

The Ontario Securities Commission

# OSC Bulletin

August 16, 2012

Volume 35, Issue 33

(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**

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# Table of Contents

<p><b>Chapter 1 Notices / News Releases .....7587</b></p> <p><b>1.1 Notices .....7587</b></p> <p>1.1.1 Current Proceedings before the Ontario Securities Commission .....7587</p> <p>1.1.2 CSA Staff Notice 51-337 – Continuous Disclosure Review Program Activities for the fiscal year ended March 31, 2012 .....7595</p> <p>1.1.3 CSA Staff Notice 43-307 – Mining Technical Reports – Preliminary Economic Assessments .....7597</p> <p>1.1.4 CSA Staff Notice 43-308 – Professional Associations under NI 43-101 Standards of Disclosure for Mineral Projects .....7601</p> <p><b>1.2 Notices of Hearing ..... (nil)</b></p> <p><b>1.3 News Releases .....7602</b></p> <p>1.3.1 Canadian Securities Regulators Publish Notice to Clarify Definition of Preliminary Economic Assessments in NI 43-101 .....7602</p> <p><b>1.4 Notices from the Office of the Secretary .....7603</b></p> <p>1.4.1 Moncasa Capital Corporation and John Frederick Collins .....7603</p> <p>1.4.2 Knowledge First Financial Inc. ....7603</p> <p>1.4.3 Portus Alternative Asset Management Inc. et al. ....7604</p> <p>1.4.4 Heritage Education Funds Inc. ....7604</p> <p>1.4.5 Global RESP Corporation and Global Growth Assets Inc. ....7605</p> <p><b>Chapter 2 Decisions, Orders and Rulings .....7607</b></p> <p><b>2.1 Decisions .....7607</b></p> <p>2.1.1 Vaaldiam Mining Inc. – s. 1(10)(a)(ii).....7607</p> <p>2.1.2 RBC Global Asset Management Inc. ....7608</p> <p>2.1.3 Invesco Canada Ltd .....7612</p> <p>2.1.4 Innvest Operations Trust – s. 1(10)(a)(ii).....7615</p> <p>2.1.5 Ursa Major Minerals Incorporated – s. 1(10)(a)(ii).....7616</p> <p>2.1.6 CryptoLogic Limited – s. 1(10)(a)(ii) .....7617</p> <p>2.1.7 WesternOne Equity Income Fund and WesternOne Equity Inc. ....7618</p> <p>2.1.8 Heritage Oil Plc .....7624</p> <p><b>2.2 Orders.....7628</b></p> <p>2.2.1 SEI Investments Canada Company and SEI Investments Management Corporation – s. 80 of the CFA .....7628</p> <p>2.2.2 Moncasa Capital Corporation and John Frederick Collins – s. 127 .....7632</p> <p>2.2.3 Knowledge First Financial Inc. – ss. 127(1), 127(5) .....7633</p> <p>2.2.4 Portus Alternative Asset Management Inc. et al. – ss. 127, 127.1 .....7636</p> <p>2.2.5 Heritage Education Funds Inc. – ss. 127(1), 127(5) .....7638</p> <p>2.2.6 Global RESP Corporation and Global Growth Assets Inc. – ss. 127(1), 127(8) .....7641</p> <p><b>2.3 Rulings ..... (nil)</b></p>	<p><b>Chapter 3 Reasons: Decisions, Orders and Rulings .....(nil)</b></p> <p><b>3.1 OSC Decisions, Orders and Rulings .....(nil)</b></p> <p><b>3.2 Court Decisions, Order and Rulings .....(nil)</b></p> <p><b>Chapter 4 Cease Trading Orders ..... 7643</b></p> <p>4.1.1 Temporary, Permanent &amp; Rescinding Issuer Cease Trading Orders..... 7643</p> <p>4.2.1 Temporary, Permanent &amp; Rescinding Management Cease Trading Orders..... 7643</p> <p>4.2.2 Outstanding Management &amp; Insider Cease Trading Orders ..... 7643</p> <p><b>Chapter 5 Rules and Policies ..... (nil)</b></p> <p><b>Chapter 6 Request for Comments .....(nil)</b></p> <p><b>Chapter 7 Insider Reporting ..... 7645</b></p> <p><b>Chapter 8 Notice of Exempt Financings ..... 7701</b></p> <p>Reports of Trades Submitted on Forms 45-106F1 and 45-501F1 ..... 7701</p> <p><b>Chapter 9 Legislation.....(nil)</b></p> <p><b>Chapter 11 IPOs, New Issues and Secondary Financings..... 7703</b></p> <p><b>Chapter 12 Registrations..... 7711</b></p> <p>12.1.1 Registrants..... 7711</p> <p><b>Chapter 13 SROs, Marketplaces and Clearing Agencies .....(nil)</b></p> <p><b>13.1 SROs .....(nil)</b></p> <p><b>13.2 Marketplaces .....(nil)</b></p> <p><b>13.3 Clearing Agencies.....(nil)</b></p> <p><b>Chapter 25 Other Information .....(nil)</b></p> <p><b>Index..... 7713</b></p>
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# Chapter 1

## Notices / News Releases

**1.1 Notices**

**SCHEDULED OSC HEARINGS**

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

**August 16, 2012**

**CURRENT PROCEEDINGS**

**BEFORE**

**ONTARIO SECURITIES COMMISSION**

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

August 21, 2012		<b>Energy Syndications Inc., Green Syndications Inc., Syndications Canada Inc., Land Syndications Inc. and Douglas Chaddock</b>
10:30 a.m.		

s. 127  
C. Johnson in attendance for Staff  
Panel: MGC

August 21, 2012		<b>Knowledge First Financial Inc.</b>
3:30 p.m.		

s. 127  
M. Vaillancourt/D. Ferris in attendance for Staff  
Panel: JEAT

August 21, 2012		<b>Heritage Education Funds Inc.</b>
3:30 p.m.		

s. 127  
M. Vaillancourt/D. Ferris in attendance for Staff  
Panel: JEAT

August 28, 2012		<b>David Charles Phillips and John Russell Wilson</b>
2:30 p.m.		

s. 127  
Y. Chisholm in attendance for Staff  
Panel: JDC

September 4-10, September 12-14, September 19-24, and September 26 – October 5, 2012		<b>Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg</b>
10:00 a.m.		

s. 127  
H Craig in attendance for Staff  
Panel: EPK

September 4, 2012 11:00 a.m.	<b>Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)</b>  s. 127 and 127.1  D. Ferris in attendance for Staff  Panel: VK/MCH	September 13, 2012 10:00 a.m.	<b>Paul Donald</b>  s. 127  C. Price in attendance for Staff  Panel: CP/PLK
September 5, 2012 10:00 a.m.	<b>Vincent Ciccone and Cabo Catoche Corp. (a.k.a. Medra Corp. and Medra Corporation)</b>  s. 127  M. Vaillancourt in attendance for Staff  Panel: VK	September 18, 2012 10:00 a.m.	<b>Roger Carl Schoer</b>  s. 21.7  C. Johnson in attendance for Staff  Panel: JDC
September 5-10, September 12-14 and September 19-21, 2012 10:00 a.m.	<b>Vincent Ciccone and Medra Corp.</b>  s. 127  M. Vaillancourt in attendance for Staff  Panel: VK	September 18-19, 2012 10:00 a.m.	<b>Crown Hill Capital Corporation and Wayne Lawrence Pushka</b>  s. 127  A. Perschy/A. Pelletier in attendance for Staff  Panel: JEAT/CP/JNR
September 11, 2012 3:00 p.m.	<b>Systematech Solutions Inc., April Vuong and Hao Quach</b>  s. 127  J. Feasby in attendance for Staff  Panel: EPK	September 21, 2012 10:00 a.m.	<b>Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang</b>  s. 127 and 127.1  H. Craig in attendance for Staff  Panel: TBA
September 12, 2012 9:00 a.m.	<b>Sage Investment Group, C.A.D.E Resources Group Inc., Greenstone Financial Group, Fidelity Financial Group, Antonio Carlos Neto David Oliveira, and Anne Marie Ridley</b>  s. 127  C. Watson in attendance for Staff  Panel: EPK	September 21, 2012 10:00 a.m.	<b>Shaun Gerard McErlean and Securus Capital Inc.</b>  s. 127  M. Britton in attendance for Staff  Panel: VK/JDC
		September 24, September 26 – October 5 and October 10-19, 2012 10:00 a.m.	<b>New Found Freedom Financial, Ron Deonarine Singh, Wayne Gerard Martinez, Pauline Levy, David Whidden, Paul Swaby and Zompas Consulting</b>  s. 127  A. Heydon in attendance for Staff  Panel: JDC

October 10, 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

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 10, 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

October 29-31, 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

H. Craig/S. Schumacher in attendance for Staff

Panel: JDC

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 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: EPK

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

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 8, 2012	<b>Global RESP Corporation and Global Growth Assets Inc.</b>	December 4, 2012	<b>Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos (Also Known As Peter Kuti), Jan Chomica, and Lorne Banks</b>
10:00 a.m.	s. 127  D. Ferris in attendance for Staff  Panel: JEAT	3:30 p.m.	s. 127  H. Craig/C. Rossi in attendance for Staff  Panel: CP
November 12-19 and November 21, 2012	<b>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.</b>	December 5, 2012	<b>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</b>
10:00 a.m.	s. 127  J. Feasby in attendance for Staff  Panel: TBA	10:00 a.m.	s. 127 and 127.1  D. Campbell in attendance for Staff  Panel: VK
November 21 – December 3 and December 5-14, 2012	<b>Bernard Boily</b>		
10:00 a.m.	s. 127 and 127.1  M. Vaillancourt/U. Sheikh in attendance for Staff  Panel: TBA		
November 27-28, 2012	<b>Simply Wealth Financial Group Inc., Naida Allarde, Bernardo Giangrosso, K&amp;S Global Wealth Creative Strategies Inc., Kevin Persaud, Maxine Lobban and Wayne Lobban</b>	December 20, 2012	<b>New Hudson Television Corporation, New Hudson Television L.L.C. &amp; James Dmitry Salganov</b>
10:00 a.m.	s. 127 and 127.1  C. Johnson in attendance for Staff  Panel: JDC	10:00 a.m.	s. 127  C. Watson in attendance for Staff  Panel: TBA
		January 7 – February 5, 2013	<b>Jowdat Waheed and Bruce Walter</b>
		10:00 a.m.	s. 127  J. Lynch in attendance for Staff  Panel: TBA



<p>January 21-28 and January 30 – February 1, 2013</p>	<p><b>Moncasa Capital Corporation and John Frederick Collins</b></p>	<p>April 29 – May 6 and May 8- 10, 2013</p>	<p><b>North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti</b></p>
<p>10:00 a.m.</p>	<p>s. 127  T. Center in attendance for Staff  Panel: TBA</p>	<p>10:00 a.m.</p>	<p>s. 127  M. Vaillancourt in attendance for Staff</p>
<p>January 23-25 and January 30-31, 2013</p>	<p><b>Sage Investment Group, C.A.D.E Resources Group Inc., Greenstone Financial Group, Fidelity Financial Group, Antonio Carlos Neto David Oliveira, and Anne Marie Ridley</b></p>	<p>TBA</p>	<p>Panel: TBA</p>
<p>10:00 a.m.</p>	<p>s. 127  C. Watson in attendance for Staff  Panel: TBA</p>	<p>TBA</p>	<p><b>Yama Abdullah Yaqeen</b>  s. 8(2)  J. Superina in attendance for Staff  Panel: TBA</p>
<p>February 1, 2013</p>	<p><b>Ground Wealth Inc., Armadillo Energy Inc., Paul Schuett, Doug DeBoer, James Linde, Susan Lawson, Michelle Dunk, Adrion Smith, Bianca Soto and Terry Reichert</b></p>	<p>TBA</p>	<p><b>Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell</b></p>
<p>10:00 a.m.</p>	<p>s. 127  S. Schumacher in attendance for Staff  Panel: TBA</p>	<p>TBA</p>	<p>s. 127  J. Waechter in attendance for Staff  Panel: TBA</p>
<p>February 4-11 and February 13, 2013</p>	<p><b>Alexander Christ Doulis (aka Alexander Christos Doulis, aka Alexandros Christodoulidis) and Liberty Consulting Ltd.</b></p>	<p>TBA</p>	<p><b>Frank Dunn, Douglas Beatty, Michael Gollogly</b>  s. 127  K. Daniels in attendance for Staff  Panel: TBA</p>
<p>10:00 a.m.</p>	<p>s. 127  J. Feasby in attendance for Staff  Panel: TBA</p>	<p>TBA</p>	<p><b>MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric</b></p>
<p>March 18-25, March 27-28, April 1-5 and April 24-25, 2013</p>	<p><b>Peter Sbaraglia</b>  s. 127  J. Lynch in attendance for Staff</p>	<p>TBA</p>	<p>s. 127 and 127(1)  D. Ferris in attendance for Staff  Panel: TBA</p>
<p>10:00 a.m.</p>	<p>Panel: CP</p>	<p>TBA</p>	<p>s. 127 and 127(1)  D. Ferris in attendance for Staff  Panel: TBA</p>

TBA	<p><b>Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmony, Harmony Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale</b></p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p><b>Access Automation LLC, Access Fund Management, LLC, Access 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</b></p> <p>s. 127</p> <p>Y. Chisholm in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p><b>Gold-Quest International, Health and Harmony, Iain Buchanan and Lisa Buchanan</b></p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p><b>FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun</b></p> <p>s. 127</p> <p>C. Price in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p><b>Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York</b></p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p><b>2196768 Ontario Ltd carrying on business as Rare Investments, Ramadhar Dookhie, Adil Sunderji and Evgueni Todorov</b></p> <p>s. 127</p> <p>D. Campbell in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p><b>Paul Azeff, Korin Bobrow, Mitchell Finkelstein, Howard Jeffrey Miller and Man Kin Cheng (a.k.a. Francis Cheng)</b></p> <p>s. 127</p> <p>T. Center/D. Campbell in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p><b>York Rio Resources Inc., Brilliante Brasilcan Resources Corp., Victor York, Robert Runic, George Schwartz, Peter Robinson, Adam Sherman, Ryan Demchuk, Matthew Oliver, Gordon Valde and Scott Basingdale</b></p> <p>s. 127</p> <p>H. Craig/C. Watson in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p><b>Uranium308 Resources Inc., Michael Friedman, George Schwartz, Peter Robinson, and Shafi Khan</b></p> <p>s. 127</p> <p>H. Craig/C. Rossi in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p><b>York Rio Resources Inc., Brilliante Brasilcan Resources Corp., Victor York, Robert Runic, George Schwartz, Peter Robinson, Adam Sherman, Ryan Demchuk, Matthew Oliver, Gordon Valde and Scott Basingdale</b></p> <p>s. 127</p> <p>H. Craig/C. Watson in attendance for Staff</p> <p>Panel: TBA</p>

TBA	<p><b>Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt</b></p> <p>s. 127</p> <p>M. Vaillancourt in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p><b>American Heritage Stock Transfer Inc., American Heritage Stock Transfer, Inc., BFM Industries Inc., Denver Gardner Inc., Sandy Winick, Andrea Lee McCarthy, Kolt Curry and Laura Mateyak</b></p> <p>s. 127</p> <p>J. Feasby in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p><b>Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton</b></p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p><b>Energy Syndications Inc. Green Syndications Inc. , Syndications Canada Inc., Daniel Strumos, Michael Baum and Douglas William Chaddock</b></p> <p>s. 127</p> <p>C. Johnson in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p><b>David M. O'Brien</b></p> <p>s. 37, 127 and 127.1</p> <p>B. Shulman in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p><b>Bunting &amp; Waddington Inc., Arvind Sanmugam, Julie Winget and Jenifer Brekelmans</b></p> <p>s. 127</p> <p>S. Schumacher in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p><b>Eda Marie Agueci, Dennis Wing, Santo Iacono, Josephine Raponi, Kimberley Stephany, Henry Fiorillo, Giuseppe (Joseph) Fiorini, John Serpa, Ian Telfer, Jacob Gornitzki and Pollen Services Limited</b></p> <p>s. 127</p> <p>J, Waechter/U. Sheikh in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p><b>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</b></p> <p>s. 37, 127 and 127.1</p> <p>C. Watson in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p><b>Empire Consulting Inc. and Desmond Chambers</b></p> <p>s. 127</p> <p>D. Ferris in attendance for Staff</p> <p>Panel: TBA</p>		

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            **Ciccione Group, Cabo Catoche Corp. (a.k.a Medra Corp. and Medra Corporation), 990509 Ontario Inc., Tadd Financial Inc., Cachet Wealth Management Inc., Vincent Ciccione (a.k.a. Vince Ciccione), 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

TBA            **Nest Acquisitions and Mergers, IMG International Inc., Caroline Myriam Frayssignes, David Pelcowitz, Michael Smith, and Robert Patrick Zuk**

s. 37, 127 and 127.1

C. Price in attendance for Staff

Panel: TBA

**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. Boulton and Peter Y. Atkinson**

**1.1.2 CSA Staff Notice 51-337 – Continuous Disclosure Review Program Activities for the fiscal year ended March 31, 2012**

CSA Staff Notice 51-337 – *Continuous Disclosure Review Program Activities for the fiscal year ended March 31, 2012* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

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## **CSA Staff Notice 51-337**

### ***Continuous Disclosure Review Program Activities for the fiscal year ended March 31, 2012***

**July 19, 2012**

#### **Purpose of this Notice**

Reliable and accurate information by reporting issuers (issuers) is critical for investor confidence and to promote efficient capital markets. The CSA's continuous disclosure (CD) review program is designed to identify material disclosure deficiencies that affect the reliability and accuracy of an issuer's disclosure record, and has two fundamental objectives: education and compliance. The objectives of this notice are to:

- help issuers understand and comply with their obligations;
- summarize the results of the CD review program for the fiscal year ended March 31, 2012 (fiscal 2012); and
- provide examples of areas of common deficiencies.

To assist issuers in better understanding their continuous disclosure obligations, we have provided guidance and examples of common deficiencies in the following areas:

- Appendix A – Financial Statement Deficiencies
- Appendix B – Management's Discussion and Analysis (MD&A) Deficiencies
- Appendix C – Other Regulatory Deficiencies

For further details on the program, see [CSA Staff Notice 51-312 – \(Revised\) Harmonized Continuous Disclosure Review Program](#).

#### **International Financial Reporting Standards**

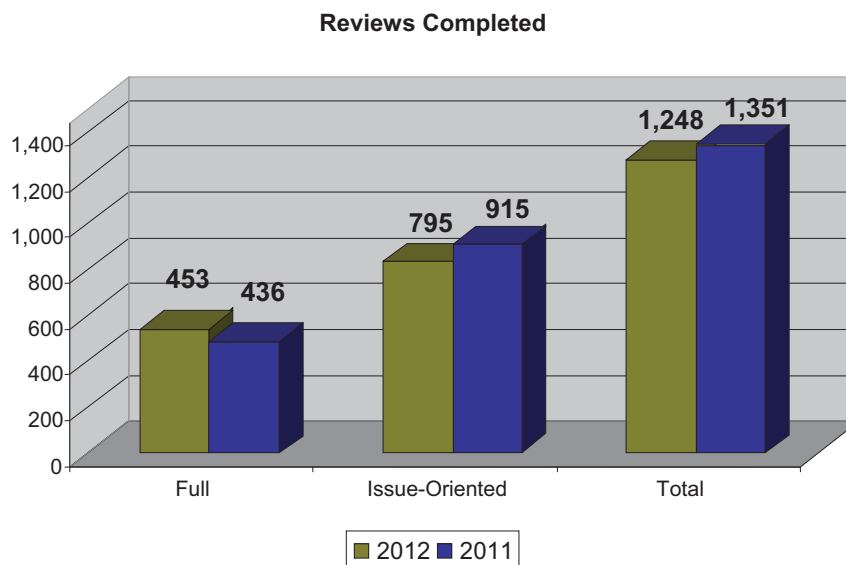
Most issuers are now required to prepare financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) for fiscal years beginning on or after January 1, 2011.

Bulletins and IFRS-related content were provided on many jurisdictions' websites to assist issuers in their transition to IFRS. These jurisdictions updated this IFRS-related content during the year by proactively communicating with issuers and their advisors on IFRS-related securities law changes and transition issues.

In fiscal 2012, we conducted reviews that focused on issuers' first IFRS interim financial reports. The results of the IFRS transition reviews were generally positive. Compliance was better than expected based upon the results of earlier IFRS targeted reviews. Approximately 5% of issuers were required to refile financial statements due to basic transition issues.

## Year in Review – fiscal 2012

There are approximately 4,200 issuers in Canada<sup>1</sup>. We use a high level screening system that considers risk factors to select issuers for review and to determine the type of review to conduct (full or issue-oriented). We apply both qualitative and quantitative criteria in determining the level of review required. The criteria are updated as market conditions change. We focus on accounting and disclosure issues where either non-compliance is probable or a need for increased compliance is foreseen.



The above chart illustrates the composition of the type of reviews we conducted in fiscal 2012 compared to fiscal 2011. The number of full reviews conducted in fiscal 2012 increased by 4% from the previous year. The number of issue-oriented reviews decreased by 13%. The decrease in issue-oriented reviews is primarily the result of the fact that we concentrated our resources on IFRS by:

- conducting full reviews;
- focusing on IFRS issue-oriented reviews that were more complex and comprehensive than those done in fiscal 2011; and
- communicating more frequently with issuers to assist them in their IFRS transition.

## Outcomes for fiscal 2012

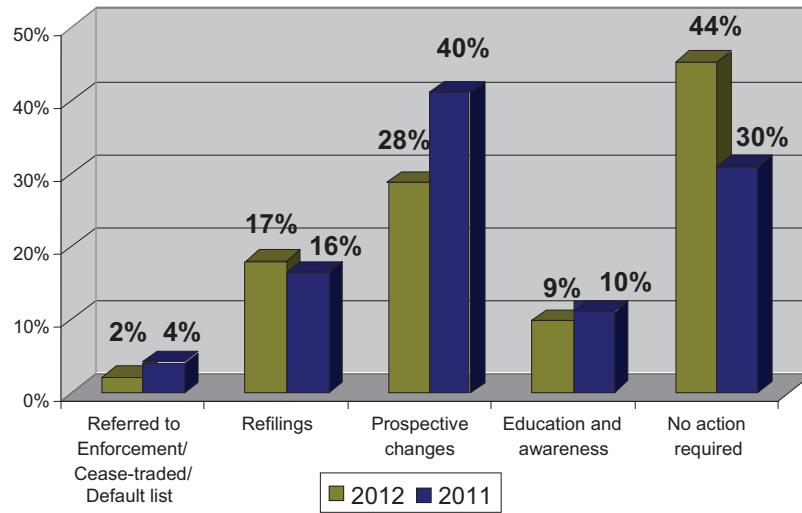
Given our high level screening system that considers risk factors for the selection of issuers, we select issuers with higher risk of non-compliance. In fiscal 2012, 56% of our review outcomes required issuers to take action to improve disclosure, compared to 70% in fiscal 2011.

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<sup>1</sup> Excluding investment funds and issuers that have been cease-traded.



### Review Outcomes 2012



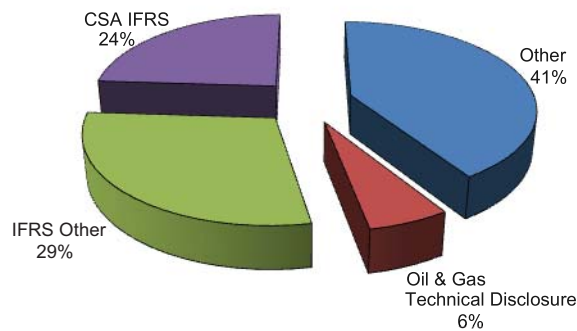
The increase of outcomes in the no action required category is mainly due to the increase in the number of issue-oriented reviews conducted that did not result in a letter being sent to the issuer. These issue-oriented reviews were completed to gather information on the IFRS transition, to identify industry trends and to identify differences between pre-changeover Canadian Generally Accepted Accounting Principles (GAAP) and IFRS that resulted in adjustments to reported results and disclosures.

We classified the outcomes of the full and issue-oriented reviews in the five categories described in Appendix D. More than one category of outcome could have been generated by a CD review. For example, an issuer could be required to refile certain documents as well as make certain changes on a prospective basis.

### Issue-oriented reviews

An issue-oriented review is an in-depth review focusing on a specific accounting, legal or regulatory issue that we believe warrants regulatory scrutiny.

### Issue-Oriented Reviews 2012



The "Other" category includes reviews of:

- Auditor Review of Interim Reports;
- Complaints;
- Environmental disclosure;
- Press releases;
- Executive compensation;
- Audit Committee;
- Certification;
- MD&A; and
- Cash Flow.

In fiscal 2012, 64% of the reviews (as compared to 68% of the reviews in fiscal 2011) were issue-oriented reviews. The following issue-oriented reviews were completed by one or more of the jurisdictions:

## **CSA IFRS Issue-oriented Review**

The CSA conducted a CSA IFRS issue-oriented review. We reviewed the financial statements of selected issuers in addition to their MD&A. We examined these reports to determine whether the issuers provided information to enable readers to analyze and understand how the transition to IFRS affected the issuers' financial position, financial performance and cash flow.

We reviewed 164 issuers and noted that compliance was generally positive.

- 72% of reviews required no action.
- When we noted deficiencies, we sent comment letters asking issuers for clarification.
- The most common MD&A deficiency was issuers not clearly labelling and identifying the accounting principles used when they presented a mix of financial information in accordance with pre-changeover Canadian GAAP and IFRS. We reminded issuers of this requirement and asked them to comply in future MD&A.
- We found that issuers commonly did not include a statement of changes in equity for the comparative interim periods as required by subsection 4.3 (2) (b) of National Instrument 51-102, *Continuous Disclosure Obligations*.

## **IFRS Other Issue-oriented Reviews**

### **a. Education IFRS Transition**

In early fiscal 2012, we continued conducting education reviews to assess the level of readiness of issuers to file their first IFRS interim financial report. We reviewed the IFRS transition disclosure provided by issuers in their third interim and/or last annual MD&A before their first IFRS filings. Only a few issuers needed to be followed up with due to their risk of not being ready to file their first IFRS interim financial report on time.

### **b. IFRS Transition Disclosure**

In addition to the CSA IFRS issue-oriented reviews performed, certain jurisdictions carried out further reviews of disclosure provided by issuers in their first IFRS interim financial report, including both the financial statements and the MD&A. The objective of the review was to gather insights on the extent and nature of the disclosures provided by issuers. Information was tracked to provide insight on industry trends, differences between pre-changeover Canadian GAAP and IFRS that resulted in adjustments to reported results, and disclosures. No letters were sent to issuers as a result of this review.

### **c. Decommissioning Provision**

Staff conducted a review of issuers engaged in oil and gas activities to assess appropriate compliance with recognition, measurement and disclosure rules for decommissioning provisions under IAS 37, *Provisions, contingent liabilities and contingent assets* (IAS 37). Based on differences between pre-changeover GAAP and IAS 37, we expected to see IFRS transition adjustments in most cases. While a few issuers failed to appropriately recognize a provision, most complied with the recognition and measurement rules. We did note some general disclosure deficiencies in the following areas:

- inappropriate disclosure of material estimates and assumptions (e.g. discount rate, expected timing of outflows);

- over 50% of issuers reviewed did not disclose the requirement to re-measure the provision at each reporting period in order to reflect rates in effect at the time; and
- over 50% of issuers reviewed provided no disclosure of the discount rates applied on transition to IFRS or in the comparative quarter.

### Oil and Gas Technical Disclosure Issue-oriented Review

Annually, staff conducts reviews on issuers engaged in oil and gas activities to assess compliance with requirements set out in National Instrument 51-101, *Standards of Disclosure for Oil and Gas Activities* (NI 51-101). Overall, we were satisfied with the results of our fiscal 2012 reviews. However, areas where we noted deficiencies and expect to see future improvements include:

- disclosure on significant factors and uncertainties as per sections 5.2 and 6.2.1 of Form 51-101F1, *Statement of Reserves Data and Other Oil and Gas Information*;
- use proper terminology set out in the Canadian Oil and Gas Evaluation Handbook (COGEH);
- include all required signatures on Form 51-101F3, *Report of Management and Directors on Oil and Gas Disclosure*, as instructed on subsection 2.1.3(e) of NI 51-101;
- consistently comply with section 5.9 of NI 51-101 and guidance in Revised CSA Staff Notice 51-327, *Guidance on Oil and Gas Disclosure*, concerning the disclosure of resources other than reserves;
- provide appropriate cautionary language concerning the 6:1 boe conversion ratio so as to clearly discern between the energy equivalency and the market price equivalency between natural gas and oil; and
- be consistent and accurate in the use of units of measurement and disclosure of reserves within and between disclosure documents.

### Full Reviews

A full review is broad in scope and covers many types of disclosure. It covers the issuer's most recent annual financial statements and interim financial reports (pre-changeover Canadian GAAP) or at least the issuer's first IFRS interim financial reports (IFRS), MD&A, and other disclosure documents<sup>1</sup>.

The following table provides a breakdown of these full reviews that have been conducted in fiscal 2012.

Type of review	Total 2012	Total 2011
Full – pre-changeover Canadian GAAP	120	436
Full – IFRS	333	-
<b>Total Full</b>	<b>453</b>	<b>436</b>

<sup>1</sup> Other disclosure documents are: technical disclosures, including technical reports for oil and gas, and mining issuers; annual information forms (AIF); annual reports; information circulars; press releases, material change reports and business acquisition reports (BARs); websites; certifications; and material contracts.

## **Common deficiencies identified**

Our reviews focus on identifying material deficiencies and disclosure enhancements. To help issuers better understand their disclosure obligations, we have provided guidance and examples of common deficiencies:

### Appendix A: Financial Statement Deficiencies

1. First-time adoption of International Financial Reporting Standards
  - a. Reconciliations
  - b. Explanations of material adjustments
  - c. Accounting policies
2. Classification of a liability as current
3. Business combinations
4. Flow-through shares

### Appendix B: MD&A Deficiencies

1. Discussion of Operations
2. Liquidity
3. General Provisions

### Appendix C: Other Regulatory Deficiencies

1. Standards of Disclosure for Mineral Projects
2. Statement of Executive Compensation
  - a. Summary compensation table
  - b. Compensation discussion and analysis
3. Disclosure of corporate governance practices

This is not an exhaustive list of deficiencies noted in our reviews, issuers should be reminded that their CD record must comply with all relevant securities legislation and lengthy disclosure does not necessarily equal full compliance. Examples do not include all requirements that could apply to a particular issuer's situation.

## **Areas of focus for fiscal year 2013**

During fiscal 2013, our focus will be on the first annual IFRS report. We will continue to use a high level screening system that considers risk factors to determine the issuers we will select for review and the type of review required. Some of the topics that may receive greater attention by our CD program include:

- judgments and sources of estimation uncertainty disclosure;
- asset impairments; and
- business combinations.

## **Results by jurisdiction**

The Alberta Securities Commission, the Ontario Securities Commission and the Autorité des marchés financiers publish reports summarizing the results of the CD review program in their jurisdictions. See the individual regulator's website for a copy of its report:

- [www.albertasecurities.com](http://www.albertasecurities.com)
- [www.osc.gov.on.ca](http://www.osc.gov.on.ca)
- [www.lautorite.qc.ca](http://www.lautorite.qc.ca)

## APPENDIX A

### FINANCIAL STATEMENT DEFICIENCIES

We provided examples of deficient disclosure and presentation contrasted against more robust, entity-specific disclosure and presentation. The most notable financial statement deficiencies concerned requirements for first-time adoption of IFRS (IFRS 1, *First-time adoption of International Financial Reporting Standards* (IFRS 1)), presentation of financial statements (IAS 1, *Presentation of financial statements* (IAS 1)), business combinations (IFRS 3, *Business combinations* (IFRS 3)) and flow-through shares.

#### 1. First-time adoption of International Financial Reporting Standards

In the first annual report and each interim financial report in the period covered by its first financial statements prepared in accordance with IFRS, issuers are required to apply IFRS 1. In accordance with IFRS 1, issuers must provide reconciliations and explain the effect of identified differences or changes in accounting policies resulting from the transition from their pre-changeover GAAP to IFRS.

##### a. Reconciliations

Some issuers omitted to provide all required reconciliations.

##### b. Explanations of material adjustments

Many issuers did not provide explanations for all material adjustments (including cash flows), or did not sufficiently explain the nature of the adjustment.

##### c. Accounting policies

We noted that some issuers did not change all their accounting policies to comply with IFRS, or that no reconciling items were identified for changes in accounting policies. Issuers must present coherent and complete information in their financial statements.

We also noted that some issuers provided boilerplate and nonspecific accounting policy disclosure. Users are faced with new accounting standards and in certain cases there may be accounting policy choices. Issuers must ensure they provide clear and entity-specific accounting policy disclosure.

For information about the disclosure of accounting policies used in the interim and annual MD&As in the changeover year to IFRS, see [CSA Staff Notice 52-328 – Disclosures about Accounting Policies in the Year of Changeover to International Financial Reporting Standards \(IFRS\)](#).

#### 2. Classification of a liability as current

Liability classification under IFRS differs from pre-changeover Canadian GAAP. In accordance with paragraph 69 of IAS 1, an issuer shall classify a liability as current only when it expects to settle the liability in its normal operating cycle; it holds the liability primarily for the purpose of trading; or the liability is due to be settled within twelve months after the reporting period or it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Some issuers were required to reclassify debt that was classified as non-current under pre-

changeover Canadian GAAP to current under IFRS. However, when a refinancing or rolling over of the obligation is not at the discretion of the issuer (for example, when there is no arrangement for refinancing at the reporting date), many issuers incorrectly classified the obligation as non-current.

***Example of incorrect classification (Long-term debt classified as non-current instead of current)***

**Consolidated Statements of Financial Position filed on March 19, 2012**

<b>IFRS line items</b>	<b>December 31 2011</b>	<b>December 31 2010</b>	<b>January 1 2010</b>
<u>Assets</u>	25,561	24,372	25,269
<u>Liabilities</u>			
Current liabilities:			
Trade and other payables	3,772	11,908	4,046
Current portion of long-term debt	1,515	838	1,390
	<u>5,287</u>	<u>12,746</u>	<u>5,436</u>
Long-term debt (note 10)	8,302	326	9,060
Shareholders' Equity	11,972	11,300	10,773
	<u>25,561</u>	<u>24,372</u>	<u>25,269</u>

**Note 10:**

As at December 31, 2011, the Company did not meet a financial ratio on the long-term debt. In February 2012, a waiver was obtained allowing the Company to not meet this financial ratio for more than twelve months. Therefore, no reclassification has been made.

***Example of entity-specific classification***

**Consolidated Statements of Financial Position filed on March 19, 2012**

<b>IFRS line items</b>	<b>December 31 2011</b>	<b>December 31 2010</b>	<b>January 1 2010</b>
<u>Assets</u>	25,561	24,372	25,269
<u>Liabilities</u>			
Current liabilities:			
Trade and other payables	3,772	11,908	4,046
Current portion of long-term debt	9,817	838	1,390
	<u>13,589</u>	<u>12,746</u>	<u>5,436</u>
Long-term debt (note 10)	-	326	9,060
Shareholders' Equity	11,972	11,300	10,773
	<u>25,561</u>	<u>24,372</u>	<u>25,269</u>

**Note 10:**

As at December 31, 2011, the Company did not meet a financial ratio on the long-term debt. In February 2012, a waiver was obtained allowing the Company to not meet this



financial ratio for more than twelve months. Thus, in accordance with IAS 1, the Company has reclassified an amount of \$8,302 of long-term debt to current liabilities as the waiver was not obtained before the reporting date.

### 3. Business combinations

The adoption of IFRS 3 introduced a number of changes in accounting for business combinations. This has impacted the amount of goodwill recognized, the results in the period that an acquisition occurs and subsequent periods. Also, there are significant disclosure requirements concerning business acquisitions in annual financial statements and interim financial reports. In particular, we noted that some issuers have omitted the following required information:

- the amounts of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period (paragraph B64 (q) (i));
- the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period (paragraph B64 (q) (ii));
- for a business combination done after the end of the reporting period but before the financial statements are authorized for issue, the information required by paragraph B64 of IFRS 3 unless the initial accounting for the business combination is incomplete at the time the financial statements are authorized for issue (paragraph B66);
- the primary reasons for the business combination and a description of how the acquirer obtained control of the acquiree (paragraph B64 (d));
- a qualitative description of the factors that make up the goodwill recognized, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors (paragraph B64 (e));
- for each contingent liability recognized, the information required in paragraphs 85 and 86 of IAS 37 (paragraph B64 (j));
- in a bargain purchase, a description of the reasons why the transaction resulted in a gain (paragraph B64 (n) (ii)); and
- for acquired receivables, the gross contractual amounts receivable and the best estimate at the acquisition date of the contractual cash flows not expected to be collected.

Furthermore, we have noted that some issuers have not disclosed the required information separately for each significant business combination or did not aggregate the required information for individually immaterial business combinations that are material collectively.

#### *Example of deficient disclosure*

On February 28, 2011, the Company acquired ABC Ltd. for an amount of \$1.6 million which was funded from cash generated from the Company's operations. The acquisition has been accounted for using the purchase method with operating results included in the Company's earnings from the date of acquisition. The purchase price allocation is as follows:

Accounts receivable	578
Inventories	483
Prepaid expenses	27
Property, plant and equipment	620
Goodwill	250
<u>Accounts payable and accrued liabilities</u>	<u>(328)</u>
<b>Net assets acquired</b>	<b>1,630</b>
<b>Consideration</b>	
Cash	1,239
Contingent consideration and distributions	500
<u>Balance of sale receivable</u>	<u>(109)</u>
	<b>1,630</b>

***Example of entity-specific disclosure***

On February 28, 2011, the Company acquired 100% of the shares and voting interests in ABC Ltd., a leading manufacturer and erector of structural steel products operating across Canada, for an amount of \$1.6 million using cash generated from the Company's operations. The acquisition costs related to this transaction amounted to \$152,070 and have been accounted as such in the consolidated statement of earnings in 2011 under "General and Administrative expenses". The acquisition has been accounted for using the acquisition method with operating results included in the Company's earnings from the date of acquisition. The purchase price allocation is as follows:

<b><u>At fair value</u></b>	<b>(in 000's)</b>
Accounts receivable	578
Inventories	483
Prepaid expenses	27
Property, plant and equipment	620
Goodwill	250
<u>Accounts payable and accrued liabilities</u>	<u>(328)</u>
<b>Net assets acquired</b>	<b>1,630</b>
<b>Consideration</b>	
Cash	1,239
Contingent consideration	500
<u>Balance of sale receivable</u>	<u>(109)</u>
	<b>1,630</b>

The acquisition of ABC Ltd. is consistent with the Company's acquisition strategy of identifying strategic opportunities within its existing core business segment and acquiring well-established companies with complementary strengths to achieve meaningful synergies. The synergies are expected to consist primarily of cost savings relating to raw materials and reduction of overhead expenses, and represent the goodwill. Goodwill from this business combination is not expected to be deductible for tax purposes.

Since the acquisition, the acquired company has contributed a total of \$200,341 to the Company's sales of goods and \$3,546 to earnings. Management estimates that, if the acquisition had occurred on January 1, 2011, additional sales of goods would have been \$40,743 and additional operating earnings would have been \$785 from January 1, 2011 to February 28, 2011.



The gross contractual amount of accounts receivable amounts to \$600,058. At the acquisition date, the best estimate of contractual cash flows that is not expected to be recovered is \$22,111. An initial amount of \$50,000 was withheld as a provision for adjustments, of which \$25,000 was paid on September 1, 2011 and \$25,000 on February 2, 2012.

At the acquisition date, the amount recognized as contingent consideration represents the fair value which was the discounted maximum amount indicated in the purchase agreement based on ABC's financial projections (see note 4 for disclosure on business acquisition significant estimates and the range of estimated amounts).

#### **4. Flow-through shares**

IFRS do not specifically address the accounting for flow-through shares or the related tax consequences arising from such transactions. Pre-changeover Canadian GAAP, however, addressed the accounting for flow-through shares in Section 3465, *Income taxes* and EIC-146, *Flow-through shares*, that cannot anymore be used. We have noted that many issuers have not identified any IFRS transition impact in their reconciliations from pre-changeover Canadian GAAP to IFRS. We expected that issuers would have made some changes in their flow-through shares accounting policy.

##### ***Example of deficient disclosure***

Flow-through shares:

Proceeds received upon the issue of common shares that transfer the exploratory expense deductions to investors are credited to the share capital and the related exploration costs are charged to deferred exploration costs. The estimated tax benefits transferred to shareholders are recorded as a future income tax liability at the time of filing of the renunciation documents with the tax authorities with a corresponding reduction in share capital.

##### ***Example of entity-specific disclosure***

Flow-through shares<sup>1</sup>:

Issuance of flow-through shares represents in substance an issue of common shares and the sale of right to tax deductions to the investors when the flow-through shares are issued. The sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through placements are allocated between share capital and any warrants issued and liability using the residual method which means that the shares are valued at the fair value of existing shares at the time of issuance and the residual proceeds are allocated between warrants and other liability. The liability component recorded initially on the issuance of shares is reversed on renunciation of the right to the tax deductions to the investors and when admissible expenses are incurred and recognized in profit or loss as a reduction of deferred income tax expense and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of admissible expenditures capitalized as an asset and its tax basis.

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<sup>1</sup> The entity-specific disclosure for flow-through shares is not the only allowable treatment.

## APPENDIX B

### MD&A DEFICIENCIES

The quality of MD&A disclosure continues to be an area where we see deficiencies. MD&A is a narrative explanation through the eyes of management of how the issuer performed during the period covered by the financial statements, and what the issuer's financial condition and future prospects are. We often find boilerplate disclosure that does not change from period to period. Issuers frequently replicate disclosure from the financial statements without any analysis. Entity-specific disclosure provides investors with information that complements the financial statements so they are able to assess the current financial condition of the issuer and its future prospects. Under the requirements, the MD&A should:

- help current and prospective investors understand what the financial statements show and do not show;
- discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future; and
- provide information about the quality, and potential variability, of the issuer's earnings and cash flow, to assist investors in determining whether past performance is indicative of future performance.

There are three important areas where we continue to see boilerplate disclosure in the MD&A: discussion of operations, liquidity, and general provisions. For each, we have provided examples of deficient disclosure contrasted against more robust entity-specific disclosure.

#### 1. Discussion of Operations

Issuers are required to analyze their operations during the most recently completed financial year, including a comparison against the previously completed financial year. The analysis should discuss and quantify all material variances. Common deficiencies include: discussion of immaterial information without inclusion of information that may be material to investors; and insufficient analysis of why changes have occurred. Issuers are reminded that the MD&A should contain a balanced discussion of their operations. Issuers should quantify how volume and price changes affected revenue, and discuss why changes occurred. If other elements affected revenue, such as the introduction of a new product or new competitors, the MD&A should also address these factors. Issuers should not limit the operational analysis to revenue; if issuers experienced a change in their gross profit percentage, the MD&A should discuss the factors behind the change.

#### ***Example of Deficient Disclosure***

Revenue increased from \$900,000 to \$1,080,000, a 20% increase. Gross profit increased from \$400,000 to \$408,000, a 2% increase.

#### ***Example of entity-specific disclosure***

Revenue increased from \$900,000 to \$1,080,000, a 20% increase. Gross profit increased from \$400,000 to \$408,000, a 2% increase. Three factors caused revenue to increase by \$180,000:

- increased sales volume of Product X-\$60,000;
- decreased unit price of Product X-(\$30,000); and
- the introduction of a new product during the fourth quarter, Product Y-\$150,000.

In late 2011, we anticipated new competition entering our market, so we discounted our remaining Product X units to encourage their sale and to allow us to focus on its replacement, Product Y. Discounts on Product X caused the reduced gross profit percentage. We expect to continue discounting Product X in the first quarter, but expect our gross profit to improve as Product Y replaces Product X.

## **2. Liquidity**

The MD&A should identify and discuss any known or expected fluctuations and trends in an issuer's liquidity, taking into account demands, commitments, events or uncertainties. Where applicable, the discussion should also include disclosure of any defaults or risk of defaults on debt covenants and how the issuer intends to cure the default or otherwise address the risk as set out in the example below. The disclosure relating to expected liquidity fluctuations is required for all issuers, but it is especially important when issuers have negative cash flows from operations, a negative working capital position or have breached or expect to breach their debt covenants.

### ***Example of deficient disclosure***

As at year-end, the Company had cash of \$100,000 and accounts receivable of \$50,000. Current assets amounted to \$150,000 with current liabilities of \$400,000 resulting in a working capital deficit of \$250,000. The Company believes that it has sufficient capital on hand to satisfy working capital requirements for the next 12 months.

### ***Example of entity-specific disclosure***

As of year-end, the Company's debt to equity ratio was in breach of a covenant in its loan agreement. Subsequent to year-end, the Company:

- renegotiated the covenants in the loan agreement to cure the default; and
- borrowed an additional \$300,000 to meet current and future working capital requirements.

New terms under the loan agreement restrict repayment of existing debt payable to related parties. We estimate that the Company will need \$500,000 over the next two years to complete its exploration project. In the short-term, the Company will rely on advances from shareholders and the exercise of options and share purchase warrants to fund exploration costs.

## **3. General Provisions**

Issuers must endeavour to improve MD&A disclosure. In particular, many issuers operating in a specialized industry or high-tech sector do not sufficiently describe their operations, thereby restricting the usefulness of their MD&As. We would like to remind issuers of the requirements under Part 1(a) of Form 51-102F1, *Management's Discussion & Analysis*.

***Example of deficient disclosure***

**Strategy**

The Corporation (ABC) expects to generate revenue from its product candidates in the form of royalties. ABC sold its interest in its joint venture to its partner, XYZ Inc. (XYZ) on June 30, 2011. Following this transaction, ABC manages its relationship with its two major partners to maximize value from the products that will generate royalties on a going-forward basis. The main assets of ABC are the patent portfolio licensed to NMO Inc. and the royalty agreement with XYZ.

***Example of entity-specific disclosure***

**Strategy**

We have implemented a business strategy with intent to reacquire growth in revenue and improve our operations. We continue to invest in order to transform from a print directory business to a digital media and marketing solutions company.

Our strategy remains to leverage our multiplatform media and marketing solutions, to enhance services to our advertisers, build traffic to our network of properties and improve user experience. Our goal is to serve the advertising needs of small and medium enterprises across Canada, by providing the right services and tools to manage and grow their businesses.

We are focusing on key areas, such as:

- Improving our operations with increased focus on sales effectiveness, product fulfillment, billing and customer support;
- Provisioning of new services for our customers with the objective of offering an overall better customer experience and return on investment by driving more quality leads through calls, clicks, forms and emails;
- Improving our value proposition for the consumer by enhancing our content on our online and mobile properties;
- Creating partnerships in traffic and distribution to augment leads to our advertisers; and
- Branding and promotion to raise awareness on our product portfolio and accelerate our brand transformation.

We achieve profitability by maximizing our operating efficiency and constantly reviewing all of our operations with a view to ensuring we maintain a competitive cost structure. Improving our cost structure remains a key priority and will continue to be achieved through:

- Business process redesign;
- Cost containment initiatives; and
- Investment in technology to better support our operations and our transformation.

Our key priorities for 2012 are to:

- Execute our sales approach;
- Deliver superior customer value; and
- Lead our industry transformation.

## APPENDIX C: OTHER REGULATORY DEFICIENCIES

CSA Staff assess issuer compliance with requirements of our securities laws. Our objective is to promote clear and informative disclosure that will allow investors to make informed investment decisions. We have identified the following areas where we continue to see lack of compliance: mineral projects, executive compensation and governance practices.

### 1. Standards of Disclosure for Mineral Projects

National Instrument 43-101, *Standards of Disclosure for Mineral Projects* (NI 43-101), sets out the requirements when a mining company discloses scientific or technical information on mineral projects. Under these requirements, the disclosure must be based on information prepared by a qualified person. Deficiencies identified include:

- incomplete or inadequate disclosure of preliminary economic assessments, mineral resources and mineral reserves;
- non-compliant certificates and consents of qualified persons for technical reports;
- incomplete or inadequate disclosure of historical estimates and exploration targets; and
- name of the qualified person omitted in documents containing scientific and technical information.

We remind issuers that the amendments to NI 43-101 came in force on June 30, 2011.

### 2. Statement of Executive Compensation

All direct and indirect compensation provided to certain executive officers and directors for, or in connection with, services they have provided to the issuer or subsidiary of the issuer must be disclosed. The objective of this requirement is to provide insight into executive compensation as a key aspect of the overall stewardship and governance of issuers and to help investors understand how decisions about executive compensation are made. Many issuers continue to provide insufficient disclosure related to the summary compensation table, as well as in their compensation discussion and analysis.

#### a. Summary compensation table

Section 3.1 of Form 51-102F6, *Statement of executive compensation* (Form 51-102F6), requires issuers to provide a summary compensation table (SCT). We noted that some issuers did not disclose in the SCT the grant date fair value of share-based awards and option-based awards. We remind issuers that the grant date fair value of these types of awards must be reported in the SCT in the year of grant irrespective of whether part or the entire award relates to multiple financial years or payout is subject to performance goals and similar conditions. We also remind issuers that they must disclose key assumptions and estimates used to calculate the fair value of the grant.

#### ***Example of deficient application***

In 2011, a company grants restricted share units (RSUs) to a named executive officer (NEO). Under the terms of the award, the NEO will be entitled to a payout of 1,000 RSUs in each of 2011, 2012, and 2013 if certain performance goals, including vesting, are satisfied in those years. The performance goals, including vesting, in respect of the 2011 part of the award have been satisfied and the company reports the grant date fair

value of that part of the award in the 2011 SCT but decides to defer reporting the part of the award related to 2012 and 2013.

***What should have been done***

The company should have reported the grant date fair value of the entire award, including the parts related to 2012 and 2013, in the 2011 SCT. The grant date fair value methodology used should have taken into account the fact that the NEO will not receive those RSUs unless the performance goals, including vesting, for 2012 and 2013 are satisfied.

**b. Compensation discussion and analysis**

Section 2.1 of Form 51-102F6 requires issuers to describe and explain all significant elements of compensation awarded to, earned by, paid to, or payable to NEOs. The compensation discussion and analysis must include the following:

- (a) the objectives of any compensation program or strategy;
- (b) what the compensation program is designed to reward;
- (c) each element of compensation;
- (d) why the company chooses to pay each element;
- (e) how the company determines the amount (and, where applicable, the formula) for each element; and
- (f) how each element of compensation and the company's decisions about that element fit into the company's overall compensation objectives and affect decisions about other elements.

A number of issuers did not provide the required disclosure. Many issuers provided an analysis expressed in boilerplate language; others did not fully and accurately explain significant elements of compensation awarded to NEOs.

***Example of deficient disclosure***

The objective of the Corporation's compensation is to: (i) compensate management in a manner that encourages and rewards a high level of performance with a view to increasing long-term shareholder value; (ii) align management's interests with the long term interests of shareholders; and (iii) provide a compensation package that is commensurate with other junior companies in order to enable the Corporation to attract and retain talent.

***Example of entity-specific disclosure***

The Compensation Discussion and Analysis section explains the pay program for the financial year ended December 31, 2011 for our NEOs, which include our President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, and our three other most highly compensated executive officers as follows: [list of names].

Executive Compensation Philosophy and Policy

Executive compensation at XYZ Inc. (XYZ) is aligned in several ways with our strategic business plan. Our key long-term objective is to motivate executives to achieve targets that are aligned with the Corporation's strategic goals and that are expected to enhance shareholder value over the long term. Our shorter-term corporate goals, business unit objectives, and individual contributions to business success are reflected in the annual



incentive plan. A significant portion of the executive pay program consists of “at-risk” pay meaning that compensation is dependent on achieving corporate, business unit and individual performance objectives both in the short and long term.

XYZ’s executive pay program is also designed to attract and retain experienced executives who have the skills required to help the Corporation achieve its strategic and organizational goals. XYZ is committed to providing compensation plans that are consistent with best practices in corporate governance.

The Corporation’s executive compensation policy is to provide total compensation that is generally competitive with the median of its peer group, taking into consideration additional Corporation-specific issues such as the achievement of financial and operational objectives, and the specific roles and responsibilities of different executive positions. Total compensation plans are structured to provide compensation that is above market median when results exceed the Corporation’s business objectives and below market median when results are below target.

#### Executive Compensation Components

The following describes the different compensation components, which together provide compensation packages that meet the objectives of XYZ’s compensation philosophy.

**Base Salary:** Market-competitive fixed rate of pay to attract and retain executives with experience and skills required to achieve strategic and organizational goals.

**Annual Incentive Plan (AIP):** Annual cash bonus with target awards established for each NEO as a percentage of base salary to motivate executives to drive superior short-term performance through Corporation, business unit and individual objectives.

**Long-term Incentive Plan (LTIP):** Option grant levels are based on individual performance and options are time-vested rateably over 4 years with a 10-year term to promote retention and encourage executives to pursue opportunities that will increase shareholder value over the long term.

To achieve the objectives described above, each element of pay is targeted at the market median with adjustments based on meeting specific performance goals as follows:

- Base salary is adjusted above and below the median to reflect specific circumstances such as experience, individual performance and changes in responsibility;
- AIP payouts may exceed market median target levels when results exceed objectives and may be below median levels (down to zero) when results are below targets; and
- LTIP grants of stock options can be adjusted from 0% to 200% of target levels based on each individual’s performance and contribution to the Corporation’s overall results.

The Corporation has chosen to reward achievement of overall Corporation performance goals defined as earnings before income taxes and non-controlling interest (adjusted EBT). The Corporation believes that adjusted EBT is the most appropriate indicator of the operational and financial performance of the business. For 2011, there was no payout in respect of the corporate objective of the AIP and LTIP, as the minimum performance threshold of \$3.5 M in respect of adjusted EBT was not achieved.

For more information and guidance about the compensation discussion and analysis, see [CSA Staff Notice 51-331 – Report on Staff’s Review of Executive Compensation Disclosure](#). Although, we remind issuers that new amendments to Form 51-102F6 came in force on October 31, 2011.

### **3. Disclosure of corporate governance practices**

Issuers must adequately disclose their corporate governance practices. For example, Item 6 of Form 58-101F1, *Corporate Governance Disclosure*, and Item 5 of Form 58-101F2, *Corporate Governance Disclosure (Venture Issuers)*, require issuers to describe the process by which the board identifies new candidates for board nomination. Disclosure by issuers reviewed was often deficient.

Some issuers simply indicated that the nominating committee or another board committee was responsible for identifying candidates. Others merely stated that the nominee committee was responsible for recommending candidates for board nomination. This type of disclosure is insufficient, as it does not explain the process for identifying new board nominees.

#### ***Example of deficient disclosure***

Members of the Human Resources, Corporate Governance and Nomination Committee, the Board and management are responsible to determine the nomination of new candidates for Board nomination.

The following example illustrates full disclosure of the board nominee selection process.

#### ***Example of entity-specific disclosure***

The board of directors has conferred on the Corporate Governance Committee responsibility for identifying new candidates for director positions and for proposing these candidates to the board of directors. The process by which the Corporate Governance Committee identifies new candidates for director positions begins with the approval by the board of a statement of competencies and experience sought with respect to each new candidate. The board of directors or management may propose candidates to the committee. On occasion, the services of a recruitment adviser may be used. Potential candidates are interviewed by the chairman of the board of directors and the lead director as well as by the other members of the board, as necessary. An invitation to join the board is made only where board consensus regarding the proposed candidate is obtained.



## **APPENDIX D: CATEGORIES OF OUTCOMES**

### **Enforcement referral/ Default list/ Cease trade order**

If the issuer has critical CD deficiencies, we may add the issuer to our default lists, issue a cease trade order and/or refer the issuer to Enforcement.

### **Refiling**

The issuer must amend and refile certain CD documents.

### **Prospective Changes**

The issuer is informed that certain changes or enhancements are required in its next filing as a result of deficiencies identified.

### **Education and Awareness**

The issuer receives a proactive letter alerting it to certain disclosure enhancements that should be considered in its next filing.

### **No action required**

The issuer does not need to make any changes or additional filings.

## FOR MORE INFORMATION

Contact any of the following:

<p>Johanne Boulerice  Manager, Continuous Disclosure  Autorité des marchés financiers  514-395-0337, ext. 4331  Toll-free: 1-877-525-0337, ext. 4331  <a href="mailto:johanne.boulerice@lautorite.qc.ca">johanne.boulerice@lautorite.qc.ca</a></p> <p>Benoit Veilleux  Analyst, Continuous Disclosure  Autorité des marchés financiers  514-395-0337, ext. 4339  Toll-free: 1-877-525-0337, ext. 4339  <a href="mailto:benoit.veilleux@lautorite.qc.ca">benoit.veilleux@lautorite.qc.ca</a></p>	<p>Allan Lim  Manager  British Columbia Securities Commission  604-899-6780  Toll-free 800-373-6393 (BC and Alberta)  <a href="mailto:alim@bcsc.bc.ca">alim@bcsc.bc.ca</a></p> <p>Alan Mayede  Senior Securities Analyst  British Columbia Securities Commission  604-899-6546  Toll-free 800-373-6393 (BC and Alberta)  <a href="mailto:amayede@bcsc.bc.ca">amayede@bcsc.bc.ca</a></p>
<p>Cheryl McGillivray  Manager, Corporate Finance  Alberta Securities Commission  403-297-3307  <a href="mailto:cheryl.mcgillivray@asc.ca">cheryl.mcgillivray@asc.ca</a></p> <p>Elena Kim  Securities Analyst, Corporate Finance  Alberta Securities Commission  403-297-4226  <a href="mailto:elena.kim@asc.ca">elena.kim@asc.ca</a></p>	<p>Tony Herdzik  Acting Deputy Director, Corporate Finance  Saskatchewan Financial Services  Commission  306-787-5849  <a href="mailto:tony.herdzik@gov.sk.ca">tony.herdzik@gov.sk.ca</a></p>
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### 1.1.3 CSA Staff Notice 43-307 – Mining Technical Reports – Preliminary Economic Assessments



## CSA Staff Notice 43-307 Mining Technical Reports – Preliminary Economic Assessments

August 16, 2012

### Introduction

This notice sets out staff's position on several issues regarding the use and disclosure of a "preliminary economic assessment" (PEA), as defined in revised National Instrument 43-101 *Standards of Disclosure for Mineral Projects (NI 43-101)*, which came into force on June 30, 2011.

The economic analysis by way of a PEA is generally the first signal to the public that a mineral project has potential viability. Given the significance of this milestone in the evolution of any mineral project, the market views PEA results as important information.

NI 43-101 defines a PEA as a study, other than a pre-feasibility study (PFS) or feasibility study (FS), which includes an economic analysis of the potential viability of mineral resources. The terms PFS and FS have the meanings ascribed by the CIM Definition Standards for Mineral Resources and Mineral Reserves, as amended.

When preparing technical reports under revised Form 43-101F1 *Technical Report*, Items 16 to 22 provide a framework for reporting on a PEA, PFS, or FS. Although these studies generally analyse and assess the same geological, engineering, and economic factors, the level of detail, precision, and confidence in the outcomes is significantly different.

### PEA as a Proxy for a PFS

We are seeing situations where issuers represent that their PEA, or components of it, have been or will be done at or close to the level of a PFS. In extreme cases, the issuers are representing that the study is a PFS but for the inclusion of inferred mineral resources. In other cases, issuers appear to be treating the PEA as a substitute or proxy for a PFS.

### Staff's position

The definition of PEA has two key elements that distinguish it from other studies. First, by definition, it *cannot* be a PFS or FS. Second, a PEA can only demonstrate the *potential* viability of mineral resources. PFS and FS are more comprehensive studies and, therefore, are sufficient to demonstrate the technical and economic viability of a mineral project.

Section 2.3(1)(b) of NI 43-101 does not allow issuers to include inferred mineral resources in a PFS-level economic analysis, whereas section 2.3(3) of NI 43-101 allows issuers to include inferred mineral resources in a PEA. Issuers that blur the boundary between a PEA and a PFS by stating that some or all of the components of the PEA are done at the level of a PFS, run the risk that we may challenge whether the study meets the definition of a PEA. We recommend that issuers do not:

- describe a study as a PEA unless it clearly falls into the definition of a PEA, or
- compare their PEA or any components of it to the standards of a PFS if the study includes inferred mineral resources

Under the second element of the definition, a PEA is a conceptual study of the potential viability of mineral resources. In this context, section 3.4(e) of NI 43-101 requires specific cautionary language indicating that the economic viability of the mineral resources has not been demonstrated. This cautionary language is in addition to the cautionary statement for inferred mineral resources required by section 2.3(3)(a). Any disclosure that implies the PEA has demonstrated economic or technical viability would be contrary to NI 43-101 and the definition of PEA.

We may take the position that an issuer is treating the PEA as a PFS if the issuer:

- does not include the section 3.4(e) cautionary statement with equal prominence each time it discloses the economic analysis of the mineral resources
- uses the PEA as a basis to justify going directly to a FS or a production decision
- discloses mining or mineable mineral resources or uses the term “ore”, which is essentially treating mineral resources as mineral reserves, or
- otherwise states or implies that economic viability of the mineral resources has been demonstrated

We caution issuers to ensure that their disclosure of the results of a PEA is not misleading by providing appropriate context, cautionary statements, and discussion of risk sufficient for the public to understand the importance and limitations of the results of the PEA.

### **PEA Done in Conjunction with a PFS or FS**

We are seeing situations where issuers prepare a PEA using inferred mineral resources, concurrently with or as an add-on or update to their PFS or FS. In some cases, the issuer’s explanation for doing this is that the issuer has only completed the technical and economic analysis of the inferred mineral resources to the level of a PEA. We are concerned that this interpretation could lead to issuers indirectly including inferred mineral resources in their PFS or FS, in contravention of the section 2.3(1)(b) restriction on including inferred mineral resources in an economic analysis.

### ***Staff’s position***

CSA broadened the definition of PEA in response to industry concerns that issuers needed to be able to take a step back and re-scope advanced stage projects based on new information or alternative production scenarios. In this context, the revised definition is based on the premise that the issuer is contemplating a significant change in the existing or proposed operation that is materially different from the previous mining study. In most cases, this will also involve considerably different economic parameters and capital investments. Examples of a significant change are a different scale of proposed operation (higher or lower throughput), a different scope of operation (higher or lower grade), the inclusion of other types of mineralization (oxide vs. sulphide), the use of alternative mining methods (open pit vs. underground), or the use of alternative processing technology.

By definition, a PEA is a study other than a PFS or FS. We generally consider that two parallel studies done concurrently or in close time proximity to each other are not in substance separate studies, but components of the same study. Therefore, a study that includes an economic analysis of the potential viability of mineral resources that is done concurrently with or as part of a PFS or FS is not, in our view, a PEA if it:

- has the net effect of incorporating inferred mineral resources into the PFS or FS, even as a sensitivity analysis
- updates, adds to or modifies a PFS or FS to include more optimistic assumptions and parameters not supported by the original study, or
- is a PFS or FS in all respects except name

### **PEA Disclosure and Technical Report Triggers**

In some cases, issuers are disclosing results of potential economic outcomes for their material mineral properties that are not supported by a technical report.

### ***Staff’s position***

Investors may place significant reliance and make investment decisions based on potential economic outcomes disclosed by the issuer about its material mineral properties. Because this information is significant, it could trigger the filing of a supporting technical report depending upon the materiality of the information to the issuer.

An issuer could trigger the requirement to file a technical report, under section 4.2(1)(j) of NI 43-101, to support disclosure of the results of a PEA if the disclosure is:

- contained in the issuer’s corporate presentations, fact sheets, investor relations materials or any statement on the issuer’s website, or

- posted or linked from third party documents, reports or articles or otherwise adopted and disseminated by the issuer

### **Potentially Misleading PEA Results**

We are seeing situations where issuers and qualified persons appear to use overly optimistic or highly aggressive assumptions in the PEA, or methodologies that diverge significantly from industry best practice guidelines and standards for exploration and mineral resources. We are concerned that these practices could result in disclosure that is misleading if it is inconsistent with the comparable work of other qualified persons.

#### ***Staff's position***

Part 4 of National Instrument 51-102 *Continuous Disclosure Obligations (NI 51-102)*, sets out the requirements for disclosing forward-looking information. The results of a PEA include, or are based on, forward-looking information that is subject to the requirements of Part 4A of NI 51-102. Under Part 4A, an issuer must not disclose forward-looking information unless the issuer has a reasonable basis for the forward-looking information. Hence, any assumption under the PEA must have a reasonable basis in the context of the mineral project. Where we have concerns that some assumptions are overly optimistic or aggressive, we may challenge the qualified person to explain or justify the assumptions, or failing that, ask them to revise the PEA to take a more conservative or reasonable approach.

As discussed in Companion Policy 43-101CP, we think qualified persons acting in compliance with the professional standards of competence and ethics of their professional association will generally use procedures and methods that are consistent with industry best practices and standards. In circumstances where significant divergence might be justified, issuers should consider disclosing the nature of and basis for the divergence to ensure that their disclosure is not misleading.

### **PEA Disclosure that Includes By-products**

In some cases, issuers are disclosing the results of a PEA that includes projected cash flows for by-product commodities that are not included in the mineral resource estimate. This situation can arise where there is insufficient data for the grades of the by-products to be reasonably estimated or estimated to the level of confidence of the mineral resource.

#### ***Staff's Position***

We consider the inclusion of such by-product commodities in the PEA to be misleading and contrary to the definition of PEA because these commodities are not part of the mineral resource. We caution issuers not to include cash flow projections for any commodity or part of a commodity that has not been properly categorised as a measured, indicated or inferred mineral resource.

### **Qualified Person – Relevant Experience**

We are seeing situations where individuals are taking responsibility for technical reports or parts of reports that support the results of a PEA, while not fully complying with the requirement to have experience relevant to the subject matter of the mineral project and the technical report.

#### ***Staff's Position***

In addition to the relevant experience requirement in paragraph (c) of the qualified person definition under NI 43-101, CIM definitions provide guidance relating to the qualified person's competence and relevant experience in the commodity, type of deposit, and situation under consideration. In addition, professional associations recognized under NI 43-101 have codes of ethics that may restrict the practice of members based on their area of expertise and competence.

Where we have concerns that a qualified person does not have relevant experience, we will challenge the qualified person to explain or justify their relevant experience, or failing that, ask for a revised technical report from additional qualified persons.

### **Consequences of Material Deficiencies or Errors**

When we identify material NI 43-101 disclosure deficiencies in required documents, we will generally request that the issuer correct the deficiency by restating and re-filing the documents. Where the issuer fails to comply with the request, we may place the issuer on our reporting issuer default lists, seek a commission order requiring the issuer to re-file the documents, or issue a cease trade order until the issuer corrects the deficiency. Even if the issuer corrects the deficiency, we may still pursue enforcement or other regulatory action for the original breach, depending on the circumstances.

If an issuer is considering a prospectus offering, the review of the prospectus filing could take more time if issues such as those noted above are present. Where there are material deficiencies, we may recommend against issuing a receipt for the prospectus.

Issuers should bear in mind that, in any circumstances, correcting material deficiencies or hiring additional qualified persons to certify deficient parts of a technical report can be complex, costly and time-consuming for the issuer.

For further guidance on this issue, please see CSA Staff Notice 51-312 *Harmonized Continuous Disclosure Review Program* and CSA Notice 51-322 *Reporting Issuer Defaults*.

### **Questions**

Please refer your questions to any of the following people:

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British Columbia Securities Commission  
604-899-6719 or 1-800-373-6393 (toll free in Canada)  
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1.1.4 CSA Staff Notice 43-308 – Professional Associations under NI 43-101 Standards of Disclosure for Mineral Projects



Canadian Securities  
Administrators

Autorités canadiennes  
en valeurs mobilières

**CSA Staff Notice 43-308**  
**Professional Associations**  
**under NI 43-101 Standards of Disclosure for Mineral Projects**

August 16, 2012

**Introduction**

This Notice confirms staff's view that certain professional organizations meet the tests set out in National Instrument 43-101 *Standards of Disclosure for Mineral Projects (NI 43-101)* for professional associations and membership designations.

As noted in subsections 1.1(5) and 1.1(7) of Companion Policy 43-101CP (the **Companion Policy**), Canadian securities regulatory authorities will periodically update the list of foreign professional associations and membership designations in Appendix A of the Companion Policy. Staff may communicate its interpretation of the tests in NI 43-101 as they apply to other foreign professional associations by revisions to this Notice between periodic updates of the Companion Policy.

**Addition to the List of Foreign Associations and Membership Designations**

After considering submissions received, in staff's view the organization identified below meets the definition of a "professional association" in NI 43-101, and the membership designation below meets the criteria in paragraph (e) of the definition of "qualified person" in NI 43-101.

Foreign Association	Membership Designation	Date of Determination
The Institution of Engineers Australia (Engineers Australia)	Chartered Professional Engineer (CPEng)	May 29, 2012

This association and membership designation should be considered an addition to the list of accepted foreign associations and membership designations in Appendix A of the Companion Policy.

Issuers filing technical reports where an author holds a designation identified in this Notice should note that the author must still meet all other elements of the definition of "qualified person" in section 1.1 of NI 43-101, including the requirements for relevant education and professional experience.

**Questions**

Please refer your questions to any of the following people:

Robert Holland  
Chief Mining Advisor, Corporate Finance  
British Columbia Securities Commission  
604-899-6719 or 1-800-373-6393 (toll free in Canada)  
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Luc Arsenault  
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1.3 News Releases

1.3.1 Canadian Securities Regulators Publish Notice to Clarify Definition of Preliminary Economic Assessments in NI 43-101

FOR IMMEDIATE RELEASE  
Aug. 16, 2012

**CANADIAN SECURITIES REGULATORS PUBLISH  
NOTICE TO CLARIFY DEFINITION OF  
PRELIMINARY ECONOMIC ASSESSMENTS IN NI 43-101**

**Vancouver** – The Canadian Securities Administrators (CSA) today published Staff Notice 43-307 *Mining Technical Reports – Preliminary Economic Assessments*. The notice is intended to clarify staff's position on several issues regarding the use and disclosure of "preliminary economic assessment" (PEA), as defined in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101).

In June 2011, CSA amended the definition of PEA to allow issuers greater flexibility in disclosing the results of these early stage or conceptual economic studies in broader circumstances. In monitoring the change, the CSA found that some issuers were disclosing PEA in circumstances and ways not intended or allowed under the new definition. The notice clarifies the CSA's views on what PEAs are and how they should be disclosed.

"The CSA recognizes that the amended PEA definition caused some confusion among mining issuers that needed to be addressed," said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. "This notice will help mining issuers better understand the application and limitations of these studies."

The notice emphasizes the importance of keeping PEA separate and distinct from the more comprehensive preliminary feasibility and feasibility studies. The notice also provides further guidance on other aspects of PEA preparation and disclosure where potential compliance problems have been observed.

CSA Staff Notice 43-307 is available on various CSA members' websites.

The CSA also published CSA Staff Notice 43-308, *Professional Associations under NI 43-101 Standards of Disclosure for Mineral Projects*, setting out the CSA's view that Chartered Professional Engineers registered with Engineers Australia can be added to the list in Appendix A. Staff Notice 43-308 will be updated from time to time, reflecting the CSA's view of other professional organizations and membership designations.

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

**For more information:**

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

**1.4.1 Moncasa Capital Corporation and John Frederick Collins**

**FOR IMMEDIATE RELEASE  
August 10, 2012**

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

**AND**

**IN THE MATTER OF  
MONCASA CAPITAL CORPORATION AND  
JOHN FREDERICK COLLINS**

**TORONTO** – The Commission issued an Order in the above named matter which provides that this matter is adjourned to a confidential pre-hearing conference which shall take place on September 27, 2012 at 10:00 a.m.

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

A copy of the Order dated August 9, 2012 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

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

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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 Knowledge First Financial Inc.**

**FOR IMMEDIATE RELEASE  
August 10, 2012**

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

**AND**

**IN THE MATTER OF  
KNOWLEDGE FIRST FINANCIAL INC.**

**TORONTO** – The Commission issued a Temporary Order in the above named matter pursuant to section 127(1) and 127(5) of the Act which provides that:

1. under paragraph 1 of subsection 127(1) of the Act, the terms and conditions set out in Schedule “A” to this Order are imposed on KFFI’s registration;
2. the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission;
3. the matter will be brought back before the Commission on August 21, 2012 at 3:30 p.m. for the purpose of providing the Commission with an update on the implementation of the terms and conditions imposed on KFFI and to consider whether it is in the public interest to extend the Temporary Order; and
4. Staff shall be free to reapply to the Commission in the event that it has concerns with the application or operation of any provision of this Order.

A copy of the Temporary Order dated August 10, 2012 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

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SECRETARY

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1-877-785-1555 (Toll Free)

**1.4.3 Portus Alternative Asset Management Inc. et al.**

**FOR IMMEDIATE RELEASE  
August 13, 2012**

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

**AND**

**IN THE MATTER OF  
PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,  
PORTUS ASSET MANAGEMENT INC., BOAZ MANOR,  
MICHAEL MENDELSON, MICHAEL LABANOWICH AND  
JOHN OGG**

**TORONTO** – The Commission issued an Order in the above named matter which provides that the hearing is adjourned to Thursday, August 16, 2012 at 11:30 a.m. for the purpose of continuing the pre-hearing conference.

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

A copy of the Order dated August 10, 2012 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

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**1.4.4 Heritage Education Funds Inc.**

**FOR IMMEDIATE RELEASE  
August 14, 2012**

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

**AND**

**IN THE MATTER OF  
HERITAGE EDUCATION FUNDS INC.**

**TORONTO** – The Commission issued a Temporary Order in the above named matter pursuant to section 127 of the Act which provides that:

1. under paragraph 1 of subsection 127(1) of the Act, the terms and conditions set out in Schedule "A" to this Order are imposed on HEFI's registration;
2. the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission;
3. the matter will be brought back before the Commission on August 21, 2012 at 3:30 p.m. for the purpose of providing the Commission with an update on the implementation of the terms and conditions imposed on HEFI and to consider whether it is in the public interest to extend the Temporary Order; and
4. Staff shall be free to reapply to the Commission in the event that it has concerns with the application or operation of any provision of this Order.

A copy of the Temporary Order dated August 13, 2012 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

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1-877-785-1555 (Toll Free)

**1.4.5 Global RESP Corporation and Global Growth Assets Inc.**

**FOR IMMEDIATE RELEASE  
August 14, 2012**

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

**AND**

**IN THE MATTER OF  
GLOBAL RESP CORPORATION AND  
GLOBAL GROWTH ASSETS INC.**

**TORONTO** – The Commission issued an Order in the above named matter which provides that:

1. the Temporary Order shall remain in effect until such further order of the Commission; and
2. the hearing is adjourned to November 8, 2012 at 10:00 a.m. for the purpose of providing the Commission with an update on the work completed by the monitor and the consultant as required under the terms and conditions imposed on Global RESP and GGAI.

A copy of the Order dated August 10, 2012 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOHN P. STEVENSON  
SECRETARY

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## Chapter 2

# Decisions, Orders and Rulings

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### 2.1 Decisions

#### 2.1.1 Vaaldiam Mining Inc. – s. 1(10)(a)(ii)

##### 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)(a)(ii).

August 8, 2012

Vaaldiam Mining Inc.  
c/o Fasken Martineau DuMoulin LLP  
333 Bay Street, Suite 2400  
Toronto, Ontario, M5H 2T6

**Attention: Daye Kaba**

Dear Mr. Kaba:

**Re: Vaaldiam Mining Inc. (the Applicant) – application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (the Jurisdictions) that the Applicant is not a reporting issuer**

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

In this decision, “securityholder” means, for a security, the beneficial owner of the security.

The Applicant has represented to the Decision Makers that:

- the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly and indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and less than 51 securityholders in total worldwide;
- no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and

sellers of securities where trading data is publicly reported;

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

## 2.1.2 RBC Global Asset Management Inc.

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from s. 10.4(3)(b) of NI 81-102, to permit mutual funds with a specific target end date, created for the purpose of funding education endeavours, to pay the redemption price of their securities at the termination of the funds by making good delivery to securityholders a proportionate share of the portfolio assets, which will be money market securities. In lieu of obtaining prior written notice of securityholders, the funds shall provide securityholders with sixty days written notice to elect to receive the redemption proceeding in cash. Relief reflects strategy of the funds as disclosed in prospectus. – National Instrument 81-102 – Mutual Funds.

### Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 10.4(3), 19.1.  
Securities Act, R.S.O. 1990, c. S.5, as am.

July 25, 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  
RBC GLOBAL ASSET MANAGEMENT INC.  
(RBC GAM)

DECISION

### Background

The principal regulator in the Jurisdiction has received an application from RBC GAM in respect of the RBC Target 2015 Education Fund (the **2015 Fund**), the RBC Target 2020 Education Fund (the **2020 Fund**), the RBC Target 2025 Education Fund (the **2025 Fund**), the RBC Target 2030 Education Fund (the **2030 Fund**) (together, the **Current Target Funds**) and each of the future mutual funds (the **Future Target Funds**) of which RBC GAM, or an affiliate thereof, is the manager, that are subject to the provisions of National Instrument 81-102 – *Mutual Funds (NI 81-102)* and that, except for the specified target date, have investment objectives and strategies similar to the Current Target Funds (the Current Target Funds and the Future Target Funds are, each, a **Fund** and, collectively, the **Funds**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption (the **Exemption Sought**) from subsection 10.4(3) of NI 81-102 to permit a Fund on the termination date (the **Termination Date**) thereof to pay the redemption price of the outstanding units to unitholders by making good delivery of units of the RBC Canadian Money Market Fund or its successor (the **Money Market Fund**) without the prior written consent of unitholders.

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

- (a) the Ontario Securities Commission is the principal regulator (the **Principal Regulator**) for this application, and
- (b) RBC GAM has provided notice that Section 4.7(1) of Multilateral Instrument 11-102 – *Passport System (MI 11-102)* is intended to be relied upon in the Jurisdiction and in each of the other provinces and territories of Canada (collectively with the Jurisdiction, the **Jurisdictions**).

## Interpretation

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

## Representations

This decision is based on the following facts represented by RBC GAM:

1. RBC GAM is a corporation formed by amalgamation pursuant to articles of amalgamation dated November 1, 2010 under the federal laws of Canada and its head office is located in Toronto, Ontario.
2. RBC GAM is an indirect, wholly-owned subsidiary of the Royal Bank of Canada.
3. RBC GAM is registered as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer under the securities legislation of each of the Jurisdictions and is registered under the *Securities Act* (Ontario) as an investment fund manager.
4. RBC GAM or an affiliate thereof acts, or will act, as manager of each of the Funds and of the Money Market Fund.
5. Each Fund and the Money Market Fund is, or will be: (i) an open-ended mutual fund organized and governed by the laws of Canada or a Jurisdiction, (ii) a reporting issuer under the laws of some or each of the Jurisdictions and (iii) governed by the provisions of NI 81-102, subject to any relief therefrom granted by the securities regulatory authorities of any Jurisdiction.
6. The securities of each Fund and the Money Market Fund are, or will be, qualified for distribution in some or each of the Jurisdictions under a simplified prospectus and annual information form filed with and received by the securities regulators in the applicable Jurisdiction and/or Jurisdictions pursuant to the requirements of National Instrument 81-101 – *Mutual Fund Prospectus Disclosure*.
7. The Money Market Fund is, and will be on the Termination Date of a Fund, a “money market fund” within the meaning of NI 81-102, that is, or is the successor to, the current RBC Canadian Money Market Fund which, as of the date hereof, has approximately \$3 billion in assets under management and which invests primarily in high quality, short term (one year or less) debt securities, including treasury bills and promissory notes issued or guaranteed by Canadian governments or their agencies, bankers acceptances, asset-backed commercial paper and commercial paper issued by Canadian chartered banks, loan companies, trust companies and corporations.
8. Neither RBC GAM nor any of the Current Target Funds or the Money Market Fund is in default of securities legislation in any Jurisdiction.
9. Each of the 2015 Fund and the 2020 Fund was established in 2004. The 2025 Fund was established in 2007 and the 2030 Fund was established in June 2012.
10. It is anticipated that Future Target Funds will be established from time to time, approximately at 5-year intervals.
11. Each of the Current Target Funds are, and each of the Future Target Funds will be, a fund of funds, the investment objectives of which describe the Fund as an asset allocation fund designed to meet the needs of investors who are saving money to fund a post-secondary education that commences around the target date and which provide, or will provide, as follows:

“The Fund gradually shifts its asset mix from an emphasis on equity funds, in its early years, to an emphasis on money market funds as its “target date” (insert year) approaches.”

and that:

“The Fund invests its assets primarily in units of other funds managed by RBC GAM or an affiliate of RBC GAM (called the underlying funds).”
12. The simplified prospectus (**SP**) of the Current Target Funds currently provides, and the SP of each of the Future Target Funds will provide, as follows:

“At the Fund’s target date, the Fund will have a 100 per cent weighting in the money market funds asset class.”

13. The SP of the 2015 Fund, the 2020 Fund and the 2025 Fund previously provided as follows:
- “In the year the target date of the Fund is reached, we intend to merge the Fund into the RBC Canadian Money Market Fund or its successor (subject to any required approvals).”
14. The Current Target Funds are, and Future Target Funds will be, designed primarily for the purpose of saving for post-secondary education that commences around the target date of the Fund and are generally held within an RESP account (over 95% of units of the Current Target Funds are held within RESP accounts). As a Fund’s target date approaches, it is expected that all assets of the Fund will be invested in the Money Market Fund as a way to preserve capital for unitholders as well as to provide unitholders with liquidity and current income. It is beneficial for investors to hold units of the Money Market Fund until such time that withdrawals are made from the RESP account to finance post-secondary education. This allows unitholders to earn income at a higher rate than is available on cash balances within RESP accounts while maintaining the same level of liquidity as cash.
15. RBC GAM anticipated when it established the RBC Target 2010 Education Fund (the **2010 Fund**), the 2015 Fund, the 2020 Fund and the 2025 Fund that a merger of a Fund with the Money Market Fund would be the most appropriate and cost effective means to provide unitholders of a Fund with units of the Money Market Fund and that a merger could be achieved pursuant to subsection 5.3(2) of NI 81-102 without obtaining unitholder approval, i.e. without holding a meeting of unitholders.
16. As contemplated by its investment strategies at the target date (in 2010) of the 2010 Fund, the 2010 Fund held 100% of its assets in units of the Money Market Fund. However, RBC GAM determined that, since a merger of the 2010 Fund and the Money Market Fund could not be achieved without obtaining unitholder approval, pursuant to subsection 5.3(2) of NI 81-102, primarily because the merger would not have satisfied the requirements of paragraph 5.6(1)(b) of NI 81-102, i.e. it would not have been a “qualifying exchange” within the meaning of the ITA or a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the ITA, a more appropriate and cost effective means to achieve the same result as a merger would have achieved was to terminate the 2010 Fund and deliver to unitholders of the 2010 Fund their pro rata share of the units of the Money Market Fund held by the 2010 Fund.
17. While the Declaration of Trust which governs the Current Target Funds, governed the 2010 Fund and will govern the Future Target Funds permits a distribution in specie on the termination of any mutual fund to which it applies, staff of the Commission advised RBC GAM in the context of the termination of the 2010 Fund that staff’s view was that unitholders could only receive portfolio assets if the requirements of subsection 10.4(3) of NI 81-102 were complied with.
18. Although RBC GAM was able to obtain the written consent of more than 95% of the unitholders of the 2010 Fund to the receipt of the units of the Money Market Funds (primarily because most of the unitholders were registered plans where the trustee had the authority to grant the consent), the process was time consuming and inefficient.
19. Based on its experience with the 2010 Fund, RBC GAM is proposing in the SP of the Funds to replace the disclosure set out in paragraph 13 above with the following:
- “In the year the target date of the Fund is reached, it is expected that all of the assets of the Fund will be invested in units of the RBC Canadian Money Market Fund. During the target year, we intend to terminate the Fund and deliver the units of the RBC Canadian Money Market Fund to unitholders of the Fund. Unitholders will receive at least 60 days notice of the termination date and notice as to the process to be followed if they wish to redeem their units of a Fund and receive cash in lieu of units of the RBC Canadian Money Market Fund on the termination date.”
- RBC GAM requested the Exemption Sought so that in conjunction with the termination described above, a Fund will not have to obtain the written consent of unitholders in order to deliver units of the Money Market Fund to unitholders of the Fund.
20. There will be no costs incurred by unitholders of a Fund in connection with the acquisition, sale or redemption of the units of the Money Market Fund delivered on the termination of a Fund.
21. With respect to existing holders of units of the 2015 Fund, the 2020 Fund and the 2025 Fund (who have received an SP which contains the disclosure set out in paragraph 13 above) RBC GAM will provide a notice explaining that it has changed the process by which unitholders of a Fund will become unitholders of the Money Market Fund in the year the target date of the Fund is reached.
22. In the notice of the Termination Date of a Fund which will be sent to unitholders 60 days before the Termination Date, RBC GAM will advise that unitholders will be able to redeem their units of the Fund and receive cash in lieu of units of



the Money Market Fund at any time prior to the Termination Date and will be able to redeem their units of the Money Market Fund and receive cash at any time after the Termination Date.

**Decision**

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

The decision of the Principal Regulator under the Legislation is that the Exemption Sought is granted, provided that:

- (a) there will be no costs incurred by unitholders of a Fund in connection with the acquisition, sale or redemption of the units of the Money Market Fund delivered on the termination of a Fund;
- (b) neither RBC GAM nor any of its affiliates receives any compensation in respect of the acquisition, sale or redemption of the units of the Money Market Fund delivered on the termination of a Fund;
- (c) the SP of a Fund contains the disclosure set out in representation 19 above;
- (d) in the notice of the Termination Date of a Fund which will be sent to unitholders 60 days before the Termination Date, RBC GAM will advise that unitholders will be able to redeem their units of the Fund and receive cash in lieu of units of the Money Market Fund at any time prior to the Termination Date and will be able to redeem their units of the Money Market Fund and receive cash at any time after the Termination Date; and
- (e) the value of the units of the Money Market Fund delivered on the termination of a Fund will be equal to the value of such units used in calculating the net asset value of the units of the Fund for purposes of determining the redemption price of such units on the Termination Date of a Fund.

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

### 2.1.3 Invesco Canada Ltd

#### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemptive relief granted to exchange-traded funds for initial and continuous distribution of units. – Relief to permit the funds’ prospectus to not contain an underwriter’s certificate and relief from take-over bid requirements in connection with normal course purchases of units on the Toronto Stock Exchange subject to undertaking by unitholders not to exercise any votes attached to units which represent more than 20% of the votes attached to all outstanding units of the funds – Relief subject to sunset clause. – Securities Act (Ontario).

#### Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 74(1), 95-100, 104(2)(c), 147.

July 27, 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  
INVESCO CANADA LTD  
(the Filer)**

**DECISION**

#### Background

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

- (a) Exempts all purchasers of units (**Units**) of PowerShares Tactical Bond ETF (the **Fund**) from the requirements of the Legislation related to take-over bids, including the requirement to file a report of a take-over bid and to pay the accompanying fee with each applicable jurisdiction (the **Take-over Bid Requirements**) in respect of take-over bids for the Fund; and
- (b) Exempts the Fund from the requirement that the prospectus of the Fund contain a certificate of the underwriter or underwriters who are in a contractual relationship with the Fund.

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

- (c) the OSC is the principal regulator for this application; and
- (d) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (collectively, the **Passport Jurisdictions**).

#### Interpretation

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

**Basket of Securities** means a group of securities selected by a Sub-advisor from time to time that collectively reflect the constituents of the portfolio of the Fund.

**Designated Broker** means a registered dealer that has entered into a designated broker agreement with the Filer, on behalf of the Fund, to perform certain duties in relation to the Fund.

**Dealer** means a registered broker or dealer that has entered into a continuous distribution dealer agreement with the Filer, on behalf of the Fund, and that subscribes for and purchases Units from the Fund.

**Prescribed Number of Units** means the number of Units of the Fund determined by the Filer from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

**PowerShares portfolio** means a PowerShares exchange-traded fund that is listed and traded on a stock exchange.

**Take-over Bid Requirements** means the requirements of the Legislation relating to take-over bids, including the requirement to file a report of a take-over bid and to pay the accompanying fee, in each of the Jurisdiction and the Passport Jurisdictions.

**Unitholders** means beneficial or registered holders of Units, as applicable.

**Units** means the redeemable, transferable units of the Fund.

#### Representations

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

1. The Fund will be a mutual fund trust governed by the laws of Ontario and will be a reporting issuer under the laws of each of the Jurisdiction and the Passport Jurisdictions. The Filer is not, and the Fund will not be, in default of securities legislation in any of the Jurisdiction or the Passport Jurisdictions.
2. The Filer has applied to list the Units of the Fund on the TSX. The Filer will not file a final prospectus for the Fund until the TSX has conditionally approved the listing of Units.
3. The Filer is a registered investment fund manager, portfolio manager, commodity trading manager, exempt market dealer and mutual fund dealer in Ontario. The Filer will be the trustee and the manager of the Fund and will be responsible for the administration of the Fund.
4. The Filer is a corporation amalgamated under the laws of Ontario and its head office is located in Toronto, Ontario.
5. The Fund will seek investment results by investing primarily in securities of one or more PowerShares portfolios that provide exposure primarily to fixed-income securities.
6. In seeking to achieve its investment objective, the Fund may invest in other investment funds, provided that there will be no duplication of management fees chargeable in respect of the same service in connection with the Fund and its investment in the other investment fund. All investments of the Fund in another investment fund will be made in compliance with section 2.5 of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**).
7. Generally, Units of the Fund may only be subscribed for or purchased directly from the Fund by Designated Brokers or Dealers and orders may only be placed for Units in the Prescribed Number of Units (or any additional multiple thereof) on any day where there is a trading session on the TSX.
8. The Fund will appoint one or more Designated Brokers to perform certain functions, which include standing in the market with a bid and ask price for Units of the Fund for the purpose of maintaining liquidity for the Units.
9. Each Designated Broker or Dealer that subscribes for Units agrees to deliver, in respect of each Prescribed Number of Units to be issued, a Basket of Securities and/or cash in an amount sufficient so that the value of the securities and/or the cash received is equal to the aggregate net asset value per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order.
10. The net asset value per Unit of the Fund will be calculated and published at the end of each business day at [www.powershares.ca](http://www.powershares.ca).
11. The Filer may from time to time and, in any event not more than once quarterly, require a Designated Broker to subscribe for Units of the Fund in cash in an amount not to exceed 0.30% of the net asset value of the Fund or such other amount established by the Filer and disclosed in the prospectus of the Fund.
12. Neither the Designated Brokers nor the Dealers will receive any fee or commission in connection with the issuance of Units of the Fund to them. On the issuance of Units of the Fund, the Filer or the Fund may, in the Filer's discretion, charge a fee to a Designated Broker or a Dealer to offset the expenses incurred in issuing the Units.
13. Except as described in paragraphs 7 through 12 above and other than any Units that may be purchased on a private placement basis pursuant to applicable exemptions, persons that are not Designated Brokers or Dealers and that are not purchasing Units on a private placement basis are generally expected to purchase Units through the facilities of the TSX. Units may be issued directly to all Unitholders upon the reinvestment of distributions.
14. Unitholders that are not Designated Brokers or Dealers that wish to dispose of their Units may generally do so by selling their Units on the TSX, through a registered dealer, subject only to customary brokerage commissions. A Unitholder that holds a Prescribed Number of Units or any additional multiple thereof may exchange such Units for Baskets of Securities and/or cash, in the Fund's discretion. Unitholders may also redeem their Units for cash at a redemption price equal to 95% of the closing price of the Units on the TSX on the effective date of redemption.
15. Unitholders will have the right to vote at a meeting of Unitholders in respect of the matters prescribed by NI 81-102.
16. Although Units of the Fund will trade on the TSX and the acquisition of Units can therefore be subject to the Take-over Bid Requirements:
  - (a) it will not be possible for one or more Unitholders to exercise control or direction over the Fund, as the declaration of trust of the Fund will provide that a person who holds (either alone or jointly with another person or persons) 20% or more of the Units of the Fund may not exercise any voting rights attached to Units that represent more than 20% of the votes attached to all outstanding Units of the Fund;

- (b) it will be difficult for purchasers of Units of the Fund to monitor compliance with Take-over Bid Requirements because the number of outstanding Units will always be in flux as a result of the ongoing issuance and redemption of Units by the Fund; and
- (c) the way in which Units of the Fund will be priced deters anyone from either seeking to acquire control, or offering to pay a control premium, for outstanding Units because Unit pricing for the Fund will be dependent upon the performance of the portfolio of the Fund as a whole.

Fund (**Unit Purchaser**), and any person or company acting jointly or in concert with the Unit Purchaser (a **Concert Party**), prior to making any take-over bid for Units of the Fund that is not otherwise exempt from the Take-over Bid Requirements, provides the Filer with an undertaking not to exercise any votes attached to the Units held by the Unit Purchaser and any Concert Party that represent more than 20% of the votes attached to the outstanding Units of the Fund.

This decision shall terminate on the earlier of (a) November 30, 2012 and (b) an amendment to this decision that is agreed to by staff of the principal regulator and the Filer and that addresses the applicable prospectus delivery obligations.

- 17. The application of the Take-over Bid Requirements to the Fund would have an adverse impact on Unit liquidity because they could cause Designated Brokers and other large Unitholders to cease trading Units once prescribed take-over bid thresholds are reached. This, in turn, could serve to provide conventional mutual funds with a competitive advantage over the Fund.
- 18. The Filer, on behalf of the Fund, may enter into various continuous distribution dealer agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for Units of the Fund. However, no Dealer would be involved in the preparation of the Fund's prospectus and a Dealer would generally not perform any review or any independent due diligence of the contents of the Fund's prospectus. In addition, the Fund will not pay any commission to the Dealers in connection with the subscriptions for the Units. As the Dealers will not receive any remuneration from the Fund for distributing Units and as the Dealers will change from time to time, it is not practical to provide an underwriters' certificate in the prospectus of the Fund.
- 19. The Filer has previously been granted similar relief for exchange-traded funds that are managed by the Filer, or an affiliate of the Filer, and that issue index participation units, as defined in NI 81-102. As the Units of the Fund will not be index participation units, the Filer is unable to rely on this relief in connection with the Fund.
- 20. This decision shall not be construed as granting relief from any prospectus delivery requirement under the Legislation.

"Mary Condon"  
Commissioner  
Ontario Securities Commission

"Sarah B. Kavanagh"  
Commissioner  
Ontario Securities Commission

**Decision**

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

The decision of the principal regulator is that the Exemption Sought is granted so long as a purchaser of Units of the

**2.1.4 Invest Operations Trust – s. 1(10)(a)(ii)**

**Headnote**

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

**Applicable Legislative Provisions**

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

August 10, 2012

InnVest Operations Trust  
5090 Explorer Drive, 7th Floor  
Mississauga, ON L4W 4T9  
Attn: Anthony Messina

and

Davies Ward Phillips & Vineberg LLP  
44th Floor  
1 First Canadian Place  
Toronto, ON M5X 1B1  
Attn: Kevin Greenspoon

Dear Sirs/Mesdames:

**Re: Invest Operations Trust (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Nunavut, Yukon and Northwest Territories (the Jurisdictions) that the Applicant is not a reporting issuer**

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

In this decision, “securityholder” means, for a security, the beneficial owner of the security.

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 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
- (b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

- (c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of 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 Branch  
Ontario Securities Commission

**2.1.5 Ursa Major Minerals Incorporated – s. 1(10)(a)(ii)**

**Headnote**

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

**Applicable Legislative Provisions**

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

August 10, 2012

Armstrong Simpson  
2080-777 Hornby Street  
Vancouver, B.C., V6Z 1S4

Dear Sirs/Mesdames:

**Re: Ursa Major Minerals Incorporated (the Applicant) – application for a decision under the securities legislation of Ontario and Alberta (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.

In this decision, “securityholder” means, for a security, the beneficial owner of the security.

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 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
- (b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;
- (c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of 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 Branch  
Ontario Securities Commission

**2.1.6 CryptoLogic Limited – s. 1(10)(a)(ii)**

**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)(a)(ii).

August 13, 2012

CryptoLogic Limited  
3rd Floor, Marine House  
Clanwilliam Place  
Dublin 2, Ireland

Dear Sir/Madam:

**Re: CryptoLogic Limited (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, Nova Scotia and Prince Edward Island (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.

In this decision, “securityholder” means, for a security, the beneficial owner of the security.

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 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
- (b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;
- (c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of 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



**2.1.7 WesternOne Equity Income Fund and WesternOne Equity Inc.**

**Headnote**

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1 – Information circular – An issuer wants relief from the requirement to include prospectus-level disclosure in an information circular to be circulated in connection with an arrangement, reorganization, acquisition or amalgamation – The issuer is only internally restructuring, not adding or removing any assets or changing the shareholders' proportionate interest in the issuer's operations; the issuer will provide sufficient information about the transaction for shareholders to understand the restructuring.

National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1 – An issuer wants relief from the qualification criteria in NI 44-101 so it can file a short form prospectus – The issuer is a new reporting issuer that is the continuation of an existing business; the issuer satisfies all the criteria for the exemption in s. 2.7 except that the audited comparative annual financial statements incorporated in its final prospectus are not its own, but are the financial statements of the existing business

National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1 – The filer wants to file its short form prospectus less than 10 days after it files its notice of intention to file a short form prospectus – The issuer is a successor issuer resulting from the conversion of an income fund under a plan of arrangement; the issuer would be entitled to rely on the exemption for successor issuers in s. 2.7(2) except that the financial statements incorporated into the information circular are not its own but are those of the existing business; the issuer is otherwise qualified to file a short form prospectus; the existing business is not required to file a notice of intention by virtue of 2.8(4); the relevant continuous disclosure for investors under the offering is the continuous disclosure of the fund, which will be incorporated by reference into the short form prospectus

**Applicable Legislative Provisions**

National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1.  
National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1.

July 27, 2012

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA AND ONTARIO  
(THE JURISDICTIONS)**

**AND**

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

**AND**

**IN THE MATTER OF  
WESTERNONE EQUITY INCOME FUND  
(THE FUND)**

**AND**

**WESTERNONE EQUITY INC.  
(NEW WESTERNONE, AND TOGETHER WITH  
THE FUND, THE APPLICANTS)**

**DECISION**

**Background**

- 1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Applicant for a decision under the securities legislation of the Jurisdictions (the Legislation):
  - (a) exempting the Fund from the requirement under Item 14.2 of Form 51-102F5 *Information Circular* (the Circular Form) of the Legislation to include in the management information circular (Information Circular) to be



prepared by the Fund and delivered to the holders (Unitholders) of Fund units (Units) in connection with a special meeting (Meeting) of Unitholders expected to be held on or about September 5, 2012 for the purposes of considering a plan of arrangement under the *Canada Business Corporations Act* (the CBCA) resulting in the internal reorganization of the Fund's trust structure into a corporate structure (the Conversion Transaction):

- (i) the financial statements of WEQ Deerfoot Rental LP (WEQ Deerfoot LP), WEQ Britco LP, WEQ Production Equipment LP, WEQ Old Country Rentals LP, WEQ C&N Rentals LP and WEQ Heat & Propane LP (collectively, the Operating Partnerships) for the financial years ended December 31, 2011, December 31, 2010 and December 31, 2009;
  - (ii) the financial statements New WesternOne for the period from the date New WesternOne was formed to a date not more than 90 days before the date of the Information Circular;
  - (iii) the corresponding management's discussion and analysis for the financial years ended December 31, 2011 and December 31, 2010 and the three month period ended March 31, 2012 (the Circular Relief);
- (b) exempting New WesternOne from the qualification criteria for short form prospectus eligibility contained in Section 2.2(d) of National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101) following completion of the Conversion Transaction until the earlier of:
- (i) March 31, 2013; and
  - (ii) the date upon which New WesternOne has filed both its annual financial statements and annual information form for the year ended December 31, 2013 pursuant to NI 51-102 *Continuous Disclosure Obligations* (NI 51-102) (the Qualification Relief); and
- (c) exempting New WesternOne from the requirement to file a notice declaring its intention to be qualified to file a short form prospectus at least 10 business days prior to the filing of its first preliminary short form prospectus after the notice (the Prospectus Relief).

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

- (a) the British Columbia Securities Commission is the principal regulator for this Application;
- (b) the Applicants have provided notice that sub-section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador; and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

### **Interpretation**

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

### **Representations**

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

#### *The WesternOne Entities*

1. the Fund is an unincorporated, open-ended limited purpose trust established under the laws of the Province of British Columbia on June 14, 2006;
2. the Fund's head office is located at Suite 910, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2;
3. the Fund is a reporting issuer (or the equivalent thereof) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador and is currently not in default of the securities legislation of any jurisdiction;

4. the Fund is authorized to issue an unlimited number of Fund units (Units) and special voting units (Special Voting Units); as at June 27, 2012, the Fund had 19,932,770 units issued and outstanding and no special voting units issued and outstanding; the Units are listed and posted for trading on the TSX under the trading symbol "WEQ.UN";
5. the Fund has two series of convertible debentures issued and outstanding; in February 2010, the Fund issued a total of \$27,600,000 principal amount of 8.5% convertible unsecured subordinated debentures at an issue price of \$1,000 (Series B Debentures); as at June 27, 2012, \$13,601,000 principal amount of Series B Debentures remained issued and outstanding; the Series B Debentures are listed and posted for trading on the TSX under the trading symbol "WEQ.DB.B";
6. in June 2011, the Fund issued a total of \$86,250,000 principal amount of 8.0% convertible unsecured subordinated debentures at an issue price of \$1,000 (Series C Debentures, together with the Series B Debentures, Debentures); as at June 27, 2012, \$86,250,000 principal amount of Series C Debentures remained issued and outstanding; the Series C Debentures are listed and posted for trading on the TSX under the trading symbol "WEQ.DB.C";
7. the Fund has filed an "AIF" and has "current financial statements" (as such terms are defined in NI 44-101) for the financial year ended December 31, 2011;
8. the Fund holds all of the trust units of WesternOne Equity Operating Trust (Trust), an unincorporated, open-ended limited purpose trust established under the laws of the Province of British Columbia on June 14, 2006, and holds all of the outstanding common shares of WesternOne Equity GP Inc. (WesternOne GP);
9. the Trust holds all of the limited partnership units of WesternOne Equity LP (WesternOne LP); WesternOne LP is a limited partnership formed under the laws of the Province of Manitoba on June 15, 2006; WesternOne GP is the general partner of WesternOne LP and administrator of the Fund; it is a corporation incorporated under the laws of Canada on June 8, 2006;
10. WesternOne LP holds, either directly or indirectly, all of the limited partnership units of the Operating Partnerships. Collectively, the Operating Partnerships hold substantially all of the assets and properties of, and carry on the business of, the Fund;
11. Big Bash Inc. (Big Bash) holds all of the exchangeable units of WEQ Deerfoot LP (the Exchangeable Units). Big Bash may exchange its 125,000 Exchangeable Units into Units on a one-for-one basis in accordance with the terms of the WEQ Deerfoot LP limited partnership agreement dated January 25, 2008 and the exchange agreement between the Fund, the Trust, WesternOne LP, WesternOne GP, WEQ Deerfoot LP, WEQ Deerfoot Rentals GP Inc. and Big Bash dated February 15, 2008; the Exchangeable Units are not listed or posted for trading on any exchange or quotation and trade reporting system;
12. WesternOne LP and the Operating Partnerships are not reporting issuers (or the equivalent thereof) in any jurisdiction;
13. New WesternOne is a direct wholly-owned subsidiary of the Fund and will have conducted no business prior to the effective date of the Conversion Transaction;
14. pursuant to the Conversion Transaction: (i) the Units and Exchangeable Units will be cancelled; (ii) common shares of New WesternOne (WesternOne Shares) will be distributed to holders of Units on a one-for-one basis; (iii) WesternOne Shares will be distributed to holders of Exchangeable Units on a one-for-one basis; (iv) the Fund and the Trust will be dissolved; (v) the Operating Partnerships will continue to carry on the business presently carried out on behalf of the Fund; (vi) New WesternOne will own, directly or indirectly, all of the existing assets and assume all of the exiting liabilities of the Fund and the Trust, effectively resulting in the internal reorganization of the Fund's trust structure into a corporate structure;
15. following the completion of the Conversion Transaction: (i) the business of New WesternOne will be the current business of the Fund; (ii) New WesternOne will be a reporting issuer or the equivalent under the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador; (iii) all Unitholders of the Fund will own WesternOne Shares, rather than Units; and (iv) the WesternOne Shares and the Debentures will, subject to approval by the TSX, be listed on the TSX;
16. the Conversion Transaction will not result in a change in beneficial ownership of the assets and liabilities of the Fund and New WesternOne will continue to carry on the business of the Operating Partnerships following

- the Conversion Transaction; the Conversion Transaction will be an internal reorganization undertaken without dilution to the Unitholders. The Unitholders will, following completion of the Conversion Transaction, be the shareholders of New WesternOne;
17. under the Fund's constating documents, the CBCA and applicable securities laws, Unitholders will be required to approve the Conversion Transaction at the Meeting; the Conversion Transaction must be approved by not less than two-thirds of the votes cast by Unitholders at the Meeting; the Meeting is anticipated to take place on or about September 5, 2012 and the Information Circular is expected to be mailed by end of July 2012;
  18. the Conversion Transaction will be accounted for on a continuity of interest basis and accordingly, following the Conversion Transaction, the comparative consolidated financial statements for New WesternOne prior to the Conversion Transaction will reflect the financial position, results of operation of cash flows as if New WesternOne had always carried on the business formerly carried on by the Fund;
  19. the Conversion Transaction will be a "restructuring transaction" under NI 51-102 in respect of the Fund and therefore will require compliance with Section 14.2 of the Circular Form;
  20. Item 14.2 of the Circular Form requires, among other items, that the Information Circular contain the disclosure (including financial statements and management's discussion and analysis) prescribed under securities legislation and described in the form of prospectus that New WesternOne would be eligible to use immediately prior to the sending and filing of the Information Circular for a distribution of its securities; therefore, the Information Circular must contain the disclosure in respect of New WesternOne prescribed by Form 41-101F1 – *Information Required in a Prospectus* (the Prospectus Form) and by NI 41-101;
  21. as New WesternOne will not have been in existence for three years on the date of the Information Circular, Item 32.1(a) of the Prospectus Form requires that the financial statements of the Operating Partnerships be included as the Operating Partnerships are the predecessor entities that will form the business of New WesternOne;
  22. items 8.2(1)(a) and 8.2(2) of the Prospectus Form require the Fund to include management's discussion and analysis corresponding to each of the financial years ended December 31, 2011 and December 31, 2010 and the interim period ended March 31, 2011 of the Operating Partnerships (the MD&A) in the Information Circular;
  23. item 32.2 of the Prospectus Form requires the Fund to include certain annual financial statements of the Operating Partnerships and New WesternOne in the Information Circular, including: (i) a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and a statement of financial position of the Operating Partnerships for the financial year ended December 31, 2011; (ii) the opening IFRS statements of financial position of the Operating Partnerships as at January 1, 2011; (iii) a statements of income, retained earnings and cash flows of the Operating Partnerships for each of the financial years ended December 31, 2010 and December 31, 2009; (iv) a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and a statement of financial position of New WesternOne for a period from the date New WesternOne was formed to a date not more than 90 days before the date of the Information Circular; and (v) a balance sheet of the Operating Partnerships as at the end of December 31, 2010 (the Annual Financial Statements); in addition, Item 32.3 of the Prospectus Form requires the Applicant to include certain comparative statements of the Operating Partnerships and New WesternOne in the Information Circular (the Interim Financial Statements), including: a statement of financial position, a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for each of New WesternOne and the Operating Partnerships as at the end of the most recent interim period ended more than 45 days before the date of the Information Circular (collectively, the Financial Statements);
  24. sub-section 4.2(1) of NI 41-101 requires that the Annual Financial Statements required to be included in the Information Circular must be audited in accordance with National Instrument 52-107 – *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107);
  25. New WesternOne was established by the Fund for the exclusive purpose of effecting the Conversion Transaction and will have no material assets (other than a nominal amount of cash) or business operations prior to the Effective Date. An audited statement of financial position of New WesternOne as at July 1, 2012 will be included in the Information Circular;
  26. the financial statements of the Fund are reported on a consolidated basis, which includes the Fund's proportionate share of the financial results of the Operating Partnerships; the Operating Partnerships do not report financial results independently from the consolidated financial statements of the Fund; the Financial

- Statements and the MD&A, if prepared, would include the full income of the Operating Partnerships, not the appropriate Fund's proportionate share of the income of the Operating Partnerships; management believes that the Financial Statements are not relevant and could be misleading since there are transactions related to income taxes, the share of WEQ Deerfoot LP partnership income allocated to the Exchangeable Units and unitholders' equity which are not reflected in the Operating Partnerships financial statements; these transactions are presented in the Fund's financial statements when consolidation of the Fund and the Operating Partnerships is performed; to present the Financial Statements and the MD&A in the Information Circular, which would exclude these transactions, would present a significantly different income statement when compared with the consolidated financial statements of the Fund; as a result, the presentation of these financial statements would present a confusing (and potentially misleading) picture of financial performance;
27. the Financial Statements and the MD&A are not relevant to the Unitholders for the purposes of considering the Conversion Transaction since New WesternOne has no assets or liabilities and the Financial Statements and the MD&A would be substantially and materially the same as the consolidated financial statements of the Fund filed in accordance with Part 4 of NI 51-102 because the financial position of the entity that exists both before and after the Conversion Transaction is substantially the same;
  28. the Information Circular will contain prospectus level disclosure in accordance with the Prospectus Form (other than the Financial Statements and MD&A) and will contain sufficient information to enable a reasonable Unitholder to form a reasoned judgement concerning the nature and effect of the Conversion Transaction and the nature of the resultant public entity and reporting issuer from the Conversion Transaction, being New WesternOne;
  29. the Information Circular will incorporate by reference the following:
    - (a) the Fund's AIF dated March 29, 2012;
    - (b) the audited comparative consolidated financial statements of the Fund as at and for the years ended December 31, 2011 and 2010, together with the notes thereto and the auditors' report thereon;
    - (c) the unaudited comparative consolidated financial statements of the Fund as at and for the three months ended March 31, 2012 and 2011, respectively, together with the notes thereto;
    - (d) management's discussion and analysis of the financial condition and results of operations of the Fund for the years ended December 31, 2011 and 2010 and for the three months ended March 31, 2012 and 2011 respectively;
    - (e) the Fund's management information circular dated April 3, 2012; and
    - (f) the material change report relating to the announcement of the Arrangement dated July 19, 2012(collectively, the Fund's Information);
  30. sub-section 2.7(2) of NI 44-101 contains an exemption for successor issuers from the qualification criteria for short form prospectus eligibility contained in Section 2.2(d) of NI 44-101, if an information circular relating to the restructuring transaction that resulted in the successor issuer was filed by the successor issuer or an issuer that was a party to the restructuring transaction, and such information circular: (i) complied with applicable securities legislation; and (ii) included disclosure in accordance with Item 14.2 or 14.5 of the Circular Form of the successor issuer; New WesternOne cannot rely on this exemption because the Financial Statements and MD&A will not be included in the Information Circular if the Circular Relief is granted;
  31. the Fund is qualified to file a prospectus in the form of a short form prospectus pursuant to Section 2.2 of NI 44-101 and is deemed to have filed a notice of intention to be qualified to file a short form prospectus under Section 2.8(4) of NI 44-101;
  32. the Fund anticipates that New WesternOne may wish to file a preliminary short form prospectus following the completion of the Conversion Transaction, relating to the offering or potential offering of securities (including common shares, debt securities or subscription receipts) of New WesternOne;
  33. in anticipation of the filing of a preliminary short form prospectus, and assuming the Conversion Transaction has been completed, New WesternOne intends to file a notice of intention to be qualified to file a short form prospectus (the Notice of Intention) following completion of the Conversion Transaction; in the absence of the

- Prospectus Relief, New WesternOne will not be qualified to file a preliminary short form prospectus until 10 business days from the date upon which the Notice of Intention is filed;
34. pursuant to the qualification criteria set forth in Section 2.2 of NI 44-101 as modified in the Qualification Relief, following the Conversion Transaction, New WesternOne will be qualified to file a short form prospectus under NI 44-101;
  35. notwithstanding Section 2.2 of NI 44-101 as modified in the Qualification Relief, Section 2.8(1) of NI 44-101 provides that an issuer is not qualified to file a short form prospectus unless it has filed a notice declaring its intention to be qualified to file a short form prospectus at least 10 business days prior to the issuer filing its first preliminary short form prospectus; and
  36. the short form prospectus of New WesternOne will incorporate by reference the documents that would be required to be incorporated by reference under Item 11 of Form 44-101 F1 in a short form prospectus of New WesternOne, as modified by the Qualification Relief.

**Decision**

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

The decision of the Decision Makers under the Legislation is that:

- (a) the Circular Relief is granted provided that the Information Circular:
  - (i) incorporates by reference the Fund's Information; and
  - (ii) discloses that New WesternOne is a newly incorporated entity that has no material assets, income or liabilities;
- (b) the Qualification Relief is granted provided that any short form prospectus filed by New WesternOne pursuant to NI 44-101 during the currency of the Qualification Relief specifically incorporates by reference:
  - (i) the Information Circular and any financial statements and related management's discussion and analysis of the Fund incorporated by reference therein;
  - (ii) any financial statements, management's discussion and analysis, material change reports or other documents that would have to be incorporated by reference in any short form prospectus filed by the Fund; and
- (c) the Prospectus Relief is granted, provided that at the time New WesternOne files its Notice of Intention, New WesternOne meets the requirements of Section 2.2 of NI 44-101, as modified by the Qualification Relief.

"Andrew S. Richardson", CA  
Acting Director, Corporate Finance  
British Columbia Securities Commission

## 2.1.8 Heritage Oil Plc

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from the prospectus requirements to permit a U.K. issuer to issue ordinary shares to a de minimus number of its Canadian security holders – *de minimis* exemption in NI 45-101 not technically available

### Applicable Legislative Provisions

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

**Citation:** Heritage Oil Plc, Re, 2012 ABASC 345

August 3, 2012

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

**AND**

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

**AND**

**IN THE MATTER OF  
HERITAGE OIL PLC  
(the Filer)**

**DECISION**

### Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filer from the prospectus requirements of the Legislation, specifically section 110 of the *Securities Act* (Alberta) and section 53 of the *Securities Act* (Ontario), with respect to a proposed rights offering (the **Rights Offering**) by the Filer (the **Exemption Sought**).

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

- (a) the Alberta Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Nunavut and Yukon; and
- (c) this decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

### Interpretation

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

### Representations

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



## Decisions, Orders and Rulings

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1. The Filer is a company incorporated under *The Companies (Jersey) Law 1991* (as amended). The corporate head office and registered office of the Filer is located in Jersey, Channel Islands.
2. The Filer is an oil and gas exploration and production company.
3. Substantially all of the assets and operations of the Filer are located outside Canada.
4. The mind and management of the Filer is located outside Canada.
5. The authorized capital of the Filer consists of an unlimited number of ordinary shares (the **Ordinary Shares**) and one special voting share (the **Special Voting Share**). As of the date of the report of J.P. Morgan Cazenove, referenced below, the Filer has 259,330,704 Ordinary Shares and 1 Special Voting Share issued and outstanding.
6. The Ordinary Shares are traded on the main market of the London Stock Exchange (the **LSE**) and are listed on the Official List of the United Kingdom Listing Authority.
7. The Filer is subject to the reporting requirements of the Financial Services Authority of the United Kingdom (the **FSA**) and the ongoing requirements of the LSE (collectively, the **UK Requirements**).
8. The Filer is a “designated foreign issuer” pursuant to National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*.
9. Heritage Oil Corporation (**Heritage**) is a corporation existing under the *Business Corporations Act* (Alberta) and has its head office and registered office located in Calgary, Alberta.
10. Heritage is an oil and gas exploration and production company.
11. Substantially all of the assets and operations of Heritage are located outside Canada.
12. The mind and management of Heritage is located outside Canada.
13. The authorized capital of Heritage consists of an unlimited number of common shares (**Common Shares**) and an unlimited number of exchangeable shares (**Exchangeable Shares**). As of the date of the report of Computershare and Broadridge referenced below, Heritage has 252,472,242 Common Shares and 2,811,408 Exchangeable Shares issued and outstanding.
14. The Filer is the indirect holder of all of the Common Shares.
15. The Exchangeable Shares were created to facilitate a reorganization (the **Reorganization**) of Heritage, which involved creating the Filer as the new parent company of Heritage and its subsidiaries.
16. Subject to the terms and conditions of the Exchangeable Shares, the Special Voting Share, and ancillary agreements, the Exchangeable Shares are exchangeable on a one-for-one basis into Ordinary Shares. This permitted residents of Canada to participate in the Reorganization on a tax-efficient basis.
17. The effect of the Exchangeable Share structure is that holders of Exchangeable Shares have, as nearly as practicable, the same rights, privileges, and restrictions as the holders of the Ordinary Shares, including voting rights, rights to dividends and rights on dissolution.
18. The Exchangeable Shares are listed for trading on the Toronto Stock Exchange and the LSE.
19. The Filer and Heritage are reporting issuers in the Jurisdictions.
20. Under the the Rights Offering, the Filer will offer holders of Ordinary Shares and Exchangeable Shares the right to purchase Ordinary Shares (**Rights**) so that such holders may maintain their *pro rata* position.
21. The proposed Rights Offering will be conducted in accordance with all applicable laws, including the UK Requirements.
22. Holders of Ordinary Shares and Exchangeable Shares are entitled to participate in the proposed Rights Offering. Upon exercise of the Rights, the holders of Ordinary Shares and Exchangeable Shares will have the right to purchase Ordinary Shares. The Filer seeks to raise proceeds of approximately US\$370 million under the Rights Offering, but the pricing of the Rights under the Rights Offering is yet to be determined.

23. The aggregate number of beneficial holders of Ordinary Shares and Exchangeable Shares resident in Canada does not constitute, in aggregate, 10 percent or more of all holders of Ordinary Shares and Exchangeable Shares.
24. The aggregate number of Ordinary Shares and Exchangeable Shares beneficially held by securityholders resident in Canada does not constitute, in aggregate, 10 percent or more of the outstanding Ordinary Shares and Exchangeable Shares.
25. The aggregate number of beneficial holders of Ordinary Shares and Exchangeable Shares resident in any of the provinces or territories of Canada does not constitute five percent or more of all holders, in aggregate, of the Ordinary Shares and Exchangeable Shares.
26. The aggregate number of Ordinary Shares and Exchangeable Shares beneficially held by securityholders resident in any of the provinces or territories of Canada does not constitute, in aggregate, five percent or more of the outstanding Ordinary Shares and Exchangeable Shares.
27. The Exchangeable Shares were designed to be, and always have been represented in the Filer's public disclosure to be, the economic equivalent of the Ordinary Shares. The Exchangeable Shares carry the same voting, dividend and rights on dissolution as the Ordinary Shares. As a condition of relief previously granted to Heritage (see *In the Matter of Heritage Oil Corporation*, 2008 ABASC 164, subparagraph 6(h)(ii)), the Filer was required to indicate in all mailings of proxy solicitation materials to registered and beneficial holders of the Exchangeable Shares "that the Exchangeable Shares are the economic equivalent to the [Ordinary Shares]".
28. The Filer's inability to aggregate the Exchangeable Shares and the Ordinary Shares for the purpose of the thresholds set out in subsection 10.1(1) of National Instrument 45-101 *Rights Offerings (NI 45-101)* would require the Filer to file a prospectus in the relevant jurisdictions in Canada to complete the Rights Offering in Canada, which would involve time and expense that are otherwise unwarranted given the de minimis number of securityholders of the Filer and Heritage in Canada.
29. The registrar and transfer agent for the Exchangeable Shares, and the registrar and transfer agent for the Ordinary Shares, provided reports on the number of registered and beneficial shareholders for each class of security. Reports delivered for the Exchangeable Shares by Computershare and Broadridge dated 22 May 2012 indicated that there were 2,811,408 Exchangeable Shares outstanding, of which 2,768,908 Exchangeable Shares were held through CDS Clearing and Depository Services Inc. The Broadridge report showed that there were 532 beneficial holders of Exchangeable Shares holding 2,647,715 shares. There were an additional three registered shareholders of Exchangeable Shares (one from Ontario, one from Nova Scotia and one from Australia).
30. The Filer obtained a report on its Ordinary Shares for registered shareholders from its registrar and transfer agent; a report for the beneficial holders was unavailable. A J.P. Morgan Cazenove report dated 29 December 2011 on the beneficial holders of the Ordinary Shares indicated that there were approximately 27 beneficial Canadian holders of Ordinary Shares holding approximately 1,562,652 Ordinary Shares with 7,243 non-Canadian beneficial holders holding approximately 257,768,052 Ordinary Shares.
31. After reasonable inquiry, the Filer has determined that approximately 91.24% of the Exchangeable Shares are held by residents of Canada, who comprise approximately 96% of the holders of the Exchangeable Shares. Accordingly, the Filer would not meet the 10% limits in sections 10.1(1)(a)(i) and (ii) of NI 45-101 unless the Exchangeable Shares and Ordinary Shares were aggregated. If the Exchangeable Shares were aggregated with the Ordinary Shares, residents of Canada would comprise approximately 7.11% of the aggregate number of beneficial shareholders, holding approximately 1.69% of the aggregate number of shares beneficially held. Similarly, residents of Alberta, British Columbia, Ontario and Québec represent approximately 23%, 14%, 41% and 11% of the number of beneficial holders of Exchangeable Shares, and 20%, 4%, 61% and 5% of the number of Exchangeable Shares, respectively. Accordingly, the Filer would not meet the 5% limits in sections 10.1(1)(a)(iii) and (iv) of NI 45-101 unless the Exchangeable Shares and Ordinary Shares were aggregated. Assuming the unlikely scenario that all beneficial holders of Ordinary Shares in Canada lived in one province and that the Exchangeable Shares were aggregated with the Ordinary Shares, the residents of any given province or territory would comprise no more than approximately 3.3% of the aggregate number of beneficial shareholders, and would not hold more than approximately 1.2% of the aggregate number of shares beneficially held.
32. Other than the Exchangeable Shares, there is no market in Canada for the securities of the Filer and none is expected to develop. The Filer does not currently intend to list any additional securities on any exchange or marketplace in Canada.
33. The Rights Offering is expected to be completed by 14 September 2012.



## Decisions, Orders and Rulings

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34. Neither the Filer nor Heritage is in default of any of the requirements of the Legislation or the conditions of any exemptive relief orders that have been granted to the Filer or Heritage.
35. The Filer is subject to various UK Requirements. Heritage is subject to various continuous disclosure obligations under the securities laws of the Jurisdictions. All disclosure documents of both the Filer and Heritage are concurrently filed and available on SEDAR.

### Decision

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

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

- (a) to the knowledge of the Filer after reasonable inquiry, as of the record date of the Rights Offering:
- (i) the aggregate number of beneficial holders of Ordinary Shares and Exchangeable Shares resident in Canada does not constitute, in aggregate, 10 percent or more of all holders of Ordinary Shares and Exchangeable Shares;
  - (ii) the aggregate number of Ordinary Shares and Exchangeable Shares beneficially held by securityholders resident in Canada does not constitute, in aggregate, 10 percent or more of the outstanding Ordinary Shares and Exchangeable Shares;
  - (iii) the aggregate number of beneficial holders of Ordinary Shares and Exchangeable Shares resident in any of the provinces or territories of Canada does not constitute five percent or more of all holders, in aggregate, of the Ordinary Shares and Exchangeable Shares; and
  - (iv) the aggregate number of Ordinary Shares and Exchangeable Shares beneficially held by securityholders resident in any of the provinces or territories of Canada does not constitute, in aggregate, five percent or more of the outstanding Ordinary Shares and Exchangeable Shares;
- (b) all materials sent to any other securityholders for the Rights Offering are concurrently sent to each applicable securities regulatory authority and to each securityholder of the Ordinary Shares and Exchangeable Shares resident in Canada;
- (c) the Filer, with respect to the Rights Offering:
- (i) complies with sections 1, 4 and 9 of NI 45-101;
  - (ii) sends to each applicable securities regulatory authority a certificate of an officer or director of the Filer that to the knowledge of the person signing the certificate, after reasonable enquiry, the conditions set out in paragraph (a) above have been met; and
  - (iii) complies with paragraphs 2.1(a) and 2.1(b) of National Instrument 45-106 *Prospectus and Registration Exemptions*; and
- (d) the first trade of Ordinary Shares issued upon the exercise of Rights will be a distribution, unless the conditions set out in section 2.6 of National Instrument 45-102 *Resale of Securities* are satisfied at the time of such first trade.

“William Rice”  
Chair  
Alberta Securities Commission

“Stephen Murison”  
Vice-Chair  
Alberta Securities Commission

2.2 Orders

2.2.1 SEI Investments Canada Company and SEI Investments Management Corporation – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Relief from the adviser registration requirements of subsection 22(1)(b) of the CFA granted to sub-advisers not ordinarily resident in Ontario in respect of advice regarding trades in commodity futures contracts and commodity futures options, subject to certain terms and conditions – Relief mirrors exemption available in section 7.3 of OSC Rule 35-502 Non-Resident Advisers made under the Securities Act (Ontario).

Applicable Legislative Provisions

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22(1)(b), 80.  
Securities Act, R.S.O. 1990, c. S.5, as am.  
Rule 35-502 Non-Resident Advisers.

IN THE MATTER OF  
THE COMMODITY FUTURES ACT,  
R.S.O. 1990, CHAPTER C.20, AS AMENDED  
(the CFA)

AND

IN THE MATTER OF  
SEI INVESTMENTS CANADA COMPANY

AND

SEI INVESTMENTS MANAGEMENT CORPORATION

ORDER  
(Section 80 of the CFA)

**UPON** the application (the "**Application**") of SEI Investments Management Corporation (the **Sub-Adviser**) and SEI Investments Canada Company (the **Principal Adviser**) for an order pursuant to section 80 of the CFA that the Sub-Adviser and any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services (as defined below) be exempt, for a period of five years, from the adviser registration requirements of paragraph 22(1)(b) of the CFA when acting as a sub-adviser to the Principal Adviser in respect of the Clients (as defined below) in respect of commodity futures contracts and commodity futures options traded on commodity futures exchanges (collectively, the "Contracts") and cleared through clearing corporations;

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

**AND UPON** the Principal Adviser having represented to the Commission that:

1. The Principal Adviser is an unlimited liability company organized under the laws of the Province of Nova Scotia, having its head office in Ontario. The Principal Adviser is registered as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer under the securities legislation in all the provinces of Canada and in the Yukon, and is also registered under the *Securities Act* (Ontario) (the **OSA**) as an investment fund manager. The Principal Adviser is also registered under the CFA as an adviser in the category of commodity trading manager.
2. The Principal Adviser is the investment manager of and/or provides discretionary portfolio management services in Ontario to (i) investment funds, the securities of which are qualified by prospectus for distribution to the public in Ontario and the other provinces and territories of Canada (the **Investment Funds**); (ii) pooled funds, the securities of which are sold on a private placement basis in Ontario and certain other provinces and territories of Canada pursuant to prospectus exemptions contained in National Instrument 45-106 *Prospectus and Registration Exemptions* (the **Pooled Funds**); (iii) managed accounts of clients which have entered into investment management agreements with the Principal Adviser (the **Managed Accounts**); and (iv) other Investment Funds, Pooled Funds and Managed Accounts that may be established in the future in respect of which the Principal Adviser engages the Sub-Adviser to provide portfolio advisory services (the **Future Clients**) (each of the Investment Funds, Pooled Funds, Managed Accounts and Future Clients being referred to individually as a **Client** and collectively as the **Clients**).

3. Certain of the Clients may, as part of their investment program, invest in Contracts.
4. The Principal Adviser acts, or will act, as a commodity trading manager in respect of such Clients.

**AND UPON** the Sub-Adviser having represented to the Commission that:

5. The Sub-Adviser is a company incorporated under the laws of the State of Delaware. The head office of the Sub-Adviser is located at One Freedom Valley Drive, Oaks, Pennsylvania, 19456, U.S.A.
6. The Sub-Adviser and the Principal Adviser are affiliates and are each indirect wholly-owned subsidiaries of SEI Investments Company, a Pennsylvania corporation the shares of which are listed on NASDAQ (SEIC).
7. The Sub-Adviser is registered in the United States as an investment adviser with the U.S. Securities and Exchange Commission and is currently exempt from registration as a commodity trading adviser and a commodity pool operator with the U.S. Commodity Futures Trading Commission, subject to pending legislative changes in the United States which may require that the Sub-Adviser register in either one or both such capacities.
8. The Sub-Adviser is not resident in any province or territory of Canada.
9. The Sub-Adviser is not registered in any capacity under the CFA or the OSA or under the securities or derivatives legislation of any other Canadian jurisdiction.
10. In connection with the Principal Adviser acting as an adviser to Clients in respect of the purchase or sale of Contracts, the Principal Adviser will, pursuant to a written agreement made between the Principal Adviser and the Sub-Adviser, retain the Sub-Adviser to act as a sub-adviser to the Principal Adviser (the **Proposed Sub-Advisory Services**) in respect of, inter alia, Contracts in which the Sub-Adviser has experience and expertise by exercising discretionary authority on behalf of the Principal Adviser, in respect of all or a portion of the assets of the investment portfolio of the respective Client, including discretionary authority to buy or sell Contracts for the Client, provided that:
  - (a) in each case, the Contracts must be cleared through an "acceptable clearing corporation" (as defined in National Instrument 81-102 *Mutual Funds*, or any successor instrument thereto (**NI 81 102**)) or a clearing corporation that clears and settles transactions made on a futures exchange listed in Appendix A of NI 81-102; and
  - (b) such investments are consistent with the investment objectives and strategies of the applicable Client.

**AND UPON** the Principal Adviser and the Sub-Adviser having represented to the Commission that:

11. The written agreement between the Principal Adviser and the Sub-Adviser will set out the obligations and duties of each party in connection with the Proposed Sub-Advisory Services and will permit the Principal Adviser to exercise the degree of supervision and control it is required to exercise over the Sub-Adviser in respect of the Proposed Sub-Advisory Services.
12. The relationship among the Principal Adviser, the Sub-Adviser and any Client satisfies, or will satisfy, the requirements of section 7.3 of Ontario Securities Commission Rule 35-502 *Non-Resident Advisers* (**Rule 35-502**).
13. The Sub-Adviser will only provide the Proposed Sub-Advisory Services as long as the Principal Adviser is, and remains, registered under the CFA as an adviser in the category of commodity trading manager.

**AND UPON** the Principal Adviser having further represented to the Commission that:

14. The Principal Adviser will deliver to the Clients all applicable reports and statements under applicable securities and derivatives legislation.
15. As would be required under section 7.3 of Rule 35-502,
  - (a) the obligations and duties of the Sub-Adviser in connection with the Proposed Sub-Advisory Services will be set out in a written agreement with the Principal Adviser;
  - (b) the Principal Adviser will contractually agree with each Client to be responsible for any loss that arises out of the failure of the Sub-Adviser:

- (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Principal Adviser and the Client; or
  - (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances (this obligation, together with the obligation in subparagraph (i), the "**Assumed Obligations**"); and
  - (c) the Principal Adviser cannot be relieved by any of the Clients from its responsibility for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations.
16. The prospectus or similar offering document for each Client for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Sub-Advisory Services will include the following disclosure:
- (a) a statement that the Principal Adviser is responsible for any Loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and
  - (b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.
17. In circumstances where a Client for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Sub-Advisory Services does not prepare a prospectus or similar offering document for delivery to prospective purchasers, the Client and, if applicable, all investors of the Client who are Ontario residents will receive written disclosure prior to the purchasing of any Contracts for such Client that includes:
- (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and
  - (b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.
18. Paragraph 22(1)(b) of the CFA prohibits a person or company from acting as an adviser unless the person or company is registered as an adviser under the CFA, or is registered as a representative or as partner or an officer of a registered adviser and is acting on behalf of a registered adviser.
19. By providing the Proposed Sub-Advisory Services to the Principal Adviser in respect of the Clients, the Sub-Adviser and any individuals acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services will be engaging in, or holding himself, herself or itself out as engaging in, the business of advising others in respect of Contracts and, in the absence of being granted the requested relief, would be required to register as an adviser, or a representative of an adviser, as the case may be, under the CFA.
20. There is currently no rule under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA for a person or company acting as an adviser in respect of commodity futures contracts and commodity futures options that is similar to the exemption from the adviser registration requirement in section 25(3) of the OSA for acting as an adviser (as defined in the OSA) in respect of securities that is provided under section 7.3 of Rule 35-502.

**AND UPON** being satisfied that it would not be prejudicial to the public interest for the Commission to grant the relief requested;

**IT IS ORDERED**, pursuant to section 80 of the CFA, that the Sub-Adviser and any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services are exempt, for a period of five years, from the adviser registration requirements of paragraph 22(1)(b) of the CFA when acting as a sub-adviser to the Principal Adviser in respect of the Clients in respect of Contracts, provided that at the relevant time that such activities are engaged in:

- (a) the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager;
- (b) the Sub-Adviser and any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services are appropriately registered or licensed, or are entitled to rely on appropriate exemptions from such registrations or licences, to provide advice for the particular Client pursuant to the applicable legislation of their principal jurisdiction;

## Decisions, Orders and Rulings

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- (c) the obligations and duties of the Sub-Adviser are set out in a written agreement with the Principal Adviser;
- (d) the Principal Adviser has contractually agreed with the Clients to be responsible for any loss that arises out of any failure of the Sub-Adviser to meet the Assumed Obligations;
- (e) the Principal Adviser cannot be relieved by any of the Clients from its responsibility for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations;
- (f) the prospectus or similar offering document for each Client for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Sub-Advisory Services will include the following disclosure:
  - (i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and
  - (ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada; and
- (g) in circumstances where a Client for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Sub-Advisory Services does not prepare a prospectus or similar offering document for delivery to prospective purchasers, the Client and, if applicable, all investors of the Client who are Ontario residents will receive written disclosure prior to the purchasing of any Contracts for such Client that includes:
  - (i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and
  - (ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

August 7, 2012.

“C Wesley M. Scott”  
Commissioner  
Ontario Securities Commission

“Paulette L. Kennedy”  
Commissioner  
Ontario Securities Commission

**2.2.2 Moncasa Capital Corporation and John Frederick Collins – s. 127**

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

**AND**

**IN THE MATTER OF  
MONCASA CAPITAL CORPORATION AND  
JOHN FREDERICK COLLINS**

**ORDER  
(Section 127)**

**WHEREAS** on March 6, 2012, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing in relation to a Statement of Allegations issued pursuant to sections 37, 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S.5, as amended, in respect of Moncasa Capital Corporation and John Frederick Collins (collectively, the “Respondents”);

**AND WHEREAS** at the first appearance on April 4, 2012, Staff of the Commission (“Staff”) and counsel for the Respondents agreed to attend a confidential pre-hearing conference on May 28, 2012 at 10:00 a.m.;

**AND WHEREAS** at the confidential pre-hearing conference on May, 28, 2012, Staff and counsel for the Respondents consented to an order that the hearing on the merits be scheduled for January 21, 2013 to February 1, 2013 (other than January 29, 2013) and that a confidential pre-hearing conference be held on August 9, 2012;

**AND WHEREAS** a confidential pre-hearing conference was held on August 9, 2012, at which Staff and counsel for the Respondents attended;

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

**IT IS HEREBY ORDERED** that this matter is adjourned to a confidential pre-hearing conference which shall take place on September 27, 2012 at 10:00 a.m.

**DATED** at Toronto this 9th day of August, 2012.

“Edward P. Kerwin”

**2.2.3 Knowledge First Financial Inc. – ss. 127(1), 127(5)**

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

**AND**

**IN THE MATTER OF  
KNOWLEDGE FIRST FINANCIAL INC.**

**TEMPORARY ORDER  
(Subsections 127(1) and (5))**

**WHEREAS** it appears to the Ontario Securities Commission (the “Commission”) that:

1. Knowledge First Financial Inc. (“KFFI”) distributes units of three distinct savings plans (the “Plans”) which are Registered Education Savings Plans (“RESPs”);
2. KFFI has been registered with the Commission as a scholarship plan dealer since March 14, 2003;
3. From October 2011 to January 2012 inclusive, Staff conducted a compliance review at KFFI’s head office in Mississauga, Ontario and at KFFI’s various branch locations in the Greater Toronto Area;
4. Staff alleged a number of compliance deficiencies which were set out in Staff’s compliance report dated June 14, 2012;

**AND WHEREAS** the terms and conditions require KFFI to retain an independent monitor and an independent consultant that are approved by the Compliance and Registrant Regulation Branch of the Commission to assist KFFI in implementing plans to strengthen its compliance system;

**AND WHEREAS** KFFI’s counsel advised that KFFI has reviewed and consents to the terms of this Temporary Order without prejudice to any position that KFFI may take subsequently;

**AND WHEREAS** the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest as set out in subsection 127(5) of the Act;

**AND WHEREAS** the Commission considers that it is in the public interest to make this Order;

**AND WHEREAS** by Authorization Order made June 13, 2012, pursuant to subsection 3.5(3) of the Act, each of Howard I. Wetston, James E. A. Turner, Kevin J. Kelly, James D. Carnwath, Mary G. Condon, Margot C. Howard, Paulette L. Kennedy, Vern Krishna, Christopher Portner and Edward P. Kerwin, acting alone, is authorized to exercise the powers of the Commission under the Act and, subject to subsection 3.5(4) of the Act, to make orders under section 127 of the Act;

**IT IS HEREBY ORDERED** pursuant to section 127 of the Act that:

1. under paragraph 1 of subsection 127(1) of the Act, the terms and conditions set out in Schedule “A” to this Order are imposed on KFFI’s registration;
2. the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission;
3. the matter will be brought back before the Commission on August 21, 2012 at 3:30 p.m. for the purpose of providing the Commission with an update on the implementation of the terms and conditions imposed on KFFI and to consider whether it is in the public interest to extend the Temporary Order; and
4. Staff shall be free to reapply to the Commission in the event that it has concerns with the application or operation of any provision of this Order.

**DATED** at Toronto this 10th day of August, 2012.

“James E. A. Turner”



**SCHEDULE "A"**

**Proposed Terms and Conditions  
Knowledge First Financial Inc. ("KFFI")**

1. KFFI shall retain, at its own expense, within 20 days of this Order, an independent consultant (the "Consultant") that is approved by a Manager in the Compliance and Registrant Regulation Branch of the Ontario Securities Commission (the "OSC Manager") to:
  - (a) prepare and assist KFFI in implementing a plan (the "Plan") to strengthen KFFI's "compliance system" within the meaning of section 11.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, including the expected dates of completion and person(s) responsible for the implementation. In the Plan, the Consultant will examine KFFI's operations, internal policies, practices and procedures and make recommendations for rectifying all identified compliance deficiencies raised in a Compliance Report dated June 14, 2012, including but not limited to, in relation to:
    - i. documenting and collecting clients' know-your-client information ("KYC Information");
    - ii. ensuring that all trades are suitable for KFFI's clients;
    - iii. training dealing representatives; and
    - iv. overseeing branch locations and performing branch audits;
  - (b) review KFFI's progress with respect to implementation of the Plan, and
  - (c) submit written progress reports ("Progress Reports") to the OSC Manager detailing KFFI's progress with respect to the implementation of the Plan and stating whether the specific recommendations included in the Plan have been implemented and, if not, the expected date of completion and person(s) responsible for the implementation.
2. The Plan and the Progress Reports must be reviewed and approved by the ultimate designated person ("UDP") and chief compliance officer ("CCO") of KFFI, and signed by the UDP and CCO of KFFI as evidence of their review and approval.
3. The Consultant shall provide the Plan to the OSC Manager no later than 60 days from the date of this Order for review and approval.
4. KFFI shall retain a monitor that is independent of KFFI and that is approved by the OSC Manager (the "Monitor"). The Monitor must be in place no later than 10 business days from the date of this Order, to carry out the activities described in paragraph 5, for any new clients or new accounts from existing clients (collectively "New Clients").
5. Until such time as the Plan has been approved by the OSC Manager, the Monitor will:
  - (a) review all applications from New Clients of KFFI for the purpose of ensuring adequate KYC information in order to determine suitability of the investment. Should the Monitor not be satisfied with the KYC Information for this purpose, the Monitor will contact the New Client; and
  - (b) contact the following additional New Clients of KFFI;
    - i. 100% of all New Clients with an income less than or equal to \$50,000;
    - ii. a random sample of 20% of all New Clients with an income greater than \$50,000 and less than or equal to \$70,000; and
    - iii. a random sample of 10% of all New Clients with an income greater than \$70,000.
6. The Monitor will use best efforts to contact the New Clients of KFFI as set out in paragraph 5 within 30 days of the client's investment for the purpose of confirming:
  - (a) the accuracy of the client's KYC Information;



- (b) that the investment is suitable for the client including that the client has the ability to make the payments for the investment time horizon; and
  - (c) that the client understands the fee structure of the investment including the impact of enrolment fees on early termination of the investment and any fees and charges as a result of missed payments.
7. In the event that the Monitor determines that the investment was not suitable to the client, the investment shall be unwound at no cost to the client and any deposits made will be returned in full to the client. In the event the Monitor determines that the client did not understand the fee structure, the Monitor will explain the fee structure and advise the client of the client's option to unwind the investment, at no cost to the client, within 60 days following the investment. In the event that after using its best efforts to attempt to contact a New Client on at least three separate occasions, the Monitor has been unsuccessful in reaching the New Client and has been unable to confirm the information set out in paragraph 6(a) above, then no further efforts by the Monitor to contact that New Client in accordance with paragraph 5(b) will be required.
  8. KFFI will disclose to New Clients that their investment will be unwound if the Monitor determines the investment is not suitable for them.
  9. The Monitor shall provide bi-weekly reports of its findings to the OSC Manager.
  10. The Plan to be submitted by the Consultant shall include a continuing role for the Monitor during the period after the Plan has been approved and until the Plan has been fully implemented in relation to the items set out in paragraph 5 above and to allow for the unwinding of investments at no cost to the client where appropriate.
  11. The Consultant shall submit Progress Reports to the OSC Manager every 30 days following delivery of the Plan to the OSC Manager until the Plan has been fully implemented.
  12. Until the Plan has been fully implemented, KFFI is prohibited from opening any new branch locations, and may not sponsor any new dealing representatives, except so as to replace dealing representatives that depart KFFI subsequent to the date of this Order such that the aggregate number of KFFI's dealing representatives as of the date of this Order does not increase and only on the condition that the Consultant has provided a letter in writing to the OSC Manager, in respect of each proposed dealing representative, confirming that the proposed dealing representative:
    - (a) has received adequate training to sell the investment(s) offered by KFFI, including appropriate sales conduct and practices; and
    - (b) will be supervised by a branch manager that has the capacity and the demonstrated ability to properly oversee the proposed dealing representative.
  13. KFFI shall immediately submit to the Commission a direction from KFFI giving consent to unrestricted access by staff of the Commission to communicate with the Consultant regarding KFFI's progress with respect to the implementation of the Plan or any of its specific recommendations.

**2.2.4 Portus Alternative Asset Management Inc. et al. – ss. 127, 127.1**

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

**AND**

**IN THE MATTER OF  
PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,  
PORTUS ASSET MANAGEMENT INC., BOAZ MANOR,  
MICHAEL MENDELSON, MICHAEL LABANOWICH AND  
JOHN OGG**

**ORDER  
(Sections 127 and 127.1)**

**WHEREAS** on October 5, 2005, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S.5, as amended (the “Act”) accompanied by a Statement of Allegations issued by Staff of the Commission, in respect of Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg (collectively, the “Respondents”);

**AND WHEREAS** on October 4, 2005, the Commission authorized the commencement of proceedings against Boaz Manor (“Manor”) in the Ontario Court of Justice pursuant to section 122 of the Act;

**AND WHEREAS** on April 20, 2006, the Commission authorized the commencement of proceedings against Michael Mendelson (“Mendelson”) and the laying of additional charges against Manor, in the Ontario Court of Justice, pursuant to section 122 of the Act (collectively, the “Section 122 Proceeding”);

**AND WHEREAS** on March 31, 2006, Manor brought an application (the “Application”) requesting the adjournment of the sections 127 and 127.1 proceeding (the “Administrative Proceeding”) against him, pending the conclusion of the Section 122 Proceeding;

**AND WHEREAS** on June 16, 2006, each of the Respondents in the Administrative Proceeding consented to the adjournment requested in the Application;

**AND WHEREAS** on June 16, 2006, each of the Respondents in the Administrative Proceeding requested that the Commission grant an adjournment of the Administrative Proceeding against them pending the conclusion of the Section 122 Proceeding;

**AND WHEREAS** on June 16, 2006, Staff consented to the granting of an adjournment of the Administrative Proceeding against each of the Respondents pending the conclusion of the Section 122 Proceeding;

**AND WHEREAS** on June 16, 2006, the Commission ordered that the Administrative Proceeding be adjourned against each of the Respondents pending the conclusion of the Section 122 Proceeding and that Staff and the Respondents appear before the Commission within eight weeks of judgment being rendered in the Section 122 Proceeding;

**AND WHEREAS** on November 19, 2007, Mendelson was convicted of a charge under the *Criminal Code of Canada* before the Ontario Court of Justice and was sentenced to two years in jail and three years probation;

**AND WHEREAS** on May 25, 2011, Manor was convicted of two charges under the *Criminal Code of Canada* before the Superior Court of Justice (Ontario) and was sentenced to four years in jail;

**AND WHEREAS** the convictions registered against Manor and Mendelson under the *Criminal Code of Canada* were for acts related to the Administrative Proceeding and the Section 122 Proceeding;

**AND WHEREAS** on July 13, 2011, the Section 122 Proceeding was concluded;

**AND WHEREAS** on August 4, 2011, a Notice of Hearing was issued giving notice that the Administrative Proceeding would continue on August 8, 2011;

**AND WHEREAS** on August 8, 2011, Staff and counsel for Manor attended before the Commission and requested that the Administrative Proceeding be adjourned to October 13, 2011;

**AND WHEREAS** on October 13, 2011, Staff and an agent for counsel for Manor attended before the Commission and requested that the Administrative Proceeding be adjourned to November 22, 2011;

**AND WHEREAS** on November 22, 2011, Staff informed the Commission that each of the Respondents were given notice of the adjournment of the Administrative Proceeding until November 22, 2011;

**AND WHEREAS** on November 22, 2011, Staff, counsel for Manor, and Ogg attended before the Commission and made submissions;

**AND WHEREAS** on November 22, 2011, it was ordered that the Administrative Proceeding be adjourned to January 12, 2012 for the purposes of a pre-hearing conference;

**AND WHEREAS** on November 22, 2011, it was further ordered that the hearing on the merits shall commence on September 4, 2012, and shall continue on September 5, 6, 7, 10, 12, 13, 14, 19, 20, 21, 24, 26, 27, 28, and October 1, 2, 3, 4, and 5, 2012;

**AND WHEREAS** on January 12, 2012, Staff, counsel for the Court Appointed Receiver for Portus,

counsel for Manor and counsel for Labanowich appeared before the Commission for a pre-hearing conference, and made submissions to the Commission;

**AND WHEREAS** on January 12, 2012, it was ordered that the hearing be adjourned to April 25, 2012 for the purpose of continuing the pre-hearing conference;

**AND WHEREAS** on April 25, 2012, Staff and counsel for Manor attended before the Commission and made submissions;

**AND WHEREAS** on April 25, 2012, it was ordered that the hearing be adjourned to July 6, 2012 for the purpose of continuing the pre-hearing conference;

**AND WHEREAS** on July 6, 2012, Staff and counsel for Manor attended before the Commission and made submissions;

**AND WHEREAS** on July 6, 2012, it was ordered that the hearing be adjourned to August 10, 2012 for the purpose of continuing the pre-hearing conference;

**AND WHEREAS** on August 10, 2012, Staff and an agent for the counsel for Manor attended before the Commission and made submissions;

**AND WHEREAS** on August 10, 2012, Staff informed the Commission that Staff had been in communication with each of the Respondents or their counsel with respect to the continuing pre-hearing conference of August 10, 2012;

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

**IT IS HEREBY ORDERED** that the hearing is adjourned to Thursday, August 16, 2012 at 11:30 a.m. for the purpose of continuing the pre-hearing conference.

**DATED** at Toronto this 10th day of August, 2012.

“James E. A. Turner”

2.2.5 Heritage Education Funds Inc. – ss. 127(1), 127(5)

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

AND

IN THE MATTER OF  
HERITAGE EDUCATION FUNDS INC.

TEMPORARY ORDER  
(Subsections 127(1) and (5))

**WHEREAS** it appears to the Ontario Securities Commission (the “Commission”) that:

1. Heritage Education Funds Inc. (“HEFI”) distributes units of the Heritage Plan, which is a Registered Education Savings Plan (“RESP”);
2. HEFI, formerly known as Canadian American Financial Corp. (Canada) Limited and Allianz Education Funds Inc., has been registered with the Commission as a scholarship plan dealer since 1988;
3. From November 2011 to January 2012 inclusive, Staff conducted a compliance review at HEFI’s head office in Toronto, Ontario and at HEFI’s various branch locations in the Greater Toronto Area; and
4. Staff alleged a number of compliance deficiencies which were set out in Staff’s compliance report dated June 14, 2012;

**AND WHEREAS** the terms and conditions require HEFI to retain an independent monitor and an independent consultant that are approved by the Compliance and Registrant Regulation Branch of the Commission to assist HEFI in implementing plans to strengthen its compliance system;

**AND WHEREAS** HEFI’s counsel advised that HEFI has reviewed and consents to the terms of this Temporary Order without prejudice to any position that HEFI may take subsequently;

**AND WHEREAS** the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest as set out in subsection 127(5) of the Act;

**AND WHEREAS** the Commission considers that it is in the public interest to make this Order;

**AND WHEREAS** by Authorization Order made June 13, 2012, pursuant to subsection 3.5(3) of the Act, each of Howard I. Wetston, James E. A. Turner, Kevin J. Kelly, James D. Carnwath, Mary G. Condon, Margot C. Howard, Paulette L. Kennedy, Vern Krishna, Christopher Portner and Edward P. Kerwin, acting alone, is authorized to exercise the powers of the Commission under the Act and, subject to subsection 3.5(4) of the Act, to make orders under section 127 of the Act;

**IT IS HEREBY ORDERED** pursuant to section 127 of the Act that:

1. under paragraph 1 of subsection 127(1) of the Act, the terms and conditions set out in Schedule “A” to this Order are imposed on HEFI’s registration;
2. the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission;
3. the matter will be brought back before the Commission on August 21, 2012 at 3:30 p.m. for the purpose of providing the Commission with an update on the implementation of the terms and conditions imposed on HEFI and to consider whether it is in the public interest to extend the Temporary Order; and
4. Staff shall be free to reapply to the Commission in the event that it has concerns with the application or operation of any provision of this Order.

**DATED** at Toronto this 13th day of August, 2012.

“James E. A. Turner”

**SCHEDULE "A"**

**Proposed Terms and Conditions  
Heritage Education Funds Inc. ("HEFI")**

1. HEFI shall retain, at its own expense, within 20 days of this Order, an independent consultant (the "Consultant") that is approved by a Manager in the Compliance and Registrant Regulation Branch of the Ontario Securities Commission (the "OSC Manager") to:
  - (a) prepare and assist HEFI in implementing a plan (the "Plan") to strengthen HEFI's "compliance system" within the meaning of section 11.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, including the expected dates of completion and person(s) responsible for the implementation. In the Plan, the Consultant will examine HEFI's operations, internal policies, practices and procedures and make recommendations for rectifying all identified compliance deficiencies raised in a Compliance Report dated June 14, 2012, including but not limited to, in relation to:
    - i. documenting and collecting clients' know-your-client information ("KYC Information");
    - ii. ensuring that all trades are suitable for HEFI's clients;
    - iii. training dealing representatives;
    - iv. overseeing branch locations and performing branch audits; and
    - v. preparing and distributing marketing materials.
  - (b) review HEFI's progress with respect to implementation of the Plan, and
  - (c) submit written progress reports ("Progress Reports") to the OSC Manager detailing HEFI's progress with respect to the implementation of the Plan and stating whether the specific recommendations included in the Plan have been implemented and, if not, the expected date of completion and person(s) responsible for the implementation.
2. The Plan and the Progress Reports must be reviewed and approved by the ultimate designated person ("UDP") and chief compliance officer ("CCO") of HEFI, and signed by the UDP and CCO of HEFI as evidence of their review and approval.
3. The Consultant shall provide the Plan to the OSC Manager no later than 60 days from the date of this Order for review and approval.
4. HEFI shall retain a monitor that is independent of HEFI and that is approved by the OSC Manager (the "Monitor"). The Monitor must be in place no later than 10 business days from the date of this Order, to carry out the activities described in paragraph 5, for any new clients or new accounts from existing clients (collectively "New Clients").
5. Until such time as the Plan has been approved by the OSC Manager, the Monitor will:
  - (a) review all applications from New Clients of HEFI for the purpose of ensuring adequate KYC information in order to determine suitability of the investment. Should the Monitor not be satisfied with the KYC Information for this purpose, the Monitor will contact the New Client; and
  - (b) contact the following additional New Clients of HEFI:
    - i. 100% of all New Clients with an income less than or equal to \$55,000;
    - ii. a random sample of 15% of all New Clients with an income greater than \$55,000 and less than or equal to \$70,000; and
    - iii. a random sample of 10% of all New Clients with an income greater than \$70,000.
6. The Monitor will use best efforts to contact the New Clients of HEFI as set out in paragraph 5 within 30 days of the client's investment for the purpose of confirming:
  - (a) the accuracy of the client's KYC Information;

- (b) that the investment is suitable for the client including that the client has the ability to make the payments for the investment time horizon; and
  - (c) that the client understands the fee structure of the investment including the impact of enrolment fees on early termination of the investment and any fees and charges as a result of missed payments.
7. In the event that the Monitor determines that the investment was not suitable to the client, the investment shall be unwound at no cost to the client and any deposits made will be returned in full to the client. In the event the Monitor determines that the client did not understand the fee structure, the Monitor will explain the fee structure and advise the client of the client's option to unwind the investment, at no cost to the client, within 60 days following the investment. In the event that after using its best efforts to attempt to contact a New Client on at least three separate occasions, the Monitor has been unsuccessful in reaching the New Client and has been unable to confirm the information set out in paragraph 6 above, then no further efforts by the Monitor to contact that New Client in accordance with paragraph 5(b) will be required.
  8. HEFI will disclose to New Clients that their investment will be unwound if the Monitor determines the investment is not suitable for them.
  9. The Monitor shall provide bi-weekly reports of its findings to the OSC Manager.
  10. The Plan to be submitted by the Consultant shall include a continuing role for the Monitor during the period after the Plan has been approved and until the Plan has been fully implemented in relation to the items set out in paragraph 5 above and to allow for the unwinding of investments at no cost to the client where appropriate.
  11. The Consultant shall submit Progress Reports to the OSC Manager every 30 days following delivery of the Plan to the OSC Manager until the Plan has been fully implemented.
  12. Until the Plan has been fully implemented, HEFI is prohibited from opening any new branch locations, and may not sponsor any new dealing representatives, except so as to replace dealing representatives that depart HEFI subsequent to the date of this Order such that the aggregate number of HEFI's dealing representatives as of the date of this Order does not increase and only on the condition that the Consultant has provided a letter in writing to the OSC Manager, in respect of each proposed dealing representative, confirming that the proposed dealing representative:
    - (a) has received adequate training to sell the investment(s) offered by HEFI, including appropriate sales conduct and practices; and
    - (b) will be supervised by a branch manager that has the capacity and the demonstrated ability to properly oversee the proposed dealing representative.
  13. HEFI shall immediately submit to the Commission a direction from HEFI giving consent to unrestricted access by staff of the Commission to communicate with the Consultant regarding HEFI's progress with respect to the implementation of the Plan or any of its specific recommendations.

**2.2.6 Global RESP Corporation and Global Growth Assets Inc. – ss. 127(1), 127(8)**

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

**AND**

**IN THE MATTER OF  
GLOBAL RESP CORPORATION AND  
GLOBAL GROWTH ASSETS INC.**

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

**WHEREAS** on July 26, 2012, the Ontario Securities Commission (“the “Commission”) ordered pursuant to subsections 127(1) and (5) that the terms and conditions set out in schedules “A” and “B” to the Commission order be imposed on Global RESP Corporation (“Global RESP”) and Global Growth Assets Inc. (“GGAI”) (the “Temporary Order”);

**AND WHEREAS** the Temporary Order was obtained on notice to Respondents who consented to the terms of the Temporary Order;

**AND WHEREAS** on July 26, 2012, the Commission ordered that the Temporary Order shall take force immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission and ordered that the matter be brought back before the Commission on August 10, 2012 at 9:30 a.m.;

**AND WHEREAS** on August 1, 2012, the Commission issued a Notice of Hearing pursuant to section 127 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) to consider 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 at a hearing at 9:30 a.m. on August 10, 2012 (the “Hearing”);

**AND WHEREAS** on August 1, 2012 Staff served Respondents’ counsel with the Notice of Hearing;

**AND WHEREAS** on July 25, 2012, Staff served Robert Brush, counsel for the Respondents, with the Affidavit of Stratis Kouros sworn July 24, 2012 and filed the same affidavit with the Commission on August 10, 2012 in support of the extension of the Temporary Order;

**AND WHEREAS** the Respondents, through their counsel, have advised that they consent to the terms of this Order;

**AND WHEREAS** Respondents’ counsel has advised that the Respondents’ Consultant and Monitor have been approved and work by the monitor and consultant has started;

**AND WHEREAS** the Commission considers that it is in the public interest to make this Order;

**AND WHEREAS** by Authorization Order made June 13, 2012, pursuant to subsection 3.5(3) of the Act, each of Howard I. Wetston, James E. A. Turner, Kevin J. Kelly, James D. Carnwath, May G. Condon, Margot C. Howard, Paulette L. Kennedy, Vern Krishna, Christopher Portner and Edward P. Kerwin, acting alone, is authorized to exercise the powers of the Commission under the Act and, subject to subsection 3.5(4) of the Act, to make orders under section 127 of the Act;

**IT IS HEREBY ORDERED** pursuant to section 127 of the Act on consent of the parties that:

1. the Temporary Order shall remain in effect until such further order of the Commission; and
2. the hearing is adjourned to November 8, 2012 at 10:00 a.m. for the purpose of providing the Commission with an update on the work completed by the monitor and the consultant as required under the terms and conditions imposed on Global RESP and GGAI.

**DATED** at Toronto this 10th day of August, 2012.

“James E. A. Turner”

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## Chapter 4

# Cease Trading Orders

### 4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Hart Stores Inc.	10 Aug 12	22 Aug 12		
OilSands Quest Inc.	08 Aug 12	20 Aug 12		
Arius3D Corp.	09 Aug 12	21 Aug 12		
Tac Gold Corporation	10 Aug 12	22 Aug 12		
Goldnev Resources Inc.	10 Aug 12	22 Aug 12		
Blue Horizon Industries Inc.	10 Aug 12	22 Aug 12		
Sierra Madre Developments Inc.	10 Aug 12	22 Aug 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
China Wind Power International Corp.	8 Aug 12	20 Aug 12			

### 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
China Wind Power International Corp.	8 Aug 12	20 Aug 12			

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## Chapter 7

# Insider Reporting

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This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see [www.carswell.com](http://www.carswell.com)).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website ([www.sedi.ca](http://www.sedi.ca)).



## Chapter 8

# Notice of Exempt Financings

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### 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
05/29/2012	2	Adroit Resources Inc. - Common Shares	36,000.00	600,000.00
06/29/2012	1	Advent International GPE VII-E Limited Partnership - Limited Partnership Interest	612,000,000.00	600,000,000.00
07/18/2012	1	American Capital Agency Corp. - Common Shares	336,243.18	N/A
06/29/2012	1	Asian Mineral Resources Limited - Common Shares	5,500,000.00	50,000,000.00
06/20/2012	1	Axela Inc. - Preferred Shares	150,000.00	150,000.00
07/03/2012	13	BAA Funding Limited - Bonds	397,468,000.00	13.00
07/31/2012	1	BB&T Corporation - Common Shares	75,105,000.00	3,000,000.00
07/09/2012	4	BE Aerospace, Inc. - Notes	15,624,360.00	4.00
06/06/2012	1	Belhara Security Systems Inc. - Units	50,000.00	200,000.00
06/14/2012	21	Centre Street Trust - Bonds	500,000,000.00	50,000.00
07/19/2012	10	CIT Canada Equipment Receivables ULC - Notes	451,057,000.00	10.00
07/11/2012	3	CYS Investments Inc. - Common Shares	42,948,986.25	N/A
06/29/2012	2	Echo Entertainment Group Limited - Common Shares	1,055,084.80	306,512.00
06/04/2012	2	Ecuador Capital Corp. - Units	110,000.00	244,444.00
07/24/2012	4	Five Below, Inc. - Common Shares	609,111.36	35,100.00
06/20/2012	7	Fuse Powered Inc. - Preferred Shares	859,301.04	388,824.00
06/13/2012	15	Greenlight Communications Inc. - Common Shares	121,000.00	2,420,000.00
07/06/2011 to 06/29/2012	234	HarbourEdge Mortgage Investment Corporation - Preferred Shares	44,650,617.00	44,985,617.00
07/23/2012	1	IHH Healthcare Berhad - Common Shares	8,967,441.00	10,000,000.00
07/26/2012	7	j2 Global, Inc. - Notes	2,020,200.00	7.00
07/16/2012 to 07/20/2012	6	Karma Athletics Ltd. - Common Shares	222,000.00	2,220,000.00
06/07/2012	1	Kentucky Petroleum Limited Partnership - Units	50,000.00	10.00
07/31/2012	1	Kingwest High Income Fund - Units	25,000.00	4,276.79
07/31/2012	1	Kingwest US Equity Portfolio - Units	24,640.88	1,697.73
07/26/2012	1	New York Life Global Funding - Notes	5,045,505.50	1.00

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
07/31/2012	3	NWM Private Equity Limited Partnership - Limited Partnership Units	870,000.00	85,883.51
05/30/2012	8	Prestige Hospitality HW Registered Investments Inc. - Units	207,000.00	2,070.00
07/10/2012	1	Queen Street VI Re Limited - Notes	2,040,600.00	1.00
05/30/2012	1	Revolver Resources Inc. - Common Shares	120,000.00	1,000,000.00
05/15/2012	1	Rite Aid Corporation - Notes	3,008,700.00	3,000.00
07/10/2012	5	SBA Telecommunications, Inc. - Notes	7,907,325.00	5.00
07/18/2012 to 07/26/2012	35	SecureCare Investments Inc. - Bonds	1,318,000.00	N/A
07/20/2012 to 07/30/2012	62	Silver Lake Partners IV, L.P. - Limited Partnership Interest	4,119,045,211.00	N/A
07/18/2012 to 07/26/2012	3	Sinclair-Cockburn Mortgage Investment Corporation - Common Shares	300,000.00	300,000.00
05/28/2012		Skyline Real Estate Limited Partnership - Units		36,364.00
07/18/2012	2	Sumitomo Mitsui Banking Corporation - Bonds	35,375,770.24	3.00
07/13/2012	1	Synageva Biopharma Corp. - Common Shares	522,750.00	12,500.00
07/17/2012	22	Timbercreek Senior Mortgage Investment Corporation - Common Shares	3,447,000.00	344,700.00
06/04/2012	5	Touchdown Resources Inc. - Common Shares	75,000.00	1,250,000.00
06/13/2012	20	Tuya Energy Inc. - Common Shares	947,000.00	1,894,000.00
07/18/2012	13	Two Harbors Investment Corp. - Common Shares	30,566,000.00	2,900,000.00
07/13/2012 to 07/16/2012	26	United Hydrocarbon International - Common Shares	25,830,000.00	0.00
07/23/2012	2	U.S. Bancorp - Notes	10,680,600.00	N/A
07/20/2012	2	Vesey Street Investment Trust I - Notes	37,844,666.34	2.00
05/31/2012	47	Walton MD Gardner Woods Investment Corporation - Common Shares	1,244,330.00	124,433.00
05/31/2012	9	Walton MD Gardner Woods LP - Units	1,429,306.71	139,173.00
06/21/2012	5	Walton MD Gardner Woods LP - Units	1,123,020.00	110,100.00
07/25/2012	2	Water Street Healthcare Partners III, L.P. - Limited Partnership Interest	36,651,600.00	2.00
06/25/2012		Waymar Resources Ltd. - Common Shares		1,000,000.00
06/26/2012	9	Wolfpack Gold Corp. - Common Shares	0.00	12,000,000.00
05/31/2012	5	WP Technology Inc. - Preferred Shares	15,522,005.53	38,382,803.00

## Chapter 11

# IPOs, New Issues and Secondary Financings

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**Issuer Name:**

ARC Resources Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated August 8, 2012  
NP 11-202 Receipt dated August 9, 2012

**Offering Price and Description:**

\$300,000,250.00 - 12,685,000 Common Shares Price:  
\$23.65 per Common Share

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

RBC Dominion Securities Inc.  
CIBC World Markets Inc.  
TD Securities Inc.  
BMO Nesbitt Burns Inc.  
Scotia Capital Inc.  
Firstenergy Capital Corp.  
National Bank Financial Inc.  
Macquarie Capital Markets Canada Ltd.  
Barclays Capital Canada Inc.  
Credit Suisse Securities (Canada) Inc.  
Merrill Lynch Canada Inc.  
Peters & Co. Limited  
Raymond James Ltd.

**Promoter(s):**

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**Project #1940915**

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**Issuer Name:**

Bluefire Mining Corp.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Long Form Prospectus dated August 10, 2012  
NP 11-202 Receipt dated August 10, 2012

**Offering Price and Description:**

\$500,000.00 - 3,333,334 Common Shares Price: \$0.15 per  
Share

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

Canaccord Genuity Corp.

**Promoter(s):**

David E. De Witt  
**Project #1942715**

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**Issuer Name:**

Caterpillar Financial Services Limited  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Base Shelf Prospectus dated August 8, 2012  
NP 11-202 Receipt dated August 9, 2012

**Offering Price and Description:**

Cdn \$1,500,000,000.00:  
Medium Term Notes (unsecured)  
Unconditionally guaranteed as to principal, premium (if  
any),

interest and certain other amounts by  
CATERPILLAR FINANCIAL SERVICES CORPORATION

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

RBC Dominion Securities Inc.  
TD Securities Inc.

**Promoter(s):**

-

**Project #1940988**

---

**Issuer Name:**

Fortify Resources Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Long Form Prospectus dated August 7, 2012  
NP 11-202 Receipt dated August 7, 2012

**Offering Price and Description:**

\$252,020.00 - 3,225,318 UNITS (EACH UNIT  
CONSISTING OF ONE COMMON SHARE AND ONE  
COMMON  
SHARE PURCHASE WARRANT) ALL ISSUABLE UPON  
THE EXERCISE OF 3,225,318 SPECIAL  
WARRANTS 400 000 special warrants at Price:  
\$0.05; 1,7883,651 special warrants at Price: \$0.06;  
1,041,667 special warrants at Price: \$0.12

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

-

**Promoter(s):**

James Glass  
**Project #1940548**

**Issuer Name:**

Oriana Resources Corporation  
Principal Regulator - Ontario

**Type and Date:**

Preliminary CPC Prospectus dated August 8, 2012  
NP 11-202 Receipt dated August 9, 2012

**Offering Price and Description:**

\$300,000.00 - 3,000,000 Common Shares PRICE: \$0.10  
per Common Share

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

Macquarie Private Wealth Inc.

**Promoter(s):**

Richard Buzbuzian

**Project #1941024**

---

**Issuer Name:**

Preferred Share Investment Trust  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated August 9, 2012  
NP 11-202 Receipt dated August 10, 2012

**Offering Price and Description:**

Units at NAV

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

CIBC World Markets Inc.  
National Bank Financial Inc.  
RBC Dominion Securities Inc.  
TD Securities Inc.  
BMO Nesbitt Burns Inc.  
Scotia Capital Inc.  
Canaccord Genuity Corp.  
GMP Securities L.P.  
MacQuire Private Wealth Inc.  
Raymond James Ltd.

**Promoter(s):**

First Asset Investment Management Inc.

**Project #1942505**

---

**Issuer Name:**

Top 20 U.S. Dividend Trust  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated August 10, 2012  
NP 11-202 Receipt dated August 10, 2012

**Offering Price and Description:**

Class A and U Units at NAV

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

SCOTIA CAPITAL INC.  
BMO NESBITT BURNS INC.  
NATIONAL BANK FINANCIAL INC.  
TD SECURITIES INC.  
CANACCORD GENUITY CORP.  
DESJARDINS SECURITIES, INC.  
GMP SECURITIES L.P.  
RAYMOND JAMES LTD.  
DUNDEE SECURITIES LTD.  
MACKIE RESEARCH CAPITAL CORPORATION  
MACQUARIE PRIVATE WEALTH INC.  
MANULIFE SECURITIES INCORPORATED  
UNION SECURITIES LTD.

**Promoter(s):**

Scotia Managed Companies Administration Inc.

**Project #1942649**

---

**Issuer Name:**

Trez Capital Mortgage Investment Corporation  
Principal Regulator - British Columbia

**Type and Date:**

Amended and Restated Preliminary Long Form Prospectus  
dated August 8, 2012

NP 11-202 Receipt dated August 9, 2012

**Offering Price and Description:**

\$100,000,000.00 - \* Class A Share Price: \$ \* per Share

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

RBC Dominion Securities Inc.  
CIBC World Markets Inc.  
Canaccord Genuity Corp.  
BMO Nesbitt Burns Inc.  
Raymond James Ltd.  
Scotia Capital Inc.  
GMP Securities L.P.  
MacQuarie Private Wealth Inc.  
Manulife Securities Incorporated  
National Bank Financial Inc.  
TD Securities Inc.  
DesJardins Securities Inc.  
Mackie Research Capital Corporation

**Promoter(s):**

Trez Capital Limited Partnership

**Project #1939795**

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**Issuer Name:**

Wolfpack Gold Corp.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Long Form Prospectus dated August 9, 2012  
NP 11-202 Receipt dated August 10, 2012

**Offering Price and Description:**

Minimum: • units (\$5,500,000) Maximum: • units (\$10,000,000) Price \$• per Unit

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

Clarus Securities Inc.

**Promoter(s):**

William M. Sheriff  
John W. Legg

**Project #**1942185

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**Issuer Name:**

American Express Canada Credit Corporation  
Principal Regulator - Ontario

**Type and Date:**

Final Base Shelf Prospectus dated August 9, 2012  
NP 11-202 Receipt dated August 9, 2012

**Offering Price and Description:**

Cdn \$3,500,000,000.00 - Medium Term Notes (unsecured)  
Unconditionally guaranteed as to principal, premium (if any), interest and certain other amounts by AMERICAN EXPRESS CREDIT CORPORATION, a Delaware corporation

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

BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.  
Merrill Lynch Canada Inc.  
RBC Dominion Securities Inc.  
TD Securities Inc.

**Promoter(s):**

-

**Project #**1937608

---

**Issuer Name:**

Element Financial Corporation  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated August 9, 2012  
NP 11-202 Receipt dated August 13, 2012

**Offering Price and Description:**

\$87,128,475.00 - 16,595,900 Common Shares Issuable on Exercise of Outstanding Special Warrants Per Special Warrant \$5.25

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

GMP Securities L.P.  
Barclays Capital Canada Inc.  
BMO Nesbitt Burns Inc.  
RBC Dominion Securities Inc.  
CIBC World Markets Inc.  
Scotia Capital Inc.

**Promoter(s):**

-

**Project #**1935189

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**Issuer Name:**

Eloqua, Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Long Form Non Offering Prospectus dated August 2, 2012  
NP 11-202 Receipt dated August 8, 2012

**Offering Price and Description:**

-

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

-

**Promoter(s):**

-

**Project #**1902593

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**Issuer Name:**

Faircourt Split Trust  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated August 3, 2012  
NP 11-202 Receipt dated August 8, 2012

**Offering Price and Description:**

Series C Warrants to Subscribe for up to 3,197,925 Units, 1,598,963 Preferred Securities and 3,197,925 Series D Warrants at a Subscription Price of \$10.17

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

-

**Promoter(s):**

-

**Project #**1932745

---

**Issuer Name:**

Horizons Enhanced Income Equity ETF  
Horizons Enhanced Income Energy ETF  
Horizons Enhanced Income Financials ETF  
Horizons Enhanced Income Gold Producers ETF  
Horizons Enhanced Income US Equity (USD) ETF  
Horizons Enhanced Income International Equity ETF  
(Class E Units and Advisor Class Units)  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Long Form Prospectus dated July 27, 2012 to the Long Form Prospectus dated March 16, 2012

NP 11-202 Receipt dated August 7, 2012

**Offering Price and Description:**

Class E Units and Advisor Class Units

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

-

**Promoter(s):**

ALPHAPRO MANAGEMENT INC.

Project #1856438

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**Issuer Name:**

Horizons Enhanced US Equity Income ETF (formerly, Horizons Enhanced U.S. Equity Income Fund)

(Class E Units and Advisor Class Units)

Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated July 27, 2012

NP 11-202 Receipt dated August 7, 2012

**Offering Price and Description:**

Class E and Advisor Class Units

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

-

**Promoter(s):**

ALPHAPRO MANAGEMENT INC.

Project #1930092

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**Issuer Name:**

Manulife Leaders Balanced Growth Portfolio (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)

Manulife Leaders Balanced Income Portfolio (Advisor Series, Series F, Series I, Series IT, Series FT5 and Series T5 securities)

Manulife Leaders Opportunities Portfolio (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)

Manulife Simplicity Conservative Portfolio (Advisor Series, Series F, Series I, Series IT, Series FT5 and Series T5 securities)

Manulife Simplicity Moderate Portfolio (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)

Manulife Simplicity Balanced Portfolio (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)

Manulife Simplicity Global Balanced Portfolio (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)

Manulife Simplicity Growth Portfolio (Advisor Series, Series F, Series I, Series IT, Series FT8 and Series T8 securities)

Manulife Simplicity Aggressive Portfolio (Advisor Series, Series F and Series I securities)

Manulife Diversified Income Portfolio (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)

Manulife Dividend Income Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)

Manulife Monthly High Income Fund (Advisor Series, Series B, Series F, Series I, Series IT, Series FT6 and Series T6 securities)

Manulife Preferred Income Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)

Manulife Strategic Balanced Yield Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)

Manulife Canadian Opportunities Balanced Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)

Manulife Canadian Opportunities Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)

Manulife European Opportunities Fund (Advisor Series, Series F and Series I securities)

Manulife Global Opportunities Balanced Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)

Manulife Growth Opportunities Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)

Manulife U.S. Opportunities Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)

Manulife Yield Opportunities Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)

Manulife Advantage Fund (Advisor Series, Series F and Series I securities)  
Manulife Advantage Fund II (Advisor Series, Series F and Series I securities)  
Manulife American Advantage Fund (Advisor Series, Series F and Series I securities)  
Manulife Canadian Focused Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Global Advantage Fund (Advisor Series, Series F and Series I and Series T5 securities)  
Manulife Global Dividend Income Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Global Focused Balanced Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Global Focused Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife International Dividend Income Fund (Advisor Series, Series F, Series I, Series IT Series FT6 and Series T6 securities)  
Manulife Value Balanced Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Canadian Equity Balanced Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Canadian Value Fund (Advisor Series, Series F, Series I, Series IT and Series T8 securities)  
Manulife Dividend Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife International Value Equity Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife U.S. All Cap Equity Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife U.S. Large Cap Equity Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Value Fund (Advisor Series, Series F and Series I securities)  
Manulife Canadian Core Fund (Advisor Series, Series F, Series I, Series IT and Series T8 securities)  
Manulife Canadian Equity Fund (Advisor Series, Series F, Series I, Series IT and Series T8 securities)  
Manulife Canadian Growth Stock Fund (Series I securities)  
Manulife Sector Rotation Fund (Advisor Series and Series F securities)  
Manulife Canadian Balanced Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Canadian Investment Fund (Series I securities)  
Manulife Diversified Investment Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Global Small Cap Balanced Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Global Small Cap Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Tax-Managed Growth Fund (Advisor Series, Series F and Series I securities)  
Manulife U.S. Equity Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife World Investment Fund (Series I securities)  
Manulife Asia Total Return Bond Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Bond Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Canadian Bond Fund (Advisor Series, Series F, Series I, Series IT, Series FT5 and Series T5 securities)  
Manulife Canadian Bond Plus Fund (Advisor Series, Series F and Series I securities)  
Manulife Corporate Bond Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Dollar-Cost Averaging Fund (Advisor Series and Series F securities)  
Manulife Emerging Markets Debt Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Floating Rate Income Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife High Yield Bond Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Investment Savings Fund (Advisor Series and Series F securities)  
Manulife Long Term Bond Fund (Series I securities)  
Manulife Money Fund (Advisor Series, Series D, Series F and Series I securities)  
Manulife Short Term Bond Fund (Advisor Series, Series F and Series I securities)  
Manulife Strategic Income Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Diversified Strategies Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Emerging Markets Balanced Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Emerging Markets Equity Fund (Advisor Series, Series F and Series I securities)  
Manulife Global Infrastructure Fund (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Global Natural Resources Fund (Advisor Series, Series F and Series I securities)  
Manulife Global Real Estate Fund (Advisor Series, Series F and Series I securities)

SHARES OF MANULIFE INVESTMENT EXCHANGE FUNDS CORP.:

Manulife Leaders Balanced Growth Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Leaders Balanced Income Class (Advisor Series, Series F, Series I, Series IT, Series FT5 and Series T5 securities)  
Manulife Leaders Opportunities Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Dividend Income Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Monthly High Income Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Strategic Balanced Yield Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Canadian Opportunities Balanced Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Canadian Opportunities Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Global Opportunities Balanced Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Global Opportunities Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Growth Opportunities Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife U.S. Opportunities Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Yield Opportunities Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Advantage II Class (Advisor Series, Series F and Series I securities)  
Manulife Canadian Focused Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Global Focused Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Value Balanced Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Canadian Equity Balanced Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Canadian Large Cap Value Class (Advisor Series, Series F and Series I securities)  
Manulife Canadian Value Class (Advisor Series, Series F and Series I securities)  
Manulife Dividend Class (Advisor Series, Series F, Series I, Series IT Series FT6 and Series T6 securities)

Manulife International Value Class (Advisor Series, Series F and Series I securities)  
Manulife International Value Equity Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife U.S. All Cap Equity Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife U.S. Large Cap Equity Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Canadian Core Class (Advisor Series, Series F and Series I securities)  
Manulife Canadian Equity Class (Advisor Series, Series F and Series I securities)  
Manulife Canadian Investment Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Global Equity Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife World Investment Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Corporate Bond Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Floating Rate Income Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Short Term Yield Class (Advisor Series, Series F and Series I securities)  
Manulife Strategic Income Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Structured Bond Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Total Yield Class (Advisor Series, Series F, Series I, Series IT and Series T6 securities)  
Manulife Asia Equity Class (Advisor Series, Series F and Series I securities)  
Manulife China Class (Advisor Series, Series F and Series I securities)  
Manulife Emerging Markets Equity Class (Advisor Series, Series F and Series I securities)  
Manulife Global Infrastructure Class (Advisor Series, Series F, Series I, Series IT, Series FT6 and Series T6 securities)  
Manulife Global Real Estate Class (Advisor Series, Series F and Series I securities)  
Manulife Japan Class (Advisor Series, Series F and Series I securities)  
Manulife Special Opportunities Class (Advisor Series, Series F and Series I securities)  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectuses dated August 1, 2012  
NP 11-202 Receipt dated August 10, 2012

**Offering Price and Description:**

-

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

Manulife Asset Management Limited

**Promoter(s):**

Manulife Asset Management Limited

**Project #1925188**

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**Issuer Name:**

PowerShares Tactical Bond ETF

Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated August 8, 2012

NP 11-202 Receipt dated August 9, 2012

**Offering Price and Description:**

Units

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

-

**Promoter(s):**

INVESCO CANADA LTD.

**Project #1929895**

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**Issuer Name:**

Secure Energy Services Inc.

Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated August 7, 2012

NP 11-202 Receipt dated August 7, 2012

**Offering Price and Description:**

\$75,000,006.00 - 9,554,141 Common Shares Price: \$7.85  
per Offered Share

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

Raymond James Ltd.

FirstEnergy Capital Corp.

National Bank Financial Inc.

CIBC World Markets Inc.

BMO Nesbitt Burns Inc.

TD Securities Inc.

Peters & Co. Limited

Paradigm Capital Inc.

**Promoter(s):**

-

**Project #1936762**

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## Chapter 12

# Registrations

### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Cedarbush Investment Management Inc. To: Forge First Asset Management Inc.	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	July 30, 2012
New Business Registration	Capital Insight Partners, LLC	Portfolio Manager	August 8, 2012
New Business Registration	Harrington MacMillan Fund Management Limited	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	August 8, 2012
Consent to Suspension (Pending Surrender)	Vengrowth Capital Management Inc.	Portfolio Manager and Investment Fund Manager	August 9, 2012
Voluntary Surrender of Registration	Canadian First Financial Centres Limited	Mutual Fund Dealer and Exempt Market Dealer	August 10, 2012

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# Index

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<b>Arius3D Corp.</b>		
Cease Trading Order .....	7643	
<b>Blue Horizon Industries Inc.</b>		
Cease Trading Order .....	7643	
<b>Canadian First Financial Centres Limited</b>		
Voluntary Surrender of Registration .....	7711	
<b>Capital Insight Partners, LLC</b>		
New Business Registration .....	7711	
<b>Cedarbush Investment Management Inc.</b>		
Name Change .....	7711	
<b>China Wind Power International Corp.</b>		
Cease Trading Order .....	7643	
<b>Collins, John Frederick</b>		
Notice from the Office of the Secretary .....	7603	
Order – s. 127 .....	7632	
<b>CryptoLogic Limited</b>		
Decision – s. 1(10)(a)(ii) .....	7617	
<b>CSA Staff Notice 43-307 – Mining Technical Reports – Preliminary Economic Assessments</b>		
Notice .....	7597	
News Release .....	7602	
<b>CSA Staff Notice 43-308 – Professional Associations under NI 43-101 Standards of Disclosure for Mineral Projects</b>		
Notice .....	7601	
News Release .....	7602	
<b>CSA Staff Notice 51-337 – Continuous Disclosure Review Program Activities for the fiscal year ended March 31, 2012</b>		
Notice .....	7595	
<b>Forge First Asset Management Inc.</b>		
Name Change .....	7711	
<b>Global Growth Assets Inc.</b>		
Notice from the Office of the Secretary .....	7605	
Order – ss. 127(1), 127(8) .....	7641	
<b>Global RESP Corporation</b>		
Notice from the Office of the Secretary .....	7605	
Order – ss. 127(1), 127(8) .....	7641	
<b>Goldneve Resources Inc.</b>		
Cease Trading Order .....	7643	
<b>Harrington MacMillan Fund Management Limited</b>		
New Business Registration .....	7711	
<b>Hart Stores Inc.</b>		
Cease Trading Order .....	7643	
<b>Heritage Education Funds Inc.</b>		
Notice from the Office of the Secretary .....	7604	
Temporary Order – ss. 127(1), 127(5) .....	7638	
<b>Heritage Oil Plc</b>		
Decision .....	7624	
<b>Invest Operations Trust</b>		
Decision – s. 1(10)(a)(ii) .....	7615	
<b>Invesco Canada Ltd</b>		
Decision .....	7612	
<b>Knowledge First Financial Inc.</b>		
Notice from the Office of the Secretary .....	7603	
Temporary Order – ss. 127(1), 127(5) .....	7633	
<b>Labanowich, Michael</b>		
Notice from the Office of the Secretary .....	7604	
Order – ss. 127, 127.1 .....	7636	
<b>Manor, Boaz</b>		
Notice from the Office of the Secretary .....	7604	
Order – ss. 127, 127.1 .....	7636	
<b>Mendelson, Michael</b>		
Notice from the Office of the Secretary .....	7604	
Order – ss. 127, 127.1 .....	7636	
<b>Moncasa Capital Corporation</b>		
Notice from the Office of the Secretary .....	7603	
Order – s. 127 .....	7632	
<b>Ogg, John</b>		
Notice from the Office of the Secretary .....	7604	
Order – ss. 127, 127.1 .....	7636	
<b>OilSands Quest Inc.</b>		
Cease Trading Order .....	7643	
<b>Portus Alternative Asset Management Inc.</b>		
Notice from the Office of the Secretary .....	7604	
Order – ss. 127, 127.1 .....	7636	
<b>Portus Asset Management Inc.</b>		
Notice from the Office of the Secretary .....	7604	
Order – ss. 127, 127.1 .....	7636	
<b>RBC Global Asset Management Inc.</b>		
Decision .....	7608	
<b>SEI Investments Canada Company</b>		
Order – s. 80 of the CFA .....	7628	

---

<b>SEI Investments Management Corporation</b>	
Order – s. 80 of the CFA.....	7628
<b>Sierra Madre Developments Inc.</b>	
Cease Trading Order .....	7643
<b>Tac Gold Corporation</b>	
Cease Trading Order .....	7643
<b>Ursa Major Minerals Incorporated</b>	
Decision – s. 1(10)(a)(ii).....	7616
<b>Vaaldiam Mining Inc.</b>	
Decision – s. 1(10)(a)(ii).....	7607
<b>Vengrowth Capital Management Inc.</b>	
Consent to Suspension (Pending Surrender).....	7711
<b>WesternOne Equity Inc.</b>	
Decision .....	7618
<b>WesternOne Equity Income Fund</b>	
Decision .....	7618