 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
ALEXANDER CHRIST DOULIS
(aka ALEXANDER CHRISTOS DOULIS,
aka ALEXANDROS CHRISTODOULIDIS)
and LIBERTY CONSULTING LTD.**

**ORDER
(Section 127 of the Securities Act;
Ontario Securities Commission Rules of Procedure
(2010), 33 O.S.C.B. 8017)**

WHEREAS on January 14, 2011, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing, returnable on March 10, 2011, in relation to a Statement of Allegations brought by Staff of the Commission ("**Staff**") with respect to Alexander Christ Doulis (also known as Alexander Christos Doulis, also known as Alexandros Christodoulidis) ("**Doulis**") and Liberty Consulting Ltd. ("**Liberty**");

AND WHEREAS on March 10, 2011, the Commission heard an application by Staff for a temporary order, pursuant to section 127 of the Act, and the Commission reserved its decision;

AND WHEREAS on September 9, 2011, the Commission ordered (the "**Temporary Order**") that:

(1) Pursuant to paragraph 2 of subsection 127(1) of the Act and subsection 127(2) of the Act, Doulis and Liberty shall cease trading in any securities, except for the benefit of Doulis personally or that of his spouse, Sally Doulis;

(2) Pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Doulis and Liberty; and

(3) This Order shall take effect immediately and remain in effect until the completion of the Merits Hearing or until further order of the Commission.

AND WHEREAS on April 12, 2012, at a status update hearing, the Commission ordered that this matter should return before the Commission on May 29, 2012, at 10:00 a.m. for a Pre-Hearing Conference;

AND WHEREAS on May 29, 2012, a Pre-Hearing Conference was held before the Commission;

IT IS HEREBY ORDERED THAT the Pre-Hearing Conference is adjourned and will continue, pursuant to Rule 6 of the Commission's Rules of Procedure, on June 12, 2012, at 2:00 p.m., or such other date and time as is specified by the Secretary's Office and agreed to by the parties.

DATED at Toronto this 29th day of May, 2012.

"Christopher Portner"

2.2.3 Jowdat Waheed and Bruce Walter

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

AND

IN THE MATTER OF
JOWDAT WAHEED AND BRUCE WALTER

ORDER

WHEREAS on January 9, 2012, the Ontario Securities Commission ("the Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on January 9, 2012 with respect to Jowdat Waheed and Bruce Walter (collectively, the "Respondents");

AND WHEREAS the Notice of Hearing set a hearing in this matter for February 15, 2012;

AND WHEREAS on February 15, 2012, Staff and counsel for the Respondents appeared before the Commission and the Commission ordered that the matter be set down for a hearing on the merits commencing January 7, 2013, and continuing to and including February 5, 2013, or such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary;

AND WHEREAS on February 15, 2012, the Commission further ordered that a pre-hearing conference take place on April 2, 2012;

AND WHEREAS on April 2, 2012, Staff and counsel for the Respondents appeared and made submissions before the Commission and it was ordered that a pre-hearing conference take place on May 2, 2012;

AND WHEREAS on May 1, 2012, the Commission made an order on the consent of the parties adjourning the pre-hearing conference scheduled for May 2, 2012 to June 6, 2012;

AND WHEREAS on June 6, 2012, Staff and counsel for the Respondents appeared and made submissions before the Commission;

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

IT IS ORDERED that a confidential pre-hearing conference will be held on September 19, 2012, at 2:30 p.m.

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

"Mary G. Condon"

2.2.4 Lehman Brothers & Associates 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
LEHMAN BROTHERS & ASSOCIATES CORP.,
GREG MARKS, KENT EMERSON LOUNDS AND
GREGORY WILLIAM HIGGINS

ORDER
(Sections 127 and 127.1 of the Act)

WHEREAS on September 3, 2010, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing pursuant to sections 37, 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") accompanied by a Statement of Allegations dated September 3, 2010, issued by Staff of the Commission ("**Staff**") with respect to Lehman Brothers & Associates Corp. ("**Lehman Corp.**"), Greg Marks ("**Marks**"), Kent Emerson Lounds ("**Lounds**") and Gregory William Higgins ("**Higgins**");

AND WHEREAS on June 7, 2011, the Commission approved a settlement agreement between Staff and Higgins;

AND WHEREAS on June 6, 8 and July 5, 2011, the Commission held the hearing on the merits in this matter;

AND WHEREAS on December 16, 2011, the Commission issued its Reasons and Decision on the merits in this matter (the "**Merits Decision**");

AND WHEREAS the Commission is satisfied that Lehman Corp., Marks and Lounds carried out a fraudulent advance fee scheme, have not complied with Ontario securities law and have acted contrary to the public interest, as described in the Merits Decision;

AND WHEREAS on April 23, 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, Lehman Corp., Marks and Lounds shall cease trading in securities permanently;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any

securities by Lehman Corp., Marks and Lounds is permanently prohibited;

(c) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall, permanently, not apply to Lehman Corp., Marks and Lounds;

(d) pursuant to clause 7 of subsection 127(1) of the Act, Marks and Lounds shall resign all positions that they may hold as a director or officer of an issuer;

(e) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Marks and Lounds are permanently prohibited from becoming or acting as a director or officer of any issuer, registrant, and investment fund manager;

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

(g) pursuant to clause 9 of subsection 127(1) of the Act, Marks shall pay an administrative penalty of $250,000;

(h) pursuant to clause 9 of subsection 127(1) of the Act, Lounds shall pay an administrative penalty of $200,000;

(i) pursuant to clause 10 of subsection 127(1) of the Act, Marks and Lounds shall disgorge to the Commission the amount of $148,089 obtained as a result of their non-compliance with Ontario securities law on a joint and several basis, to be designated for allocation to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act; and

(j) pursuant to section 127.1 of the Act, Marks and Lounds shall pay $39,915.69 on a joint and several basis representing a portion of the costs incurred by the Commission in this matter.

DATED at Toronto at this 29th day of May, 2012.

"Christopher Portner"

"C. Wesley M. Scott"

2.2.5 Systematech Solutions Inc. et al. – ss. 127(1), 127(7), 127(8)

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

AND

IN THE MATTER OF
SYSTEMATECH SOLUTIONS INC.,
APRIL VUONG AND HAO QUACH

TEMPORARY ORDER
(Subsections 127(1), (7) & (8) of the Act)

WHEREAS on December 15, 2011, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order (the "Temporary Order") pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") with respect to Systematech Solutions Inc., ("Systematech"), April Vuong ("Vuong") and Hao Quach ("Quach") (collectively, the "Respondents"), ordering that:

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

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

AND WHEREAS on December 22, 2011, the Commission extended the Temporary Order to January 31, 2012 and adjourned the hearing to consider the extension of the Temporary Order to January 30, 2012;

AND WHEREAS on January 30, 2012, the Commission extended the Temporary Order to March 8, 2012, on consent of all the parties, and adjourned the hearing to consider the extension of the Temporary Order to March 7, 2012;

AND WHEREAS on March 8, 2012, the Commission extended the Temporary Order to June 8, 2012, on consent of all the parties and adjourned the hearing to consider the extension of the Temporary Order to June 7, 2012;

AND WHEREAS on June 7, 2012, Staff of the Commission ("Staff") appeared before the Commission and made submissions;

AND WHEREAS counsel for Vuong and Systematech sent correspondence advising that his clients consented to the extension of the Temporary Order and advising that he was informed that Quach also consented to the extension of the Temporary Order;

AND WHEREAS the investigation by Staff into alleged violations of the Act by the Respondents is ongoing;

AND WHEREAS Staff informed the Panel that additional information has been obtained by or provided to Staff in the course of its investigation, which has reinforced Staff's concern for the public interest to extend the Temporary Order;

AND WHEREAS the Commission is of the opinion that it is in the public interest to extend the Temporary Order;

IT IS ORDERED that the Temporary Order is extended until September 12, 2012;

IT IS FURTHER ORDERED that the hearing to consider the extension of the Temporary Order is adjourned until September 11, 2012 at 3:00 p.m. or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 7th day of June, 2012.

"Edward P. Kerwin"

2.2.6 David Charles Phillips – s. 127(1)

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

AND

IN THE MATTER OF
DAVID CHARLES PHILLIPS

ORDER
(Subsection 127(1))

WHEREAS on May 15, 2012 the Ontario Securities Commission (the "Commission") issued an order (the "Temporary Order") pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") containing allegations against David Charles Phillips ("Phillips"), and ordering that:

1. Phillips shall cease trading in all securities;

2. any exemptions contained in Ontario securities law do not apply Phillips; and

3. the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS on May 16, 2012, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on May 30, 2012;

AND WHEREAS counsel to Phillips advised Staff of the Commission ("Staff") that Phillips intended to challenge any extension of the Temporary Order;

AND WHEREAS on May 29, 2012, Staff of the Commission ("Staff") filed its Factum and Brief of Authorities and certain evidence in support of an extension of the Temporary Order;

AND WHEREAS on May 30, 2012, Staff and counsel to Phillips appeared before the Commission to ask that the hearing be adjourned to June 6, 2012 and the Temporary Order extended;

AND WHEREAS on May 30, 2012, the Commission adjourned the hearing to June 6, 2012, and ordered the Temporary Order be extended to June 8, 2012, or until further Order of the Commission;

AND WHEREAS on June 6, 2012, the Commission heard evidence and submissions from Staff and counsel for Phillips on the issue of whether the Temporary Order should be extended for a further period of time;

AND WHEREAS the Commission was satisfied that Staff has provided sufficient evidence of conduct that may be harmful to the public interest and, accordingly, in the public interest, justifies an extension of the restrictions set out in the Temporary Order;

AND WHEREAS at the conclusion of the hearing, the panel gave an oral decision to the following effect;

IT IS ORDERED THAT:

(a) The Temporary Order dated May 15, 2012, as varied by (b) below, is extended for a period ending Friday, September 28, 2012;

(b) During this extended period, Phillips shall cease trading in all securities, except for trades made through a registrant for his own account or for the account of his "registered retirement savings plans", "registered retirement income fund" or "tax free savings account" (as those terms are defined in the *Income Tax Act* (Canada)) in respect of (i) government debt securities within the scope of clause 1 of subsection 35(1) of the Act, and (ii) those securities that are listed and posted for trading on the Toronto Stock Exchange or the New York Stock Exchange (or their successor exchanges); and

(c) During this extended period, any exemptions contained in Ontario securities law do not apply to Phillips.

DATED at Toronto this 6th day of June 2012.

"Edward P. Kerwin"

2.2.7 International Strategic Investments et al.

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

AND

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

ORDER

WHEREAS on March 6, 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 March 5, 2012, to consider whether it is in the public interest to make certain orders as against International Strategic Investments, International Strategic Investments Inc., (collectively, "ISI"), Nazim Gillani ("Gillani"), Ryan J. Driscoll ("Driscoll") and Somin Holdings Inc. ("Somin");

AND WHEREAS on April 3, 2012, a hearing was held before the Commission and Staff appeared and filed the Affidavit of Peaches A. Barnaby, sworn on March 29, 2012, evidencing service of the Notice of Hearing and the Statement of Allegations on ISI, Somin, Gillani and Driscoll;

AND WHEREAS counsel for ISI and Gillani, and counsel for Driscoll appeared and made submissions;

AND WHEREAS on April 3, 2012, the Commission ordered that a status hearing take place on April 13, 2012, for Staff to update the Commission on the status of service on Somin (the "Status Hearing") and that a pre-hearing conference is scheduled for Wednesday, June 6, 2012 at 10:00 a.m.;

AND WHEREAS on April 13, 2012, the Status Hearing was held and Staff provided the Commission with the Affidavit of Peaches A. Barnaby, sworn April 10, 2012, outlining efforts to serve Somin;

AND WHEREAS on April 13, 2012, Staff and counsel for Gillani appeared and made submissions;

AND WHEREAS on April 13, 2012, the Status Hearing was adjourned to April 30, 2012 at 10:00 a.m. to determine whether service had been effected on Somin pursuant to Rule 1.5.1 of the Commission's Rules of Procedure (2010), 33 O.S.C.B. 8017;

AND WHEREAS on April 30, 2012, Staff and counsel for Gillani appeared and made submissions and no one appeared on behalf of Somin or ISI;

AND WHEREAS on April 30, 2012, Staff provided the Commission with the Affidavit of Peaches A. Barnaby, sworn April 27, 2012;

AND WHEREAS on April 30, 2012, Staff undertook to continue to serve Somin through David F. Munro and Nazim Gillani;

AND WHEREAS the Commission is satisfied that Somin has been served and accepts Staff's undertaking for future service;

AND WHEREAS on June 6, 2012, a confidential pre-hearing conference was held;

AND WHEREAS on June 6, 2012, Staff, counsel for Gillani and counsel for Driscoll appeared and made submissions and no one appeared on behalf of Somin or ISI;

AND WHEREAS Staff agreed to continue to serve Somin through David F. Munro and Nazim Gillani personally;

IT IS ORDERED that the confidential pre-hearing conference be adjourned to August 20, 2012 at 10:00 a.m., at which time the panel anticipates scheduling dates for a hearing on the merits in this matter.

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

"Mary G. Condon"

2.2.8 Global Consulting and Financial Services et al. – ss. 12791), 127(8)

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

AND

IN THE MATTER OF
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

TEMPORARY ORDER
(Subsections 127(1) and (8))

WHEREAS on November 4, 2010, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering that Global Consulting and Financial Services ("Global"), Crown Capital Management Corporation ("Crown"), Canadian Private Audit Service ("CPAS"), Executive Asset Management ("EAM"), Jan Chomica, Michael Chomica, Peter Kuti ("Kuti"), and Lorne Banks ("Banks") (collectively, the "Respondents"), cease trading in all securities (the "Temporary Order");

AND WHEREAS on November 4, 2010, the Commission ordered 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;

AND WHEREAS on November 4, 2010, the Commission ordered that the Temporary Order shall expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS on November 9, 2010, the Commission issued a direction under subsection 126(1) of the Act freezing assets in a bank account in the name of Crown (the "Freeze Direction");

AND WHEREAS on November 4, 2010, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on November 17, 2010 at 3:00 p.m. (the "Notice of Hearing");

AND WHEREAS the Notice of Hearing sets out that the hearing is to consider, *inter alia*, whether, in the opinion of the Commission, it is in the public interest, pursuant to subsections 127(7) and (8) of the Act, to extend the Temporary Order until the conclusion of the hearing, or until such further time as considered necessary by the Commission;

AND WHEREAS Staff of the Commission ("Staff") served the Respondents with copies of the Temporary Order and the Notice of Hearing, and served Crown with the Freeze Direction as evidenced by the Affidavit of Charlene Rochman, sworn on November 17, 2010, and filed with the Commission;

AND WHEREAS on November 17, 2010, Staff and counsel for Banks appeared before the Commission, and whereas Global, Crown, CPAS, EAM, and Kuti did not appear before the Commission to oppose Staff's request for the extension of the Temporary Order;

AND WHEREAS Staff had received a Direction from Jan Chomica dated November 11, 2010, in which she consented to extending the Temporary Order for at least two months;

AND WHEREAS counsel for Michael Chomica did not attend the hearing, but had advised Staff that Michael Chomica consents to (or does not oppose) an extension of the Temporary Order for at least two months;

AND WHEREAS on November 17, 2010, counsel for Banks advised the Commission that Banks consents to an extension of the Temporary Order;

AND WHEREAS the Panel considered the evidence and submissions before it;

AND WHEREAS pursuant to subsection 127(8) of the Act, the Commission ordered that the Temporary Order be extended to January 27, 2011;

AND WHEREAS the Commission further ordered that the hearing in this matter be adjourned to January 26, 2011 at 11:00 a.m., and that the parties make efforts to advise the Commission by January 3, 2011 whether they are in agreement that the hearing set for January 26, 2011 be held in writing;

AND WHEREAS by Notice of Motion dated December 16, 2010 (the "Notice of Motion"), Staff sought to amend the Temporary Order to include Peter Siklos ("Siklos") as the person using the alias "Peter Kuti", thereby making Siklos subject to the Temporary Order, and to abridge, under Rule 1.6(2) of the Commission's Rules of Procedure (2010), 33 O.S.C.B. 8017 (the "Rules"), the notice requirements for the filing and service of motion materials under to Rule 3.2 of the Rules and the requirement for a Memorandum of Fact and Law under Rule 3.6 of the Rules (the "Motion");

AND WHEREAS in support of the Motion, Staff filed the Affidavit of Wayne Vanderlaan ("Vanderlaan"), sworn December 15, 2010 (the "Vanderlaan Affidavit"), in which Vanderlaan states that there is a real Peter Kuti who, based on the information currently available to Staff, is not the "Peter Kuti" who is an alias for Siklos;

AND WHEREAS the Motion was heard on Monday, December 20, 2010, at 10:00 a.m., before a panel of the Commission (the "Motion Hearing");

AND WHEREAS the Commission, after considering the Affidavit of Service of Charlene Rochman, sworn December 17, 2010, was satisfied that Staff had served the Notice of Motion, the December 16, 2010 covering letter from Carlo Rossi, Litigation Counsel with Staff, and the Vanderlaan Affidavit on the Respondents;

AND WHEREAS counsel for Banks advised Staff that he would not be attending on the Motion and that Banks took no position with respect to it;

AND WHEREAS on December 20, 2010, Staff and counsel for Siklos attended before the Commission, and counsel for Siklos advised that Siklos consented to the Motion;

AND WHEREAS the Commission considered the Notice of Motion and the Vanderlaan Affidavit and the submissions made by Staff and counsel for Siklos at the Motion Hearing;

AND WHEREAS the Commission ordered that:

(i) pursuant to clause 2 of subsection 127(1) of the Act, Peter Siklos (also known as Peter Kuti) shall cease trading in all securities;

(ii) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Peter Siklos (also known as Peter Kuti);

(iii) the title of the proceeding shall be amended accordingly;

(iv) for clarity, the Temporary Order as Amended (the "Amended Temporary Order") be extended to January 27, 2011; and

(v) for clarity, the hearing to consider the extension of the Amended Temporary Order be held on January 26, 2011, at 11:00 a.m., and the parties shall make efforts to advise the Commission by January 3, 2011 whether they are in agreement that the hearing set for January 26, 2011 be held in writing;

AND WHEREAS by way of letter dated January 25, 2011, Staff advised the Commission that it had obtained the consent of Michael Chomica, Jan Chomica, Siklos, Banks (collectively, the "Individual Respondents"), Crown and Global to extend the Amended Temporary Order;

AND WHEREAS Staff provided the Commission with the Affidavit of Charlene Rochman sworn January 24, 2011, outlining service of the Amended Temporary Order on the Respondents and the consent of the Individual Respondents, Crown and Global to the extension of the Amended Temporary Order;

AND WHEREAS the Commission ordered that the Amended Temporary Order be extended to March 9, 2011 and that the hearing be adjourned to March 8, 2011 at 10:00 a.m.;

AND WHEREAS on March 8, 2011, Staff attended before the Commission and no one attended on behalf of the Respondents;

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

AND WHEREAS on March 8, 2011, Staff advised the Panel that Staff had been in contact with Jan Chomica and counsel representing Michael Chomica, Banks and Siklos and that Jan Chomica, Michael Chomica, Banks and Siklos were not opposing the extension of the Amended Temporary Order;

AND WHEREAS the Commission ordered that the Amended Temporary Order be extended to May 17, 2011 and that the hearing be adjourned to May 16, 2011 at 10:00 a.m.;

AND WHEREAS on May 16, 2011, Staff appeared before the Commission and no one appeared on behalf of any of the Respondents;

AND WHEREAS on May 16, 2011, Staff advised the Panel that Staff had been in contact with counsel representing Michael Chomica, Banks and Siklos and that Michael Chomica, Banks and Siklos were not opposing the extension of the Amended Temporary Order;

AND WHEREAS Staff further advised that Jan Chomica had provided her consent to the extension of the Amended Temporary Order by way of writing;

AND WHEREAS Staff provided the Commission with the Affidavit of Charlene Rochman sworn May 13, 2011 outlining Staff's efforts to serve the Respondents and the consent of the Individual Respondents, Crown and Global to the extension of the Amended Temporary Order;

AND WHEREAS the Commission ordered that the Amended Temporary Order be extended to July 18, 2011 and the hearing be adjourned to July 15, 2011 at 11:00 a.m.;

AND WHEREAS on July 15, 2011, Staff appeared before the Commission and no one appeared on behalf of any of the Respondents;

AND WHEREAS on July 15, 2011, Staff advised the Panel that Staff had been in contact with counsel representing Michael Chomica and Banks and that Michael Chomica consented to an extension of the Amended Temporary Order for 90 days and Banks was not opposing the extension;

AND WHEREAS Staff further advised that Jan Chomica had provided her consent to the extension of the Amended Temporary Order by way of writing;

AND WHEREAS Staff provided the Commission with the Affidavit of Charlene Rochman sworn July 13, 2011, outlining service on the Respondents;

AND WHEREAS the Commission ordered that the Amended Temporary Order be extended to October 12, 2011 and the hearing be adjourned to October 11, 2011 at 2:30 p.m.;

AND WHEREAS on October 11, 2011, Staff appeared before the Commission to request that the Amended Temporary Order be extended for an additional 90 days;

AND WHEREAS no one appeared on behalf of any of the Respondents;

AND WHEREAS Staff advised the Panel that Staff had been in contact with counsel representing Siklos and Banks and that Siklos consented to an extension of the Amended Temporary Order for 90 days and Banks was not opposing the extension;

AND WHEREAS Staff provided the Commission with the Affidavit of Charlene Rochman sworn October 7, 2011 outlining service on the Respondents;

AND WHEREAS the Commission ordered that the Amended Temporary Order be extended to January 12, 2012 and the hearing be adjourned to January 11, 2012 at 10:00 a.m.;

AND WHEREAS on January 11, 2012, Staff appeared before the Commission to request that the Amended Temporary Order be extended for an additional 90 days;

AND WHEREAS no one appeared on behalf of any of the Respondents other than counsel for Siklos;

AND WHEREAS Michael Chomica and Jan Chomica advised Staff in writing that they consented to an extension of the Amended Temporary Order for 90 days;

AND WHEREAS counsel for Banks advised Staff that Banks did not oppose a further extension of the Amended Temporary Order for 90 days;

AND WHEREAS counsel for Siklos advised the Panel that he consented to an extension of the Amended Temporary Order for 90 days;

AND WHEREAS Staff provided the Commission with the Affidavit of Charlene Rochman affirmed January 10, 2012 outlining Staff's efforts to serve the Respondents;

AND WHEREAS on January 11, 2012, the Commission ordered that the Amended Temporary Order

be extended to April 12, 2012 and the hearing be adjourned to April 11, 2012 at 10:00 a.m.;

AND WHEREAS on April 11, 2012, the Commission ordered that the Amended Temporary Order be extended to June 12, 2012 and the hearing be adjourned to June 11, 2012 at 9:00 a.m.;

AND WHEREAS on June 11, 2012, Staff appeared before the Commission to request that the Amended Temporary Order be extended;

AND WHEREAS no one appeared on behalf of any of the Respondents;

AND WHEREAS Staff provided the Commission with the Affidavit of Peaches Barnaby sworn June 5, 2012 outlining Staff's efforts to serve the Respondents;

AND WHEREAS quasi-criminal proceedings have been commenced in the Ontario Court of Justice pursuant to section 122(1)(c) of the Act against, *inter alia*, Michael Chomica, Jan Chomica and Siklos;

AND WHEREAS Staff advised the Commission that counsel for Banks consented to a further extension of the Amended Temporary Order for six months;

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

IT IS ORDERED that the Amended Temporary Order is extended to December 5, 2012 and the hearing is adjourned to December 4, 2012 at 3:30 p.m., or such other date and time as set by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 11th day of June, 2012.

"Christopher Portner"

2.2.9 Alexander Christ Doulis et al. – s. 127 of the Act and Rule 6 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
ALEXANDER CHRIST DOULIS
(aka ALEXANDER CHRISTOS DOULIS,
aka ALEXANDROS CHRISTODOULIDIS)
and LIBERTY CONSULTING LTD.

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

WHEREAS on January 14, 2011, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing, returnable on March 10, 2011, in relation to a Statement of Allegations brought by Staff of the Commission ("**Staff**") with respect to Alexander Christ Doulis (also known as Alexander Christos Doulis, also known as Alexandros Christodoulidis) ("**Doulis**") and Liberty Consulting Ltd. ("**Liberty**");

AND WHEREAS on March 10, 2011, the Commission heard an application by Staff for a temporary order, pursuant to section 127 of the Act, and the Commission reserved its decision;

AND WHEREAS on September 9, 2011, the Commission ordered (the "**Temporary Order**") that:

(1) Pursuant to paragraph 2 of subsection 127(1) of the Act and subsection 127(2) of the Act, Doulis and Liberty shall cease trading in any securities, except for the benefit of Doulis personally or that of his spouse, Sally Doulis;

(2) Pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Doulis and Liberty; and

(3) This Order shall take effect immediately and remain in effect until the completion of the Merits Hearing or until further order of the Commission.

AND WHEREAS on April 12, 2012, at a status update hearing, the Commission ordered that this matter should return before the Commission on May 29, 2012, at 10:00 a.m. for a Pre-Hearing Conference;

AND WHEREAS on May 29, 2012, the Pre-Hearing Conference was adjourned to June 12, 2012;

AND WHEREAS on June 11, 2012. Staff advised that Staff and counsel for Doulis had agreed that the Pre-Hearing Conference scheduled for June 12, 2012, should be adjourned;

IT IS HEREBY ORDERED THAT the Pre-Hearing Conference is adjourned and will continue, pursuant to Rule 6 of the Commission's Rules of Procedure, on June 26, 2012, at 2:00 p.m., or such other date and time as is specified by the Secretary's Office and agreed to by the parties.

DATED at Toronto this 12th day of June, 2012.

"Christopher Portner"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Lehman Brothers & Associates Corp. et al. – s. 127

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

AND

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

REASONS AND DECISION ON SANCTIONS AND COSTS
(Section 127 of the Act)

Hearing:	April 23, 2012		
Decision:	May 29, 2012		
Panel:	Christopher Portner	–	Commissioner and Chair of the Panel
	C. Wesley M. Scott	–	Commissioner
Appearances:	Carlo Rossi	–	For the Ontario Securities Commission
		–	No one appeared on behalf of any of the Respondents

TABLE OF CONTENTS

I. BACKGROUND

II. THE DECISION ON THE MERITS

III. SANCTIONS REQUESTED BY STAFF

IV. THE LAW ON SANCTIONS

V. ANALYSIS
- A. Appropriate Sanctions in this Case
  - (i) Specific Factors Applicable in this Matter
- B. Trading and Other Prohibitions
- C. Disgorgement
  - i. The Law on Disgorgement
  - ii. Findings on Disgorgement
  - iii. Conversion to Canadian Funds
  - iv. Conclusion as to Disgorgement
- D. Administrative Penalties
- E. Costs

VI. ORDER

REASONS AND DECISION ON SANCTIONS AND COSTS

I. BACKGROUND

[1] This was a hearing before the Ontario Securities Commission (the "**Commission**"), pursuant to section 127 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 (the "**Sanctions and Costs Hearing**") against Lehman Brothers & Associates Corp. ("**Lehman Corp.**"), Greg Marks ("**Marks**") and Kent Emerson Lounds ("**Lounds**").

[2] On June 29, 2010, the Commission issued a temporary cease trade order in this matter against Lehman Corp., Marks, Michael (Mike) Lehman (a.k.a. Mike Laymen) ("**Lehman**"), Lounds and Gregory William Higgins ("**Higgins**") (the "**Temporary Order**"). The Commission extended the Temporary Order by orders dated July 12, 2010 and September 10, 2010. The order dated September 10, 2010 also removed Lehman from the Temporary Order. By order dated October 21, 2010, the Commission extended the Temporary Order, as amended, to the conclusion of the hearing on the merits.

[3] A Notice of Hearing was issued by the Office of the Secretary of the Commission on September 3, 2010. On the same date, Staff issued a Statement of Allegations against Lehman Corp., Marks, Lounds and Higgins.

[4] Higgins entered into a settlement agreement with Staff. The Commission approved the settlement on June 7, 2011 ((2011), 34 O.S.C.B. 6566).

[5] The hearing on the merits in relation to Lehman Corp., Marks and Lounds (collectively, the "**Respondents**") was convened on June 6, 2011, and continued on June 8, and July 5, 2011. None of the Respondents attended the hearing on the merits. The Commission was satisfied that Lehman Corp. and Lounds received proper notice of the hearing and that reasonable attempts to locate and give notice to Marks were made by Staff.

[6] A decision on the merits was rendered on December 16, 2011 (*Re Lehman Brothers and Associates Corp. et al.* (2011), 34 O.S.C.B. 12717) (the "**Merits Decision**").

[7] The Sanctions and Costs Hearing was held on April 23, 2012. None of the Respondents appeared before the Commission or made submissions. Staff made oral and written submissions to the Commission on sanctions and costs.

[8] While none of the Respondents attended the Sanctions and Costs Hearing, the Commission was satisfied that it was entitled to proceed to hear the submissions of Staff as to sanctions and costs as permitted under section 7 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended (the "**SPPA**"). Section 7 of the SPPA provides as follows:

> Where notice of an oral hearing has been given to a party to a proceeding in accordance with this Act and the party does not attend at the hearing, the tribunal may proceed in the absence of the party and the party is not entitled to any further notice in the proceeding.

[9] These are our reasons and decision as to the appropriate sanctions and costs against the Respondents.

II. THE DECISION ON THE MERITS

[10] Staff's Statement of Allegations dated September 3, 2010, raised the following issues:

(a) Did the actions of Lehman Corp., Marks and Lounds relating to the securities of TBS New Media Ltd. and TBS New Media PLC ("**TBS**") constitute the trading of securities without registration contrary to subsection 25(1) of the Act?

(b) Did Lehman Corp., Marks, and Lounds, engage or participate in acts or a course of conduct relating to TBS securities that they knew or reasonably ought to have known perpetrated a fraud on any person or company contrary to subsection 126.1(b) of the Act?

[11] The Commission found in the Merits Decision that:

(a) The Respondents engaged in the trading of securities without registration where no exemption was available contrary to subsection 25(1) of the Act (Merits Decision, *supra* at paras. 90, 91, 94 and 95);

(b) Lehman Corp. and Marks made false and misleading statements to investors which deceived the investors about the investment scheme, including misrepresentations about Marks's identity, the nature of Lehman Corp.'s business, the underlying acquisition of TBS by Lehman Corp. or another U.S. company, the purchase

of the investors' TBS shares and the necessity of advance fees. These false and misleading statements induced investors to pay US$146,760 in advance fees (Merits Decision, *supra* at paras. 106 and 107);

(c) Lounds furthered the fraudulent acts of Lehman Corp. and Marks in the advance fee scheme by accepting US$121,260 from investors in the following amounts:

(i) US$8,000 on January 22, 2009;

(ii) US$8,000 on January 29, 2009;

(iii) US$16,000 on January 30, 2009;

(iv) US$18,480 on April 8, 2009;

(v) US$14,280 on April 15, 2009;

(vi) US$13,400 on April 22, 2009;

(vii) US$24,800 on April 28, 2009; and

(viii) US$18,300 on May 5, 2009.

(Merits Decision, *supra* at paras. 57, 65, 74, 110 and 111)

(d) The Respondents engaged or participated in acts, practices or a course of conduct relating to TBS shares, as outlined in paragraphs 11(b) and (c) above, that they knew or reasonably ought to have known perpetrated a fraud on the holders of those TBS shares, contrary to subsection 126.1(b) of the Act and contrary to the public interest (Merits Decision, *supra* at paras. 109 and 113).

III. SANCTIONS REQUESTED BY STAFF

[12] In Staff's view, the high pressure tactics used against TBS investors and the deliberate deceit and misrepresentations by the Respondents, resulting in loss to the investors, constituted reprehensible behavior on the part of the Respondents.

[13] Staff argued that the gravity of the Respondents' conduct and risk to the public warrant sanctions that will permanently prevent the Respondents from participating in the capital markets in any way. In Staff's view, any Order of the Commission should (a) remove the Respondents permanently from the capital markets; (b) impose significant administrative penalties; and (c) disgorge all funds obtained from the investors. In Staff's submission, such an Order would act as both specific and general deterrent, thereby preventing future misconduct, the primary purpose of a sanctions Order.

[14] In their written and oral submissions, Staff requested that the following sanctions be imposed against the Respondents:

(a) the Respondents cease trading in securities permanently pursuant to clause 2 of subsection 127(1) of the Act;

(b) the acquisition of any securities by Lehman Corp., Marks and Lounds is prohibited permanently pursuant to clause 2.1 of subsection 127(1) of the Act;

(c) any exemptions contained in Ontario securities law not apply to Lehman Corp., Marks and Lounds permanently pursuant to clause 3 of subsection 127(1) of the Act;

(d) Marks and Lounds resign all positions that they may hold as a director or officer of an issuer pursuant to clause 7 of subsection 127(1) of the Act;

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

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

(g) Marks pay an administrative penalty of $250,000 pursuant to clause 9 of subsection 127(1) of the Act;

(h) Lounds pay an administrative penalty of $200,000 pursuant to clause 9 of subsection 127(1) of the Act;

(i) Marks and Lounds disgorge to the Commission the amount of US$121,260 obtained as a result of their non-compliance with Ontario securities law on a joint and several basis, to be designated for allocation to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(j) Marks disgorge to the Commission the amount of US$25,500 obtained as a result of his non-compliance with Ontario securities law to be designated for allocation to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act; and

(k) Marks and Lounds pay, on a joint and several basis, $39,915.69 representing a portion of the costs incurred in this matter pursuant to section 127.1 of the Act.

[15] In Staff's submission, the sanctions requested are appropriate in light of the Respondents' serious breaches of the Act and conduct contrary to the public interest.

IV. THE LAW ON SANCTIONS

[16] The Commission's mandate is to (a) provide protection to investors from unfair, improper or fraudulent practices; and (b) foster fair and efficient capital markets and confidence in capital markets (section 1.1 of the Act).

[17] In exercising its public interest jurisdiction, the Commission must act in a protective and preventative manner, as stated by the Commission in *Re Mithras Management Ltd.*:

> … the role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 [now 122] of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In so doing we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all (*Re Mithras Management Ltd.* (1990), 13 O.S.C.B. 1600 at pp. 1610-1611).

[18] The Supreme Court of Canada has described the Commission's public interest jurisdiction as follows:

> The purpose of an order under s. 127 is to restrain future conduct that is likely to be prejudicial to the public interest in fair and efficient capital markets. The role of the [Commission] under s. 127 is to protect the public interest by removing from the capital markets those whose past conduct is so abusive as to warrant apprehension of future conduct detrimental to the integrity of the capital markets (*Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, [2001] 2 S.C.R. 132 at para. 43).

[19] In addition, the Commission should consider general deterrence as an important factor when determining appropriate sanctions. In *Re Cartaway Resources Corp.*, [2004] 1 S.C.R. 672 at para. 60, the Supreme Court of Canada stated that "… it is reasonable to view general deterrence as an appropriate, and perhaps necessary, consideration in making orders that are both protective and preventative".

[20] In determining the appropriate sanctions in this matter, we must ensure that the sanctions imposed are proportionate to the conduct involved (*Re M.C.J.C. Holdings Inc. and Michael Cowpland*, (2002), 25 O.S.C.B. 1133 ("***Re M.C.J.C. Holdings***") at para. 26).

[21] The Commission has previously identified the following as factors that the Commission should consider when imposing sanctions:

(a) the seriousness of the conduct and the breaches of the Act;

(b) the respondent's experience in the marketplace;

(c) the level of a respondent's activity in the marketplace;

(d) whether or not there has been recognition by a respondent of the seriousness of the improprieties;

(e) whether or not the sanctions imposed may serve to deter not only those involved in the matter being considered, but any like-minded people, from engaging in similar abuses of the capital markets;

(f) the size of any profit obtained or loss avoided from the illegal conduct;

(g) the size of any financial sanction or voluntary payment;

(h) the effect any sanctions may have on the ability of a respondent to participate without check in the capital markets;

(i) the reputation and prestige of the respondent;

(j) the remorse of the respondent; and

(k) any mitigating factors.

(See *Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at page 7746; and *Re M.C.J.C. Holdings Inc.*, *supra* at para. 26)

V. ANALYSIS

A. Appropriate Sanctions in this Case

(i) Specific Factors Applicable in this Matter

[22] When the Commission imposes sanctions, it must do so (a) based only on the findings in the Merits Decision and on the other evidence presented at the merits hearing and the sanctions hearing (see for example *Re First Global et al.* (2008), 31 O.S.C.B. 10869, at para. 65); (b) in respect of trades and acts in furtherance of trades that occurred in Ontario; and (c) with the objective of protecting Ontario investors and Ontario capital markets.

[23] Overall, the sanctions imposed must protect investors and Ontario capital markets by barring or restricting the Respondents from participating in those markets in the future and by sending a clear message to the Respondents and to others participating in our capital markets that these types of illegal activities and abusive sales practices will simply not be tolerated.

[24] The Commission found in the Merits Decision that the Respondents engaged in an advance fee scheme, promising to purchase TBS shares at a price significantly higher than the market price, and then soliciting fees from the investors for the purpose of facilitating the transaction. The scheme was based on intentional misrepresentations designed to deprive the investors of their funds.

[25] In *Re First Global et al*., *supra* at para. 49, the Commission emphasized that high pressure sales techniques, selective solicitation of vulnerable investors and solicitations made without regard to the investor's needs and without regard to the requirements of the Act, damage the integrity of the capital markets and is activity contrary to the public interest. The Respondents applied a high level of pressure to the investors to induce them to engage in the scheme. Such actions, when employed in the course of trading in securities, is damaging to the integrity of Ontario capital markets and warrants the imposition of sanctions by this Commission.

[26] In considering the factors referred to in paragraph 21 of these Reasons and Decision, we find the following factors and circumstances to be particularly relevant:

(a) Lehman Corp. and Marks obtained fees from TBS investors in the amount of US$146,760. Of that total, Lounds was responsible for receiving and disbursing US$121,260.

(b) Lehman Corp. and Marks made deliberate misrepresentations. Lehman Corp. had no valid business purpose and the proposed investment scheme was a complete fabrication. The advance fee scheme was a deliberate attempt to defraud TBS investors through the use of high pressure tactics.

(c) None of the funds obtained from the investors have been recovered.

(d) The Respondents breached key provisions of the Act which are intended to protect investors from the very conduct that occurred in this matter. The Respondents' actions caused serious financial harm to investors and to the integrity of Ontario's capital markets and were contrary to the public interest.

(e) There is no evidence to suggest that either Marks or Lounds have shown any recognition of the seriousness of the breaches, or any remorse for the losses suffered by the investors.

B. Trading and Other Prohibitions

[27] One of the Commission's principal objectives in imposing sanctions is to restrain future conduct that could be harmful to investors or Ontario capital markets. In this case, we find that the public interest requires that the Commission restrict the Respondents' future participation in Ontario's capital markets.

[28] We have concluded that it is in the public interest to make the following orders, on the terms requested by Staff, against each of the Respondents:

(a) a permanent cease trade order against each of the Respondents;

(b) a permanent prohibition order on the acquisition of securities by the Respondents;

(c) a permanent order that any exemptions contained in Ontario securities law do not apply to any of the Respondents;

(d) an order that Marks and Lounds resign all positions that they may hold as a director or officer of an issuer;

(e) an order that Marks and Lounds be permanently prohibited from becoming or acting as a director or officer of any issuer, registrant and investment fund manager;

(f) an order that Marks and Lounds be permanently prohibited from becoming or acting as a registrant, as an investment fund manager and as a promoter;

C. Disgorgement

i. The law on 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. The disgorgement remedy is intended to ensure that respondents do not retain any financial benefit from their breaches of the Act and to provide specific and general deterrence.

[30] In considering a disgorgement order, the Commission views the following factors to be relevant:

(a) whether the amount that a respondent obtained as a result of non-compliance with the Act is reasonably ascertainable;

(b) the seriousness of the misconduct and the breaches of the Act, and whether investors were seriously harmed;

(c) whether the individuals who suffered losses are likely to be able to obtain redress by other means; and

(d) the deterrent effect of a disgorgement order on the respondents and other market participants.

(*Re Limelight Entertainment Inc.* (2008) OSCB 12030 at para. 52 ("***Re Limelight***"))

[31] The disgorgement orders being sought by Staff in this proceeding are consistent with the disgorgement orders issued in *Re York Rio Resources Inc. and Adam Sherman* (2011), 34 OSCB 5261, *Re York Rio Resources Inc. and Peter Robinson* (2010), 33 OSCB 10434 and *Re Sabourin* (2010), 33 OSCB 5299 ("***Re Sabourin***") at para. 69. In each of those decisions, the salespersons were ordered to disgorge the entire amount earned in contravention of the Act. In *Re Sabourin*, the Commission stated:

> In our view, the disgorgement order is appropriate in these circumstances because it ensures that none of the respondents will benefit from their breaches of the Act and because such an order will deter them and others from similar conduct.

ii. Findings on Disgorgement

[32] We note that the misconduct by Marks and Lounds involved obtaining substantial fees from investors who were misled to believe that the fees would be refunded. The investors have lost all of the fees paid to the Respondents, and there does not appear to be any avenue for redress available to the investors.

[33] In our view, a disgorgement order is appropriate in these circumstances because it will ensure that none of the Respondents benefit from their breaches of the Act and because such an order will deter them and others from similar misconduct.

[34] The Commission found in the Merits Decision that a total of US$146,760 was paid by TBS investors in advance fees. The Commission also found that of that total amount obtained from investors, US$121,260 was deposited by investors to a bank account controlled by Lounds, and was subsequently withdrawn by Lounds.

[35] The Commission further found that US$25,500 was deposited by investors to an account controlled by Higgins (Merits Decision, *supra* at paras. 17 and 46(b)).

[36] Staff requested that the Commission order that Marks and Lounds disgorge to the Commission the amount of US$121,260 on a joint and several basis. Subject to our comments below concerning the conversion of US dollars to Canadian dollars, we agree that such a disgorgement order should be issued against Marks and Lounds.

[37] Staff also requested that Marks disgorge to the Commission the amount of US$25,500, representing the amount received by Higgins on behalf of Lehman Corp. and Marks.

[38] As noted earlier in these reasons, Higgins entered into a settlement agreement with Staff which was approved by the Commission on June 7, 2011 ((2011), 34 O.S.C.B. 6566). As a result of that settlement, an Order was issued by the Commission requiring Higgins to disgorge to the Commission the amount of $29,661, representing the US$25,500 which he received from the investors on behalf of Lehman Corp. and Marks.

[39] In determining the appropriate amount to be ordered disgorged, the Commission must take into account any amounts which have already been ordered disgorged by any other Canadian securities regulator. In this instance, Staff is requesting that the Commission order Marks to disgorge an amount to the Commission which has already been ordered to be disgorged by Higgins. It would be unfair and inconsistent with the principles underlying the disgorgement remedy for the aggregate amount ordered to be disgorged by the Commission to exceed the total amount obtained from investors. As a result, we find that it would not be appropriate for the Commission to issue an additional disgorgement Order against Marks in the amount of US$25,500.

iii. Conversion to Canadian Funds

[40] At paragraph 11(c) of these Reasons and Decision, we set out the findings made in the Merits Decision with respect to the specific amounts obtained by Marks and Lounds from the TBS investors.

[41] For the purposes of the disgorgement order, the Commission will convert the above amounts into Canadian funds (rounded to the nearest dollar). In doing so, the Commission takes notice of the Bank of Canada nominal noon exchange rate in effect on the date of each of the above-noted transactions, as published by the Bank of Canada on its website. The exchange to Canadian funds is calculated as follows:

Date	Amount in US$	Exchange Rate	Amount in Can$
January 22, 2009	$8,000	1.2630	$10,104
January 29, 2009	$8,000	1.2188	$9,750
January 30, 2009	$16,000	1.2364	$19,782
April 8, 2009	$18,480	1.2354	$22,830
April 15, 2009	$14,280	1.2038	$17,190
April 22, 2009	$13,400	1.2360	$16,562
April 28, 2009	$24,800	1.2238	$30,350
May 5, 2009	$18,300	1.1760	$21,521
Total	**$121,260**		**$148,089**

iv. Conclusion as to Disgorgement

[42] The Commission will order that Marks and Lounds jointly disgorge to the Commission the amount of $148,089 pursuant to paragraph 10 of subsection 127(1) of the Act for allocation to or for the benefit of third parties in accordance with subsection 3.4(2)(b) of the Act.

[43] The Commission will not order that Marks disgorge to the Commission the additional amount of US$25,500 as that amount has already been ordered to be disgorged by Higgins in the Commission's Order dated June 7, 2011.

D. Administrative Penalties

[44] The purpose of an administrative penalty is to deter the particular respondents from engaging in the same or similar conduct in the future and to send a clear message of deterrence to other market participants that the conduct in question will not be tolerated in Ontario's capital markets.

[45] In our view, in the circumstances, the administrative penalties requested by Staff are appropriate and in accordance with the public interest. We therefore order that Marks pay an administrative penalty of $250,000 pursuant to clause 9 of subsection 127(1) of the Act. We further order that Lounds pay an administrative penalty of $200,000 pursuant to clause 9 of subsection 127(1) of the Act.

E. Costs

[46] Staff submitted that the Respondents should be ordered pursuant to section 127.1 of the Act to jointly and severally pay costs in the amount of $39,915.69 to indemnify the Commission for its investigation and hearing costs in this matter.

[47] According to Staff, the costs claimed in this case are reasonable and conservative and relate only to the time of the lead litigator and investigator. Staff indicated that costs are being sought only for expenses incurred up to the litigation phase of this proceeding. The costs sought by Staff do not include the costs of the investigation conducted into this matter or the time spent to prepare for and attend at the sanctions hearing.

[48] To support its claim for costs, Staff provided information specifying the hours worked by Staff employees on this matter.

[49] We have concluded that it is appropriate to impose costs against Marks and Lounds in this matter. Based on the submissions and information presented by Staff, we assess the total costs payable by Marks and Lounds at $39,915.69. We order that Marks and Lounds shall be jointly and severally responsible for the costs payable.

F. The Sanctions imposed against Marks

[50] In our Merits Decision, we determined that Marks was in fact an alias used by an individual for the purpose of perpetrating a serious fraud against TBS Investors. The fact that this individual is known to the Commission only by an alias does not detract from the public interest in imposing sanctions on that individual. Indeed, the Commission should not permit an individual to elude sanctions for serious contraventions of the Act simply by hiding behind a false identity. Therefore, we believe that it is in the public interest to impose sanctions against the individual known to the Commission as Marks.

VI. ORDER

[51] For the reasons discussed above, we have concluded that the sanctions and costs imposed by us are in the public interest and are proportionate to the circumstances of this matter. Accordingly, we order that:

(a) pursuant to clause 2 of subsection 127(1) of the Act, Lehman Corp., Marks and Lounds shall cease trading in securities permanently;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Lehman Corp., Marks and Lounds is permanently prohibited;

(c) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall, permanently, not apply to Lehman Corp., Marks and Lounds;

(d) pursuant to clause 7 of subsection 127(1) of the Act, Marks and Lounds shall resign all positions that they may hold as a director or officer of an issuer;

(e) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Marks and Lounds are permanently prohibited from becoming or acting as a director or officer of any issuer, registrant, and investment fund manager;

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

(g) pursuant to clause 9 of subsection 127(1) of the Act, Marks shall pay an administrative penalty of $250,000;

(h) pursuant to clause 9 of subsection 127(1) of the Act, Lounds shall pay an administrative penalty of $200,000;

(i) pursuant to clause 10 of subsection 127(1) of the Act, Marks and Lounds shall disgorge to the Commission the amount of $148,089 obtained as a result of their non-compliance with Ontario securities law on a joint and several basis, to be designated for allocation to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act; and

(j) pursuant to section 127.1 of the Act, Marks and Lounds shall pay $39,915.69 on a joint and several basis representing a portion of the costs incurred by the Commission in this matter.

DATED at Toronto this 29th day of May, 2012

“Christopher Portner”

“C. Wesley M. Scott”

This page intentionally left blank

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
Knightscover Media Corp.	30 May 12	11 Jun 12	11 Jun 12	
Immunall Science Inc.	11 Jun 12	22 Jun 12		

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

THERE ARE NO ITEMS FOR THIS WEEK.

This page intentionally left blank

Chapter 5

Rules and Policies

5.1.1 Amendments to NI 21-101 Marketplace Operation

AMENDMENTS TO NATIONAL INSTRUMENT 21-101
MARKETPLACE OPERATION

1. National Instrument 21-101 Marketplace Operation is amended by this Instrument.

2. Part 1 is amended by

(a) adding the following definitions in section 1.1:

"accounting principles" means accounting principles as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

"private enterprise" means a private enterprise as defined in Part 3 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

"publicly accountable enterprise" means a publicly accountable enterprise as defined in Part 3 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;**;**

(b) replacing the definition of "alternative trading system***" in section 1.1 with the following:***

"alternative trading system",

(a) in every jurisdiction other than Ontario, means a marketplace that

(i) is not a recognized quotation and trade reporting system or a recognized exchange, and

(ii) does not

(A) require an issuer to enter into an agreement to have its securities traded on the marketplace,

(B) provide, directly, or through one or more subscribers, a guarantee of a two-sided market for a security on a continuous or reasonably continuous basis,

(C) set requirements governing the conduct of subscribers, other than conduct in respect of the trading by those subscribers on the marketplace, and

(D) discipline subscribers other than by exclusion from participation in the marketplace, and

(b) in Ontario has the meaning set out in subsection 1(1) of the *Securities Act* (Ontario)***;***

(c) adding "or municipal body***" after "***municipal corporation***" in paragraph (b) of the definition of "***government debt security***" in section 1.1*;**

(d) replacing paragraph (c) of the definition of "government debt security***" in section 1.1 with the following:***

(c) a debt security issued or guaranteed by a crown corporation or public body,**;**

(e) replacing the definition of "marketplace***" in section 1.1 with the following:***

"marketplace",

(a) in every jurisdiction other than Ontario, means

(i) an exchange,

(ii) a quotation and trade reporting system,

(iii) a person or company not included in clause (i) or (ii) that

(A) constitutes, maintains or provides a market or facility for bringing together buyers and sellers of securities,

(B) brings together the orders for securities of multiple buyers and sellers, and

(C) uses established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade, or

(iv) a dealer that executes a trade of an exchange-traded security outside of a marketplace, but does not include an inter-dealer bond broker; and

(b) in Ontario has the meaning set out in subsection 1(1) of the *Securities Act* (Ontario);**;**

(f) replacing paragraph (a) of the definition of "recognized exchange***" in section 1.1 with the following:***

(a) in Ontario, a recognized exchange as defined in subsection 1(1) of the *Securities Act* (Ontario),***;***

(g) replacing the definition of "recognized quotation and trade reporting system***" in section 1.1 with the following:***

"recognized quotation and trade reporting system" means

(a) in every jurisdiction other than British Columbia, Ontario and Québec, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation to carry on business as a quotation and trade reporting system,

(b) in British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation as a quotation and trade reporting system or as an exchange,

(b.1) in Ontario, a recognized quotation and trade reporting system as defined in subsection 1(1) of the *Securities Act* (Ontario), and

(c) in Québec, a quotation and trade reporting system recognized by the securities regulatory authority under securities or derivatives legislation as an exchange or a self-regulatory organization;***; and***

(h) adding the following:

1.5 Interpretation – NI 23-101 – Terms defined or interpreted in NI 23-101 and used in this Instrument have the respective meanings ascribed to them in NI 23-101**..**

3. Part 3 is replaced with the following:

PART 3 MARKETPLACE INFORMATION

3.1 Initial Filing of Information

(1) A person or company must file as part of its application for recognition as an exchange or a quotation and trade reporting system Form 21-101F1.

(2) A person or company must not carry on business as an ATS unless it has filed Form 21-101F2 at least 45 days before the ATS begins to carry on business as an ATS.

3.2 Change in Information

(1) Subject to subsection (2), a marketplace must not implement a significant change to a matter set out in Form 21-101F1 or in Form 21-101F2 unless the marketplace has filed an amendment to the information provided in Form 21-101F1 or in Form 21-101F2 in the manner set out in the Form at least 45 days before implementing the change.

(2) A marketplace must file an amendment to the information provided in Exhibit L – Fees of Form 21-101F1 or Exhibit L – Fees of Form 21-101F2, as applicable, at least seven business days before implementing a change to the information provided in Exhibit L – Fees.

(3) For any change involving a matter set out in Form 21-101 F1 or Form 21-101F2 other than a change referred to in subsection (1) or (2), a marketplace must file an amendment to the information provided in the Form by the earlier of

(a) the close of business on the 10th day after the end of the month in which the change was made, and

(b) if applicable, the time the marketplace discloses the change publicly.

3.3 Reporting Requirements

A marketplace must file Form 21-101F3 within 30 days after the end of each calendar quarter during any part of which the marketplace has carried on business.

3.4 Ceasing to Carry on Business as an ATS

(1) An ATS that intends to cease carrying on business as an ATS must file a report on Form 21-101F4 at least 30 days before ceasing to carry on that business.

(2) An ATS that involuntarily ceases to carry on business as an ATS must file a report on Form 21-101F4 as soon as practicable after it ceases to carry on that business.

3.5 Forms Filed in Electronic Form

A person or company that is required to file a form or exhibit under this Instrument must file that form or exhibit in electronic form..

4. Part 4 is replaced with the following:

PART 4 MARKETPLACE FILING OF AUDITED FINANCIAL STATEMENTS

4.1 Filing of Initial Audited Financial Statements

(1) A person or company must file as part of its application for recognition as an exchange or a quotation and trade reporting system, together with Form 21-101F1, audited financial statements for its latest financial year that

(a) are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises or IFRS,

(b) include notes to the financial statements that identify the accounting principles used to prepare the financial statements, and

(c) are audited in accordance with Canadian GAAS or International Standards on Auditing and are accompanied by an auditor's report.

(2) A person or company must not carry on business as an ATS unless it has filed, together with Form 21-101F2, audited financial statements for its latest financial year.

4.2 Filing of Annual Audited Financial Statements

(1) A recognized exchange and a recognized quotation and trade reporting system must file annual audited financial statements within 90 days after the end of its financial year in accordance with the requirements outlined in subsection 4.1(1).

(2) An ATS must file annual audited financial statements..

5. Part 5 is amended by

(a) replacing the portion before section 5.2 with the following:

PART 5 MARKETPLACE REQUIREMENTS

5.1 Access Requirements

(1) A marketplace must not unreasonably prohibit, condition or limit access by a person or company to services offered by it.

(2) A marketplace must

(a) establish written standards for granting access to each of its services; and

(b) keep records of

(i) each grant of access including the reasons for granting access to an applicant, and

(ii) each denial or limitation of access, including the reasons for denying or limiting access to an applicant.

(3) A marketplace must not

(a) permit unreasonable discrimination among clients, issuers and marketplace participants; or

(b) impose any burden on competition that is not reasonably necessary and appropriate.**;**

(b) replacing "recognized exchange or recognized quotation and trade reporting system" ***in section 5.2 with*** "marketplace"**;**

(c) replacing "member or user" ***in section 5.2 with*** "marketplace participant";

(d) repealing subsection 5.3(2);

(e) repealing section 5.6; and

(f) adding the following:

5.7 Fair and Orderly Markets

A marketplace must take all reasonable steps to ensure that its operations do not interfere with fair and orderly markets.

5.8 Discriminatory Terms

A marketplace must not impose terms that have the effect of discriminating between orders that are routed to the marketplace and orders that are entered on that marketplace for execution.

5.9 Risk Disclosure for Trades in Foreign Exchange-Traded Securities

(1) A marketplace that is trading foreign exchange-traded securities must provide each marketplace participant with disclosure in substantially the following words:

"The securities traded by or through the marketplace are not listed on an exchange in Canada and may not be securities of a reporting issuer in Canada. As a result, there is no assurance that information concerning the issuer is available or, if the information is available, that it meets Canadian disclosure requirements."

(2) Before the first order for a foreign exchange-traded security is entered onto the marketplace by a marketplace participant, the marketplace must obtain an acknowledgement from the marketplace participant that the marketplace participant has received the disclosure required in subsection (1).

5.10 Confidential Treatment of Trading Information

(1) A marketplace must not release a marketplace participant's order or trade information to a person or company other than the marketplace participant, a securities regulatory authority or a regulation services provider unless

(a) the marketplace participant has consented in writing to the release of the information;

(b) the release of the information is required by this Instrument or under applicable law; or

(c) the information has been publicly disclosed by another person or company, and the disclosure was lawful.

(2) A marketplace must not carry on business unless it has implemented reasonable safeguards and procedures to protect a marketplace participant's order or trade information, including

(a) limiting access to order or trade information of marketplace participants to

(i) employees of the marketplace, or

(ii) persons or companies retained by the marketplace to operate the system or to be responsible for compliance by the marketplace with securities legislation; and

(b) implementing standards controlling trading by employees of the marketplace for their own accounts.

(3) A marketplace must not carry on business as a marketplace unless it has implemented adequate oversight procedures to ensure that the safeguards and procedures established under subsection (2) are followed.

5.11 Management of Conflicts of Interest

A marketplace must establish, maintain and ensure compliance with policies and procedures that identify and manage any conflicts of interest arising from the operation of the marketplace or the services it provides.

5.12 Outsourcing

If a marketplace outsources any of its key services or systems to a service provider, which includes affiliates or associates of the marketplace, the marketplace must:

(a) establish and maintain policies and procedures for the selection of service providers to which key services and systems may be outsourced and for the evaluation and approval of such outsourcing arrangements,

(b) identify any conflicts of interest between the marketplace and the service provider to which key services and systems are outsourced, and establish and maintain policies and procedures to mitigate and manage such conflicts of interest,

(c) enter into a contract with the service provider to which key services and systems are outsourced that is appropriate for the materiality and nature of the outsourced activities and that provides for adequate termination procedures,

(d) maintain access to the books and records of the service providers relating to the outsourced activities,

(e) ensure that the securities regulatory authorities have access to all data, information and systems maintained by the service provider on behalf of the marketplace, for the purposes of determining the marketplace's compliance with securities legislation,

(f) take appropriate measures to determine that service providers to which key services or systems are outsourced establish, maintain and periodically test an appropriate business continuity plan, including a disaster recovery plan,

(g) take appropriate measures to ensure that the service providers protect the marketplace participants' proprietary, order, trade or any other confidential information, and

(h) establish processes and procedures to regularly review the performance of the service provider under any such outsourcing arrangement..

7. Part 6 is amended by

(a) repealing sections 6.4 to 6.6;

(b) replacing section 6.7 with the following:

6.7 Notification of Threshold

(1) An ATS must notify the securities regulatory authority in writing if,

(a) during at least two of the preceding three months of operation, the total dollar value of the trading volume on the ATS for a month in any type of security is equal to or greater than 10 percent of the total dollar value of the trading volume for the month in that type of security on all marketplaces in Canada;

(b) during at least two of the preceding three months of operation, the total trading volume on the ATS for a month in any type of security is equal to or greater than 10 percent of the total trading volume for the month in that type of security on all marketplaces in Canada; or

(c) during at least two of the preceding three months of operation, the number of trades on the ATS for a month in any type of security is equal to or greater than 10 percent of the number of trades for the month in that type of security on all marketplaces in Canada.

(2) An ATS must provide the notice referred to in subsection (1) within 30 days after the threshold referred to in subsection (1) is met or exceeded.**;** ***and***

(c) repealing sections 6.8, 6.10, 6.12 and 6.13.

8. Part 7 is amended by

(a) replacing **"**displayed on**"** ***with*** **"**displayed by**"** ***in subsection 7.1(1);***

(b) replacing "of the marketplace***" with "***of the marketplace and if the orders posted on the marketplace meet the size threshold set by a regulation services provider**"** ***in subsection 7.1(2);***

(c) replacing "displayed on***" with "***displayed by***" in subsection 7.3(1);***

(d) ***replacing "***of the marketplace***" with "***of the marketplace and if the orders posted on the marketplace meet the size threshold set by a regulation services provider" ***in subsection 7.3(2); and***

(e) ***replacing "***A marketplace***" with "***A marketplace that is subject to this Part***" in section 7.6.***

9. Part 8 is amended by

(a) ***replacing "***displayed on***" with "***displayed by***" in subsection 8.1(1);***

(b) ***replacing "***displayed on" ***with "***displayed by***" in subsection 8.2(1);***

(c) ***repealing section 8.5; and***

(d) ***replacing "***2012***" with "***2015***" in section 8.6.***

10. Part 10 is amended by

(a) ***replacing the portion before section 10.3 with the following:***

PART 10 TRANSPARENCY OF MARKETPLACE OPERATIONS

10.1 Disclosure by Marketplaces

A marketplace must publicly disclose on its website information reasonably necessary to enable a person or company to understand the marketplace's operations or services it provides, including but not limited to information related to:

(a) all fees, including any listing, trading, data, co-location and routing fees charged by the marketplace, an affiliate or by a party to which services have directly or indirectly been outsourced or which directly or indirectly provides those services;

(b) how orders are entered, interact and execute;

(c) all order types;

(d) access requirements;

(e) the policies and procedures that identify and manage any conflicts of interest arising from the operation of the marketplace or the services it provides;

(f) any referral arrangements between the marketplace and service providers;

(g) where routing is offered, how routing decisions are made; and

(h) when indications of interest are disseminated, the information disseminated and the types of recipients of such indications of interest.***; and***

(b) ***repealing section 10.3.***

11. Part 11 is amended by

(a) ***replacing paragraph 11.2(1)(c) with the following:***

(c) a record of each order which must include

(i) the order identifier assigned to the order by the marketplace,

(ii) the marketplace participant identifier assigned to the marketplace participant transmitting the order,

(iii) the identifier assigned to the marketplace where the order is received or originated,

(iv) each unique client identifier assigned to a client accessing the marketplace using direct electronic access,

(v) the type, issuer, class, series and symbol of the security,

(vi) the number of securities to which the order applies,

(vii) the strike date and strike price, if applicable,

(viii) whether the order is a buy or sell order,

(ix) whether the order is a short sale order, if applicable,

(x) whether the order is a market order, limit order or other type of order, and if the order is not a market order, the price at which the order is to trade,

(xi) the date and time the order is first originated or received by the marketplace,

(xii) whether the account is a retail, wholesale, employee, proprietary or any other type of account,

(xiii) the date and time the order expires,

(xiv) whether the order is an intentional cross,

(xv) whether the order is a jitney and if so, the identifier of the underlying broker,

(xvi) the currency of the order,

(xvii) whether the order is routed to another marketplace for execution, and the date, time and name of the marketplace to which the order was routed, and

(xviii) whether the order is a directed-action order, and whether the marketplace marked the order as a directed-action order or received the order marked as a directed-action order, and***;***

(b) replacing subparagraph 11.2(1)(d)(ix) with the following:

(ix) the marketplace trading fee for each trade, and

(x) each unique client identifier assigned to a client accessing the marketplace using direct electronic access.

(c) deleting "or 6.13***" in subparagraph 11.3(1)(b);***

(d) replacing "section 12.1***" with "***sections 12.1 and 12.4***" in subparagraph 11.3(1)(c);***

(e) replacing "6.10(2)***" with "***5.9(2)***" in subparagraph 11.3(1)(e);***

(f) replacing subparagraphs 11.3(2)(b) to (d) with the following:

(b) copies of all forms filed under Part 3; and

(c) in the case of an ATS, copies of all notices given under section 6.7.**;**

(g) repealing section 11.4; and

(h) deleting "with the clock used by a regulation services provider monitoring the activities of marketplaces, inter-dealer bond brokers or dealers trading those securities***" in subsection 11.5(2).***

12. Part 12 is amended by

(a) replacing the title with "PART 12 MARKETPLACE SYSTEMS AND BUSINESS CONTINUITY PLANNING***";***

(b) replacing paragraph 12.1(a) with the following:

(a) develop and maintain

(i) an adequate system of internal control over those systems; and

(ii) adequate information technology general controls, including without limitation, controls relating to information systems operations, information security, change management, problem management, network support and system software support;***;***

(c) replacing paragraph 12.1(b) with the following:

(b) in accordance with prudent business practice, on a reasonably frequent basis and, in any event, at least annually,

(i) make reasonable current and future capacity estimates;

(ii) conduct capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner; and***;***

(d) replacing "paragraph 12.1(a)***" with "***paragraph 12.1(a) and section 12.4***" in subsection 12.2(1);***

(e) replacing "Subsections***" with "***Paragraphs***" in subsection 12.3(4); and***

(f) adding the following:

12.4 Business Continuity Planning

(1) A marketplace must develop and maintain reasonable business continuity plans, including disaster recovery plans.

(2) A marketplace must test its business continuity plans, including disaster recovery plans, on a reasonably frequent basis and, in any event, at least annually**..**

13. Part 13 is amended by

(a) replacing the title with "PART 13 CLEARING AND SETTLEMENT***";***

(b) replacing "through an ATS***" with "***on a marketplace***" in subsection 13.1(1); and***

(c) replacing "reported***" with "***reported to***" in subsection 13.1(1)*.

14. Part 14 is amended by

(a) repealing subsection 14.1(2);

(b) adding the following after subsection 14.4(5):

(6) An information processor must file annual audited financial statements within 90 days after the end of its financial year that

(a) are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, Canadian GAAP applicable to private enterprises or IFRS,

(b) include notes to the financial statements that identify the accounting principles used to prepare the financial statements, and

(c) are audited in accordance with Canadian GAAS or International Standards on Auditing and are accompanied by an auditor's report.

(7) An information processor must file its financial budget within 30 days after the start of a financial year.

(8) An information processor must file, within 30 days after the end of each calendar quarter, the process and criteria for the selection of government debt securities, as applicable, and designated corporate debt securities and the list of government debt securities, as applicable, and designated corporate debt securities.

(9) An information processor must file, within 30 days after the end of each calendar year, the process to communicate the designated securities to the marketplaces, inter-dealer bond brokers and dealers providing the information required by the Instrument, including where the list of designated securities can be found.***;***

(c) replacing paragraph 14.5(a) with the following:

(a) develop and maintain

(i) an adequate system of internal controls over its critical systems; and

(ii) adequate information technology general controls, including, without limitation, controls relating to information systems operations, information security, change management, problem management, network support, and system software support;***;***

(d) adding "and***" at the end of subparagraph 14.5(b)(i);***

(e) deleting "and***" at the end of subparagraph 14.5(b)(ii);***

(f) repealing subparagraph 14.5.(b)(iii);

(g) adding "and section 14.6***" after "***paragraph (a)***" in paragraph 14.5(c); and***

(h) adding the following:

14.6 Business Continuity Planning

(1) An information processor must develop and maintain reasonable business continuity plans, including disaster recovery plans.

(2) An information processor must test its business continuity plans, including disaster recovery plans, on a reasonably frequent basis and, in any event, at least annually.

14.7 Confidential Treatment of Trading Information

An information processor must not release order and trade information to a person or company other than the marketplace, inter-dealer bond broker or dealer that provided this information in accordance with this Instrument, or other than a securities regulatory authority, unless:

(a) the release of that information is required by this Instrument or under applicable law; or

(b) the information processor received prior approval from the securities regulatory authority.

14.8 Transparency of Operations of an Information Processor

An information processor must publicly disclose on its website information reasonably necessary to enable a person or company to understand the information processor's operations or services it provides including, but not limited to:

(a) all fees charged by the information processor for the consolidated data;

(b) a description of the process and criteria for the selection of government debt securities, as applicable, and designated corporate debt securities and the list of government debt securities, as applicable, and designated corporate debt securities;

(c) access requirements; and

(d) the policies and procedures to manage conflicts of interest that may arise in the operation of the information processor..

15. Form 21-101F1 – Information Statement Exchange or Quotation and Trade Reporting system is replaced with the following:

FORM 21-101F1
INFORMATION STATEMENT
EXCHANGE OR QUOTATION AND TRADE REPORTING SYSTEM

Filer: ☐ **EXCHANGE** ☐ **QUOTATION AND TRADE REPORTING SYSTEM**

Type of Filing: ☐ **INITIAL** ☐ **AMENDMENT**

1. Full name of exchange or quotation and trade reporting system:

2. Name(s) under which business is conducted, or name of market or facility, if different from item 1:

3. If this filing makes a name change on behalf of the exchange or quotation and trade reporting system in respect of the name set out in item 1 or item 2, enter the previous name and the new name:

   Previous name:

   New name:

4. Head office

   Address:

   Telephone:

   Facsimile:

5. Mailing address (if different):

6. Other offices

   Address:

   Telephone:

   Facsimile:

7. Website address:

8. Contact employee

   Name and title:

   Telephone number:

   Facsimile:

   E-mail address:

9. Counsel

   Firm name:

   Contact name:

   Telephone number:

Facsimile:

E-mail address:

10. Market Regulation is being conducted by:

☐ the exchange

☐ the quotation and trade reporting system

☐ regulation services provider other than the filer (see Exhibit M)

EXHIBITS

File all Exhibits with the Filing. For each Exhibit, include the name of the exchange or quotation and trade reporting system, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect shall be furnished instead of such Exhibit.

Except as provided below, if the filer, recognized exchange or recognized quotation and trade reporting system files an amendment to the information provided in its Filing and the information relates to an Exhibit filed with the Filing or a subsequent amendment, the filer, recognized exchange or recognized quotation and trade reporting system, must, in order to comply with subsections 3.2(1), 3.2(2) or 3.2(3) of National Instrument 21-101, provide a description of the change, the expected date of the implementation of the change, and file a complete and updated Exhibit. The filer must provide a clean and a blacklined version showing changes from the previous filing.

If the filer, recognized exchange or recognized quotation and trade reporting system has otherwise filed the information required by the previous paragraph pursuant to section 5.5 of National Instrument 21-101, it is not required to file the information again as an amendment to an Exhibit. However, if supplementary material relating to a filed rule is contained in an Exhibit, an amendment to the Exhibit must also be filed.

Exhibit A – Corporate Governance

1. Legal status:

☐ Corporation

☐ Partnership

☐ Sole Proprietorship

☐ Other (specify):

2. Except where the exchange or quotation and trade reporting system is a sole proprietorship, indicate the following:

    1. Date (DD/MM/YYYY) of formation.

    2. Place of formation.

    3. Statute under which exchange or quotation and trade reporting system was organized.

3. Provide a copy of the constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents, and all subsequent amendments.

4. Provide the policies and procedures to address potential conflicts of interest arising from the operation of the marketplace or the services it provides, including those related to the commercial interest of the marketplace, the interests of its owners and its operators, the responsibilities and sound functioning of the marketplace, and those between the operations of the marketplace and its regulatory responsibilities.

Exhibit B – Ownership

A list of the registered or beneficial holders of securities of, partnership interests in, or other ownership interests in, the exchange or recognized quotation and trade reporting system. For each of the persons listed in the Exhibit, please provide the following:

1. Name.
2. Principal business or occupation and title.
3. Ownership interest.
4. Nature of the ownership interest, including a description of the type of security, partnership interest or other ownership interest.
5. Whether the person has control (as interpreted in subsection 1.3(2) of National Instrument 21-101 *Marketplace Operation*).

In the case of an exchange or quotation and trade reporting system that is publicly traded, if the exchange or quotation and trade reporting system is a corporation, please only provide a list of each shareholder that directly owns five percent or more of a class of a voting security of the exchange or quotation and trade reporting system.

Exhibit C – Organization

1. A list of partners, officers, governors, and members of the board of directors and any standing committees of the board, or persons performing similar functions, who presently hold or have held their offices or positions during the previous year, indicating the following for each:
    1. Name.
    2. Principal business or occupation and title.
    3. Dates of commencement and expiry of present term of office or position.
    4. Type of business in which each is primarily engaged and current employer.
    5. Type of business in which each was primarily engaged in the preceding five years, if different from that set out in item 4.
    6. Whether the person is considered to be an independent director.
2. A list of the committees of the board, including their mandates.

Exhibit D – Affiliates

1. For each affiliated entity of the exchange or quotation and trade reporting system provide the name, head office address and describe the principal business of the affiliate.
2. For each affiliated entity of the exchange or quotation and trade reporting system
    (i) to which the exchange or quotation and trade reporting system has outsourced any of its key services or systems affecting the market or facility described in Exhibit E – Operations of the Marketplace, including order entry, trading, execution, routing and data, or
    (ii) with which the exchange or quotation and trade reporting system has any other material business relationship, including loans, cross-guarantees, etc.,

    provide the following information:
    1. Name and address of the affiliate.
    2. The name and title of the directors and officers, or persons performing similar functions, of the affiliate.

3. A description of the nature and extent of the contractual and other agreements with the exchange and quotation and trade reporting system, and the roles and responsibilities of the affiliate under the arrangement.

4. A copy of each material contract relating to any outsourced functions or other material relationship.

5. Copies of constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents.

6. For the latest financial year of the affiliated entity, financial statements, which may be unaudited, prepared in accordance with:

    a. Canadian GAAP applicable to publicly accountable enterprises; or

    b. Canadian GAAP applicable to private enterprises; or

    c. IFRS.

Where the affiliated entity is incorporated or organized under the laws of a foreign jurisdiction, such financial statements may also be prepared in accordance with:

    a. U.S. GAAP; or

    b. accounting principles of a designated foreign jurisdiction as defined under National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.

Exhibit E – Operations of the Marketplace

Describe in detail the manner of operation of the market or facility and its associated functions. This should include, but not be limited to, a description of the following:

1. The structure of the market (e.g., call market, auction market, dealer market).

2. Means of access to the market or facility and services, including a description of any co-location arrangements.

3. The hours of operation.

4. A description of the services offered by the marketplace including, but not limited to, order entry, co-location, trading, execution, routing and data.

5. A list of the types of orders offered, including, but not limited to, a description of the features and characteristics of orders.

6. Procedures regarding the entry, display and execution of orders. If indications of interest are used, please describe the information they include and list the types of recipients.

7. Description of how orders interact, including, but not limited to, the priority of execution for all order types.

8. Description of order routing procedures.

9. Description of order and trade reporting procedures.

10. Description of procedures for clearance and settlement of transactions.

11. The safeguards and procedures of the marketplace to protect trading information of marketplace participants.

12. Training provided to participants and a copy of any materials provided both with respect to systems of the marketplace, the requirements of the marketplace, and the rules of the regulation services providers, if applicable.

13. Steps taken to ensure that marketplace participants have knowledge of and comply with the requirements of the marketplace.

The filer must provide all policies, procedures and trading manuals related to the operation of the marketplace and, if applicable, the order router.

Exhibit F – Outsourcing

Where the exchange or quotation and trade reporting system has outsourced the operation of key services or systems affecting the market or facility described in Exhibit E – Operations of the Marketplace to an arms-length third party, including any function associated with the routing, trading, execution, data, clearing and settlement and, if applicable, surveillance, provide the following information:

1. Name and address of person or company to which the function has been outsourced.

2. A description of the nature and extent of the contractual or other agreement with the exchange or quotation and trade reporting system and the roles and responsibilities of the arms-length party under the arrangement.

3. A copy of each material contract relating to any outsourced function.

Exhibit G – Systems and Contingency Planning

For each of the systems that support order entry, order routing, execution, trade reporting, trade comparison, data feed, market surveillance, and trade clearing, describe:

1. Current and future capacity estimates.

2. Procedures for reviewing system capacity.

3. Procedures for reviewing system security.

4. Procedures to conduct stress tests.

5. A description of the filer's business continuity and disaster recovery plans, including any relevant documentation.

6. Procedures to test business continuity and disaster recovery plans.

Exhibit H – Custody of Assets

1. If the exchange or quotation and trade reporting system proposes to hold funds or securities of a marketplace participant on a regular basis, a description of the controls that will be implemented to ensure the safety of the funds or securities.

2. If any other person or company, other than the exchange or quotation and trade reporting system, will hold or safeguard funds or securities of a marketplace participant on a regular basis, provide the name of the person or company and a description of the controls that will be implemented to ensure the safety of the funds or securities.

Exhibit I – Securities

1. List the types of securities listed on the exchange or quoted on the quotation and trade reporting system. If this is an initial filing, list the types of securities the Filer expects to list or quote.

2. List the types of any other securities that are traded on the marketplace or quoted on the quotation and trade reporting system, indicating the exchange(s) on which such securities are listed. If this is an initial filing, list the types of securities the Filer expects to trade.

Exhibit J – Access to Services

1. A complete set of all forms, agreements or other materials pertaining to access to the services of the marketplace described in Exhibit E.4, including trading on the exchange or quotation and trade reporting system.

2. Describe the classes of marketplace participants.

3. Describe the exchange or quotation and trade reporting service's criteria for access to the services of the marketplace.

4. Describe any differences in access to the services offered by the marketplace to different groups or classes of marketplace participants.

5. Describe conditions under which marketplace participants may be subject to suspension or termination with regard to access to the services of the exchange or quotation and trade reporting system.

6. Describe any procedures that will be involved in the suspension or termination of a marketplace participant.

7. Describe the exchange or quotation and trade reporting system's arrangements for permitting clients of marketplace participants to have access to the marketplace. Provide a copy of any agreements or documentation relating to these arrangements.

Exhibit K – Marketplace Participants

Provide an alphabetical list of all marketplace participants, including the following information:

1. Name.

2. Date of becoming a marketplace participant.

3. Describe the type of trading activities engaged in by the marketplace participant (*e.g.*, agency trading, proprietary trading, registered trading, market making).

4. The class of participation or other access.

5. Provide a list of all persons or entities that were denied or limited access to the marketplace, indicating for each:

   (i) whether they were denied or limited access;

   (ii) the date the marketplace took such action;

   (iii) the effective date of such action; and

   (iv) the nature and reason for any denial or limitation of access.

Exhibit L – Fees

A description of the fee model and all fees charged by the marketplace, or by a party to which services have been directly or indirectly outsourced, including, but not limited to, fees relating to connecting to the market or facility, access, data, regulation (if applicable), trading, routing, and co-location, how such fees are set, and any fee rebates or discounts and how the rebates and discounts are set.

Exhibit M – Regulation

Market Regulation is being conducted by:

☐ the exchange or QTRS

1. Provide a description of the regulation performed by the exchange or QTRS, including the structure of the department performing regulation, how the department is funded, policies and procedures in place to ensure

confidentiality and the management of conflicts of interest, and policies and procedures relating to conducting an investigation.

2. If more than one entity is performing regulation services for a type of security and the filer is conducting market regulation for itself and its members, provide the contract between the filer and the regulation services provider providing for co-ordinated monitoring and enforcement under section 7.5 of National Instrument 23-101 Trading Rules.

☐ a regulation services provider other than the filer (provide a copy of the contract between the filer and the regulation services provider.)

Exhibit N – Acknowledgement

The form of acknowledgement required by subsection 5.9(2) of National Instrument 21-101.

CERTIFICATE OF EXCHANGE OR QUOTATION AND TRADE REPORTING SYSTEM

The undersigned certifies that the information given in this report is true and correct.

DATED at _____this _____ day of _____ 20____

_____
(Name of exchange or quotation and trade reporting system)

_____
(Name of director, officer or partner – please type or print)

_____
(Signature of director, officer or partner)

_____
(Official capacity – please type or print)

16. Form 21-101F2 – Initial Operation Report Alternative Trading System is replaced with the following:

FORM 21-101F2
INITIAL OPERATION REPORT
ALTERNATIVE TRADING SYSTEM

TYPE OF FILING:

☐ **INITIAL OPERATION REPORT** ☐ **AMENDMENT**

Identification:

1. Full name of alternative trading system:

2. Name(s) under which business is conducted, if different from item 1:

3. If this filing makes a name change on behalf of the alternative trading system in respect of the name set out in Item 1 or Item 2, enter the previous name and the new name.

   Previous name:

   New name:

4. Head office

   Address:

   Telephone:

   Facsimile:

5. Mailing address (if different):

6. Other offices

   Address:

   Telephone:

   Facsimile:

7. Website address:

8. Contact employee

   Name and title:

   Telephone number:

   Facsimile:

   E-mail address:

9. Counsel

   Firm name:

   Contact name:

   Telephone number:

   Facsimile:

   E-mail address:

10. The ATS is

    ☐ a member of _____ (name of the recognized self-regulatory entity)

    ☐ a registered dealer

11. If this is an initial operation report, the date the alternative trading system expects to commence operation:

12. The ATS has contracted with [regulation services provider] to perform market regulation for the ATS and its subscribers.

EXHIBITS

File all Exhibits with the Initial Operation Report. For each Exhibit, include the name of the ATS, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect shall be furnished instead of such Exhibit.

If the ATS files an amendment to the information provided in its Initial Operation Report and the information relates to an Exhibit filed with the Initial Operation Report or a subsequent amendment, the ATS must, in order to comply with subsection 3.2(1), 3.2(2) or 3.2(3) of National Instrument 21-101, provide a description of the change, the expected

date of the implementation of the change, and file a complete and updated Exhibit. The ATS must provide a clean and blacklined version showing changes from the previous filing.

Exhibit A – Corporate Governance

1. Legal status:

   ☐ Corporation

   ☐ Partnership

   ☐ Sole Proprietorship

   ☐ Other (specify):

2. Except where the ATS is a sole proprietorship, indicate the following:

   1. Date (DD/MM/YYYY) of formation.

   2. Place of formation.

   3. Statute under which the ATS was organized.

3. Provide a copy of the constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents, and all subsequent amendments.

4. Provide the policies and procedures to address conflicts of interest arising from the operation of the marketplace or the services it provides, including those related to the commercial interest of the marketplace, the interests of its owners and its operators, and the responsibilities and sound functioning of the marketplace.

Exhibit B – Ownership

A list of the registered or beneficial holders of securities of, partnership interests in, or other ownership interests in, the ATS. For each of the persons listed in the Exhibit, please provide the following:

1. Name.

2. Principal business or occupation and title.

3. Ownership interest.

4. Nature of the ownership interest, including a description of the type of security, partnership interest or other ownership interest.

5. Whether the person has control (as interpreted in subsection 1.3(2) of National Instrument 21-101 *Marketplace Operation*).

In the case of an ATS that is publicly traded, if the ATS is a corporation, please only provide a list of each shareholder that directly owns five percent or more of a class of a voting security of the ATS.

Exhibit C – Organization

1. A list of partners, officers, governors, and members of the board of directors and any standing committees of the board, or persons performing similar functions, who presently hold or have held their offices or positions during the previous year, indicating the following for each:

   1. Name.

   2. Principal business or occupation and title.

   3. Dates of commencement and expiry of present term of office or position.

   4. Type of business in which each is primarily engaged and current employer.

5. Type of business in which each was primarily engaged in the preceding five years, if different from that set out in item 4.

6. Whether the person is considered to be an independent director.

2. A list of the committees of the board, including their mandates.

Exhibit D – Affiliates

1. For each affiliated entity of the ATS provide the name, head office address and describe the principal business of the affiliate.

2. For each affiliated entity of the ATS

(i) to which the ATS has outsourced any of its key services or systems affecting the market or facility described in Exhibit E – Operations of the Marketplace, including order entry, trading, execution, routing and data, or

(ii) with which the ATS has any other material business relationship, including loans, cross-guarantees, etc.

provide the following information:

1. Name and address of the affiliate.

2. The name and title of the directors and officers, or persons performing similar functions, of the affiliate.

3. A description of the nature and extent of the contractual and other agreements with the ATS and the roles and responsibilities of the affiliate under the arrangement.

4. A copy of each material contract relating to any outsourced functions or other material relationship.

5. Copies of constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents.

Exhibit E – Operations of the Marketplace

Describe in detail the manner of operation of the market and its associated functions. This should include, but not be limited to, a description of the following:

1. The structure of the market (e.g., call market, auction market, dealer market).

2. Means of access to the market or facility and services, including a description of any co-location arrangements.

3. The hours of operation.

4. A description of the services offered by the marketplace including, but not limited to, order entry, co-location, trading, execution, routing and data.

5. A list of the types of orders offered, including, but not limited to, a description of the features and characteristics of orders.

6. Procedures regarding the entry, display and execution of orders. If indications of interest are used, please describe the information they include and list the types of recipients.

7. Description of how orders interact, including, but not limited to, the priority of execution for all order types.

8. Description of order routing procedures.

9. Description of order and trade reporting procedures.

10. Description of procedures for clearance and settlement of transactions.

11. The safeguards and procedures of the marketplace to protect trading information of marketplace participants.

12. Training provided to participants and a copy of any materials provided both with respect to systems of the marketplace, the requirements of the marketplace, and the rules of the regulation services providers, if applicable.

13. Steps taken to ensure that marketplace participants have knowledge of and comply with the requirements of the marketplace.

The filer must provide all policies, procedures and trading manuals related to the operation of the marketplace and, if applicable, the order router.

Exhibit F – Outsourcing

Where the ATS has outsourced the operation of key services or systems affecting the market or facility described in Exhibit E – Operations of the Marketplace to an arms-length third party, including any function associated with the routing, trading, execution, clearing and settlement, and co-location, provide the following information:

1. Name and address of person or company to which the function has been outsourced.

2. A description of the nature and extent of the contractual or other agreement with the ATS and the roles and responsibilities of the arms-length party under the arrangement.

3. A copy of each material contract relating to any outsourced function.

Exhibit G – Systems and Contingency Planning

For each of the systems that support order entry, order routing, execution, trade reporting, trade comparison, data feed, market surveillance, and trade clearing, describe:

1. Current and future capacity estimates.

2. Procedures for reviewing system capacity.

3. Procedures for reviewing system security.

4. Procedures to conduct stress tests.

5. A description of the filer's business continuity and disaster recovery plans, including any relevant documentation.

6. Procedures to test business continuity and disaster recovery plans.

Exhibit H – Custody of Assets

1. If the ATS proposes to hold funds or securities of a marketplace participant on a regular basis, a description of the controls that will be implemented to ensure the safety of the funds or securities.

2. If any other person or company, other than the ATS, will hold or safeguard funds or securities of a marketplace participant on a regular basis, provide the name of the person or company and a description of the controls that will be implemented to ensure the safety of the funds or securities.

Exhibit I – Securities

List the types of securities that are traded on the ATS, indicating the exchange(s) on which such securities are listed. If this is an initial filing, the types of securities the ATS expects to trade.

Exhibit J – Access to Services

1. A complete set of all forms, agreements or other materials pertaining to access to the services of the marketplace described in Exhibit E.4, including trading on the ATS.

2. Describe the classes of marketplace participants (i.e. dealer, institution, or retail).

3. Describe the ATS's criteria for access to the services of the marketplace.

4. Describe any differences in access to the services offered by the marketplace to different groups or classes of marketplace participants.

5. Describe conditions under which marketplace participants may be subject to suspension or termination with regard to access to the services of the ATS.

6. Describe any procedures that will be involved in the suspension or termination of a marketplace participant.

7. Describe the ATS's arrangements for permitting clients of marketplace participants to have access to the marketplace. Provide a copy of any agreements or documentation relating to these arrangements.

Exhibit K – Marketplace Participants

Provide an alphabetical list of all marketplace participants, including the following information:

1. Name.

2. Date of becoming a marketplace participant.

3. Describe the type of trading activities primarily engaged in by the marketplace participant (*e.g.*, agency trading, proprietary trading, registered trading, market making).

4. The class of participation or other access.

5. Provide a list of all persons or entities that were denied or limited access to the marketplace, indicating for each:

   (i) whether they were denied or limited access;

   (ii) the date the marketplace took such action;

   (iii) the effective date of such action; and

   (iv) the nature and reason for any denial or limitation of access.

Exhibit L – Fees

A description of the fee model and all fees charged by the marketplace, or by a party to which services have been directly or indirectly outsourced, including, but not limited to, fees relating to connecting to the market or facility, access, data, regulation (if applicable), trading, routing, and co-location, how such fees are set and any fee rebates or discounts and how the rebates and discounts are set.

Exhibit M – Regulation

The ATS has contracted with regulation services provider _____ to perform market regulation for ATS and its subscribers. Provide a copy of the contract between the filer and the regulation services provider.

Exhibit N – Acknowledgement

The form of acknowledgement required by subsections 5.9(2) and 6.11(2) of National Instrument 21-101.

CERTIFICATE OF ALTERNATIVE TRADING SYSTEM

The undersigned certifies that the information given in this report is true and correct.

DATED at _____this _____ day of _____ 20___

_____
(Name of alternative trading system)

_____
(Name of director, officer or partner – please type or print)

_____
(Signature of director, officer or partner)

_____
(Official capacity – please type or print).

***17. Form 21-101F3 Quarterly Report of Alternative Trading System Activities is replaced with the following*:**

FORM 21-101F3
QUARTERLY REPORT OF MARKETPLACE ACTIVITIES

A. General Marketplace Information

1. Marketplace Name:

2. Period covered by this report:

3. Identification

   A. Full name of marketplace (if sole proprietor, last, first and middle name):

   B. Name(s) under which business is conducted, if different from item A:

   C. Marketplace main street address:

4. Attach as **Exhibit A** a current list of all marketplace participants at the end of the period covered by this report, identifying those marketplace participants that are using the marketplace's co-location services, if any. For each marketplace participant, indicate the number of trader IDs that may access the marketplace.

5. Attach as **Exhibit B** a list of all marketplace participants granted, denied or limited access to the marketplace during the period covered by this report, indicating for each marketplace participant: (a) whether they were granted, denied or limited access; (b) the date the marketplace took such action; (c) the effective date of such action; and (d) the nature of any denial or limitation of access.

6. A list of all amendments in the information in Form 21-101F1 or 21-101F2 that were filed with the Canadian securities regulatory authorities and implemented during the period covered by the report. The list must include a brief description of each amendment, the date filed and the date implemented.

7. A list of all amendments in the information in Form 21-101F1 or 21-101F2 that have been filed with the Canadian securities regulatory authorities but not implemented as of the end of the period covered by the report. The list must include a brief description of each amendment, the date filed and the reason why it was not implemented.

8. Systems – If any outages occurred at any time during the period for any system relating to trading activity, including trading, routing or data, provide the date, duration and reason for the outage.

B. Marketplace Activity Information

Section 1 – Marketplaces Trading Exchange-Listed Securities

1. **General trading activity** – For each type of security traded on the marketplace, provide the details (where appropriate) requested in the form set out in **Chart 1**. The information should be provided for transactions executed at the opening of the market, during regular trading hours, and after hours during the quarter. Enter "None", "N/A", or "0" where appropriate.

Chart 1 – General trading activity for marketplaces trading exchange-listed securities

Category of Securities	Volume		Value		Number of Trades	
	Transparent	Non-transparent	Transparent	Non-transparent	Transparent	Non-transparent
Exchange-Traded Securities						
1. Equity (includes preferred shares)						
2. Exchange-traded funds (ETFs)						
3. Debt securities						
4. Options						
Foreign Exchange-Traded Securities						
1. Equity (includes preferred shares)						
2. ETFs						
3. Debt securities						
4. Options						

2. **Crosses** – Provide the details (where appropriate) requested in the form set out in **Chart 2** below for each type of cross executed on the marketplace for trades executed at the opening of the market, during regular trading and after hours during the quarter. Enter "None", "N/A", or "0" where appropriate.

Chart 2 – Crosses

Types of Crosses	% Volume	% Value	% Number of Trades
% of exchange-traded securities that are			
1. Intentional Crosses[1]			
2. Internal crosses			
3. Other crosses			

[1] See definition of an Internal and Intentional Cross in Section 1.1 of the Universal Market Integrity Rules.

3. **Order information** – Provide the details (where appropriate) requested in the form set out in **Chart 3** below for each type of order in exchange traded securities executed on the marketplace for orders entered at the opening of the market, during regular trading and after hours during the quarter. Enter “none”, “N/A” or “0” where appropriate.

Chart 3 – Order information

Types of Orders	Number of Orders	% Orders Executed	% Orders Cancelled[2]
1. Anonymous[3]			
2. Fully transparent			
3. Pegged Orders			
4. Fully hidden			
5. Separate dark facility of a transparent market			
6. Partially hidden (reserve)			
7. Total number of orders entered during the quarter			

4. **Trading by security** – Provide the details requested in the form set out in **Chart 4** below for the 10 most traded securities on the marketplace (based on the volume of securities traded) for trades executed at the opening of the market, during regular trading and after hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate.

Chart 4 – Most traded securities

Category of Securities	Volume	Value	Number of Trades
Exchange-Traded Securities			
1. Equity (includes preferred shares) [Name of Securities] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.			
2. ETFs [Name of Securities] 1. 2.			

[2] By cancellations, we mean "pure" cancellations, i.e. cancellations that do not result in a new and amended order.

[3] Orders executed under ID 001.

Category of Securities	Volume	Value	Number of Trades
3. 4. 5. 6. 7. 8. 9. 10.			
3. Debt [Enter issuer, maturity and coupon] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.			
Foreign Exchange-Traded Securities			
1. Equity (includes preferred shares) [Name of Securities] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.			
2. ETFs [Name of Securities] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.			
3. Debt [Name of Securities]			

Category of Securities	Volume	Value	Number of Trades
1. 2. 3. 4. 5. 6. 7. 8. 9. 10.			

5. **Trading by marketplace participant** – Provide the details requested in the form set out in **Chart 5** below for the top 10 marketplace participants (based on the volume of securities traded). The information should be provided for the total trading volume, including for trades executed at the opening of the market, during regular trading and after hours during the quarter. Enter "None", "N/A", or "0" where appropriate. Where a marketplace's marketplace participants are dealers and non-dealers, the marketplace should complete a separate chart for each.

Chart 5 – Concentration of trading by marketplace participant

Marketplace Participant Name	Total Active Volume	Total Passive Volume
1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		

6. **Routing activities** – Indicate the percentage of marketplace participants that used marketplace-owned or third-party or affiliated routing services during the reporting period. In addition, provide the information in **Chart 6** below.

Chart 6 – Routing of marketplace orders

Number of orders executed on the reporting marketplace	
Number of orders routed to away marketplaces (list all marketplaces where orders were routed)	
Number of orders that are marked and treated as Directed Action Orders (DAO)	

7. **Co-location** – Indicate the percentage of marketplace participants that are using the marketplace's co-location services, if any.

Section 2 – Fixed Income Marketplaces

1. **General trading activity** – Provide the details (where appropriate) requested in the form set out in **Chart 7** below for each type of fixed income security traded on the marketplace for transactions executed during regular trading hours. Enter "None", "N/A", or "0" where appropriate.

Chart 7 – Fixed income activity

Category of Securities	Value Traded	Number of Trades
Domestic Unlisted Debt Securities – Government		
1. Federal		
2. Federal Agency		
3. Provincial and Municipal		
Domestic Unlisted Debt Securities – Corporate		
Domestic Unlisted Debt Securities – Other		
Foreign Unlisted Debt Securities – Government		
Foreign Unlisted Debt Securities – Corporate		
Foreign Unlisted Debt Securities – Other		

2. **Trading by security** – Provide the details requested in the form set out in **Chart 8** below for the 10 most traded fixed income securities on the marketplace (based on the value of the volume traded) for trades executed during regular trading hours during the quarter. Enter "None", "N/A", or "0" where appropriate.

Chart 8 – Most traded fixed income securities

Category of Securities	Value Traded	Number of Trades
Domestic Unlisted Debt Securities – Government 1. Federal [Enter issuer, maturity, coupon] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
2. Federal Agency [Enter issuer, maturity, coupon] 1. 2. 3. 4. 5. 6. 7.		

Category of Securities	Value Traded	Number of Trades
8. 9. 10.		
3. Provincial and Municipal [Enter issuer, maturity, coupon] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
Domestic Unlisted Debt Securities – **Corporate** [Enter issuer, maturity, coupon] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
Domestic Unlisted Debt Securities – **Other** [Enter issuer, maturity, coupon] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
Foreign Unlisted Debt Securities – **Government** [Enter issuer, maturity, coupon] 1. 2. 3. 4. 5. 6.		

Category of Securities	Value Traded	Number of Trades
7. 8. 9. 10.		
Foreign Unlisted Debt Securities – **Corporate** [Enter issuer, maturity, coupon] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
Foreign Unlisted Debt Securities – **Other** [Enter issuer, maturity, coupon] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		

3. **Trading by marketplace participant** – Provide the details requested in the form set out in **Chart 9** below for the top 10 marketplace participants for trades executed during regular trading hours during the quarter. Enter "None", "N/A", or "0" where appropriate. If marketplace participants are dealers and non-dealer institutions, the marketplace should complete a separate chart for each.

Chart 9 – Concentration of trading by marketplace participant

Marketplace Participant Name	Value Traded
1. 2. 3. 4. 5. 6. 7. 8. 9. 10.	

Section 3 – Securities Lending Marketplaces

1. **General lending activity** – Please provide details (where appropriate) requested in the form set out in **Chart 10** below for each type of securities loaned on the marketplace. Enter "None", "N/A" or "0" where appropriate.

Chart 10 – Lending activity

Category of Securities	Quantity of Securities Lent During the Quarter	Aggregate Value of Securities Lent During the Quarter
Domestic		
1. Corporate Equity Securities		
1.1. Common Shares		
1.2. Preferred Shares		
2. Non-Corporate Equity Securities (e.g. trust units, partnership units, etc.) (please specify)		
3. Government Debt Securities		
4. Corporate Debt Securities		
5. Other Fixed Income Securities (please specify)		
Foreign		
1. Corporate Equity Securities		
1.1. Common Shares		
1.2. Preferred Shares		
2. Non-Corporate Equity Securities (e.g. trust units, partnership units, etc.)(please specify)		
3. Government Debt Securities		
4. Corporate Debt Securities		
5. Other Fixed Income Securities (please specify)		

2. **Trading by marketplace participant** – Provide the details requested in the form set out in **Chart 11** and **Chart 12** below for the top 10 borrowers and lenders based on their aggregate value of securities borrowed or loaned, respectively, during the quarter.

Chart 11 – Concentration of activity by borrower

Borrower Name	Aggregate Value of Securities Borrowed During the Quarter
1. 2. 3. 4. 5. 6. 7. 8. 9. 10.	

Chart 12 – Concentration of activity by lender

Lender Name	Aggregate Value of Securities Loaned During the Quarter
1. 2. 3. 4. 5. 6. 7. 8. 9. 10.	

3. **Lending activity by security** – Provide the details requested in the form set out in **Chart 13** below for the 10 most loaned securities on the marketplace (based on the quantity of securities loaned during the quarter). Enter "None", "N/A" or "0" where appropriate.

Chart 13 – **Most loaned securities**

Category of Securities	Quantity of Securities Lent During the Quarter	Aggregate Value of Securities Lent During the Quarter
Domestic		
1. Common Shares [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
2. Preferred Shares [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
3. Non-Corporate Equity Securities [Name of Security] 1. 2.		

Category of Securities	Quantity of Securities Lent During the Quarter	Aggregate Value of Securities Lent During the Quarter
3. 4. 5. 6. 7. 8. 9. 10.		
4. Government Debt Securities [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
5. Corporate Debt Securities [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
6. Other Fixed Income Securities [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
Foreign		
1. Common Shares [Name of Security] 1.		

Category of Securities	Quantity of Securities Lent During the Quarter	Aggregate Value of Securities Lent During the Quarter
2. 3. 4. 5. 6. 7. 8. 9. 10.		
2. Preferred Shares [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
3. Non-Corporate Equity Securities [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
4. Government Debt Securities [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
5. Corporate Debt Securities [Name of Security] 1. 2.		

Category of Securities	Quantity of Securities Lent During the Quarter	Aggregate Value of Securities Lent During the Quarter
3. 4. 5. 6. 7. 8. 9. 10.		
6. Other Fixed Income Securities [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		

Section 4 – Derivatives Marketplaces in Quebec

1. **General trading activity** – For each category of product traded on the marketplace, provide the details (where appropriate) requested in the form set out in **Chart 14** below. For products other than options on ETFs and equity options, provide the details on a product-by-product basis in the appropriate category. Details for options on ETFs and equity options should be provided on an aggregate basis (one total for options on ETFs and one for options on equities). The information should be provided for transactions executed in the early session, during the regular session, and in the extended session during the quarter. Enter "None", "N/A", or "0" where appropriate.

Chart 14 – General trading activity

Category of Product	Volume	Number of Trades	Open Interest (Number/End of Quarter)
Futures Products			
1(a) Interest rate – short term			
1(b) Interest rate – long term			
2. Index			
3. ETF			
4. Equity			
5. Currency			
6. Energy			
7. Others, please specify			
Options Products			
1(a) Interest rate -short term			

Category of Product	Volume	Number of Trades	Open Interest (Number/End of Quarter)
1(b) Interest rate – long term			
2. Index			
3. ETF			
4. Equity			
5. Currency			
6. Energy			
7. Others, please specify			

2. **Trades resulting from pre-negotiation discussions** – Provide the details (where appropriate) requested in the form set out in **Chart 15** below by product and for each type of trade resulting from pre-negotiation discussions. For products other than options on ETFs and equity options, provide the details on a product-by-product basis in the appropriate category. Details for options on ETFs and equity options should be provided on an aggregate basis (one total for options on ETFs and one for options on equities). The information should be provided for trades executed in the early session, during the regular session and in the extended session during the quarter. Enter "None", "N/A", or "0" where appropriate.

Chart 15 –Trades resulting from pre-negotiation discussions

Type of Trade	% of Volume	% Number of Trades
Futures Products		
A. Cross		
B. Pre-arranged		
C. Block		
D. Exchange for physical		
E. Exchange for risk		
F. Riskless basis cross		
G. Others, please specify		
Options Products		
A. Cross		
B. Pre-arranged		
C. Block		
D. Others, please specify		

3. **Order information** – Provide the details (where appropriate) requested in the form set out in **Chart 16** below by product and for each type of order in exchange traded contracts executed on the marketplace. For products other than options on ETFs and equity options, provide the details on a product-by-product basis in the appropriate category. Details for options on ETFs and equity options should be provided on an aggregate basis (one total for options on ETFs and one for options on equities).The information should be provided for orders entered in the early session, during the regular session and in the extended session during the quarter. Enter "none", "N/A" or "0" where appropriate.

Chart 16 – Order information

Type of Orders	% Volume	% Number of Trades
1. Anonymous		
2. Fully transparent		
3. Pegged orders		
4. Fully hidden		
5. Separate dark facility of a transparent market		
6. Partially hidden (reserve, for example, iceberg orders)		

4. **Trading by product** – Provide the details requested in the form set out in **Chart 17** below. For each product other than options on ETFs and equity options, list the most actively-traded contracts (by volume) on the marketplace that in the aggregate constitute at least 75% of the total volume for each product during the quarter. The list must include at least 3 contracts. For options on ETFs and equity options, list the 10 most actively traded classes by volume. Details for options on ETFs and equity options should be provided on an aggregate basis (one total for options on ETFs and one for options on equities). The information should be provided for trades executed in the early session, during the regular session and in the extended session during the quarter. Enter "None", "N/A", or "0" where appropriate.

Chart 17 – Most traded contracts

Category of Product	Volume	Number of Trades	Open Interest (Number/End of Quarter)
Futures Products			
1. Name of products – 3 most-traded contracts (or more as applicable) 1. 2. 3.			
Options Products			
2. ETF [Classes] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.			
3. Equity [Classes] 1.			

2. 3. 4. 5. 6. 7. 8. 9. 10.			
4. Other listed options (specify for each) – 3 most traded contracts (or more as applicable) 1. 2. 3.			

5. **Concentration of trading by marketplace participant** – Provide the details requested in the form set out in **Chart 18** below. For each product other than options on ETFs and equity options, list the top marketplace participants whose aggregate trading (by volume) constituted at least 75% of the total volume traded. The list must include at least 3 marketplace participants. For options on ETFs and equity options, provide the top 10 most active marketplace participants (by volume). The information should be provided on an aggregate basis (one total for options on ETFs and one for options on equities). The information should be provided for trades executed in the early session, during the regular session and in the extended session during the quarter. Enter "None", "N/A", or "0" where appropriate.

Chart 18 – Concentration of trading by marketplace participant

Product Name	Marketplace Participant Name	Volume
Futures		
Product Name (specify for each)	1. 2. 3. (more if necessary)	
Options		
ETF	1. 2. 3. 4. 5. 6. 7. 8. 9. 10.	
Equity	1. 2. 3. 4. 5. 6. 7. 8. 9. 10.	
Other options (specify for each)	1. 2.	

	3. (more if necessary)	

6. Co-location

Indicate the percentage of marketplace participants that are using the marketplace's co-location services, if any.

C. Certificate of Marketplace

The undersigned certifies that the information given in this report relating to the marketplace is true and correct.

DATED at_____this_____day of_____20___

_____
(Name of Marketplace)

_____
(Name of director, officer or partner – please type or print)

_____
(Signature of director, officer or partner)

_____
(Official capacity – please type or print)*"*

18. Form 21-101F5 Initial Operation Report for Information Processor is replaced with the following:

FORM 21-101F5
INITIAL OPERATION REPORT FOR INFORMATION PROCESSOR

TYPE OF FILING:

☐ **INITIAL FORM** ☐ **AMENDMENT**

GENERAL INFORMATION

1. Full name of information processor:

2. Name(s) under which business is conducted, if different from item 1:

3. If this filing makes a name change on behalf of the information processor in respect of the name set out in item 1 or item 2, enter the previous name and the new name:

   Previous name:

   New name:

4. Head office

   Address:

   Telephone:

   Facsimile:

5. Mailing address (if different):

6. Other offices
   Address:

   Telephone:

   Facsimile:

7. Website address:

8. Contact employee

   Name and title:

   Telephone number:

   Facsimile:

   E-mail address:

9. Counsel

   Firm name:

   Contact name:

   Telephone number:

   Facsimile:

   E-mail address:

10. List of all marketplaces, dealers or other parties for which the information processor is acting or for which it proposes to act as an information processor. For each marketplace, dealer or other party, provide a description of the function(s) which the information processor performs or proposes to perform.

11. List all types of securities for which information will be collected, processed, distributed or published by the information processor. For each such marketplace, dealer or other party, provide a list of all securities for which information with respect to quotations for, or transactions in, is or is proposed to be collected, processed, distributed or published.

Exhibits

File all Exhibits with the Initial Form. For each Exhibit, include the name of the information processor, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect shall be furnished instead of such Exhibit.

If the information processor files an amendment to the information provided in its Initial Form, and the information relates to an Exhibit filed with the Initial Form or a subsequent amendment, the information processor must, in order to comply with sections 14.1 and 14.2 of National Instrument 21-101 provide a description of the change, the expected date of the implementation of the change, and file a complete and updated Exhibit. The information processor must provide a clean and a blacklined version showing changes from the previous filing.

Exhibit A – Corporate Governance

1. Legal status:

   ☐ Corporation

   ☐ Sole Proprietorship

   ☐ Partnership

   ☐ Other (specify):

2. Except where the information processor is a sole proprietorship, indicate the date and place where the information processor obtained its legal status (e.g., place of incorporation, place where partnership agreement was filed or where information processor was formed):

    1. Date (DD/MM/YYYY) of formation.

    2. Place of formation.

    3. Statute under which the information processor was organized.

3. Provide a copy of the constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents, and all subsequent documents.

4. Provide the policies and procedures which promote independence of the information processor from the marketplaces, inter-dealer bond brokers and dealers that provide data.

5. Provide the policies and procedures which address the potential conflicts of interest between the interests of the information processor and its owners, partners, directors and officers.

Exhibit B – Ownership

List any person or company who owns 10 percent or more of the information processor's outstanding shares or who, either directly or indirectly, through agreement or otherwise, in any other manner, may control or direct the management or policies of the information processor. Provide the full name and address of each such person and attach a copy of the agreement or, if there is none written, describe the agreement or basis through which such person exercises or may exercise such control or direction.

Exhibit C – Organization

1. A list of the partners, directors, governors, and members of the board of directors and any standing committees of the board or persons performing similar functions who presently hold or have held their offices or positions during the previous year identifying those individuals with overall responsibility for the integrity and timeliness of data reported to and displayed by the system (the "System") of the information processor, indicating the following for each:

    1. Name.

    2. Principal business or occupation and title.

    3. Dates of commencement and expiry of present term of office or position.

    4. Type of business in which each is primarily engaged and current employer.

    5. Type of business in which each was primarily engaged in the preceding five years, if different from that set out in item 4.

    6. Whether the person is considered to be an independent director.

    7. A list of the committees of the board, including their mandates.

    8. A narrative or graphic description of the organizational structure of the information processor.

Exhibit D – Staffing

A description of the personnel qualifications for each category of professional, non-professional and supervisory employee employed by the information processor. Detail whether the personnel are employed by the information processor or a third party, identifying the employees responsible for monitoring the timeliness and integrity of data reported to and displayed by the System.

Exhibit E – Affiliates

For each affiliated entity of the information processor, and for any person or company with whom the information processor has a contractual or other agreement relating to the operations of the information processor, including loans or cross-guarantees, provide the following information:

1. Name and address of person or company.

2. Form of organization (e.g., association, corporation, partnership, etc.).

3. Name of location and statute citation under which organized.

4. Date of incorporation in present form.

5. Description of nature and extent of affiliation and/or contractual or other agreement with the information processor.

6. Description of business or functions of the affiliates.

7. If a person or company has ceased to be an affiliated entity of the information processor during the previous year or ceased to have a contractual or other agreement relating to the operation of the information processor during the previous year, provide a brief statement of the reasons for termination of the relationship.

Exhibit F – Services

A description in narrative form of each service or function performed by the information processor. Include a description of all procedures utilized for the collection, processing, distribution, validation and publication of information with respect to orders and trades in securities.

Exhibit G – System and Operations

1. Describe the manner of operation of the System of the information processor that collects, processes, distributes and publishes information in accordance with National Instruments 21-101 and 23-101. This description should include the following:

    1. The means of access to the System.

    2. Procedures governing entry and display of quotations and orders in the System including data validation processes.

    3. A description of any measures used to verify the timeliness and accuracy of information received and disseminated by the system, including the processes to resolve data integrity issues identified.

    4. The hours of operation of the System.

    5. Description of the training provided to users of the System and any materials provided to the users.

2. Include a list of all computer hardware utilized by the information processor to perform the services or functions listed in Exhibit F, indicating:

    1. Manufacturer, and manufacturer's equipment and identification number.

    2. Whether purchased or leased (if leased, duration of lease and any provisions for purchase or renewal).

    3. Where such equipment (exclusive of terminals and other access devices) is physically located.

3. Provide a description of the measures or procedures implemented by the information processor to provide for the security of any system employed to perform the functions of an information processor. This should include a general description of any physical and operational safeguards designed to prevent unauthorized access to the system.

4. Provide a description of all backup systems which are designed to prevent interruptions in the performance of any information providing functions as a result of technical malfunctions or otherwise in the system itself, in any permitted input or output system connection or as a result of any independent source.

5. Describe the business continuity and disaster recovery plans of the information processor, and provide any relevant documentation.

6. List each type of interruption which has lasted for more than two minutes and has occurred within the six (6) months preceding the date of the filing, including the date of each interruption, the cause and duration. Provide the total number of interruptions which have lasted two minutes or less.

7. Describe the procedures for reviewing system capacity, and indicate current and future capacity estimates.

8. Quantify in appropriate units of measure the limits on the information processor's capacity to receive, collect, process, store or display the data elements included within each function.

9. Identify the factors (mechanical, electronic or other) which account for the current limitations on the capacity to receive, collect, process, store or display the data elements included within each function described in section 8 above.

10. Describe the procedures for conducting stress tests.

Exhibit H – Outsourcing

Where the information processor has outsourced the operation of any aspect of the services listed in Exhibit F to an arms-length third party, including any function related to the collection, consolidation, and dissemination of data, provide the following information:

1. Name and address of person or company to whom the function has been outsourced.

2. A description of the nature and extent of the contractual or other agreement with the information processor, and the roles and responsibilities of the arms-length third party under the arrangement.

3. A copy of each material contract relating to any outsourced function.

Exhibit I – Financial Viability

1. Provide a business plan with pro forma financial statements and estimates of revenue.

2. Discuss the financial viability of the information processor in the context of having sufficient financial resources to properly perform its functions.

Exhibit J – Fees and Revenue Sharing

1. Provide a complete list of all fees and other charges imposed, or to be imposed, by or on behalf of the information processor for its information services. This would include all fees to provide data and fees to receive the data from the information processor.

2. Where arrangements exists to share revenue from the sale of data disseminated by the information processor with marketplaces, inter-dealer bond brokers and dealers that provide data to the information processor in accordance with National Instrument 21-101, a complete description of the arrangements and the basis for these arrangements.

Exhibit K – Reporting to the Information Processor

1. List all persons and entities that provide data to the information processor in accordance with the requirements of National Instrument 21-101.

2. Provide a complete set of all forms, agreements and other materials pertaining to the provision of data to the information processor.

3. A description of any specifications or criteria required of marketplaces, inter-dealer bond brokers or dealers who provide securities information to the information processor for collection, processing for distribution or publication. Identify those specifications or criteria which limit, are interpreted to limit or have the effect of limiting access to or use of any services provided by the information processor and state the reasons for imposing such specifications or criteria.

4. For each instance during the past year in which any person or entity has been prohibited or limited to provide data by the information processor, indicate the name of each such person or entity and the reason for the prohibition or limitation.

Exhibit L – Access to the Services of the Information Processor

1. A list of all persons and entities who presently subscribe or who have notified the information processor of their intention to subscribe to the services of the information processor.

2. The form of contract governing the terms by which persons may subscribe to the services of an information processor.

3. A description of any specifications or criteria which limit, are interpreted to limit or have the effect of limiting access to or use of any services provided by the information processor and state the reasons for imposing such specifications or criteria. This applies to limits relating to providing information to the information processor and the limits relating to accessing the consolidated feed distributed by the information processor.

4. For each instance during the past year in which any person has been prohibited or limited in respect of access to services offered by the information processor, indicate the name of each such person and the reason for the prohibition or limitation.

Exhibit M – Selection of Securities for which Information Must Be Reported to the Information Processor

Where the information processor is responsible for making a determination of the data which must be reported, including the securities for which information must be reported in accordance with National Instrument 21-101, describe the manner of selection and communication of these securities. This description should include the following:

1. The criteria used to determine the securities for which information must be reported and the data which must be reported to the information processor.

2. The process for selection of the securities, including a description of the parties consulted in the process and the frequency of the selection process.

3. The process to communicate the securities selected and data to be reported to the marketplaces, inter-dealer bond brokers and dealers providing the information as required by National Instrument 21-101. The description should include where this information is located.

CERTIFICATE OF INFORMATION PROCESSOR

The undersigned certifies that the information given in this report is true and correct.

DATED at _____this _____ day of _____ 20 _____

_____
(Name of information processor)

_____
(Name of director, officer or partner – please type or print)

_____
(Signature of director, officer or partner)

_____
(Official capacity – please type or print)**".**

****

19. (1) Subject to subsection (2), this Instrument comes into force on July 1, 2012.

(2) Section 17 of this Instrument comes into force on December 31, 2012.

REPEAL OF OSC RULE 21-501

Deferral of Information Transparency Requirements for Government Debt Securities in National Instrument 21-101 Marketplace Operation

1. Ontario Securities Commission Rule 21-501 Deferral of Information Transparency Requirements for Government Debt Securities in National Instrument 21-101 Marketplace Operation is repealed by this Instrument.

2. This Instrument comes into force on July 1, 2012.

SCHEDULE

1. The changes to Companion Policy 21-101CP to National Instrument 21-101 Marketplace Operation are set out in this Schedule.

2. Part 1 is amended by

(a) replacing section 1.1 with the following:

1.1 Introduction – Exchanges, quotation and trade reporting systems and ATSs are marketplaces that provide a market facility or venue on which securities can be traded. The areas of interest from a regulatory perspective are in many ways similar for each of these marketplaces since they may have similar trading activities. The regulatory regime for exchanges and quotation and trade reporting systems arises from the securities legislation of the various jurisdictions. Exchanges and quotation and trade reporting systems are recognized under orders from the Canadian securities regulatory authorities, with various terms and conditions of recognition. ATSs, which are not recognized as exchanges or quotation and trade reporting systems, are regulated under National Instrument 21-101 Marketplace Operation (the Instrument) and National Instrument 23-101 Trading Rules (NI 23-101). The Instruments, which were adopted at a time when new types of markets were emerging, provide the regulatory framework that allows and regulates the operation of multiple marketplaces.

The purpose of this Companion Policy is to state the views of the Canadian securities regulatory authorities on various matters related to the Instrument, including:

(a) a discussion of the general approach taken by the Canadian securities regulatory authorities in, and the general regulatory purpose for, the Instrument; and

(b) the interpretation of various terms and provisions in the Instrument.**;**

(b) replacing section 1.2 with the following:

1.2 Definition of Exchange-Traded Security – Section 1.1 of the Instrument defines an "exchange-traded security" as a security that is listed on a recognized exchange or is quoted on a recognized quotation and trade reporting system or is listed on an exchange or quoted on a quotation and trade reporting system that is recognized for the purposes of the Instrument and NI 23-101.

If a security trades on a recognized exchange or recognized quotation and trade reporting system on a “when issued” basis, as defined in IIROC’s Universal Market Integrity Rules, the security would be considered to be listed on that recognized exchange or quoted on that recognized quotation and trade reporting system and would therefore be an exchange-traded security.

If no “when issued” market has been posted by a recognized exchange or recognized quotation and trade reporting system for a security, an ATS may not allow this security to be traded on a “when issued” basis on its marketplace.

A security that is inter-listed would be considered to be an exchange-traded security. A security that is listed on a foreign exchange or quoted on a foreign quotation and trade reporting system, but is not listed or quoted on a domestic exchange or quotation and trade reporting system, falls within the definition of “foreign exchange-traded security”.**.**

3. Part 2 is amended by

(a) in subsection 2.1(5) replacing “1.***” with “***(a)***”, “***2.***” with “***(b)***” and “***3.***” with “***(c)***”;***

(b) deleting “trading for the purposes of securities legislation and is***” from subsection 2.1(6);***

(c) replacing “Inter-dealer bond brokers***” with “***Inter-dealer bond brokers that conduct traditional inter-dealer bond broker activity***” in subsection 2.1(7); and***

(d) adding the following:

(8) Section 1.2 of the Instrument contains an interpretation of the definition of “marketplace”. The Canadian securities regulatory authorities do not consider a system that only routes unmatched orders to a

marketplace for execution to be a marketplace. If a dealer uses a system to match buy and sell orders or pair orders with contra-side orders outside of a marketplace and route the matched or paired orders to a marketplace as a cross, the Canadian securities regulatory authorities may consider the dealer to be operating a marketplace under paragraph (c) of the definition of "marketplace". The Canadian securities regulatory authorities encourage dealers that operate or plan to operate such a system to meet with the applicable securities regulatory authority to discuss the operation of the system and whether the dealer's system falls within the definition of "marketplace"..

4. Part 3 is amended by

(a) replacing "Canadian securities legislation***" with "***Securities legislation***" in subsection 3.1(1);***

(b) replacing the first instance of "Canadian securities legislation***" with "***Securities legislation***" and the second instance of "***Canadian securities legislation***" with "***securities legislation***" in subsection 3.2(1);***

(c) replacing "subsection***" with "***paragraph***" in subsection 3.4(3);***

(d) replacing "Canadian securities legislation***" with "***securities legislation***" in subsection 3.4(3);***

(e) replacing "subsection 6.1(a) of the Instrument***" with "***paragraph 6.1(a) and all other requirements in the Instrument and in NI 23-101***" in subsection 3.4(4);***

(f) replacing "Subsection***" with "***Paragraph***" in subsection 3.4(5);***

(g) replacing subsection 3.4(7) with the following:

(7) Subsection 6.7(1) of the Instrument requires an ATS to notify the securities regulatory authority if one of three thresholds is met or exceeded. Upon being informed that one of the thresholds is met or exceeded, the securities regulatory authority intends to review the ATS and its structure and operations in order to consider whether the person or company operating the ATS should be considered to be an exchange for purposes of securities legislation or if additional terms and conditions should be placed on the registration of the ATS. The securities regulatory authority intends to conduct this review because each of these thresholds may be indicative of an ATS having significant market presence in a type of security, such that it would be more appropriate that the ATS be regulated as an exchange. If more than one Canadian securities regulatory authority is conducting this review, the reviewing jurisdictions intend to coordinate their review. The volume thresholds referred to in subsection 6.7(1) of the Instrument are based on the type of security. The Canadian securities regulatory authorities consider a type of security to refer to a distinctive category of security such as equity securities, debt securities or options.**; *and***

(h) repealing subsection 3.4(9).

5. Part 4 is amended by

(a) replacing "In exercising this discretion***" in subsection 4.1(2) with "***In determining whether it is in the public interest to recognize an exchange or quotation and trade reporting system***";***

(b) deleting "and***" at the end of paragraph 4.1(2)(c);***

(c) replacing "." ***with "***;***" at the end of paragraph 4.1(2)(d);***

(d) adding the following after paragraph 4.1(d):

(e) whether the exchange or quotation and trade reporting system has policies and procedures to effectively identify and manage conflicts of interest arising from its operation or the services it provides;

(f) whether the requirements of the exchange or quotation and trade reporting system relating to access to its services are fair and reasonable; and

(g) whether the exchange or quotation and trade reporting system's process for setting fees is fair, transparent and appropriate, and whether the fees are equitably allocated among the participants, issuers and other users of services, do not have the effect of creating barriers to access and at the

same time ensure that the exchange or quotation and trade reporting system has sufficient financial resources for the proper performance of its functions.***; and***

(e) adding the following:

4.2 Process

Although the basic requirements or criteria for recognition of an exchange or quotation and trade reporting system may be similar in various jurisdictions, the precise requirements and the process for seeking a recognition or an exemption from recognition in each jurisdiction is determined by that jurisdiction..

6. Part 5 is amended by

(a) adding "However, if those prices or quantities are implied and determinable, for example, by knowing the features of the marketplace, the indications of interest may be considered an order.***" at the end of subsection 5.1(1);***

(b) replacing subsection 5.1(2) with the following:

(2) The terminology used is not determinative of whether an indication of interest constitutes an order. Instead, whether or not an indication is "firm" will depend on what actually takes place between the buyer and seller. At a minimum, the Canadian securities regulatory authorities will consider an indication to be firm if it can be executed without further discussion between the person or company entering the indication and the counterparty (i.e. the indication is “actionable”). The Canadian securities regulatory authorities would consider an indication of interest to be actionable if it includes sufficient information to enable it to be executed without communicating with the marketplace participant that entered the order. Such information may include the symbol of the security, side (buy or sell), size, and price. The information may be explicitly stated, or it may be implicit and determinable based on the features of the marketplace. Even if the person or company must give its subsequent agreement to an execution, the Canadian securities regulatory authorities will still consider the indication to be firm if this subsequent agreement is always, or almost always, granted so that the agreement is largely a formality. For instance, an indication where there is a clear or prevailing presumption that a trade will take place at the indicated or an implied price, based on understandings or past dealings, will be viewed as an order.***;***

(c) renumbering subsection 5.1(4) as subsection 5.1(5); and

(d) adding the following after subsection 5.1(3):

(4) The securities regulatory authority may consider granting an exemption from the pre-trade transparency requirements in sections 7.1, 7.3, 8.1 and/or 8.2 of the Instrument to a marketplace for orders that result from a request for quotes or facility that allows negotiation between two parties provided that

(a) order details are shown only to the negotiating parties,

(b) other than as provided by paragraph (a), no actionable indication of interest or order is displayed by either party or the marketplace, and

(c) each order entered on the marketplace meets the size threshold set by a regulation services provider as provided in subsection 7.1(2) of the Instrument..

7. Part 6 is replaced with the following:

PART 6 MARKETPLACE INFORMATION AND FINANCIAL STATEMENTS

6.1 Forms Filed by Marketplaces

(1) The definition of marketplace includes exchanges, quotation and trade reporting systems and ATSs. The legal entity that is recognized as an exchange or quotation and trade reporting system, or registered as a dealer in the case of an ATS, owns and operates the market or trading facility. In some cases, the entity may own and operate more than one trading facility. In such cases the marketplace may file separate forms in respect of each trading facility, or it may choose to file one form covering all of the different trading facilities. If the latter alternative is chosen, the marketplace must clearly identify the facility to which the information or changes apply.

(2) The forms filed by a marketplace under the Instrument will be kept confidential. The Canadian securities regulatory authorities are of the view that the forms contain proprietary financial, commercial and technical information and that the interests of the filers in non-disclosure outweigh the desirability of adhering to the principle that the forms be available for public inspection.

(3) While initial Forms 21-101F1 and 21-101F2 and amendments thereto are kept confidential, certain Canadian securities regulatory authorities may publish a summary of the information included in the forms filed by a marketplace, or information related to significant changes to the forms of a marketplace, where the Canadian securities regulatory authorities are of the view that a certain degree of transparency for certain aspects of a marketplace would allow investors and industry participants to be better informed as to how securities trade on the marketplace.

(4) Under subsection 3.2(1) of the Instrument, a marketplace is required to file an amendment to the information provided in Form 21-101F1 or Form 21-101F2, as applicable, at least 45 days prior to implementing a significant change. The Canadian securities regulatory authorities consider a significant change to be a change that could significantly impact a marketplace, marketplace participants, investors, or the Canadian capital markets. The Canadian securities regulatory authorities would consider significant changes to include:

(a) changes in the structure of the marketplace, including procedures governing how orders are entered, displayed (if applicable), executed, how they interact, are cleared and settled;

(b) new or changes to the services provided by the marketplace, including the hours of operation;

(c) new or changes to the means of access to the market or facility and its services;

(d) new or changes to order types;

(e) new or changes to types of securities traded on the marketplace;

(f) new or changes to types of securities listed on exchanges or quoted on quotation and trade reporting systems;

(g) new or changes to types of marketplace participants;

(h) changes to the systems and technology used by the marketplace that support order entry, order routing, execution, trade reporting, trade comparison, data feeds, co-location and, if applicable, market surveillance and trade clearing, including those affecting capacity;

(i) changes to the governance of the marketplace, including the structure of its board of directors and changes in the board committees and their mandates;

(j) changes in control over marketplaces;

(k) changes in affiliates that provide services to or on behalf of the marketplace;

(l) new or changes in and outsourcing arrangements for key marketplace services or systems;

(m) new or changes in custody arrangements; and

(n) changes in fees and the fee model of the marketplace.

(5) Significant changes would not include changes to information in Form 21-101F1 or Form 21-101F2 that

(a) would not have an impact on the marketplace's market structure or marketplace participants on investors, issuers or the capital markets; or

(b) are housekeeping or administrative changes such as

(i) changes in the routine processes, policies, practices or administration of the marketplace,

(ii) changes due to standardization of terminology,

(iii) corrections of spelling or typographical errors,

(iv) necessary changes to conform to applicable regulatory or legal requirements, and

(v) minor system or technology changes that would not significantly impact the system or its capacity.

Such changes would be filed in accordance with the requirements outlined in subsection 3.2(3) of the Instrument.

(6) The Canadian securities regulatory authorities generally consider a change in a marketplace's fees or fee structure to be a significant change. However, the Canadian securities regulatory authorities recognize that in the current, competitive multiple marketplace environment, which may at times require that frequent changes be made to the fees or fee structure of marketplaces, marketplaces may need to implement fee changes within tight timeframes. To facilitate this process, subsection 3.2(2) of the Instrument provides that marketplaces may provide information describing the change in fees or fee structure in a shorter timeframe, at least seven business days before the expected implementation date of the change in fees or fee structure.

(7) For the changes referred to in subsection 3.2(3) of the Instrument, the Canadian securities regulatory authorities may review these filings to ascertain the appropriateness of the categorization of such filings. The marketplace will be notified in writing if there is disagreement with respect to the categorization of the filing.

(8) The Canadian securities regulatory authorities will make best efforts to review amendments to Forms 21-101F1 and 21-101F2 within the timelines specified in subsections 3.2(1) and (2) of the Instrument. However, where the changes are complex, raise regulatory concerns, or when additional information is required, the period for review may exceed these timeframes. The Canadian securities regulatory authorities will review changes to the information in Forms 21-101F1 and 21-101F2 in accordance with staff practices in each jurisdiction.

(9) Section 3.3 of the Instrument requires a marketplace to file Form 21-101F3 by the following dates: April 30 (for the quarter ending March 31), July 30 (for the quarter ending June 30), October 30 (for the quarter ending September 30) and January 30 (for the quarter ending December 31).

6.2 Filing of Financial Statements

Part 4 of the Instrument sets out the financial reporting requirements applicable to marketplaces. Subsections 4.1(2) and 4.2(2) respectively require an ATS to file audited financial statements initially, together with Form 21-101F2, and on an annual basis thereafter. These financial statements may be in the same form as those filed with IIROC. The annual audited financial statements may be filed with the Canadian securities regulatory authorities at the same time as they are filed with IIROC..

8. Part 7 is replaced with the following:

PART 7 MARKETPLACE REQUIREMENTS

7.1 Access Requirements

(1) Section 5.1 of the Instrument sets out access requirements that apply to a marketplace. The Canadian securities regulatory authorities note that the requirements regarding access for marketplace participants do not restrict the marketplace from maintaining reasonable standards for access. The purpose of these access requirements is to ensure that rules, policies, procedures, and fees, as applicable, of the marketplace do not unreasonably create barriers to access to the services provided by the marketplace.

(2) For the purposes of complying with the order protection requirements in Part 6 of NI 23-101, a marketplace should permit fair and efficient access to

(a) a marketplace participant that directly accesses the marketplace,

(b) a person or company that is indirectly accessing the marketplace through a marketplace participant, or

(c) another marketplace routing an order to the marketplace.

The reference to "a person or company" in paragraph (b) includes a system or facility that is operated by a person or company.

(3) The reference to "services" in section 5.1 of the Instrument means all services that may be offered to a person or company and includes all services relating to order entry, trading, execution, routing, data and includes co-location.

(4) Marketplaces that send indications of interest to a selected smart order router or other system should send the information to other smart order routers or system to meet the fair access requirements of the Instrument.

(5) Marketplaces are responsible for ensuring that the fees they set are in compliance with section 5.1 of the Instrument. In assessing whether its fees unreasonably condition or limit access to its services, a marketplace should consider a number of factors, including

(a) the value of the security traded,

(b) the amount of the fee relative to the value of the security traded,

(c) the amount of fees charged by other marketplaces to execute trades in the market,

(d) with respect to market data fees, the amount of market data fees charged relative to the market share of the marketplace, and,

(e) with respect to order execution terms, including fees, whether the outcome of their application is consistent with the policy goals of order protection.

The Canadian securities regulatory authorities will consider these factors, among others, in determining whether the fees charged by a marketplace unreasonably condition or limit access to its services. With respect to trading fees, it is the view of the Canadian securities regulatory authorities that a trading fee equal to or greater than the minimum trading increment as defined in IIROC's Universal Market Integrity Rules, as amended, would unreasonably condition or limit access to a marketplace's services as it would be inconsistent with the policy goals of order protection. Trading fees below the minimum trading increment may also unreasonably condition or limit access to a marketplace's services when taking into account factors including those listed above.

7.2 Public Interest Rules – Section 5.3 of the Instrument sets out the requirements applicable to the rules, policies and similar instruments adopted by recognized exchanges and recognized quotation and trade reporting systems. These requirements acknowledge that recognized exchanges and quotation and trade reporting systems perform regulatory functions. The Instrument does not require the application of these requirements to an ATS's trading requirements. This is because, unlike exchanges, ATSs are not permitted to perform regulatory functions, other than setting requirements regarding conduct in respect of the trading by subscribers on the marketplace, i.e. requirements related to the method of trading or algorithms used by their subscribers to execute trades in the system. However, it is the expectation of the Canadian securities regulatory authority that the requirement in section 5.7 of the Instrument that marketplaces take reasonable steps to ensure they operate in a manner that does not interfere with the maintenance of fair and orderly markets, applies to an ATS's requirements. Such requirements may include those that deal with subscriber qualification, access to the marketplace, how orders are entered, interact, execute, clear and settle.

7.3 Compliance Rules – Section 5.4 of the Instrument requires a recognized exchange and recognized quotation and trade reporting system to have appropriate procedures to deal with violations of rules, policies or other similar instruments of the exchange or quotation and trade reporting system. This section does not preclude enforcement action by any other person or company, including the Canadian securities regulatory authorities or the regulation services provider.

7.4 Filing of Rules – Section 5.5 of the Instrument requires a recognized exchange and recognized quotation and trade reporting system to file all rules, policies and other similar instruments and amendments as required by the securities regulatory authority. Initially, all rules, policies and other similar instruments will be reviewed before implementation by the exchange or quotation and trade reporting system. Subsequent to recognition, the securities regulatory authority may develop and implement a protocol that will set out the procedures to be followed with respect to the review and approval of rules, policies and other similar instruments and amendments.

7.5 Review of Rules – The Canadian securities regulatory authorities review the rules, policies and similar instruments of a recognized exchange or recognized quotation and trade reporting system in accordance with the recognition order and rule protocol issued by the jurisdiction in which the exchange or quotation and trade reporting system is recognized. The rules of recognized exchanges and quotation and trade reporting systems are included in their rulebooks, and the principles and requirements applicable to these rules are set out in section 5.3 of the Instrument. For an ATS, whose trading requirements, including any trading rules, policies or practices, are incorporated in Form 21-101F2, any changes would be filed in accordance with the filing requirements applicable to changes to

information in Form 21-101F2 set out in subsections 3.2(1) and 3.2(3) of the Instrument and reviewed by the Canadian securities regulatory authorities in accordance with staff practices in each jurisdiction.

7.6 Fair and Orderly Markets – (1)Section 5.7 of the Instrument establishes the requirement that a marketplace take reasonable steps to ensure it operates in a way that does not interfere with the maintenance of fair and orderly markets. This applies both to the operation of the marketplace itself and to the impact of the marketplace's operations on the Canadian market as a whole.

(2) This section does not impose a responsibility on the marketplace to oversee the conduct of its marketplace participants, unless the marketplace is an exchange or quotation and trade reporting system that has assumed responsibility for monitoring the conduct of its marketplace participants directly rather than through a regulation services provider. However, marketplaces are expected in the normal course to monitor order entry and trading activity for compliance with the marketplace's own operational policies and procedures. They should also alert the regulation services provider if they become aware that disorderly or disruptive order entry or trading may be occurring, or of possible violations of applicable regulatory requirements.

(3) Part of taking reasonable steps to ensure that a marketplace's operations do not interfere with fair and orderly markets necessitates ensuring that its operations support compliance with regulatory requirements including applicable rules of a regulation services provider. This does not mean that a marketplace must system-enforce all regulatory requirements. However, it should not operate in a manner that to the best of its knowledge would cause marketplace participants to breach regulatory requirements when trading on the marketplace.

7.7 Confidential Treatment of Trading Information – (1) Subsection 5.10 (2) of the Instrument provides that a marketplace shall not carry on business as a marketplace unless it has implemented reasonable safeguards and procedures to protect a marketplace participant's trading information. These include

(a) limiting access to the trading information of marketplace participants, such as the identity of marketplace participants and their orders, to those employees of, or persons or companies retained by, the marketplace to operate the system or to be responsible for its compliance with securities legislation; and

(b) having in place procedures to ensure that employees of the marketplace cannot use such information for trading in their own accounts.

(2) The procedures referred to in subsection (1) should be clear and unambiguous and presented to all employees and agents of the marketplace, whether or not they have direct responsibility for the operation of the marketplace.

(3) Nothing in section 5.10 of the Instrument prohibits a marketplace from complying with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*. This statement is necessary because an investment dealer that operates a marketplace may be an intermediary for the purposes of National Instrument 54-101, and may be required to disclose information under that Instrument.

7.8 Management of Conflicts of Interest – (1) Marketplaces are required under section 5.11 of the Instrument to maintain and ensure compliance with policies and procedures that identify and manage conflicts of interest arising from the operation of the marketplace or the services it provides. These may include conflicts, actual or perceived, related to the commercial interest of the marketplace, the interests of its owners or its operators, referral arrangements and the responsibilities and sound functioning of the marketplace. For an exchange and quotation and trade reporting system, they may also include potential conflicts between the operation of the marketplace and its regulatory responsibilities.

(2) The marketplace's policies should also take into account conflicts for owners that are marketplace participants. These may include inducements to send order flow to the marketplace to obtain a larger ownership position or to use the marketplace to trade against the clients' order flow. These policies should be disclosed as provided in paragraph 10.1(e) of the Instrument.

7.9 Outsourcing – Section 5.12 of the Instrument sets out the requirements that marketplaces that outsource any of their key services or systems to a service provider, which may include affiliates or associates of the marketplace, must meet. Generally, marketplaces are required to establish policies and procedures to evaluate and approve these outsourcing agreements. Such policies and procedures would include assessing the suitability of potential service providers and the ability of the marketplace to continue to comply with securities legislation in the event of the service provider's bankruptcy, insolvency or termination of business. Marketplaces are also required to monitor the ongoing performance of the service provider to which they outsourced key services, systems or facilities. The requirements

under section 5.12 of the Instrument apply regardless of whether the outsourcing arrangements are with third-party service providers, or with affiliates of the marketplaces..

9. Part 8 is replaced with the following:

PART 8 RISK DISCLOSURE TO MARKETPLACE PARTICIPANTS

8.1 Risk disclosure to marketplace participants – Subsections 5.9(2) and 6.11(2) of the Instrument require a marketplace to obtain an acknowledgement from its marketplace participants. The acknowledgement may be obtained in a number of ways, including requesting the signature of the marketplace participant or requesting that the marketplace participant initial an initial box or check a check-off box. This may be done electronically. The acknowledgement must be specific to the information required to be disclosed under the relevant subsection and must confirm that the marketplace participant has received the required disclosure. The Canadian securities regulatory authorities are of the view that it is the responsibility of the marketplace to ensure that an acknowledgement is obtained from the marketplace participant in a timely manner..

10. Part 9 is amended by replacing subsection 9.1(1) with the following:

(1) Subsection 7.1(1) of the Instrument requires a marketplace that displays orders of exchange-traded securities to any person or company to provide accurate and timely information regarding those orders to an information processor as required by the information processor or, if there is no information processor, to an information vendor that meets the standards set by a regulation services provider. The Canadian securities regulatory authorities consider that a marketplace that sends information about orders of exchange-traded securities, including indications of interest that meet the definition of an order, to a smart order router is "displaying" that information. The marketplace would be subject to the transparency requirements of subsection 7.1(1) of the Instrument. The transparency requirements of subsection 7.1(1) of the Instrument do not apply to a marketplace that displays orders of exchange-traded securities to its employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace, as long as these orders meet a minimum size threshold set by the regulation services provider. In other words, the only orders that are exempt from the transparency requirements are those meeting the minimum size threshold. Section 7.2 requires a marketplace to provide accurate and timely information regarding trades of exchange-traded securities that it executes to an information processor as required by the information processor or, if there is no information processor, to an information vendor that meets the standards set by a regulation services provider. Some marketplaces, such as exchanges, may be regulation services providers and will establish standards for the information vendors they use to display order and trade information to ensure that the information displayed by the information vendors is timely, accurate and promotes market integrity. If the marketplace has entered into a contract with a regulation services provider under NI 23-101, the marketplace must provide information to the regulation services provider and an information vendor that meets the standards set by that regulation services provider..

11. Part 10 is amended by replacing "2012***" with "***2015***" in subsection 10.1(1).***

12. Part 12 is replaced with the following:

PART 12 TRANSPARENCY OF MARKETPLACE OPERATIONS

12.1 Transparency of Marketplace Operations

(1) Section 10.1 of the Instrument requires that marketplaces make publicly available certain information pertaining to their operations and services. While section 10.1 sets out the minimum disclosure requirements, marketplaces may wish to make publicly available other information, as appropriate. Where this information is included in a marketplace's rules, regulations, policies and procedures or practices that are publicly available, the marketplace need not duplicate this disclosure.

(2) Paragraph 10.1(a) requires marketplaces to disclose publicly all fees, including listing, trading, co-location, data and routing fees charged by the marketplace, an affiliate or by a third party to which services have been directly or indirectly outsourced or which directly or indirectly provides those services. This means that a marketplace is expected to publish and make readily available the schedule(s) of fees charged to any and all users of these services, including the basis for charging each fee (e.g., a per share basis for trading fees, a per subscriber basis for data fees, etc.) and would also include any fee rebate or discount and the basis for earning the rebate or discount. With respect to trading fees, it is not the intention of the Canadian securities regulatory authorities that a commission fee charged by a dealer for dealer services be disclosed in this context.

(3) Paragraph 10.1(b) requires marketplaces to disclose information on how orders are entered, interact and execute. This would include a description of the priority of execution for all order types and the types of crosses that

may be executed on the marketplace. A marketplace should also disclose whether it sends information regarding indications of interest or order information to a smart order router.

(4) Paragraph 10.1(e) requires a marketplace to disclose its conflict of interest policies and procedures. For conflicts arising from the ownership of a marketplace by marketplace participants, the marketplace should include in its marketplace participant agreements a requirement that marketplace participants disclose that ownership to their clients at least quarterly. This is consistent with the marketplace participant's existing obligations to disclose conflicts of interest under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Requirements*. A marketplace should disclose if a marketplace or affiliated entity of a marketplace intends to trade for its own account on the marketplace against or in competition with client orders.

(5) Paragraph 10.1(f) requires marketplaces to disclose a description of any arrangements where the marketplace refers its participants to the services of a third-party provider where the marketplace receives some benefit (fee rebate, payment, etc.) if the marketplace participant uses the services of the third-party service provider, and has a potential conflict of interest.

(6) Paragraph 10.1(g) requires marketplaces that offer routing services to disclose a description of how routing decisions are made. The subsection applies whether routing is done by a marketplace-owned smart order router, by an affiliate of a marketplace, or by a third-party to which routing was outsourced.

(7) Paragraph 10.1(h) applies to marketplaces that disseminate indications of interest or any information in order to attract order flow. The Instrument requires that these marketplaces make publicly available information regarding their practices regarding the dissemination of information. This would include a description of the type of information included in the indication of interest displayed, and the types of recipients of such information. For example, a marketplace would describe whether the recipients of an indication of interest are the general public, all of its subscribers, particular categories of subscribers or smart order routers operated by their subscribers or by third party vendors.**.**

13. Part 13 is amended by replacing "Canadian securities legislation***" with "***securities legislation***" and "***Canadian securities regulatory authorities***" with "***securities regulatory authorities***" in section 13.1.***

14. Part 14 is amended by

(a) replacing the title with "PART 14 MARKETPLACE SYSTEMS AND BUSINESS CONTINUITY PLANNING***";***

(b) deleting ", business continuity***" in subsection 14.1(2);***

(c) replacing subsection 14.1(3) with the following:

Subsection 12.2(1) of the Instrument requires a marketplace to engage a qualified party to conduct an annual independent assessment of the internal controls referred to in paragraph 12.1(a) of the Instrument. A qualified party is a person or company or a group of persons or companies with relevant experience in both information technology and in the evaluation of related internal controls in a complex information technology environment, such as external auditors or third party information system consultants. Before engaging a qualified party, a marketplace should discuss its choice with the regulator or, in Québec, the securities regulatory authority. ***;***

(d) replacing subsection 14.1(4) with the following:

(4) Paragraph 12.1(c) of the Instrument requires the marketplace to notify the regulator or, in Québec, the securities regulatory authority of any material systems failure. The Canadian securities regulatory authorities consider a failure, malfunction or delay to be "material" if the marketplace would in the normal course of operations escalate the matter to or inform its senior management ultimately accountable for technology. The Canadian securities regulatory authorities also expect that, as part of this notification, the marketplace will provide updates on the status of the failure, the resumption of service and the results of its internal review of the failure.

(5) Under section 15.1 of the Instrument, a regulator or the securities regulatory authority may consider granting a marketplace an exemption from the requirements to engage a qualified party to conduct an annual independent systems review and prepare a report under subsection 12.2(1) of the Instrument provided that the marketplace prepare a control self-assessment and file this self-assessment with the regulator or in Québec, the securities regulatory authority. The scope of the self-assessment would be similar to the scope that would have applied if the marketplace underwent an independent systems review. Reporting of the self-

assessment results and the timeframe for reporting would be consistent with that established for an independent systems review.

In determining if the exemption is in the public interest and the length of the exemption, the regulator or securities regulatory authority may consider a number of factors including: the market share of the marketplace, the timing of the last independent systems review, changes to systems or staff of the marketplace and whether the marketplace has experienced material systems failures, malfunction or delays.***; and***

(e) adding the following:

14.3 Business Continuity Planning

Section 12.4 of the Instrument requires that marketplaces develop and maintain reasonable business continuity plans, including disaster recovery plans. Business continuity planning should encompass all policies and procedures to ensure uninterrupted provision of key services regardless of the cause of potential disruption. The Canadian securities regulatory authorities expect that, in order for a marketplace to have a reasonable business continuity plan, including a disaster recovery plan, it test it on a periodic basis, and at least annually and it should participate in industry-wide tests..

15. Part 15 is amended by replacing "all trades executed through an ATS***" with "***all trades executed through a marketplace***" in section 15.1.***

16. Part 16 is amended by

(a) replacing "subsection 14.5(b)***" with "***paragraph 14.5(c***)" in paragraph 16.2(1)(f);***

(b) replacing section 16.3 with the following:

16.3 Change to Information – Under subsection 14.2(1) of the Instrument, an information processor is required to file an amendment to the information provided in Form 21-101F5 at least 45 days before implementing a significant change involving a matter set out in Form 21-101F5, in the manner set out in Form 21-101F5. The Canadian securities regulatory authorities would consider significant changes to include:

(a) changes to the governance of the information processor, including the structure of its board of directors and changes in the board committees and their mandates;

(b) changes in control over the information processor;

(c) changes affecting the independence of the information processor, including independence from the marketplaces, inter-dealer bond brokers and dealers that provide their data to meet the requirements of the Instrument;

(d) changes to the services or functions performed by the information processor;

(e) changes to the data products offered by the information processor;

(f) changes to the fees and fee structure related to the services provided by the information processor;

(g) changes to the revenue sharing model for revenues from fees related to services provided by the information processor;

(h) changes to the systems and technology used by the information processor, including those affecting its capacity;

(i) new arrangements or changes to arrangements to outsource the operation of any aspect of the services of the information processor;

(j) changes to the means of access to the services of the information processor; and

(k) where the information processor is responsible for making a determination of the data which must be reported, including the securities for which information must be reported in

accordance with the Instrument, changes in the criteria and process for selection and communication of these securities.

These would not include housekeeping or administrative changes to the information included in Form 21-101F5, such as changes in the routine processes, practice or administration of the information processor, changes due to standardization of terminology, or minor system or technology changes that do not significantly impact the system of the information processor or its capacity. Such changes would be filed in accordance with the requirements outlined in subsection 14.2(2) of the Instrument.***; and***

(c) replacing section 16.4 with the following:

16.4 System Requirements – The guidance in section 14.1 of this Companion Policy applies to the systems requirements for an information processor.**.**

17. These changes become effective on July 1, 2012.

5.1.2 Amendments to NI 23-101 Trading Rules

AMENDMENTS TO NATIONAL INSTRUMENT 23-101 *TRADING RULES*

1. National Instrument 23-101 Trading Rules is amended by this Instrument.

2. Part 6 is amended by:

(a) replacing "The following are the trade-throughs referred to in paragraph 6.1(1)(a)***" with "***For the purposes of paragraph 6.1(1)(a) the permitted trade-throughs are***" in section 6.2;***

(b) replacing "marketplace participant" with "marketplace participant or a marketplace that routes or reprices orders" in section 6.5.

3. Part 11 is amended by:

(a) replacing "this Part***" with "***the requirements in section 11.2***" in subsection 11.1(2);***

(b) replacing "record***" with "***record in electronic form***" in subsection 11.2(1);***

(c) replacing "; and***" with "***;***" in paragraph 11.2(1)(r);***

(d) replacing ".***" with "***;***" in paragraph 11.2(1)(s);***

(e) adding the following after paragraph 11.2(1)(s):

(t) each unique client identifier assigned to a client accessing the marketplace using direct electronic access; and

(u) whether the order is a directed-action order.***;***

(f) replacing "records***" with "***records in electronic form***" in subsection 11.2(7).***

4. This Instrument comes into force on July 1, 2012.

SCHEDULE

1. The changes to Companion Policy 23-101CP to National Instrument 23-101 Trading Rules are set out in this Schedule.

2. Part 4 is amended by replacing "an ATS***" with "***a marketplace***" in subsection 4.1(6).***

3. Part 5 is amended by

(a) adding "or a***" after "***recognized exchange***" in section 5.1;***

(b) deleting "or an exchange or quotation and trade reporting system that has been recognized for the purposes of the Instrument and NI 21-101***" in section 5.1; and***

(c) replacing "quotation and trading system***" with "***quotation and trade reporting system***" throughout section 5.1.***

4. Part 6 is amended by replacing section 6.4 with the following

6.4 Locked and Crossed Markets

(1) Section 6.5 of the Instrument provides that a marketplace participant or a marketplace that routes or reprices orders shall not intentionally lock or cross a market by entering a protected order to buy a security at a price that is the same as or higher than the best protected offer or entering a protected order to sell a security at a price that is the same as or lower than the best protected bid. This provision is not intended to prohibit the use of marketable limit orders. Paragraphs 6.2(f) and 6.4(a)(v) of the Instrument allow for the resolution of crossed markets that occur unintentionally.

The Canadian securities regulatory authorities consider an order that is routed or repriced to be "entered" on a marketplace. The Canadian securities regulatory authorities do not consider the triggering of a previously-entered on-stop order to be an "entry" or "repricing" of that order.

(2) Section 6.5 of the Instrument prohibits a marketplace participant or a marketplace that routes or reprices orders from intentionally locking or crossing a market. This would occur, for example, when a marketplace participant enters a locking or crossing order on a particular marketplace or marketplaces to avoid fees charged by a marketplace or to take advantage of rebates offered by a particular marketplace. This could also occur where a marketplace system is programmed to reprice orders without checking to see if the new price would lock the market or where the marketplace routes orders to another marketplace that results in a locked market.

There are situations where a locked or crossed market may occur unintentionally. For example:

(a) when a marketplace participant routes multiple directed-action orders that are marked immediate-or-cancel to a variety of marketplaces and because of latency issues, a locked or crossed market results,

(b) the locking or crossing order was displayed at a time when the marketplace displaying the locked or crossed order was experiencing a failure, malfunction or material delay of its systems, equipment or ability to disseminate marketplace data,

(c) the locking or crossing order was displayed at a time when a protected bid was higher than a protected offer,

(d) the locking or crossing order was posted after all displayed liquidity was executed and a reserve order generated a new visible bid above the displayed offer or offer below the displayed bid,

(e) the locking or crossing order was entered on a particular marketplace in order to comply with securities legislation requirements such as Rule 904 of Regulation S of the Securities Act of 1933 that requires securities subject to resale restrictions in the United States to be sold in Canada on a "designated offshore securities market",

(f) the locking or crossing order was displayed due to "race conditions" when competing orders are entered on marketplaces at essentially the same time with neither party having knowledge of the other order at the time of entry,

(g) the locking or crossing order was a result of the differences in processing times and latencies between the systems of the marketplace participant, marketplaces, information processor and information vendors,

(h) the locking or crossing order was a result of marketplaces having different mechanisms to "restart" trading following a halt in trading for either regulatory or business purposes, and

(i) the locking or crossing order was a result of the execution of an order during the opening or closing allocation process of one market, while trading is simultaneously occurring on a continuous basis on another market,

If a marketplace participant using a directed-action order chooses to book the order or the remainder of the order, then it is responsible for ensuring that the booked portion of the directed-action order does not lock or cross the market. The Canadian securities regulatory authorities would consider a directed-action order or remainder of a directed-action order that is booked and that locks or crosses the market to be an intentional locking or crossing of the market and a violation of section 6.5 of the Instrument.

5. These changes become effective on July 1, 2012.

This page intentionally left blank

Chapter 6

Request for Comments

6.1.1 Proposed Amendments to NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and to Companion Policy 31-103CP Registration Requirements, Exemptions and Ongoing Registrant Obligations

NOTICE AND REQUEST FOR COMMENT ON PROPOSED AMENDMENTS TO

NATIONAL INSTRUMENT 31-103
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

AND TO

COMPANION POLICY 31-103CP
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

June 14, 2012
(2nd Publication)

Cost Disclosure, Performance Reporting and Client Statements

Introduction

The Canadian Securities Administrators (CSA or we) are seeking comment on proposed amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103 or the Rule) as well as Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the Companion Policy). We refer to the Rule and Companion Policy as the "Instrument".

The proposed amendments set out requirements for reporting to clients, relating to investment charges, investment performance and client statements. These requirements are relevant to all categories of registered dealer and registered adviser, with some application to investment fund managers.

The proposed amendments would apply in all CSA jurisdictions, and we would expect the requirements for members of the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA) (together referred to as the self-regulatory organizations or SROs) to be materially harmonized.

The purpose of this Notice is to summarize and explain the significant changes in this proposal (the 2012 Proposal) compared with the proposal published for comment on June 22, 2011 (the 2011 Proposal). We reviewed the 83 comment letters received on the 2011 Proposal, conducted further research on investor behaviour, knowledge and practices, and held additional consultations with industry groups. In formulating the 2012 Proposal, we have taken into account the comments and have undertaken further research on investor issues and consultation with industry. We thank everyone who participated for their input.

Among the key issues to be discussed in this Notice:

- Establishing a common baseline for registrant requirements
- Disclosing trailing commissions and some commissions in fixed-income transactions
- Expanding the account statement into a client statement
- Establishing a method for determining market value
- Mandating the dollar-weighted method of calculating percentage return
- Requiring additional disclosure information for scholarship plans

The comment period ends on **September 14, 2012.**

Purpose of the proposed amendments and impact on investors

This project, aimed at the disclosure of charges and other compensation and reporting on performance of investments, is an important investor-protection initiative. Research conducted by the CSA shows that investors often don't know the answers to two basic questions about their investments – (1) What did you pay? and (2) How did your investments perform? We believe that this is a large hole in investor understanding that must be filled. The 2012 Proposal is designed to give investors fundamental information that they can use to assess their investments.

Information about charges related to investments is crucial – we believe that investors want this information and are entitled to receive it. Charges and other compensation received by a dealer or adviser are often embedded in the cost of a product or buried in the prospectus, or are only briefly referenced when an account is opened. Under the 2011 and 2012 Proposals, this information would be provided at relevant times, such as at account opening, at the time a charge is incurred and on an annual basis.

The same situation exists with reporting on investment performance. If investors receive performance information at all, it is often complex and difficult to understand. We expect that providing investors with clear and meaningful investment performance reporting will assist them in making decisions about meeting their performance goals and objectives, and in evaluating the investment advice they receive from their registrants.

In addition to revising some of the 2011 Proposal, the 2012 Proposal would expand current account statement requirements to provide for a more comprehensive "client statement".

Background

The CSA have been developing requirements in a number of areas related to a client's relationship with a registrant. This initiative is referred to as the Client Relationship Model (CRM) Project. The first phase of the CRM Project included relationship disclosure information delivered to clients at account opening and comprehensive conflicts of interest requirements, and was incorporated into the Instrument when it came into force on September 28, 2009. The 2011 and 2012 Proposals represent the second phase of this project.

Summary of comments to the 2011 Proposals and CSA responses

A summary of comments on the 2011 Proposal, together with our responses, is contained in Appendix A to this Notice.

Contents of this Notice

This Notice is organized into the following sections:

1. Key issues and decisions since the 2011 Proposal
    - (i) Disclosure of trailing commissions
    - (ii) Disclosure of fixed-income commissions
    - (iii) Expanded client statement
    - (iv) Common baseline requirements for registrants
    - (v) Percentage return calculation method
    - (vi) Market valuation methodology
    - (vii) Issues related to reporting
    - (viii) Scholarship plans
    - (ix) Disclosure of new or increased operating charges
2. Investor research and industry consultations
3. Transition
4. Impact on SRO members

5. Authority for the proposed amendments

6. Alternatives considered

7. Anticipated costs and benefits

8. Unpublished materials

9. Request for comments

10. Where to find more information

This Notice also contains the following appendices:

- Appendix A – summary of comments on the 2011 Proposal, together with our responses
- Appendix B – draft amending instrument to NI 31-103
- Appendix C – blackline version of proposed amendments to NI 31-103
- Appendix D – blackline version of proposed amendments to the Companion Policy

1. Key issues and decisions since the 2011 Proposal

Our review of comments received, combined with further research and industry consultation, has led us to make certain key decisions which are found in the 2012 Proposal.

(i) Disclosure of trailing commissions

We continue to propose that registered firms be required to disclose the dollar amount of trailing commissions they have received. Research shows that most investors are not aware of this type of compensation. When trailing commissions are disclosed, in the Fund Facts document and in a mutual fund prospectus, they are shown as a percentage of fund assets. We believe that this information expressed in dollar terms will provide investors with a better understanding of the fees they pay and the incentives their dealer or adviser receives.

Trailing commissions are typically associated with mutual fund products, but this proposal is not limited to mutual funds. The proposed disclosure would apply to all investment products that pay commissions that are similar in substance to trailing commissions.

This aspect of the 2011 Proposal sparked the largest number of comments, both in letters and our industry consultations. Most industry comments suggested that requiring registrants to disclose the dollar amount of trailing commissions was unnecessary, would be confusing to investors and would result in a sizable cost to industry without providing an overall benefit. We do not agree. We acknowledge the potential costs to industry, but believe that informing the investing public is worth this cost.

Our research suggests that mutual fund investors do not understand trailing commissions, which are a significant component of the ongoing price of a typical mutual fund investment. Research shows that most retail investors

- rely heavily on the advice of their registered dealer when deciding when to buy, sell or hold securities
- do not realize that they are being indirectly charged trailing commissions on an ongoing basis
- do not realize that trailing commissions are paid to their dealer by the investment fund manager of their mutual funds for as long as they stay invested in the fund

Some regulators in other countries are moving to ban compensation models such as those involving trailing commissions altogether. We are not proposing to do so. We believe different dealer compensation models can offer benefits to investors. However, it is essential that there be a significant increase in the transparency to investors of the compensation their dealers or advisers receive. We think this means disclosure that is complete, upfront and understandable to the average investor

A one-time mention in an offering document of trailing commissions expressed as a percentage of the client's investment in a single fund does not meet this test. Adding a compensation report delivered to a client every year that includes the actual dollar amount of all trailing commissions generated by the client's portfolio would go a long way towards the goal of providing real transparency.

The purpose of trailing commissions is to compensate registered dealers (which the mutual fund industry refers to as "advisors") for advice they give their clients. The industry says that there is value in that advice. We agree that advice is valuable. It is our belief that, if implemented, this proposal will help investors understand and assess the costs and benefits of the advice they receive and in so doing, become more informed consumers of that advice. The industry in turn, will benefit from a deepened advisory relationship with its clients.

We acknowledge that investment products sold by financial services firms that are not under CSA or CSA and SRO oversight would not have the same requirement to disclose their compensation. While we are sympathetic, we note that we can only make rules within our jurisdiction. The fact that other segments, including banks and insurance companies, would not be required to comply with corresponding requirements for non-securities investments is not a reason to reduce the level of disclosure that we believe is necessary for securities investors.

Investment fund managers

We understand that currently, dealers and advisers may not have all of the information they would need to comply with the proposed disclosure of the dollar amount of trailing commissions paid to dealers in respect of clients' investments. We therefore propose to require that investment fund managers provide that information to them.

(ii) Disclosure of fixed-income commissions

Investor advocates commented that pricing and compensation in the fixed-income world are difficult to understand and any attempt at providing transparency in this regard would be welcomed. We also heard from those in the mutual fund industry that the proposals related to reporting on embedded compensation were disproportionately related to their products.

We are proposing to require registrants to report the dollar amount of commissions paid to dealing representatives on fixed-income transactions. Industry consultation indicates that these amounts are readily available and are at least a significant part of the incentives for a dealing representative.

Issue for comment

In the interest of making fixed-income transactions more transparent, we invite comments on whether it is feasible and appropriate to mandate the disclosure of all of the compensation and/or income earned by registered firms from fixed-income transactions. This would include disclosure of commissions earned by dealing representatives as well as profits earned by dealers on the desk spread and through any other means.

(***iii) Expanded client statement***

In the notice of publication of the 2011 Proposal, we indicated our intention to conduct continuing work on what securities should be included in reporting to clients. We discuss the research we undertook in connection with this issue in section 2 of this Notice. It shows that retail investors do not understand the ways in which their investments may be held (i.e. in nominee name or client name), and want regular reporting on all of the securities they own.

The proposed client statement would have three principal sections. The client would see transactions carried out during the reporting period in the first section; reporting on securities held by the registrant in nominee name or certificate form in the second section; and reporting on some securities held in client name in the third section. The third section of the client statement would cover any securities of a client that are held in client name with the issuer of the security where any of the following apply:

- the registrant has trading authority over the security
- the registrant receives continuing payments related to the client's ownership of the security from the issuer of the security, the investment fund manager of the issuer or any other party
- the security is a mutual fund or labour sponsored fund

A client statement only needs to include the sections that are relevant to the client. There is no requirement to include blank sections.

Clients would also receive information about any investor protection fund coverage that applies to the account.

Issue for comment

We understand that all securities transactions are carried out through an account, even when the securities are not held in that account. We have drafted the Rule on this understanding and invite comments on the practicality of this or other approaches to including the securities listed in section 14.14(5.1) in client statements and performance reports.

Exempt-market securities

We recognize that it is not always possible for a registrant to determine reliably whether a client still owns a security that was issued in client name, as is often the case in the exempt market. It is also often the case that a market value for exempt market securities cannot be reliably determined. We do not believe it is in the interests of clients to receive unreliable information. The criteria we have set out for client statements would mean that, in many cases, investors who own exempt market securities would only receive transaction information about those securities in the client statements sent by their dealers.

Investors in the exempt market that we surveyed are generally satisfied with the level of reporting they receive and understand how their investments are held. Our research also suggests that many of these investors do not expect the amount of information about exempt market securities in their client statements to be the same as it is for publicly traded securities if they do not have an ongoing relationship with the registrant that sold them the securities, as is sometimes the case with exempt market dealers.

Book cost information

Under the 2012 Proposal, investors would see the book cost information for each security position included in the client statement, and would be able to assess how well individual securities are performing by comparing their book cost to their current market value. A definition of book cost is included in the Rule. This is a change from the 2011 Proposal, where we had proposed that original cost be provided as the comparator for market value. We made the change because original cost is not adjusted for reinvested earnings, returns of capital or corporate reorganizations. We have found that original cost is not a term that is familiar to most investors and it would be potentially confusing for registrants to have to explain the uses and limits of the original cost measurement to their clients. Book cost is a more widely used measure, familiar already to some investors, that takes the adjustments noted above into consideration

The requirements in section 14.14 [*client statements and security holder statements*] for investment fund managers in respect of security holders for whom there is no dealer or adviser of record are carried forward with additions to the information to be disclosed that correspond to the requirements for other registered firms.

(iv) Common baseline requirements for registrants

One of the goals of this project is to arrive at a proposal with respect to reporting on charges and other compensation and performance that establishes a common baseline across registration categories. This has not always been the case. In fact, both self-regulatory organizations (IIROC and MFDA) have adopted performance-reporting proposals that were different from each other and different from the CSA proposals. A large number of comment letters addressed this issue, specifically asking that standards be harmonized so that registrants who operate in more than one registration category are not asked to adopt one set of rules, only to have to adopt a different set of rules shortly thereafter. Both SROs have representatives on this project committee, and both have agreed to suspend implementation of their performance-reporting requirements as they await the results of the CSA project.

(v) Percentage return calculation method

We are proposing to mandate that registrants use the dollar-weighted method in calculating the percentage return on a client's account or portfolio, in order to promote consistency and comparability in investor reporting from one registrant to another.

We had previously considered permitting registrants to choose between a time-weighted and dollar-weighted performance calculation method. We have decided to mandate the dollar-weighted method because it most accurately reflects the actual return of the client's investments. This is in keeping with one of the main themes of the project – allowing investors to measure how their investments have performed.

Time-weighted methods are generally used to evaluate the registrant's performance in managing an account, as the returns are calculated without taking into consideration any external cash flows. These methods isolate the portion of an account's return that is attributable solely to the registrant's actions. The philosophy behind time-weighted methods is that a registrant's performance should be measured independently of external cash flows, because contributions and withdrawals by an investor are out of the registrant's control.

Issue for comment

We invite comments on the benefits and constraints of the proposal to mandate the use of the dollar-weighted method, in particular as they relate to providing meaningful information to investors.

We are not prohibiting the use of the time-weighted method, but if a registered firm uses such a method, it must be in addition to the dollar-weighted calculation.

(vi) Market valuation methodology

The 2012 Proposal sets out a methodology for registrants to use to determine the market value of securities in client reports. This replaces the guidance that was proposed in the 2011 Proposals and would ensure that consistent and reliable standards will apply in client reports.

Proposed section 14.11.1 [*determining market value*] would apply a hierarchy of methodologies reflecting available information:

- wherever possible, data from a marketplace would be used
- for securities not traded on a marketplace, other market reports such as inter-broker quotes would be used
- where neither of these methods is available, a firm must use observable market data or inputs and failing that, unobservable inputs and assumptions, consistent with International Financial Reporting Standards
- if no price for a security can be reliably determined using these methods, the firm must report that its market value is not determinable and exclude it from calculations of change in value and performance returns

The proposal requires that registrants reasonably believe the market value they are presenting is reliable. This will require the dealer or adviser to exercise some professional judgment.

For illiquid private issuer securities, application of the proposed methodologies may often lead to a good faith determination that market value cannot be reliably determined. We think this is appropriate. In our view, it is better that investors not be misled by an accounting assessment of value when there is in fact no market for a security. Research shows that exempt market investors generally understand that market values may not always be available.

(vii) Issues related to reporting

This section contains information on more changes included in the 2012 Proposal that relate to client reporting.

Client statements

We have amended the Rule with respect to advisers to make it clear that they must deliver client statements and have made it consistent with the requirement for dealers, other than a mutual fund dealer or a scholarship plan dealer, in allowing clients to require monthly statements from advisers.

Investment performance reporting

The 2012 Proposal continues to require firms to provide clients with account performance reporting on an annual basis, as part of, or together with, the client statement.

Performance reports would be account-based, although the 2012 Proposal specifically permits the consolidation of performance reports for more than one account for a client in limited circumstances.

The 2012 Proposal removes net amount invested in performance reports as the starting point for calculating the change in value of a portfolio of securities over time. Instead, we are requiring reporting of the constituent elements of deposits and withdrawals, which we think will be clearer to investors.

Opening market value, deposits and withdrawals

Registered firms would be required under the 2012 Proposal to disclose the opening market value of the account, the market value of deposits and transfers of cash and securities into the account, and the market value of withdrawals and transfers of cash and securities out of the account, for the latest 12-month period and since the inception of the account.

Change in value

The 2012 Proposal provides formulas for calculation of change in value. Essentially, clients would be shown the opening market value of an account, plus deposits into the account, less withdrawals from the account (at market value), which would be compared to the closing market value of the account to determine the change in value of their account over the past 12-month period and also since the inception of the account. This will tell investors how much money they have actually made or lost in dollar terms.

Registered firms can provide more detail about the activity in the client's account that has caused the change in value figure, as described in the Companion Policy.

Sample reports

We are not prescribing the format for the new client reports in the Rule. However, we expect dealers and advisers to present this information in a clear and meaningful manner. They will be required to use a combination of written information with text and tables, and graphical presentation using charts. We encourage registrants that are already providing such information to continue to do so.

We are providing a revised sample investment performance report in the 2012 Proposal that builds on the sample that was published with the 2011 Proposal. We are also including a new sample report on charges and other compensation in the proposed Appendix D of the Companion Policy.

(viii) *Scholarship plans*

In the notice of publication of the 2011 Proposals and in discussions with industry, we asked whether scholarship plans were sufficiently different that they merited special reporting. We have concluded that they are. In a scholarship plan, the account and the product are essentially the same. They have unique risks and conditions that do not exist for other investment products or portfolios of investments.

In order to highlight the unique risks to investors inherent in these products, we propose to add, at the account opening stage, a requirement for a specific discussion of the consequences to the client of certain circumstances, including the client failing to maintain prescribed plan payments or a beneficiary not participating in or completing a qualifying educational program.

The annual report on charges and other compensation sent to a client who has invested in a scholarship plan would include information about any outstanding front-loaded fees that are a typical feature of scholarship plans.

The investment performance report for a client who has invested in a scholarship plan would provide the relevant information in a scholarship plan:

- how much has been invested
- how much would be returned if the client stopped paying into the plan
- a reasonable projection of the income the client should expect to see if they stay invested to maturity and their designated beneficiary attends a designated educational institution

(ix) Disclosure of new or increased operating charges

We have added a requirement that firms must provide their clients with 60 day written notice of any new or increased operating charge. This is consistent with SRO requirements.

2. Investor research and industry consultations

In addition to the 83 comment letters received in response to the 2011 Proposal, we sought feedback from investors and industry participants to help us to develop the 2012 Proposal. We thank all of those who provided comments and also appreciate the input provided by the SROs during the development of the proposals.

Investor research

From July 2011 through January 2012, The Brondesbury Group conducted research of retail investors and of investors in the exempt market in connection with our continuing work on what securities should be included in client reporting. Some of the findings included:

- retail investors generally do not understand the ways in which their investments are held (i.e., in nominee name or client name) and do not think this should affect the reporting they get
- investors want regular information about all of the securities they own
- expectations may be lower where the investor's relationship with a dealer or adviser is not ongoing
- investors in the exempt market generally are satisfied with the level of reporting they currently receive and have a better understanding
    - of how their investments are held (nearly always in client name)
    - that a market value for exempt-market securities often cannot be reliably determined

The investor research provided us with useful information on what investors want to receive from their dealers and advisers. The research also identified areas where investors need more guidance or disclosure. The reports on our investor research are or will be available on the websites of CSA jurisdictions (see section 10 of this Notice, Where to find more information).

Industry consultations

Groundwork for the 2011 Proposals included consultations with dealers and advisers to learn about current industry practices and to identify issues and concerns related to providing performance information.

Since the end of the comment period in September 2011, we have held consultation sessions with the Investment Funds Institute of Canada, the Investment Industry Association of Canada, the Portfolio Management Association of Canada and the RESP Dealers Association of Canada (RESPDAC) to explore issues raised in their comment letters.

We thank all of those who participated in these consultations, which helped us to further develop and refine our proposals in many areas.

3. Transition

We originally proposed a transition time of two years for most of the new requirements, taking into account the systems that firms would need to build to accommodate the new processes. Investor advocates suggested that one year was sufficient time to get information on charges and performance into the hands of investors.

However, our consultations with industry have convinced us that the effort required to build systems and train personnel is a substantial undertaking. As a result, we have decided to lengthen the proposed transition period for the implementation of some requirements of the 2012 Proposal to three years. The transition period for some other requirements will be one or two years.

4. Impact on SRO members

The CSA are working with both SROs to materially harmonize the proposed amendments to the Instrument and SRO rules that will be proposed or amended. The SROs currently have performance reporting requirements that differ from each other and those in the proposed amendments. Neither has come into effect yet, and both have been suspended pending finalization of CSA requirements for performance reporting and disclosure of charges and other compensation.

We anticipate exempting the SROs and their members from some or all of the proposed amendments if the SROs adopt materially harmonized requirements.

5. Authority for the proposed amendments

In Ontario, the rule-making authority for the proposed amendments is in the following paragraphs of subsection 143(1) of the *Securities Act*: 1, 1.1, 2, 3, 5, 7, 8 and 8.1.

6. Alternatives considered

We did not consider alternatives to the use of Rule amendments to achieve the goal of providing more information to investors about charges and other compensation, investment performance and expanded client statements.

7. Anticipated costs and benefits

The anticipated investor protection benefits of the proposed amendments are discussed above. We think the potential benefits to investors would outweigh the costs to registered firms of providing additional disclosure to investors.

8. Unpublished materials

We have not relied on any significant unpublished study, report, or other written materials in preparing the proposed amendments.

9. Request for comments

We welcome your feedback on the proposed amendments. We need to continue our open dialogue with all stakeholders if we are to achieve our regulatory objective of furthering our investor-protection mandate while taking into account the interests of registrants.

All comments will be posted on the Ontario Securities Commission website at www.osc.gov.on.ca and on the Autorité des marchés financiers website at www.lautorite.qc.ca.

All comments will be made publicly available.

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period. Some of your personal information, such as your e-mail and residential or business address, may appear on the websites. It is important that you state on whose behalf you are making the submission.

Thank you in advance for your comments.

Deadline for comments

Your comments must be submitted in writing by September 14, 2012.

Send your comments electronically in Word, Windows format.

Where to send your comments

Please address your comments to all CSA members, as follows:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Please send your comments **only** to the addresses below. Your comments will be forwarded to the remaining CSA member jurisdictions.

The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8
Fax: 416-593-2318
E-mail: comments@osc.gov.on.ca

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité de marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, (Québec) H4Z 1G3
Fax : 514-864-6381
E-mail : consultation-en-cours@lautorite.qc.ca

Questions

Please refer your questions to any of:

Christopher Jepson
Senior Legal Counsel
Compliance and Registrant Regulation
Ontario Securities Commission
Tel: 416-593-2379
cjepson@osc.gov.on.ca

Gérard Chagnon
Analyste en réglementation
Direction des pratiques de distribution et des OAR
Autorité des marchés financiers
Tel : 418-525-0337, ext 4815
Toll-free: 1-877-525-0337
gerard.chagnon@lautorite.qc.ca

Sarah Corrigall-Brown
Senior Legal Counsel
Capital Markets Regulation
British Columbia Securities Commission
Tel: 604-899-6738
1-800-373-6393
scorrigall-brown@bcsc.bc.ca

Navdeep Gill
Manager, Registration
Alberta Securities Commission
Tel: 403-355-9043
navdeep.gill@asc.ca

Dean Murrison
Director, Securities Division
Saskatchewan Financial Services Commission
Tel: 306-787-5842
dean.murrison@gov.sk.ca

Carla Buchanan
Compliance Auditor
The Manitoba Securities Commission
Tel: 204-945-8973
Toll Free (Manitoba only) 1-800-655-5244
carla.buchanan@gov.mb.ca

Brian W. Murphy
Deputy Director, Capital Markets
Nova Scotia Securities Commission
Tel: 902-424-4592
murphybw@gov.ns.ca

Ella-Jane Loomis
Legal Counsel
New Brunswick Securities Commission
Tel: 506-643-7857
ella-jane.loomis@nbsc-cvmnb.ca

Katharine Tummon
Superintendent of Securities
Prince Edward Island Securities Office
Tel: 902-368-4542
kptummon@gov.pe.ca

Craig Whalen
Manager of Licensing, Registration and Compliance
Office of the Superintendent of Securities
Government of Newfoundland and Labrador
Tel: 709-729-5661
cwhalen@gov.nl.ca

Louis Arki
Director, Legal Registries
Department of Justice, Government of Nunavut
Tel:867-975-6587
larki@gov.nu.ca

Donn MacDougall
Deputy Superintendent, Legal & Enforcement
Office of the Superintendent of Securities
Government of the Northwest Territories
Tel: 867-920-8984
donald.macdougall@gov.nt.ca

Helena Hrubesova
Securities Officer
Securities Office, Corporate Affairs (C-6)
Government of Yukon
Tel: 867-667-5466
helena.hrubesova@gov.yk.ca

10. Where to find more information

The proposed amendments and the research reports are or will be available on websites of CSA members, including:

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

June 14, 2012

APPENDIX A

SUMMARY OF COMMENTS ON THE 2011 PROPOSAL AND RESPONSES TO COMMENTS

This appendix summarizes the public comments we received on proposed amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103 or the Rule) and Companion Policy 31-103 *CP Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the Companion Policy) related to cost disclosure and performance reporting as published on June 22, 2011 (the 2011 Proposal). It also summarizes our responses to those comments.

Drafting suggestions

We received a number of drafting comments on the Rule and the Companion Policy. While we incorporated many of the suggestions, this document does not include a summary of the drafting changes we made.

Categories of comments and single response

In this document, we have consolidated and summarized the comments and our responses by the general theme of the comments.

Contents of this summary

This summary is organized into the following sections:

1. Harmonization with self regulatory organizations
2. Cost-benefit analysis
3. Fairness
4. Industry consultation
5. Duplication of disclosure
6. Relationship disclosure information
7. Charges
8. Delivery of reports
9. Client statements
10. Investment performance report
11. Benchmarks
12. Presentation of charges and performance reports
13. Scholarship plan dealers
14. Transition

1. Harmonization with self regulatory organizations

We received comments concerning harmonization with corresponding requirements of the self regulatory organizations (SROs), the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA), particularly in regard to performance reporting. We believe that all retail clients should have the same information, so harmonization is an important objective.

We are working closely with the SROs to harmonize requirements and to have a single implementation period across registration categories. This will be especially helpful for firms registered in multiple categories, as the same requirements will apply across all categories.

We also received some comments that the regulatory and financial burden on smaller firms required to adopt the new standards will be onerous. We cannot agree to a lower standard for any firms. Retail investors are entitled to the same quality of reporting, regardless of the size of their dealer or adviser (as discussed below, we are prepared to accept that institutional investors may not need or want the same level of reporting).

2. Cost-benefit analysis

Several comment letters predict that it would be expensive for registered firms to implement the 2011 Proposal. We acknowledge that there will be a potentially significant cost to the industry to produce the proposed new documents. However, we believe they represent the addition of fundamental information that investors need in order to make informed investment decisions. We have addressed concerns regarding costs and time by proposing longer transition periods.

There were also suggestions for tiered reporting, with less rigorous reporting to clients with smaller amounts invested. We disagree with this suggestion for several reasons:

- our proposal will provide fundamental information that is beneficial to all retail investors
- if we adopted the commenters' suggestions, it is likely that the majority of retail accounts would fall into the category that would receive less reporting
- investors with smaller amounts invested may be in more need of this information than those in the higher net worth categories
- once systems are in place to meet the proposed requirements, the ongoing cost to produce the new documents should not be significantly different for larger than for smaller accounts

3. Fairness

We received comments suggesting that the mutual funds segment of the securities industry was unfairly singled out under the 2011 Proposal, with their costs unduly emphasized compared with those of competing products. This is not our intention. However, mutual funds have evolved over time into products with complex compensation structures that are potentially difficult to understand. One of our primary goals is to help investors understand all of the costs associated with their investments. If products other than mutual funds are sold with complex compensation structures and dealer incentives, they too will be subject to the requirements to disclose costs for transparency purposes.

There were also some comments to the effect that the 2011 Proposal would result in an uneven playing field, as investment products that do not fall under the jurisdiction of the CSA and SROs will not be subject to similar requirements. These commenters argue that this could cause investors to believe that mutual funds, for example, are more costly than similar products created and sold by financial institutions that are not subject to the securities regulatory regime.

We can only make rules within our jurisdiction. The fact that other segments, including banks and insurance companies, will not be required to comply with corresponding requirements for non-securities investments is not a reason to reduce the level of disclosure that we believe is necessary for those who invest in securities.

4. Industry consultation

Some commenters encouraged us to undertake more industry consultation. As part of our consideration of the comments on the proposals, we held consultation sessions with four industry associations – the Investment Funds Institute of Canada, the Investment Industry Association of Canada, the Portfolio Management Association of Canada and the RESP Dealers Association of Canada. These sessions were extremely helpful in providing us with a deeper understanding of industry viewpoints, and a more comprehensive look at various issues from the perspective of industry participants. We made several changes following these consultations.

5. Duplication of disclosure

We received a number of comments suggesting that the 2011 Proposal would require disclosures that duplicate information provided in documents that must be delivered to clients under existing requirements, or would use different terminology to describe similar things.

We disagree with the comments that our proposals represent duplication with other disclosure documents, such as point of sale documents. There is in fact little overlap between the reporting requirements in our proposals and existing disclosure requirements. There is a fundamental difference between one-time disclosure to investors about the *products* they purchase (e.g. in a prospectus or Fund Facts document) and ongoing disclosure about their *relationship* with the registrant that advises

them about their investments in multiple products – including the costs of the investment portfolio assembled with the registrant's advice and its performance.

Regarding the disclosure of deferred sales charges (DSC) in particular, commenters suggested that this disclosure duplicates information provided in Fund Facts, and is therefore unnecessary. In addition to the considerations set out above, we note that Fund Facts is not currently required to be delivered to investors at the time of the transaction. Our proposals require cost disclosure at the point of sale. The Fund Facts document may be used to comply with the pre-trade disclosure of charges requirement contained in NI 31-103.

We have reviewed the June 2011 Proposals against other disclosure requirements and ensured that the terminology used across the various disclosure documents is as uniform as possible.

6. Relationship disclosure information

Spending sufficient time with clients

There was a request to define how a registrant would spend sufficient time with a client to meet the requirements for disclosure of relationship disclosure information. Whether or not sufficient time has been spent with a client will vary from one situation to the next and depend on a variety of factors requiring the exercise of professional judgement. We believe that evidence in this regard will be the same as for all registrant-client meetings. For example, detailed notes, tapes of telephone calls, email messages and the like may be used as support to demonstrate that sufficient time has been spent with a client. Guidance to this effect has been added to the Companion Policy.

Managed accounts

We agree with a comment that advisers and dealers that charge one all-in fee for the services they provide should not be required to break out the component costs, and have clarified that this is our intention.

Responsibility to report to the client

We agree with the comments that our proposals should make clear which registrant has the responsibility to disclose information to a client in situations where more than one registrant provides services to the client. We have clarified that the registered firm with the client-facing relationship is the entity that has the obligation to provide performance reporting to clients. For example, responsibility for performance reporting rests with an adviser with trading authority over a client's account, and not the dealer who conducts trades at the direction of the adviser and provides custodial services in respect of the account.

Order execution only (discount brokerage) accounts

We received some comments in favour of exempting order execution (discount brokerage) accounts from the proposed new disclosure rules, as well as one comment opposed to doing so. This type of account is provided under an IIROC rule, approved by the CSA, which exempts investment dealers from the usual obligation to assess a trade's suitability for the client. If our proposals come into force, IIROC will amend its rules to materially harmonize. We would consider the applicability of the proposed new disclosure rules to discount brokerage accounts at that time.

Electronic delivery

We confirm that acceptable delivery of disclosure documents includes, with client consent, reports sent by direct email and by enabling clients to access such information on a firm's website, as long as reminders are sent to clients at relevant times. For further guidance on this issue, please refer to NP 11-201 *Delivery of Documents by Electronic Means*.

Permitted client exemption

Several comment letters noted that the type of reporting desired by, and required for, retail investors is different from that required by institutional clients. Consultations with industry also pointed out that institutions routinely hire consulting firms to analyze their portfolios and the services provided by registered firms. As a result, they are receiving cost and performance information from other sources. We also think institutional investors will generally be in a position to arrange the type and breadth of reporting that they want to receive.

Institutions also often deal with more than one registrant and these relationships are likely to be custodial in nature. Consequently, a given registrant may not have access to all of the information necessary to produce the client reports required in our proposals.

For these reasons, we have revised our proposals to exempt registered firms from the requirement to deliver cost and performance reports where the client is a "permitted client" that is not an individual.

Inappropriate switch transactions

We received a small number of comments from industry arguing that the guidance we propose in regard to inappropriate switch transactions should not be included in the Companion Policy. We disagree. The opportunity to receive a larger trailing commission should not be the reason for a dealer to switch a client's investment from one mutual fund to another. A dealer's incentives should be disclosed to its clients, and the dealer should provide an explanation to the client as to why the switch is appropriate. In contrast, one industry commenter agreed with our position, but argued that guidance would be insufficient to address the problem.

7. Charges

Third party charges
We received comments that third party charges such as custodian fees should not be included in the charges that our proposals would require a registered firm to report to its clients. We agree and have clarified this.

Disclosure of charges at point of sale

We have responded to comments about the difficulty of satisfying the point of sale disclosure of charges requirement in the 2011 Proposal by removing the words "makes a recommendation". Our intention is that clients should receive this disclosure before non-discretionary trades are made. Conversations with clients that involve recommendations but do not end in an instruction to make a trade do not need to include disclosure of potential charges.

It was also suggested that compliance with the proposed requirements for the disclosure of charges could be fulfilled by providing a fee schedule at account opening and/or periodically afterwards. We do not consider this sufficient. It is not realistic to expect clients to retain a fee schedule or to remember the applicable parts of it when considering trading recommendations, and we believe it is appropriate for clients to receive annual reminders about operating charges. The same reasoning applies to our proposed requirement that the annual reports on charges/compensation and performance be provided together. We do not think it is reasonable to expect investors to have all previously disclosed information at their fingertips when making comparisons or assessing performance.

In addition, some of the comments relating to the purported duplication of disclosures discussed above touched on disclosure of charges at point of sale.

Trailing commission disclosure

In their comment letters and in our consultations with industry associations, registered firms made clear their opposition to the disclosure of dollar amounts of trailing commissions. They assert that:

- information about trailing commissions is included in other disclosure documents so providing it in an annual statement would be duplicative
- mutual-fund companies do not currently provide dollar amounts of trailing commissions to registered dealers and advisers that sell their products on a client or account basis, so the selling firm may not be able to make the proposed disclosure
- it will be expensive for mutual-fund companies and the registered firms selling their products to alter their systems to provide the proposed information
- estimated, rather than actual, disclosure of the dollar amounts of trailing commissions associated with clients' investments would be a sufficient and less costly alternative

We have carefully considered this feedback, and we acknowledge that there may be a significant cost imposed on firms. However, we believe that investors need disclosure of the actual dollar amount of trailing commissions paid in respect of their investments to properly evaluate the value of the advice provided by their registered firm. We propose mandating that investment fund managers provide dealers and advisers with the information necessary for them to comply with a requirement to disclose the dollar amount of trailing commissions. Our views on comments about the duplication of disclosure are set out above.

Industry commenters suggested that the proposed disclosure of trailing commissions will be confusing and that investors will think they are being charged twice for the same thing because trailing commissions are paid out of the management fee. We

have revised the proposed client disclosure notification in the annual report on charges in order to make clear that trailing commissions do not represent an additional cost to the client.

Deferred sales charges

Some comment letters pointed out that it is not always possible to know how much a DSC will be at the time of a trade. We have revised our proposals to provide that:

- at the time of purchase, the registered firm would have to inform the client that the fund is subject to a DSC, and provide the DSC fee schedule
- at the time of a sale, the registered firm would be allowed to provide an estimate of the DSC, if that is all that is known at the time. The exact amount of the DSC must appear on the trade confirmation.

Yield disclosure

We received one comment letter which stated that some funds include a partial return of capital when calculating yield, which would be misleading. In response, we have included guidance in the Companion Policy clarifying that the return on investment is meant to show returns *on* capital and not returns *of* capital.

Disclosure of fixed-income commissions

We received comments that charges embedded in fixed income products should be disclosed in the same way that we propose for other charges. Investor advocates commented that pricing and compensation in the fixed-income world are difficult to understand and any attempt at providing transparency in this regard would be welcomed.

We are now proposing to require registrants to report the compensation paid to dealing representatives on fixed-income transactions. Industry consultation indicates that these amounts are readily available. We realize that this might not be the entirety of fixed-income compensation but this information will nonetheless be helpful to investors. With respect to the disclosure of other compensation embedded in the price of a fixed-income security, we are requiring that a prescribed notification (similar to that in the annual report on charges and other compensation) be included in the trade confirmation.

This requirement would also address comments from some in the mutual-fund industry who suggest that the June 2011 Proposals related to reporting on charges were disproportionately focused on their products.

Sales taxes and withholding taxes

There was a request for clarification of whether sales taxes on charges should themselves be treated as charges. We believe they should and have clarified the proposals in this regard.

We do not consider withholding taxes to be a charge.

Allocation of charges for multiple accounts

It was suggested that the allocation of costs for a client with multiple accounts could be problematic because the client may have set up one account to pay all of the costs, for tax reasons. We have revised our proposals so that a registered firm would have the option of reporting charges on a portfolio basis if the client agrees.

8. Delivery of reports

Integrate report on charges into quarterly client statements

One comment letter suggested that the report on charges be integrated in each quarterly account statement, and not just provided annually. We note that some information on charges is already provided to clients in quarterly statements. We believe that annual disclosure of this information is sufficient. Registrants are always free to provide more than the minimum requirement.

Sending report on charges and performance report with client statement

One comment letter suggested that requiring the proposed annual reports on charges and investment performance with or in the account statement (now “client statement”) is overly prescriptive and that the focus should be on ensuring that the information is delivered, rather than on the delivery method. We believe it is important for the information contained in the two annual reports to be included in the same package as the client statement – either in the same envelope or fully integrated into a single

document – because together, they will allow clients to assess the status of their investments, the costs associated with them, progress toward their investment goals and the value added by their registrant.

Several comment letters requested clarification about the proposed requirement to deliver the annual charges and performance reports every 12 months. We have clarified we are not proposing that the delivery requirement be tied to the anniversary of the opening date of a client's account.

Our revised proposals would permit the first report on charges to be for a period of less than 12 months and would permit the first performance report to be sent more than 12 months, but less then 24 months, after the first trade for a client. These provisions would allow a firm to bring a new client into its regular reporting cycles. A firm also has the option to deliver a performance report for a stub period of less than 12 months during the first year of a client's relationship with the firm, so long as performance is not presented on an annualized basis, which could be misleading to the client.

Report on charges and performance report should be combined

One commenter suggested that annual reports on charges and performance should be combined. For the reasons set out above, we believe they should accompany one another and the client statement. However we do not believe it is necessary that they be combined into a single document. We anticipate they will be combined by some registered firms. But, for others, it may be challenging to change legacy systems to accomplish this. We do not think the benefits of an integrated document would outweigh the extended transition period that would be necessary if we made it a mandatory requirement.

9. Client statements

In the notice of publication of the 2011 Proposal, we indicated our intention to do continuing work on what securities should be included in reporting to clients. We consulted investors, did investor research and reviewed the comments on this subject.

We are proposing to expand the current account statement into a multi-section client statement that will consist of three principal sections:

- the first section would continue to include a list of transactions made for the client during the reporting period
- the second section would include reporting on securities held by a dealer or adviser in a client account in nominee name or certificate form
- the third section would include reporting on any securities of a client that are not held in an account of the dealer or adviser where:
    - the registrant has trading authority over the security
    - the registrant receives continuing payments related to the client's ownership of the security from the issuer of the security, the investment fund manager of the security or any other party
    - the security is a mutual fund or labour sponsored fund

A client statement will only need to include the sections that are relevant to the client. There is no requirement to include blank sections.

The information that is reported to clients would include any investor protection fund coverage that applies to their accounts.

We believe our proposals with respect to client statement reporting will provide clients with more comprehensive information about the securities in their portfolio with a dealer or adviser, regardless whether they are held in an account at the registrant or otherwise. At the same time, we recognize that it is not always possible for a registrant to determine reliably whether a client still owns a security that was issued in client name, as is often the case in the exempt market. It is also often the case that a market value for exempt-market securities cannot be reliably determined. We do not believe it is in the interests of clients to receive unreliable information. The criteria we have set out for client statements would mean that in many cases, investors who own exempt-market securities would only receive transaction information about those securities in the client statements sent by their dealers.

Investors in the exempt market that we surveyed are generally satisfied with the level of reporting they receive and understand how their investments are held. Our research also suggests that many of these investors do not expect the amount of information about exempt-market securities in their client statements to be the same as it is for publicly traded securities if they do not have an ongoing relationship with the registrant that sold them the securities, as is sometimes the case with exempt market dealers.

Valuation

We asked for comments on the guidance proposed for the Companion Policy with respect to determining market value, and whether further guidance was required. In general, comment letters stated the guidance provided now is sufficient.

We are nonetheless concerned that there should be more specific requirements and guidance for determining market value, so that registrants will have greater certainty as to our expectations and investors can expect consistency in reporting.

Our proposals are based on a hierarchy of methodologies reflecting available information. We have included concepts from International Financial Reporting Standards (IFRS) in the valuation of securities for which there is no public market or substitute for a public market such as brokers' quotes. However, the methodology we are prescribing still permits a registered firm to report that a value cannot be determined, if this is the case. In all cases, we expect that a firm will exercise its judgment reasonably, based on measures considered reliable in the industry.

One investor advocate suggested that a registrant should always provide a client with a valuation. Another comment letter suggested that, in situations where a market value cannot be obtained, an estimated market value should be provided as long as it is clearly disclosed as an estimate. This letter stated that such estimates should be subject to independent review by auditors and regulators.

We do not propose requiring a valuation in all circumstances, as we believe it can sometimes be misleading for investors to receive an accounting valuation where no market exists for a security. For illiquid private issuer securities, a registrant may, depending on the facts, arrive at a good faith determination that market value cannot reasonably be determined. Research indicates that exempt market investors are generally sophisticated and understand that information available for exempt market investments may not always be the same as the information available for other investments. Less sophisticated investors may not understand that the accounting estimate may not be an accurate reflection of what they would receive if they sold the security.

Book cost

The 2011 Proposal included a requirement to provide the original cost of securities in the account statement. We asked for specific comments on the issue of permitting the use of tax cost as an alternative to original cost, and invited comments on the benefits and constraints of each approach to cost reporting as they relate to providing meaningful information to investors and their usefulness as a comparator to market value for assessing performance. We received a wide range of comments on this issue.

Some commenters supported original cost with arguments that:

- original cost is more meaningful to investors
- tax cost may not be meaningful or accurate at the account level as taxes are not filed on an account-by-account basis, but rather on a per investment basis
- tax cost may lead to investor confusion

Industry comments in letters and our consultations very strongly supported disclosure of tax cost, arguing that:

- tax cost is the more current and accurate cost number for comparing to market value
- original cost would provide a misleading comparison in situations involving reinvested income, returns of capital and corporate reorganizations
- tax cost is the historical cost figure that is already being provided by many firms and it would be confusing for clients to receive reporting of both amounts
- there would be a significant expense involved in providing original cost

Some commenters suggested that we allow for a flexible approach and permit registered firms to choose whether they disclose original cost or tax cost, and one comment letter suggested that we require the provision of both original and tax cost.

We have considered all the comments and the information gathered from our consultations with industry. We are now proposing a requirement to disclose the "book cost" of securities. Book cost is similar to the concept of tax cost, and will often, but not always, be equivalent to tax cost. We have defined book cost as the total amount paid for a security, including any transaction charges related to its purchase, adjusted for reinvested distributions, returns of capital and corporate

reorganizations. We think that the use of book cost as a comparator to market value will provide investors with a meaningful comparison, and give them a more accurate view of the capital appreciation or depreciation of each security position.

We also think that this information will be readily available for most investments in clients' portfolios today, unlike original cost which, for most existing clients, would only have been available in respect of new investments.

10. Investment performance report

Consolidated performance reports

We received several comment letters asking that performance reporting at the portfolio level be permitted where a dealer or adviser constructs a portfolio for a client made up of more than one account, on the basis that it is the performance of the overall portfolio that is most meaningful to the client and reporting on the performance of individual accounts may be misleading.

We also heard from some firms that wish to provide consolidated performance reporting for more than one person (e.g. spouses or family members) as an alternative to performance reporting for each individual. These commenters stated that some clients have integrated investment objectives and strategies whose accounts are managed as a whole and that some clients have asked for consolidated portfolio reporting.

Our revised proposals would allow a registered firm to provide a consolidated portfolio performance report for a client *instead* of account-by-account reports, if the client consents. However, we do not think it appropriate that a client would only receive performance reporting that is integrated with that of other clients. Under our proposals, if a firm wished to provide consolidated reporting that combines the portfolios of more than one client, it may do so, but only as an additional, supplemental report.

Include other measures, such as comparisons to goals

There was a suggestion that performance reports could include other measures, such as a comparison to the client's investment goals. We do not think it is necessary to prescribe additional information in the performance report but encourage registrants to exceed the minimum requirements and provide additional information to clients, as long as they do so in a way that is understandable to the clients.

Allow more frequent delivery of reports at firms' discretion

Some commenters were under the impression that registrants would not be permitted to provide performance reports to clients more frequently than the proposed requirement for annual reporting. The proposed requirements would set *minimum* standards, but registered firms are always free to deliver more information than the minimum requirements, including providing more frequent or more detailed reporting.

Content of performance report

We received a number of comments about the content of performance reports that lead us to revisit the subject. We reviewed these comments with reference to the investor research we previously conducted on the content of the sample performance report.

We no longer think the concept of net amount invested will be sufficiently clear to investors. Consequently, our revised proposals do not use net amount invested in performance reports as the starting point for calculating the change in value of a portfolio of securities over time. We now propose to present its constituent elements of deposits and withdrawals.

Under our revised proposals, investment performance reports would include these parts:

(a) Opening market value, deposits and withdrawals

Registered firms would be required to disclose the opening market value of deposits and transfers of cash and securities into the account, and the market value of withdrawals and transfers of cash and securities out of the account, for the latest 12-month period and since the inception of the account.

(b) Change in value

The proposal provides formulas for calculation of change in value. Firms must provide the opening market value of an account, plus deposits into the account, less withdrawals from the account (at market value) to determine the change in the market value of their account over the past 12-month period and since the inception of the account. This will tell investors how much money they have actually made or lost in dollar terms.

Registered firms would be permitted to break out the change in value figure into more detail as described in the Companion Policy.

(c) Percentage returns

Dealers and advisers would be required to provide clients with annualized total percentage returns of their accounts for specified time periods.

Percentage return calculation method

We received comments suggesting that we should prescribe one method of calculating percentage returns for performance reporting purposes in order to promote consistency from one registrant to another. We had previously proposed to permit registrants to choose between a time-weighted or dollar-weighted performance method for calculating annualized total percentage returns. Commenters differed as to which we should require.

We now propose mandating that registrants use the dollar-weighted method in calculating the percentage return on a client's account or portfolio.

The two methods can produce significantly different results, and the differences hinge on whether there are external cash flows. If there are no external cash flows, the two methods will produce identical percentage returns. When there are external cash flows (contributions to, and withdrawals from, an account), there can be a significant difference in the rate of return calculated under the two methodologies.

The dollar-weighted method most accurately reflects the actual return of the client's account, while the time-weighted method shows how much value a registrant has added to the performance of the investor's account. Time-weighted methods are generally used to evaluate the registrant's performance in managing an account. These methods isolate the portion of an account's return that is attributable solely to the registrant's actions. The philosophy behind time-weighted methods is that a registrant's performance should be measured independently of external cash flows, because contributions and withdrawals by an investor are out of the registrant's control.

Given that the two methods are used for different purposes and can produce materially different results, we think there is a compelling reason to choose between the two methods. We have decided to mandate the dollar-weighted method because it most accurately tells an investor how an account has performed. We believe that giving investors information that allows them to measure progress toward their investment goals is essential.

Registrants may provide percentage returns calculated using a time-weighted method in addition to the dollar-weighted calculation. Those who provide both calculations should take care to avoid client confusion over the two calculation methods.

We have expressly invited comment on this issue.

11. Benchmarks

The 2011 Proposal did not include a requirement for registered firms to include benchmark information in the performance reports provided to clients. While the *potential* usefulness of benchmarks is clear to us, investor research carried out on behalf of the CSA indicated that a significant proportion of investors are likely to misunderstand the use of benchmarks, especially benchmarks that do not directly correspond to their investment portfolio.

In general, industry comments supported this decision.

However, we do not agree with the comment that the use of benchmarks should be discouraged.

The arguments in favour of prescribing benchmarks were best summarized by one comment letter which states that the use of benchmarks will allow retail investors to have a context within which they will be able to assess performance of their account. This letter added that the fact that many investors do not presently understand benchmark information should not suggest that it is not crucial information or that the investor should not be provided with benchmarks. The letter suggested that a discussion about benchmarking between registrants and their clients would provide a good opportunity for investor education.

We continue to propose that the relationship disclosure information provided at account opening should include a general description of benchmarks, the factors that should be considered when using them and whether the firm offers any options for benchmark reporting to clients. We have added guidance in the Companion Policy that encourages firms to include an historical five-year GIC rate in performance reports as an easily understood comparator that shows how a very low-risk investment alternative performed vs securities investments. We propose to keep the Companion Policy guidance on ensuring that any benchmarks a firm chooses to provide are meaningful and relevant to the client and are not misleading.

We have considered comments regarding our proposed requirement that registrants obtain written agreement from clients in order to provide benchmark information, and have decided to remove this proposed requirement. We have concluded that the burdens associated with this requirement would outweigh the benefits.

12. Presentation of charges and performance reports

Prescribe the form of the performance and charge reports

We received a number of comments asking that we prescribe the form of the annual charges and compensation and performance reports. It was argued that a standardized, uniform presentation would be more accessible and meaningful for clients and facilitate comparability year over year and between registered firms.

While we understand this view, we do not believe it is necessary to be that prescriptive. Also, it would be difficult and time consuming to come up with one form of presentation that meets universal approval. We do not think the delay would be warranted. We further understand that individual firms often wish to distinguish themselves with the format and presentation of their reporting.

We are providing *sample* performance and charge reports, and firms are free to use them as the basis for their reports. As well, third-party service providers may use the sample reports as the basis for offering standardized forms for registrants.

Require that cost and performance reports be in plain language

A couple of comment letters suggested that cost disclosure and performance reporting documents should be written in plain language. We agree and the Companion Policy contains guidance to registrants about their obligation to communicate with clients in a manner that is clear and understandable.

Performance reports should be generated by the firm, not the individual representative

We agree with comments that the firm, not the individual representative, should be responsible for producing performance reports. We have provided clarification in the Companion Policy that it is the firm's responsibility to ensure that its representatives are presenting the reports generated by the firm in an accurate fashion, and not providing misleading information to clients.

13. Scholarship plan dealers

We invited comments on the application of cost and performance reporting requirements for scholarship plan dealers, recognizing that there are unique features to these plans, and asked whether other types of performance reporting would be useful to clients with investments in these plans.

Investor advocates generally support the same cost disclosure and performance reporting requirements for scholarship plans as for all other accounts, reasoning that investors in these accounts require the same amount of information as all other investors. However, we also heard from the RESP Dealers Association of Canada that they believe scholarship plans are significantly different and do merit different performance reporting requirements.

We have concluded that there is no compelling reason to exempt scholarship plan dealers from the proposed requirements for the disclosure of charges. We have also added a specific requirement for the disclosure of unpaid enrolment fees or other instalment fees, as these are a unique feature of scholarship plans.

However, we will require different performance reporting for scholarship plans, which is aimed at providing investors with information we believe matters most for these unique investments:

- how much has been invested
- how much would be returned if the investor stopped paying into the plan
- a reasonable projection of how much the beneficiary might receive if the investor stays in the plan to maturity and if the beneficiary attends a designated educational institution

We are also proposing to add, at account opening, a requirement for a detailed discussion of the risks that are unique to scholarship plan investments, such as loss of earnings if:

- the client fails to maintain prescribed plan payments

- the beneficiary does not participate in or complete a qualifying educational program

14. Transition

The 2011 Proposal provided for an implementation period of two years for most of the proposed new requirements. Most industry comments argue for an implementation period of at least three years, while investor advocates generally stated that one year would be sufficient.

We would like to see the proposed new disclosures in the hands of investors as soon as possible. However, after holding further consultations with industry groups, we are persuaded that the technological challenges posed by the new requirements would be such that it will be very difficult for some of the necessary systems to be developed, tested and implemented in two years. As a result, we are now proposing to mandate a three-year transition period for some of the proposed new reporting requirements.

APPENDIX B

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

The proposed amendments in sections 5(l), 13, 16(a), 16(c), 18, and 19 of the amending instrument below are proposed to come into force at dates later than the implementation date for the other proposed amendments. Please refer to section 20. This text box does not form part of the amending instrument.

1. National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.

2. Section 1.1 is amended by

(a) adding the following before the definition of "Canadian financial institution"**:**

"book cost" means the total amount paid for a security, including any transaction charge related to purchasing the security, adjusted for reinvested distributions, returns of capital, and corporate reorganizations;

(b) adding the following after the definition of "mutual fund dealer"**:**

"operating charge" means any amount charged to a client by a registered firm in respect of the operation, transfer or termination of an account of the client and includes any sales taxes paid on any of these amounts; ***and***

(c) adding the following after the definition of "subsidiary"**:**

"total percentage return" means the cumulative capital gains and losses and income of an investment over a specified period of time, including realized and unrealized capital gains and losses plus income, expressed as a percentage;

"trailing commission" means any ongoing payment to a registered firm in respect of a security purchased for a client that is paid out of a management fee or other charge to the investment; ***and***

"transaction charge" means any amount charged to a client by a registered firm in respect of a purchase or sale of a security and includes any sales taxes paid on any of these amounts;

3. The title of Division 1 of Part 14 is replaced with "Investment fund managers***".***

4. Section 14.1 is amended:

(a) by replacing "sections***" with "***subsection (2), section***";***

(b) by adding "subsection***" before "***14.12(5)***";***

(c) by adding "section***" before "***14.14***";***

(d) by replacing "[account statements]***" with "***[client statements and security holder statements]***";***

(e) by renumbering it as subsection 14.1(1) and by adding the following after subsection (1):

(2) An investment fund manager for an investment fund, in which a client of a registered dealer or registered adviser has invested, must provide the dealer or adviser with the information concerning charges deducted from the net asset value of securities upon their redemption, and the information concerning trailing commissions paid to the dealer or adviser, that is required by the dealer or adviser in order to comply with paragraphs 14.12(1)(c) and 14.15(1)(h).

5. Subsection 14.2 (2) is amended

(a) by adding "Without limiting subsection (1),***" before the word "***information***";***

(b) ***by deleting the words "***required to be***";***

(c) ***by adding "***that***" before the word "***subsection***";***

(d) ***by replacing "***(1) includes all of***" with "***must include***";***

(e) ***in paragraph (b) by replacing "***discussion that identifies***" with "***general description of***" and by replacing "***a client***" with "***the client***";***

(f) ***in paragraph (c) by adding "***general***" before "***description***";***

(g) ***by replacing paragraph (f) with the following:***

(f) disclosure of the operating charges the client may pay related to the account;

(h) ***by replacing paragraph (g) with the following:***

(g) a general description of the types of transaction charges the client may be required to pay;

(i) ***in paragraph (h) by adding "***general***" before "***description***", by replacing "***the compensation***" with "***any compensation***", and by adding "***by any other party***" before "***in relation to***";***

(j) ***in paragraph (j) by adding "***[*dispute resolution service*]***" after "***13.16***" and replacing "***registered firm's expense***" with "***firm's expense***";***

(k) ***in paragraph (l) by replacing "."*** ***with "***;***" at the end of the paragraph; and***

(l) ***by adding the following after paragraph (l):***

(m) a general description of investment performance benchmarks and the factors that should be considered by a client when comparing actual returns in the client's account to benchmark returns, and any options for benchmark information that may be made available to clients by the registered firm; ***and***

(n) if the registered firm is a scholarship plan dealer, a specific description of any terms of any scholarship plan offered to a client by the scholarship plan dealer that, if not met by the client or the client's designated beneficiary under the plan, might cause the client or the designated beneficiary to suffer a loss of contributions, earnings or government contributions in the plan.

6. ***Subsection 14.2(3) is amended:***

(a) ***by deleting the words "***to a client***" after "***must deliver***"; and***

(b) ***by replacing "***subsection (1)***" with "***subsection (1), if appropriate, and paragraphs (2)(a) and (c) to (n) to the client in writing, and the information in paragraph (2)(b) orally or in writing,***".***

7. ***Subsection 14.2(4) is amended:***

(a) ***by replacing "***to***" after "***significant change***" with "***in respect of***",***

(b) ***by replacing "***subsection***" with "***subsections***",***

(c) ***by adding "***(2) or (5)***" after "***(1)***", and***

(d) ***by adding ":" after "***next***".***

8. ***Paragraph 14.2(4)(a) is amended by replacing ","*** ***with "***;***".***

9. ***Subsection 14.2(5) is replaced with***

(5) Except as provided in subsection (5.1), this section does not apply to a dealer in respect of a client for whom the dealer only purchases or sells securities as directed by a registered adviser acting for the client.

10 Section 14.2 is amended by adding the following after subsection 14.2(5):

(5.1) If subsection (5) applies, the dealer must deliver the information required under paragraphs (2)(a) and (e) to (j) to a client in writing, and the information in paragraph (2)(b) orally or in writing, before the firm first purchases or sells a security for the client.

11. Subsection 14.2(6) is replaced with:

(6) This section does not apply to a registered firm in respect of a permitted client that is not an individual.

12. Section 14.2 is amended by adding the following after subsection 14.2(6):

(7) A registered firm must not impose any new operating charge in respect of an account of a client or increase the amount of any operating charge in respect of an account of a client unless written notice of the new or increased operating charge is provided by the firm to the client at least 60 days before the date on which the new or increased charge would first become applicable in respect of the client's account.

13. Division 2 of Part 14 is amended by adding the following section:

14.2.1 Pre-trade disclosure of charges

(1) Before a registered firm accepts an instruction from a client to purchase or sell a security in an account other than a managed account, the firm must disclose to the client

(a) the charges the client will be required to pay in respect of the purchase or sale, or a reasonable estimate of the amount if the actual amount of the charges is not known to the firm at the time,

(b) in the case of a purchase to which deferred charges may apply, that the client might be required to pay a deferred sales charge on the subsequent sale of the security and the fee schedule that will apply, and

(c) whether the firm will receive trailing commissions in respect of the security.

(2) This section does not apply to a registered firm in respect of a permitted client that is not an individual.

(3) This section does not apply to a dealer in respect of a client for whom the dealer only purchases or sells securities as directed by a registered adviser acting for the client.

14. The title of Division 5 of Part 14 is replaced with "Reporting to clients***".***

15. Part 14 is amended by adding the following after the title of Division 5:

14.11.1 Determining market value

(1) For the purposes of this Division, the market value of a security

(a) other than an investment fund which is not listed on an exchange or a commodity futures contract, is the amount that a registered firm reasonably believes to be a reliable market value of the security

(i) after referring to a price quotation on a marketplace, if one is published for the security, using the last bid price in the case of a long security and the last ask price in the case of a short security, as shown on a consolidated pricing list or exchange quotation sheet as of the close of business on the relevant date or last trading day prior to the relevant date, subject to adjustments considered by the registered firm to be necessary to accurately reflect the market value;

(ii) if no reliable price for the security is quoted on a marketplace, after referring to a published market report or inter-dealer quotation sheet, on the relevant date or last trading day prior to the relevant date, subject to adjustments considered by the registered firm to be necessary to accurately reflect the market value;

(iii) if no reliable price for the security can be determined in accordance with subparagraphs (i) or (ii), after applying a valuation policy that is consistently applied, includes procedures to assess the reliability of valuation inputs and assumptions, and

(A) uses inputs that are observable, or

(B) if observable inputs are not reasonably available, uses unobservable inputs and assumptions;

(b) that is an investment fund which is not listed on an exchange must be determined by reference to the net asset value provided by the investment fund manager of the fund on the relevant date or the last trading day prior to the relevant date;

(c) that is a commodity futures contract must be determined by reference to the settlement price on the relevant date or last trading day prior to the relevant date.

(2) If a registered firm determines the market value of a security in accordance with subparagraph (1)(a)(iii), when it refers to the value in a client statement under section 14.14 [c*lient statements and security holder statements*] the registered firm must include the following notification or a notification that is substantially similar:

"There is no active market for this security, so we have estimated its value."

(3) If a registered firm does not believe it can reasonably determine a reliable market value for a security, the market value of the security must be reported in a client statement or security holder statement delivered under section 14.14 [*client statements and security holder statements*] and in an investment performance report delivered under section 14.16 [*investment performance report*] as not determinable, and the security must be excluded from the calculations in paragraphs 14.14(5)(b) and 14.14(5.2)(b) and subsection 14.17(1) [*content of investment performance report*].

16. Subsection 14.12(1) is amended:

(a) by inserting the following after paragraph (b):

(b.1) in the case of a purchase of a fixed income security, the security's annual yield;

(b) by replacing paragraph (c) with:

(c) the amount of each transaction charge, deferred sales charge or other charge in respect of the transaction, and the total amount of all charges in respect of the transaction;

(c) by inserting the following after paragraph (c):

(c.1) in the case of a purchase of a fixed income security, the total amount of compensation paid to dealing representatives out of the price paid by the client and the following notification or a notification that is substantially similar:

*"Dealer firm compensation may have been added to the price of this security. This amount was in addition to any commission this trade confirmation shows was paid to individual dealing representatives"**; and***

(c.2) in the case of a sale of a fixed income security, the total amount of compensation paid to dealing representatives out of the price received by the client and the following notification or a notification that is substantially similar:

*"Dealer firm compensation may have been deducted from the price of this security. This amount was in addition to any commission this trade confirmation shows was paid to individual dealing representatives"**;***

(d) in paragraph (f) by adding ", involved***" before "***in the transaction***"; and***

(e) in paragraph (h) by replacing "security of***" with "***security issued by***" wherever it occurs and by replacing "***registrant***" with "***registered dealer***" wherever it occurs.***

17. Section 14.14 is replaced with:

14.4 Client statements and security holder statements

(1) A registered dealer must deliver a client statement that includes the information in subsection (5) and if applicable, subsection (6) to a client at least once every 3 months.

(2) Despite subsection (1), a registered dealer must deliver a client statement to a client at the end of a month if any of the following apply:

(a) the client has requested receiving statements on a monthly basis;

(b) during the month, a transaction was effected in the account other than a transaction made under an automatic withdrawal plan or an automatic payment plan, including a dividend reinvestment plan.

(3) Subsection (2) does not apply to a mutual fund dealer in connection with its activities as a dealer in respect of the securities listed in paragraph 7.1(2)(b) [*dealer categories*].

(4) A registered adviser must deliver a client statement that includes the information in subsection (5) and, if applicable, subsection (6) to a client at least once every 3 months, except that if the client has requested receiving statements on a monthly basis, the adviser must deliver a statement to the client at the end of the month.

(5) If a registered dealer or registered adviser made a transaction for a client during the period covered by a client statement delivered under subsection (1), (2) or (4), the client statement must include the following:

(a) the date of the transaction;

(b) the type of transaction;

(c) the name of the security;

(d) the number of securities;

(e) the price per security;

(f) the total value of the transaction;

(g) if the transaction was a purchase for the client, the party that held the security when the transaction was completed and how it was held.

(6) If a registered dealer or registered adviser holds securities owned by a client in an account of the client, a client statement delivered under subsection (1), (2) or (4) must indicate that the securities are held for the client by the registered firm and must include the following information about the account determined as at the end of the period for which the statement is made:

(a) the name and quantity of each security in the account;

(b) the market value of each security in the account and, if applicable, the notification in subsection 14.11.1(2) [*determining market value*];

(c) the total market value of each security position in the account;

(d) any cash balance in the account;

(e) the total market value of all cash and securities in the account;

(f) which securities in the account may be subject to a deferred sales charge if they are sold;

(g) whether the account is covered under an investor protection fund approved or recognized by the securities regulatory authority and, if it is, the name of the fund.

(7) Subsections (1) and (2) do not apply to a scholarship plan dealer if both of the following apply:

(a) the dealer is not registered in another dealer or adviser category;

(b) the dealer delivers to the client a statement at least once every 12 months that provides the information required under subsections (5) and (6).

(8) If there is no dealer or adviser of record for a security holder on the records of a registered investment fund manager, the investment fund manager must deliver to the security holder at least once every 12 months a security holder statement that includes the following:

(a) the information required under subsection (9) about each transaction that the registered investment fund manager made for the security holder during the period;

(b) the information required under subsection (10) about the securities of the security holder that are on the records of the registered investment fund manager.

(9) For purposes of paragraph (8)(a), the security holder statement must include the following:

(a) the date of the transaction;

(b) the type of transaction;

(c) the name of the security;

(d) the number of securities;

(e) the price per security;

(f) the total value of the transaction.

(10) For purposes of paragraph (8)(b), the security holder statement must include the following as at the end of the period for which the statement is made:

(a) the name and quantity of each security;

(b) the market value of each security;

(c) the total market value of each security position;

(d) the total market value of all the securities;

(e) which securities may be subject to a deferred sales charge if they are sold;

(f) whether the account is covered under an investor protection fund approved or recognized by the securities regulatory authority and the name of the fund.

18. Section 14.14 is replaced with:

14.14 Client statements and security holder statements

(1) A registered dealer must deliver a client statement that includes the information in subsection (5) and if applicable, subsections (6) and (6.1) to a client at least once every 3 months.

(2) Despite subsection (1), a registered dealer must deliver a client statement to a client at the end of a month if any of the following apply:

(a) the client has requested receiving statements on a monthly basis;

(b) during the month, a transaction was effected in the account other than a transaction made under an automatic withdrawal plan or an automatic payment plan, including a dividend reinvestment plan.

(3) Subsection (2) does not apply to a mutual fund dealer in connection with its activities as a dealer in respect of the securities listed in paragraph 7.1(2)(b) [*dealer categories*].

(4) A registered adviser must deliver a client statement that includes the information in subsection (5) and, if applicable, subsections (6) and (6.1) to a client at least once every 3 months, except that if the client has requested receiving statements on a monthly basis, the adviser must deliver a statement to the client at the end of the month.

(5) If a registered dealer or registered adviser made a transaction for a client during the period covered by a client statement delivered under subsection (1), (2) or (4), the client statement must include the following:

(a) the date of the transaction;

(b) the type of transaction;

(c) the name of the security;

(d) the number of securities;

(e) the price per security;

(f) the total value of the transaction;

(g) if the transaction was a purchase for the client, the party that held the security when the transaction was completed and how it was held.

(6) If a registered dealer or registered adviser holds securities owned by a client in an account of the client, a client statement delivered under subsection (1), (2) or (4) must indicate that the securities are held for the client by the registered firm and must include the following information about the account determined as at the end of the period for which the statement is made:

(a) the name and quantity of each security in the account;

(b) the market value of each security in the account and, if applicable, the notification in subsection 14.11.1(2) [*determining market value*];

(c) the total market value of each security position in the account;

(d) any cash balance in the account;

(e) the total market value of all cash and securities in the account;

(e.1) for each security position opened in the account after [implementation date], the book cost of the position presented on an average cost per unit or share basis or on an aggregate basis or, if the security position was transferred from an account of another registered firm, the registered firm may use the market value of the security position as at the date of its transfer if that fact is disclosed to the client in the statement;

(e.2) for each security position opened in the account before [implementation date], the book cost of the position presented on an average cost per unit or share basis or on an aggregate basis or, if the same date and value are used for all clients of the firm holding that security and that fact is disclosed to the client in the statement, the registered firm may use the market value of the security position as at [implementation date] or an earlier date;

(e.3) the total book cost of all of the security positions;

(e.4) for each security position for which the registered firm does not reasonably believe it can determine a reliable book cost, disclosure of that fact in the statement;

(e.5) which securities in the account may be subject to a deferred sales charge if they are sold;

(e.6) whether the account is covered under an investor protection fund approved or recognized by the securities regulatory authority and, if it is, the name of the fund.

(6.1) If any of the following apply in respect of a security owned by a client that is held by a party other than the registered dealer or registered adviser, a client statement delivered under subsection (1), (2) or, (4) must include the information referred to in subsection (6.2):

(a) the registered firm has trading authority over the security or the account of the client in which the security is held or was transacted;

(b) the registered firm receives continuing payments related to the client's ownership of the security from the issuer of the security, the investment fund manager of the security or any other party;

(c) the security is a mutual fund or an investment fund that is a labour-sponsored investment fund corporation or labour sponsored venture capital corporation under legislation of a jurisdiction of Canada and was purchased for the client by the registered firm.

(6.2) If any of the circumstances set out in subsection (6.1) apply, a client statement delivered under subsection (1), (2) or (4) must include the following in respect of the securities referred to in subsection (6.1), determined as at the end of the period for which the statement is made:

(a) the name and quantity of each security;

(b) the market value of each security and, if applicable, the notification in subsection 14.11.1(2) [*determining market value*];

(c) the total market value of each security position;

(d) the total market value of all of the securities;

(e) for each security position opened after [implementation date], the book cost of the position presented on an average cost per unit or share basis or on an aggregate basis or, if the security position was transferred from another registered firm, the registered firm may use the market value of the security position as at the date of its transfer if that fact is disclosed to the client in the statement;

(f) for each security position opened before [implementation date], the book cost of the position presented on an average cost per unit or share basis or on an aggregate basis or, if the same date and value is used for all clients of the firm holding that security and that fact is disclosed to the client in the statement, the registered firm may use the market value of the security position as at [implementation date] or an earlier date

(g) the total book cost of all of the security positions;

(h) for each security position for which the registered firm does not reasonably believe it can determine a reliable book cost, disclosure of that fact in the statement;

(i) the name of the party that holds each security and a description of the way it is held;

(j) which of the securities may be subject to a deferred sales charge if they are sold.

(6.3) In this section,

(a) a security is held by a registered firm for a client if it is held in either of the following ways:

(i) the firm is the registered owner as nominee on behalf of the client;

(ii) the firm has physical possession of a certificate evidencing ownership of the security.

(b) a security is held for a client by a party other than the registered firm if any of the following apply:

(i) the other party is the registered owner as nominee on behalf of the client;

(ii) ownership of the security is recorded on the books of its issuer in the client's name;

(iii) the other party has physical possession of a certificate evidencing ownership of the security;

(iv) the client has physical possession of a certificate evidencing ownership of the security.

(7) Subsections (1) and (2) do not apply to a scholarship plan dealer if both of the following apply:

(a) the dealer is not registered in another dealer or adviser category;

(b) the dealer delivers to the client a statement at least once every 12 months that provides the information required under subsections (5), (6) and (6.1).

(7.1) A client statement delivered under subsections (1), (2), or (4) must present the information required under subsections (5), (6) and (6.1) in separate sections.

(7.2) If a registered dealer or registered adviser is required to provide a client statement under subsection (1), (2) or (4) in respect of more than one account of a client, the information specified in subsection (6.2) must be included in the statement for the account through which the securities were transacted.

(8) If there is no dealer or adviser of record for a security holder on the records of a registered investment fund manager, the investment fund manager must deliver to the security holder at least once every 12 months a security holder statement that includes the following:

(a) the information required under subsection (9) about each transaction that the registered investment fund manager made for the security holder during the period;

(b) the information required under subsection (10) about the securities of the security holder that are on the records of the registered investment fund manager.

(9) For purposes of paragraph (8)(a), the security holder statement must include the following:

(a) the date of the transaction;

(b) the type of transaction;

(c) the name of the security;

(d) the number of securities;

(e) the price per security;

(f) the total value of the transaction.

(10) For purposes of paragraph (8)(b), the security holder statement must include the following as at the end of the period for which the statement is made:

(a) the name and quantity of each security;

(b) the market value of each security;

(c) the total market value of each security position;

(d) the total market value of all the securities;

(d.1) the book cost of each security position presented on an average cost per unit or share basis, or on an aggregate basis;

(d.2) the total book cost of all of the security positions;

(d.3) for each security position for which the registered firm does not reasonably believe it can determine a reliable book cost, disclosure of that fact in the statement;

(d.4) which securities may be subject to a deferred sales charge if they are sold;

(d.5) whether the account is covered under an investor protection fund approved or recognized by the securities regulatory authority and the name of the fund.

(11) A client or security holder statement delivered under subsections (1), (2), (4) or (8) must include the definition of "book cost" in section 1.1 where that term is first used in the statement.

19. Division 5 of Part 14 is amended by adding the following after section 14.14:

14.15 Report on charges and other compensation

(1) A registered firm must deliver a report on charges and other compensation containing the following information to a client every 12 months:

(a) the registered firm's current operating charges which may be applicable to the client's account;

(b) the total amount of each type of operating charge related to the account paid by the client during the period covered by the report, and the aggregate amount of those charges;

(c) the total amount of each type of transaction charge related to the purchase or sale of securities paid by the client to the firm during the period covered by the report, and the aggregate amount of those charges;

(d) the total amount of the operating charges reported under paragraph (b) and the transaction charges reported under paragraph (c);

(e) the total amount of compensation paid to dealing representatives of the firm out of the price of fixed income securities purchased or sold for the client during the period covered by the report, and the following notification or a notification that is substantially similar:

> *"For some of the fixed income securities purchased or sold for you during the period covered by this report, dealer firm compensation may have been included in the price you paid (in the case of a purchase) or deducted from the price you received (in the case of a sale). These amounts were in addition to any commissions this report shows paid to individual dealing representatives"*;

(f) if the registered firm is a scholarship plan dealer, the unpaid amount of any enrolment fee or other charge that is payable by the client;

(g) the total amount of each type of payment to the registered firm or any of its registered individuals by any person or company in relation to the client during the period covered by the report, accompanied by an explanation of each type of payment;

(h) if the registered firm received trailing commissions in connection with securities owned by the client during the period covered by the report, the following notification or a notification that is substantially similar to the following:

> *We received $ ● in trailing commissions on the investment funds you owned during the period.*
>
> *Investment funds pay investment fund managers a fee for managing their funds. The managers pay us ongoing trailing commissions from that management fee for the service and advice we provide you. The amount of the trailing commissions depends on the sales charge option you chose when you purchased the fund. You are not charged the trailing commission or the management fee. But, as is the case with any investment fund expense, trailing commissions are likely to affect you because, in most cases, they reduce the amount of the fund's return to you. Information about management fees and other charges to your investment funds is in included in the prospectus or Fund Facts document for each fund."*

(2) A registered firm may provide a report on charges and other compensation that consolidates the information required under subsection (1) for more than one of a client's accounts into a single report, if both of the following apply:

(a) the client has consented in writing;

(b) the consolidated report specifies which accounts it consolidates.

(3) A report under subsection (1) must

(a) be delivered with or in the client statement that is accompanied by or includes the investment performance report required under section 14.16 [*investment performance report*], and

(b) cover the 12 months period that immediately precedes the date of the report except that the first report on charges and other compensation delivered after a client has opened an account may cover a period of less than 12 months.

(4) This section does not apply to a registrant in respect of a permitted client that is not an individual.

14.16 Investment performance report

(1) A registered firm must deliver an investment performance report to a client every 12 months with or in a client statement referred to in section 14.14 [*client statements and security holder statements*], except that the first investment performance report delivered after a registered firm first makes a trade for a client may be sent more than 12 months but less than 24 months after the trade.

(2) The information required under subsection (1) must be delivered with or in a separate investment performance report for each account of the client and must include

(a) all securities owned by the client that are held by the registered firm in the account, and

(b) all securities owned by the client that are reported in the client statement under subsection 14.14(6.2) [*client statements and security holder statements*] and were transacted through the account.

(3) Despite subsection (2), a registered firm may provide an investment performance report that consolidates into a single report the required information for more than one of a client's accounts and any securities of the client required to be reported under subsection 14.14(6.2) [*client statements and security holder statements*], if both of the following apply:

(a) the client has consented in writing;

(b) the consolidated report specifies which accounts and which securities held outside of an account it consolidates.

(4) This section does not apply to

(a) an account that has existed for less than a 12 month period;

(b) a dealer in respect of an account in which a dealer only executes trades as directed by a registered adviser acting for the client;

(c) an investment fund manager in respect of its activities as an investment fund manager; and

(d) a registered firm in respect of a permitted client that is not an individual.

14.17 Content of investment performance report

(1) An investment performance report delivered under section 14.16 [*investment performance report*] by a registered firm must include all of the following in respect of the securities referenced in a client statement in respect of which subsections 14.14(6.1) and (6.2) [*client statements and security holder statements*] apply:

(a) subject to paragraph (b), the opening market value of all cash and securities in the client's account as at the beginning of the 12 month period preceding the date of the investment performance report;

(b) if the account was opened before [implementation date] and the registered firm reasonably believes reliable market values are not available for all deposits, withdrawals and transfers since the date when the account was opened, the market value of all cash and securities in the account as at [implementation date];

(c) the closing market value of all cash and securities in the account;

(d) the market value of all deposits and transfers of cash and securities into the account and the market value of all withdrawals and transfers of cash and securities out of the account, in the 12 month period immediately preceding the date of the investment performance report;

(e) subject to paragraph (f), the market value of all deposits and transfers of cash and securities into the account and the market value of all withdrawals and transfers of cash and securities out of the account, since account opening;

(f) if the account was opened before [implementation date] and the registered firm reasonably believes reliable market values are not available for all deposits, withdrawals and transfers since the account was opened, the market value of all deposits and transfers of cash and securities into the account, and the market value of all withdrawals and transfers of cash and securities out of the account, since [implementation date];

(g) the annual change in value of the account for the 12 month period preceding the date of the investment performance report, determined by the formula

$$A – B – C + D$$

where

A = the closing market value of all cash and securities in the account as at the end of the 12 month period immediately preceding the date of the investment performance report,

B = the opening market value of all cash and securities in the account at the beginning of that 12 month period,

C = the market value of all deposits and transfers of cash and securities into the account in that 12 month period, and

D = the market value of all withdrawals and transfers of cash and securities out of the account in that 12 month period;

(h) subject to paragraph (i), the cumulative change in value of the account determined by the formula

$$A – E + F$$

where

A = the closing market value of all cash and securities in the account as at the end of the 12 month period immediately preceding the date of the investment performance report,

E = the market value of all deposits and transfers of cash and securities into the account since account opening, and

F = the market value of all withdrawals and transfers of cash and securities out of the account since account opening;

(i) if the registered firm reasonably believes reliable market value information required in paragraph (f) is not available to the registered firm, the cumulative change in the value of the account determined by the formula

$$A – G – H + I$$

where

A = the closing market value of all cash and securities in the account as at the end of the 12 month period immediately preceding the date of the investment performance report,

G = the opening market value of all cash and securities in the account as at [implementation date],

H = the market value of all deposits and transfers of cash and securities into the account since [implementation date], and

I = the market value of all withdrawals and transfers of cash and securities out of the account since [implementation date];

(j) the amount of the annualized total percentage return, expressed as a percentage, for the client's account calculated net of charges, using a dollar weighted method;

(k) the definition of "total percentage return" in section 1.1 [*definitions of terms used throughout this Instrument*] and a notification that the total percentage return in the investment performance report was calculated net of charges, using a dollar weighted method.

(2) The information delivered for the purposes of paragraph (1)(j) must be provided for each of the following periods preceding the date of the performance report:

(a) the previous year;

(b) the previous 3 years;

(c) the previous 5 years;

(d) the previous 10 years;

(e) the period since the account was opened if the account has been open for more than one year before the date of the report or, if the account was opened before [implementation date] and the registered firm reasonably believes a reliable annualized total percentage return for the period prior to [implementation date] is not available, the period since [implementation date].

(3) Despite subsection (2), if any portion of a period referred to in paragraphs (2)(c) or (d) was before [implementation date], the registered firm is not required to report the annualized total percentage return for that period.

(4) Despite subsection (1), the information a scholarship plan dealer is required to deliver under section 14.16 [*investment performance report*] in respect of each scholarship plan in which a client has invested through the scholarship plan dealer is the following:

(a) the total amount that the client has invested in the plan as at the date of the investment performance report;

(b) the total amount that would be returned to the client if, as of the date of the investment performance report, the client ceased to make prescribed payments into the plan;

(c) a reasonable projection of future payments that the plan might pay to the client's designated beneficiary under the plan, or the client, upon the maturity of the client's investment in the plan;

(d) a summary of any terms of the plan that, if not met by the client or the client's designated beneficiary under the plan, might cause the client or the designated beneficiary to suffer a loss of contributions, earnings or government contributions in the plan.

(5) The information delivered under section 14.16 [*investment performance report*] must be presented using text, tables and charts, and must be accompanied by notes in the investment performance report explaining:

(a) the content of the performance report and how a client can use the information to assess the investment performance of the client's investments; and

(b) the changing value of the client's investments as reflected in the information in the investment performance report.

(6) If a registered firm delivers investment performance information to a client for a period of less than one year, the firm must not calculate the performance information on an annualized basis.

(7) If the registered firm reasonably believes a reliable market value cannot be determined for a security position in a client statement, the security position must be assigned a value of zero in the calculation of the information delivered under subsection 14.16(1) and the reason for doing so must be disclosed to the client.

(8) If the registered firm reasonably believes there are no security positions in the client statement for which a reliable market value can be determined, the firm is not required to deliver investment performance information to the client for the period.

20. (a) Subject to paragraph (b), this Instrument comes into force on ●, 2012; and

(b) The provisions of this Instrument listed in column 1 of the following table come into force as set out in column 2 of the table:

1 **Section(s)**	**2** **Effective Date**
5(l), 13, 16(a), 16(c)	One year after the implementation date
18	Two years after the implementation date
19	Three years after the implementation date

APPENDIX C

BLACKLINE OF PROPOSED AMENDMENTS TO

NATIONAL INSTRUMENT 31-103
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

This Appendix shows the proposed amendments to NI 31-103 against the relevant portions of the unofficial consolidation of NI 31-103 published on February 28, 2012.

1.1 Definitions of terms used throughout this Instrument

….

"book cost" means the total amount paid for a security, including any transaction charge related to purchasing the security, adjusted for reinvested distributions, returns of capital, and corporate reorganizations;

"operating charge" means any amount charged to a client by a registered firm in respect of the operation, transfer or termination of an account of the client and includes any sales taxes paid on any of these amounts;

"total percentage return" means the cumulative capital gains and losses and income of an investment over a specified period of time, including realized and unrealized capital gains and losses plus income, expressed as a percentage;

"trailing commission" means any ongoing payment to a registered firm in respect of a security purchased for a client that is paid out of a management fee or other charge to the investment;

"transaction charge" means any amount charged to a client by a registered firm in respect of a purchase or sale of a security and includes any sales taxes paid on any of these amounts;

….

Part 14 Handling client accounts – firms

Division 1 ~~Exemption for~~ Investment fund managers

14.1 Investment fund managers ~~exempt from Part 14~~

14.1(1) Other than ~~sections~~ subsection (2), section 14.6 [*holding client assets in trust*], subsection 14.12(5) [*content and delivery of trade confirmation*] and section 14.14 [*~~account~~client statements and security holder statements*], this Part does not apply to an investment fund manager in respect of its activities as an investment fund manager.

14.1(2) An investment fund manager for an investment fund in which a client of a registered dealer or registered adviser has invested must provide the dealer or adviser with the information concerning charges deducted from the net asset value of securities upon their redemption, and the information concerning trailing commissions paid to the dealer or adviser, that is required by the dealer or adviser in order to comply with paragraphs 14.12(1)(c) and 14.15(1)(h).

Division 2 Disclosure to clients

14.2 Relationship disclosure information

(1) A registered firm must deliver to a client all information that a reasonable investor would consider important about the client's relationship with the registrant.

(2) Without limiting subsection (1), the information ~~required to be~~ delivered under that subsection ~~(1) includes all of~~must include the following:

(a) a description of the nature or type of the client's account;

(b) a ~~discussion that identifies~~general description of the products or services the registered firm offers to athe client;

(c) a general description of the types of risks that a client should consider when making an investment decision;

(d) a description of the risks to a client of using borrowed money to finance a purchase of a security;

(e) a description of the conflicts of interest that the registered firm is required to disclose to a client under securities legislation;

(f) disclosure of ~~all costs to a client for the operation of an~~the operating charges the client may pay related to the account;

(g) a general description of the~~ costs a~~ types of transaction charges the client~~ will pay in making, holding and selling investments~~ may be required to pay;

(h) a general description of ~~the~~any compensation paid to the registered firm by any other party in relation to the different types of products that a client may purchase through the registered firm;

(i) a description of the content and frequency of reporting for each account or portfolio of a client;

(j) if section 13.16 [*dispute resolution service*] applies to the registered firm, disclosure that independent dispute resolution or mediation services are available at the ~~registered~~ firm's expense, to resolve any dispute that might arise between the client and the firm about any trading or advising activity of the firm or one of its representatives;

(k) a statement that the registered firm has an obligation to assess whether a purchase or sale of a security is suitable for a client prior to executing the transaction or at any other time;

(l) the information a registered firm must collect about the client under section 13.2 [*know your client*]~~.~~;

(m) a general description of investment performance benchmarks and the factors that should be considered by a client when comparing actual returns in the client's account to benchmark returns, and any options for benchmark information that may be made available to clients by the registered firm;

(n) if the registered firm is a scholarship plan dealer, a specific description of any terms of any scholarship plan offered to a client by the scholarship plan dealer that, if not met by the client or the client's designated beneficiary under the plan, might cause the client or the designated beneficiary to suffer a loss of contributions, earnings or government contributions in the plan.

(3) A registered firm must deliver ~~to a client~~ the information in ~~subsection (1)~~ subsection (1), if appropriate, and paragraphs (2)(a) and (c) to (n) to the client in writing, and the information in paragraph (2)(b) orally or in writing, before the firm first

(a) purchases or sells a security for the client, or

(b) advises the client to purchase, sell or hold a security.

(4) If there is a significant change ~~to~~in respect of the information delivered to a client under subsections (1), (2) or (5), the registered firm must take reasonable steps to notify the client of the change in a timely manner and, if possible, before the firm next:

(a) purchases or sells a security for the client~~,~~; or

(b) advises the client to purchase, sell or hold a security.

(5) Except as provided in subsection (5.1), this section does not apply to a dealer in respect of a client for whom the dealer only purchases or sells securities as directed by a registered adviser acting for the client.

(5.1) If subsection (5) applies, the dealer must deliver the information required under paragraphs (2)(a) and (e) to (j) to a client in writing, and the information in paragraph (2)(b) orally or in writing, before the firm first purchases or sells a security for the client.

~~**(5)** This section does not apply if the client is a registered firm, a Canadian financial institution or a Schedule III bank.~~

(6) This section does not apply to a registered firm ~~registrant~~ in respect of a permitted client ~~if~~ that is not an individual.

~~(a) the permitted client has waived, in writing, the requirements under this section, and~~

~~(b) the registrant does not act as an adviser in respect of a managed account of the permitted client.~~

(7) A registered firm must not impose any new operating charge in respect of an account of a client or increase the amount of any operating charge in respect of an account of a client unless written notice of the new or increased operating charge is provided by the firm to the client at least 60 days before the date on which the new or increased charge would first become applicable in respect of the client's account.

14.2.1 Pre-trade disclosure of charges

(1) Before a registered firm accepts an instruction from a client to purchase or sell a security in an account other than a managed account, the firm must disclose to the client

(a) the charges the client will be required to pay in respect of the purchase or sale, or a reasonable estimate of the amount if the actual amount of the charges is not known to the firm at the time,

(b) in the case of a purchase to which deferred charges may apply, that the client might be required to pay a deferred sales charge on the subsequent sale of the security and the fee schedule that will apply, and

(c) whether the firm will receive trailing commissions in respect of the security.

(2) This section does not apply to a registered firm in respect of a permitted client that is not an individual.

(3) This section does not apply to a dealer in respect of a client for whom the dealer only purchases or sells securities as directed by a registered adviser acting for the client.

….

Division 5 Reporting to clients

14.11.1 Determining market value

(1) For the purposes of this Division, the market value of a security

(a) other than an investment fund which is not listed on an exchange or a commodity futures contract, is the amount that a registered firm reasonably believes to be a reliable market value of the security

(i) after referring to a price quotation on a marketplace, if one is published for the security, using the last bid price in the case of a long security and the last ask price in the case of a short security, as shown on a consolidated pricing list or exchange quotation sheet as of the close of business on the relevant date or last trading day prior to the relevant date, subject to adjustments considered by the registered firm to be necessary to accurately reflect the market value;

(ii) if no reliable price for the security is quoted on a marketplace, after referring to a published market report or inter-dealer quotation sheet, on the relevant date or last trading day prior to the relevant date, subject to adjustments considered by the registered firm to be necessary to accurately reflect the market value;

(iii) if no reliable price for the security can be determined in accordance with subparagraphs (i) or (ii), after applying a valuation policy that is consistently applied, includes procedures to assess the reliability of valuation inputs and assumptions, and

(A) uses inputs that are observable, or

(B) if observable inputs are not reasonably available, uses unobservable inputs and assumptions;

(b) that is an investment fund which is not listed on an exchange must be determined by reference to the net asset value provided by the investment fund manager of the fund on the relevant date or the last trading day prior to the relevant date;

(c) that is a commodity futures contract must be determined by reference to the settlement price on the relevant date or last trading day prior to the relevant date.

(2) If a registered firm determines the market value of a security in accordance with subparagraph (1)(a)(iii), when it refers to the value in a client statement under section 14.14 [c*lient statements and security holder statements*] the registered firm must include the following notification or a notification that is substantially similar:

"There is no active market for this security, so we have estimated its value."

(3) If a registered firm does not believe it can reasonably determine a reliable market value for a security, the market value of the security must be reported in a client statement or security holder statement delivered under section 14.14 [*client statements and security holder statements*] and in an investment performance report delivered under section 14.16 [*investment performance report*] as not determinable, and the security must be excluded from the calculations in paragraphs 14.14(5)(b) and 14.14(5.2)(b) and subsection 14.17(1) [*content of investment performance report*].

14.12 Content and delivery of trade confirmation

(1) A registered dealer that has acted on behalf of a client in connection with a purchase or sale of a security must promptly deliver to the client or, if the client consents in writing, to a registered adviser acting for the client, a written confirmation of the transaction, setting out the following:

(a) the quantity and description of the security purchased or sold;

(b) the price per security paid or received by the client;

(b.1) in the case of a purchase of a fixed income security, the security's annual yield;

(c) the ~~commission,~~amount of each transaction charge, deferred sales charge~~, service charge and any~~ or other ~~amount charged~~charge in respect of the transaction~~;~~, and the total amount of all charges in respect of the transaction;

(c.1) in the case of a purchase of a fixed income security, the total amount of compensation paid to dealing representatives out of the price paid by the client and the following notification or a notification that is substantially similar:

"Dealer firm compensation may have been added to the price of this security. This amount was in addition to any commission this trade confirmation shows was paid to individual dealing representatives" ;

(c.2) in the case of a sale of a fixed income security, the total amount of compensation paid to dealing representatives out of the price received by the client and the following notification or a notification that is substantially similar:

"Dealer firm compensation may have been deducted from the price of this security. This amount was in addition to any commission this trade confirmation shows was paid to individual dealing representatives";

(d) whether the registered dealer acted as principal or agent;

(e) the date and the name of the marketplace, if any, on which the transaction took place, or if applicable, a statement that the transaction took place on more than one marketplace or over more than one day;

(f) the name of the dealing representative, if any, involved in the transaction;

(g) the settlement date of the transaction;

(h) if applicable, that the security is a security ~~of~~issued by the ~~registrant~~registered dealer, a security ~~of~~issued by a related issuer of the ~~registrant~~registered dealer or, if the transaction occurred during the security's distribution, a security ~~of~~issued by a connected issuer of the registered dealer.

….

14.14 ~~Account~~Client statements and security holder statements

(1) A registered dealer must deliver a client statement that includes the information in subsection (5) and if applicable, subsections (6) and (6.1) to a client at least once every 3 months.

(2) Despite subsection (1), a registered dealer must deliver a client statement to a client at the end of a month if any of the following apply:

(a) the client has requested receiving statements on a monthly basis;

(b) during the month, a transaction was effected in the account other than a transaction made under an automatic withdrawal plan or an automatic payment plan, including a dividend reinvestment plan.

(3) Subsection (2) does not apply to a mutual fund dealer in connection with its activities as a dealer in respect of the securities listed in ~~section~~paragraph 7.1(2)(b) [*dealer categories*].

(4) ~~Except if the client has otherwise directed, a~~ A registered adviser must deliver a client statement that includes the information in subsection (5) and, if applicable, subsection (6) to a client at least once every 3 months, except that if the client has requested receiving statements on a monthly basis, the adviser must deliver a statement to the client at the end of the month.

~~**(3.1)** If there is no dealer of record for a security holder on the records of a registered investment fund manager, the investment fund manager must deliver a statement to the security holder at least once every 12 months~~

(5) If a registered dealer or registered adviser made a transaction for a client during the period covered by a client ~~A~~ statement delivered under subsection (1), (2)~~,~~ or (4), ~~or (3.1)~~the client statement must include ~~all of~~ the following ~~information for each transaction made for the client or security holder during the period covered by the statement~~:

(a) the date of the transaction;

(b) the type of transaction;

(c) the name of the security;

(d) the number of securities;

(e) the price per security;

(f) the total value of the transaction~~.~~;

(g) if the transaction was a purchase for the client, the party that held the security when the transaction was completed and how it was held.

(6) If a registered dealer or registered adviser holds securities owned by a client in an account of the client, a client ~~A~~ statement delivered under subsection (1), (2)~~, (3), or (3.1)~~ or (4) must indicate that the securities are held for the client by the registered firm and must include ~~all of~~ the following information about the ~~client's or security holder's~~ account determined as at the end of the period for which the statement is made:

(a) ~~t~~he name and quantity of each security in the account;

(b) the market value of each security in the account and, if applicable, the notification in subsection 14.11.1(2) [*determining market value*];

(c) the total market value of each security position in the account;

(d) any cash balance in the account;

(e) the total market value of all cash and securities in the account~~.~~;

(e.1) for each security position opened in the account after [implementation date], the book cost of the position presented on an average cost per unit or share basis or on an aggregate basis or, if the security position was transferred from an account of another registered firm, the registered firm may use the market value of the security position as at the date of its transfer if that fact is disclosed to the client in the statement;

(e.2) for each security position opened in the account before [implementation date], the book cost of the position presented on an average cost per unit or share basis or on an aggregate basis or, if the same date and value are used for all clients of the firm holding that security and that fact is disclosed to the client in the statement,

the registered firm may use the market value of the security position as at [implementation date] or an earlier date;

(e.3) the total book cost of all of the security positions;

(e.4) for each security position for which the registered firm does not reasonably believe it can determine a reliable book cost, disclosure of that fact in the statement;

(e.5) which securities in the account may be subject to a deferred sales charge if they are sold;

(e.6) whether the account is covered under an investor protection fund approved or recognized by the securities regulatory authority and, if it is, the name of the fund.

(6.1) If any of the following apply in respect of a security owned by a client that is held by a party other than the registered dealer or registered adviser, a client statement delivered under subsection (1), (2) or, (4) must include the information referred to in subsection (6.2):

(a) the registered firm has trading authority over the security or the account of the client in which the security is held or was transacted;

(b) the registered firm receives continuing payments related to the client's ownership of the security from the issuer of the security, the investment fund manager of the security or any other party;

(c) the security is a mutual fund or an investment fund that is a labour-sponsored investment fund corporation or labour sponsored venture capital corporation under legislation of a jurisdiction of Canada and was purchased for the client by the registered firm.

(6.2) If any of the circumstances set out in subsection (6.1) apply, a client statement delivered under subsection (1), (2) or (4) must include the following in respect of the securities referred to in subsection (6.1), determined as at the end of the period for which the statement is made:

(a) the name and quantity of each security;

(b) the market value of each security and, if applicable, the notification in subsection 14.11.1(2) [*determining market value*];

(c) the total market value of each security position;

(d) the total market value of all of the securities;

(e) for each security position opened after [implementation date], the book cost of the position presented on an average cost per unit or share basis or on an aggregate basis or, if the security position was transferred from another registered firm, the registered firm may use the market value of the security position as at the date of its transfer if that fact is disclosed to the client in the statement;

(f) for each security position opened before [implementation date], the book cost of the position presented on an average cost per unit or share basis or on an aggregate basis or, if the same date and value is used for all clients of the firm holding that security and that fact is disclosed to the client in the statement, the registered firm may use the market value of the security position as at [implementation date] or an earlier date

(g) the total book cost of all of the security positions;

(h) for each security position for which the registered firm does not reasonably believe it can determine a reliable book cost, disclosure of that fact in the statement;

(i) the name of the party that holds each security and a description of the way it is held;

(j) which of the securities may be subject to a deferred sales charge if they are sold.

(6.3) In this section,

(a) a security is held by a registered firm for a client if it is held in either of the following ways:

(i) the firm is the registered owner as nominee on behalf of the client;

(ii) the firm has physical possession of a certificate evidencing ownership of the security;

(b) a security is held for a client by a party other than the registered firm if any of the following apply:

(i) the other party is the registered owner as nominee on behalf of the client;

(ii) ownership of the security is recorded on the books of its issuer in the client's name;

(iii) the other party has physical possession of a certificate evidencing ownership of the security;

(iv) the client has physical possession of a certificate evidencing ownership of the security.

(7) Subsections (1) and (2) do not apply to a scholarship plan dealer if both of the following apply:

(a) the dealer is not registered in another dealer or adviser category;

(b) the dealer delivers to the client a statement at least once every 12 months that provides the information ~~in~~required under subsections (5), (6) and (6.1).

(7.1) A client statement delivered under subsections (1), (2), or (4) must present the information required under subsections (5), (6) and (6.1) in separate sections.

(7.2) If a registered dealer or registered adviser is required to provide a client statement under subsection (1), (2) or (4) in respect of more than one account of a client, the information specified in subsection (6.2) must be included in the statement for the account through which the securities were transacted.

(8) If there is no dealer or adviser of record for a security holder on the records of a registered investment fund manager, the investment fund manager must deliver to the security holder at least once every 12 months a security holder statement that includes the following:

(a) the information required under subsection (9) about each transaction that the registered investment fund manager made for the security holder during the period;

(b) the information required under subsection (10) about the securities of the security holder that are on the records of the registered investment fund manager.

(9) For purposes of paragraph (8)(a), the security holder statement must include the following:

(a) the date of the transaction;

(b) the type of transaction;

(c) the name of the security;

(d) the number of securities;

(e) the price per security;

(f) the total value of the transaction.

(10) For purposes of paragraph (8)(b), the security holder statement must include the following as at the end of the period for which the statement is made:

(a) the name and quantity of each security;

(b) the market value of each security;

(c) the total market value of each security position;

(d) the total market value of all the securities;

(d.1) the book cost of each security position presented on an average cost per unit or share basis, or on an aggregate basis;

(d.2) the total book cost of all of the security positions;

(d.3) for each security position for which the registered firm does not reasonably believe it can determine a reliable book cost, disclosure of that fact in the statement;

(d.4) which securities may be subject to a deferred sales charge if they are sold;

(d.5) whether the account is covered under an investor protection fund approved or recognized by the securities regulatory authority and the name of the fund.

(11) A client or security holder statement delivered under subsections (1), (2), (4) or (8) must include the definition of "book cost" in section 1.1 where that term is first used in the statement.

14.15 Report on charges and other compensation

(1) A registered firm must deliver a report on charges and other compensation containing the following information to a client every 12 months:

(a) the registered firm's current operating charges which may be applicable to the client's account;

(b) the total amount of each type of operating charge related to the account paid by the client during the period covered by the report, and the aggregate amount of those charges;

(c) the total amount of each type of transaction charge related to the purchase or sale of securities paid by the client to the firm during the period covered by the report, and the aggregate amount of those charges;

(d) the total amount of the operating charges reported under paragraph (b) and the transaction charges reported under paragraph (c);

(e) the total amount of compensation paid to dealing representatives of the firm out of the price of fixed income securities purchased or sold for the client during the period covered by the report, and the following notification or a notification that is substantially similar:

"For some of the fixed income securities purchased or sold for you during the period covered by this report, dealer firm compensation may have been included in the price you paid (in the case of a purchase) or deducted from the price you received (in the case of a sale). These amounts were in addition to any commissions this report shows paid to individual dealing representatives";

(f) if the registered firm is a scholarship plan dealer, the unpaid amount of any enrolment fee or other charge that is payable by the client;

(g) the total amount of each type of payment to the registered firm or any of its registered individuals by any person or company in relation to the client during the period covered by the report, accompanied by an explanation of each type of payment;

(h) if the registered firm received trailing commissions in connection with securities owned by the client during the period covered by the report, the following notification or a notification that is substantially similar to the following:

We received $ ● in trailing commissions on the investment funds you owned during the period.

Investment funds pay investment fund managers a fee for managing their funds. The managers pay us ongoing trailing commissions from that management fee for the service and advice we provide you. The amount of the trailing commissions depends on the sales charge option you chose when you purchased the fund. You are not charged the trailing commission or the management fee. But, as is the case with any investment fund expense, trailing commissions are likely to affect you because, in most cases, they reduce the amount of the fund's return to you. Information about management fees and other charges to your investment funds is in included in the prospectus or Fund Facts document for each fund."

(2) A registered firm may provide a report on charges and other compensation that consolidates the information required under subsection (1) for more than one of a client's accounts into a single report, if both of the following apply:

(a) the client has consented in writing;

(b) the consolidated report specifies which accounts it consolidates.

(3) A report under subsection (1) must

(a) be delivered with or in the client statement that is accompanied by or includes the investment performance report required under section 14.16 [*investment performance report*], and

(b) cover the 12 months period that immediately precedes the date of the report except that the first report on charges and other compensation delivered after a client has opened an account may cover a period of less than 12 months.

(4) This section does not apply to a registrant in respect of a permitted client that is not an individual.

14.16 Investment performance report

(1) A registered firm must deliver an investment performance report to a client every 12 months with or in a client statement referred to in section 14.14 [*client statements and security holder statements*], except that the first investment performance report delivered after a registered firm first makes a trade for a client may be sent more than 12 months but less than 24 months after the trade.

(2) The information required under subsection (1) must be delivered with or in a separate investment performance report for each account of the client and must include

(a) all securities owned by the client that are held by the registered firm in the account, and

(b) all securities owned by the client that are reported in the client statement under subsection 14.14(6.2) [*client statements and security holder statements*] and were transacted through the account.

(3) Despite subsection (2), a registered firm may provide an investment performance report that consolidates into a single report the required information for more than one of a client's accounts and any securities of the client required to be reported under subsection 14.14(6.2) [*client statements and security holder statements*], if both of the following apply:

(a) the client has consented in writing;

(b) the consolidated report specifies which accounts and which securities held outside of an account it consolidates.

(4) This section does not apply to

(a) an account that has existed for less than a 12 month period;

(b) a dealer in respect of an account in which a dealer only executes trades as directed by a registered adviser acting for the client;

(c) an investment fund manager in respect of its activities as an investment fund manager; and

(d) a registered firm in respect of a permitted client that is not an individual.

14.17 Content of investment performance report

(1) An investment performance report delivered under section 14.16 [*investment performance report*] by a registered firm must include all of the following in respect of the securities referenced in a client statement in respect of which subsections 14.14(6.1) and (6.2) [*client statements and security holder statements*] apply:

(a) subject to paragraph (b), the opening market value of all cash and securities in the client's account as at the beginning of the 12 month period preceding the date of the investment performance report;

(b) if the account was opened before [implementation date] and the registered firm reasonably believes reliable market values are not available for all deposits, withdrawals and transfers since the date when the account was opened, the market value of all cash and securities in the account as at [implementation date];

(c) the closing market value of all cash and securities in the account;

(d) the market value of all deposits and transfers of cash and securities into the account and the market value of all withdrawals and transfers of cash and securities out of the account, in the 12 month period immediately preceding the date of the investment performance report;

(e) subject to paragraph (f), the market value of all deposits and transfers of cash and securities into the account and the market value of all withdrawals and transfers of cash and securities out of the account, since account opening;

(f) if the account was opened before [implementation date] and the registered firm reasonably believes reliable market values are not available for all deposits, withdrawals and transfers since the account was opened, the market value of all deposits and transfers of cash and securities into the account, and the market value of all withdrawals and transfers of cash and securities out of the account, since [implementation date];

(g) the annual change in value of the account for the 12 month period preceding the date of the investment performance report, determined by the formula

$$A – B – C + D$$

where

A = the closing market value of all cash and securities in the account as at the end of the 12 month period immediately preceding the date of the investment performance report,

B = the opening market value of all cash and securities in the account at the beginning of that 12 month period,

C = the market value of all deposits and transfers of cash and securities into the account in that 12 month period, and

D = the market value of all withdrawals and transfers of cash and securities out of the account in that 12 month period;

(h) subject to paragraph (j), the cumulative change in value of the account determined by the formula

$$A – E + F$$

where

A = the closing market value of all cash and securities in the account as at the end of the 12 month period immediately preceding the date of the investment performance report,

E = the market value of all deposits and transfers of cash and securities into the account since account opening, and

F = the market value of all withdrawals and transfers of cash and securities out of the account since account opening;

(i) if the registered firm reasonably believes reliable market value information required in paragraph (f) is not available to the registered firm, the cumulative change in the value of the account determined by the formula

$$A – G – H + I$$

where

A = the closing market value of all cash and securities in the account as at the end of the 12 month period immediately preceding the date of the investment performance report,

G = the opening market value of all cash and securities in the account as at [implementation date],

H = the market value of all deposits and transfers of cash and securities into the account since [implementation date], and

I = the market value of all withdrawals and transfers of cash and securities out of the account since [implementation date];

(j) the amount of the annualized total percentage return, expressed as a percentage, for the client's account calculated net of charges, using a dollar weighted method;

(k) the definition of "total percentage return" in section 1.1 [*definitions of terms used throughout this Instrument*] and a notification that the total percentage return in the investment performance report was calculated net of charges, using a dollar weighted method.

(2) The information delivered for the purposes of paragraph (1)(j) must be provided for each of the following periods preceding the date of the performance report:

(a) the previous year;

(b) the previous 3 years;

(c) the previous 5 years;

(d) the previous 10 years;

(e) the period since the account was opened if the account has been open for more than one year before the date of the report or, if the account was opened before [implementation date] and the registered firm reasonably believes a reliable annualized total percentage return for the period prior to [implementation date] is not available, the period since [implementation date].

(3) Despite subsection (2), if any portion of a period referred to in paragraphs (2)(c) or (d) was before [implementation date], the registered firm is not required to report the annualized total percentage return for that period.

(4) Despite subsection (1), the information a scholarship plan dealer is required to deliver under section 14.16 [*investment performance report*] in respect of each scholarship plan in which a client has invested through the scholarship plan dealer is the following:

(a) the total amount that the client has invested in the plan as at the date of the investment performance report;

(b) the total amount that would be returned to the client if, as at the date of the investment performance report, the client ceased to make prescribed payments into the plan;

(c) a reasonable projection of future payments that the plan might pay to the client's designated beneficiary under the plan, or the client, upon the maturity of the client's investment in the plan;

(d) a summary of any terms of the plan that, if not met by the client or the client's designated beneficiary under the plan, might cause the client or the designated beneficiary to suffer a loss of contributions, earnings or government contributions in the plan.

(5) The information delivered under section 14.16 [*investment performance report*] must be presented using text, tables and charts, and must be accompanied by notes in the investment performance report explaining:

(a) the content of the investment performance report and how a client can use the information to assess the performance of the client's investments; and

(b) the changing value of the client's investments as reflected in the information in the investment performance report.

(6) If a registered firm delivers investment performance information to a client for a period of less than one year, the firm must not calculate the performance information on an annualized basis.

(7) If the registered firm reasonably believes a reliable market value cannot be determined for a security position in a client statement, the security position must be assigned a value of zero in the calculation of the information delivered under subsection 14.16(1) and the reason for doing so must be disclosed to the client.

(8) If the registered firm reasonably believes there are no security positions in the client statement for which a reliable market value can be determined, the firm is not required to deliver investment performance information to the client for the period.

When the proposed amendments would become effective if they are adopted:

(1) Except as otherwise provided in this summary, the amendments would become effective on [implementation date].

(2) Paragraph 14.2(2)(m) [*deliver information about benchmarks*]: one year after [implementation date].

(3) Paragraph 14.2(2)(n) [*scholarship plan risks*]: one year after [implementation date].

(4) Section 14.2.1 [*pre-trade disclosure of charges*]: one year after [implementation date].

(5) Paragraphs 14.12(1)(b.1),(c.1) and (c.2) [*fixed income securities*]: one year after [implementation date].

(6) Paragraphs 14.14(5)(e.1), (5)(e.2), (5)(e.3) and (5)(e.4), subsections 14.14(6.1), (6.2), (6.3), (7.1), and (7.2) ,paragraphs 14.14(10)(d.1), (10)(d.2) and 10(d.3) and subsection 14.14(11) [*client statements and security holder statements*]: 2 years after [implementation date].

(7) Section 14.15 [*report on charges and other compensation*]: 3 years after [implementation date].

(8) Section 14.16 [*investment performance report*]: 3 years after [implementation date].

(9) Section 14.17 [*content of investment performance report*]: 3 years after [implementation date], except as provided below.

(10) Paragraph 14.17(2)(c) [*annualized total returns for past five years*]: 5 years after [implementation date].

(11) Paragraph 14.17(2)(d) [*annualized total returns for past ten years*]: 10 years after [implementation date].

APPENDIX D

PROPOSED AMENDMENTS TO COMPANION POLICY 31-103 CP
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

The Canadian Securities Administrators are publishing changes to the Companion Policy for comment. The changes would come into effect on the implementation of the corresponding changes to the Rule.

This Appendix shows the proposed amendments to the Companion Policy against the relevant portions of the unofficial consolidation of NI 31-103 published on February 28, 2012.

....

14.2 Relationship disclosure information

~~**Content of relationship disclosure information**~~

There is no prescribed form for the relationship disclosure information required under section 14.2. A registered firm may provide this information in a single document, or in separate documents, which together give the client the prescribed information. If a client consents, delivery of documents can be made in electronic form by direct email to a client or through client access to information on a website, so long as reminders are sent at relevant times. For further guidance, see National Policy 11-201 *Delivery of Documents by Electronic Means.*

~~**Disclosure of costs**~~

~~Under subsection 14.2(2)(g), registered firms must provide clients with a description of the costs they will pay in making, holding and selling investments. We expect this description to include all costs a client may pay during the course of holding a particular investment. For example, for a mutual fund, the description should briefly explain each of the following and how they may affect the investment:~~

- ~~the management expense ratio~~
- ~~the sales charge options available to the client~~
- ~~the trailing commission~~
- ~~any short-term trading fees~~
- ~~any switch or change fees~~

~~**Permitted clients**~~

~~Under subsection 14.2(6), registrants do not have to provide relationship disclosure information to permitted clients if:~~

- ~~the permitted client has waived the requirements in writing, and~~

Relationship disclosure information should be communicated in a manner consistent with the guidance on client communications under section 1.1 of this Companion Policy. To satisfy the delivery obligation in subsections 14.2(3) and (5), registered individuals must spend sufficient time with clients as part of an in-person or telephone meeting to adequately explain the information that is delivered under subsections 14.2 (1), (2) or (5). We expect a firm to have policies and procedures requiring its registered individuals to demonstrate they have done so. What is considered "sufficient" will depend on the circumstances, including a client's understanding of the delivered documents.

- ~~the registrant does not act as an adviser for a managed account of the permitted client~~

Evidence of compliance with client disclosure requirements at account opening, prior to trades and at other times, can include detailed notes of meetings or discussions with clients, signed client acknowledgements and tape-recorded phone conversations.

Promoting client participation

Registered firms should help their clients understand the registrant-client relationship. They should encourage clients to actively participate in the relationship and provide them with clear, relevant and timely information and communications.

In particular, registered firms should help and encourage clients to:

- **Keep the firm up to date.** Clients should be encouraged to
  - provide full and accurate information to the firm and the registered individuals acting for the firm
  - ~~• Keep the firm up to date. Clients should provide full and accurate information to the firm and the registered individuals acting for the firm. Clients should~~ promptly inform the firm of any change to their information that could ~~reasonably~~ result in a change to the types of investments appropriate for them, such as a change to their income, investment objectives, risk tolerance, time horizon or net worth~~.~~
- **Be informed.** Clients should be
  - helped to understand the potential risks and returns on investments
  - encouraged to carefully review sales literature provided by the firm
  - ~~• Be informed. Clients should understand the potential risks and returns on investments. They should carefully review sales literature provided by the firm. Where appropriate, clients should~~encouraged to consult professionals, such as a lawyer or an accountant, for legal or tax advice~~.~~ where appropriate
- **Ask questions.** Clients should be encouraged to
  - ~~• Ask questions. Clients should ask questions and~~ request information from the firm to resolve ~~questions~~concerns about their account, transactions or investments, or their relationship with the firm or a registered individual acting for the firm~~.~~
- **Stay on top of their investments.** Clients should be encouraged to
  - ~~• Stay on top of their investments. Clients should pay for securities purchases by the settlement date. They should review all account documentation provided by the firm and regularly review portfolio holdings and performance.~~ review all account documentation provided by the firm
  - regularly review portfolio holdings and performance

Disclosure of charges and other compensation

Under paragraphs 14.2(2)(f), (g) and (h), registered firms must provide clients with a description of the operating and transaction charges they will pay in making, holding and selling investments, including a general description of any compensation paid to the firm by any other party. We expect this disclosure to include all charges a client may pay during the course of holding a particular investment.

A registered firm's charges to a client and the compensation it may receive from third parties in respect of the client will vary depending on the type of relationship with the client and the nature of the services and investment products offered. At account opening, registered firms must provide clients with general information on the operating charges and transaction charges that the clients may be required to pay, as well as other compensation the firms may receive as a result of their business relationship. A firm is not expected to provide information on all the types of accounts that it offers and the fees related to these accounts if it is not relevant to the client's situation.

"Operating charge" is defined broadly in section 1.1 and examples include (but are not exclusive to) service charges, administration fees, safekeeping fees, management fees, transfer fees, account closing fees, annual registered plan fees and any other charges associated with maintaining and using an account that are paid to the registrant. For registered firms that charge an all-in fee for the operation of the account, such as a percentage of assets under management, that fee *is* the operating charge. We do not expect firms with an all-in operating charge to provide a breakdown of the items covered by the fee.

"Transaction charges" is also defined broadly in section 1.1 and examples include (but are not exclusive to) commissions, transaction fees, switch or change fees, performance fees, short-term trading fees, sales charges or redemption fees, and foreign exchange spreads that are paid to the registrant.

Operating and transaction charges include only charges paid to the registered firm. Third-party charges, such as custodian fees that are not paid to the registered firm, are not included in operating charges or transaction charges. Operating and transaction

charges include any sales taxes that are paid on the amounts charged to the client. Registrants may wish to inform clients where a charge includes sales tax, or separately disclose the components of the charge. Withholding taxes would not be considered a charge.

Providing general information on charges is appropriate at the time of account opening. However, section 14.2.1 requires that, before a registered firm accepts an instruction from a client to purchase or sell a security, the firm must provide more specific information as to the nature and amount of the actual charges that will apply. Registrants are encouraged to explain charges to their clients as part of the process of deepening the relationship between the registered firm and the client.

For example, if a client will be investing in a mutual fund security, the description should briefly explain each of the following and how they may affect the investment:

- the management expense ratio
- the sales charge or deferred sales charge option available to the client and an explanation as to how such charges work. This means registered firms should advise clients that mutual funds sold on a deferred sales charge basis are subject to charges upon redemption that are applied on a declining rate scale over a specified period of years, until such time as the charges decrease to zero. Any other redemption fees or short-term trading fees that may apply should also be discussed
- any trailing commission, or other embedded fees
- any options regarding front end loads
- any fees related to the client changing or switching investments ("switch or change fees")

Registrants may also wish to explain to clients that trailing commissions are included in the management fees that are charged to their investment funds and are not additional charges paid by the client to the registrant.

Registrants should advise clients with managed accounts whether the registrant will receive compensation from third parties, such as trailing commissions, on any securities purchased for the client and, if so, whether the fee paid by the client to the registrant will be affected by this. For example, the management fee paid by a client on the portion of a managed account related to mutual fund holdings may be lower than the overall fee on the rest of the portfolio.

Description of content and frequency of reporting

Under paragraph 14.2(2)(i), a registered firm is required to provide a description of the content and frequency of reporting to the client. Reporting to clients includes:

- trade confirmations under section 14.12
- client statements under section 14.14
- annual report on charges and other compensation under section 14.15
- investment performance reports under section 14.16

Registered firms must deliver the annual report on charges and other compensation and investment performance reports with a client statement or incorporate them directly into the client statement so that the client receives one comprehensive reporting package on an annual basis. We encourage as a best practice the delivery of client statements that directly integrate the annual reports on charges and investment performance.

It is the responsibility of the registered firm to produce these client reports, not that of individual representatives. Registered firms should have policies and procedures in place to ensure that they are adequately supervising their registered representatives' communications with clients about the prescribed information.

We expect registered firms to ensure that clients know how their investments will be held (for example, by the firm in nominee name or at an issuing fund company in client name) and understand the different implications that this will have for them in such matters as client reporting, investor protection fund coverage and custody of their assets. If a registered firm trades in exempt products for a client, the firm should also explain the reasons why it is not always possible to determine a market value for products sold in the exempt market or whether the client still owns the security, and the implications that this may have for reporting on exempt-market securities.

KYC information

Paragraph 14.2(2)(l) requires registrants to provide their clients with a copy of their KYC information at the time of account opening. We would expect registered firms to also provide a description to the client of the various terms which make up the KYC information, and explain how this information will be used in assessing the client's financial situation, investment objectives, investment knowledge and risk tolerance in determining investment suitability.

Benchmarks

Paragraph 14.2(2)(m) requires registered firms to provide clients with a general description of investment performance benchmarks, the factors relevant to their use with reference to the client's own investments and any options the firm may offer for providing benchmark information to the client. Other than this general discussion, there is no requirement for registered firms to provide benchmark information to clients. Nonetheless, we encourage firms to do so as a best practice. In particular, we encourage firms to include an historical 5-year GIC rate in performance reports as an easily understood comparator that shows how a very low-risk investment alternative performed. In order to ensure that this is not misleading, we would expect firms to discuss how the low-risk alternative relates to the client's investment goals and risk tolerance. Guidance on the provision of benchmarks is set out in this Companion Policy at the end of the discussion of the content of investment performance reports under section 14.17.

Scholarship plan dealers

Paragraph 14.2(2)(n) requires specific disclosure of the important aspects of the scholarship plan that, if not fulfilled, would cause loss to the client. To be complete, this prescribed disclosure could include any options that would allow the investor to retain notional earnings in the event that they do not maintain prescribed payments under the plan.

Order execution trading

Subsection 14.2(5) provides that only limited relationship disclosure information must be delivered by a dealer whose relationship with a client is limited to executing trades as directed by a registered adviser acting for the client. In a relationship of this kind, each registrant must explain to the client its role and responsibility to the client, and what services and reporting the client can expect of it.

14.2.1 Pre-trade disclosure of charges

For non-managed accounts, section 14.2.1 requires disclosure to a client of charges specific to a transaction prior to the acceptance of a client's instruction. This disclosure is not required to be in writing. Oral disclosure of charges is sufficient for the purposes of disclosing charges at the time of a transaction. Specific charges should be reported in writing on the trade confirmation as required in section 14.12.

For a purchase of a security on a deferred sales charge basis, disclosure that a deferred sales charge may be triggered upon the redemption of the security, and the schedule that would apply if it is sold within the time period that a deferred sales charge would be applicable, must be presented. The actual amount of the deferred sales charge, if any, would need to be disclosed once the security is redeemed. For the purposes of disclosing trailing commissions, the dealing representative may draw attention to the information in the prospectus or the Fund Facts document if that document is provided at the point of sale.

With respect to a transaction involving a fixed-income security, pre-trade disclosure should include a discussion of any commission the registrant will receive on the trade, which will be added to or embedded in the price of the security. This discussion should include both the number of basis points that the commission represents as well as the corresponding dollar amount.

Switch or change fees

We consider that providing clients with adequate disclosure of the charges at the time of a transaction will also help clients to be aware of the implications of proposed transactions and deter registrants from transacting for the purpose of generating commissions. For example, changing a client's investment from a fund sold on a deferred sales charge basis when the charge period has lapsed to a similar fund sold on a sales charge basis might result in the client paying commissions that would otherwise have been avoided.

We are of the view that a registered firm should not switch the client's investment in the same fund from units sold on a deferred sales charge basis when the charge period has lapsed to those sold on a sales charge basis in order to generate a higher amount of trailing commissions with no corresponding financial benefit to the client. Also, a registered firm should not switch the client's investment in a fund sold on a deferred sales charge basis when the sales charge period has lapsed to a different fund sold on a deferred sales charge basis in order to generate commissions. In our view, these practices would be inconsistent with

a registrant's duty to act fairly, honestly and in good faith. Requiring sufficient disclosure of the charges the client may pay and the firm's compensation will provide investors with important information about their investments.

We expect all changes or switches to a client's investments to be accurately reported on trade confirmations by reporting each of the purchase and sale transactions making up the change or switch, as required in section 14.12, with a description of the associated charges.

....

Division 5 Reporting to clients

....

14.11.1 Determining market value

Subsection 14.11.1(1)(b) requires the market value of an investment fund, not listed on an exchange, to be determined by reference to the net asset value provided by the investment fund manager of the fund on the relevant date or the last trading day prior to the relevant date. Subsection 14.11.1(1)(c) requires the market value of a commodity futures contract to be determined by reference to the settlement price on the relevant date or last trading day prior to the relevant date.

For other securities, a hierarchy of valuation methods that depend on the availability of relevant information is prescribed. Registrants are required to act reasonably in applying these methodologies and we understand that this process will often require a registrant to exercise professional judgement.

Where possible, market value should be determined by reference to a quoted value on a marketplace. The quoted value will be the last bid or ask price on the relevant date or last trading day prior to the relevant date. Registered firms should ensure that any quoted values used to determine market value do not represent stale or old prices that are not reflective of current values. If no current value for a security is quoted on a marketplace, market value should be determined by reference to published market reports or inter-dealer quotes.

We recognize that it is not always possible to obtain a market value by these methods. In such cases, we will accept a valuation policy that is consistently applied and includes procedures that assess the reliability of any valuation inputs and assumptions. If available, valuation inputs and assumptions should be based on observable market data or inputs, such as market prices or yield rates for comparable securities and quoted interest rates. If observable inputs are not available, valuation can be based on unobservable inputs and assumptions. In some cases, it may be reasonable and appropriate to value at cost, where there has been no material subsequent event affecting value (e.g. a market event or new capital raising by the issuer). "Observable" and "unobservable" inputs are concepts under International Financial Reporting Standards (IFRS), and we expect them to be applied consistent with IFRS.

Subsection 14.11.1(3) provides that where the registered firm reasonably believes that no reliable market value can be determined, the firm must report that no value can be determined and the security must not be included in the calculation of the total market value of cash and securities in the client's account or in calculations for the investment performance report (see also subsection 14.17(7)).

If the market value for a security subsequently becomes determinable, a registered firm must begin to report it in client statements and add that value to the opening market values or deposits included in the calculations in subsection 14.17(1). This would be expected if the firm had previously assigned the security a value of zero in the calculation of opening market values or deposits because it could not determine the security's market value, as required by subsection 14.17(7). This would reduce the risk of presenting a misleading improvement in the performance of the investment by only adding the value of the security to the other calculations required under section 14.17. If the deposits used to purchase the security were already included in the calculation of opening market values or deposits, the registered firm would not need to adjust these figures.

14.12 Content and delivery of trade ~~confirmation~~confirmations

Section 14.12 requires registered dealers to deliver trade confirmations. A dealer may enter into an outsourcing arrangement for the ~~sending~~delivery of trade confirmations to its clients. Like all outsourcing arrangements, the registrant is ultimately responsible for the function and must supervise the service provider. See Part 11 of this Companion Policy for more guidance on outsourcing.

Trades in fixed income securities

Under paragraph 14.12(1)(b.1), registered dealers must provide the yield of a fixed income security on trade confirmations. For non-callable fixed income securities, the yield to maturity would be appropriate. For callable securities, the yield to call may be

more useful. Paragraphs 14.12(1)(c.1) and (c.2) require disclosure of the total amount of compensation paid to dealing representatives of the firm. There is no requirement for the specific disclosure of other compensation embedded in the price of a fixed income security, but a prescribed notification to clients must be included in the trade confirmation to make clients aware that there may in fact be additional dealer firm compensation embedded in the price of the security.

....

14.14 ~~Account~~Client statements and security holder statements

Section 14.14 requires registered dealers and advisers, other than scholarship plan dealers, to deliver statements to clients at least once every three months. A registered dealer, other than a mutual fund dealer or scholarship plan dealer, and a registered adviser may also be required to deliver a monthly client statement at the client's request, or for a registered dealer other than a mutual fund dealer or scholarship plan dealer, if a transaction is made during the month (unless it is under an automatic withdrawal or payment plan). The requirements set out for the frequency of delivering statements are minimum standards. Firms may choose to provide more frequent statements.

There is no prescribed form for ~~these statements but they must contain the information in subsections 14.14(4) and (5). The types of transactions that must be disclosed in an account statement include any purchase, sale or transfer of securities, dividend or interest payment received or reinvested, any fee or charge, and any other account activity.~~client statements except that under subsection 14.14(7.1), the statement must have separate sections for the presentation of the information required under each of:

- subsection 14.14(5) relating to transactions in the reporting period
- subsection 14.14(6) relating to securities held in an account of the client
- subsection 14.14(6.1) relating to certain securities not held in an account of the client but which were transacted for an account of a client

Consistent with the guidance on clear and meaningful disclosure to clients in section 1.1 of this Companion Policy, we expect registrants to present client statements in an understandable manner and to explain, if applicable, what securities are included in each of the three sections of the client statement.

If there is nothing to report under one or more of these subsections, the client statement is not required to include a section for it. For example, if all of a client's securities are held in nominee name in an account with a registered firm and there are no transactions in the reporting period, the client statement only needs to have a section devoted to the information required under subsection 14.14(5). If there is nothing to report under any of the provisions of section 14.14, a firm is not required to send a client statement.

If a client has more than one account with a registered dealer or adviser, and the registered firm sends the client separate client statements for each of those accounts, the firm should include the information required under subsection 14.14(6.2) concerning any securities of the client which it does not hold in the statement for the account through which those securities were transacted.

~~We expect all dealers and advisers to provide client account statements. For example, an exempt market dealer should provide an account statement that contains the information prescribed for all transactions the exempt market dealer has entered into or arranged on a client's behalf.~~
There are similar requirements in subsections 14.14(8), (9), (10) and (11) tailored to the situation where a security holder on the records of a registered investment fund manager has no dealer or adviser of record.

The requirement to produce and deliver ~~an account~~a client statement may be outsourced. ~~Portfolio managers frequently enter into outsourcing arrangements for the production and delivery of account statements.~~ Third-party pricing providers may also be used to value securities for the purpose of ~~account~~client statements. Like all outsourcing arrangements, the registrant is ultimately responsible for the function and must supervise the service provider. See Part 11 of this Companion Policy for more guidance on outsourcing.

Cost of securities in client statements

Subsections 14.14 (6), (6.2) and (10) require the client statement to include the book cost of each security position. As defined in section 1.1, this is the total amount paid for a security, including any transaction charge related to purchasing the security, adjusted for reinvested distributions, returns of capital and corporate reorganizations. Other related charges include transaction charges directly applicable to the security but not operating charges. Registered firms may choose whether to disclose book cost on an aggregate basis for each security position or on an average per security basis. Book cost information will provide

investors with a meaningful comparison to the market value of each security position and give them a more accurate view of the capital appreciation or depreciation of their investment in those securities.

Where the information required to calculate the book cost of a position is unavailable, registrants may elect to substitute market value information as at a certain point in time as the book cost going forward. For example, where the account was transferred in to the registrant firm, the market value assigned to the securities as at the date the account was received in by way of transfer may be used instead of book cost.

For an existing account where security cost records are incomplete or known to be inaccurate, the market value as at the [implementation] date or an earlier date may be used as the initial book cost, provided that the date and value selected for the security is applied consistently to all client accounts for which cost information is incomplete or inaccurate. If the market value cannot be reliably measured for a security position, the cost information should be reported as not determinable.

The requirement to disclose book cost information does not preclude registered firms from also disclosing the original cost of securities if they wish to do so. However, where a registered firm provides both book cost and original cost information, the information should be clearly separated and presented in a way that is designed to avoid client confusion.

Firms must include in client statements a definition of book cost where that term is first used. Firms can comply with that requirement by making reference to a definition in a footnote.

14.15 Report on charges and other compensation

Registered firms must provide clients with an annual report on the firm's charges and other compensation received by the firm in connection with their investments. Please refer to the discussion of charges and other compensation in section 14.2 for the definition of operating and transaction charges.

Scholarship plans often have enrolment fees payable in instalments in the first few years of a client's investment in the plan. Paragraph 14.15(1)(f) requires that scholarship plan dealers include a reminder of the unpaid amount of any such fees in their annual reports on charges and other compensation.

Where amounts such as referral fees, success fees on the completion of a transaction or finder's fees are paid by a third party to a registered firm or any of its registered individuals in relation to a client of the firm, those amounts are reported under paragraph 14.15(1)(g).

Registered firms must disclose the amount of trailing commissions they received related to a client's holdings. "Trailing commission" is defined broadly in section 1.1 and is not limited to the payments relating to mutual fund investments that are commonly known by that name. The disclosure of trailing commissions received in respect of a client's investments must be included in a notification prescribed in paragraph 14.15(1)(h).

Registered firms may want to organize the annual report on charges and other compensation with separate sections showing the charges paid by the client to the firm, and the other compensation received by the firm in respect of the client's account.

Appendix D of this Companion Policy includes a sample Report on Charges and Other Compensation, which registered firms are encouraged to use as guidance.

14.16 Investment performance report

A performance report must be provided to clients every 12 months as part of, or together with, the client statement. We expect registered firms will give this information sufficient prominence among their client reporting materials so that a reasonable investor can readily locate it. For example, the prominence of this information may be enhanced by putting this information on the first page of the client statement or a bold text cross-reference to the performance reporting on the face of the client statement.

Where more than one registrant provides services pertaining to a client's account, the responsibility for performance reporting rests with the registered firm with the client-facing relationship. For example, if a registered adviser has discretionary authority over a client's account at a registered dealer, the adviser must provide the client with an annual investment performance report; this is not an obligation of the dealer that only executes adviser-directed trades or provides custodial services in respect of the client's account.

Performance reporting to clients is required to be provided on an account basis. However, subsection 14.16(3) provides that with client consent, a registrant may provide consolidated performance reporting for that client, instead of account-by-account reports. A registrant may also provide a consolidated performance report for multiple clients, such as a family group, but only as a supplemental report, in addition to reports required under section 14.16.

With respect to performance reporting on client name securities, for a client with more than one account, the registrant should attach the client name reporting to the account through which the securities were transacted.

14.17 Content of investment performance report

Subsection 14.17(5) requires the use of each of text, tables and charts in the presentation of investment performance reports. Explanatory notes and a plain language definition of "total percentage returns" must also be included. The purpose of these requirements is to make the information as understandable to investors as possible.

To help investors get the most out of their investment performance reports and encourage informed discussion with their registered dealing representative or advising representative, we encourage registered firms to consider including:

- additional definitions of the various performance measures used by the registrant
- additional disclosure that enhances the performance presentation
- a discussion with clients about what the information means to them

Registered representatives are also encouraged to meet with clients, as part of an in-person or telephone meeting, to help ensure they understand their investment performance reports and how the information relates to the client's investment objectives and risk tolerance.

Appendix E of this Companion Policy includes a sample Investment Performance Report which registered firms are encouraged to use as guidance.

Opening market value, deposits and withdrawals

As part of paragraph 14.17(1)(a), registered firms must disclose the opening market value of cash and securities in the client's account as at the beginning of the 12 month period preceding the date of the investment performance report, as well as the opening market value at account opening. The opening market value of cash and securities at account opening may be zero. For pre-existing accounts, if the market values for all deposits, withdrawals and transfers since account opening are not available, under paragraph 14.17(1)(b) registered firms should present the market value of all cash and securities in the account as of [implementation date] as a substitute for opening market value, and disclose this basis of presentation to clients. In these cases and for purposes of calculating the change in value of the account since inception, the opening market value at the implementation date and the deposits and withdrawals since the implementation date will be used.

Under paragraphs 14.17(1)(d) and (e), registered firms must also disclose the market value of all deposits and transfers of cash and securities into the account, and the market value of all withdrawals and transfers of cash and securities out of the account, for the 12 month period preceding the date of the performance report, as well as since account opening. Deposits and transfers into the account (which do not include reinvested distributions or interest income) should be shown separately from withdrawals and transfers out of the account. Where an account was opened before [implementation date] and market values are not available for all deposits, withdrawals and transfers since account opening, the market value of all deposits and transfers of cash and securities into the account, and the market value of all withdrawals and transfers of cash and securities out of the account, since [implementation date] are required to be disclosed.

Subsection 14.17(7) requires a registered firm that cannot determine the market value for a security position to assign the security a value of zero for the performance reporting purposes. As described in section 14.14 of this Companion Policy, if a registered firm is subsequently able to value that security it may need to adjust the calculation of the opening market values or deposits to avoid presenting a misleading improvement in the performance of the account.

Change in value

The opening market value, plus deposits and transfers in, less withdrawals and transfers out, should be compared to the market value of the account as at the end of the 12 month period for which the performance reporting is provided and also since inception in order to provide clients, in dollar terms, with the performance of their account.

The change in the value of the account since inception is the difference between the closing market value of the account and total of opening market value plus deposits less withdrawals since inception. The change in the value of the account for the 12 month period is the difference between the closing market value of the account and total of opening market value plus deposits less withdrawals during the period. Where market values since inception are not available, registered firms are required to disclose the change in value of a client's account since the implementation date.

Generally, the change in value is a reflection of the market performance of the account and includes components such as income (dividends, interest) and distributions, including reinvested income or distributions, realized and unrealized capital gains or losses in the account, and the effect of operating charges and transaction charges if these are deducted directly from the account. Rather than show the change in value as a single amount, registered firms may opt to break this out into its components to provide more detail to clients.

Percentage return calculation method

The return on an investment means the return *on* capital and does not extend to returns *of* a client's capital.

Paragraph 14.17(1)(j) requires the use of the dollar weighted performance calculation method for percentage returns. A registered firm may, if it so chooses, also provide performance information calculated using a time weighted method in addition to the required Information calculated on a dollar weighted basis. In such cases, the firm should take care to avoid client confusion over the two sets of performance information.

Performance reporting periods

Subsection 14.17(2) outlines the minimum reporting periods of 1, 3, 5 and 10 years and the period since the inception of the account. Registered firms may opt to provide more frequent performance reporting. However performance returns for periods of less than one year can be misleading and therefore, must not be presented on an annualized basis, consistent with subsection 14.17(6).

Scholarship plans

Under paragraph 14.17(4)(c), for scholarship plans, the information required to be delivered in the investment performance report includes a reasonable projection of future scholarship payments that the plan may pay to the client or the client's designated beneficiary upon the maturity of the client's investment in the plan.

A scholarship plan dealer is also required under paragraph 14.17(4)(d) to provide a summary of any terms of the plan, which if not met by the client or the client's designated beneficiary under the plan, may cause the client or the designated beneficiary to suffer a loss of contributions, earnings or government contributions in the plan. The disclosure here is not intended to be as detailed as the disclosure at account opening. It is intended to remind the client of the unique risks of the plan and the ways in which the client's scholarship plan may be seriously impaired. This disclosure must be consistent with other disclosures required to be delivered to clients under applicable securities legislation.

To the extent that a scholarship plan dealer and the plan itself are not the same legal entity but are affiliates of one another, the dealer may meet obligations to deliver annual investment performance reports by drawing attention to the plan's direct mailing of reports to a client by the plan's administrator.

Benchmarks and investment performance reporting

The use of benchmarks for investment performance reporting is optional. There is no requirement to provide benchmarks to clients in any of the reports required under NI 31-103.

However, we encourage registrants to use benchmarks that are relevant to a client's investments as a useful way for a client to assess the performance of their portfolio. Benchmarks need to be explained to clients in terms they will understand, including factors that should be considered by the client when comparing their investment returns to benchmark returns. For example, a registrant could discuss the differences between the composition of a client's portfolio that reflects the investment strategy they have agreed upon and the composition of an index benchmark, so that a comparison between them is fair and not misleading. A discussion of the impact of operating charges and transaction charges as well as other expenses related to the client's investments would also be helpful to clients, since benchmarks generally do not factor in the costs of investing.

We also encourage providing in performance reports an historical five-year GIC rate as a benchmark that represents a very low-risk investment alternative. We expect firms to discuss how the low-risk alternative relates to the client's investment goals and risk tolerance.

If a registered firm chooses to present benchmark information, the firm should ensure that it is not misleading. We expect registrants to use benchmarks that are

- discussed with clients to ensure they understand the purpose of comparing the performance of their portfolio to the chosen benchmarks and determine if their information needs will be met

- reasonably reflective of the composition of the client's portfolio so as to ensure that a relevant comparison of performance is presented
- relevant in terms of the investing time horizon of the client
- based on widely recognized and available indices that are credible and not manufactured by the registrant or any of its affiliates using proprietary data
- broad-based securities market indices which can be linked to the major asset classes into which the client's portfolio is divided. The determination of a major asset class should be based on the firm's own policies and procedures and the client's portfolio composition. An asset class for benchmarking purposes may be based on the type of security and geographical region. We do not expect an asset class to be determined by industry sector
- presented for the same reporting periods as the client's annualized total percentage returns
- clearly named
- applied consistently from one reporting period to the next for comparability reasons, unless there has been a change to the pre-determined asset classes. In this case, the change in the benchmark(s) presented should be discussed with the client and included in the explanatory notes, along with the reasons for the change

Examples of acceptable benchmarks would include, but are not limited to, the S&P/TSX Composite index for Canadian equities, the S&P 500 index for U.S. equities, and the MSCI EAFE index as a measure of the equity markets outside of North America.

COMPANION POLICY APPENDIX D

[Name of Firm]
Annual Charges and Compensation Report

Client name
Address line 1
Address line 2
Address line 3

Your Account Number: 123456

This report summarizes the compensation that we received directly and indirectly in 20XX. Our compensation comes from two sources:

1. **What we charge you directly. Some of these charges are associated with the operation of your account. Other charges are associated with purchases, sales and other transactions you make in the account.**

2. **What we receive through third parties.**

Charges are important because they reduce your profit or increase your loss from investing. If you need an explanation of the charges described in this report, your representative can help you.

Charges you paid directly to us

RSP administration fee	$100	
Total charges associated with the operation of your account		**$100**
Commissions on purchases of mutual funds with a sales charge	$101	
Switch fees	$45	
Total charges associated with transactions we executed for you		**$146**
Total charges you paid directly to us		**$246**

Compensation we received through third parties

Commissions from mutual fund managers on purchases ofmutual funds (see note 1)	$503
Trailing commissions from mutual fund managers (see note 2)	$286
Total compensation we received through third parties	**$789**

Total charges and compensation we received in 20XX $1,035

Notes:

1. When you purchased units of mutual funds on a deferred sales charge basis, we received a commission from the investment fund manager. During the year, these commissions amounted to $503.

2. During the year, we received $286 in trailing commissions on mutual funds you held in your account.

   Investment funds pay investment fund managers a fee for managing their funds. The managers pay us ongoing trailing commissions from that management fee for the service and advice we provide you. The amount of the trailing commissions depends on the sales charge option you chose when you purchased the fund. You are not charged the trailing commission or the management fee. But, as is the case with any investment fund expense, trailing commissions are likely to affect you because, in most cases, they reduce the amount of the fund's return to you. Information about management fees and other charges to your investment funds is included in the prospectus or Fund Facts document for each fund.

Our current schedule of operating charges

[*As part of the annual report of charges and compensation, registrants are required to provide their current operating charges that may be applicable to their clients' accounts. For the purposes of this sample document, we are not providing such a list.*]

COMPANION POLICY APPENDIX E

Your investment performance report

For the period ending December 31, 2030

Investment account 123456789

Client name
Address line 1
Address line 2
Address line 3

This report tells you how your account has performed to December 31, 2030. It can help you assess your progress toward meeting your investment goals.

Speak to your representative if you have questions about this report, It is important that you tell your representative if your personal or financial circumstances have changed. Your representative can recommend adjustments to your investments to keep you on track to meeting your goals.

Total value summary

Amount invested means opening market value plus deposits including:

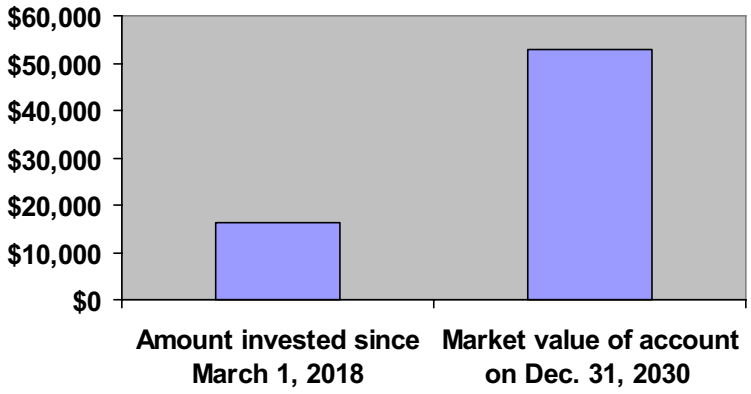
- the market value of all deposits and transfers of securities and cash into your account, not including interest or dividends reinvested.

Less withdrawals including:

- the market value of all withdrawals and transfers out of your account.

Your investments have earned $36,492.34 since you opened the account
Your investments have earned $2,928.85 during the past year

Amount invested since you opened your account on March 1, 2018	$16,300.00
Market value of your account on December 31, 2030	**$52,792.34**



.

Change in the value of your account

This table is a summary of the activity in your account. It shows how the value of your account has changed based on the type of activity.

	Past year	Since you opened your account
Opening market value	$51,063.49	$0.00
Deposits	$4,000.00	$21,500.00
Withdrawals	$(5,200.00)	$(5,200.00)
Change in the market value of your account	$2,928.85	$36,492.34
Closing market value	**$52,792.34**	**$52,792.34**

Your personal rates of return

What is a total percentage return? This represents gains and losses of an investment over a specified period of time, including realized and unrealized capital gains and losses plus income, expressed as a percentage.

For example, an annual total percentage return of 5% for the past three years means that the investment effectively grew by 5% a year in each of the three years.

The table below shows the total percentage return of your account for periods ending December 31, 2030. Returns are calculated after charges have been deducted. These include charges you pay for advice, transaction charges and account-related charges, but not income tax.

Keep in mind your returns reflect the mix of investments and risk level of your account. When assessing your returns, consider your investment goals, the amount of risk you're comfortable with, and the value of the advice and services you receive.

	Past year	Past 3 years	Past 5 years	Past 10 years	Since you opened your account
Your account	5.80%	-1.83%	2.76%	8.07%	11.07%

Calculation method
We use a dollar-weighted method to calculate rates of return. Contact your representative if you want more information about this calculation.

The returns in this table are your personal rates of return. If you have a personal financial plan, it will contain a target rate of return, which is the return required to achieve your investment objectives. By comparing the rates of return you actually achieved (shown in the table) with your target rate of return, you can get see whether you are on track to meet your investment objectives. Contact your representative to discuss your rate of return and investment objectives.

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
05/08/2012	10	ABB Finance (USA) Inc. - Notes	9,780,365.01	10.00
05/08/2012	1	ABB Finance (USA) Inc. - Notes	496,351.05	500,000.00
05/25/2012	73	Allied Nevada Gold Corp. - Notes	272,250,000.00	272,250.00
05/25/2012	14	Allied Nevada Gold Corp. - Notes	127,750,000.00	127,750.00
05/10/2012	1	American International Group Inc. - Common Shares	152,750.00	5,000.00
04/26/2012		Ameristar Casinos, Inc. - Notes	2,214,225.00	3.00
05/14/2012	25	Amorfix Life Sciences Ltd. - Units	1,030,000.00	2,585,000.00
05/24/2012	1	ASP (Feeder) 2012 Global Fund LP - Limited Partnership Interest	5,137,500.00	1.00
05/22/2012	19	Avidian Gold Inc. - Common Shares	515,000.00	5,150,000.00
05/11/2012	1	BlackBerry Partners Fund II L.P. - Limited Partnership Units	3,000,000.00	3,000.00
05/25/2012	1	Braeval Mining Corporation - Common Shares	150,000.00	250,000.00
03/17/2011	41	Cabo Drilling Corp. - Units	2,525,000.00	12,625,000.00
05/11/2012	33	Capital City Link General Partnership - Bonds	534,826,392.00	5,348,263.00
05/01/2012	5	Capital Direct I Income Trust - Trust Units	326,180.00	32,618.00
01/04/2012	1	Centurion Minerals Ltd. - Units	250,000.00	625,000.00
05/17/2012	1	Champion Minerals Inc. - Common Shares	21,458,750.00	14,000,000.00
05/01/2012	7	CIT Group Inc. - Notes	3,049,981.00	N/A
05/16/2012	6	Coventry Resources Limited - Common Shares	1,895,752.46	15,745,804.00
05/14/2012	2	Devon Energy Corporation - Notes	1,493,953.13	2.00
05/07/2012	3	Dish DBS Corporation - Notes	14,405,750.00	3.00
05/22/2012 to 05/24/2012	2	DNI Metals Inc. - Flow-Through Shares	858,000.00	1,300,000.00
05/22/2012	3	Duncan Park Holdings Corporation - Common Shares	150,000.00	3,000,000.00
05/10/2012	36	Edgewater Exploration Ltd. - Common Shares	2,299,770.00	6,969,000.00
05/24/2012	12	Elm Tree Minerals Inc. - Units	199,800.00	1,998,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
05/24/2012	8	Endurance Gold Corporation - Units	500,000.00	5,000,000.00
05/17/2012	4	Eskay Mining Corp. - Units	74,400.00	1,240,000.00
05/17/2012	1	Fancamp Explorations Ltd. - Units	5,000,000.00	10,000,000.00
06/01/2012	1	Ford Floorplan Auto Securitization Trust - Note	200,000,000.00	1.00
05/31/2012	2	Gold World Resources Inc. - Units	95,000.00	1,700,000.00
05/15/2012 to 05/16/2012	6	Hamilton Thorne Ltd. - Units	450,750.15	4,006,668.00
05/28/2012	1	Hamilton Thorne Ltd. - Warrants	0.00	2,000,000.00
05/22/2012 to 05/23/2012	2	Huldra Silver Inc. - Common Shares	1,349,999.30	38,462.00
05/18/2012	15	Inmet Mining Corporation - Notes	208,612,763.41	15.00
05/11/2012	1	Invenio Resources Corp. - Common Shares	51,000.00	50,000.00
05/03/2012	11	JNR Resources Inc. - Units	825,000.00	6,500,000.00
05/15/2012	1	Kingwest Avenue Portfolio - Units	58.44	2.08
05/15/2012	1	Kingwest Canadian Equity Portfolio - Units	51,794.77	4,586.24
05/15/2012	1	Kingwest US Equity Portfolio - Units	23,667.04	1,623.93
04/24/2012	3	Levi Strauss & Co. - Notes	1,729,525.00	1,750.00
05/01/2012	1	MagnaChip SemiConductor Corporation - Stock Option	9,925,620.00	350,000.00
05/24/2012	18	Magnum Energy Inc. - Flow-Through Shares	361,000.00	2,900,000.00
05/16/2012	3	Magnum Hunter Resources Corporation - Notes	27,275,482.00	N/A
05/14/2012 to 05/18/2012	3	Member-Partners Solar Energy Capital Inc. - Bonds	27,500.00	275.00
05/24/2012	1	MillenMin Ventures Inc. - Common Shares	10,000.00	100,000.00
04/20/2012	4	Monaco SpinCo Inc. - Notes	3,320,185.00	3,350.00
03/13/2012	97	Monarch Communities Inc. and Taylor Morrison Communities Inc. (Revised) - Notes	549,120,000.00	97.00
04/03/2012	10	Mongul Ventures Corp - Units	418,356.00	1,045,390.00
05/17/2012	17	Mood Media Corporation - Common Shares	13,395,768.00	3,251,400.00
05/04/2012 to 05/14/2012	2	Move Trust - Notes	11,993,853.52	2.00
05/24/2012 to 06/01/2012	11	Newport Balanced Fund - Trust Units	125,032.58	N/A
05/24/2012 to 06/01/2012	5	Newport Canadian Equity Fund - Trust Units	800,000.00	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
05/24/2012 to 06/01/2012	2	Newport Fixed Income Fund - Trust Units	232,098.52	N/A
05/24/2012 to 06/01/2012	7	Newport Global Equity Fund - Trust Units	186,000.00	N/A
05/24/2012 to 06/01/2012	35	Newport Strategic Yield Fund - Trust Units	2,784,522.83	N/A
05/24/2012 to 06/01/2012	15	Newport Yield Fund - Trust Units	1,278,214.25	N/A
05/25/2012	1	Noront Resources Ltd. - Common Shares	1,334,398.52	2,566,151.00
05/18/2012	6	Northern Oil and Gas, Inc. - Notes	53,092,000.00	6.00
05/25/2012	1	Oban Exploration Limited - Common Shares	150,000.00	250,000.00
03/14/2012	1	Office Depot, Inc. - Note	6,948,580.50	1.00
05/17/2012	2	Pan American Fertilizer Corp. Formerly Bastion Resources Ltd. - Common Shares	177,000.00	1,180,000.00
05/17/2012	81	Pan American Fertilizer Corp. Formerly Bastion Resources Ltd. - Units	1,853,400.00	4,633,500.00
05/08/2012	2	Penske Trust Leasing Co., L.P. and PTL Finance Corporation - Notes	5,494,266.23	5,500,000.00
05/16/2012	60	Petrolia Inc. - Common Shares	5,750,003.00	4,049,298.00
02/29/2012	8	Playfair Mining Ltd. - Common Shares	350,000.00	5,050,000.00
05/31/2012	11	QRS Capital Corp. - Units	119,000.00	297,500.00
03/30/2012	17	QSolar Limited - Units	320,500.00	1,282,000.00
05/30/2012	1	Rainy River Resources Ltd. - Common Shares	42,830.00	10,000.00
05/15/2012	1	Reckitt Benckiser Group - Common Shares	5,096,940.00	94,000.00
05/15/2012	1	Red River Oil Inc. - Common Shares	9,750,000.00	12,733,335.00
05/15/2012	169	Red River Oil Inc. - Receipts	119,800,000.00	119,800,000.00
05/20/2012	1	Redstone Investment Corporation - Notes	50,000.00	N/A
05/10/2012	1	Return On Innovation Capital Ltd. - Units	455,109.00	455,109.00
04/20/2012	2	Return On Innovation Capital Ltd. - Units	8,787,480.00	8,787,480.00
01/31/2011 to 12/30/2011	53	Rival North American Growth Fund L.P. - Limited Partnership Units	4,239,420.13	323,997.06
01/31/2011 to 12/30/2011	58	Rival North American RRSP Growth Fund - Trust Units	1,762,970.31	149,770.49
05/10/2012	1	Riverbank Power Corporation - Debentures	12,020,000.43	12,000,000.00
05/10/2012	1	Riverbank Power Corporation - Warrants	834,000.00	834.00
05/25/2012	1	Romex Mining Corporation - Units	25,000.00	100,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
05/03/2012	7	Royal Bank of Canada - Notes	394,720.00	4,000.00
04/23/2012	31	Rupert Resources Ltd. - Common Shares	987,500.00	10,000,000.00
05/09/2012	4	Sabre Inc. - Notes	13,520,250.00	4.00
04/26/2012 to 05/01/2012	17	SecureCare Investments Inc. - Bonds	489,000.00	320.00
05/25/2012	14	Seprotech Systems Incorporated - Debentures	352,500.00	14.00
05/31/2012	1	Shoal Point Energy Ltd. - Flow-Through Units	100,000.00	625,000.00
05/31/2012	2	Shoal Point Energy Ltd. - Units	1,000,000.40	7,142,860.00
05/15/2012	12	Silver Spruce Resources Inc. - Units	191,400.00	2,392,500.00
05/14/2012	74	Sinchao Metals Corp. - Receipts	7,108,617.00	7,108,617.00
05/10/2012	24	Solid Resources Ltd. - Units	1,100,000.00	11,000,000.00
06/01/2012	1	Stacey Muirhead Limited Partnership - Limited Partnership Units	150,000.00	4,806.63
06/01/2012	1	Stacey Muirhead RSP Fund - Trust Units	5,000.00	611.48
05/23/2012	9	Surmont Energy Ltd. - Common Shares	365,575.50	487,434.00
05/14/2012 to 05/22/2012	15	Thor Resources Inc. - Units	677,002.50	451,335.00
05/09/2012	16	Tilly's, Inc. - Common Shares	2,725,777.60	175,630.00
05/17/2012	2	TomaGold Corporation - Common Shares	32,000.00	106,666.00
02/10/2012	38	Trueclaim Exploration Inc. - Units	1,230,600.00	15,382,500.00
05/02/2012	1	TVM Life Science Ventures VII, L.P. - Limited Partnership Interest	19,782,000.00	1.00
05/07/2012 to 05/11/2012	68	UBS AG, Jersey Branch - Certificates	24,050,654.24	68.00
05/15/2012	6	Uken Studios, Inc. - Common Shares	560,000.00	560.00
05/28/2012 to 05/30/2012	11	Victory Gold Mines Inc. - Units	222,150.00	1,388,437.50
05/08/2012	8	Vive Crop Protection Inc. - Units	985,000.00	985,000.00
04/24/2012	42	Westminster Harvest, LLC - Units	7,057,765.00	142.00
05/23/2012	16	Yukon-Nevada Gold Corp. - Units	8,987,808.13	39,081,779.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Badger Daylighting Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 6, 2012
NP 11-202 Receipt dated June 6, 2012
Offering Price and Description:
$37,500,000.00 - 1,500,000 Common Shares - Price: $25.00 per Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Cormark Securities Inc.
Promoter(s):
-
Project #1920364

Issuer Name:
Capital Power L.P.
Principal Regulator - Alberta
Type and Date:
Preliminary Shelf Prospectus dated June 5, 2012
NP 11-202 Receipt dated June 5, 2012
Offering Price and Description:
$1,000,000,000.00
Medium Term Notes
(unsecured
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
DESJARDINS SECURITIES INC.
HSBC SECURITIES (CANADA) INC.
MERRILL LYNCH CANADA INC.
NATIONAL BANK FINANCIAL INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
Promoter(s):
-
Project #1919979

Issuer Name:
Celtic Tiger Minerals Exploration Inc.
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Long Form Prospectus dated June 7, 2012
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
$1,500,000.00 - 10,000,000 Common Shares - Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
Darrin Campbell
Gary MacKenzie
Project #1921121

Issuer Name:
Cequence Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 6, 2012
NP 11-202 Receipt dated June 6, 2012
Offering Price and Description:
$14,020,200.00 - 11,683,500 Common Shares at $1.20 per Common Share,
$7,032,500.00 - 4,850,000 CEE Flow-Through Shares at $1.45 per CEE Flow-Through Share and
$5,016,000.00 - 3,800,000 CDE Flow-Through Shares at $1.32 per CDE Flow-Through Share
Underwriter(s) or Distributor(s):
PETERS & CO. LIMITED
CORMARK SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
STIFEL NICOLAUS CANADA INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
TD SECURITIES INC.
Promoter(s):
-
Project #1920450

Issuer Name:
Clermont Capital Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated June 4, 2012
NP 11-202 Receipt dated June 5, 2012
Offering Price and Description:
$300,000.00 - 3,000,000 COMMON SHARES - PRICE: $0.10 PER COMMON SHARE
Underwriter(s) or Distributor(s):
PI Financial Corp.
Promoter(s):
-
Project #1919967

Issuer Name:
Esperanza Resources Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated June 8, 2012
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
$34,017,500.00 - 27,214,700 Common Shares and 13,607,000 Common Share Purchase Warrants on exercise or deemed exercise of 27,214,000 Special Warrants
Price: $1.25 per Special Warrant
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
STONECAP SECURITIES INC.
Promoter(s):
-
Project #1921205

Issuer Name:
First Asset Morningstar Canada Dividend Target 30 Index ETF
First Asset Morningstar Canada Liquid Bond Index ETF
First Asset Morningstar Canada Momentum Index ETF
First Asset Morningstar Canada Value Index ETF
First Asset Morningstar Emerging Markets Composite Bond Index ETF
First Asset Morningstar National Bank Québec Index ETF
First Asset Morningstar US Dividend Target 50 Index ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated June 5, 2012 to Final Long Form Prospectus dated January 19, 2012
NP 11-202 Receipt dated June 5, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
First Asset Investment Management Inc.
Project #1842563

Issuer Name:
Harmony Diversified Income Pool
Harmony Global Fixed Income Pool
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated June 6, 2012
NP 11-202 Receipt dated June 6, 2012
Offering Price and Description:
Series F Securities
Underwriter(s) or Distributor(s):
AGF Funds Inc.
AGF Fund Inc.
Promoter(s):
AGF Investments Inc.
Project #1920344

Issuer Name:
National Bank of Canada
Principal Regulator - Quebec
Type and Date:
Preliminary Base Shelf Prospectus dated June 1, 2012
NP 11-202 Receipt dated June 5, 2012
Offering Price and Description:
CDN$3,500,000,000.00 - Medium Term Notes – Debt Securities (Unsubordinated Indebtedness)
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
DESJARDINS SECURITIES INC.
RBC DOMINION SECURITIES INC.
Promoter(s):
-
Project #1919241

Issuer Name:
OneCap Investment Corporation
Principal Regulator - Quebec
Type and Date:
Preliminary CPC Prospectus dated June 8, 2012
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
MINIMUM OFFERING: $400,000 (2,000,000 COMMON SHARES)
MAXIMUM OFFERING: $1,200,000 (6,000,000 COMMON SHARES)
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Jones Gable & Company Limited
Promoter(s):
Daniel Dorey
Project #1921124

Issuer Name:
Scorpion Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated June 8, 2012
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Jordan Capital Markets
Promoter(s):
John Eckersley
Project #1921125

Issuer Name:
TD Canadian Low Volatility Class
TD Dividend Income Class
TD Fixed Income Capital Yield Pool Class
TD Global High Yield Capital Class
TD Global Low Volatility Class
TD Strategic Yield Fund
TD Tactical Monthly Income Class
TD Tactical Monthly Income Fund
Principal Regulator - Ontario
Preliminary Simplified Prospectuses dated June 6, 2012
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
Investor Series, O-Series and H-Series Units and Investor Series Shares
Underwriter(s) or Distributor(s):
TD Investment Services Inc. (for Investor Series units)
TD Investment Services Inc. (for Investor Series and e-Series units)
TD Investment Services Inc.(for Investor Series units)
TD Investment Services Inc. (for Investor Series and e-Series Units)
TD Investment Services Inc. (for Investor Series)
TD Asset Management Inc. (for Investor Series units)
TD Investment Services Inc. (for Investor Series and Premium Series units)
Promoter(s):
TD Asset Management Inc.
Project #1920544

Issuer Name:
TD Canadian Low Volatility Class
TD Dividend Growth Class
TD Fixed Income Capital Yield Pool Class
TD Global High Yield Capital Class
TD Global Low Volatility Class
TD Strategic Yield Fund
TD Tactical Monthly Income Class
TD Tactical Monthly Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated June 6, 2012
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
Advisor Series, F-Series, T-Series and S-Series Units and F-Series Shares and Advisor Series Shares
Underwriter(s) or Distributor(s):
TD Investment Services Inc. (for Investor Series units)
TD Investment Services Inc.(for Investor Series units)
TD Investment Services Inc. (for Investor Series and e-Series Units)
TD Investment Services Inc. (for Investor Series and e-Series units)
TD Asset Management Inc. (for Investor Series units)
Promoter(s):
TD Asset Management Inc.
Project #1920556

Issuer Name:
TD Canadian Low Volatility Pool
TD Global High Yield Pool
TD Global High Yield Pool Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated June 6, 2012
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
O-Series Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
TD Asset Management Inc.
Project #1920516

Issuer Name:
Timbercreek Senior Mortgage Investment Corporation
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated June 4, 2012
NP 11-202 Receipt dated June 7, 2012
Offering Price and Description:
Minimum Offering: $* (* Class A Shares)
Maximum Offering: $100,000,000.00 (10,000,000 Class A Shares)
Price: $10.00 per Class A Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
TD Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
GMP Securities L.P.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Manulife Securities Incorporated
Canaccord Genuity Corp.
Macquarie Capital Markets Canada Ltd.
Promoter(s):
Timbercreek Asset Management Ltd.
Project #1918554

Issuer Name:
AEterna Zentaris Inc.
Principal Regulator - Quebec
Type and Date:
Final Shelf Prospectus dated June 8, 2012
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
U.S.$100,000,000.00 - Common Shares Warrants to Purchase Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1912668

Issuer Name:
Africa Hydrocarbons Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated June 8, 2012
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
Minimum Offering: $8,010,000.00 (44,500,000 Units);
Maximum Offering: $10,008,000.00 (55,600,000 Units)
Price: $0.18 per Unit
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #1904746

Issuer Name:
Bank of Nova Scotia, The
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated June 8, 2012
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
$8,000,000,000.00:
Debt Securities (subordinated indebtedness)
Preferred Shares
Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1914225

Issuer Name:
Blackheath Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated June 5, 2012
NP 11-202 Receipt dated June 6, 2012
Offering Price and Description:
Minimum of $1,500,000.00 and up to a Maximum of $2,000,000.00
Minimum of 6,000,000 Shares and Maximum of 8,000,000 Shares
Price: $0.25 per Share
Underwriter(s) or Distributor(s):
Jordan Capital Markets Inc.
Promoter(s):
James Robertson
Project #1907287

Issuer Name:
BMO Harris Canadian Money Market Portfolio
BMO Harris Canadian Bond Income Portfolio
BMO Harris Canadian Total Return Bond Portfolio
BMO Harris Canadian Corporate Bond Portfolio
BMO Harris Diversified Yield Portfolio
BMO Harris Canadian Income Equity Portfolio
BMO Harris Canadian Conservative Equity Portfolio
BMO Harris Canadian Growth Equity Portfolio
BMO Harris Canadian Special Growth Portfolio
BMO Harris U.S. Equity Portfolio
BMO Harris U.S. Growth Portfolio
BMO Harris International Equity Portfolio
BMO Harris International Special Equity Portfolio
BMO Harris Emerging Markets Equity Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated May 23, 2012 to Final Simplified Prospectuses and Annual Information Form dated October 24, 2011
NP 11-202 Receipt dated June 6, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
BMO Investments Inc.
BMO Investmens Inc.
BMO Invesments Inc.
Promoter(s):
BMO Harris Investment Management Inc.
Project #1803795

Issuer Name:
Canadian Scholarship Trust Family Savings Plan
Canadian Scholarship Trust Group Savings Plan 2001
Canadian Scholarship Trust Individual Savings Plan
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated June 5, 2012
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
Scholarship
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1887606,1887597,1887591

Issuer Name:
CC&L Core Income and Growth Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated June 6, 2012
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
Series A, Series F and Series C Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Connor, Clark & Lunn Capital Markets Inc.
Project #1905344

Issuer Name:
CIBC Balanced Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated June 1, 2012 to Final Simplified Prospectus and Annual Information Form dated July 28, 2011
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC Securities Inc.
CIBC Securities Inc.
Promoter(s):
Canadian Imperial Bank of Commerce
Project #1759749

Issuer Name:
Cortex Business Solutions Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated June 6, 2012
NP 11-202 Receipt dated June 6, 2012
Offering Price and Description:
$6,000,000.00 - 30,000,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
STONECAP SECURITIES INC.
WOLVERTON SECURITIES LTD.
Promoter(s):
-
Project #1916089

Issuer Name:
Exemplar Leaders Fund (formerly, Northern Rivers Conservative Growth Fund)
Exemplar Global Infrastructure Fund
Exemplar Yield Fund
Exemplar Timber Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 31, 2012
NP 11-202 Receipt dated June 6, 2012
Offering Price and Description:
Series A, Series F, Series I and Series L units
Underwriter(s) or Distributor(s):
BluMont Capital Corporation
Promoter(s):
BluMont Capital Corporation
Project #1902177

Issuer Name:
First Asset Can-60 Covered Call ETF
First Asset Can-Financials Covered Call ETF
First Asset Can-Energy Covered Call ETF
First Asset Can-Materials Covered Call ETF
First Asset Tech Giants Covered Call ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated June 5, 2012
NP 11-202 Receipt dated June 6, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1890983

Issuer Name:
First Asset Canadian Convertible Bond ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated June 5, 2012
NP 11-202 Receipt dated June 6, 2012
Offering Price and Description:
Units at Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1891004

Issuer Name:
First Asset Global Dividend Fund
First Asset Canadian Convertible Bond Fund
First Asset REIT Income Fund
First Asset Utility Plus Fund
First Asset Canadian Energy Convertible Debenture Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 5, 2012
NP 11-202 Receipt dated June 7, 2012
Offering Price and Description:
Class A, Class B, Class D, Class F, Class L, Class M, Class O and Class P Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Criterion Investments Inc.
Project #1900220

Issuer Name:
First Asset Diversified Commodities Currency Hedged Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated June 5, 2012
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
Class A Units, Class B Units, Class D Units and Class F Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1900060

Issuer Name:
First Asset Resource Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated June 5, 2012
NP 11-202 Receipt dated June 6, 2012
Offering Price and Description:
CLASS A SHARES, SERIES 1
Underwriter(s) or Distributor(s):
TDK Management Fund Inc.
Promoter(s):
-
Project #1900128

Issuer Name:
Invesco Global Balanced Fund
Invesco Global Equity Class
Trimark Global Dividend Class
Principal Regulator - Ontario
Type and Date:
Amendment #4 dated May 29, 2012 to Final Simplified Prospectus and Amendment #7 dated May 29, 2012 to the Annual Information Form dated July 29, 2011
NP 11-202 Receipt dated June 6, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Invesco Canada Ltd.
Invesco Trimark Ltd.
Project #1760534

Issuer Name:
Ivanhoe Mines Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated June 7, 2012
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
Rights to Subscribe for 259,558,050 Common Shares at a Price of US$7.00 per Common Share or C$7.17 per Common Share Subscription Price: US$7.00 per Common Share or C$7.17 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1910782

Issuer Name:
John Deere Canada Funding Inc.
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated June 5, 2012
NP 11-202 Receipt dated June 5, 2012
Offering Price and Description:
$2,500,000,000.00 - Medium Term Notes (Unsecured) Unconditionally guaranteed as to payment of principal, premium (if any), interest and certain other amounts by JOHN DEERE CAPITAL CORPORATION
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
MERRILL LYNCH CANADA INC.
Promoter(s):
-
Project #1903986

Issuer Name:
Magnum Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated June 4, 2012
NP 11-202 Receipt dated June 6, 2012
Offering Price and Description:
$1,050,000.00 Minimum Offering and $3,300,000.00 Maximum Offering Comprised of:
A Minimum of $750,000.00 and a Maximum of $3,000,000.00 11% Convertible Secured Debentures due June 14, 2015 (“Debentures”) and $300,000.00 or 3,750,000.00 Common Shares at $0.08 per Offered Common Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
-
Project #1890051

Issuer Name:
National Bank of Canada
Principal Regulator - Quebec
Type and Date:
Final Base Shelf Prospectus dated June 8, 2012
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
CDN$3,500,000,000.00 - Medium Term Notes – Debt Securities (Unsubordinated Indebtedness)
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
DESJARDINS SECURITIES INC.
RBC DOMINION SECURITIES INC.
Promoter(s):
-
Project #1919241

Issuer Name:
Partners Real Estate Investment Trust
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated June 6, 2012
NP 11-202 Receipt dated June 6, 2012
Offering Price and Description:
$20,017,000.00 - 2,705,000 Units Price $7.40 per Unit
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
RAYMOND JAMES LTD.
M PARTNERS INC.
Promoter(s):
-
Project #1916754

Issuer Name:
SnipGold Corp.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated June 6, 2012
NP 11-202 Receipt dated June 7, 2012
Offering Price and Description:
UP TO 18,276,143 RIGHTS TO SUBSCRIBE FOR UP TO 6,092,047 UNITS AT A PRICE OF $0.75 PER UNIT
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1913548

Issuer Name:
Triox Limited
Principal Regulator - Alberta
Type and Date:
Final CPC Prospectus dated June 7, 2012
NP 11-202 Receipt dated June 8, 2012
Offering Price and Description:
$230,000.00 - 2,300,000 Ordinary Shares Price: $0.10 per Ordinary Share
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
James Varanese
Project #1884933

Issuer Name:
Lazard Global Convertibles Plus Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated June 8, 2012
NP 11-202 Receipt dated June 11, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Marquest Asset Management Inc.
Project #1921338

Issuer Name:
Marengo Mining Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 11, 2012
NP 11-202 Receipt dated June 11, 2012
Offering Price and Description:
$ * - * Units - Price: $ * per Unit
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Casimir Capital Ltd.
Promoter(s):
-
Project #1921536

Issuer Name:
CARDS II Trust
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated June 8, 2012
NP 11-202 Receipt dated June 11, 2012
Offering Price and Description:
Up to $11,000,000,000.00 Credit Card Receivables Backed Notes
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
Canadian Imperial Bank of Commerce
Project #1919036

Issuer Name:
First Asset Morningstar Canada Dividend Target 30 Index ETF
First Asset Morningstar US Dividend Target 50 Index ETF
First Asset Morningstar Canada Momentum Index ETF
First Asset Morningstar Canada Value Index ETF
First Asset Morningstar National Bank Québec Index ETF
First Asset Morningstar Canada Liquid Bond Index ETF
First Asset Morningstar Emerging Markets Composite Bond Index ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated June 5, 2012 to Final Long Form Prospectus dated January 19, 2012
NP 11-202 Receipt dated June 11, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
First Asset Investment Management Inc.
Project #1842563

Issuer Name:
Imperial U.S. Equity Pool
Imperial International Equity Pool
Imperial Overseas Equity Pool
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated June 1, 2012 to Final Simplified Prospectus and Annual Information Form dated December 21, 2011
NP 11-202 Receipt dated June 11, 2012
Offering Price and Description:
Class A Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1814429

Issuer Name:
RIOCAN REAL ESTATE INVESTMENT TRUST
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated June 11, 2012
NP 11-202 Receipt dated June 11, 2012
Offering Price and Description:
$3,000,000,000.00
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1919114

Issuer Name:
Marengo Mining Limited
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 13, 2012
Withdrawn on June 11, 2012
Offering Price and Description:
$ * - * Units
Price: $ * per Unit
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Promoter(s):
-
Project #1871098

This page intentionally left blank

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	CFI Capital Inc.	From: Exempt Market Dealer To: Investment Fund Manager	June 8, 2012
New Registration	JM Fund Management Inc.	Exempt Market Dealer, Investment Fund Manager and Portfolio Manager	June 11, 2012

This page intentionally left blank

Index

Aeroquest International Limited
Decision 5343

Agueci, Eda Marie
Notice from the Office of the Secretary 5321

Banks, Lorne
Notice from the Office of the Secretary 5325
Temporary Order – ss. 12791), 127(8) 5352

BMO Canadian Large Cap Equity Class
Decision 5327

BMO Emerging Markets Class
Decision 5327

BMO Enterprise Class
Decision 5327

BMO Global Absolute Return Class
Decision 5327

BMO Global Energy Class
Decision 5327

BMO Global Monthly Income Fund
Decision 5327

BMO Global Small Cap Class
Decision 5327

BMO Global Technology Class And
Decision 5327

BMO Guardian Dividend Growth Fund
Decision 5327

BMO Guardian Global Bond Fund
Decision 5327

BMO Guardian Global Equity Fund
Decision 5327

BMO Guardian Global Technology Fund
Decision 5327

BMO Investments Inc.
Decision 5327

BMO Japanese Fund
Decision 5327

BMO Resource Class
Decision 5327

BMO T-Bill Fund
Decision 5327

BMO U.S. Growth Fund
Decision 5327

BMO U.S. Special Equity Fund
Decision 5327

Canadian Private Audit Service
Notice from the Office of the Secretary 5325
Temporary Order – ss. 12791), 127(8) 5352

CFI Capital Inc.
Change in Registration Category 5624

Chomica, Jan
Notice from the Office of the Secretary 5325
Temporary Order – ss. 12791), 127(8) 5352

Chomica, Michael
Notice from the Office of the Secretary 5325
Temporary Order – ss. 12791), 127(8) 5352

Christodoulidis, Alexandros
Notice from the Office of the Secretary 5322
Notice from the Office of the Secretary 5325
Order – s. 127 of the Act and Rule 6 of the OSC Rules of Procedure 5347
Order – s. 127 of the Act and Rule 6 of the OSC Rules of Procedure 5355

Companion Policy 21-101CP Marketplace Operation
Notice 5316
Rules and Policies 5369

Companion Policy 23-101CP Trading Rules
Notice 5316
Rules and Policies 5425

Companion Policy 31-103CP Registration Requirements, Exemptions and Ongoing Registrant Obligations
Request for Comments 5429

Crown Capital Management Corporation
Notice from the Office of the Secretary 5325
Temporary Order – ss. 12791), 127(8) 5352

CSA Staff Notice 45-310 – Update on CSA Staff Consultation Note 45-401 – Review of Minimum Amount and Accredited Investor Exemptions
Notice 5319

Doulis, Alexander Christ
Notice from the Office of the Secretary 5322
Notice from the Office of the Secretary 5325
Order – s. 127 of the Act and Rule 6 of the OSC Rules of Procedure 5347
Order – s. 127 of the Act and Rule 6 of the OSC Rules of Procedure 5355

Doulis, Alexander Christos
Notice from the Office of the Secretary 5322
Notice from the Office of the Secretary 5325
Order – s. 127 of the Act and Rule 6 of the OSC Rules of Procedure 5347
Order – s. 127 of the Act and Rule 6 of the OSC Rules of Procedure 5355

Driscoll, Ryan J.
Notice from the Office of the Secretary 5324
Order 5351

Executive Asset Management
Notice from the Office of the Secretary 5325
Temporary Order – ss. 12791), 127(8) 5352

Fiorillo, Henry
Notice from the Office of the Secretary 5321

Fiorini, Giuseppe (Joseph)
Notice from the Office of the Secretary 5321

Gillani, Nazim
Notice from the Office of the Secretary 5324
Order 5351

GLG EM Income Fund
Decision 5334
Decision 5337

Global Consulting and Financial Services
Notice from the Office of the Secretary 5325
Temporary Order – ss. 12791), 127(8) 5352

Gornitzki, Jacob
Notice from the Office of the Secretary 5321

Higgins, Gregory William
Notice from the Office of the Secretary 5323
Order – ss. 127, 127.1 5348
OSC Reasons – s. 127 5357

HSBC Financial Corporation Limited
Decision – s. 1(10) 5333

Iacono, Santo
Notice from the Office of the Secretary 5321

Immunall Science Inc.
Cease Trading Order 5367

International Strategic Investments Inc.
Notice from the Office of the Secretary 5324
Order 5351

International Strategic Investments
Notice from the Office of the Secretary 5324
Order 5351

JM Fund Management Inc.
New Registration 5624

Knightscover Media Corp.
Cease Trading Order 5367

Kuti, Peter
Notice from the Office of the Secretary 5325
Temporary Order – ss. 12791), 127(8) 5352

Lehman Brothers & Associates Corp.
Notice from the Office of the Secretary 5323
Order – ss. 127, 127.1 5348
OSC Reasons – s. 127 5357

Liberty Consulting Ltd.
Notice from the Office of the Secretary 5322
Notice from the Office of the Secretary 5325
Order – s. 127 of the Act and Rule 6 of the OSC Rules of Procedure 5347
Order – s. 127 of the Act and Rule 6 of the OSC Rules of Procedure 5355

Lounds, Kent Emerson
Notice from the Office of the Secretary 5323
Order – ss. 127, 127.1 5348
OSC Reasons – s. 127 5357

Man Investments Canada Corp.
Decision 5334
Decision 5337

Marks, Greg
Notice from the Office of the Secretary 5323
Order – ss. 127, 127.1 5348
OSC Reasons – s. 127 5357

NI 21-101 Marketplace Operation
Notice 5316
Rules and Policies 5369

NI 23-101 Trading Rules
Notice 5316
Rules and Policies 5425

NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations
Request for Comments 5429

OSC Rule 21-501 Deferral of Information Transparency Requirements for Government Debt Securities in National Instrument 21-101 – Marketplace Operation
Notice 5317

OSC Staff Notice 45-707 – OSC Broadening Scope of Review of Prospectus Exemptions – June 7, 2012
Notice 5318

Phillips, David Charles
Notice from the Office of the Secretary 5321
Notice from the Office of the Secretary 5324
Order – s. 127(1) 5350

Pollen Services Limited
Notice from the Office of the Secretary 5321

Quach, Hao
Notice from the Office of the Secretary 5323
Temporary Order – ss. 127(1), 127(7), 127(8) 5349

Raponi, Josephine
Notice from the Office of the Secretary 5321

Saputo Inc.
Order – s. 104(2)(c) 5344

Serpa, John
Notice from the Office of the Secretary 5321

Siklos, Peter
Notice from the Office of the Secretary 5325
Temporary Order – ss. 12791), 127(8) 5352

Somin Holdings Inc.
Notice from the Office of the Secretary 5324
Order 5351

Stephany, Kimberley
Notice from the Office of the Secretary 5321

Systematech Solutions Inc.
Notice from the Office of the Secretary 5323
Temporary Order – ss. 127(1), 127(7), 127(8) 5349

Telfer, Ian
Notice from the Office of the Secretary 5321

Vuong, April
Notice from the Office of the Secretary 5323
Temporary Order – ss. 127(1), 127(7), 127(8) 5349

Waheed, Jowdat
Notice from the Office of the Secretary 5322
Order 5348

Walter, Bruce
Notice from the Office of the Secretary 5322
Order 5348

Wilson, John Russell
Notice from the Office of the Secretary 5321

Wing, Dennis
Notice from the Office of the Secretary 5321

This page intentionally left blank