The Ontario Securities Commission

OSC Bulletin

November 15, 2012

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Commodity Futures Act of Ontario (R.S.O. 1990, c. C.20)

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Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

November 15, 2012

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
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Toronto, Ontario
M5H 3S8

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

SCHEDULED OSC HEARINGS

November 22, 2012 11:30 a.m.	**Heritage Education Funds Inc.** s. 127 M. Vaillancourt/D. Ferris in attendance for Staff Panel: JEAT
November 23, 2012 10:00 a.m.	**New Found Freedom Financial, Ron Deonarine Singh, Wayne Gerard Martinez, Pauline Levy, David Whidden, Paul Swaby and Zompas Consulting** s. 127 A. Heydon/S. Horgan in attendance for Staff Panel: JDC
November 27-28, 2012 10:00 a.m.	**Simply Wealth Financial Group Inc., Naida Allarde, Bernardo Giangrosso, K&S Global Wealth Creative Strategies Inc., Kevin Persaud, Maxine Lobban and Wayne Lobban** s. 127 and 127.1 C. Johnson in attendance for Staff Panel: JDC
November 29-30, 2012 9:30 a.m.	**Vincent Ciccone and Cabo Catoche Corp. (a.k.a. Medra Corp. and Medra Corporation)** s. 127 M. Vaillancourt in attendance for Staff Panel: VK

November 29-30, 2012 10:00 a.m.	**Mohinder Ahluwalia** s. 37, 127 and 127.1 C. Rossi in attendance for Staff Panel: JEAT
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/Y. Chisholm in attendance for Staff Panel: EPK
December 4, 2012 3:30 p.m.	**Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos (Also Known As Peter Kuti), Jan Chomica, and Lorne Banks** s. 127 H. Craig/C. Rossi in attendance for Staff Panel: CP
December 5, 2012 10:00 a.m.	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjaiants, Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 and 127.1 D. Campbell in attendance for Staff Panel: VK
December 6, 2012 10:00 a.m.	**Children's Education Funds Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
December 7, 2012 10:00 a.m.	**Caroline Frayssignes Cotton** s. 127 C. Price in attendance for Staff Panel: JEAT
December 11, 2012 9:00 a.m.	**Systematech Solutions Inc., April Vuong and Hao Quach** s. 127 D. Ferris in attendance for Staff Panel: EPK

December 11 and December 14, 2012 9:30 a.m.	**Nest Acquisitions and Mergers, IMG International Inc., Caroline Myriam Frayssignes, David Pelcowitz, Michael Smith, and Robert Patrick Zuk** s. 37, 127 and 127.1 C. Price in attendance for Staff Panel: JDC/MCH
December 13, 2012 10;00 a.m.	**Global RESP Corporation and Global Growth Assets Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
December 20, 2012 10:00 a.m.	**New Hudson Television Corporation, New Hudson Television L.L.C. & James Dmitry Salganov** s. 127 C. Watson in attendance for Staff Panel: MGC
December 20, 2012 10:00 a.m.	**New Hudson Television LLC & Dmitry James Salganov** s. 127 C. Watson in attendance for Staff Panel: MGC
December 20, 2012 11:00 a.m.	**Knowledge First Financial Inc.** s. 127 M. Vaillancourt/D. Ferris in attendance for Staff Panel: JEAT
January 10-11, 2013 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: CP
January 14, January 16-28, January 30 – February 11 and February 13-22, 2013 10:00 a.m.	**Jowdat Waheed and Bruce Walter** s. 127 J. Lynch in attendance for Staff Panel: CP/SBK/PLK
January 17, 2013 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: TBA
January 17, 2013 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: TBA
January 17, 2013 2:00 p.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: EPK

January 18, 2013 10:00 a.m.	**Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang** s. 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
January 21-28 and January 30 – February 1, 2013 10:00 a.m.	**Moncasa Capital Corporation and John Frederick Collins** s. 127 T. Center in attendance for Staff Panel: EPK
January 23-25 and January 30-31, 2013 10:00 a.m.	**Sage Investment Group, C.A.D.E Resources Group Inc., Greenstone Financial Group, Fidelity Financial Group, Antonio Carlos Neto David Oliveira, and Anne Marie Ridley** s. 127 C. Watson in attendance for Staff Panel: TBA
January 28, 2013 10:00 a.m.	**AMTE Services Inc., Osler Energy Corporation, Ranjit Grewal, Phillip Colbert and Edward Ozga** s. 127 C. Rossi in attendance for Staff Panel: TBA
February 1, 2013 10:00 a.m.	**Ground Wealth Inc., Armadillo Energy Inc., Paul Schuett, Doug DeBoer, James Linde, Susan Lawson, Michelle Dunk, Adrion Smith, Bianca Soto and Terry Reichert** s. 127 S. Schumacher in attendance for Staff Panel: TBA
February 4-11 and February 13, 2013 10:00 a.m.	**Alexander Christ Doulis (aka Alexander Christos Doulis, aka Alexandros Christodoulidis) and Liberty Consulting Ltd.** s. 127 J. Feasby in attendance for Staff Panel: VK
February 11, February 13-15, February 19-25 and February 27 – March 6, 2013 10:00 a.m.	**David Charles Phillips and John Russell Wilson** s. 127 Y. Chisholm in attendance for Staff Panel: TBA
February 27, 2013 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: EPK
March 18-25, March 27-28, April 1-5 and April 24-25, 2013 10:00 a.m.	**Peter Sbaraglia** s. 127 J. Lynch in attendance for Staff Panel: CP
March 18-25 and March 27-28, 2013 10:00 a.m.	**2196768 Ontario Ltd carrying on business as Rare Investments, Ramadhar Dookhie, Adil Sunderji and Evgueni Todorov** s. 127 D. Campbell in attendance for Staff Panel: EPK

April 8, April 10-16, April 22, April 24, April 29-30, May 6 and May 8, 2013 10:00 a.m.	**Energy Syndications Inc. Green Syndications Inc. , Syndications Canada Inc., Daniel Strumos, Michael Baum and Douglas William Chaddock** s. 127 C. Johnson in attendance for Staff Panel: TBA
April 11-22 and April 24, 2013 10:00 a.m.	**Morgan Dragon Development Corp., John Cheong (aka Kim Meng Cheong), Herman Tse, Devon Ricketts and Mark Griffiths** s. 127 J. Feasby in attendance for Staff Panel: EPK
April 15-22, April 25 – May 6 and May 8-10, 2013 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
April 29 – May 6 and May 8-10, 2013 10:00 a.m.	**North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti** s. 127 M. Vaillancourt in attendance for Staff Panel: TBA
May 9, 2013 10:00 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 Y. Chisholm in attendance for Staff Panel: TBA
September 16-23, September 25 – October 7, October 9-21, October 23 – November 4, November 6-18, November 20 – December 2, December 4-16 and December 18-20, 2013 10:00 a.m.	**Eda Marie Agueci, Dennis Wing, Santo Iacono, Josephine Raponi, Kimberley Stephany, Henry Fiorillo, Giuseppe (Joseph) Fiorini, John Serpa, Ian Telfer, Jacob Gornitzki and Pollen Services Limited** s. 127 J, Waechter/U. Sheikh in attendance for Staff Panel: TBA
To be held In-Writing	**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 Corp., (aka Liquid Gold International Inc.) and Nanotech Industries Inc.** s. 127 J. Feasby in attendance for Staff Panel: JDC
TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA

TBA

Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell

s. 127

J. Waechter in attendance for Staff

Panel: TBA

TBA

Frank Dunn, Douglas Beatty, Michael Gollogly

s. 127

K. Daniels in attendance for Staff

Panel: TBA

TBA

MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric

s. 127 and 127(1)

D. Ferris in attendance for Staff

Panel: TBA

TBA

Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmoney, Harmoney Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

Gold-Quest International, Health and Harmoney, Iain Buchanan and Lisa Buchanan

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

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

s. 127

T. Center/D. Campbell in attendance for Staff

Panel: TBA

TBA

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

s. 127

H. Craig/C.Rossi in attendance for Staff

Panel: TBA

TBA

FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun

s. 127

C. Price in attendance for Staff

Panel: TBA

TBA

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

s. 127

H. Craig/C. Watson in attendance for Staff

Panel: TBA

TBA

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

s. 127

M. Vaillancourt in attendance for Staff

Panel: TBA

TBA

David M. O'Brien

s. 37, 127 and 127.1

B. Shulman in attendance for Staff

Panel: TBA

TBA

Bunting & Waddington Inc., Arvind Sanmugam, Julie Winget and Jenifer Brekelmans

s. 127

S. Schumacher in attendance for Staff

Panel: TBA

TBA

Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff

s. 37, 127 and 127.1

C. Watson in attendance for Staff

Panel: TBA

TBA

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

s. 127

B. Shulman in attendance for Staff

Panel: TBA

TBA

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

s. 127

B. Shulman in attendance for Staff

Panel: TBA

TBA

Beryl Henderson

s. 127

S. Schumacher in attendance for Staff

Panel: TBA

TBA

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

Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)

s. 127 and 127.1

D. Ferris in attendance for Staff

Panel: TBA

TBA

Crown Hill Capital Corporation and Wayne Lawrence Pushka

s. 127

A. Perschy/A. Pelletier in attendance for Staff

Panel: TBA

TBA

Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg

s. 127

H Craig in attendance for Staff

Panel: TBA

TBA

Bernard Boily

s. 127 and 127.1

M. Vaillancourt/U. Sheikh in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

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

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

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

1.1.2 CSA Staff Notice 11-320 – Notice of Local Amendments – Nova Scotia and Yukon

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 11-320
Notice of Local Amendments-Nova Scotia and Yukon

November 15, 2012

On May 6, 2011, we published CSA Staff Notice 11-314 *Update of CSA Instruments* indicating staff's intention to update rule consolidations where a local jurisdiction has amended a national or multilateral instrument to reflect changes that affect activity only in that local jurisdiction.

On June 27, 2012, the Nova Scotia Securities Commission (NSSC) made Rule 11-506 *Amendments to Various National and Multilateral Instruments* (Rule 11-506) which took effect on September 10, 2012. Rule 11-506 amends the National and Multilateral Instruments in Appendix A to this notice by deleting the address of the NSSC and replacing it with the following address:

"Suite 400, 5251 Duke Street
Halifax, Nova Scotia
B3J 1P3"

On August 23, 2012, the Minister of Community Services (Yukon) made Rule to Make Local Amendments to CSA Instruments Implemented in Yukon (Local Rule 11-804) which amends the CSA instruments listed in Appendix A to this notice, implemented in Yukon under Local Rule 11-802, by replacing the contact information for the Yukon Superintendent of Securities with the following wherever it appears:

"Office of the Yukon Superintendent of Securities
Government of Yukon
Department of Community Services
307 Black Street, 1st Floor
PO Box 2703 (C-6)
Whitehorse, Yukon Y1A 2C6
Telephone: 867-667-5466
Facsimile: 867-393-6251
http://www.community.gov.yk.ca/corp/securities_about.html"

The text of rule consolidations on the websites of CSA members will now be updated, as necessary, to reflect these local amendments.

Please refer your questions to any of the following people:

Helena Hrubesova
Securities Officer
Office of the Yukon Superintendent of Securities
Tel: (867) 667-5466
Helena.Hrubesova@gov.yk.ca

Noreen Bent
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British Columbia Securities Commission
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nbent@bcsc.bc.ca

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Nova Scotia Securities Commission
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leesp@gov.ns.ca

Appendix A

CSA Instrument	Location of contact information to be replaced
National Instrument 33-109 *Registration Information*	1. Form 33-109F2, Schedule B 2. Form 33-109F3, Schedule A 3. Form 33-109F4, Schedule O 4. Form 33-109F5, Schedule A 5. Form 33-109F6, Schedule A 6. Form 33-109F7, Schedule F
National Instrument 41-101 *General Prospectus Requirements*	Appendix A, Schedule 3
National Instrument 45-102 *Resale of Securities*	Form 45-102F1
National Instrument 45-106 *Prospectus and Registration Exemptions*	Form 45-106F1
Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*	1. Form 51-105F3A, Schedule 2 2. Form 51-105F3B, Schedule 2
National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*	1. Form 55-102F1 2. Form 55-102F2 3. Form 55-102F3 4. Form 55-102F6

1.1.3 OSC Staff Notice 51-720 – Issuer Guide for Companies Operating in Emerging Markets

OSC Staff Notice 51-720 – *Issuer Guide for Companies Operating in Emerging Markets* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

OSC Staff Notice 51-720

Issuer Guide for Companies Operating in Emerging Markets

TABLE OF CONTENTS

BACKGROUND

EMERGING MARKET ISSUER REVIEW

In response to public questions and concerns involving Canadian public companies with significant business operations in emerging markets[1] (referred to in this guidance as "emerging market issuers"), the OSC announced on July 5, 2011 the commencement of a regulatory review (EMIR Review or the Review) of selected emerging market issuers. We engaged in this review in recognition of our increasingly globalized marketplace and the need to protect Ontario investors and the integrity of our markets. The purpose of the Review was to assess the quality and adequacy of the issuers' compliance with disclosure and other regulatory requirements, as well as the adequacy of the gatekeeper roles played by their auditors and underwriters and the exchanges on which the issuers had listed. Our findings and recommendations were published in OSC Staff Notice 51-719 *Emerging Markets Issuer Review* dated March 20, 2012 (the EMIR Report).

As indicated in the EMIR Report, we selected 24 issuers to be subject to the EMIR Review, which represented more than 50% of the 46 emerging market issuers for which Ontario is the principal regulator. The issuers selected included all non-resource emerging market issuers (14) and approximately one-third of the resource issuers operating in emerging markets (10). Staff conducted in-depth reviews of the public disclosure record of the selected emerging market issuers and examined information concerning the function of each selected emerging market issuer's board and audit committee.

Our review identified the following main areas of concerns related to emerging market issuers:

- Corporate Governance Practices
  It appeared to us that the level of engagement by boards and audit committees in their oversight of management and sense of responsibility for the stewardship of an emerging market issuer with public investors was in certain cases deficient. We were also

[1] As indicated in OSC Staff Notice 51-719 *Emerging Markets Issuer Review*, while the term 'emerging market" has different meanings in different contexts, staff focused on issuers with the following characteristics when conducting the review of selected emerging market issuers:
- issuers whose mind and management are largely outside of Canada; and
- issuers whose principal active operations are outside of Canada, in regions such as Asia, Africa, South America and Eastern Europe.

concerned with the extent of knowledge of boards and audit committees of the cultural and business practices of the jurisdictions in which the issuer operated.

- Corporate Structures
  We were concerned that the complexity of certain corporate structures did not appear to be either clear or necessary to support the emerging market issuer's underlying business model and that the quality of controls in place to manage the risks arising from the complexity of the structure was a concern.

- Related Party Transactions
  We were particularly concerned with the extent and frequency of related party transactions and the quality of the management and board processes in place to identify and approve these transactions. Our disclosure reviews also revealed deficiencies in the completeness and appropriate clarity of these related party disclosures.

- Risk Management and Internal Controls
  Many risks were not appropriately identified, understood or managed by the board. We also found that risk disclosures by the issuers were not specific or relevant as they should have been to be informative to investors.

Our review identified material disclosure deficiencies in 15 of the 24 emerging market issuers reviewed. After this review, the disclosure deficiencies identified were corrected through restatements and refilings or prospective enhancements. Several issuers were referred to Enforcement for further investigation of additional issues.

OUTCOMES OF THE EMIR REVIEW

The OSC has identified several changes required to address the concerns outlined in the review. These include:

OSC

We have adapted our continuous disclosure review issuer selection process to incorporate the key risk factors identified in the EMIR Review. The prospectus review process has also been enhanced to address both the risks and concerns that arise in emerging market issuers. We continue to look to improving the OSC oversight regime.

Issuers

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

We believe specific guidance that highlights areas of risk that require particular focus and clearly articulates OSC staff's expectations regarding regulatory compliance will assist directors and management of emerging market issuers in meeting the level of standards that are expected in Ontario capital markets. This Guide has been prepared to provide such guidance, and is one of the steps the OSC is taking to address the principal concerns identified in the EMIR Report.

Other regulatory partners

Underwriters:

The OSC will work with the Investment Industry Regulatory Organization of Canada as it reviews underwriting due diligence standards with a view of promoting industry best practices and standards in this area.

Auditors:

The OSC is working closely with the Canadian Public Accountability Board (CPAB) on issues of common interest, including the opportunity to share information permitted by legislation. We have held discussions with the audit community, CPAB and international securities regulators to address concerns about the use, access and reliance on foreign component auditors' work products. The OSC will examine the need for changes in order to respond to other audit related concerns identified.

Exchanges:

Toronto Stock Exchange and TSX Venture Exchange are currently finalizing additional guidance to address risks associated with listing emerging market issuers. This includes clarification of the expectations of issuers and the advisory community. The Exchanges expect to publish the new requirements for comment in November.

PURPOSE OF THIS GUIDE

We believe directors and management of all market issuers will benefit from specific guidance that help them meet the regulatory and investor expectations in Ontario's capital markets. We are publishing this Guide to provide assistance to emerging market issuers and their directors and management on their governance and disclosure practices in light of the unique challenges they face.

Specifically, this Guide:

1. highlights to emerging market issuers and their directors and management potential areas of risk or red flags that may warrant further scrutiny;
2. sets out questions that directors and management of emerging market issuers should consider when deciding how to address risks of doing business in emerging markets; and
3. outlines our expectations regarding compliance with existing disclosure requirements.

This Guide is intended to help clarify the existing continuous disclosure requirements under securities legislation for emerging market issuers other than investment funds who are reporting issuers in Ontario. It should not be considered legal advice and is not intended to create new legal obligations or modify existing ones.

While this Guide is primarily directed at emerging market issuers and their directors and management, other issuers will find the discussion useful. We also anticipate that investors in emerging market issuers will find this Guide useful to help them understand and assess the operational, strategic and compliance performance of the companies in which they have either invested or are planning to invest.

EIGHT AREAS TO CONSIDER FOR COMPANIES OPERATING IN EMERGING MARKETS

We have identified eight areas for consideration. In each of the areas we have highlighted matters to consider and disclosure tips to assist companies and their boards in assessing risks and complying with securities laws.

The eight areas are as follows:

1. Business and operating environment
2. Language and cultural differences
3. Corporate structure
4. Related parties
5. Risk management and disclosure
6. Internal controls
7. Use of and reliance on experts
8. Oversight of the external auditor

This is not an exhaustive list, and these issues may be considered along with the other matters the board and management determine to be appropriate.

1. Business and Operating Environment

A company's board and management must have a thorough understanding of the political, cultural, legal and business environments of the company, as these are the foundation from which the executives will make decisions and carry out their responsibilities. Canadian directors on the boards of Canadian public companies are generally expected to have a thorough understanding of the Canadian marketplace and its legal and political framework from their experience doing business in this market. On the other hand, Canadian directors of an emerging market issuer may, with respect to the company's foreign operations, have limited knowledge and experience regarding its operating environment. They must therefore be cognizant of the need to exercise additional diligence to close any knowledge gap that might exist.

Regardless of the location of a company's operations, Canadian reporting issuers, their management and board are reminded that they are required to adhere to Canadian regulatory requirements. It is the responsibility of the company to ensure that its directors and management have the appropriate orientation and training on Canadian capital markets' requirements. Foreign directors and management of an emerging market issuer who are unfamiliar with Canadian regulatory requirements should also address any knowledge gap, including seeking assistance from Canadian directors and advisors, who may be in the best position to provide guidance.

Canadian reporting issuers, their management and board are reminded that they are required to adhere to Canadian regulatory requirements regardless of the location of the company's operations.

Matters to Consider

Boards of companies operating in emerging markets should enhance their knowledge of the business and operating environment of an emerging market by addressing the following questions:

- What role does the foreign government and regulatory authorities have in the foreign operations?
- Have restrictions or conditions been imposed, or can they be imposed, by the foreign government and regulatory authorities on the company's ability to operate in the foreign jurisdiction?
- Who in the company manages the relationship with the foreign government and regulatory authorities?

- What is the legal environment of the foreign jurisdiction? How does the legal system operate and how may it impact the company?
- What regulatory requirements is the company or its business or operations subject to in the foreign jurisdiction?
- Does the board have access to relevant expertise to ascertain the political, legal and cultural realities of the jurisdiction where the company's principal business operations are located, and the impact they may have on the company's business or operations?
- What are the banking customs in the foreign jurisdiction? How do they differ from Canadian customs?
- Are there any restrictions on the company's ability to transfer and/or verify the existence of funds in bank accounts located in foreign countries?
- What are the impacts of local laws and customs on ownership and rights to property?
- Who are the major suppliers and customers? How did the company establish relationship with them? Are these entities, or their executive officers or directors, related to the company or its officers?
- How frequently do Canadian board members and management visit operations in the foreign jurisdiction?
- Where are the company's books and records located and are there any access restrictions?
- Will an investor's ability to exercise and enforce statutory rights and remedies under Canadian securities law be impacted by the fact that all or substantially all of the issuer's assets are primarily located in a foreign jurisdiction?

Section 19 of the Ontario Securities Act requires reporting issuers to keep appropriate books and records. Boards are also reminded that they should have effective access as needed to these books and records, and should consider what mechanisms are in place to ensure this happens.

Disclosure Requirements

Securities legislation requires a company to describe its business and operations. For example, a company's annual information form (AIF) must include, among other things, disclosure about the company's principal markets, competitive conditions, economic dependence on significant contracts, and dependence on foreign operations[2]. A company's management's discussion and analysis (MD&A) is also required to discuss events or uncertainties that are

[2] Item 5 of Form 51-102 F2 *Annual Information Form.*

reasonably likely to have an effect on the company's business, and industry and economic factors affecting the company's business[3]. For companies operating in emerging markets, the disclosure should highlight the challenges and risks of operating in these markets. Meaningful disclosure for investors can only be provided when management and the board thoroughly understand the intricacies of the company's business.

Disclosure Tips

A company's disclosure should:

- sufficiently highlight those operating conditions that are applicable to the company as a result of operating in an emerging market
- capture issues, risks and characteristics unique to operating in the emerging market
- provide both a factual description and an analysis of these issues, risks and characteristics, and how they affect operations
- use understandable language and either refrain from including, or provide explanations for, industry jargon

The disclosure should allow an investor to understand the business model of the company and its unique characteristics.

2. Language and Cultural Differences

Given that the environment in which emerging market issuers operate may be significantly different from that in Canadian markets, it is important that the board of an emerging market issuer includes members that have appropriate experience in the emerging market in addition to members with only Canadian or North American business expertise. This will assist the board in identifying the specific risks associated with the company or with the foreign jurisdiction in which the company operates, so that the board's governance and oversight responsibilities can be properly discharged.

One such challenge relates to language and/or culture of the emerging market being different from that of North America. Boards should devise appropriate policies such as the use of an independent translator to overcome these language and cultural barriers. They should also be

[3] Item 1 of Form 51-102 F1 *Management's Discussion and Analysis.*

mindful of placing full reliance on local management, or local board members who are not independent of the company, and should develop mechanisms to obtain independent input from other sources. In addition, companies should consider the inclusion on the board of independent board members with an understanding of carrying on business operations in the emerging market. Boards should also arrange for site visits to the foreign business operations to mitigate the geographic distance between the board and the local operations.

Matters to Consider

The board should consider the following questions when evaluating the language and cultural differences that may impact the issuer:

- Does the composition of the board provide the appropriate level of knowledge and expertise in the language and cultural practices of the emerging market?
- Is any board member fluent in the foreign language or does the board have access to an independent translator to overcome any language differences?
- How frequently should the board members visit the operations in the emerging market and meet with local management?
- Has the board engaged with local management to understand the manner in which business is conducted in the foreign jurisdiction?
- Have the books and records, including key documents such as material contracts or bank documents, been prepared in English or French or appropriately translated?
- Does the board have access to resources, beyond local management or local directors who are not independent, that can help overcome language and cultural issues?

3. Corporate Structure

Emerging market issuers may face challenges associated with designing an appropriate structure that takes into consideration the political, legal and cultural realities of emerging markets. In some cases, the legal or regulatory system may present impediments to foreign ownership or control and may result in the need for complex structures to enable the company to do business in that market.

While there may be important reasons for their establishment, complex structures may be difficult to understand and may present additional challenges for the board to effectively direct the decision making of the company. Boards should consider the risks that may flow from complex structures, such as obscuring the misappropriation of assets or other fraudulent activities, or

conveying a false impression of financial performance or condition through distorted financial statements.

Boards should assess whether a simpler corporate structure could facilitate the conduct of the company's business and align with its operating environment.

Although complex corporate structures may take various forms, two types of structures are commonly used by companies operating in emerging markets: (i) those that have multiple layers of entities and numerous subsidiaries which are incorporated in various jurisdictions; and (ii) those that encompass "special purpose entities"[4].

(i) Structures with multiple layers and numerous subsidiaries

Any structure that separates the board from its operating subsidiaries may present challenges for the board in effectively directing the decision making of the company. For example, key operating decisions may be made at lower levels of the corporate hierarchy without being communicated to the board for its consideration. The existence of numerous subsidiaries incorporated in various foreign jurisdictions may also make it more difficult for a board to fully understand the risks associated with each of the entities and the particular risks associated with their jurisdiction of incorporation.

(ii) Control through a special purpose entity (SPE)

Some emerging market issuers may use one or more SPEs to provide an investor with a controlling interest in an entity that is not based on a majority of voting rights. Although the relationship may be similar to one established by majority voting rights, control will be established through a series of structural and contractual arrangements with the entity. For example, through an SPE structure, the foreign operating entities of an emerging market issuer may transfer their economic returns through multiple entities (which often include an offshore entity), and ultimately to the Canadian holding company. The foreign operating entities' operations would be included in the Canadian holding company's financial statements on a consolidated basis in the same way as the operations of a Canadian company with a majority voting right. This structure is often used to gain access to sectors of emerging market economies where foreign investment is restricted or

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[4] Emerging market issuers have customarily used the phrase *variable interest entities* to refer to the unique structure described herein. This phrase was used under Canadian generally accepted accounting principles – Part V, but not under International Financial Reporting Standards, which, instead, specify the accounting treatment for *special purpose entities*, a concept similar to, but broader than, *variable interest entities*. Readers should note that the discussions herein with respect to *special purpose entities* are on the implications and risks resulting from the use of such structures in general, and may include those structures usually termed *variable interest entities*.

prohibited. Where an SPE is used for this purpose, there is a risk that a company could nonetheless be deemed by the government of the relevant foreign jurisdiction not to be in compliance with the foreign investment restrictions of that jurisdiction, and the foreign government may consequently force the structure to be unwound. In addition, there are legal risks that need to be assessed related to enforceability of the contracts used to establish the SPE. The use of an SPE may therefore make it difficult to assess whether a Canadian reporting entity has effective continuing control and ownership over the foreign operating entities and their assets.

Matters to Consider

In assessing the risks of an emerging market issuer's corporate structure, its board should ask the following questions:

- Has the need for a complex structure been carefully assessed by management, including whether the company's objectives could be achieved through a simpler structure?
- Is the company's corporate structure consistent with its business model and the political, legal and cultural realities of the jurisdiction where its principal business operations are located?
- Where the company uses a structure that involves one or more SPEs, does it have effective control and ownership over the foreign operating entities and is the SPE structure compliant with relevant foreign investment restrictions?
- Does the board have the means to monitor legal and regulatory developments in the foreign jurisdiction relative to SPE structures?
- Does the corporate structure limit or inhibit the ability of the board to oversee and monitor management of the foreign operations?
- How does the board ensure that information from the local jurisdiction is communicated to the board in a timely manner?
- Can the Canadian parent company effectively change the board and management of the foreign operating entities?
- Have the risks associated with the company's corporate structure been identified and evaluated? Does management have appropriate controls in place to address those risks?

Disclosure Requirements

We expect a company's disclosure to contain a clear and understandable description of its corporate structure, together with an explanation of how that structure facilitates the company's business and aligns with the parameters of its operating environment. The disclosure should also

describe the risks associated with the structure and how those risks are managed. Where a company files an AIF, we expect that companies with complex structures will address in their disclosure the matters described above in the course of discussing their inter-corporate relationships. (See additional guidance related to risk disclosure in section 5 of this Guide.)

The following example[5] illustrates disclosure that would be considered boilerplate with a comparison to enhanced disclosure that provides more useful information for investors. Issuers should consider including a diagram depicting the corporate structure with the narrative disclosure to facilitate readers' understanding.

Example of boilerplate disclosure:

Company A is incorporated in Country 1. Company A holds a 99% interest in Company B which is incorporated in Country 2. Company B, in turn, holds a 100% interest in each of Company C which is incorporated in Country 3 and Company D which is incorporated in Country 4.

Example of entity-specific disclosure:

Company A is incorporated in Country 1. Company A holds a 99% interest in Company B which is incorporated in Country 2. Company B, in turn, holds a 100% interest in each of Company C which is incorporated in Country 3 and Company D which is incorporated in Country 4.

Country 1 has experienced political and economic stability for many years and its legal system is based on the British common law system. Its banking system and standards for professional services are comparable to those in North America, at lower operating costs. In addition, Country 1 has a tax treaty with each of Countries 2, 3 and 4 that exempts payments from those countries from local tax.

Company B was the holding company of each of Company C and Company D at the time of the acquisition of those companies by Company A. The Company's manufacturing operations are conducted by Companies C and D which are incorporated in Countries 3 and Country 4, respectively. This structure is necessary for the Company's operations in these countries, as it allows the Company to comply with the laws of each of these countries and is conducive to maintaining positive relationships with local entities and government officials upon whom the Company's operations are substantively reliant. Operating through Companies C and D which are located in the same jurisdictions as its manufacturing operations also enables the Company to maintain more effective controls over those operations and financial reporting.

There are however risks associated with operating in Countries 3 and 4. These include….

[5] Examples in this Guide are provided for illustrative purposes only, and may have been simplified for ease of illustration.

Disclosure Tips

A company's disclosure should:

- provide a description of the company's corporate structure, including a diagram of the structure where helpful
- explain how that structure facilitates (or hinders) the conduct of the company's business
- explain how that structure is necessary or desirable given the company's operating environment
- describe the risks associated with the corporate structure and how the board monitors and addresses those risks

4. Related Parties

Transactions with other companies in the same group (i.e., the company's parent company and fellow subsidiaries) or with parties linked to its shareholders, directors or management, or other related party transactions (RPTs)[6], may represent a heightened risk for emerging market issuers. This is due to differences in local business practices, cultural norms, and legal requirements compared to North American standards. Investors must be able to understand how RPTs impact a company's operations and financial results.

RPTs may provide the company with benefits or better terms than those that are available from arms' length parties. Conversely, it is also possible that RPTs may benefit the related party while providing little or no benefit for the company. Non-related investors may also be harmed by an inappropriate transfer of corporate assets to related parties. Such transfers may occur on a one-off basis or could involve a series of continuous transfers via smaller operational expenditures that are cumulatively material. Transactions of this nature are often detrimental to the company and undermine the credibility of our capital markets.

In some cases, companies may be owned or controlled by a small group of individuals or a family. In family controlled companies, senior management and the board are often dominated by family members. The interests of a company's controlling shareholders may not fully align with those of its minority shareholders. In these circumstances, there is a heightened risk, which the

[6] Please refer to paragraph 9 of IAS 24 *Related Party Disclosures* or section 1.1 of MI 61-101 for more precise definitions of a related party.

board should manage, that the company may be operated in a manner that disproportionately advances the interests of its controlling shareholders at the expense of its minority shareholders.

Effective identification and monitoring of RPTs by management and the board is necessary to prevent potential abuse and protect investors. This requires appropriate policies, procedures and scrutiny for the identification, evaluation and approval of RPTs. In addition, boards should ensure that the company complies with requirements under generally accepted accounting principles and Form 51-102 F1 *Management's Discussion and Analysis* for the disclosure of RPTs (see further discussion below).

The board should ensure that policies and procedures are in place to identify and independently evaluate and approve related party transactions.

Issuers are further reminded that certain RPTs are subject to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (MI 61-101), which requires, among other things, a formal valuation and minority shareholder approval of the transaction. Companies are also required in these circumstances to disclose the review and approval process adopted by the board of directors and the special committee, if any, as well as the material factors on which the directors relied in assessing the fairness of the transaction.[7]

Matters to Consider

In assessing the risks of RPTs, the board should consider the following questions:

- Has management implemented effective policies and procedures to identify related parties and any transactions with such parties, evaluate the merits of such transactions, and require that the transactions be reported to the board and be subject to prior board approval?
- Are directors and senior management required to obtain board approval or the approval of independent or disinterested directors before entering into transactions in which they have an interest?

[7] Issuers are also reminded to consider requirements under stock exchange rules, which require valuation and/or shareholder approval for certain related party transactions.

- Are RPTs evaluated by disinterested directors (i.e., as opposed to evaluation by directors who may be definitionally "independent" for purposes of securities regulation but would not be considered disinterested by a reasonable person)?
- Is the transaction subject to the minority shareholder approval and formal valuation requirements under MI 61-101?
- Are transactions that fall outside the normal course of business scrutinized to determine whether related parties have a direct or indirect interest in those transactions?
- Could the same or similar benefits derived by a company through an RPT be obtained at a lower cost or with less risk on an arm's length basis (including, for example, public tender)?
- What would the impact be on the company in the event the related party no longer supplied certain goods or its services?
- What is the track record of the related party in supplying the goods or services?
- Does the related party have the requisite skills, experience and/or financial capability to supply the good or service?
- Are balances due from related parties collectible?
- Are there tax risks that arise from RPTs?
- Can the business effectively continue to operate without the approval or participation of the related party or significant shareholder?

Disclosure Requirements

Comprehensive disclosure of related party transactions is essential for investors to understand and evaluate those transactions.

Comprehensive disclosure is essential for investors to understand and evaluate RPTs. Minimum disclosure requirements for RPTs are prescribed in both accounting standards and securities regulation. For example, International Financial Reporting Standards require that a company's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties[8].

The disclosure in a company's MD&A should contribute to an investor's understanding of an RPT's business purpose and economic substance, and not merely repeat the disclosure included

[8] Paragraph 1 IAS 24 *Related Party Disclosure*

in its financial statements[9]. It should be comprehensive in nature, encompassing both quantitative and qualitative information necessary to achieve that understanding. In fulfilling this objective, a company is required to disclose at least the following information:

- the relationship and identity of the related person or entities
- the business purpose of the transaction
- the recorded amount of the transaction and the measurement basis used
- any ongoing contractual or other commitments resulting from the transaction

We expect issuers to consider the materiality of RPTs. In making this determination we encourage all issuers to review and apply the discussion relating to the "Interest of Management and Others in Material Transactions" in Item 13 of Form 51-102 F2 *Annual Information Form*. The instructions for this item direct that the materiality of an interest is to be determined on the basis of the significance of the information to investors in light of all the circumstances of the particular case. The importance of an interest to the person that holds that interest, the relationship of the parties to the transaction with each other, and the amount involved are among the factors to be considered in determining the significance of the information to security holders. In other words, qualitative, in addition to quantitative, factors have to be considered.

Example of boilerplate disclosure:

On September 24, 2011, the Company entered into an exploration contract in the amount of $5,800,000 with XYZ Exploration Ltd., a company controlled by the brother of an officer and director of the company. The contract was to conduct exploration on the ABC property. On December 12, 2011, the Company made a deposit of $3,900,000 under the contract.

Example of entity-specific disclosure:

On September 24, 2011, the Company entered into an exploration contract in the amount of $5,800,000 with XYZ Exploration Ltd., a company controlled by the brother of John X who is an officer, director and controlling shareholder of the company. The contract was to conduct sufficient exploration and drilling on the ABC property in order to determine an initial resource estimate. On December 12, 2011, the Company made a deposit of $3,900,000 under the contract.

The contract was put out for public tender and three bids were submitted. XYZ Exploration Ltd. was selected to undertake the exploration program as its bid was the lowest of the three bids that

[9] Item 1.9 of Form 51-102F1 *Management's Discussion & Analysis*

were received, and it was well qualified to undertake the exploration work, having conducted significant exploration in the area of the ABC property over the last several years.

In [name of country], it is customary for an exploration contractor to provide both a fixed price bid and a flexible price bid. Under a fixed price bid, a contractor undertakes to conduct a given project at the fixed price. Under a flexible price bid, a contractor undertakes to conduct a given project at an estimated price, which may ultimately be more or less than the actual cost of a given project. The actual cost of the project is the one that is ultimately charged to a company. The Company's board, which is required to pre-approve all related party transactions proposed to be entered into by the Company, determined that it was beneficial to accept a fixed price bid in order to avoid any unexpected costs. John X recused himself from the board's discussion of the contract as well as from the vote to approve the transaction.

Disclosure Tips

A company's disclosure should:

- not merely repeat the disclosure included in its financial statements
- specifically identify the related parties and their relationship with the company
- include both quantitative and qualitative information that is necessary for an investor to understand the business purpose and economic substance of RPTs
- discuss the nature, role, impact, benefits and risks of RPTs in conducting business in the jurisdiction where the applicable business or operations are located
- discuss how the company's structure impacts on its use of RPTs in conducting its business
- describe the company's processes and procedures for identifying, evaluating and approving RPTs

5. Risk Management and Disclosure

National Policy 58-201 *Corporate Governance Guidelines* states that the board should adopt a written mandate in which it explicitly acknowledges responsibility for, among other things, the identification of principal risks of the company's business and oversight of the implementation of appropriate systems to manage these risks[10]. The board oversees management, which is responsible for identifying and quantifying a company's exposure to risks and for adopting suitable risk management systems to address such risks.

[10] Part 3.4(c) of National Policy 58-201 *Corporate Governance Guidelines.*

Boards of companies whose principal operations are located in an emerging market should be particularly sensitive to the risks associated with operations in those markets, especially those that may result in serious disruption to, or significant adverse impact on, business operations. Board members should ensure that they have a sufficient understanding of the legal, regulatory, political and cultural risks impacting the company and evaluate these risks in the context of the particular emerging market, rather than through a North American lens. Risk analysis and mitigation techniques that may be appropriate in the Canadian or North American business context may be less effective in emerging markets. It is important that boards obtain an understanding of how the risks of operating in emerging markets impact the corporate structure, operations and material assets of the company.

Boards should obtain a clear understanding of any risks associated with operations in a particular emerging market and how they impact operations. Boards should consider that risk analysis and mitigation techniques that may be appropriate in the North American business context may be less effective in emerging markets.

Examples of some specific risks of operating in emerging markets may include risks related to:

- political factors, including political instability and arbitrary or sudden changes to laws
- the legal and regulatory framework in the foreign jurisdiction which may increase the likelihood that laws will not be enforced and judgments will not be upheld
- the movement and conversion of currency out of the foreign jurisdiction, which could hinder the payment of dividends or other distributions to Canadian investors
- corruption, bribery (including possible prosecution under the federal *Corruption of Foreign Public Officials Act* [11]), civil unrest and economic uncertainty, which may negatively impact and disrupt business operations
- factors that may affect the company's title to its assets
- potential expropriation or nationalization of assets
- access to assets

[11] Boards should be aware of the *Corruption of Foreign Public Officials Act* (Canada). Under this legislation, the federal government has jurisdiction over the bribery of foreign public officials and may prosecute an individual or a corporation for this offence and may also seize the property and proceeds obtained or derived from bribing a foreign official. The OSC has the authority to share certain information on potential criminal matters, including possible violations under the *Corruption of Foreign Public Officials Act*, with the police.

Matters to Consider

In assessing the quality of the risk management processes, the board should consider the following questions:

- Does the board have a full understanding of the risks facing the company and how those relate to the overall risk appetite of the company?
- Is there a strategy in place to ensure that significant risks related to operations in the emerging market are identified and managed by the board and management?
- Does the board regularly engage with management to review and update the risk identification and management strategy?
- Does the board ask probing questions and seek confirmations that decisions made by management are consistent with board-approved strategies and the company's overall risk appetite?
- Does the board obtain confirmation from management that risk exposures are in compliance with established limits?
- Do board members take appropriate steps to stay informed of key developments that could increase the company's risk exposure in the emerging market?
- Has the board established contacts in the foreign jurisdiction that may assist the board in staying abreast of developments that could impact the company's risk exposure and does the board regularly engage with these contacts?
- Does the board have a clear understanding of the internal controls and processes in place to respond to risk?
- Does the board review how disruptions to business operations caused by political, legal and cultural factors in the emerging market were dealt with by management?

Disclosure Requirements

A company's disclosures about the risks it faces are an important element of investor protection. Boards should ensure that investors are provided with sufficient information about the risks associated with operating in a particular emerging market.

Companies required to file an AIF under securities law must disclose the risks that would most likely influence an investor's decision to purchase securities of the company[12]. All companies are required to disclose in their MD&A those risks that have affected their financial statements and those that are reasonably likely to affect them in the future[13]. Further, all issuers must disclose risk factors in their prospectus filings[14].

Boards should ensure that disclosures relating to risks of operating in emerging markets are entity-specific.

Example of boilerplate disclosure:

The company is exposed to significant political risk resulting from operations in developing countries. These risks may have a significant impact on the ability of the Company to carry on business operations.

Example of entity-specific disclosure:

Risk Factors

The company is exposed to significant political risk resulting from operations in developing countries. In particular, operations in Country ABC may be severely impacted by the changing political landscape experienced in recent years as a result of the economic crisis which began two years ago. Significant changes to laws may be imposed by the Country ABC government and responses to similar changes in the past have resulted in civil unrest in Country ABC. The government of Country ABC has implemented restrictions on imports and exports of goods and services and has imposed restrictions on the conversion of Country ABC's currency.

Each of these factors may have a significant impact on the ability of the Company to carry on business operations in Country ABC. Currently, all of our widgets are only sold within Country ABC and any import of supplies in our production of widgets must be approved by Country ABC Import Agency. The Company currently has all required import permits and is in good standing with Country ABC Import Agency. Further, the Company has not experienced any labour stoppages as a result of the economic crisis and civil unrest that has recently occurred in Country ABC.

Risk Management Strategies

To manage the political risks of operating in Country ABC, processes are in place to actively monitor and analyze the political landscape in Country ABC. On a monthly basis, executives meet to discuss and analyze the political developments in Country ABC. The Company's

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[12] Item 5.2 of Form 51-102F2 *Annual Information Form*
[13] Part 1 of Form 51-102F1 *Management's Discussion & Analysis*
[14] Item 1.10 of Form 41-101F1 *Information Required in a Prospectus* and Item 17 of Form 44-101F1 *Short Form Prospectus*

strategic, operational and investment plans are adjusted accordingly where required. The Board of Directors has an oversight role in ensuring the Company's strategy takes into account shifts in political factors.

Disclosure Tips

A company's disclosure should:

- identify the company's specific risks of operating in an emerging market
- where the issuer or its operating entities are domiciled in a foreign jurisdiction, explain the risks and other implications on investors' ability to exercise statutory rights and remedies under Canadian securities law
- provide sufficient details for investors to understand the nature of the risks and what the risks mean to the company (i.e. how such risks could be detrimental to the company's business operations in the foreign market)
- indicate the board's responsibility for oversight and management of risks and any board and management-level committee to which responsibility for oversight and management of risks has been delegated
- describe the process used by the board to oversee the risk management process
- where appropriate describe the company's risk management strategy and the systems that management has in place to manage and mitigate the risks of operating in emerging markets
- be updated in each filing to reflect any new identified risks and the company's current risk management strategy

6. Internal Controls

Effective internal controls (including internal control over financial reporting and disclosure controls and procedures) help reduce the risks of inaccurate financial reporting. A breakdown of the integrity of financial reporting may stem from a lack of or a circumvention of internal controls. It is therefore important for board members to consider the guidance in National Policy 58-201 *Corporate Governance Guidelines* in which it is recommended that boards adopt a written mandate explicitly acknowledging responsibility for the stewardship of the company, including responsibility for the company's internal control and management information systems[15].

[15] Section 3.4(f) of National Policy 58-201 *Corporate Governance Guidelines*.

The unique risks of operating in an emerging market magnifies the importance of strong internal controls. For example, it is particularly challenging for a board whose members principally reside in Canada to appropriately oversee a company whose operations are located in a foreign jurisdiction. The time zone, language, and cultural differences can make communication especially complicated and may hinder the accuracy and timeliness of financial reporting that properly reflects the business decisions made in the local jurisdiction. Appropriate internal controls can provide checks and balances on the local operations to reduce the risks of inaccurate financial reporting and ensure that appropriate information is reported on a timely basis.

The audit committee of the board, in particular, should actively oversee the monitoring of any identified weaknesses in internal controls, as well as the risks they create for the company. The audit committee, and the board more generally, should also oversee the timely remediation of weaknesses and, in the interim, the mitigation of the related risks. In our view, this responsibility is inherent in the audit committee's obligation under NI 52-110 *Audit Committees* (NI 52-110) to review the company's financial statements, MD&A and annual profit or loss press releases before they are publicly disclosed[16].When the effectiveness of internal controls is in doubt or ongoing material weaknesses are present, audit committee members should exercise a higher degree of scepticism in their review of the company's filings.

Matters to Consider

At board and audit committee meetings, discussions with management should be interactive and probing. Moreover, remediation plans should be put in place to address internal control deficiencies. Board members should hold management accountable if the remediation of internal control deficiencies and weakness has not progressed according to plan.

Questions regarding internal controls that the audit committee should ask management include:

- What has management done to determine if the company has the proper internal controls in place to address each of the identified risks, in particular the risks associated with operating in an emerging market?

[16] Section 2.3 (5) of NI 52-110 *Audit Committees*

- What are the deficiencies and weaknesses in internal controls that have been identified? How material are these deficiencies or weaknesses?
- What potential risks flow from the identified deficiencies and weaknesses?
- What are the ways that such deficiencies and weaknesses can be remediated?
- Does management have a plan and timeframe for the remediation? Does the plan include immediate/ interim steps to manage the risks that have been identified? Is the timeframe proposed by management reasonable?
- What is the status of on-going remediation plans?
- Are there any interim measures that should be adopted before the remediation is complete?
- What are the auditor's views on the company's internal controls?

Companies that continue to have material weaknesses in internal controls in successive years may have heightened risks that need to be actively managed and controlled.

Disclosure Requirements

Certifying officers of a non-venture issuer are required to certify that they have established and evaluated, on an annual basis, the effectiveness of the issuer's internal controls. If material weaknesses in internal controls are identified, this fact must be disclosed in the issuer's MD&A pursuant to NI 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings*[17]. It is also advisable for venture issuers to disclose known material weaknesses in internal controls in their MD&As, if the material weaknesses give rise to a risk factor for the company.

The disclosure should be entity specific, and contain the information expected by regulators as discussed in the guidance in Companion Policy 52-109CP[18]. Transparency is particularly important to investors when a company has identified material weaknesses in its internal controls over financial reporting (ICFR), and sufficient information should be provided to investors to allow them to assess the nature and implications of those weaknesses.

Example of boilerplate disclosure: (Note)

Based on an evaluation of the Company's internal controls over financial reporting, the Company concluded that material weaknesses exist in the internal controls over the Company's process for

[17] Section 3.2 of NI 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*
[18] Sections 9.6 and 9.7 of 52-109 CP, in particular

recognizing sales and receivables. The material weaknesses were due to inadequate accounting systems and the lack of segregation of duties in this process. The Company will endeavour to remediate these material weaknesses in the near future.

Example of entity-specific disclosure: (Note)

Based on an evaluation of the Company's internal controls over financial reporting (ICFR), the Company concluded that there are material weaknesses relating to both the design and operating effectiveness of ICFR over the Company's process for recognizing sales and receivables.

Material weaknesses of ICFR over sales and receivables include the following:

- The use of manual spreadsheets to record sales transactions, and the lack of end-user computing controls to prevent unauthorized access to the spreadsheets.
- The lack of controls over management override with respect to the recording of sales transactions.
- The lack of segregation of duties in the authorization, recording and reconciliation of sales transactions.
- The lack of appropriate documentation for certain sales transactions that took place in the current fiscal year.

Due to these material weaknesses, there are risks related to whether the recorded sales transactions occurred and whether the recorded accounts receivable existed, and whether they were recorded at the appropriate amounts. Therefore, management concluded that the ICFR over the Company's process for recognizing sales and receivables is ineffective.

To mitigate these risks, management directed financial personnel other than those involved in the sales and receivables process to verify 100% of the Company's sales transactions in the year, and obtained appropriate independent verification for those sales transactions that lacked documentation. In addition, the audit committee of the Company independently reviewed the validity of individual sales transactions on a sample basis, and conducted interviews with the financial personnel involved to ascertain the process relied upon for recording and verification of sales transactions.

The Company is currently seeking to replace the manual spreadsheets with appropriate accounting applications, and to build in the proper controls to prevent or overcome management overrides and the lack of segregation of duties. A third-party provider has been engaged to assist in this process, and the Company expects to remediate these material weaknesses before the end of the second quarter in fiscal 2013.

Note: For simplicity, these examples have focused only on internal control over financial reporting, and have not included disclosure related to disclosure controls and procedures.

Disclosure Tips

The disclosure should be specific and should include sufficient details to allow a reader to understand:

- Each of the internal processes or functions that contain a material weakness
- The nature of each of the material weaknesses
- The implications of each of those material weaknesses on financial reporting, as well as on the company's internal controls over financial reporting
- Details of any mitigating factors that help to reduce the risks stemming from the material weaknesses
- Details of any remediation plan that management is carrying out to remediate the material weaknesses
- The timeline and status of the remediation plan

7. Use of and Reliance on Experts

Companies need to bear in mind the risks associated with the use of and reliance on experts in emerging markets. Emerging market issuers should evaluate experts' credentials and specialized knowledge to asses whether they are similar to what would be expected in a Canadian context. When an expert is retained to assist in matters that are material to the company and could expose it to significant liability or result in a disruption of its business operations, boards should evaluate the level of diligence exercised by the expert in carrying out the task.

Boards should keep in mind that industry professionals in emerging markets may not be subject to the same rules of professional conduct as they would be in Canada.

Companies operating in emerging markets may hire industry professionals or experts with specialized knowledge to assist with complex matters arising in the foreign jurisdiction. Some examples of when companies may consider retaining experts in emerging market operations include:

- Tax professionals may be retained to assist with the intricacies of taxation laws for entities operating in emerging markets. Taxation laws developed in emerging markets may have specific rules for companies that are considered to be foreign-owned by the applicable local tax regulatory authority.
- Legal professionals may be retained for their expertise on various matters including the interpretation and application of laws in the emerging markets.

- Valuation professionals may be retained to provide certified valuation opinions on proposed acquisitions/sales within the foreign jurisdiction.

Industry professionals in the emerging market may not be subject to equivalent rules of professional conduct and standards of care as they would be in the Canadian market. Boards will therefore need to assess the quality of the advice provided and their ability to rely on the advice.

Matters to Consider

When using and relying on experts, the board should consider the following:

- Has the company considered the significance of the expert's work on the company's operations and the potential impact on the company of an error or inaccuracy in the expert's work?
- What are the expert's credentials? Have background checks on the expert been conducted, including whether the expert is in good standing with its relevant industry organization in the foreign jurisdiction?
- Does the board have systems in place to identify whether the expert is independent of the company, its management, directors, officers, significant shareholders, and other related parties?
- Has the company considered differences between local customs and practices in the emerging market compared to Canada, and the adequacy of the rules of professional conduct developed by the professional organization of the expert in the emerging market?
- Has the company evaluated the level of due diligence exercised by the expert? Was the expert's opinion fully substantiated by accurate facts and thorough analysis?
- Is a corroborating opinion (provided by Canadian experts, for example) necessary or desirable?

Disclosure Requirements

In certain circumstances, companies required to file an AIF under securities law must disclose the names of experts who have prepared or certified a report, valuation, statement of opinion referred to in a continuous disclosure filing and (subject to specified exceptions) must also disclose all of an expert's interests in the company[19]. As part of their oversight role, boards should ensure that

[19] Item 16 of Form 51-102F2 *Annual Information Form*

disclosure of experts' interests is adequate and provides sufficient detail for investors.

Example of boilerplate disclosure:

The company has relied on the work of XYZ Valuations Inc. To the Company's knowledge, the employees and partners of XYZ Valuations Inc. beneficially own, directly or indirectly, less than 1% of the company's securities.

Example of entity-specific disclosure:

The company has relied on the work of XYZ Valuations Inc. to provide an independent valuation of the market value of Property A in Country ABC as referred to in our December 31, 2011 financial statements and related Management's Discussion and Analysis filed under NI 51-102.

XYZ Valuations Inc.'s independent valuation was prepared by Country ABC Valuation Standards governed by the Valuation Institute of Country ABC. XYZ Valuation Inc. is in good standing with the Valuation Institute of Country ABC.

As of the current date and to the company's knowledge, the registered or beneficial interests, direct or indirect, in any of the company's securities or other property of the company held by, received by, and to be received by the "designated professionals" (as defined in NI 51-102) including the partners, employees or consultants of XYZ Valuations Inc., represent less than 1% of any class of shares issued by the company or of any of the company's associates or affiliates.

Disclosure Tips

A company's disclosure should:

- identify all experts, both in Canada and in the company's foreign operations, who have been named in or referred to in a continuous disclosure filing;
- identify the report prepared by or certified by the expert and make reference to the continuous disclosure document that contains the report;
- quantify all registered or beneficial interests held by, received by, or to be received by the expert in any securities or other property of the company.

8. Oversight of the External Auditor

The external auditor is an important gatekeeper that investors rely on to ensure that a company's financial statements are fairly presented. As stated in NI 52-110, a company's audit committee is directly responsible for overseeing the work of the external auditor, including the resolution of any

disagreements between management and the external auditor regarding financial reporting[20]. In order for the audit committee to discharge its responsibilities, it must determine if the company's external auditors have the appropriate expertise and experience to carry out the audit, and that the audit committee effectively oversees the external auditor's work.

Matters to Consider

The audit committee of an emerging market issuer should take into consideration factors relating to the auditor's competence, experience and qualifications in the foreign market when it recommends that the board of directors retain a particular external auditor. Similar considerations should apply where a company's domestic auditor delegates a portion of the audit to a foreign "component" auditor[21]. Additional questions for the audit committee to consider when selecting an auditor of an emerging market issuer include:

- Does the auditor have a presence or affiliation in the jurisdiction in which the company's overseas operations are located?
- Do any members of the audit team have the language, skills relevant to, and cultural knowledge of, the local jurisdiction?
- Does the auditor have sufficient experience in the accounting and tax rules of the foreign jurisdiction?
- Does the auditor understand the risks and challenges facing the emerging market issuer, and does it have sufficient appropriate audit procedures to address them?
- What are the responsibilities of the domestic auditor versus the component auditor?
- How does the domestic audit team oversee the component audit team?
- How can the audit committee ensure that it has sufficient access, directly or indirectly, to the component audit team to discharge its external auditor oversight responsibility?

Overseeing the external auditor's work

In order for an emerging market issuer's audit committee to discharge its responsibility in reviewing financial statements as required under NI 52-110, the audit committee should enquire about and evaluate the external auditor's approach in auditing the areas that present risks specific to the company, and understand how the auditor fulfilled its responsibility to obtain

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[20] Section 2.3 (3) of NI 52-110 *Audit Committees*

[21] i.e., an auditor who performs work on financial information related to a component of the group audit. A component auditor may or may not belong to the same firm as the domestic auditor.

sufficient appropriate audit evidence in these areas of risk. This would include an understanding of how component auditors are used and the extent of audit evidence provided by the component auditor used by the domestic auditor to support its opinion.

The audit committee should maintain continuous communication with the auditor throughout the year and foster an environment for open and frank exchange of information.

In staff's view, it would be beneficial for the audit committee to maintain frequent informal communications with the audit engagement team and to obtain information regarding the audit on a real-time basis, in addition to formally meeting with the auditor at the audit planning and completion stages. The committee should pay particular attention to any signs of delays in the audit schedule or unusual management intervention in the audit process. We also believe it would be beneficial for the audit committee to hold "in-camera" sessions (meetings without the presence of management) with the auditor. The auditor can be a significant source of information, and a frequent and open dialogue with the auditor helps the audit committee to tap into that information.

Disclosure Tips

When there is a change of auditor, a company needs to disclose (among other things) any "reportable event", i.e., a disagreement, a consultation, or an unresolved issue, with the former auditor, to comply with securities rules[22]. When an auditor resigns, we expect directors to further consider whether the reasons for the auditor's resignation should also be disclosed even if they do not represent a reportable event, so that investors have full access to pertinent information and risks about the company.

[22] Section 4.11 of NI 51-102 *Continuous Disclosure Obligation*

CONCLUSION

All reporting issuers, including emerging market issuers, their management and boards, are expected to discharge their responsibilities in a way that promotes the protection of Ontario investors and confidence in our markets. Boards, in particular, are expected to adopt appropriate corporate governance practices to facilitate the proper oversight of management. Faced with the unique challenges of operating in an emerging market, boards of emerging market issuers have to take extra measures to ensure investors' interests are protected.

This Guide is one of the steps that OSC staff are taking to help directors and management of emerging market issuers to more effectively discharge their responsibilities. We expect emerging market issuers to carefully consider the guidance provided in this Guide in evaluating and improving their corporate governance practices.

Questions

Questions may be referred to:

Lisa Enright
Manager, Corporate Finance
E-mail: lenright@osc.gov.on.ca
Phone: 416-593-3686

Rick Whiler
Senior Accountant, Corporate Finance
E-mail: rwhiler@osc.gov.on.ca
Phone: 416-593-8127

Charlmane Wong
Senior Accountant, Corporate Finance
E-mail: cwong@osc.gov.on.ca
Phone: 416-593-8151

Katie De Bartolo
Accountant, Corporate Finance
E-mail: kdebartolo@osc.gov.on.ca
Phone: 416-593-2166

November 9, 2012

1.1.4 OSC Staff Notice 23-701 – Electronic Trading Risk Analysis

OSC STAFF NOTICE 23-701

ELECTRONIC TRADING RISK ANALYSIS

National Instrument 23-103 *Electronic Trading* (NI 23-103) together with Companion Policy 23-103CP, which come into effect on March 1, 2013, establish the regulatory framework to help ensure that marketplace participants and marketplaces manage the risks associated with electronic trading. On October 25, 2012, the Canadian Securities Administrators (CSA) published proposed amendments to NI 23-103 to expand upon that framework that would, in part, impose additional requirements on participant dealers that provide direct electronic access (DEA).

We note that there has been increased focus on the adequacy of controls over electronic trading, and in particular whether the measures that regulators have introduced are sufficient to mitigate the risks of electronic trading. To examine this issue, OSC staff have retained a consultant to analyze the tools and controls that have been proposed and introduced in Canada, and to provide recommendations on any identified gaps that should be addressed. This analysis will not impact the timelines for the recently proposed amendments.

Part of the work to be performed by the consultant will include the gathering of information from market participants (e.g., dealers, institutional investors, DEA clients, marketplaces and vendors) regarding the risks posed by electronic trading and the provision of DEA, existing controls, and planned controls needed to comply with the implementation of NI 23-103 and the proposed amendments.

If you would like to participate in the information gathering exercise, please send an email to marketregulation@osc.gov.on.ca containing contact information where you can be contacted by OSC staff by November 29, 2012.

Questions regarding this notice may be directed to:

Sonali GuptaBhaya
Ontario Securities Commission
(416) 593-2331
sguptabhaya@osc.gov.on.ca

Kent Bailey
Ontario Securities Commission
(416) 595-8908
kbailey@osc.gov.on.ca

Jonathan Sylvestre
Ontario Securities Commission
(416) 593-2378
jsylvestre@osc.gov.on.ca

Tracey Stern
Ontario Securities Commission
(416) 593-8167
tstern@osc.gov.on.ca

1.2 Notices of Hearing

1.2.1 Sandy Winick et al. – s. 127

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

AND

IN THE MATTER OF
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 CORP.,
(aka LIQUID GOLD INTERNATIONAL INC.)
and NANOTECH INDUSTRIES INC.

AMENDED NOTICE OF HEARING
(Section 127)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), which, pursuant to the Commission's order of October 17, 2012, shall take place in writing, commencing November 30, 2012;

TO CONSIDER whether, it is in the public interest for the Commission:

(a) to make an order pursuant to section 127(1) clause 2 of the Act that trading in securities by the Respondents cease permanently or for such period as specified by the Commission;

(b) to make an order pursuant to section 127(1) clause 2.1 of the Act that acquisition of any securities by the Respondents be prohibited permanently or for such period as is specified by the Commission;

(c) to make an order pursuant to subsection 127(1) clause 3 of the Act that any exemptions in Ontario securities law do not apply to the Respondents permanently or for such period as specified by the Commission;

(d) to make an order pursuant to section 127(1) clause 6 of the Act that the individual Respondents be reprimanded;

(e) to make an order pursuant to section 127(1) clause 7 of the Act that the individual Respondents resign any position that the Respondents hold as a director or officer of an issuer;

(f) to make an order pursuant to section 127(1) clause 8 of the Act that the individual Respondents be prohibited from becoming or acting as an officer or director of any issuer permanently or for such period as specified by the Commission;

(g) to make an order pursuant to section 127(1) clause 8.5 of the Act that the individual Respondents be prohibited from becoming or acting as an a registrant, an investment fund manager or as a promoter, permanently or for such period as specified by the Commission;

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

(i) to make an order pursuant to section 127(1) clause 10 of the Act that the Respondents disgorge to the Commission any amounts obtained as a result of the non-compliance with Ontario securities law;

(j) to make an order pursuant to section 127.1 of the Act that the Respondents, or any of them, pay the costs of Staff's investigation and the costs of, or related to, this proceeding, incurred by or on behalf of the Commission; and,

(k) to make such other order or orders as the Commission considers appropriate.

BY REASON of the allegations set out in the Amended Statement of Allegations of Staff, dated November 2, 2012, and such additional allegations as counsel may advise and the Commission may permit;

AND FURTHER TAKE NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

AND FURTHER TAKE NOTICE that upon failure of any party to attend at the time and place, or to submit materials in writing, the hearing may proceed in the absence of the party and such party is not entitled to any further notice of the proceeding;

AND FURTHER TAKE NOTICE that pursuant to the Commission's order of October 17, 2012, the Hearing on the Merits shall proceed as a written hearing, in accordance with the following schedule:

(1) Staff shall file evidentiary briefs in the form of affidavits, as well as written submissions on the relevant facts and law, with the Secretary's Office no later than November 30, 2012;

(2) The Respondents shall file any responding materials by January 11, 2013;

(3) Staff shall file any reply submissions or evidence by January 25, 2013; and,

(4) Staff and any participating Respondents will attend at a date appointed by the panel after January 25, 2013, to answer questions, make submissions or make any necessary witnesses available for cross-examination.

DATED at Toronto this 2nd day of November, 2012.

"John Stevenson"

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

AND

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

AMENDED STATEMENT OF ALLEGATIONS OF STAFF
OF THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. This case concerns three distinct but related schemes, together involving fraud, misrepresentations to investors, illegal distribution and the unregistered trading of securities.

I. From June of 2009 through December of 2010, 28 investors outside of Canada purchased shares in an Ontario company called BFM Industries Inc. through telephone sales people claiming to represent Denver Gardner Inc., a non-existent investment bank allegedly operating out of Singapore. BFM Industries Inc. never had an operating business or any assets other than cash during this investment scheme (the "BFM Scheme"). Despite this, the equivalent of more than CDN $360,000 was raised through the sale of shares in BFM Industries Inc. and deposited to bank accounts in Ontario. Over 50% of those funds were withdrawn in cash, transferred to accounts held by Sandy Winick or Andrea McCarthy or used to pay personal credit card bills.

II. From June of 2009 through November of 2010, at least four investors outside of Canada purchased shares in an Ontario company called Liquid Gold International Corp. through telephone sales people claiming to represent Denver Gardner Inc. Liquid Gold International Corp. never had an operating business or any assets other than cash during this investment scheme (the "Liquid Gold Scheme"). Liquid Gold International Corp. received approximately USD $2.6 million during the Liquid Gold Scheme, of which approximately USD $85,000 was from the sale of its shares to investors. Over 98% of the funds received by Liquid Gold International Corp. were disbursed on expenses apparently unrelated to the alleged business of the company, including payments to credit cards in Sandy Winick's name and transfers to bank accounts in Andrea McCarthy's name and Kolt Curry's name.

III. From May of 2009 through August of 2010, at the direction of Sandy Winick, Kolt Curry and others sent correspondence from an Ontario company called American Heritage Stock Transfer Inc. and a Nevada company called American Heritage Stock Transfer, Inc. to approximately 10,000 people enclosing share and warrant certificates in a Wyoming company called Nanotech Industries Inc. (the "Nanotech Letter"). The recipients of the Nanotech Letter included both BFM Investors and Liquid Gold Investors. The Nanotech Letter stated that the recipient was entitled to an unpaid dividend in the form of shares and warrants; it further claimed that the warrants could be exercised at $2.75 and that Nanotech Industries Inc. was trading at $4.93 per share at the date of the letter, implying investors could make an immediate and substantial profit. In fact, Nanotech Industries Inc. had not traded at $4.93 since October 2008 and was listed as inactive by the State of Wyoming for the duration of this investment scheme (the "Nanotech Letter Scheme"). Staff are not aware of any investors who sent money in response to the Nanotech Letter.

II. THE INDIVIDUAL RESPONDENTS

2. Sandy Winick ("Winick") is a resident of Stoney Creek, Ontario, and has never been registered with the Ontario Securities Commission (the "Commission") in any capacity. Winick is married to Jodi Winick, but lived with Andrea McCarthy.

3. Andrea McCarthy ("McCarthy") is a resident of Stoney Creek, Ontario. McCarthy has never been registered with the Commission in any capacity.

4. Kolt Curry ("Curry") is a resident of Aurora, Ontario, and has never been registered with the Commission in any capacity.

5. Laura Mateyak ("Mateyak") is a resident of Aurora, Ontario, and the wife of Curry. Mateyak has never been registered with the Commission in any capacity.

6. Gregory J. Curry ("Greg Curry") is a Canadian citizen and a resident of Bangkok, Thailand, and the father of Curry. Greg Curry has never been registered with the Commission in any capacity.

III. THE CORPORATE RESPONDENTS

7. BFM Industries Inc. ("BFM") is a company incorporated under the laws of Ontario with its head office at the residential address of McCarthy and Winick. Winick was at all times a directing mind and *de facto* director and officer of BFM. McCarthy and Greg Curry are registered as directors of BFM. BFM has never filed with the Commission or received a receipt for a prospectus. BFM has never been registered with the Commission in any capacity.

8. Liquid Gold International Corp., also known as Liquid Gold International Inc. ("Liquid Gold"), is a company incorporated under the laws of Ontario. Liquid Gold maintains business addresses in Toronto and Stoney Creek, Ontario, and in Evansville, Indiana. Winick was at all times a directing mind and *de facto* director and officer of Liquid Gold. McCarthy is the sole registered director of Liquid Gold. Liquid Gold has never filed with the Commission or received a receipt for a prospectus. Liquid Gold has never been registered with the Commission in any capacity.

9. Nanotech Industries Inc., formerly called Amerossi EC Inc., as well as Microgenix Filtration Systems, Inc. (and in each case is referred to as "Nanotech"), is a company incorporated under the laws of the State of Wyoming with its head office in Bangkok, Thailand. Winick was at all times a directing mind and *de facto* director and officer of Nanotech. Nanotech has never filed with the Commission or received a receipt for a prospectus. Nanotech has never been registered with the Commission in any capacity.

10. American Heritage Stock Transfer Inc. ("AHST Ontario") is a company incorporated under the laws of Ontario with its head office in Aurora and previously in Markham, Ontario. Mateyak is the President, Secretary, Treasurer and General Manager of AHST Ontario. Curry is the former President, Secretary and General Manager of AHST Ontario and was at all times a directing mind and *de facto* director and officer of AHST Ontario. AHST Ontario has never been registered with the Commission or the United States Securities and Exchange Commission ("SEC") in any capacity.

11. American Heritage Stock Transfer, Inc. ("AHST Nevada") is a company incorporated under the laws of the State of Nevada with a registered business address in the State of Nevada (together with AHST Ontario: the "AHST Companies"). AHST Nevada also used the same Markham, Ontario, address as AHST, Ontario. Curry is a director, the Secretary and the Treasurer of AHST Nevada. AHST Nevada registered with the SEC as a transfer agent in December 2004. However, AHST Nevada's corporate status was listed as revoked by the Nevada Secretary of State during the time of the Nanotech Letter Scheme. AHST Nevada has never been registered with the Commission in any capacity.

IV. PARTICULARS

The BFM Scheme

12. The BFM Scheme took place from November 2008 through December of 2010.

13. Winick was at all times a directing mind of the BFM Scheme.

14. BFM was incorporated on November 25, 2008, by McCarthy at Winick's instruction, and registered to McCarthy's home address.

15. BFM's advertised mailing address was a mailbox on Yonge Street in Toronto that named Winick on the service agreement (the "Yonge Street Mailbox").

16. BFM held itself out as a company that "produces White Label High Quality all-natural fresh fish organic liquid fertilizer. BFM Industries manufactures this high quality product to the exact specifications and requirements of our customers."

17. BFM never operated any fertilizer manufacturing business or other business and never had any assets other than funds raised from investors by selling BFM's securities (the "BFM Investor Funds").

18. BFM sold previously unissued securities to 28 members of the public (the "BFM Investors") through telephone representatives claiming to work for Denver Gardner Inc. ("Denver Gardner") without registration and without having filed a prospectus.

19. The BFM Investor Funds totalled CDN $360,000, and were deposited into Canadian and US Dollar bank accounts in Ontario (collectively, the "BFM Accounts").

20. The BFM Investor Funds were disbursed for purposes unrelated to the alleged business of BFM, including the following:

(a) Approximately 43% was used to make payments on credit cards in the name of Winick, Jodi Winick and McCarthy;

(b) Approximately 15% was transferred to a joint account held by Winick and McCarthy;

(c) Approximately 10% was withdrawn in cash;

(d) Approximately 8% was transferred into accounts Winick directed McCarthy to open in the name of other corporations;

(e) Approximately 5% was used to pay printing expenses related to the Nanotech Letter;

(f) Approximately 4% was transferred to personal accounts held by Curry and Mateyak;

(g) Approximately 3% was used to pay municipal and federal taxes unrelated to the business of BFM;

(h) Approximately 1% was transferred to an account held by a company owned and controlled by McCarthy; and,

(i) Additional BFM Investor Funds were transferred from the BFM Accounts for other purposes unrelated to the alleged business of BFM, including car payments and Jodi Winick's hydro bill.

21. At Winick's direction, McCarthy participated in and facilitated the BFM Scheme by:

(a) Acting as the sole signatory to the BFM Accounts;

(b) Disbursing funds from the BFM Accounts to pay expenses arising from the Nanotech Letter Scheme;

(c) Disbursing funds from the BFM Accounts to pay her own personal expenses, as well as personal expenses of Winick and Jodi Winick;

(d) Disbursing funds from the BFM Accounts to other recipients as and when instructed by Winick;

(e) Signing BFM share certificates;

(f) Delivering BFM share certificates to investors; and,

(g) Creating the the BFM website, registering it to her home address and acting as the administrative and technical contact.

The Liquid Gold Scheme

22. The Liquid Gold Scheme took place from May of 2009 through November of 2010

23. Winick was at all times a directing mind of the Liquid Gold Scheme.

24. Liquid Gold was incorporated by McCarthy in May 2009, at the request of Winick.

25. Liquid Gold's registered business address is the Yonge Street Mailbox.

26. Liquid Gold held itself out as a company specialising in "the recovery of additional hydrocarbons from domestic sources, lessening the United States' dependence on foreign oil."

27. Liquid Gold never operated any oil or hydrocarbon recovery business or other business and never had any assets other than cash.

28. Liquid Gold sold previously unissued securities to at least four members of the public (the "Liquid Gold Investors") through telephone representatives claiming to work for Denver Gardner without registration and without having filed a prospectus.

29. During the Liquid Gold Scheme, a total of approximately USD $2.6 million was deposited into Canadian and US Dollar bank accounts in Ontario (the "Liquid Gold Accounts"). Funds deposited into the Liquid Gold Accounts included approximately CDN $85,000 raised through the sale of Liquid Gold shares (the "Liquid Gold Investor Funds") and funds from other sources.

30. Over 98% of the approximately USD $2.6 million in the Liquid Gold Accounts were disbursed for purposes unrelated to the alleged business of Liquid Gold, including the following:

(a) Approximately 24% was used to make payments on credit cards in Winick's name;

(b) Approximately 6% was transferred to Curry;

(c) Approximately 4% was used to pay personal tax debts of Winick and Jodi Winick;

(d) Approximately 4% was transferred to McCarthy or McCarthy and her father;

(e) Approximately 3% was withdrawn in cash;

(f) Approximately 2% was transferred to Jodi Winick;

(g) Approximately 2% was transferred to pay a line of credit in the name of McCarthy;

(h) Approximately 1% was used to pay printing expenses related to the Nanotech Letter; and,

(i) Additional funds were transferred from the Liquid Gold Accounts to other sources unrelated to the alleged business of Liquid Gold.

31. At Winick's direction, McCarthy participated in and facilitated the Liquid Gold Scheme by:

(a) Acting as a signatory on the Liquid Gold Accounts;

(b) Disbursing funds from the Liquid Gold Accounts to pay her own personal expenses, as well as personal expenses of Winick, Jodi Winick, and others;

(c) Disbursing funds from the Liquid Gold Accounts to other recipients as and when instructed by Winick; and,

(d) Disbursing funds from the Liquid Gold Accounts to pay expenses arising from the Nanotech Letter Scheme.

The Nanotech Letter Scheme

32. The Nanotech Letter Scheme took place from May of 2009 through August of 2010.

33. At all times, Winick was a directing mind of the Nanotech Letter Scheme.

34. Nanotech held itself out as a company with operating businesses in both the development of nanotechnologies and in natural resource development in oil, gas and precious metals.

35. Nanotech never operated any nanotechnology development, oil, gas or exploration business or other business during the time of the Nanotech Letter Scheme and never had any assets.

36. Through the Nanotech Letter, Nanotech, the AHST Companies, Winick and Curry distributed previously unissued securities to the public from Ontario without registration and without having filed a prospectus.

37. Winick gave Curry a list of approximately 10,000 names and instructed Curry to send each of them a copy of the Nanotech Letter enclosing share and warrant certificates (the "Nanotech Share Certificates"; the "Nanotech Warrants").

38. The Nanotech letters were sent from Ontario and addressed to residents of Europe, Asia, Africa and Australia.

39. In the Nanotech Letter, Winick, Curry and the AHST Companies falsely claimed that Nanotech was trading at $4.93; the letter further stated that the Nanotech Warrants could be exercised at $2.75 per share, falsely implying that investors could make an immediate and substantial profit when, in fact:

(a) Nanotech had not traded at $4.93 since October of 2008; and,

(b) Nanotech had been listed as inactive by the Wyoming Secretary of State since March 14, 2009.

40. Recipients of the Nanotech Letter who wished to exercise their warrants were directed in the Nanotech Letter to send certified funds, cashier's cheques or wire transfers to AHST Ontario. Earlier versions of the letter gave AHST Ontario's Markham address; later versions directed investors to send funds to a rented mailbox in Hamilton.

41. The Nanotech Letter also included an SEC transfer agent registration number for the AHST Companies. However, while AHST Nevada was registered with the SEC as of December 2004, AHST Nevada was not an active company at any time during the Nanotech Letter Scheme and AHST Ontario has never been registered with the SEC.

42. At Winick's direction, Curry participated in and facilitated the Nanotech Letter Scheme by:

(a) Collaborating with Winick on drafting the Nanotech Letter;

(b) Assisting with the printing and mailing of approximately 10,000 Nanotech Letters, including the Nanotech Share Certificates and the Nanotech Warrants;

(c) Signing the Nanotech Share Certificates and the Nanotech Warrants sent with the Nanotech Letter;

(d) Permitting the Nanotech Letter, the Nanotech Share Certificates and the Nanotech Warrants to be sent on behalf of the AHST Companies; and,

(e) Offering in the Nanotech Letter to collect through the AHST Companies any funds sent by investors in response to the Nanotech Letter.

V. ALLEGATIONS

43. Staff make the following specific allegations with respect to the BFM Scheme:

(a) From June, 2009 through December, 2010, Winick, McCarthy and BFM directly or indirectly, engaged in or participated in an act, practice or course of conduct relating to securities, derivatives or the underlying interest of a derivative that they knew or reasonably ought to have known perpetrated a fraud on other persons or companies contrary to section 126.1(b) of the Act;

(b) From June, 2009 through December, 2010, Winick, McCarthy and BFM traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so in circumstances in which no exemption was available, contrary to s. 25(1)(a) of the Act, as that section existed at the time the conduct commenced, and contrary to s. 25(1) of the Act, as subsequently amended on September 28, 2009;

(c) From June, 2009 through December, 2010, Winick, McCarthy and BFM distributed the securities of BFM without a preliminary prospectus and prospectus having been filed and receipts having been issued for them by the Director and without an exemption from the prospectus requirement, contrary to section 53(1) of the Act;

(d) McCarthy and Greg Curry, being directors and/or officers of BFM, did authorize, permit or acquiesce in the commission of the violations of sections 25, 53 and 126.1 of the Act, as set out above, by BFM or by the employees, agents or representatives of BFM, contrary to section 129.2 of the Act and contrary to the public interest; and,

(e) Winick, being a directing mind and *de facto* director and officer of BFM, did authorize, permit or acquiesce in the commission of the violations of sections 25, 53 and 126.1 of the Act, as set out above, by BFM or by the employees, agents or representatives of BFM, contrary to section 129.2 of the Act and contrary to the public interest.

44. Staff make the following specific allegations with respect to the Liquid Gold Scheme:

(a) From June of 2009 through November of 2010, Winick, McCarthy and Liquid Gold directly or indirectly, engaged in or participated in an act, practice or course of conduct relating to securities, derivatives or the underlying interest of a derivative that they knew or reasonably ought to have known perpetrated a fraud on other persons or companies contrary to section 126.1(b) of the Act;

(b) From June of 2009 through November of 2010, Winick, McCarthy and Liquid Gold traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so in circumstances in which no exemption was available, contrary to s. 25(1)(a) of the Act, as that section existed at the time the conduct commenced, and contrary to s. 25(1) of the Act, as subsequently amended on September 28, 2009;

(c) From June of 2009 through November of 2010, Winick, McCarthy and Liquid Gold distributed the securities of Liquid Gold without a preliminary prospectus and prospectus having been filed and receipts having been issued for them by the Director and without an exemption from the prospectus requirement, contrary to section 53(1) of the Act;

(d) McCarthy, being a director of Liquid Gold, did authorize, permit or acquiesce in the commission of the violations of sections 25, 53 and 126.1 of the Act, as set out above, by Liquid Gold or by the employees, agents or representatives of Liquid Gold, contrary to section 129.2 of the Act and contrary to the public interest; and,

(e) Winick, being a directing mind and *de facto* director and officer of Liquid Gold, did authorize, permit or acquiesce in the commission of the violations of sections 25, 53 and 126.1 of the Act, as set out above, by Liquid Gold or by the employees, agents or representatives of Liquid Gold, contrary to section 129.2 of the Act and contrary to the public interest.

45. Staff make the following specific allegations with respect to the Nanotech Letter Scheme:

(a) From May of 2009 through August of 2010, Winick, Curry, AHST Ontario and AHST Nevada traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so in circumstances in which no exemption was available, contrary to s. 25(1)(a) of the Act, as that section existed at the time the conduct commenced, and contrary to s. 25(1) of the Act, as subsequently amended on September 28, 2009;

(b) From May of 2009 through August of 2010, Winick, Curry, AHST Ontario and AHST Nevada distributed securities of Nanotech without a preliminary prospectus and prospectus having been filed and receipts having been issued for them by the Director and without an exemption from the prospectus requirement contrary to section 53(1) of the Act;

(c) From September 28, 2009 through August of 2010, Winick, Curry, AHST Ontario and AHST Nevada made statements that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship with Winick, Curry, AHST Ontario or AHST Nevada that were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to section 44(2) of the Act;

(d) Winick, being a directing mind and *de facto* officer and director of Nanotech and the AHST Companies, did authorize, permit or acquiesce in the commission of the violations of sections 25, 53 and 44(2) of the Act, as set out above, by AHST or by the employees, agents or representatives of Nanotech and the AHST Companies, contrary to section 129.2 of the Act and contrary to the public interest;

(e) Mateyak, being a director and officer of AHST Ontario, did authorize, permit or acquiesce in the commission of the violations of sections 25, 53 and 44(2) of the Act, as set out above, by the AHST Companies or by the employees, agents or representatives of the AHST Companies, contrary to section 129.2 of the Act and contrary to the public interest; and,

(f) Curry, being a directing mind and *de facto* director and officer of AHST Ontario, and a director and officer of AHST Nevada, did authorize, permit or acquiesce in the commission of the violations of sections 25, 53 and 44(2) of the Act, as set out above, by the AHST Companies or by the employees, agents or representatives of the AHST Companies, contrary to section 129.2 of the Act and contrary to the public interest.

VI. CONDUCT CONTRARY TO THE PUBLIC INTEREST

46. The conduct of the Respondents contravened Ontario securities law and is contrary to the public interest.

47. Staff seek enforcement orders under section 127 of the Act and costs under s. 127.1 of the Act.

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

DATED at Toronto this 2nd day of November, 2012.

1.2.2 F. David Radler – 127 of the Act and Rule 12 of the OSC Rules of Procedure

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

AND

IN THE MATTER OF
F. DAVID RADLER

NOTICE OF HEARING
(Section 127 of the Act and Rule 12
of the Commission's Rules of Procedure)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission located at 20 Queen Street West, 17th Floor on November 14, 2012 at 10:00 a.m., or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve a settlement agreement between Staff of the Commission and F. David Radler;

BY REASON OF the allegations set out in the Statement of Allegations dated November 12, 2012, and such additional allegations as counsel may advise and the Commission may permit;

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

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

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

"John Stevenson"

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

AND

IN THE MATTER OF
F. DAVID RADLER

STATEMENT OF ALLEGATIONS OF STAFF
OF THE ONTARIO SECURITIES COMMISSION

Further to a Notice of Hearing dated November 12, 2012, Staff of the Ontario Securities Commission ("Staff") make the following allegations:

Original Proceeding

1. By Notice of Hearing and Statement of Allegations dated March 18, 2005, the Ontario Securities Commission announced that it proposed to hold a hearing to consider whether, pursuant to s. 127 and s. 127.1(1) and (2) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Securities Act"), it would be in the public interest for the Commission to make certain orders in relation to F. David Radler ("Radler") and other Respondents, namely, Hollinger Inc., Conrad Black ("Black"), John Boultbee and Peter Atkinson (the "Original Proceeding"). The Original Proceeding has been adjourned at the request of certain Respondents to permit the completion of the U.S. Criminal Proceeding (described below) and related appeals, subject to appropriate terms.

2. The present proceeding has been initiated to request an order in the public interest in respect of Radler on the basis of the guilty plea made by Radler in the U.S. Criminal Proceeding and Radler's settlement in the SEC Proceeding described below. Having regard to the Commission's authority to make the requested orders in the public interest pursuant to s. 127(10) of the Securities Act, Staff will not continue with the proceeding against Radler set out in the Original Proceeding.

United States Criminal Proceeding and SEC Proceeding

3. On November 15, 2004, the United States Securities and Exchange Commission (the "SEC") launched a complaint against Black, Radler and Hollinger Inc. (the "SEC Complaint") in the United States District Court for the Northern District of Illinois (the "United States District Court").

4. On August 18, 2005, a Grand Jury convened in the United States District Court filed an indictment charging Radler, amongst other accused, with seven counts of violating the United States Criminal Code.

5. On September 20, 2005, Radler signed a plea agreement admitting to one count of mail fraud contrary to Title 18, United States Criminal Code, Section 1341. On December 17, 2007, in the United States District Court he was sentenced to, amongst other terms, 29 months of incarceration and a fine of US$ 250,000.

6. On January 30, 2007, Radler signed a consent to the entry of a final judgment (the "Radler Consent Agreement") in the SEC Complaint. In the Radler Consent Agreement, Radler neither admitted nor denied the allegations relating to him contained in the SEC Complaint, but consented to a final order in the proceeding. The final order provided, amongst other terms, that Radler would pay disgorgement and a civil penalty, and would be permanently barred from serving as a director or officer of a reporting issuer in the United States. On April 19, 2007, the United States District Court made the order outlined in the Radler Consent Agreement.

Conduct Contrary to the Public Interest

7. The facts set out above authorize the Commission to make an Order against Radler pursuant to section 127(10) of the Securities Act.

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

Dated at Toronto this 12th day of November, 2012.

1.3 News Releases

1.3.1 Canadian Securities Regulators Seek Comment on the Regulation of Market Data Fees

FOR IMMEDIATE RELEASE
November 8, 2012

CANADIAN SECURITIES REGULATORS SEEK COMMENT ON THE REGULATION OF MARKET DATA FEES

Toronto – The Canadian Securities Administrators (CSA) today published for comment CSA Consultation Paper 21-401 *Real-Time Market Data Fees*, which discusses issues related to the cost of real-time market data and seeks stakeholder feedback on options to manage these issues.

Real-time market data plays a key role in Canada's equity markets, as this information provides vital insight into the securities market, including prices, liquidity and trading activity. Given the importance of this data, the CSA are considering whether further steps should be taken to address the fees charged for market data by an individual marketplace and/or collectively by all Canadian marketplaces. The Paper discusses potential concerns with the cost of acquiring real-time market data and identifies possible options designed to reduce data fees and enhance the transparency of proposed fees and changes to fee models.

"Securities market information provided by real-time market data is critical to Canada's equity markets," said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. "We want to ensure that market data fee issues are addressed in order to maintain fairness and confidence in our capital markets."

The Paper follows extensive consultations with marketplace participants, as well as research and analysis into the regulatory frameworks governing market data fees in the United States and European Union.

The CSA welcome feedback from market participants. Any regulatory proposals resulting from this Paper will be published for comment. The Paper is available on CSA members' websites and the comment period is open until February 8, 2013.

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

For more information:

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Tanya Wiltshire
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Dean Murrison
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Janice Callbeck
PEI Securities Office
Office of the Attorney General
902-368-6288

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

Helena Hrubesova
Office of Yukon Superintendent
867-667-5466

Louis Arki
Nunavut Securities Office
867-975-6587

Donn MacDougall
Northwest Territories
Securities Office
867-920-8984

1.3.2 OSC Publishes Guide for Issuers Operating in Emerging Markets and Provides Update on Emerging Markets Review Recommendations

FOR IMMEDIATE RELEASE
November 9, 2012

OSC PUBLISHES GUIDE FOR ISSUERS
OPERATING IN EMERGING MARKETS AND
PROVIDES UPDATE ON
EMERGING MARKETS REVIEW RECOMMENDATIONS

TORONTO – The Ontario Securities Commission today published an Issuer Guide (Staff Notice 51-720), which outlines eight key areas that should be considered by companies operating in emerging markets. The Issuer Guide sets out Staff's expectations for the directors and management of issuers operating in emerging markets and is designed to highlight areas of risk that require particular focus to address the challenges faced when operating in emerging markets.

The Issuer Guide highlights several areas of risk that may warrant further scrutiny and sets out questions that directors and management should consider. It is intended to clarify existing continuous disclosure requirements and should be considered by companies and boards in assessing risk and complying with securities law.

"We have high expectations for issuers, regardless of where they are located, and look to directors and management to discharge their responsibilities fully," said Howard I. Wetston, Q.C., Chair and CEO of the Ontario Securities Commission. "This Guide clearly articulates our expectations regarding compliance and we will continue to monitor this area closely in order to protect the integrity of our markets."

In March 2012, the OSC published Staff Notice 51-719 *Emerging Markets Issuer Review*, following a review of Ontario reporting issuers listed on Canadian exchanges with significant business operations in emerging markets.

The OSC is working with its regulatory partners in responding to the recommendations in Staff Notice 51-719. Specific next steps include the development of standards for underwriters, improvements to the audit function and enhanced listing processes to address the unique concerns raised by emerging market issuers.

In the coming months, the OSC will continue to work with the Investment Industry Regulatory Organization of Canada as it reviews underwriting due diligence standards to promote industry best practices and standards in this area.

The OSC is working closely with the Canadian Public Accountability Board (CPAB) on issues of common interest, including the opportunity to share information permitted by legislation, and has held discussions with the audit community, CPAB and international securities regulators to address concerns about the use, access and reliance on foreign component auditors work products.

Toronto Stock Exchange and TSX Venture Exchange are currently finalizing additional guidance to address risks associated with listing emerging market issuers, including clarification of the expectations of issuers and the advisory community. The Exchanges expect to publish the new requirements for comment in November.

The OSC is the regulatory body responsible for overseeing Ontario's capital markets. Its mandate is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets.

For media inquiries:

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1-877-785-1555 (Toll Free)

1.4 Notices from the Office of the Secretary

1.4.1 Sandy Winick et al.

FOR IMMEDIATE RELEASE
November 7, 2012

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

AND

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

TORONTO – Staff of the Ontario Securities Commission filed an Amended Statement of Allegations dated November 2, 2012 with the Office of the Secretary in the above noted matter.

The Office of the Secretary issued an Amended Notice of Hearing on November 2, 2012 that a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, which, pursuant to the Commission's order of October 17, 2012, shall take place in writing, commencing November 30, 2012.

A copy of the Amended Notice of Hearing dated November 2, 2012 and Amended Statement of Allegations of Staff of the Ontario Securities Commission dated November 2, 2012 are available at **www.osc.gov.on.ca**.

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SECRETARY

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1.4.2 Global RESP Corporation and Global Growth Assets Inc.

FOR IMMEDIATE RELEASE
November 7, 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 with certain provisions in the above named matter, and adjourned the hearing to December 13, 2012 at 10:00 a.m.

The appearance date on November 8, 2012 at 10:00 a.m. is vacated.

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

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1.4.3 MBS Group (Canada) Ltd. et al.

FOR IMMEDIATE RELEASE
November 9, 2012

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

AND

IN THE MATTER OF
MBS GROUP (CANADA) LTD., BALBIR AHLUWALIA
AND MOHINDER AHLUWALIA

TORONTO – Upon considering the Agreed Statement of Facts filed jointly by Staff of the Commission, MBS Group (Canada) Ltd. and Balbir Ahluwalia on October 31, 2012 during the hearing on the merits, the Panel has issued its Decision in the above named matter.

A sanctions hearing will take place on January 10 and 11, 2013 at 10:00 a.m.

A copy of the Decision dated November 5, 2012 and the Agreed Statement of Facts and Respondents' Admissions are available at **www.osc.gov.on.ca**.

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JOHN P. STEVENSON
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1.4.4 Temporary Change of Location of Ontario Securities Commission Proceedings

FOR IMMEDIATE RELEASE
November 12, 2012

TEMPORARY CHANGE OF LOCATION OF
ONTARIO SECURITIES COMMISSION PROCEEDINGS

Notice is hereby given to all parties appearing in Ontario Securities Commission ("OSC") proceedings that, due to renovations to the OSC Hearing Rooms, all hearings scheduled to be heard between November 22, 2012 and March 15, 2013 at the OSC's offices at 20 Queen Street West will be relocated to:

ASAP Reporting Services Inc.
Bay Adelaide Centre
333 Bay Street
Suite 900
Toronto, ON
M5H 2T4

All hearings during the above-noted period will continue to be heard on the dates and at the times currently scheduled.

All filings required to be made pursuant to the Commission's *Rules of Procedure* should continue to be delivered, if in print form, to the attention of the Registrar at the OSC's office at:

20 Queen Street West, 19th Floor, Mail Room
Toronto, Ontario
M5H 3S8

or if filed electronically, to the Registrar at:

registrar@osc.gov.on.ca

"John P. Stevenson"
Secretary to the Commission

1.4.5 F. David Radler

FOR IMMEDIATE RELEASE
November 12, 2012

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

AND

IN THE MATTER OF
F. DAVID RADLER

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and F. David Radler. The hearing will be held on November 14, 2012 at 10:00 a.m. in Hearing Room B at the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated November 12, 2012 and Statement of Allegations of Staff of the Commission dated November 12, 2012 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.6 Vincent Ciccone and Cabo Catoche Corp. (a.k.a. Medra Corp. and Medra Corporation)

FOR IMMEDIATE RELEASE
November 13, 2012

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

AND

IN THE MATTER OF
VINCENT CICCONE and CABO CATOCHE CORP.
(a.k.a. MEDRA CORP. and MEDRA CORPORATIOn)

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

1) the Merits Hearing is adjourned to November 29, 2012, commencing at 9:30 a.m., for the purpose of hearing oral evidence from Ciccone, after which the Panel will provide its ruling on the request to convert the remainder of the Merits Hearing to a written hearing; and

2) the Merits Hearing shall, if necessary, continue on November 30, 2012, commencing at 9:30 a.m.

A copy of the Order dated November 8, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Paragon Minerals Corporation – 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).

November 6, 2012

Paragon Minerals Corporation
1500 – 701 West Georgia Street,
Vancouver, BC V7Y 1C6

Dear Sirs/Mesdames:

Re: Paragon Minerals Corporation (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta and Quebec (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

2.1.2 Raymond James (USA) Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application from U.S. broker-dealer for relief from dealer registration requirement, adviser registration requirement for incidental advice, and the prospectus requirement for the distribution of foreign securities that are traded pursuant to the registration exemptions on conditions that are similar to those provided in NI 35-101 Conditional Exemption from Registration for United States Broker-Dealers and Agents – Dealer registration relief includes relief for the filer and its cross registered representatives to trade in any securities in accounts which qualify as tax-advantaged retirement savings plans – Conditions similar to those provided in NI 35-101 but amended so as to be consistent with the policy rationale underlying NI 35-101 but reducing inconsistencies with corresponding U.S. rules and regulations applicable to Canadian dealers.

Applicable Legislative Provisions

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

October 19, 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
RAYMOND JAMES (USA) LTD.
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (each, a Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption that:

a. the dealer registration requirement does not apply to the Filer and its agents who are registered representatives, officers or supervisors of the Filer, and who are also registered under the Legislation to trade on behalf of Raymond James Ltd. (RJL) as registered representatives, officers or supervisors of RJL (Cross Registered Representatives) in respect of trades with individuals referred to in section 2.1 and section 3.1 of National Instrument 35-101 *Conditional Exemption from Registration for United States Broker-Dealers and Agents* (such instrument, NI 35-101 and such individuals, NI 35-101 Clients), provided that such activities are conducted in accordance with all terms and conditions of NI 35-101, save and except for the requirements that the Filer and its agents are trading in a foreign security (as defined in NI 35-101) and that the Filer has no office or physical presence in any jurisdiction of Canada;

b. the adviser registration requirement does not apply to the Filer and the Cross Registered Representatives in respect of advising activities that are incidental to trading activities of the Filer and the Cross Registered Representatives pursuant to the dealer registration exemption described above; and

c. the prospectus requirement and underwriter registration requirement do not apply to a distribution of a foreign security (as defined in NI 35-101) made by the Filer and the Cross Registered Representatives pursuant to the dealer registration exemption described above

(collectively, the Exemptions Sought).

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 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 Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Yukon Territory, the Northwest Territories, Nunavut; 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*, MI 11-102, National Instrument 31-103 *Registration Requirements*, *Exemptions and Ongoing Registrant Obligations* and NI 35-101 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. the Filer is registered as a broker-dealer under the United States (U.S.) *Securities Exchange Act of 1934*, as amended, and is a member of the Financial Industry Regulatory Authority; the Filer is not a registered dealer in Canada.

2. the Filer was continued under the laws of Canada and has its head office in British Columbia;

3. the Filer is a wholly-owned subsidiary of RJL, which is registered as a dealer under the Legislation in the category of investment dealer and is a dealer member of the Investment Industry Regulatory Organization of Canada;

4. both the Filer and RJL are indirect wholly-owned subsidiaries of Raymond James Financial, Inc., the common shares of which trade on the New York Stock Exchange;

5. the Filer is not in default of securities legislation of any jurisdiction;

6. wherever the Filer has an office in Canada, the Filer operates out of the same premises as RJL;

7. the Cross Registered Representatives are registered representatives, officers or supervisors of the Filer who are also registered under the Legislation to trade on behalf of RJL as registered representatives, officers or supervisors of RJL;

8. some clients with U.S. individual tax-advantaged retirement savings plans (U.S. Plans) maintained in the U.S. have moved to Canada; these clients wish to place trades through representatives of the Filer for their U.S. Plans; in addition, some U.S. resident clients may temporarily be resident in Canada from time to time and wish to place trades through representatives of the Filer;

9. the activities of the Filer and the Cross Registered Representatives in respect of trades in securities with, or on behalf of, NI 35-101 Clients will trigger the dealer registration requirement because the Filer and the Cross Registered Representatives are located in Canada;

10. U.S. Plans are permitted to invest in Canadian and foreign securities (as defined in NI 35-101);

11. the Cross Registered Representatives have the proficiency, education and experience to trade in securities and provide incidental advice in both Canada and the U.S.;

12. NI 35-101 provides for exemptions from the dealer registration requirement, adviser registration requirement, prospectus requirement and underwriter registration requirement, for U.S. broker-dealers and their agents trading with or for NI 35-101 Clients, upon satisfying certain conditions;

13. provided that the Exemptions Sought are granted, the Filer intends to deal with NI 35-101 Clients as otherwise permitted by NI 35-101; the Filer is not currently engaging in such activities and will not engage in such activities until the Exemptions Sought are granted;

14. as contemplated by NI 35-101, NI 35-101 Clients will be (i) individuals ordinarily resident in the U.S. who are temporarily resident in Canada with whom the Filer had a broker-dealer relationship before the individuals became temporarily resident in Canada, or (ii) individuals previously resident in the U.S. with whom the Filer's dealings are limited to trades and advice for or with the individuals' U.S. Plans;

15. the Filer does not intend to enter into referral arrangements in relation to NI 35-101 Clients;

16. it is a condition of the exemption for broker-dealers in section 2.1(a) of NI 35-101 that the broker-dealer has no office or other physical presence in any jurisdiction in Canada;

17. it is a condition of the exemption for agents in section 3.1(b) of NI 35-101 that the agent has no office or other physical presence in any jurisdiction in Canada;

18. it is a condition of the exemption for broker-dealers in section 2.1(b) of NI 35-101 that the broker-dealer is trading in a foreign security;

19. it is a condition of the exemption for agents in section 3.1(c) of NI 35-101 that the agent is trading in a foreign security; and

20. the Filer and the Cross Registered Representatives are unable to rely on NI 35-101 as the Filer and the Cross Registered Representatives have an office or other physical presence in Canada as a result of the Filer's Vancouver, British Columbia head office and other Canadian offices; in addition, the Cross Registered Representatives are unable to rely on their Canadian registration through RJL because in order to comply with applicable U.S. securities laws the trading activities must be conducted through the Filer.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemptions Sought are granted, provided that:

1. the dealer registration requirement does not apply to the Filer or the Cross Registered Representatives in respect of trading activities contemplated by sections 2.1 and 3.1 of NI 35-101, only if

   (a) the activities are conducted in accordance with all terms and conditions of NI 35-101, save and except for the requirements that the Filer and its agents are trading in a foreign security and that the Filer has no office or physical presence in any jurisdiction of Canada; and

   (b) the only physical presence or offices that the Filer has in Canada are the premises it shares with RJL;

2. the adviser registration requirement does not apply to advising activities of the Filer or a Cross Registered Representative if those activities are solely incidental to trading activities of the Filer and the Cross Registered Representative under paragraph 1 hereof;

3. the prospectus requirement and underwriter registration requirement do not apply to a distribution of a foreign security (as defined in NI 35-101) to NI 35-101 Clients if that distribution:

   (a) is made by the Filer or a Cross Registered Representative that is exempt from the dealer registration requirement and the adviser registration requirement under paragraphs 1 and 2 hereof; and

   (b) is made in compliance with all applicable

      (i) U.S. federal securities laws, and

(ii) state securities legislation in the United States of America; and

4. the relief granted by this decision will cease to be effective in a jurisdiction on the same date that rule amendments are made effective in the jurisdiction to the equivalent exemptions that are presently provided for in NI 35-101 where such amendments materially affect the subject matter of this decision, in respect of any such trading or advising activities of the Filer or the Cross Registered Representatives carried out after that effective date.

"Sandra Jakab"
Director, Capital Markets Regulation
British Columbia Securities Commission

2.1.3 Geomark Exploration Ltd. – 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).

Citation: Geomark Exploration Ltd., Re, 2012 ABASC 470

November 5, 2012

Borden Ladner Gervais LLP
Centennial Place, East Tower
1900, 520 - 3rd Avenue. SW
Calgary, AB T2P 0R3

Attention: Melissa Smith

Dear Madam:

Re: Geomark Exploration Ltd.(the Applicant) – Application for a decision under the securities legislation of Alberta, Saskatchewan and Ontario (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 deemed to have ceased to be a reporting issuer.

"Blaine Young"
Associate Director, Corporate Finance

2.1.4 Fitch, Inc.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Confidentiality – Application by a Designated Rating Organization (DRO) for a decision that sections of Form 25-101F1 Designated Rating Organization Application and Annual Filing be held in confidence for an indefinite period by the Commission, to the extent permitted by law – Subject information discloses intimate financial, personal or other information and that the desirability of avoiding disclosure thereof in the interests of any person or company affected outweighs the desirability of adhering to the principle that material filed with the Commission be available to the public for inspection – Relief granted subject to conditions.

Application by a DRO for exemptive relief from section 11 of National Instrument 25-101 Designated Rating Organizations – Filer's code of conduct does not specify that the DRO must not waive provisions of its code of conduct – Filer's code of conduct specifies that the compliance officer may grant a waiver under limited circumstances and subject to certain conditions – Relief granted subject to conditions.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5. as am., s. 140(2).
National Instrument 25-101 Designated Rating Organizations, ss. 11, 14, 15.

October 31, 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
FITCH, INC.
(the Filer)

DECISION

Background

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

(a) pursuant to the confidentiality provisions of the Legislation (being subsection 140(2) of the *Securities Act* (Ontario)),

(i) the information referred to in Item 13 of Form 25-101F1 *Designated Rating Organization Application and Annual Filing* (**Form 25-101F1**), which may be calculated at a global level for the Filer as a whole, be held in confidence (and therefore not available to the public for inspection) for an indefinite period, to the extent permitted by law;

(ii) the information referred to in Item 14 of Form 25-101F1, which may be calculated at a global level for the Filer as a whole, be held in confidence (and therefore not available to the public for inspection) for an indefinite period, to the extent permitted by law; and

(iii) the information referred to in Item 15 of Form 25-101F1 be held in confidence (and therefore not available to the public for inspection) for an indefinite period, to the extent permitted by law,

(collectively, the **Confidentiality Relief**); and

(b) pursuant to section 15 of National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101**), the Filer be exempted from the requirement in section 11 of NI 25-101, provided that the Filer complies with the procedures set out in the Fitch Code (as defined below) and described at paragraph 26 of this Decision Document (the **Code of Conduct Relief**).

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

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 25-101 have the same meanings in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is a Delaware corporation with its registered office at 2711 Centerville Road, Suite 400, Wilmington, County of New Castle, State of Delaware and its principal office located at One State Street Plaza, New York, NY, USA.

2. The Filer provides credit rating opinions, research and risk analysis to a broad range of financial institutions, corporate entities, government bodies and various structured finance product groups in North America, Europe, Africa, Australasia and South America.

3. The Filer is a wholly-owned subsidiary of Fitch Group, Inc., a Delaware corporation that is owned 50% each by Fimalac S.A. and Hearst Corporation.

4. The Filer is a Nationally Recognized Statistical Rating Organization (**NRSRO**) regulated by the SEC, which includes related global offices that issue ratings under the Fitch Ratings global brand. Currently, the Filer, together with its affiliates, rates more than 325,000 different companies and single-purpose vehicles that issue commercial paper, term debt and preferred shares in the global capital markets.

5. As more fully described in its application for designation as a designated rating organization (**DRO**) and the Designation Order referred to in paragraph 6 hereof, the Filer is in compliance in all material respects with NI 25-101 and the securities legislation applicable to credit rating organizations in each jurisdiction in Canada and in any other jurisdiction in which the Filer or its credit rating affiliates operate.

6. In a concurrent decision, the Principal Regulator designated the Filer as a DRO under the Legislation.

The Confidentiality Relief

7. Subsection 6(1) of NI 25-101 requires a credit rating organization that applies to be a designated rating organization to file a completed Form 25-101F1. Despite subsection 6(1), a credit rating organization that is an NRSRO may file its most recent Form NRSRO.

8. In addition, for subsequent years subsection 14(1) of NI 25-101 requires a DRO to file a completed Form 25-101F1 no later than 90 days after the end of its most recently completed financial year.

9. Item 13 of Form 25-101F1 requires a DRO to disclose information, as applicable, regarding the applicant's aggregate revenue for the most recently completed financial year including: revenue from determining and maintaining credit ratings, revenue from subscribers, revenue from granting licenses or rights to publish credit ratings, and revenue from all other services and products offered by the DRO. Item 13 of Form 25-101 also provides that the financial information on the revenue of the DRO be divided into fees from credit rating and non-credit rating activities (the **Item 13 Information**).

10. In the United States, Exhibit 12 to Form NRSRO requires NRSROs to provide "[i]nformation regarding revenues for the fiscal or calendar year ending immediately before the date of the initial application." Such information is provided for

subsequent years pursuant to SEC Rule 17g-3(a)(3) under the *Securities Exchange Act of 1934* (**1934 Act**). However, NRSROs are permitted to provide this information confidentially. Likewise, Regulation (EC) No 1060/2009 of the European Parliament and of the Council, of 16 September 2009, on credit rating agencies (the **EU Regulation**) provides that such information must be provided annually to the European Securities and Markets Authority (**ESMA**) but need not be disclosed publicly.

11. Item 14 of Form 25-101F1 requires a DRO to disclose "a list of the largest users of credit rating services of the applicant by the amount of net revenue earned by the applicant attributable to the user during the most recently completed financial year". It also requires the DRO to disclose "a list of users of credit rating services whose contribution to the growth rate in the generation of revenue of the applicant in the previous fiscal year exceeded the growth rate in the applicant's total revenue in that year by a factor of more than 1.5 times" (the **Item 14 Information**).

12. In the United States, Exhibit 10 to Form NRSRO requires NRSROs to provide "[a] list of the largest users of credit rating services by the amount of net revenue earned from the user during the fiscal year ending immediately before the date of the initial application". Such information is provided for subsequent years pursuant to SEC Rule 17g-3(a)(5) under the 1934 Act. However, NRSROs are permitted to provide this information confidentially. Likewise, the EU Regulation provides that such information must be provided annually to ESMA and to the credit rating organization's home regulator but need not be disclosed publicly.

13. Public disclosure of the Item 13 Information and/or the Item 14 Information would make that information available to the Filer's analysts. The Filer believes that confidential treatment of the Item 13 Information and/or Item 14 Information helps to shield this information from the Filer's analysts, thereby bolstering independence in the rating process by insulating the Filer's analysts from commercial influences. In addition, some of the Item 13 Information and/or Item 14 Information is competitively sensitive information of the Filer.

14. Item 15 of Form 25-101F1 requires a DRO to attach a copy of the audited financial statements of the applicant, which must include a statement of financial position, a statement of comprehensive income, and a statement of changes in equity, for each of the three most recently completed financial years (the **Item 15 Information** and, collectively with the Item 13 Information and the Item 14 Information, the **Sensitive Information**).

15. In the United States, Exhibit 11 to Form NRSRO requires NRSROs to provide "[a]udited financial statements for each of the three fiscal calendar years ending immediately before the date of the initial application." Such information is provided for subsequent years pursuant to SEC Rule 17g-3(a)(1) under the 1934 Act. However, NRSROs are permitted to provide this information confidentially. The EU Regulation does not have a similar requirement to provide such information on a yearly basis.

16. The Filer is a privately held company that does not publicly issue audited financial statements.

17. Consistent with the requirements applicable to NRSROs under the 1934 Act and the EU Regulation, the Filer proposes to file the Sensitive Information on a confidential basis with the Principal Regulator.

18. Section (4) of the Instructions to Form 25-101F1 provides that an applicant may apply to the securities regulatory authority to hold in confidence portions of Form 25-101F1 which disclose intimate financial, personal or other information.

19. The Sensitive Information constitutes intimate financial, personal or other information related to the credit rating activities of the Filer that is not otherwise publicly available.

20. The Filer believes that none of the Sensitive Information, either individually or in the aggregate, is necessary to understand the remaining information provided in Form 25-101F1.

21. The Filer believes that: (i) the negative implications to the Filer, issuers or an investors relying on a credit rating were the Sensitive Information to be made public outweigh the desirability of adhering to the principle that material filed with the Principal Regulator be available to the public for inspection, and (ii) the disclosure of the Sensitive Information is not necessary in the public interest.

22. The Filer believes that Sensitive Information is not material to an analyst, an issuer or an investor relying on a credit rating and, therefore, there is no prejudice or harm to the public as a result of the Sensitive Information remaining private.

The Code of Conduct Relief

23. The Filer has adopted and implemented the Fitch Code of Conduct (the **Fitch Code**), which is designed to be substantially aligned with the International Organization of Securities Commissions Code of Conduct Fundamentals for Credit Rating Agencies and includes provisions adopted to satisfy the requirements of NI 25-101.

24. The Filer has also appointed a compliance officer (the **Chief Compliance Officer**) to fulfill the functions set forth in NI 25-101, including monitoring and assessing compliance by the Filer and its DRO employees with the Fitch Code and the Legislation.

25. Section 11 of NI 25-101 provides that a DRO's code of conduct must specify that a DRO must not waive provisions of its code of conduct.

26. Section 1.1 of the Fitch Code provides as follows:

> "Fitch Inc. and each of Fitch Inc.'s subsidiaries including Fitch Ratings Ltd. that issue ratings under the trade name of Fitch Ratings (together "Fitch") is committed to providing the world's securities markets with objective, timely, independent and forward-looking credit opinions. Fitch is dedicated to several core principles — objectivity, independence, integrity and transparency. Investor confidence in Fitch's ratings and research is difficult to win, and easy to lose, and Fitch's continued success is dependent on that confidence.
>
> Fitch expects all of its employees to act in accordance with the highest standards of personal and professional integrity in all aspects of their activities and to comply with all applicable laws, rules and regulations, and all policies and procedures adopted by Fitch, that govern the conduct of Fitch employees. Each employee is personally responsible for maintaining the highest levels of integrity to preserve the trust and confidence of global investors.
>
> Throughout its history, Fitch has established and implemented policies, procedures and internal controls to ensure the objectivity and integrity of its ratings. Fitch's Code of Conduct, set forth below (the "Code"), summarizes Fitch's existing policies and procedures. Any of Fitch's Chief Executive Officer, Fitch's President, or any one of his/her respective designees shall be able to interpret this Code and any related policies and procedures and shall be able to approve in writing any exceptions to this Code or any of the related policies and procedures. Notice of all such exceptions shall be provided to the Chief Compliance Officer or his/ her designee prior to or at the time the exception is approved."

27. The Fitch Code, as well as the policies, procedures and internal controls, is consistent in all material respects with the objectives of NI 25-101 and enables the Filer to:

    (a) accommodate the global nature of the Filer's operations;

    (b) implement high level principles that govern the conduct of the Filer's credit rating activities and underlying regulatory requirements in the jurisdictions where the Filer conducts credit rating activities.; and

    (c) maintain and enforce globally consistent policies, procedures and internal controls that meet specific jurisdictional requirements, in addition to those which are reflected in the Fitch Code.

28. The Chief Compliance Officer annually reviews and assesses the efficacy of the implementation and enforcement of the Fitch Code.

29. The reporting line of the Chief Compliance Officer is independent of the Filer's credit rating activities. The Chief Compliance Officer, while serving in such capacity, may not participate in any of the following:

    (a) the development of credit ratings, methodologies or models;

    (b) the establishment of compensation levels, other than for DRO employees reporting directly to the Chief Compliance Officer.

30. Within 90 days of its most recently completed financial year end, the Filer will deliver on a confidential basis to the Principal Regulator a report outlining any written waiver granted under section 1.1 of the Fitch Code, including a description of the nature of the request and the relevant facts supporting the request.

Decision

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

The decision of the Principal Regulator under the Legislation is that:

(a) the Confidentiality Relief is granted provided that the Sensitive Information, which may be calculated at a global level for the Filer as a whole, is provided to the Principal Regulator on a confidential basis concurrently with the filing of Form 25-101F1 by the Filer; and

(b) the Code of Conduct Relief is granted provided that:

(i) the Filer complies with the procedures regarding waivers set out in the Fitch Code and described at paragraph 26 of this Decision Document; and

(ii) the Filer complies with paragraph 30 of this Decision Document.

With respect to the Confidentiality Relief:

"James Turner"
Vice-Chair

"Howard Wetston"
Chair

With respect to the Code of Conduct Relief:

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

2.1.5 Moody's Canada Inc.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Confidentiality – Application by a Designated Rating Organization (DRO) for a decision that sections of Form 25-101F1 Designated Rating Organization Application and Annual Filing be held in confidence for an indefinite period by the Commission, to the extent permitted by law – Subject information discloses intimate financial, personal or other information and that the desirability of avoiding disclosure thereof in the interests of any person or company affected outweighs the desirability of adhering to the principle that material filed with the Commission be available to the public for inspection – Relief granted subject to conditions.

Application by a DRO for exemptive relief from section 11 of National Instrument 25-101 Designated Rating Organizations – Filer's code of conduct does not specify that the DRO must not waive provisions of its code of conduct – Filer's code of conduct specifies that the compliance officer may grant a waiver under limited circumstances and subject to certain conditions – Relief granted subject to conditions.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5. as am., s. 140(2).
National Instrument 25-101 Designated Rating Organizations, ss. 11, 14, 15.

October 31, 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
MOODY'S CANADA INC.
(the Filer)

DECISION

Background

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

(a) pursuant to the confidentiality provisions of the Legislation (being subsection 140(2) of the *Securities Act* (Ontario)),

(i) the information referred to in Item 13 of Form 25-101F1 *Designated Rating Organization Application and Annual Filing* (**Form 25-101F1**), which may be calculated at a global level for Moody's Investor Service (**MIS**) as a whole, be held in confidence (and therefore not available to the public for inspection) for an indefinite period, to the extent permitted by law; and

(ii) the information referred to in Item 14 of Form 25-101F1, which may be calculated at a global level for MIS as a whole, be held in confidence (and therefore not available to the public for inspection) for an indefinite period, to the extent permitted by law,

(collectively, the **Confidentiality Relief**); and

(b) pursuant to section 15 of National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101**), the Filer be exempted from the requirement in section 11 of NI 25-101 that a designated rating organization's (**DRO**) code of conduct must specify that a DRO must not waive provisions of its code of conduct, provided that the Filer complies with

the procedures regarding waivers set out in the MIS Canada Code (as defined below) and described at paragraph 26 of this Decision Document (the **Code of Conduct Relief**).

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

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

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

Interpretation

Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in Moody's Canada Inc. Code of Professional Conduct delivered to the Principal Regulator prior to the date hereof (the **MIS Canada Code**), which will be published on moodys.com promptly upon this decision being made. Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 25-101 have the same meanings in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is a corporation governed by the federal laws of Canada with its registered and head office located in Toronto, Ontario.

2. The Filer provides credit rating opinions, research and risk analysis regarding a broad range of financial institutions, corporate entities, government bodies and various structured finance products in Canada, which may from time to time be used outside of Canada.

3. The Filer is a wholly owned subsidiary of Moody's Overseas Holdings, Inc. (**MOH**), which itself is a wholly-owned subsidiary of Moody's Corporation (**MCO**). MCO, the parent company, is a publicly held Delaware corporation whose board of directors (the **MCO Board**) is subject to the full corporate governance regime imposed by Delaware law, rules made under the Securities Exchange Act of 1934 (**1934 Act**) and the New York Stock Exchange.

4. The Filer is: (i) a "credit rating affiliate" of MIS Inc., which is a Nationally Recognized Statistical Rating Organization (**NRSRO**) in the United States (**US**); (ii) listed on MIS Inc.'s Form NRSRO as a credit rating affiliate; and (iii) in compliance in all material respects with US federal securities law applicable to NRSROs and their credit rating affiliates.

5. In general terms, MCO and its direct and indirect subsidiaries (collectively, **Moody's**) are organized as follows. Moody's has two principal businesses. Moody's Investors Service (**MIS**) is the credit rating agency (**CRA**). The term MIS refers to MIS Inc. and the wholly owned subsidiaries of MCO that engage in Rating Services. The term Moody's Analytics (**MA**) refers to the companies that carry out all other, non-rating commercial activities.

6. MIS has adopted the Moody's Investor Services Code of Professional Conduct (the **MIS Code**), which is designed to be substantially aligned with the International Organization of Securities Commissions (**IOSCO**) Code of Conduct Fundamentals for Credit Rating Agencies (the **IOSCO Code**). The MIS Canada Code is similarly designed to be substantially aligned with the IOSCO Code. MCO and MIS have also implemented a range of globally applicable policies, procedures and guidance (**Global Policies**) that are designed to achieve the objectives set out in the IOSCO Code and/or satisfy regulatory requirements that MIS implements globally.

7. The Filer is in compliance in all material respects with NI 25-101 and the securities legislation applicable to credit rating organizations in each jurisdiction in Canada and in any other jurisdiction in which the Filer operates.

8. In a concurrent decision, the Principal Regulator designated the Filer as a DRO under the Legislation.

The Confidentiality Relief

9. Subsection 6(1) of NI 25-101 requires a credit rating organization that applies to be a designated rating organization to file a completed Form 25-101F1. Despite subsection 6(1), a credit rating organization that is an NRSRO may file its most recent Form NRSRO.

10. In addition, for subsequent years subsection 14(1) of NI 25-101 requires a DRO to file a completed Form 25-101F1 no later than 90 days after the end of its most recently completed financial year.

11. Item 13 of Form 25-101F1 requires a DRO to disclose information, as applicable, regarding the applicant's aggregate revenue for the most recently completed financial year including: revenue from determining and maintaining credit ratings, revenue from subscribers, revenue from granting licenses or rights to publish credit ratings, and revenue from all other services and products offered by the DRO. Item 13 of Form 25-101F1 also provides that the financial information on the revenue of the DRO be divided into fees from credit rating and non-credit rating activities (the **Item 13 Information**).

12. In the United States, Exhibit 12 to Form NRSRO requires NRSROs to provide "[i]nformation regarding revenues for the fiscal or calendar year ending immediately before the date of the initial application." However, NRSROs are permitted to provide this information confidentially. Such information is provided on a confidential basis for subsequent years pursuant to SEC Rule 17g-3(a)(3) under the 1934 Act. Likewise, Regulation (EC) No 1060/2009 of the European Parliament and of the Council, of 16 September 2009, on credit rating agencies (the **EU Regulation**) provides that revenue information must be provided quarterly and annually to the European Securities and Markets Authority (**ESMA**) but need not be disclosed publicly (other than the high-level financial information on the revenue of the credit rating agency that is required to be disclosed in a credit rating agency's annual transparency report).

13. Some of the Item 13 Information is competitively sensitive information of MIS.

14. Item 14 of Form 25-101F1 requires a DRO to disclose "a list of the largest users of credit rating services of the applicant by the amount of net revenue earned by the applicant attributable to the user during the most recently completed financial year". It also requires the DRO to disclose "a list of users of credit rating services whose contribution to the growth rate in the generation of revenue of the applicant in the previous fiscal year exceeded the growth rate in the applicant's total revenue in that year by a factor of more than 1.5 times" (the **Item 14 Information** and, collectively with the Item 13 Information, the **Sensitive Information**).

15. In the United States, Exhibit 10 to Form NRSRO requires NRSROs to provide "[a] list of the largest users of credit rating services by the amount of net revenue earned from the user during the fiscal year ending immediately before the date of the initial application". However, NRSROs are permitted to provide this information confidentially. Such information is provided on a confidential basis for subsequent years pursuant to SEC Rule 17g-3(a)(5) under the 1934 Act. Likewise, the EU Regulation provides that such information must be provided annually to ESMA and to the CRA's home regulator but need not be disclosed publicly.

16. Public disclosure of the Item 14 Information would make that information available to the Filer's Analysts. The Filer believes that confidential treatment of the Item 14 Information helps to shield this information from MIS Analysts, thereby bolstering independence in the rating process by insulating Analysts from commercial influences.

17. The Filer proposes to file the Sensitive Information on a confidential basis to the Principal Regulator.

18. Section (4) of the Instructions to Form 25-101F1 provides that an applicant may apply to the securities regulatory authority to hold in confidence portions of Form 25-101F1 which disclose intimate financial, personal or other information.

19. The Sensitive Information constitutes intimate financial, personal information or other related to the credit rating activities of the Filer that is not otherwise publicly available.

20. The Filer believes that none of the Sensitive Information, either individually or in the aggregate, is necessary to understand the remaining information provided in Form 25-101F1.

21. The Filer believes that: (i) the negative implications to the Filer, the Issuer or an investor relying on a credit rating were the Sensitive Information to be made public outweigh the desirability of adhering to the principle that material filed with the Principal Regulator be available to the public for inspection, and (ii) the disclosure of the Sensitive Information is not necessary in the public interest.

22. The Filer believes that the Sensitive Information is not material to an Analyst, an issuer or an investor relying on a credit rating and, therefore, there is no prejudice or harm to the public as a result of the Sensitive Information remaining private.

The Code of Conduct Relief

23. Upon being designated as a DRO, the Filer intends to adopt and implement the MIS Canada Code, which is designed to be substantially aligned with the International Organization of Securities Commissions Code of Conduct Fundamentals for Credit Rating Agencies and includes provisions adopted to satisfy the requirements of NI 25-101.

24. Upon being designated as a DRO, the Filer intends to appoint a compliance officer of MIS as its "designated compliance officer" (**DCO**) to fulfill the functions set forth in NI 25-101, including monitoring and assessing compliance by the Filer and its DRO employees with the MIS Canada Code and the Legislation.

25. Section 11 of NI 25-101 provides that a DRO's code of conduct must specify that a DRO must not waive provisions of its code of conduct.

26. Section 4.2 of the MIS Canada Code provides as follows:

> "MIS Canada will not waive any provisions of this Code, unless the MIS Compliance Department grants a written waiver in particular circumstances. If the provision or provisions in this Code for which a waiver is sought apply to an individual, the individual must request the waiver in writing, including the relevant facts supporting the request, and obtain approval from the individual's Manager and the DCO. If the request for a waiver is urgent and it is not feasible for the relevant individual to request the waiver on a timely basis, then the individual's Manager may request the waiver. If the provision or provisions in this Code for which a waiver is sought apply to MIS Canada, then an officer of MIS Canada must request the waiver in writing, including the relevant facts supporting the request, and obtain approval from the DCO. If the request for a waiver is urgent and it is not feasible for the DCO to grant the waiver on a timely basis, then the DCO's Manager, the designated compliance officer for Europe, the Middle East and Africa, the designated compliance officer for Asia-Pacific, or MCO's general counsel may grant the waiver."

27. The Filer believes that section 4.2 of the MIS Canada Code is consistent in all material respects with the objectives of NI 25-101 and will enable the Filer to:

    (a) accommodate the global nature of MIS's operations;

    (b) provide independent and globally consistent Credit Ratings; and

    (c) maintain and enforce globally consistent policies and procedures designed to achieve regulatory objectives.

28. The Compliance Department annually reviews and assesses the efficacy of the implementation and enforcement of the MIS Canada Code.

29. The reporting line of the Compliance Department is independent of the Filer's Credit Rating activities. Neither the DCO nor any other employee within the Compliance Department, may: (1) perform Credit Ratings; (2) participate in the development of ratings methodologies or models; (3) perform marketing or sales functions; or (4) participate in establishing compensation levels, other than for Compliance Department employees.

30. Within 90 days of its most recently completed financial year end, the Filer will deliver on a confidential basis to the Principal Regulator a report outlining any written waiver granted under section 4.2 of the MIS Canada Code during the Filer's most recently completed financial year, including a description of the nature of the request and the relevant facts supporting the request.

Decision

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

The decision of the Principal Regulator under the Legislation is that:

    (a) the Confidentiality Relief is granted provided that the Sensitive Information, which may be calculated at a global level for MIS as a whole, is provided to the Principal Regulator on a confidential basis concurrently with the filing of Form 25-101F1 by the Filer; and

(b) the Code of Conduct Relief is granted provided that:

(i) the Filer complies with the procedures regarding waivers set out in the MIS Canada Code and described at paragraph 26 of this Decision Document; and

(ii) the Filer complies with paragraph 30 of this Decision Document.

With respect to the Confidentiality Relief:

"James Turner"
Vice-Chair

"Howard Wetston"
Chair

With respect to the Code of Conduct Relief:

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

2.1.6 Standard & Poor's Ratings Services (Canada), a business unit of The McGraw-Hill Companies (Canada) Corporation

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Confidentiality – Application by a Designated Rating Organization (DRO) for a decision that sections of Form 25-101F1 Designated Rating Organization Application and Annual Filing be held in confidence for an indefinite period by the Commission, to the extent permitted by law – Subject information discloses intimate financial, personal or other information and that the desirability of avoiding disclosure thereof in the interests of any person or company affected outweighs the desirability of adhering to the principle that material filed with the Commission be available to the public for inspection – Relief granted subject to conditions.

Application by a DRO for exemptive relief from section 11 of National Instrument 25-101 Designated Rating Organizations – Filer's code of conduct does not specify that the DRO must not waive provisions of its code of conduct – Filer's code of conduct specifies that the compliance officer may grant a waiver under limited circumstances and subject to certain conditions – Relief granted subject to conditions.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5. as am., s. 140(2).
National Instrument 25-101 Designated Rating Organizations, ss. 11, 14, 15.

October 31, 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
STANDARD & POOR'S RATINGS SERVICES (CANADA),
A BUSINESS UNIT OF THE MCGRAW-HILL COMPANIES (CANADA) CORPORATION
(the Filer)

DECISION

Background

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

(a) pursuant to the confidentiality provisions of the Legislation (being subsection 140(2) of the *Securities Act* (Ontario)),

(i) the information referred to in Item 13 (Specified Revenue) of Form 25-101F1 *Designated Rating Organization Application and Annual Filing* (**Form 25-101F1**), which may be calculated at a global level for the Filer as a whole, be held in confidence (and therefore not available to the public for inspection) for an indefinite period, to the extent permitted by law; and

(ii) the information referred to in Item 14 (Credit Rating Users) of Form 25-101F1, which may be calculated at a global level for the Filer as a whole, be held in confidence (and therefore not available to the public for inspection) for an indefinite period, to the extent permitted by law,

(collectively, the **Confidentiality Relief**); and

(b) pursuant to section 15 of National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101**), the Filer be exempted from the requirement in section 11 of NI 25-101, provided that the Filer complies with the procedures set out in the S&P Code of Conduct (as defined below) and described at paragraph 24 of this Decision Document (the **Code of Conduct Relief**).

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

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 25-101 have the same meanings in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is a separately identifiable business unit of a corporation governed by the laws of Nova Scotia with its registered and principal offices located in Toronto, Ontario, which corporation is an indirect wholly-owned subsidiary of The McGraw-Hill Companies, Inc. (**McGraw-Hill**), a corporation organized under the laws of New York.

2. The Filer, together with the other components of S&P Ratings Services (the **Credit Rating Affiliates**), provides credit rating opinions, research and risk analysis to a broad range of financial institutions, corporate entities, government bodies and various structured finance product groups in North America, Europe, Africa, Australasia and South America.

3. The Filer is a component of Standard & Poor's Ratings Services (**S&P Ratings Services**) which is a Nationally Recognized Statistical Rating Organization (**NRSRO**) regulated by the SEC, and which includes related global offices that issue ratings under the Ratings Services global brand. S&P Ratings Services is comprised of, and conducts its business globally through, wholly-owned direct and indirect subsidiaries or divisions of McGraw-Hill. The credit rating activities of S&P Ratings Services are conducted globally by this business unit in accordance with a code of conduct, policies and guidelines, and criteria that are generally globally applicable.

4. Currently, the Filer, together with the Credit Rating Affiliates, has more than one million ratings outstanding covering corporate, government and special purposes issuers and obligors and their commercial paper, term debt and other debt securities and preferred shares in the global capital markets.

5. As more fully described in its application for designation as a designated rating organization (**DRO**) and the Designation Order referred to in paragraph 6 hereof, the Filer and the Credit Rating Affiliates are in compliance in all material respects with NI 25-101 and the securities legislation applicable to credit rating organizations in each jurisdiction in Canada and in any other jurisdiction in which the Filer and the Credit Rating Affiliates operate.

6. In a concurrent decision, the Principal Regulator designated the Filer as a DRO under the Legislation.

The Confidentiality Relief

7. Subsection 6(1) of NI 25-101 requires a credit rating organization that applies to be a designated rating organization to file a completed Form 25-101F1. Despite subsection 6(1), a credit rating organization that is an NRSRO may file its most recent Form NRSRO.

8. In addition, for subsequent years subsection 14(1) of NI 25-101 requires a DRO to file a completed Form 25-101F1 no later than 90 days after the end of its most recently completed financial year.

9. Item 13 of Form 25-101F1 requires a DRO to disclose information, as applicable, regarding the applicant's aggregate revenue for the most recently completed financial year including: revenue from determining and maintaining credit ratings, revenue from subscribers, revenue from granting licenses or rights to publish credit ratings, and revenue from all other services and products offered by the DRO. Item 13 of Form 25-101 also provides that the financial information

on the revenue of the DRO be divided into fees from credit rating and non-credit rating activities (the **Item 13 Information**).

10. In the United States, Exhibit 12 to Form NRSRO requires NRSROs to provide "[i]nformation regarding revenues for the fiscal or calendar year ending immediately before the date of the initial application." Such information is provided for subsequent years pursuant to SEC Rule 17g-3(a)(3) under the *Securities Exchange Act of 1934* (**1934 Act**). However, NRSROs are permitted to provide this information confidentially. Likewise, Regulation (EC) No 1060/2009 of the European Parliament and of the Council, of 16 September 2009, on credit rating agencies (the **EU Regulation**) provides that such information must be provided annually to the European Securities and Markets Authority (**ESMA**) but need not be disclosed publicly.

11. Public disclosure of the Item 13 Information would put in the public domain information that is proprietary and confidential and of a level of financial granularity that is not usually released to the public. Such information is commercially sensitive. Additionally, disclosure of such information could damage the Filer's relationship with its customers, who expect such information to be maintained confidentially.

12. Item 14 of Form 25-101F1 requires a DRO to disclose "a list of the largest users of credit rating services of the applicant by the amount of net revenue earned by the applicant attributable to the user during the most recently completed financial year". It also requires the DRO to disclose "a list of users of credit rating services whose contribution to the growth rate in the generation of revenue of the applicant in the previous fiscal year exceeded the growth rate in the applicant's total revenue in that year by a factor of more than 1.5 times" (the **Item 14 Information** and, collectively with the Item 13 Information, the **Sensitive Information**).

13. In the United States, Exhibit 10 to Form NRSRO requires NRSROs to provide "[a] list of the largest users of credit rating services by the amount of net revenue earned from the user during the fiscal year ending immediately before the date of the initial application". Such information is provided for subsequent years pursuant to SEC Rule 17g-3(a)(5) under the 1934 Act. However, NRSROs are permitted to provide this information confidentially. Likewise, the EU Regulation provides that such information must be provided annually to the European Securities and Markets Authority and to the credit rating organization's home regulator but need not be disclosed publicly.

14. Public disclosure of the Item 14 Information would make that information available to the Filer's analysts. The Filer believes that confidential treatment of the Item 14 Information helps to shield this information from the Filer's analysts, thereby bolstering independence in the rating process by insulating the Filer's analysts from commercial influences.

15. Consistent with the requirements applicable to NRSROs under the 1934 Act and the EU Regulation, the Filer proposes to file the Sensitive Information on a confidential basis with the Principal Regulator.

16. Section (4) of the Instructions to Form 25-101F1 provides that an applicant may apply to the securities regulatory authority to hold in confidence portions of Form 25-101F1 which disclose intimate financial, personal or other information.

17. The Sensitive Information constitutes intimate financial, personal or other information related to the credit rating activities of the Filer that is not otherwise publicly available.

18. The Filer believes that none of the Sensitive Information, either individually or in the aggregate, is necessary to understand the remaining information provided in Form 25-101F1.

19. The Filer believes that: (i) the negative implications to the Filer, issuers or an investor using a credit rating were the Sensitive Information to be made public outweigh the desirability of adhering to the principle that material filed with the Principal Regulator be available to the public for inspection, and (ii) the disclosure of the Sensitive Information is not necessary in the public interest.

20. The Sensitive Information is not material to an issuer or an investor relying on a credit rating and, therefore, there is no prejudice or harm to the public as a result of the Sensitive Information remaining private.

The Code of Conduct Relief

21. The Filer has adopted and implemented the *Standard & Poor's Ratings Services Code of Conduct* (the **S&P Code of Conduct**), which is designed to be substantially aligned with the *International Organization of Securities Commissions Code of Conduct Fundamentals for Credit Rating Agencies* and includes provisions adopted to satisfy the requirements of NI 25-101.

22. The Filer has also appointed a compliance officer (the **Chief Compliance Officer)** to fulfill the functions set forth in NI 25-101, including monitoring and assessing compliance by the Filer and its DRO employees with the S&P Code of Conduct and the Legislation.

23. Section 11 of NI 25-101 provides that a DRO's code of conduct must specify that a DRO must not waive provisions of its code of conduct.

24. The S&P Code of Conduct does not include this provision. The introduction section of the S&P Code of Conduct provides as follows:

> "The mission of Standard & Poor's is to provide high-quality, objective, independent, and rigorous analytical information to the marketplace. In pursuit of this mission, among other things, Standard & Poor's engages in Credit Rating Activities and issues Credit Ratings.
>
> Standard & Poor's has adopted this Code of Conduct (the "Code") to reflect the high level principles that govern the conduct of its Credit Rating Activities. This Code also reflects the high-level principles underlying Regulatory Requirements in the jurisdictions where Standard & Poor's conducts Credit Rating Activities. Standard & Poor's implements the principles set forth in this Code through policies, procedures, and guidelines (collectively, "policies") as well as through its operational and control infrastructures.
>
> All Employees must comply with this Code and its related policies. Each year all Employees are required to read the Code and affirm their compliance with it and its related policies by signing an affirmation statement. The President of Standard & Poor's (or her/his designee) is responsible for overseeing compliance with this Code, its related policies, and Standard & Poor's Regulatory Commitments and must approve in writing the grant of exceptions to this Code or its related policies but may only grant such exceptions when they do not otherwise violate a Regulatory Commitment or other applicable law or regulation. Standard & Poor's Chief Compliance Officer has day-to-day operational responsibility for compliance with, and interpretation of, the Code, its related policies, and Standard & Poor's Regulatory Commitments."

25. The S&P Code of Conduct, as well as the policies, procedures and internal controls that the Filer has implemented to ensure the objectivity and integrity of its ratings and the transparency of its operations, meets in all material respects the objectives of NI 25-101 and enables the Filer to:

    (a) accommodate the global nature of the Filer's operations;

    (b) implement the core principles outlined in the S&P Code of Conduct related to its credit ratings — objectivity, independence, integrity and transparency; and

    (c) maintain and enforce globally consistent policies, procedures and internal controls that meet specific jurisdictional requirements, in addition to those which are reflected in the S&P Code of Conduct.

26. The Chief Compliance Officer annually reviews and assesses the efficacy of the implementation and enforcement of the S&P Code of Conduct.

27. The reporting line of the Chief Compliance Officer is independent of the Filer's credit rating activities. The Chief Compliance Officer, while serving in such capacity, may not participate in any of the following:

    (a) the development of credit ratings, methodologies or models;

    (b) the establishment of compensation levels, other than for DRO employees reporting directly to the Chief Compliance Officer.

28. Within 90 days of its most recently completed financial year end, the Filer will deliver on a confidential basis to the Principal Regulator a report outlining any written waiver granted under the S&P Code of Conduct, including a description of the nature of the request and the relevant facts supporting the request.

Decision

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

The decision of the Principal Regulator under the Legislation is that:

(a) the Confidentiality Relief is granted provided that the Sensitive Information, which may be calculated at a global level for the Filer as a whole, is provided to the Principal Regulator on a confidential basis concurrently with the filing of Form 25-101F1 by the Filer; and

(b) the Code of Conduct Relief is granted provided that:

(i) the Filer complies with the procedures regarding waivers set out in the S&P Code of Conduct and described at paragraph 24 of this Decision Document; and

(ii) the Filer complies with at paragraph 28 of this Decision Document.

With respect to the Confidentiality Relief:

"James Turner"
Vice-Chair

"Howard Wetston"
Chair

With respect to the Code of Conduct Relief:

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

2.1.7 DBRS Limited

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Confidentiality – Application by a Designated Rating Organization (DRO) for a decision that sections of Form 25-101F1 Designated Rating Organization Application and Annual Filing be held in confidence for an indefinite period by the Commission, to the extent permitted by law – Subject information discloses intimate financial, personal or other information and that the desirability of avoiding disclosure thereof in the interests of any person or company affected outweighs the desirability of adhering to the principle that material filed with the Commission be available to the public for inspection – Relief granted subject to conditions.

Application by a DRO for exemptive relief from section 11 of National Instrument 25-101 Designated Rating Organizations – Filer's code of conduct does not specify that the DRO must not waive provisions of its code of conduct – Filer's code of conduct specifies that the compliance officer may grant a waiver under limited circumstances and subject to certain conditions – Relief granted subject to conditions.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5. as am., s. 140(2).
National Instrument 25-101 Designated Rating Organizations, ss. 11, 14, 15.

October 31, 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
DBRS LIMITED
(the Filer or DBRS Canada)

DECISION

Background

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

(a) pursuant to the confidentiality provisions of the Legislation (being subsection 140(2) of the *Securities Act* (Ontario)),

(i) the information referred to in Item 13 of Form 25-101F1 *Designated Rating Organization Application and Annual Filing* (**Form 25-101F1**), which may be calculated at a global level for the Filer as a whole, be held in confidence (and therefore not available to the public for inspection) for an indefinite period, to the extent permitted by law;

(ii) the information referred to in Item 14 of Form 25-101F1, which may be calculated at a global level for the Filer as a whole, be held in confidence (and therefore not available to the public for inspection) for an indefinite period, to the extent permitted by law; and

(iii) the information referred to in Item 15 of Form 25-101F1 be held in confidence (and therefore not available to the public for inspection) for an indefinite period, to the extent permitted by law,

(collectively, the **Confidentiality Relief**); and

(b) pursuant to section 15 of National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101**), the Filer be exempted from the requirement in section 11 of NI 25-101, provided that the Filer complies with the procedures set out in the Business Code (as defined below) and described at paragraph 27 of this Decision Document (the **Code of Conduct Relief**).

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

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 25-101 have the same meanings in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is a corporation governed by the *Business Corporations Act* (Ontario) with its registered and principal offices located in Toronto, Ontario.

2. The Filer is a credit rating agency (**CRA**) which provides credit rating opinions to a broad range of financial institutions, corporate entities, government bodies and various structured finance product groups in North America, Europe, Australasia and South America.

3. Affiliates of DBRS Canada are incorporated in the United States of America and in the European Union (**EU**) as follows:

   (a) DBRS, Inc. (**DBRS US**), an affiliate of DBRS Canada, is a corporation existing under the laws of Delaware. DBRS US is registered with the SEC as a nationally recognized statistical rating organization (**NRSRO**), and DBRS Canada is a credit rating affiliate (as that term is defined in SEC Form NRSRO) of DBRS US;

   (b) DBRS Ratings Limited (**DBRS UK**), an affiliate of DBRS, is a company incorporated in England and Wales and is a registered credit rating agency in the EU. As DBRS UK is not an NRSRO credit rating affiliate, it is not included in the Filer's Form NRSRO.

   DRBS US and DBRS UK are hereinafter collectively referred to as the **Affiliates**.

4. The Filer is privately owned and operated and is not a reporting issuer. Currently, the Filer, together with the Affiliates, rates more than 1,000 different companies and single-purpose vehicles that issue commercial paper, term debt and preferred shares in the global capital markets.

5. As more fully described in its application for designation as a designated rating organization (**DRO**) and the Designation Order referred to in paragraph 6 hereof, the Filer and the Affiliates is in compliance in all material respects with NI 25-101 and the securities legislation applicable to credit rating organizations in each jurisdiction in Canada and in any other jurisdiction in which the Filer or its credit rating affiliates operate.

6. In a concurrent decision, the Principal Regulator designated the Filer as a DRO under the Legislation.

The Confidentiality Relief

7. Subsection 6(1) of NI 25-101 requires a credit rating organization that applies to be a designated rating organization to file a completed Form 25-101F1. Despite subsection 6(1), a credit rating organization that is an NRSRO may file its most recent Form NRSRO.

8. In addition, for subsequent years subsection 14(1) of NI 25-101 requires a DRO to file a completed Form 25-101F1 no later than 90 days after the end of its most recently completed financial year.

9. Item 13 of Form 25-101F1 requires a DRO to disclose information, as applicable, regarding the applicant's aggregate revenue for the most recently completed financial year including: revenue from determining and maintaining credit ratings, revenue from subscribers, revenue from granting licenses or rights to publish credit ratings, and revenue from all other services and products offered by the DRO. Item 13 of Form 25-101F1 also provides that the financial information on the revenue of the DRO be divided into fees from credit rating and non-credit rating activities (the **Item 13 Information**).

10. In the United States, Exhibit 12 to Form NRSRO requires NRSROs to provide "[i]nformation regarding revenues for the fiscal or calendar year ending immediately before the date of the initial application." Such information is provided for subsequent years pursuant to SEC Rule 17g-3(a)(3) under the *Securities Exchange Act of 1934* (**1934 Act**). However, NRSROs are permitted to provide this information confidentially. Likewise, Regulation (EC) No 1060/2009 of the European Parliament and of the Council, of 16 September 2009, on credit rating agencies (the **EU Regulation**) provides that revenue information must be provided quarterly and annually to the European Securities and Markets Authority (**ESMA**) but need not be disclosed publicly.

11. Item 14 of Form 25-101F1 requires a DRO to disclose "a list of the largest users of credit rating services of the applicant by the amount of net revenue earned by the applicant attributable to the user during the most recently completed financial year". It also requires the DRO to disclose "a list of users of credit rating services whose contribution to the growth rate in the generation of revenue of the applicant in the previous fiscal year exceeded the growth rate in the applicant's total revenue in that year by a factor of more than 1.5 times" (the **Item 14 Information**).

12. In the United States, Exhibit 10 to Form NRSRO requires NRSROs to provide "[a] list of the largest users of credit rating services by the amount of net revenue earned from the user during the fiscal year ending immediately before the date of the initial application". Such information is provided for subsequent years pursuant to SEC Rule 17g-3(a)(5) under the 1934 Act. However, NRSROs are permitted to provide this information confidentially. Likewise, the EU Regulation provides that such information must be provided annually to ESMA but need not be disclosed publicly.

13. Public disclosure of the Item 13 Information and/or Item 14 Information would make that information available to the Filer's analysts. The Filer believes that confidential treatment of the Item 13 Information and/or Item 14 Information helps to shield this information from the Filer's analysts, thereby bolstering independence in the rating process by insulating the Filer's analysts from commercial influences. In addition, some of the Item 13 Information and/or Item 14 Information is competitively sensitive information of the Filer.

14. Item 15 of Form 25-101F1 requires a DRO to attach a copy of the audited financial statements of the applicant, which must include a statement of financial position, a statement of comprehensive income, and a statement of changes in equity, for each of the three most recently completed financial years (the **Item 15 Information** and, collectively with the Item 13 Information and the Item 14 Information, the **Sensitive Information**).

15. In the United States, Exhibit 11 to Form NRSRO requires NRSROs to provide "[a]udited financial statements for each of the three fiscal calendar years ending immediately before the date of the initial application." Such information is provided for subsequent years pursuant to SEC Rule 17g-3(a)(1) under the 1934 Act. However, NRSROs are permitted to provide this information confidentially. The EU Regulation does not have a similar requirement to provide such information on a yearly basis.

16. The Filer and its Affiliates are privately held companies that do not publicly issue audited financial statements.

17. Consistent with the requirements applicable to NRSROs under the 1934 Act and the EU Regulation, the Filer proposes to file the Sensitive Information on a confidential basis with the Principal Regulator.

18. Section (4) of the Instructions to Form 25-101F1 provides that an applicant may apply to the securities regulatory authority to hold in confidence portions of Form 25-101F1 which disclose intimate financial, personal or other information.

19. The Sensitive Information constitutes intimate financial, personal or other information related to the credit rating activities of the Filer that is not otherwise publicly available.

20. The Filer believes that none of the Sensitive Information, either individually or in the aggregate, is necessary to understand the remaining information provided in Form 25-101F1.

21. The Filer believes that: (i) the negative implications to the Filer, issuers or an investor relying on a credit rating were the Sensitive Information to be made public outweigh the desirability of adhering to the principle that material filed with the Principal Regulator be available to the public for inspection, and (ii) the disclosure of the Sensitive Information is not necessary in the public interest.

22. The Filer believes that the Sensitive Information is not material to an analyst, an issuer or an investor relying on a credit rating and, therefore, there is no prejudice or harm to the public as a result of the Sensitive Information remaining private.

The Code of Conduct Relief

23. The Filer has adopted and implemented the *Business Code of Conduct for the DBRS Group of Companie*s (the **Business Code**), which is designed to be substantially aligned with the *International Organization of Securities Commissions Code of Conduct Fundamentals for Credit Rating Agencies* and includes provisions adopted to satisfy the requirements of NI 25-101.

24. The Filer has also adopted and maintains an Employee Code of Conduct (the **Employee Code**) which sets out, and provides guidance in respect of, the Filer's standards of conduct to be followed by the Filer's staff, and underpins the Filer's commitment to conducting its business in an ethical manner and with integrity.

25. The Filer has also appointed a global compliance officer (the **Global Chief Compliance Officer** or **GCCO**) who is supported by Compliance Officers in various jurisdictions to fulfill the functions set forth in NI 25-101, including monitoring and assessing compliance by the Filer and its DRO employees with the Business Code and the Legislation, as well as being responsible for the oversight of the Employee Code.

26. Section 11 of NI 25-101 provides that a DRO's code of conduct must specify that a DRO must not waive provisions of its code of conduct.

27. The Business Code does not include this provision. Section 4.1 of the Business Code provides as follows:

> "The GCCO and Compliance Officers are responsible for the oversight of DBRS compliance with this Business Code and DBRS Staff compliance with the Employee Code of Conduct. DBRS will disclose on a timely basis any modifications made to this Business Code or how it is implemented and enforced."

Likewise, the Employee Code includes a section which provides as follows:

> **"Waivers of the Code**
>
> DBRS may waive application of the provisions of this Code only in rare circumstances, based on a clear showing that such a waiver is warranted. Any requests for waiver must be made in writing to the GCCO."

28. The Business Code, as well as the policies, procedures and internal controls that the Filer has implemented to ensure the objectivity and integrity of its ratings and the transparency of its operations (such as the Employee Code), is consistent in all material respects with the objectives of NI 25-101 and enables the Filer to:

    (a) accommodate the global nature of the Filer's operations;

    (b) implement high level principles that govern the conduct of the Filer's credit rating activities and underlying regulatory requirements in the jurisdictions where the Filer conducts credit rating activities; and

    (c) meet specific jurisdictional requirements, in addition to those which are reflected in the Business Code and the Employee Code.

29. The GCCO annually reviews and assesses the efficacy of the implementation and enforcement of the Business Code and the Employee Code.

30. The reporting line of the GCCO and other Compliance Officers is independent of the Filer's credit rating activities. The GCCO, while serving in such capacity, may not participate in any of the following:

    (a) the development of credit ratings, methodologies or models;

    (b) the establishment of compensation levels, other than for DRO employees reporting directly to the GCCO.

31. Within 90 days of its most recently completed financial year end, the Filer will deliver on a confidential basis to the Principal Regulator a report outlining any written waiver granted under section 4.1 of the Business Code and the

Employee Code during the Filer's most recently completed financial year, including a description of the nature of the request and the relevant facts supporting the request.

Decision

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

The decision of the Principal Regulator under the Legislation is that:

(a) the Confidentiality Relief is granted provided that the Sensitive Information, which may be calculated at a global level for the Filer as a whole, is provided to the Principal Regulator on a confidential basis concurrently with the filing of Form 25-101F1 by the Filer; and

(b) the Code of Conduct Relief is granted provided that:

(i) the Filer complies with the procedures regarding waivers set out in the Business Code and Employee Code and described at paragraph 27 of this Decision Document; and

(ii) the Filer complies with paragraph 31 of this Decision Document.

With respect to the Confidentiality Relief:

"James Turner"
Vice-Chair

"Howard Wetston"
Chair

With respect to the Code of Conduct Relief:

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

2.1.8 J.P. Morgan Securities LLC

Headnote

Multilateral Instrument 11-102 subsection 4.7(1) – US broker-dealer applied as or registered as restricted dealer – Variation of prior relief granted to filer permitting it to file SEC Form X-17a-5 (FOCUS Report) in lieu of Form 31-103F1 – Condition that the filer not guarantee any debt of a third party removed – Representation that the filer will, in the event that it provides a guarantee of any debt of a third party, deduct the total amount of the guarantee from its excess net capital on the FOCUS Report, consistent with the requirements of SEC Rule 15c3-1 – Exemption granted from requirement to prepare financial statements on an audited unconsolidated basis – Exemption granted from requirements to provide annual financial statements on a comparative basis and that at least one director sign the statement of financial position – Filer to deliver the annual financial statements that it files with the SEC and FINRA – Filer must append audited supplemental information to annual audited financial statements that corresponds with line 3480 through to and including line 3910 "Computation of Net Capital" in the FOCUS Report and the auditor's report relating to the Filer's financial statements expresses an unmodified opinion on the supplemental information – Exemption Sought shall expire when Filer's registration as a restricted dealer is terminated or revoked or on December 31, 2013.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 14-101 Definitions.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 12.1, 12.10, 15.1.
National Instrument 52-107 Acceptable Accounting Principles and Accounting Standards, ss. 3.15, 5.1.

November 7, 2012

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

AND

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

AND

IN THE MATTER OF
J.P. MORGAN SECURITIES LLC
(the Filer)

DECISION

BACKGROUND

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

(a) to vary the decision (the **Previous Decision**) it granted to the Filer on November 11, 2011 (the **FOCUS Relief**) which permits the Filer to deliver the Form X-17a-5 (the **FOCUS Report**) that it files with the United States (**U.S.**) Securities and Exchange Commission (**SEC**) and the Financial Industry Regulatory Authority (**FINRA**) regarding the calculation of its net capital in lieu of delivering Form 31-103F1 *Calculation of Net Working Capital* (**Form 31-103F1**) as required by NI 31-103 by removing condition (e) which reads "the Filer does not guarantee any debt of a third party" and, instead, adding the following representation:

> "SEC Rule 15c3-1 requires that the Filer account for any guarantee or debt of a third party in calculating its excess net capital. Accordingly, the Filer will, in the event that it provides a guarantee of any debt of a third party, deduct the total amount of the guarantee from its excess net capital on the FOCUS Report, consistent with the requirements of SEC Rule 15c3-1."

(the **FOCUS Variation Relief**)

(b) exempting the Filer from:

(i) the requirements of subsection 3.15(b) Acceptable Accounting Principles for Foreign Registrants of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standard*s (**NI 52-107**) that financial statements be prepared in accordance with U.S. GAAP, except that any investments in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in International Accounting Standard 27 *Consolidated and Separate Financial Statements* (**IAS 27**); and

(ii) the requirements of section 12.10 *Annual financial statements* of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) that the Filer prepare a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and a statement of financial position for the financial year immediately preceding the most recently completed financial year and that at least one director of the Filer sign the Filer's statement of financial position;

so long as the Filer delivers to the regulator the annual audited financial statements that it files with the SEC and FINRA (the **Financial Statements Relief**)

(collectively, the **Exemptions Sought**).

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

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

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

INTERPRETATION

Terms defined in National Instrument 14-101 *Definitions*, National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

REPRESENTATIONS

This decision is based on the facts set out in paragraphs 1 to 11 under "Representations" in the Previous Decision, as well as the following additional facts represented by the Filer:

Financial Statements Relief

1. The Filer is a corporation formed under the laws of the State of Delaware. Its head office is located at 383 Madison Avenue, New York, NY, 10179, United States.

2. The Filer is a wholly-owned subsidiary of JP Morgan Chase & Co., a publicly owned United States financial services corporation.

3. The Filer is registered as a broker-dealer with the SEC, and is a member of FINRA. The Filer is a member of a number of major U.S. securities exchanges, including the New York Stock Exchange and NASDAQ.

4. The Filer is relying on the international dealer exemption under s. 8.18 of NI 31-103 (**International Dealer Exemption**) and the international adviser exemption under s. 8.26 of NI 31-103 (**International Adviser Exemption**) in all of the provinces and in the Yukon territory.

5. The Filer is registered as a restricted dealer, with terms and conditions, in the Jurisdictions except for Alberta, British Columbia and Manitoba. In Alberta, British Columbia and Manitoba, the Filer has applied to be registered as a restricted dealer, with terms and conditions, and if registered will no longer rely on the International Dealer Exemption in British Columbia and Manitoba if so required.

6. The Filer is a futures commission merchant registered with the U.S. National Futures Association.

7. The Filer provides a variety of capital raising, investment banking, market making, brokerage, and advisory services, including fixed income and equity sales and research, commodities trading, foreign exchange sales, emerging markets activities, securities lending, investment banking and derivatives dealing for governments, corporate and financial institutions. The Filer also conducts proprietary trading activities.

8. The Filer has obtained relief from the principal regulator on November 11, 2011 exempting it from the requirement contained in section 13.12 of NI 31-103 that a registrant must not lend money, extend credit or provide margin to a client (the **Margin Relief**).

9. The Filer has also obtained the FOCUS Relief on November 11, 2011.

10. The Filer is subject to certain U.S. reporting requirements under Rule 17a-5 *Reports to Be Made by Certain Brokers and Dealers* of the *Securities and Exchange Act, 1934* (**SEA Rule 17a-5**), including the requirement to prepare and file annual audited financial statements. SEA Rule 17a-5 requires that the annual audited financial statements of the Filer be filed with the SEC and FINRA.

11. The SEC currently permits the Filer to file audited consolidated annual financial statements that are prepared in accordance with U.S. GAAP. Subsection 3.15(b) of NI 52-107 would require the Filer to prepare non-consolidated financial statements.

12. Section 12.10 of NI 31-103 provides that annual financial statements delivered to the regulator must include a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and a statement of financial position for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, along with notes thereto. Further, section 12.10 of NI 31-103 also requires that the statement of financial position be signed by at least one director of the registered firm.

13. The annual audited financial statements that the Filer prepares and files with the SEC and FINRA are not required to include the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the statement of financial position for the financial year immediately preceding the most recently completed financial year, nor is a signature of at least one director of the Filer for the statement of financial position required. These are requirements under section 12.10 of NI 31-103.

14. The accounting principles and methods used to prepare the FOCUS Reports that the Filer delivers in lieu of Form 31-103F1 are consistent with the accounting principles and methods used to prepare the annual audited financial statements that the Filer files with the SEC and FINRA.

15. Audited supplemental information to the Filer's annual audited financial statements, as required by SEA Rule 17a-5, which includes supplemental information that corresponds with line 3480 through to and including line 3910 "Computation of Net Capital" in the FOCUS Report, along with the auditor's report which expresses an unmodified opinion on this supplemental information, would allow the regulator to assess the capital position of the Filer and, therefore, achieve the same regulatory outcomes as the requirements for annual audited financial statements prepared in accordance with subsection 3.15(b) of NI 52-107 and section 12.10 of NI 31-103. Accordingly, it would be burdensome and costly for the Filer, if it were required to prepare and file unconsolidated annual audited financial statements.

Focus Variation Relief

16. The Filer obtained relief from the principal regulator on November 11, 2011 permitting it to deliver the Form X-17a-5 (the **FOCUS Report**) that it files with the SEC and FINRA regarding the calculation of its net capital in lieu of delivering Form 31-103F1 *Calculation of Net Working Capital* (**Form 31-103F1**) as required by NI 31-103.

17. The Previous Decision was granted with the condition that the Filer not guarantee any debt of a third party.

18. SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers* requires that the Filer account for any guarantee or debt of a third party in calculating its excess net capital. Accordingly, the Filer will, in the event that it provides a guarantee of any debt of a third party, deduct the total amount of the guarantee from its excess net capital on the FOCUS Report, consistent with the required treatment of such guarantee under Form 31-103F1.

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 Exemptions Sought are granted provided that:

(a) the Filer will, in the event that it provides a guarantee of any debt of a third party, deduct the total amount of the guarantee from its excess net capital on the FOCUS Report, consistent with the requirements of SEC Rule 15c3-1.

(b) the Filer is registered, and in good standing, under the securities legislation of the United States in a category of registration that permits it to carry on the activities in the United States that registration as an investment dealer would permit it to carry on in the Jurisdictions;

(c) by virtue of the registration referred to in paragraph (b), including required membership in one or more self-regulatory organizations, the Filer is subject to SEA Rule 17a-5 for the preparation of annual financial statements;

(d) the Filer delivers to the principal regulator no later than the 90th day after the end of its respective financial year its annual financial statements prepared in accordance with U.S. GAAP as permitted by SEA Rule 17a-5;

(e) the Filer gives prompt written notice to the principal regulator if the Filer has received written notice from the SEC or FINRA of any material non-compliance in the preparation and filing of its annual financial statements pursuant to the requirements of SEA Rule 17a-5;

(f) the Filer continues to be able to rely on the relief previously obtained permitting it to deliver the unconsolidated FOCUS Report that it files with the SEC and FINRA regarding the calculation of its net capital in lieu of delivering Form 31-103F1 as required by NI 31-103 and the Filer selects Box 199 ("Unconsolidated") on the FOCUS Report;

(g) the Filer appends audited supplemental information to its annual audited financial statements, as required by SEA Rule 17a-5, which includes supplemental information that corresponds with line 3480 through to and including line 3910 “Computation of Net Capital” in the FOCUS Report; and

(h) the auditor’s report relating to the Filer’s financial statements expresses an unmodified opinion on the supplemental information referred to in (g).

It is further the decision of the principal regulator that the Margin Relief, the FOCUS Relief and the Exemptions Sought shall expire on the date that is the earlier of:

(a) the date that the Filer’s registration as a restricted dealer is terminated or revoked; and

(b) December 31, 2013.

“Marrianne Bridge”
Deputy Director, Compliance & Registrant Regulation
Ontario Securities Commission

2.1.9 Avion Gold Corporation and Endeavour Mining Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application from subsidiary (Subco) of parent company (Parent) for a decision under section 13.1 of National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) exempting Subco from the requirements of NI 51-102; for a decision under section 8.6 of National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109) exempting Subco from the requirements of NI 52-109; for a decision under section 121(2)(a)(ii) of the Securities Act (Ontario) exempting the insiders of Subco from the insider reporting requirements of the Act; and for a decision under section 6.1 of National Instrument 55-102 System for Electronic Disclosure by Insiders exempting the insiders of Subco from the requirement to file an insider profile – Subco is a wholly-owned subsidiary of Parent – Subco is a reporting issuer and has options outstanding – Options entitle holder to acquire common shares of Parent – Options do not qualify as "designated exchangeable securities" under exemption in section 13.3 of NI 51-102 – relief granted on conditions substantially similar to the conditions contained in section 13.3 of NI 51-102.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 107, 121(2)(a)(ii).
National Instrument 51-102 Continuous Disclosure Obligations, ss. 13.1, 13.3.
National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, s. 8.6.
National Instrument 55-102 System for Electronic Disclosure by Insiders, s. 6.1.

November 7, 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
AVION GOLD CORPORATION (the "Filer") AND
ENDEAVOUR MINING CORPORATION ("Endeavour")

DECISION

Background

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

   (a) the Filer be exempt from the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") and related Legislation (the "**Continuous Disclosure Requirements**");

   (b) the Filer be exempt from the requirements of National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**") (the "**Certification Requirements**"); and

   (c) the insiders of the Filer be exempt from insider reporting requirements under Part XXI of the Legislation and the requirement to file an insider profile under National Instrument 55-102 – *System for Electronic Disclosure by Insiders* ("**NI 55-102**") (together, the "**Insider Reporting Requirements**") in respect of the securities of the Filer.

   (Collectively, the "**Exemption Sought**")

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

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

   (b) the 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, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (together with Ontario, the "**Reporting Jurisdictions**").

Interpretation

3. 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

4. This decision is based on the following facts represented by the Filer and Endeavour:

   (a) The Filer is a corporation existing under the laws of Ontario with a head office located in Toronto, Ontario and is a reporting issuer in each of the Reporting Jurisdictions. As at October 27, 2012, the authorized capital of the Filer consisted of an unlimited number of common shares ("**Avion Shares**"). As at October 4, 2012, 443,988,093 Avion Shares were issued and outstanding, and stock options to acquire an additional 35,063,600 Avion Shares ("**Avion Options**") were also outstanding. As at October 17, 2012, the Avion Shares were listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "AVR".

   (b) Endeavour is an exempted company with limited liability existing under the laws of the Cayman Islands and is a reporting issuer in each of the Reporting Jurisdictions. The authorized capital of Endeavour is US$20,000,000 divided into 1,000,000,000 ordinary shares ("**Endeavour Shares**") and 1,000,000,000 undesignated shares with a par value of $0.01 each (undesignated shares). As at October 17, 2012, no undesignated shares and 245,091,769 Endeavour Shares were issued and outstanding. The Endeavour Shares are listed on the TSX under the symbol "EDV" and CHESS Depositary Interests in respect of Endeavour Shares are listed for trading on the Australian Securities Exchange under the symbol "EVR".

   (c) Effective October 18, 2012, Endeavour, through its wholly-owned subsidiary, Endeavour Gold Corporation, acquired all of the issued and outstanding voting securities of the Filer by way of a plan of arrangement under section 182 of the *Business Corporations A*ct (Ontario), as amended (the "**OBCA**").

   (d) Pursuant to the Arrangement, former holders of Avion Shares received either: (i) Endeavour Shares or (ii) non-voting redeemable preferred shares in the capital of the Filer ("**Exchangeable Shares**"), which are exchangeable for Endeavour Shares. All outstanding Avion Options were adjusted such that they are exercisable only for Endeavour Shares ("**Adjusted Options**").

   (e) As at the close of trading on October 22, 2012, the Avion Shares were de-listed from the TSX. No other securities of the Filer are listed on a marketplace as defined in National Instrument 21-101 – *Certain Capital Market Participants*).

   (f) In accordance with the rights and restrictions attaching to the Exchangeable Shares and certain contractual arrangements, the Exchangeable Shares have been designed to provide the holders thereof with economic and voting rights which are, as nearly as possible, equivalent to the Endeavour Shares.

   (g) Pursuant to an exchangeable loan agreement dated August 7, 2012 between a subsidiary of Endeavour ("**Endeavour Sub**"), the Filer and certain of its subsidiaries (the "**Exchangeable Loan Agreement**"), Endeavour Sub extended a US$20 million non-revolving exchangeable term loan, which loan is exchangeable for Avion Shares in accordance with the terms thereof. Any securities of the Filer issued in connection with such loan will be (indirectly) beneficially owned by Endeavour.

   (h) The Filer also has certain contractual obligations (the "**Contractual Obligations**") pursuant to a mineral property acquisition agreement ("**Mineral Property Acquisition Agreement**") in which Avion Shares were (subject to the terms thereof) issuable in exchange for the acquisition of interests in certain properties. On October 19, 2012, the Mineral Property Acquisition Agreement was amended to have Endeavour guarantee the Contractual Obligations as primary obligor and to satisfy such obligations through the issuance of Endeavour Shares (as opposed to Avion Shares).

(i) The Exchangeable Shares and the Adjusted Options will be the only other outstanding securities of the Filer other than the Contractual Obligations, which obligations will be satisfied by the issuance of Endeavour Shares. The Filer will remain a reporting issuer in each of the Reporting Jurisdictions.

(j) The Filer is not entitled to rely on the exemptions in Section 13.3 of NI 51-102 for issuers of exchangeable securities because the Adjusted Options do not qualify as "designated exchangeable securities" as defined in NI 51-102 since none of the holders of the Adjusted Options will have voting rights in respect of Endeavour in their capacity as optionholders.

(k) The exemptions available to exchangeable security issuers in NI 52-109 and NI 55-102 are not available to the Filer because these exemptions require exchangeable security issuers to comply with Section 13.3 of NI 51-102.

(l) Neither the Filer nor Endeavour is in default of any requirements under securities legislation in the Reporting Jurisdictions.

(m) The Filer has no intention of accessing the capital markets by issuing any further securities to the public and no intention of issuing securities to the public other than those that will be outstanding on completion of the Arrangement.

(n) Continuous disclosure about Endeavour will be of greater relevance to holders of Exchangeable Shares and Adjusted Options than continuous disclosure about the Filer because the economic value of the Exchangeable Shares and Adjusted Options is ultimately determined by the operational and financial performance of Endeavour and not the Filer, and because the Exchangeable Shares and Adjusted Options are only exchangeable or exercisable for Endeavour Shares. In addition, the Filer, as a wholly-owned subsidiary of Endeavour will be consolidated with Endeavour for the purposes of financial and operational reporting.

Decision

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

1. The decision of the principal regulator under the Legislation is that the Continuous Disclosure Requirements do not apply to the Filer provided that:

(a) Endeavour is the beneficial owner of all of the issued and outstanding voting securities of the Filer;

(b) Endeavour is a reporting issuer in a designated Canadian jurisdiction (as defined in NI 51-102) and has filed all documents it is required to file under NI 51-102;

(c) the Filer does not issue any securities, and does not have any securities outstanding, other than:

(i) the Exchangeable Shares;

(ii) the Adjusted Options;

(iii) the securities issued to and held by Endeavour or an affiliate of Endeavour;

(iv) the Contractual Obligations;

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

(vi) securities issued under exemptions from the prospectus requirement in Section 2.35 and registration requirement in Section 3.35 of NI 45-106;

(d) the Filer files in electronic format under its SEDAR profile either:

(i) if the Filer is a reporting issuer in the local jurisdiction, a notice indicating that the Filer is relying on the continuous disclosure documents filed by Endeavour and setting out where those documents can be found in electronic format, or

(ii) copies of all documents Endeavour is required to file under securities legislation, other than in connection with a distribution, at the same time as the filing by Endeavour of those documents with a securities regulatory authority or regulator;

(e) Endeavour concurrently sends to all holders of Exchangeable Shares all disclosure materials that would be required to be sent to holders of Endeavour Shares in the manner and at the time required by securities legislation;

(f) Endeavour concurrently sends to all holders of Adjusted Options all disclosure materials that would be required to be sent to holders of similar options of Endeavour in the manner and at the time required by securities legislation;

(g) Endeavour complies with securities legislation in respect of making public disclosure of material information on a timely basis;

(h) Endeavour immediately issues in Canada and files any news release that discloses a material change in its affairs;

(i) the Filer issues in Canada a news release and files a material change report in accordance with NI 51-102 for all material changes in respect of the affairs of the Filer that are not also material changes in the affairs of Endeavour; and

(j) Endeavour includes in all mailings of proxy solicitation materials to holders of Exchangeable Shares and, if applicable, Adjusted Options, a clear and concise statement that:

(i) explains the reason the mailed material relate solely to Endeavour;

(ii) indicates that Exchangeable Shares are the economic equivalent of the Endeavour Shares, and, if applicable, that the Adjusted Options are exercisable for Endeavour Shares; and

(iii) describes the voting rights associated with the Exchangeable Shares.

2. The further decision of the principal regulator under the Legislation is that the Certification Requirements do not apply to the Filer provided that:

(a) the Filer is not required to, and does not, file its own Interim Filings and Annual Filings (as those terms are defined under NI 52-109);

(b) the Filer files in electronic format under its SEDAR profile either:

(i) copies of Endeavour's annual certificates and interim certificates at the same time as Endeavour is required under NI 52-109 to file such documents; or

(ii) a notice indicating that it is relying on Endeavour's annual certificates and interim certificates and setting out where those documents can be found for viewing on SEDAR; and

(c) the Filer is exempt from or otherwise not subject to the Continuous Disclosure Requirements and the Filer and Endeavour are in compliance with the conditions set out in paragraph 1 above.

3. The further decision of the principal regulator under the Legislation is that the Insider Reporting Requirements do not apply to any insider of the Filer in respect of securities of the Filer provided that:

(a) if the insider is not Endeavour:

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

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

(b) Endeavour is the beneficial owner of all of the issued and outstanding voting securities of the Filer;

(c) if the insider is Endeavour, the insider does not beneficially own any Exchangeable Shares other than securities acquired through the redemption, retraction or purchase of the Exchangeable Shares and not subsequently traded by the insider;

(d) if the insider is Endeavour, the insider does not beneficially own any Adjusted Options other than securities acquired through the exercise of the Adjusted Options and not subsequently traded by the insider;

(e) Endeavour is a reporting issuer in a designated Canadian jurisdiction;

(f) the Filer does not issue any securities, and does not have any securities outstanding, other than:

(i) the Exchangeable Shares;

(ii) the Adjusted Options;

(iii) the securities issued to and held by Endeavour or an affiliate of Endeavour;

(iv) the Contractual Obligations;

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

(vi) securities issued under exemptions from the prospectus requirement in Section 2.35 and registration requirement in Section 3.35 of NI 45-106; and

(g) the Filer is exempt from or otherwise not subject to the Continuous Disclosure Requirements and the Filer and Endeavour are in compliance with the conditions set out in paragraph 1 above.

As to the Exemption Sought (other than from the Insider Reporting Requirements under Part XXI of the Legislation):

Dated this 7th day of November, 2012.

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

As to the Exemption Sought from the Insider Reporting Requirements under Part XXI of the Legislation:

Dated this 7th day of November, 2012.

"Christopher Portner"
Commissioner
Ontario Securities Commission

"Sarah B. Kavanagh"
Commissioner
Ontario Securities Commission

2.1.10 Enbridge Income Fund Holdings Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions – related party transactions – income fund to acquire assets from a related party – issuer to offer subscription receipts for common shares to fund acquisition from related party – issuer to use proceeds to acquire additional fund units of a related party, which in turn will subscribe for trust units of a related party – fund jointly owned by issuer and related party – issuer will provide a valuation and obtain minority approval of asset acquisition – issuer exempt from valuation requirement in connection with subscription of fund units.

Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 5.4, 9.1(2).
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

November 5, 2012

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(THE "JURISDICTION")

AND

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

AND

IN THE MATTER OF
ENBRIDGE INCOME FUND HOLDINGS INC.
(THE "FILER")

DECISION

Background

The principal regulator in the Jurisdiction (the "**Decision Maker**") has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") requesting relief (the "**Exemptive Relief**") from the requirement in section 5.4 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") that the Filer obtain a formal valuation of the ordinary trust units (the "**Fund Units**") of Enbridge Income Fund (the "**Fund**") to be acquired by the Filer in connection with the indirect acquisition by the Fund of certain renewable energy assets situated in the Province of Ontario and certain liquids storage assets situated in the Province of Alberta (collectively, the "**Subject Assets**") owned indirectly by Enbridge Inc. ("**Enbridge**").

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

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

(b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in the Province of Québec.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and MI 61-101 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer was incorporated under the laws of the Province of Alberta on March 26, 2010.

2. The Filer's principal and head office is located at Suite 3000, 425 – 1st Street SW, Calgary, Alberta, T2P 3L8.

3. The Filer's articles of incorporation restrict the Filer's business to acquiring, holding, transferring, disposing of, investing in and otherwise dealing in assets, securities, properties or other interests of, or issued by, the Fund and its associates or affiliates, or any other business entity in which the Fund has an interest, as well as all other business and activities which are necessary, desirable, ancillary or incidental thereto, including but not limited to borrowing funds and incurring indebtedness; guaranteeing of debts or liabilities; and issuing, redeeming or repurchasing securities.

4. The Filer is a reporting issuer in all of the provinces of Canada.

5. The authorized capital of the Filer consists of an unlimited number of common shares of the Filer ("**Common Shares**"), first preferred shares, issuable in series and limited to one-half of the number of Common Shares issued and outstanding at the relevant time, and one special voting share, of which an aggregate of 39,741,000 Common Shares, no first preferred shares and one special voting share are issued and outstanding as at the date hereof.

6. The Common Shares are listed on the Toronto Stock Exchange.

7. Enbridge holds an aggregate of 7,909,000 Common Shares, representing 19.9% of the outstanding Common Shares.

8. The only assets of the Filer are 39,741,000 Fund Units and as such, the Filer provides to holders of the Common Shares (the "**Shareholders**") an indirect ownership interest in a Fund Unit for each Common Share held by such Shareholders. The Filer does not have any outstanding debt or material liabilities.

9. Pursuant to the restructuring of the Fund that was completed on December 17, 2010, the then public unitholders of the Fund, and Enbridge (with respect to 5,000,000 Fund Units), exchanged their Fund Units for Common Shares on a one to one basis.

10. The Fund is an unincorporated open-ended trust established under the laws of the Province of Alberta on May 22, 2003.

11. The Fund's principal and head office is located at Suite 3000, 425 - 1st Street SW, Calgary, Alberta, T2P 3L8.

12. The Fund is a limited purpose trust and, generally speaking, its activities are restricted to acquiring, holding, and dealing with interests in operating investments that are involved in energy infrastructure and related businesses. The Fund's permitted activities also include issuing securities and engaging in financial and other activities ancillary or incidental to its purpose.

13. The Fund is a reporting issuer in all of the provinces of Canada.

14. The authorized capital of the Fund consists of an unlimited number of Fund Units. As at the date hereof, 49,241,000 Fund Units are issued and outstanding, of which 39,741,000 are held by the Filer, representing 80.7% of the outstanding Fund Units, and 9,500,000 are held by Enbridge, representing 19.3% of the outstanding Fund Units. As of the date hereof, on a fully diluted basis (assuming conversion of the ECT Preferred Units described below) the Filer holds a 38.5% interest in the Fund and Enbridge holds a 61.5% interest in the Fund.

15. The Fund Units are not listed on any stock exchange or market.

16. The Fund indirectly owns crude oil and natural gas pipelines in Saskatchewan, a 50% interest in the Canadian portion of the Alliance Pipeline System and various interests in entities that produce electricity from renewable and alternative energy sources.

17. Enbridge Commercial Trust ("**ECT**") is an unincorporated trust established under the laws of the Province of Alberta on December 20, 2002.

18. ECT's principal and head office is located at Suite 3000, 425 - 1st Street SW, Calgary, Alberta, T2P 3L8.

19. ECT is not a reporting issuer.

20. The authorized capital of ECT consists of an unlimited number of ECT common units ("**ECT Common Units**") and an unlimited number of ECT non-voting preferred units ("**ECT Preferred Units**"). As at the date hereof, there are 84,174,333 ECT Common Units outstanding (all of which are owned by the Fund) and 54,074,750 ECT Preferred Units outstanding (all of which are owned by Enbridge). The ECT Preferred Units are convertible at any time and from time to time into Fund Units on a one to one basis (subject to anti-dilution provisions) at the option of the holder.

21. ECT's activities are restricted to the direct or indirect conduct of the business of, or activities pertaining to, energy infrastructure including the ownership, operation and lease of assets and property, investments, and other rights or interests in companies or other entities involved in the energy infrastructure business and engaging in all activities ancillary or incidental to the foregoing.

22. ECT holds directly and indirectly all of the outstanding securities of the partnerships and corporations that own the assets of the Fund which will be acquiring the entities that own the Subject Assets. All such entities are directly or indirectly wholly-owned by Enbridge.

23. The proposed acquisition of the Subject Assets (the "**Transaction**") will be effected by: (i) the direct and indirect acquisition from Enbridge by a wholly-owned indirect subsidiary of the Fund of all of the outstanding shares of a corporation and all of the outstanding shares of the general partners of the limited partnerships that collectively hold the Subject Assets; and (ii) the acquisition by wholly-owned indirect subsidiaries of the Fund from wholly-owned indirect subsidiaries of Enbridge of all of the limited partnership units of such limited partnerships, such that the Fund will indirectly be the sole owner of the corporation and the limited partnerships that collectively own all of the Subject Assets as well as the general partners that manage such limited partnerships. The wholly-owned subsidiaries of the Fund that will be acquiring such shares and limited partnership units are hereafter collectively referred to as the "**Purchasers**".

24. Pursuant to the Transaction, the price for the Subject Assets of $1.164 billion, subject to adjustment, will be financed as follows: (i) the Filer

will issue subscription receipts ("**Subscription Receipts**") to the public pursuant to a prospectus offering and Common Shares, at the same price as the Subscription Receipts, to Enbridge (such that Enbridge will retain its 19.9% interest in the Filer) pursuant to a private placement whereby each Subscription Receipt will automatically be exchanged for Common Shares on a one to one basis (subject to anti-dilution provisions) immediately prior to the completion of the Transaction and after receipt of the approval of the Transaction by a majority of Shareholders who are entitled to vote; (ii) the Filer will use the proceeds therefrom to acquire additional Fund Units; (iii) the Fund will borrow approximately $582 million from Enbridge on commercial terms; (iv) the Fund will use the proceeds from the issuance of Fund Units to the Filer and the loan from Enbridge to acquire additional ECT Common Units; (v) ECT will issue ECT Preferred Units to Enbridge; and (vi) the proceeds received by ECT from the Fund (from the issuance of ECT Common Units and the loan) and from the issuance of the ECT Preferred Units will be invested in or loaned to the Purchasers, which will use such proceeds to acquire the entities that own the Subject Assets.

25. The Transaction contemplates that Enbridge will subscribe for a new series of ECT Preferred Units with a different redemption price and liquidation preference amount, but otherwise having the same terms as the currently outstanding ECT Preferred Units, including the conversion of the ECT Preferred Units for Fund Units on a one to one basis. The issue price of the Fund Units to be issued to the Filer, the issue price of the ECT Common Units to be issued to the Fund, the issue price of the Common Shares and ECT Preferred Units to be issued to Enbridge and the issue price of the Subscription Receipts to be issued to the public will be the same (the "**Financing**").

26. The Subject Assets to be acquired pursuant to the Transaction are expected to diversify the Fund's overall business mix, sources of earnings and cash flow and generate additional earnings and cash flow for the Fund such that the Transaction is expected to be accretive to the Filer's distributable cash flow on a sustainable basis.

27. Completion of the Transaction is subject to a number of conditions, including completion of the Financing, regulatory approvals, third party consents and any board and shareholder approvals.

28. The Board of Trustees of ECT ("**ECT Board**") formed a special committee of trustees who are independent of Enbridge (the "**Special Committee**") to review, consider, negotiate, report and make recommendations regarding the Transaction to the ECT Board. To assist in the discharge of its responsibilities, the Special Committee retained:

    (a) BMO Capital Markets to act as its independent financial advisor and, in particular, to prepare and deliver a formal valuation in accordance with MI 61-101 of the Subject Assets and a written opinion as to the fairness of the Transaction, from a financial point of view, to the Fund and the Filer (the "**Valuation and Fairness Opinion**");

    (b) independent legal counsel; and

    (c) AMEC Americas Ltd., Black & Veatch Canada Company and WorleyParsons Canada Services Ltd. to prepare and deliver independent engineering reports in respect of the solar energy assets, the wind energy assets and the liquids storage assets, respectively, that comprise the Subject Assets.

29. The members of the ECT Board who are independent of Enbridge have concluded that the Transaction is in the best interests of the Fund, ECT and their respective unitholders (other than Enbridge) and approved the Transaction on behalf of ECT and the Fund.

30. The members of the Board of Directors of the Filer who are independent of Enbridge have considered and approved the acquisition of Fund Units from the Fund and have concluded that the Transaction is in the best interests of the Filer and fair to the Filer, and have recommended approval of the Transaction by the Shareholders.

31. Due to the Board of Directors of the Filer having determined that the Transaction is in the best interests of and fair to the Filer and having recommended approval of the Transaction by the Shareholders, the Filer intends to hold a meeting (the "Meeting") of the Shareholders to obtain approval of, inter alia, the Transaction in accordance with the majority of the minority requirements under MI 61-101. Enbridge, a "related party" of Enbridge and any "joint actor" of Enbridge (as such terms are defined in MI 61-101) will not be entitled to vote on such matter.

32. The materials to be sent to the Shareholders in connection with the Meeting will include particulars of the Transaction as required under applicable securities legislation and the Valuation and Fairness Opinion.

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 Exemptive Relief is granted.

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

2.1.11 General Motors Investment Management Corporation

Headnote

Relief granted from margin rate applicable to U.S. money market mutual funds in calculation of market risk in Form 31-103F1 – margin rate for funds qualified for distribution in Canada is 5%, while funds qualified for distribution in U.S. is 100% – similar regulation of money market funds – NI 31-103.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 12.1, 15.

November 7, 2012

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

AND

IN THE MATTER OF
GENERAL MOTORS INVESTMENT
MANAGEMENT CORPORATION
(the Filer)

DECISION

Background

The Ontario Securities Commission (the **Commission**) has received an application from the Filer for an exemption under section 15.1 of National Instrument 31-103 *Registration Requirements and Exemptions* (**NI 31-103**) from the requirement in section 12.1 of NI 31-103 that the Filer calculate its excess working capital using Form 31-103F1 (the **Form F1**) only to the extent that the Filer be able to apply the same margin rate to investments in money market mutual funds qualified for sale by prospectus in the United States of America as is the case for money market mutual funds qualified for sale in a province or territory of Canada when calculating market risk pursuant to Line 9 of the Form F1 (the **Exemption Sought**).

Interpretation

Defined terms contained in NI 31-103 have the same meanings in this decision (the **Decision**) unless they are otherwise defined in this Decision.

Representations

This Decision is based on the following facts represented by the Filer.

1. The Filer is a corporation established under the laws of the State of Delaware in the United States of America (**U.S.**) with its head office located in New York City, New York.

2. The Filer is registered in the province of Ontario as a portfolio manager.

3. The Filer is not a reporting issuer in any jurisdiction of Canada.

4. Except for the requirement for the Filer to obtain the Exemption Sought so that its excess working capital remains above zero, the Filer is not, to its knowledge, in default of securities legislation in any jurisdiction of Canada.

5. The Filer is a privately-held independent investment adviser providing discretionary and non-discretionary investment advisory services to clients, including defined benefit and defined contributions plans, charitable organizations, private investments funds and certain other governmental and financial entities. The Filer employs a wide range of products and strategies, including, among others, total plan management, public market securities, real estate and alternative investments, absolute return strategies, private equity and derivatives. More than 95% of the Filer's revenues are received from clients in jurisdictions other than Canada.

6. The Filer has been registered with the U.S. Securities and Exchange Commission as an investment adviser under the United States *Investment Advisers Act of 1940*, as amended (the **1940 Act**), since 1992.

7. The Filer invests its cash balances in a money market mutual fund qualified for sale by prospectus in the U.S., specifically a money market mutual fund which is a registered investment company under the United States *Investment Company Act of 1940*, as amended (the **Investment Company Act**), and which complies with Rule 2a-7 thereunder (**Rule 2a-7**).

8. Under Schedule 1 of the Form F1, the margin rate required for an investment in the securities of a money market mutual fund qualified for sale by prospectus in a province or territory of Canada is 5% of the market value of such investment for the purposes of Line 9 of the Form F1.

9. Under Schedule 1 of the Form F1, the margin rate required for an investment in the securities of a money market mutual fund qualified for sale by prospectus only in the U.S. is 100% of the market value of such investment for the purposes of Line 9 of the Form F1.

10. From a cash management perspective, it would not be prudent for the Filer to invest its cash balances directly in U.S. money market instruments instead of investing in money market mutual funds qualified for sale by prospectus in the U.S. and, therefore, be subject to a lower margin rate on such investments because of the following reasons:

    (a) the Filer would have to invest in a multitude of U.S. money market instruments to achieve the diversity that the U.S. money market mutual funds in which it invests provides;

    (b) U.S. money market instruments have varying degrees of liquidity and penalties may be incurred if an instrument is disposed of before it matures; and

    (c) directly investing in U.S. money market instruments is more time consuming and most likely, more costly, than investing in U.S. money market mutual funds, without any meaningful benefit.

11. It would also not be prudent for the Filer to invest its cash balances in money market mutual funds qualified for sale by prospectus in a province or territory of Canada because of the following reasons:

    (a) there are only a limited number of U.S. money market mutual funds that are qualified for sale by prospectus in a province or territory of Canada;

    (b) the Filer is a U.S. entity and cannot access U.S. money market mutual funds that are qualified for sale by prospectus in a province or territory of Canada as directly and as easily as it can access U.S. money market mutual funds that are qualified for sale by prospectus only in the U.S.;

    (c) the Filer does not have the necessary relationships with Canadian money market mutual fund issuers;

    (d) investing in U.S. money market mutual funds that are qualified for sale by prospectus in a province or territory of Canada would be more costly than investing in U.S. money market mutual funds that are qualified for sale by prospectus only in the U.S; and

    (e) as a U.S. entity, the Filer could be subject to cross-border tax issues if it were to invest in U.S. money market mutual funds that are qualified for sale by prospectus in a province or territory of Canada.

12. Unless the Exemption Sought is granted, the Filer's excess working capital as calculated using the Form F1 will be less than zero, thereby precluding the Filer from satisfying its capital requirements under NI 31-103 as a registered PM.

13. The regulatory oversight and the quality of investments held by a money market mutual fund qualified for sale by prospectus in each of the U.S. and a province or territory of Canada is similar. In particular, Rule 2a-7 sets out requirements dealing with portfolio maturity, quality, diversification and liquidity, which are similar to requirements under National Instrument 81-102 Mutual Funds (NI 81-102).

Decision

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

The Decision of the Commission under the Legislation is that the Exemption Sought is granted so long as:

(a) any money market mutual fund invested in by the Filer is qualified for sale by prospectus in the U.S. as a result of being a registered company under the Investment Company Act, and complies with Rule 2a-7;

(b) the requirements for money market mutual funds under Rule 2a-7 or any successor rule or legislation are similar to the requirements for Canadian money market mutual funds qualified for sale by prospectus under NI 81-102 or any successor rule or legislation; and

(c) the Filer is registered with the SEC as an investment adviser under the 1940 Act.

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

2.1.12 DWM Securities Inc. and Dundee Private Investors Inc.

Headnote

Under paragraph 4.1(1)(b) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, a registered firm must not permit an individual to act as a dealing, advising or associate advising representative of the registered firm if the individual is registered as a dealing, advising or associate advising representative of another registered firm. The Filers are affiliated entities and have valid business reasons for the individuals to be registered with both firms. The Filers have policies in place to handle potential conflicts of interest. The Filers are exempted from the prohibition for current and future dealing representatives, based on the representations set out in the decision, for purposes of optimizing the supervision and oversight of: (i) the sub-branches and the dealing representatives located at such sub-branches and (ii) the registerable trading activities rendered by the producing supervisors and branch managers.

Applicable Legislative Provisions

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

November 7, 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
DWM SECURITIES INC. (DWM) and
DUNDEE PRIVATE INVESTORS INC. (DPII)
(COLLECTIVELY, THE FILERS)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption from the requirement under paragraph 4.1(1)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) to permit current and future dealing representatives of one Filer to be dually-registered as a dealing representative with the other Filer for purposes of optimizing the supervision and oversight of: (i) the Sub-Branches (as defined below) and the dealing representatives located at such Sub-Branches; and (ii) the registerable trading activities rendered by the Producing Supervisors/BMs (as defined below) (the **Exemption Sought**).

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

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

b) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon by the Filers in all other provinces and territories in Canada.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning in this decision unless otherwise defined. In addition, the following terms shall have the meaning ascribed to them:

- **IIROC Rules** shall mean the rules, policies, notices and bulletins governing members of the Investment Industry Regulatory Organization of Canada (**IIROC**) as promulgated by IIROC.

- **MFDA Rules** shall mean the rules, by-laws, policies, notices and bulletins governing members of the Mutual Fund Dealers Association of Canada (**MFDA**) as promulgated by the MFDA.

Representations

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

DWM

1. DWM is a member of IIROC and is registered under NI 31-103 as an (i) investment dealer in all provinces and territories in Canada; (ii) investment fund manager in Ontario; and (iii) derivatives dealer in Quebec.

2. The head office of DWM is located in Toronto, Ontario.

3. DWM is not, to the best of its knowledge, in default of securities legislation of any jurisdiction in Canada.

DPII

4. DPII is a member of the MFDA and is registered under NI 31-103 as a mutual fund dealer and exempt market dealer in all provinces and territories of Canada and as a restricted dealer and scholarship plan dealer in Quebec.

5. The head office of DPII is located in Toronto, Ontario.

6. DPII is not, to the best of its knowledge, in default of securities legislation of any jurisdiction in Canada.

Affiliates

7. Each Filer is wholly-owned (indirectly) and controlled by The Bank of Nova Scotia and, as a consequence, are affiliates for purposes of the Legislation.

Conducting Securities Related Business – Independent Agent Model

8. As permitted by IIROC Rules, individual dealing representatives who conduct registerable investment dealer activities on behalf of DWM do so as an agent of DWM and not as an employee. DWM (as principal) sponsors approximately 462 "independent" dealing representatives under its investment dealer registration that operate out of approximately 201 branches offices across Canada.

9. As permitted by MFDA Rules, individual dealing representatives who conduct registerable mutual fund dealer activities on behalf of DPII do so as an agent of DPII and not as an employee. DPII (as principal) sponsors approximately 445 "independent" dealing representatives under its mutual fund dealer registration that operate out of approximately 231 branches offices across Canada.

Supervision and Oversight

10. IIROC Rules require its members to designate an individual qualified and approved as a supervisor ("**Supervisor**") to supervise the activities of each of its dealing representatives (both registered representatives and investment representatives) to ensure that the member and its dealing representatives located at each branch office comply with IIROC Rules and applicable securities legislation.

11. MFDA Rules require its members to designate an individual qualified and approved as a branch manager ("**Branch Manager**") for each of its branch offices for purposes of ensuring that the member and its dealing representatives located at that branch office comply with MFDA Rules and applicable securities legislation.

DWM Sub-Branches and DPII Sub-Branches

12. There are approximately 154 branch offices of DWM that do not have a Supervisor that is physically present on a day-to-day basis (each a "**DWM Sub-Branch**").

13. DWM Sub-Branches are widely-dispersed across Canada and it would be extremely costly and operationally inefficient to dedicate and devote a Supervisor to be physically present at each DWM Sub-Branch on a day-to-day basis.

14. There are approximately 166 branch offices of DPII that do not have a Branch Manager that is physically present on a day-to-day basis (each a "**DPII Sub-Branch**").

15. DPII Sub-Branches are widely-dispersed across Canada and it would be extremely costly and operationally inefficient to dedicate and devote a Branch Manager to be physically present at each DPII Sub-Branch on a day-to-day basis.

"Producing" Supervisors and "Producing" Branch Managers

16. There are approximately 55 branch offices of DWM where the designated Supervisor is responsible for servicing an active and on-going "book" of clients (each a "**Producing Supervisor**") in addition to being responsible for discharging their designated supervisory responsibilities in respect of that branch office and its dealing representatives.

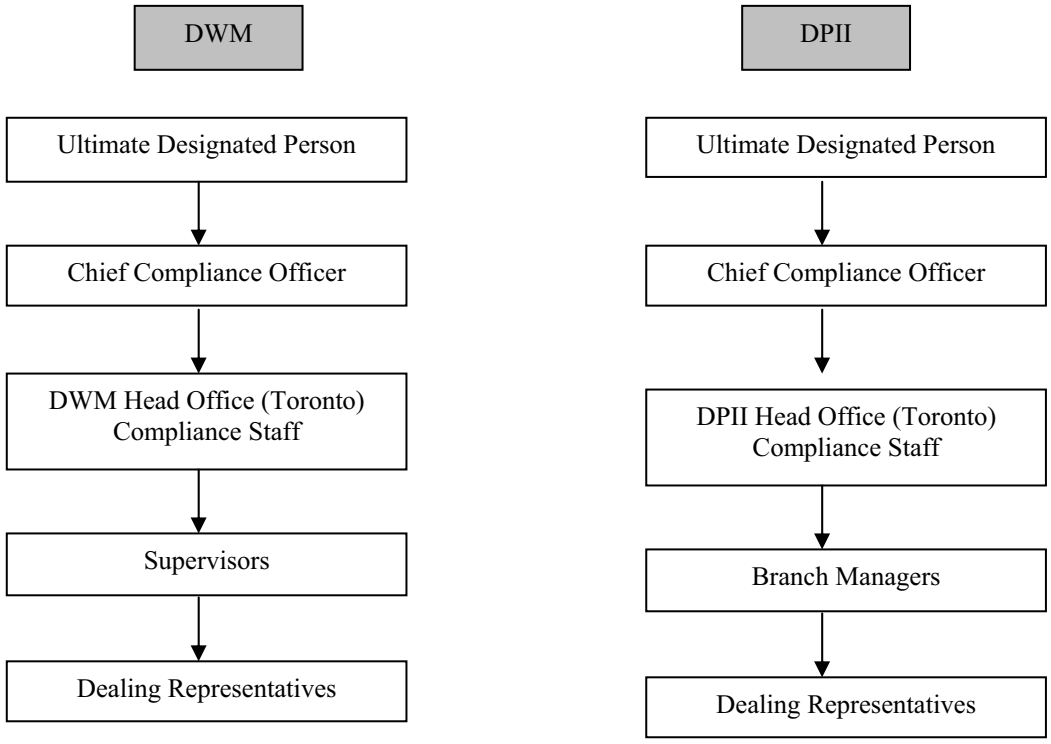
17. Generally speaking, Producing Supervisors are physically present at their DWM branch office on a day-to-day basis and the registerable trading activities they render for clients is supervised by compliance staff at the DWM head office level.

18. There are approximately 90 branch offices of DPII where the designated Branch Manager is responsible for servicing an active and on-going "book" of clients (each a "**Producing Branch Manager**") in addition to being responsible for discharging their designated supervisory responsibilities in respect of that branch office and its dealing representatives.

19. Generally speaking, Producing Branch Managers are physically present at their DPII branch office on a day-to-day basis and the registerable trading activities they render for clients is supervised by compliance staff at the DPII head office level.

Dually-Registered Representatives and the Filers' Compliance Structure

20. In order to effectively and efficiently discharge their supervisory and oversight obligations over branch offices and dealing representatives, the Filers have adopted a centralized corporate (head office) compliance structure:



21. For purposes of optimizing the supervision and oversight of (i) DWM Sub-Branches and DPII Sub-Branches (collectively the "**Sub-Branches**") and the dealing representatives located at such Sub-Branches; and (ii) the registerable trading activities rendered by Producing Supervisors and Producing Branch Managers (collectively the "Producing Supervisors/BMs") for clients, the Filers have jointly assigned to certain designated employees (each a "**Dually-Registered Representative**") the responsibility for:

a) discharging the duties and obligations of a Supervisor (as contemplated under IIROC Rules) in respect of one or more DWM Sub-Branches;

b) discharging the duties and obligations of a Branch Manager (as contemplated under MFDA Rules) in respect of one or more DPII Sub-Branches; and

c) overseeing the registerable trading activities of one or more Producing Supervisors/BMs.

22. In order to fulfill this role and meet applicable regulatory requirements, each Dually-Registered Representative is:

a) dually-employed with the Filers;

b) approved by IIROC to be a Supervisor (and to engage in outside business activities with DPII);

c) approved by the MFDA to be a Branch Manager (and to engage in outside business activities with DWM); and

d) registered as a dealing representative with two registered firms (DWM and DPII) by the applicable securities commissions.

23. For purposes of minimizing any potential conflicts of interest that could arise with respect to utilizing Dually-Registered Representatives to supervise and oversee Sub-Branches and registerable trading activities rendered by Producing Supervisors/BMs, each Dually-Registered Representative is designated as a "non-producing" dealing representative under the terms of their employment with the Filers. Accordingly, each Dually-Registered Representative:

a) is prohibited from having or servicing an active "book" of clients or generally acting in a sales capacity (except as noted below);

b) is generally required to devote 100% of their time to supervisory and compliance functions in respect of their designated Sub-Branches and registerable trading activities rendered by their designated Producing Supervisors/BMs;

c) is regarded as an employee (not an agent) by each Filer and compensated on the basis of meeting their respective supervisory and compliance objectives (not on a sales commission basis); and

d) reports directly to the Head Office (Toronto) Compliance Staff of DWM and DPII, as the case may be.

24. Each Dually-Registered Representative may be required to engage in registerable dealing activities in limited circumstances in which it is necessary and incidental to the performance of their supervisory role. This could occur, for example, in circumstances where a dealing representative at a small Sub-Branch is absent due to sickness or a vacation and a client of that dealing representative seeks to execute an unsolicited trade order.

25. To support the role of the Dually-Registered Representative within the Filers' centralized corporate supervisory structure, the Filers have implemented considerable and sophisticated technological and infrastructure measures in order to supervise and oversee branch office operations by compliance personnel that are not physically present at the branch location.

26. Currently, the Filers employ ten (10) Dually-Registered Representatives (each of whom obtained registration as a dealing representative with two sponsoring firms (DWM and DPII) prior to the implementation of section 4.1(1)(b) of NI 31-103 in July 2011) who supervise Sub-Branches and/or registerable trading activities rendered by Producing Supervisors/BMs on the same basis as represented above.

27. The Filers are seeking to employ additional Dually-Registered Representatives, as based on their experience to date and from a business reasons perspective, the Filers submit that the use of Dually-Registered Representatives within their centralized corporate supervisory structure has proven to be a highly effective and cost efficient tool for purposes of assisting in the discharge of their regulatory supervisory and oversight obligations.

28. Furthermore, the Filers submit that because Dually-Registered Representatives are not permitted to service an active "book" of clients or earn commission revenue tied to trading activities:

(a) the risk of client confusion is non-existent (especially considering the Filers engage in separate and distinct businesses in the securities industry);

(b) the conflicts of interest that typically arise when a dealing representative acts for two sponsoring firms are not present; and

(c) each Dually-Registered Representative has sufficient time to discharge their assigned supervisory and compliance functions owed to each Filer.

29. In absence of the Exemption Sought, the Filers would be prohibited under section 4.1(1)(b) of NI 31-103 from adding additional Dually-Registered Representatives to its corporate compliance structure for purposes of supervising Sub-Branches and registerable trading activities rendered by Producing Supervisors/BMs.

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 with respect to any future Dually-Registered Representatives, the facts represented in paragraphs 3, 6, 20, 21, 22, 23, 24 and 25 of the decision apply in those circumstances.

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

2.1.13 Leader Auto Resources LAR Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from prospectus requirement in connection with trades of Shares of the Filer in to franchised new-vehicle dealers, subject to conditions

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 74(1)

February 3, 2012

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
QUEBEC AND ONTARIO
(the "Filing Jurisdictions")

AND

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

AND

IN THE MATTER OF
LEADER AUTO RESOURCES LAR INC.
(the "Filer")

DECISION

Background

The securities regulatory authority or regulator in each of the Filing Jurisdictions (the "Decision Makers") has received an application from the Filer under the securities legislation of the Filing Jurisdictions (the "Legislation") for an exemption from the prospectus requirements of the legislation (the "Requested Exemption") so that such requirements do not apply to the issuance of the Filer's Class A Common Shares and Class C Preferred Shares (collectively the "Securities") to franchised new-vehicle dealers.

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

a) the Autorité des marchés financiers (The "Autorité") is the principal regulator for this application,

b) the Filer has provided notice that subsection 4.7(1) of *Regulation 11-102 respecting Passport System* ("Regulation 11-102") is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Yukon, Northwest Territories and Nunavut;

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

Interpretation

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

Representations

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

1. The Filer is an entity resulting from the merger of Leader Auto Resources LAR Inc., formerly L.A.R. Warehousing Inc. ("Old LAR"), and 7735677 Canada Inc. by way of an arrangement under Section 192 of the *Canadian Business Corporations Act* (the "Arrangement"), effective March 1, 2011 (the "Effective Date");

2. The head office of the Filer is situated at 2525, route Transcanadienne, in the City of Pointe-Claire (Quebec), H9R 4V6;

3. The Filer is a buying group the purpose of which is to consolidate the purchases of goods and services of franchised new-vehicle dealers in order to optimize their purchasing power and generate economies of scale;

4. The Filer is not a reporting issuer in any Canadian jurisdiction and is not in default of legislation or securities legislations in the following jurisdictions: British Columbia, Alberta, Saskatchewan, Manitoba, Yukon, North-West Territories and Nunavut;

5. As of the Effective Date, the geographical distribution of the 658 shareholders of the Filer was as follows: one in Alberta, 94 in Ontario, 477 in Quebec, 34 in New Brunswick, 33 in Nova Scotia, 8 in Prince Edward Island and 11 in Newfoundland and Labrador;

6. The shareholder of the Filer presently residing in Alberta acquired the entirety of its Class A Shares from the Old LAR and resided in the province of Quebec at the time so that the issuance of his shares was governed by the laws of the province of Quebec;

7. In the past, the Commission des valeurs mobilières du Québec and the Ontario Securities Commission granted to the Old LAR exemptions from prospectus and dealer registration requirements for the issuance of Class A Shares with franchised new-vehicle dealers, which exemptions ceased to be effective since the Effective Date;

8. The Old LAR also issued in the past Class A Shares to residents of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the "Four Jurisdictions"). The Filer cannot however confirm that these issuances with the residents of the Four Jurisdictions were made in compliance with the applicable securities legislation;

9. Pursuant to its constating documents, general by-law and unanimous shareholders' agreement in force as of the Effective Date:

   (a) the Filer can only issue its Securities to franchised new-vehicle dealers; and

   (b) only the Filer can repurchase its Securities held by a shareholder who ceases to be a franchised new-vehicle dealer.

10. As the shareholders of the Filer cannot sell nor transfer their Securities to a third party, including another shareholder, no market exists for the resale or transfer of the Securities;

11. All issued Securities are pledged, with delivery, as security for the performance of the shareholder's obligations to the Filer, including the payment of purchases made by the franchised new-vehicle dealer from the Filer, the whole pursuant to Pledge and Deposit Agreements entered into amongst the shareholders, the Filer and a depositary.

12. The Filer wants to continue to grow its business and intends to issue Securities to other franchised new-vehicle dealers.

Decision

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

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that the prospectus requirements will apply to the first trade of the Securities, except if made in favour of the Filer in accordance with its constating documents, general by-law and unanimous shareholders' agreement in force as of the Effective Date.

"Jean Daigle"
Director, Corporate Finance

2.1.14 Manulife Securities Investment Services Inc. and Wellington West Financial Services Inc.

Headnote

Multilateral Instrument 11-102 Passport System – National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 33-109 Registration Information (NI 33-109) – relief from certain filing requirements of NI 33-109 in connection with a bulk transfer of business locations and certain individuals under an amalgamation in accordance with section 3.4 of Companion Policy 33-109CP to NI 33-109.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System.
National Instrument 33-109 Registration Information and Companion Policy 33-109CP.
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

November 7, 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
MANULIFE SECURITIES INVESTMENT
SERVICES INC.
(the Filer)

AND

IN THE MATTER OF
WELLINGTON WEST FINANCIAL SERVICES INC.

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision of the principal regulator under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for exemptions from the following requirements pursuant to section 7.1 of National Instrument 33-109 – *Registration Information* (**NI 33-109**) to accommodate the bulk transfer of the business locations of Wellington West Financial Services Inc. (**Wellington**), and certain individuals associated with each business location on the National Registration Database (**NRD**) in respect of Wellington's registration as a mutual fund dealer, from Wellington to the Filer (the **Bulk**

Transfer) in accordance with section 3.4 of Companion Policy 33-109CP (the **Exemptions Sought**):

1. the requirement to submit a notice regarding the termination of each employment, partner, or agency relationship under section 4.2 of NI 33-109;

2. the requirement to submit a registration application or a reinstatement notice for each individual seeking be a registered individual under section 2.2 or 2.3 of NI 33-109; and

3. the requirement to notify the regulator of a change to the business location information in Form 33-109F3 under section 3.2 of NI 33-109.

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

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

(b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in the provinces of Alberta, British Columbia, Manitoba and Saskatchewan (with Ontario, the **Provinces**).

Interpretation

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

Representations

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

The Filer

1. The Filer is a wholly-owned subsidiary of The Manufacturers Life Insurance Company (**Manulife**). The Filer provides clients with a comprehensive suite of investment products and services designed to address a wide range of financial needs.

2. The Filer is registered as a mutual fund dealer in all of the provinces of Canada, the Northwest Territories and Yukon Territory, and is a member of the Mutual Fund Dealers Association of Canada (the **MFDA**).

3. Manulife is a corporation incorporated under the *Insurance Companies Act* (Canada). The head office of Manulife is located at 200 Bloor Street East, Toronto, ON M4W 1E5. Manulife is a Canadian life insurance company and a wholly owned subsidiary of Manulife Financial Corporation, a publicly traded life insurance company.

4. Neither the Filer nor Manulife is in default of the securities legislation in any province or territory of Canada.

5. Neither the Filer nor Manulife is a reporting issuer in any province or territory of Canada.

The Transaction

6. National Bank Financial & Co. Inc. sold all of the issued and outstanding common shares of Wellington West Financial Services Inc. (**Wellington**) to Manulife (the **Acquisition**).

7. The Acquisition was completed on October 26, 2012.

8. By virtue of the Acquisition, Manulife became the sole shareholder of all of the issued and outstanding shares of Wellington.

9. Prior to the Combination (described below), Wellington was a corporation continued under the *Canada Business Corporations Act*. Wellington was registered as a mutual fund dealer in the Provinces and was a member of the MFDA. Wellington had a network of advisors who provided clients with strategies for financial, estate, business succession, tax and philanthropic planning.

10. On November 1, 2012, Manulife carried out a corporate reorganization to combine the Filer and Wellington by way of a horizontal amalgamation (the **Combination**).

11. The Filer has continued as the surviving company of the Combination and therefore Wellington has ceased to exist as a separate legal entity and no longer requires registration as a mutual fund dealer in the Provinces.

12. The business locations of Wellington and substantially all of Wellington's registered individuals who are dealing representatives were assumed by the Filer as a result of the Combination.

13. As a result of the Combination, the business and operations of the Filer consist of the combined business and operations of the Filer and Wellington.

14. The business and operations of Wellington prior to the completion of the Combination are now carried on by the Filer as a result of the Combination, in substantially the same manner and with substantially the same registered individuals that are dealing representatives.

15. It is not anticipated that there will be any disruption in the ability of the Filer to trade on behalf of its clients (including the former clients of Wellington) following the Bulk Transfer.

16. The Bulk Transfer will facilitate the transfer of Wellington's business locations, and the transfer of certain individuals associated with such business locations in respect of Wellington's registration as a mutual fund dealer, from Wellington to the Filer.

17. Given the significant number of business locations and registered individuals who are dealing representatives of Wellington, it would be difficult to transfer each business location and individual to the Filer in accordance with the requirements of NI 33-109 if the Exemptions Sought are not granted.

18. The Exemptions Sought will not be contrary to the public interest and will have no negative consequences on the ability of the Filer to comply with all applicable regulatory requirements or the ability to satisfy any obligations in respect of the clients of the Filer (including the former clients of Wellington).

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 Exemptions Sought are granted provided that the Filer makes acceptable arrangements with CDS Inc. for the payment of the costs associated with the Bulk Transfer, and makes such payment in advance of the Bulk Transfer.

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

2.1.15 MBS Group (Canada) Ltd. et al.

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

AND

IN THE MATTER OF
MBS GROUP (CANADA) LTD., BALBIR AHLUWALIA
AND MOHINDER AHLUWALIA

DECISION

WHEREAS on June 30, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 37, 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") accompanied by a Statement of Allegations dated June 30, 2011, issued by Staff of the Commission ("Staff") with respect to MBS Group (Canada) Ltd. ("MBS Group"), Mohinder Ahluwalia ("Mohinder") and Balbir Ahluwalia ("Balbir") (collectively, the "Respondents");

AND WHEREAS by Notice of Motion dated August 5, 2011, Staff brought a motion for a temporary order on notice to the Respondents;

AND WHEREAS on August 17, 2011, Staff, Balbir and Mohinder attended before the Commission and the Commission made a temporary order pursuant to subsections 127(1) and 127(5) of the Act, which ordered: (i) pursuant to clause 2 of subsection 127(1) of the Act, that MBS Group, Mohinder and Balbir cease trading in all securities, with the exception that Mohinder and Balbir are permitted to trade securities in mutual funds that are reporting issuers through a registered dealer (to whom a copy of this order is delivered in advance of any such trading) and for the account only of their own respective registered retirement savings plans (as defined in the *Income Tax Act* (Canada)); and (ii) pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to MBS Group, Mohinder or Balbir (the "Temporary Order"). The Commission ordered that the Temporary Order take effect immediately and expire on September 2, 2011, unless extended by order of the Commission;

AND WHEREAS on September 1, 2011, the Commission extended the Temporary Order until December 2, 2011, with the exception that Mohinder may direct Mackie Research Capital Corporation to sell securities held in his accounts with them as of September 1, 2011 in order to liquidate those accounts;

AND WHEREAS on November 29, 2011, the Commission ordered that the Temporary Order be extended until the conclusion of the hearing on the merits with the exception that Balbir and Mohinder are, individually, permitted to trade for their own account, solely through a registered dealer or, as appropriate, a registered dealer in a foreign jurisdiction (which dealer must be given a copy of this Order) in (i) any "exchange-traded security"

or "foreign exchange-traded security" within the meaning of National Instrument 21-101 provided that they do not own beneficially or exercise control or direction over more than five percent of the voting or equity securities of the issuer(s) of any such securities; or (ii) any security issued by a mutual fund that is a reporting issuer. The Commission further ordered that a prehearing conference be scheduled for January 13, 2012;

AND WHEREAS on January 13, 2012, the Commission ordered that the hearing on the merits (the "Merits Hearing") commence on October 22, 2012 at 10:00 a.m. and continue on October 24, 25, 26, 29, 30 and November 1, 2, 3 and 5, 2012, or such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary;

AND WHEREAS on September 17, 2012, Staff and Mohinder presented an agreed statement of facts to the Commission;

AND WHEREAS Mohinder acknowledged in the agreed statement of facts that he breached subsections 25(1) and 53(1) of the Act as alleged in Staff's Statement of Allegations dated June 30, 2011;

AND WHEREAS on September 21, 2012, Staff filed an Amended Statement of Allegations;

AND WHEREAS on October 10, 2012, Staff and Mohinder jointly requested and the Commission ordered that Mohinder be severed from this proceeding and that a separate hearing take place on November 29 and 30, 2012 to consider whether it is in the public interest for the Commission to make certain orders against Mohinder on the basis of the agreed statement of facts filed with the Commission;

AND WHEREAS the Merits Hearing relating to MBS Group and Balbir commenced on October 22, 2012 and continued on October 24, 25, 26, 29 and 31, 2012;

AND WHEREAS on October 29, 2012, the Merits Hearing was adjourned until October 31, 2012, during which time the parties advised they would be working towards entering an agreed statement of facts and Balbir advised that he would be obtaining legal advice in respect thereof;

AND WHEREAS on October 31, 2012, Staff and Balbir jointly presented a document entitled "Agreed Statement of Facts and Respondents' Admissions" (the "Agreed Statement of Facts") to the Panel wherein Balbir admits and acknowledges that he and MBS Group acted in contravention of sections 25(1), 53(1) and 129.2 of the Act as alleged in Staff's Amended Statement of Allegations dated September 21, 2012;

AND WHEREAS upon considering the Agreed Statement of Facts and hearing the submissions of Staff and Balbir in respect thereof, the Panel declared the Merits Hearing at an end;

AND WHEREAS the Panel has considered the Agreed Statement of Facts, section 17 of the *Statutory Powers Procedure Act*, R.S.O, 1990 c.S.22 and rule 17 of the *Ontario Securities Commission Rules of Procedure*, as amended, and has reached the following decision:

THIS PANEL FINDS THAT:

(a) Any and all evidence entered in the Merits Hearing is withdrawn in its entirety and replaced with the Agreed Statement of Facts, wherein Balbir admits and acknowledges that he and MBS Group contravened sections 25(1), 53(1) and 129.2 of the Act; and

(b) A sanctions hearing in this matter will take place on January 10 and 11, 2013, which dates have been set with the consent of the parties, exclusively in respect of the facts and admissions contained in the Agreed Statement of Facts.

Dated at Toronto this 5th day of November, 2012.

"Christopher Portner"

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

AND

IN THE MATTER OF
MBS GROUP (CANADA) LTD., BALBIR AHLUWALIA
AND MOHINDER AHLUWALIA

AGREED STATEMENT OF FACTS
AND RESPONDENTS' ADMISSIONS

Overview

1. From approximately June 2004 to June 2007 (the "Material Time"), Balbir Ahluwalia ("Balbir") and MBS Group (Canada) Ltd. ("MBS") (collectively, the "Respondents") engaged in and held themselves out as engaging in the business of trading in securities and Balbir, directly and through representatives, sold the Electrolinks Securities (defined below) to members of the public in Ontario and other jurisdictions.

2. Neither Balbir nor MBS was registered in any capacity with the Commission during the Material Time.

3. During the Material Time, Electrolinks was not a reporting issuer and the Electrolinks shares were not qualified by a prospectus.

4. Neither Balbir nor MBS were eligible for any exemptions from Ontario securities laws for the sale of Electrolinks shares.

Background

5. Q2 Media Inc. ("Q2 Media") was a privately held corporation that was involved in the development and delivery of broadband over powerline communications ("BPL") solutions. The principals of Q2 Media were Bir Flora ("Flora"), Neil Appalsamy ("Appalsamy") and Jagdish Awatramani ("Awatramani").

6. In order to expand the business of Q2 Media, the principals of the company decided they required additional capital and sometime in 2003 or 2004 met with Mohinder Ahluwalia ("Mohinder") who introduced himself as someone that helped companies raise money.

7. After a failed attempt to finance through a single large investor, Mohinder later brought his brother Balbir to meet with Flora and Appalsamy.

8. It was decided that a new company should be incorporated to facilitate the raising of additional capital through the sale of shares.

9. In 2004, Electrolinks was incorporated and by agreement dated April 26, 2004 purchased the business of Q2 Media including all rights and licenses to BPL technology held by Q2 Media.

10. On July 9, 2004, Balbir incorporated MBS in the province of Ontario to, among other things, promote, sell and distribute shares in Electrolinks (the "Electrolinks Securities").

11. According to an agreement dated April 12, 2004 (the "Offering Agreement"), Electrolinks engaged MBS as a consultant in connection with the "private offering of shares" of Electrolinks.

12. The Offering Agreement provided for the following:

- Electrolinks would offer up to 15 million common shares of Electrolinks at a price per share of $0.30 for gross proceeds of up to approximately $4 million;
- MBS would receive $12,500 for every $250,000 raised, 1 million shares at the beginning of the contract and an additional 1 million shares for every 1 million dollars raised (to a maximum of 5 million shares); and
- Electrolinks would compensate MBS for all expenses incurred, which were to be reimbursed out of the initial gross proceeds of $500,000 raised.

13. Balbir had no formal training in the securities industry and Balbir had no training, education or experience related to the capital markets at the time that he entered into the Offering Agreement.

The Trading and Distribution of the Electrolinks Securities by Balbir and MBS

14. MBS and Balbir relied primarily on representatives to distribute the Electrolinks Securities on their behalf. These representatives included: Joe Callura ("Callura") and Vito Piacente ("Piacente").

15. In 2004, Balbir raised approximately $800,000 from the sale of the Electrolink Securities to Callura and Callura's friends, family and associates. In and around 2005 and 2006, Balbir raised approximately $800,000 from the sale of the Electrolink Securities through Piacente and his friends, family and associates. In addition, during the Material Time, Balbir raised approximately $100,000 from approximately 10 investors through the sale of Electrolinks shares that he personally held.

16. On January 26, 2005, Balbir became a director of Electrolinks and by August 2005 Balbir became the de facto directing mind of Electrolinks.

17. From July 2004 to May 2006 approximately $1.5 million was transferred into accounts controlled by MBS and Balbir (the "MBS Accounts") by over 89 individuals or companies for the purchase of the Electrolinks Securities.

18. Approximately $164,000 was withdrawn from the MBS Accounts in cash and/or transferred to persons or companies related to Balbir.

19. It is Balbir's position that all the funds raised were used for the business of Electrolinks; however, Staff is unable to confirm this due to poor record keeping by Balbir, MBS and Electrolinks.

20. As compensation for his services, Balbir received approximately 1.3 million shares in Electrolinks.

21. Balbir represented to the Electrolinks shareholders, directly or through his representatives, that Electrolinks would be going public and that the Electrolinks shareholders could expect to be able to sell their shares to receive a return on their investment once that happened.

22. During the Material Time, Electrolinks, primarily through Balbir, engaged in a number of attempts to become a public company through a reverse take-over - however, none of these attempts materialized.

23. Mohinder also relied on representatives to sell the Electrolinks Securities. These representatives included Marisa DiFilippo ("DiFilippo") and Lana Rodrigues ("Rodrigues").

24. Mohinder initially raised approximately $57,000 through DiFilippo which was transferred to MBS. However, Mohinder subsequently raised approximately an additional $600,000 through DiFilippo and these funds were never transferred to MBS or Electrolinks.

25. The share certificates provided to Mohinder's investors were signed by Balbir on behalf of Electrolinks; however, the majority of the shares that Mohinder sold were from his personal holdings and the funds raised through the sale of those shares were not transferred to Balbir, MBS or Electrolinks.

26. DiFilippo, Rodrigues and the investors that invested through them were told by Mohinder that the funds they invested would be provided to Electrolinks.

27. In or around April of 2006, DiFilippo, Rodrigues and another investor met with Balbir and Mohinder to inquire about their investments. At that meeting, Balbir confirmed that he had received funds from Mohinder relating to his sales of the Electrolinks Securities. Following the meeting, DiFilippo presented Balbir with copies of the cheques she had provided to Mohinder – including cheques reflecting investments made by Rodrigues and individuals that invested through Rodrigues. At that point, Balbir indicated that he had not received all the funds that were provided to Mohinder and that he was unaware of the fact that Mohinder had raised such a large sum from the sale of the Electrolinks Securities.

28. Electrolinks sent periodic correspondence to investors to advise of various attempts to go public, to seek out additional investments and/or to provide notice of shareholders' meetings but otherwise investors had a difficult time obtaining information from the company.

29. None of the Respondents, nor any of the individuals selling the Electrolinks Securities, was registered with the Commission.

30. On September 28, 2004, Electrolinks filed a 45-501F1 Report of Exempt Distribution dated September 7, 2004 and reported the purchase of 1,199,500 shares by 12 purchasers. The Commission received no additional filings in respect of the sale and/or distribution of the Electrolinks shares.

31. At least $2 million, and as much as $4.5 million through debt and equity, was raised from investors during the Material Time and by 2007 Electrolinks had over 350 shareholders and over 400 individuals with beneficial interests in Electrolinks shares (as a result of shareholders being instructed to pool their funds by MBS, Mohinder, Balbir and/or their agents or representatives).

32. Electrolinks ceased business in or around 2008 and was dissolved on February 10, 2010.

33. Electrolinks never became a public company nor did it make any distributions to investors and the Electrolinks shareholders suffered a complete loss of their investment.

Respondents' Admissions

34. By engaging in the conduct described above, Balbir admits and acknowledges that he and MBS contravened Ontario securities law during the Material Time in the following ways:

- the Respondents traded and engaged in, or held themselves out as engaging in, the business of trading in securities, where no exemptions were available, and without being registered to trade in securities, contrary to subsection 25(1) of the Act and contrary to the public interest;
- The actions of the Respondents related to the sale of securities constituted distributions of securities where no preliminary prospectus and prospectus were filed nor receipted by the Director, and where no exemptions were available, contrary to subsection 53(1) of the Act and contrary to the public interest; and
- As a director and officer of MBS, Balbir did authorize, permit or acquiesce in the commission of the violations of subsections 25(1) and 53(1) of the Act, as set out above, by MBS or by the salespersons, representatives or agents of MBS, contrary to section 129.2 of the Act and contrary to the public interest.

2.1.16 CIBC Securities Inc.

Headnote

MI 11-102 Passport System – Process for Exemptive Relief Applications in Multiple Jurisdictions – A mutual fund dealer selling model portfolios of mutual funds is exempt from registration as an adviser with respect to discretionary Strategic and Tactical Rebalancing activities carried out by the affiliated adviser to the model portfolios of mutual funds, subject to certain conditions.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System.
Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., ss. 25(3)(a), 74(1).

November 9, 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
CIBC SECURITIES INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption relieving the Filer from the adviser registration requirement (the **Relief Sought**) in connection with the Rebalancing Activities (as defined below) and the Strategic and Tactical Rebalancing Activities (as defined below) carried out by CIBC Trust Corporation (**CIBC Trust**) in connection with the Product (as defined and described below).

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

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

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

Interpretation

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

Representations

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

1. The Filer is registered as a dealer in each of the jurisdictions in the category of mutual fund dealer and is a member of the Mutual Fund Dealers Association of Canada (**MFDA**).

2. The Filer is not in default of securities legislation in any jurisdiction.

3. CIBC Trust is a trust company organized under the laws of Canada and has its head office in Toronto, Ontario. It is qualified to carry on the trust business in all the provinces and territories of Canada. CIBC Trust is registered as an adviser, in the category of portfolio manager under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**), in each of the jurisdictions, other than Ontario and Newfoundland and Labrador, where it can rely on an exemption.

4. CIBC Trust has been offering fully discretionary managed accounts to clients, including those for which only Imperial Pools or CIBC Index Mutual Funds (together, the **Funds**) are available. CIBC Trust is working with the Filer and CIBC Investor Services Inc. (**CIBC ISI**, and together with the Filer, the **Dealers**) to transition existing managed accounts from CIBC Trust to the facilities of the Dealers. All new managed accounts will be opened through the facilities of the Dealers and CIBC Trust will continue to develop and rebalance model portfolios which align substantively with the approach CIBC Trust has taken previously for clients with managed accounts for which only the Funds are available. The service is known as CIBC Personal Portfolio Services (the **Product**).

5. CIBC ISI is registered in each jurisdiction as a dealer in the category of investment dealer and is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**).

6. The Dealers and CIBC Trust are each subsidiaries of Canadian Imperial Bank of Commerce (**CIBC**) and as such, are affiliated entities.

7. The Filer and CIBC ISI intend to offer the Product to clients. While the Product will also be offered by CIBC ISI, it does not require relief from the adviser registration requirements in reliance on the registration exemption in section 8.24 of NI 31-103.

8. The Product consists of a number of model portfolios, which together occupy successive portions of the investing spectrum with respect to the objective of the client, from secure income to aggressive growth. Each model portfolio is comprised of either the Imperial Pools or the CIBC Index Mutual Funds, each a family of mutual funds managed by an affiliate of the Filer, suitable to the objective of that portfolio.

9. Each of the Funds is or will be an open-ended mutual fund trust established under the laws of the Province of Ontario. CIBC is the investment fund manager of the Funds. CIBC Asset Management Inc. (**CAMI**), an affiliate of CIBC and of CIBC Trust and the Dealers, is the portfolio manager of the Funds. CIBC Trust is the trustee and CIBC Mellon Trust Company is the custodian of the Funds.

10. If a client is interested in the Product, the client completes an application form, which includes all of the relevant know-your-client and suitability information (including the client's investment needs and objectives, financial circumstances and risk tolerance). The client discusses the model portfolios with the applicable Dealer's dealing representative and, based on the client's responses, the dealing representative recommends which model portfolio will be suitable for the client; however, the client ultimately selects the model portfolio. If, however, the dealing representative considers the selected model portfolio unsuitable for the client, prior to the investment in that model portfolio, the dealing representative will inform the client of the dealing representative's opinion and will not finalize the investment in that model portfolio unless the client instructs the dealing representative to proceed nonetheless. Any of the Funds that are used in connection with the Product are or will be qualified under a simplified prospectus that has been filed in the applicable jurisdictions of Canada.

11. The client receives a description of the model portfolio selected by the client (the **Selected Model Portfolio**); the description provides information on the Selected Model Portfolio's Asset Classes (as defined below) and Permitted Ranges (as defined below).

12. The client is also provided with a simplified prospectus or fund facts document required by securities legislation for the Funds prior to investing in the Funds that may be used to comprise the Selected Model Portfolio.

13. The client will then enter into an agreement with the Filer or CIBC ISI, as applicable, (the **Account Agreement**). The Account Agreement must be approved by the Branch Manager of the applicable Dealer.

14. The Account Agreement includes express disclosure that CIBC Trust will be providing discretionary investment management services in connection with the rebalancing activities. The Account Agreement states that the client appoints the Filer as its agent to retain CIBC Trust to develop and rebalance the portfolios on the terms set out in the Account Agreement. The Account Agreement goes on to include provisions whereby CIBC Trust is appointed by the Filer to provide the rebalancing services for the model portfolios.

15. Under the Account Agreement, the client agrees to pay CIBC Trust the fees set forth in the Fee Schedule for the model portfolios using the Imperial Pools or the Fee Schedule for the CIBC Index Mutual Funds, as the case may be, which

amount is used to pay for the services of the relevant Dealer, and CIBC Trust. Fees may be changed from time to time on 60 days' prior written notice to the client.

16. CIBC, as manager of the Funds, continues to be responsible for the fees of CAMI for its services as portfolio adviser to the Funds. Each of the Funds may pay CIBC, as manager of the Funds, an annual management fee of up to 0.25% of the net asset value of the specific Fund. Each of the Funds will also pay its own operating expenses.

17. No management fees will be charged by CIBC Trust or the Filer directly to the clients or to the Funds in relation to the series or class of units of the Funds that are available under the Product.

18. No sales charges or commissions will be payable by the client in respect of any rebalancing activities described below.

19. As a result, there will be no duplication of any fees between CIBC Trust and the Filer.

20. To the extent that there are investors in the Funds who acquire units of the Funds outside the Product, such investors will not bear expenses attributable to the Product.

21. After investing in the Selected Model Portfolio, the client is provided with details of the Funds held in their account with the Filer in the quarterly, or more frequent, account statements as required by IIROC or the MFDA, as the case may be; the account statement will also include information about how a client can obtain a copy of the current simplified prospectus required by securities legislation for the Funds if the client requires further details.

22. CIBC Trust undertakes to develop and manage the model portfolios on a discretionary basis. Each model portfolio is comprised of different asset classes (the **Asset Classes**) which are determined by CIBC Trust in its sole discretion. CIBC Trust allocates each Asset Class a permitted range (**Permitted Range**), being a minimum and maximum percentage of the model portfolio that can be allocated to investments of a particular Asset Class. CIBC Trust can change the Permitted Range or the Asset Classes of a model portfolio (including adding a new Asset Class) or both, if the client is provided at least 60 days' advance written notice of the change. CIBC Trust's actions will be carried out with a view to ensuring that the model portfolio continues to abide by the stated objectives.

23. CIBC Trust also uses its discretion in choosing which of the Funds will be used for each Asset Class, provided the investment objective and strategies of any Fund are consistent with the Asset Class. CIBC Trust's actions will be carried out with a view to ensuring that the Selected Model Portfolio continues to abide by the stated objectives.

24. The client's account will be periodically rebalanced through a series of purchase and redemption trades effected by CIBC Trust. If the percentage weighting of at least one of the Asset Classes in the Selected Model Portfolio exceeds or falls below the Permitted Range for that Asset Class, CIBC Trust will effect trades on behalf of all clients invested in the Selected Model Portfolio to bring the Asset Classes of the Selected Model Portfolio within the Permitted Range for each Asset Class. Additionally, a client account may be rebalanced if the percentage weighting of at least one Fund in a client account exceeds or falls below the rebalancing threshold for that Fund in an Asset Class. CIBC Trust will effect trades on behalf of that client account to bring the Funds in the client account back to their target range (and within the Permitted Range for the Asset Class). These trades are referred to herein as the **Rebalancing Activities**.

25. In addition to the Rebalancing Activities described above that are effected by CIBC Trust, CIBC Trust will review all of the model portfolios on a periodic basis, whenever needed and currently at least annually, to ensure the model portfolios are consistent with their stated objectives, include appropriate Funds, and weight each Fund desirably. CIBC Trust may also change the weightings of the Funds within the model portfolios to take advantage of market conditions and trends. All changes effected by CIBC Trust as described above will be done on a fully discretionary basis and in a manner consistent with the stated objectives of the model portfolios. In connection with its responsibilities under the Product, CIBC Trust will carry out the trades in the Funds that are necessary and incidental in connection with modifying the model portfolios. These activities are referred to herein as the **Strategic and Tactical Rebalancing Activities**.

26. The Filer will at all times also be ultimately responsible to the client for the rebalancing activities undertaken by CIBC Trust.

27. The Filer will carry out the trades in units of the Funds for a client in connection with the investment of monies (an **Investment**) by the clients in the Funds comprising the Selected Model Portfolio at the time of Investment; CIBC Trust will carry out trades in units of the Funds for a client that are necessary and incidental to its Rebalancing Activities and Strategic and Tactical Rebalancing Activities, other than trades relating to an Investment; all trades will be reflected in the client's account on the day following the trade, and will also be reflected in the trade blotter to be shared by the Filer and CIBC Trust in connection with the Product.

28. The trades carried out by CIBC Trust as described above will be reflected in the records of the Filer, and subject to oversight by the MFDA.

29. MFDA Investor Protection Corporation coverage will apply to the investments in the Funds held in the clients' accounts with the Filer on the same terms as other mutual fund investments.

Decision

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

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

(a) the Asset Classes and Permitted Ranges cannot be changed without providing at least 60 days' advance written notice to the client; and

(b) the Filer ensures that the Account Agreement or other materials delivered to the client with respect to the Selected Model Portfolio fully describe the Product and applicable model portfolio including (but not limited to):

(i) that CIBC Trust manages the investment portfolios of the model portfolios pursuant to the Account Agreement;

(ii) that the Filer and CIBC Trust are affiliated entities;

(iii) that while CIBC Trust manages the model portfolio, it is not responsible for determining or confirming the suitability of a model portfolio for the client (the Filer retains the responsibility for determining and confirming the suitability of a model portfolio for the client) and, all other terms and restrictions respecting the client's relationship with CIBC Trust are set out in the Account Agreement;

(iv) that the Asset Classes comprising a model portfolio will be listed along with the Permitted Range for each Asset Class;

(v) that the Asset Classes and Permitted Ranges cannot be changed without providing at least 60 days' advance written notice to the client;

(vi) that CIBC Trust will in its discretion choose the Funds in which each Asset Class will invest and their weightings, and each Asset Class of a model portfolio will be invested in units of the Funds that have investment objectives and strategies that are consistent with the Asset Class;

(vii) that CIBC Trust will carry out the trades in units of the Funds for clients that are necessary and incidental to its Rebalancing Activities and Strategic and Tactical Rebalancing Activities, other than trades related to an Investment. All trades will be reflected in the client's account on the day following the trade, and will also be reflected in the trade blotter to be shared by the Filer and CIBC Trust in connection with the Product;

(viii) full disclosure of the compensation paid to CIBC Trust and the Filer, including:

(A) no management fees will be charged by CIBC Trust or the Filer directly to the clients or to the Funds in relation to the series or class of units of the Funds that are available under the Product; no sales charges or commissions will be payable by the client in connection with any Rebalancing Activities or Strategic or Tactical Rebalancing Activities, and each Fund pays its own operating expenses;

(B) the client will pay CIBC Trust the fees set forth in the applicable Fee Schedule, which amount is used to pay for the services of the Filer and CIBC Trust; which fees will be based on the net asset value of the client's account, subject to a minimum amount; and which fees can only be changed from time to time provided the client is given at least 60 days' advance written notice.

"Christopher Portner"
Commissioner
Ontario Securities Commission

"Paulette Kennedy"
Commissioner
Ontario Securities Commission

2.1.17 Raging River Exploration Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from requirement in National Instrument 44-101 Short Form Prospectus Distributionthat issuer have current annual financial statements and a current annual information form in order to file a short form prospectus.

Applicable Legislative Provisions

National Instrument 44-101 Short Form Prospectus Distribution, s. 8.1.

Citation: Raging River Exploration Inc., Re, 2012 ABASC 148

April 18, 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
RAGING RIVER EXPLORATION INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filer from Paragraph 2.2(d) of National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**), the qualification criteria for short form prospectus eligibility in respect of any prospectus filed by the Filer, until the earlier of: (i) 30 April 2013; and (ii) the date by which the Filer files its annual information form and its annual financial statements for the year ended 31 December 2012 pursuant to National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) (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; Nova Scotia; New Brunswick; Prince Edward Island; Newfoundland and Labrador; and

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 44-101 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:

The Filer

1. The Filer is a corporation incorporated under the laws of Alberta. The principal office of the Filer is located in Calgary, Alberta.

2. The Filer is not in default of securities legislation in any jurisdiction of Canada.

3. Upon completion of a plan of arrangement under the provisions of the *Business Corporations Act* (Alberta) (the **Arrangement**) on 15 March 2012, involving Crescent Point Energy Corp. (**Crescent Point**) and Wild Stream Exploration Inc. (**Wild Stream**) the Filer became a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

4. The common shares (**Raging River Shares**) of the Filer are listed and posted for trading on the TSX Venture Exchange Inc. (**TSXV**).

5. Following the Arrangement and a private placement which closed effective 15 March 2012, there are 102,133,381 Raging River Shares and 14,375,000 private placement warrants for Raging River Shares outstanding as of 16 April 2012.

Arrangement

6. Pursuant to the Arrangement, Crescent Point acquired all the issued and outstanding common shares of Wild Stream (**Wild Stream Shares**) and the Filer acquired certain assets of Wild Stream primarily located in the Dodsland and Plato areas of Saskatchewan (the **Excluded Assets**). Holders of Wild Stream Shares (**Wild Stream Shareholders**) received: (i) 0.17 of a common share of Crescent Point (**Crescent Point Share**); and (ii) one Raging River Share and 0.2 of a Raging River Warrant for each Wild Stream Share held. Each whole Raging River Warrant is exercisable for one (1) Raging River Share at a price of $1.61 on or before 16 April 2012. Crescent Point also received 2.65 million Raging River Shares at a deemed price of $1.61 per share.

7. In accordance with NI 51-102, Wild Stream prepared and mailed a management information circular dated 14 February 2012 (the **Circular**) to the Wild Stream Shareholders. Section 14.2 of Form 51-102F5 *Information Circular* required compliance with National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) and by extension, with Form 41-101F1 *Information Required in a Prospectus* (**Form 41-101F1**).

8. The Excluded Assets form the primary business of the Filer pursuant to Section 32.1(b) of Form 41-101F1, which would have required the Filer to include in the Circular (i) an income statement, a statement of retained earnings and a cash flow statement of the Excluded Assets for each of the financial years ended 31 December 2010, 31 December 2009 and 31 December 2008 as well as a balance sheet of the Corporation as at the end of 31 December 2010 and 31 December 2009; and (ii) a comparative income statement, a statement of retained earnings, and cash flow statement of the Excluded Assets for the interim period ended 30 September 2011, as well as a balance sheet of the Excluded Assets as at the end of 30 September 2011 and 31 December 2010 (collectively, the **Required Financial Statement Disclosure**).

9. Wild Stream and the Filer obtained relief from providing the Required Financial Statement Disclosure (*Wild Stream Exploration Inc., Re*, 2012 ABASC 60) on condition that the following disclosure was included in the Circular (the **Relief**) (all of which was included in the Circular):

    (a) an audited opening balance sheet of the Filer as at 31 December 2011;

    (b) audited schedule of spin off assets and liabilities of Wild Stream of the Excluded Assets for the year ended 31 December 2011 (the **Schedule**); including:

        (i) a statement of the assets and liabilities acquired;

        (ii) a statement that the Schedule was prepared using accounting policies permitted by International Financial Reporting Standards (**IFRS**) which would apply to those line items as if those line items were presented as a part of a complete set of financial statements;

        (iii) a description of the accounting policies used to prepare the Schedule; and

        (iv) an auditor's report reflecting the fact that the Schedule was prepared in accordance with the basis of presentation disclosed in the notes to the Schedule;

(c) audited operating statements for the Excluded Assets for the years ended 31 December 2011, 2010 and 2009, which:

(i) presented information relating to the gross revenue, royalty expenses, operating expenses and operating income of the Excluded Assets;

(ii) provided a statement that the operating statements were prepared using accounting policies permitted by IFRS and would apply to those line items if those line items were presented as part of a complete set of financial statements;

(iii) included an auditor's report reflecting the fact that the operating statements were prepared in accordance with the basis of presentation disclosed in the notes to the operating statements; and

(d) oil and gas reserve information for the Excluded Assets in accordance with Form 51-101F1 *Standards for Disclosure for Oil and Gas Activities* (**Form 51-101F1**) with an effective date of 31 December 2011.

(collectively, the **Alternative Disclosure**).

Filer's Continuous Disclosure

10. The policies of the TSXV require a prospective issuer that is not completing an initial public offering by way of long form prospectus pursuant to NI 41-101 to prepare a Form 2B Listing Application (the **Form 2B**) and file the Form 2B on SEDAR.

11. The Form 2B discloses certain information regarding the entity and its business, and in particular requires disclosure in accordance with Form 41-101F1.

12. The Filer included the Alternative Disclosure in the Form 2B and, with TSXV approval to do so, relied on the Relief in order to satisfy the Financial Statement Disclosure Requirements of the Form 2B (which are included by way of a reference to Form 41-101F1).

13. The Form 2B was filed under the Filer's profile on SEDAR on 15 March 2012.

14. The Form 2B provides full, true and plain disclosure of all material facts relating to the Filer and the Excluded Assets, which themselves have been the subject of continuous disclosure on an ongoing basis for more than twelve months in accordance with Wild Stream's responsibilities as a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, and the Form 2B includes: (i) all of the financial statements and Alternative Disclosure which were required to be included in the Circular, and by extension Form 41-101F1; and (ii) the information that would have otherwise been required to be included in a current AIF.

15. As required by NI 51-102, the Filer has prepared and filed a business acquisition report dated 2 April 2012 in respect of the acquisition of the Excluded Assets (the **Business Acquisition Report**) which was filed under the Filer's profile on SEDAR on 2 April 2012.

16. The Business Acquisition Report contains the disclosure required by Section 8.10 of NI 51-102, which provides an exemption from certain financial statements required for a business acquisition report if the acquisition represents the acquisition of oil and gas properties.

17. The Filer will not be eligible to file a short form prospectus under Section 2.2 of NI 44-101 as it will not have filed "current annual financial statements", as that term is defined in NI 44-101, because it will not be required to file annual financial statements under NI 51-102 until 31 March 2013, nor will it have filed an annual information form in the form prescribed by Form 51-102F2 Annual Information Form (**AIF**).

18. The Filer is ineligible for the exemption for new reporting issuers under Subsection 2.7(1) of NI 44-101 because it has not filed a long form prospectus.

19. The Filer is ineligible for the exemption for successor issuers under Subsection 2.7(2) of NI 44-101 because the Excluded Assets were only a portion of Wild Stream's business.

20. The disclosure available to the public on the Filer's SEDAR profile consists of, in all material respects and based on the Relief, the disclosure that would have been included in a long form prospectus prepared in accordance with Form 41-101F1.

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) the Filer is not exempt from the requirement under NI 51-102 to file annual financial statements within the prescribed period after its financial year end;

(b) the Filer has not yet been required under NI 51-102 to file annual financial statements;

(c) the Form 2B contains full, true and plain disclosure, as of 14 March 2012, of all material facts relating to the Filer and the Excluded Assets; and

(d) the Filer includes or incorporates by reference in any applicable preliminary and final short form prospectus:

(i) the Form 2B, including, in particular;

A. the financial statements and Alternative Disclosure; and

B. the information that would otherwise have been required to have been included in a current AIF; and

(ii) the Business Acquisition Report.

“Blaine Young”
Associate Director, Corporate Finance

2.1.18 Toronto-Dominion Bank et al. – s. 5.1 of the Rule

Headnote

Application for a decision, pursuant to section 5.1 of OSC Rule 48-501, exempting the applicants from trading restrictions imposed by sections 2.1(a) and 2.2 of OSC Rule 48-501. Decision granted.

Rules Cited

Ontario Securities Commission Rule 48-501 – Trading During Distributions, Formal Bids and Share Exchange Transactions

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

AND

ONTARIO SECURITIES COMMISSION RULE 48-501
TRADING DURING DISTRIBUTIONS, FORMAL
BIDS AND SHARE EXCHANGE TRANSACTIONS
(the Rule)

AND

IN THE MATTER OF
THE TORONTO-DOMINION BANK
THE CANADA TRUST COMPANY
TD ASSET MANAGEMENT INC.
TD WATERHOUSE CANADA INC. ,
TD WATERHOUSE PRIVATE
INVESTMENT COUNSEL INC.,
TDAM USA INC. AND
TD SECURITIES INC.

DECISION
(Section 5.1 of the Rule)

UPON the Director (as defined in the Act) having received an application (the Application) from The Toronto-Dominion Bank (TD Bank), The Canada Trust Company (TCTC), TD Asset Management Inc. (TDAM), TD Waterhouse Canada Inc. (TDWCI), TD Waterhouse Private Investment Counsel Inc. (TDWPIC), TDAM USA Inc. (TDAM USA) and TD Securities Inc. (TDSI) for a decision (or its equivalent) pursuant to section 5.1 of the Rule exempting TD Bank, certain insiders of TD Bank and TCTC, TDAM, TDWCI, TDWPIC and TDAM USA (the Asset Managers) from certain trading restrictions imposed upon issuer-restricted persons by section 2.2 of the Rule, and exempting TDSI from certain trading restrictions imposed upon dealer-restricted persons by section 2.1(a) of the Rule, during the restricted period (the Restricted Period) that will apply to any distribution of common shares of TD Bank (the Shares) that is conducted pursuant to a prospectus that has been prepared, filed and receipted in accordance with applicable Canadian securities regulatory requirements (a Canadian Offering);

AND UPON considering the Application and the recommendation of staff of the Ontario Securities Commission (the Commission);

AND UPON TD Bank, each of the Asset Managers and TDSI having represented to the Director that:

1. TD Bank is a Schedule I bank under the Bank Act (Canada) and it is a reporting issuer in all provinces and territories of Canada.

2. Certain insiders of TD Bank (Non-Access Insiders) do not in the ordinary course receive, or have access to, undisclosed material facts or material changes (Material Information) concerning TD Bank or its securities and are exempt from insider reporting requirements pursuant to section 9.2 of National Instrument 55-104 Insider Reporting Requirements and Exemptions (NI 55-104).

3. TCTC is a wholly-owned subsidiary of TD Bank. Its principal business is acting as a trustee for personal and corporate clients. It is regulated by the Office of the Superintendent of Financial Institutions Canada.

4. TDAM is a wholly-owned subsidiary of TD Bank that carries on the business of a portfolio manager throughout Canada. It is registered as a portfolio manager and exempt market dealer under the securities legislation of all provinces and territories of Canada, as an investment fund manager under the Act and as a commodity trading manager under the Commodity Futures Act (Ontario).

5. TDWCI is a wholly-owned subsidiary of TD Bank. It is registered as an investment dealer under the securities legislation of all provinces and territories of Canada, and it is a member of the Investment Industry Regulatory Organization of Canada (IIROC) and an approved participant of the Montreal Exchange (ME).

6. TDWCI conducts its business as an investment dealer through four distinct divisions. TD Waterhouse executes unsolicited orders for the purchase and sales of securities without the benefit of any investment advice or suitability review. TD Waterhouse Financial Planning offers a range of customized long-term financial planning services to individuals. TD Waterhouse Institutional Services provides comprehensive outsourcing solutions for financial services organizations in Canada. TD Waterhouse Private Investment Advice is TDWCI's full service brokerage and managed account channel that provides brokerage services, advice, and access to discretionary advice, on a full range of investment products to high net worth individuals.

7. TDWPIC is a wholly-owned subsidiary of TD Bank. It is registered as a portfolio manager and

exempt market dealer under the securities legislation of all provinces and territories of Canada.

8. TDAM USA is a wholly-owned subsidiary of TD Bank. It carries on the business of an adviser in the United States and is registered as such with the U.S. Securities and Exchange Commission (the SEC).

9. Each of the Asset Managers manages accounts on behalf of clients at arms length to TD Bank and its affiliates, and on behalf of Non-Access Insiders, who have granted the Asset Manager discretionary investment authority over the assets in the clients' accounts (Managed Accounts) and who have provided the Asset Manager with express written consent to exercise such discretionary investment authority to purchase Shares on behalf of the Managed Accounts (Authorized Managed Accounts).

10. TDAM is the manager of investment funds that have an Independent Review Committee that has approved the purchase of Shares by the investment funds, both in the ordinary course and during a Restricted Period in accordance with either section 6.2 of National Instrument 81-107 Independent Review Committee for Investment Funds or the terms and conditions of an exemption that has been granted by the Commission (an Authorized TDAM Fund).

11. TD Bank is the sponsor and administrator of the Employee Future Builder Savings Plan (EFBSP) and the Employee Ownership Plan (EOP), two voluntary savings programs that are available to all employees of TD Bank and its affiliates that are resident in Canada including, without limitation, insiders of TD Bank that are not Non-Access Insiders (Access Insiders).

12. TD Bank is also the sponsor of the Global Service Recognition Program (GSRP) which provides all active full time, part time and casual employees of TD Bank and its affiliates located in Canada, the United States and the United Kingdom with 5 Shares to celebrate their fifth anniversary of service and a choice of either 5 Shares or merchandise on the anniversary of each subsequent 5 year employment period.

13. TDSI is a wholly-owned subsidiary of TD Bank that conducts an institutional brokerage business throughout Canada. It is registered as an investment dealer under the securities legislation of all provinces and territories of Canada, and it is a member of IIROC and the TSX Venture Exchange, a participating organization of The Toronto Stock Exchange and an approved participant of the ME.

14. TD Bank conducts Canadian Offerings of its Shares from time to time and each Canadian Offering is underwritten by, among others, TDSI.

15. During a Canadian Offering, TD Bank, each of the Non-Access Insiders, each Access Insider, the Asset Managers and TDSI is an issuer-restricted person, and TDSI is also a dealer-restricted person, for purposes of the Rule.

16. As an issuer-restricted person, each of TD Bank, the Non-Access Insiders, the Access Insiders and the Asset Managers is subject to trading restrictions (the Trading Restrictions) that prohibit it from purchasing Shares for its own account, the account of another issuer-restricted person or any account over which it exercises control or direction during the Restricted Period. The Trading Restrictions also prohibit it from attempting to induce, or causing, any person or company to purchase any Shares during the Restricted Period.

17. The Restricted Period begins on the date that is two trading days prior to the day the offering price of shares distributed pursuant to a Canadian Offering is determined and it ends on the date that the selling process ends and all stabilization arrangements in relation to the Shares have been terminated.

18. Canadian Offerings are generally conduced by TD Bank within compressed time periods to take advantage of trading windows and other market opportunities and there is therefore little or no opportunity to prepare, file and process an application seeking the exemptive relief sought pursuant to the Application prior to the Restricted Period for a Canadian Offering.

19. The Shares meet the requirements in the Rule to be considered a "highly-liquid security".

20. As both an issuer-restricted person and a dealer-restricted person, TDSI is exempt from the Trading Restrictions because the Shares are highly-liquid securities.

21. As a dealer-restricted person, TDSI is prohibited from purchasing Shares for an account which TDSI knows, or reasonably ought to know, is an account of an issuer-restricted person.

22. The Non-Access Insiders comprise officers of TD Bank and its subsidiaries other than executive officers of TD Bank, directors of TD Bank subsidiaries, and directors and officers of issuers that are insiders of TD Bank and the subsidiaries of such issuers that do not in the ordinary course of business receive, or have access to, undisclosed Material Information concerning TD Bank or its securities. Accordingly, although the Non-Access Insiders are therefore removed from

the orbit of the executive officers of TD Bank who may have access to undisclosed Material Information in relation to a Canadian Offering, they will be unable to purchase Shares during a Restricted Period for either their own accounts or accounts over which they exercise control or direction that have beneficiaries that would not be prohibited from purchasing Shares for their own accounts in the absence of the exemption sought on behalf of TD Bank and the Non-Access Insiders pursuant to the Application even though the Shares are highly-liquid securities for purposes of the Rule.

23. In the absence of an exemption from the Trading Restrictions that has been sought on behalf of the Non-Access Insiders, a Non-Access Insider would be unable to purchase Shares for either his or her own account or an account over which the Non-Access Insider exercises control or direction during a Restricted Period.

24. In the absence of an exemption from the Trading Restrictions that has been sought on behalf of TDWCI pursuant to the Application, TDWCI will be unable to purchase Shares on behalf of a person or company that is not an issuer-restricted person other than a Non-Access Insider (an Unrestricted Person) pursuant to an unsolicited order to purchase Shares received by TDWCI from the Unrestricted Person throughout a Restricted Period.

25. In the absence of an exemption from the Trading Restrictions that has been sought on behalf of the Asset Managers pursuant to the Application, each Asset Manager would be unable to purchase Shares during a Restricted Period on behalf of Authorized Managed Accounts.

26. In the absence of an exemption from the Trading Restrictions that has been sought on behalf of TDAM pursuant to the Application, TDAM will be unable to purchase Shares on behalf of Authorized TDAM Funds throughout a Restricted Period.

27. In the absence of the exemptions sought by the Asset Managers pursuant the Application, each Asset Manager would be precluded from discharging its fiduciary obligation to its Authorized Managed Accounts, and TDAM would be precluded from discharging its fiduciary obligation to the Authorized TDAM Funds, in accordance with their investment objectives throughout a Restricted Period even though the Shares are highly-liquid securities.

28. As the administrator of the EFBSP and the EOP (collectively, the Employee Plans), TD Bank pays all administration and investment management fees associated with the execution of the investment options that are selected by Employee Plan participants. TD Bank makes all Share purchases on behalf of the Employee Plans and their participants through TDSI.

29. GSRP eligible employees who acquire Shares pursuant to the GSRP receive them as a gift. TD Bank makes all Share purchases on behalf of GSRP eligible employees through TDSI every second Friday.

30. Each of the Employee Plans and the GSRP is an automatic securities purchase plan for purposes of Part 5 of NI 55-104.

31. In the absence of an exemption from the Trading Restrictions that has been sought on behalf of the Access Insiders, an Access Insider who is a participant in an Employee Plan would be unable to purchase Shares in accordance with the terms and conditions of the Employee Plan during a Restricted Period.

32. In the absence of an exemption from the Trading Restrictions that has been sought on behalf of TD Bank, TD Bank would be unable to purchase Shares in accordance with the terms and conditions of an Employee Plan or the GSRP on behalf of any employee of TD Bank and its subsidiaries who is a participant in the Employee Plan or GSRP (a "Participating Employee") during a Restricted Period.

33. Although TDSI will be able to purchase Shares for its own account or for accounts over which it exercises control or direction throughout the Restricted Period in reliance upon the exemption for highly-liquid securities that is available pursuant to section 3.1(1)(b) of the Rule, it will be unable to purchase Shares on behalf of the Non-Access Insiders when they are purchasing Shares for their own accounts, and it will be unable to purchase Shares on behalf of TD Bank when it is purchasing Shares on behalf of a Participating Employee, during the Restricted Period in the absence of an exemption from section 2.1(a) of the Rule.

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

IT IS THE DECISION of the Director pursuant to section 5.1 of the Rule that for purposes of a Canadian Offering, the following purchases of Shares are exempt from section 2.2 of the Rule provided the Shares meet the requirements in the Rule to be considered a "highly liquid security" at the time such purchases are made:

(a) purchases of Shares by a Non-Access Insider for either his or her own account or an account over which the Non-Access Insider exercises control or direction;

(b) purchases of Shares in accordance with the terms and conditions of an Employee Plan by an Access Insider who is a participant in the Employee Plan;

(c) purchases of Shares by TDWCI on behalf of an Unrestricted Person pursuant to an unsolicited order to purchase the Shares that TDWCI has received from the Unrestricted Person;

(d) purchases of Shares by an Asset Manager on behalf of an Authorized Managed Account;

(e) purchases of Shares by TDAM on behalf of an Authorized TDAM Fund; and

(f) purchases of Shares by TD Bank on behalf of a Participating Employee in accordance with the terms and conditions of an Employee Plan or the GSRP.

IT IS ALSO THE DECISION of the Director pursuant to section 5.1 of the Rule that for the purposes of a Canadian Offering, TDSI is exempt from section 2.1(a) of the Rule in respect of any purchases of Shares on behalf of a Non-Access Insider who is purchasing the Shares for his or her own account and on behalf of an Access Insider when it is purchasing shares in accordance with the terms and conditions of an Employee Plan or the GSRP provided the Shares meet the requirements in the Rule to be considered a "highly liquid security" at the time such purchases are made.

November 6, 2012

"Susan Greenglass"
Director, Market Regulation Branch

2.1.19 Coventree Inc.

Headnote

Subsection 1(10) of the Securities Act – Application by reporting issuer for a decision that it is not a reporting issuer – issuer has no present intention of seeking public financing by way of an offering of its securities in any jurisdiction of Canada – issuer is subject to an ongoing Liquidation Process supervised by the Superior Court of Ontario (commercial list) – issuer has issued a press release announcing that it has submitted an application to cease to be a reporting issuer in the Jurisdictions – requested relief granted.

Applicable Legislative Provisions

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

November 13, 2012

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
THE PROVINCES OF ONTARIO, ALBERTA,
BRITISH COLUMBIA, SASKATCHEWAN,
MANITOBA, QUÉBEC, NEW BRUNSWICK,
NOVA SCOTIA, PRINCE EDWARD ISLAND AND
NEWFOUNDLAND AND LABRADOR
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
COVENTREE INC.
(the Jurisdictions)

(the Filer)

DECISION

Background

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

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

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the *Business Corporations Act* (Ontario) (the OBCA) and its head office is located at 161 Bay Street, 27th Floor, Toronto, Ontario M5J 2S1.

2. The Filer is a reporting issuer in each of the Jurisdictions and is not in default of any of its reporting issuer or equivalent obligations under the Legislation, other than the requirement of National Instrument 52-110 – *Audit Committee*s to have an audit committee.

3. The Filer currently has 15,157,138 common shares outstanding (the Shares) and has no other securities outstanding.

4. A geographical breakdown of the Filer's shareholders, based on reports provided by Broadridge Financial Solutions (Broadridge) and the Filer's transfer agent, Equity Financial Trust Company (Equity), is as follows:

   (a) The Broadridge report identified 282 beneficial security holders holding 5,113,645 Shares. The report lists 265 beneficial security holders in Canada, 11 in the United States and 6 in foreign jurisdictions. Of the Canadian beneficial security holders, the report identified 16 in Alberta holding 191,601 Shares, 13 in British Columbia holding 172,032 Shares, one in Nova Scotia holding 2,200 Shares, 118 in Ontario holding 3,169,495 Shares, 117 in Quebec holding 488,172 Shares and none in the remaining Jurisdictions. Ontario's beneficial security holders hold over 60% of the Filer's outstanding Shares.

   (b) The Equity report lists 15 registered security holders holding 15,157,138 Shares. There are 12 registered security holders in Canada and three in the United States. Of the registered Canadian security holders, Nova Scotia has two holding 44,000 Shares and Ontario has 10 holding 12,205,741 Shares, including the Canadian Depository for Securities Limited holding 7,697,272. Ontario's registered security holders in Ontario hold over 80% of the Filer's outstanding Shares.

5. The Filer is not eligible to use the procedure to voluntarily surrender its reporting issuer status in British Columbia pursuant to BC Instrument 11-502 – *Voluntary Surrender of Reporting Issuer Status* because the Filer has more than 50 security holders.

6. The Filer is not eligible to use the simplified procedure under CSA Staff Notice 12-307 – *Applications for a Decision that an Issuer is not a Reporting Issuer* because it is a reporting issuer in British Columbia, because it has more than 15 security holders in certain jurisdictions and because it has more than 51 security holders in total worldwide. The Filer is also in default of the requirement in National Instrument 52-110 – *Audit Committees* to have an audit committee.

7. On December 7, 2009 the Ontario Securities Commission (the OSC) staff commenced a proceeding against the Filer and one current officer, Geoffrey Cornish, and one former officer, Dean Tai. On September 28, 2011 the OSC concluded that the Filer contravened section 75 of the *Securities Act* (Ontario) (the Act). The OSC further found that each of Messrs. Cornish and Tai authorized, permitted or acquiesced in the Filer's non-compliance and therefore were deemed also to have not complied with Ontario securities law. Finally, the OSC found that the conduct of each of the Filer and the two individuals was contrary to the public interest.

8. On October 26 and 27, 2011 the OSC held a hearing to determine what sanctions ought to be issued against the Filer and Messrs. Cornish and Tai . On November 8, 2011 the OSC ordered the Filer to pay an administrative penalty of $1 million and to pay $250,000 of the costs incurred by OSC staff in connection with the hearing. The OSC also ordered that trading in any securities by the Filer cease and that any Ontario securities law exemptions not apply to the Filer until its winding up is completed, provided that these orders would not prevent the winding up of the Filer or trades in securities reasonably related to that winding up.

9. The OSC ordered that each of Messrs. Cornish and Tai pay an administrative penalty of $500,000. The OSC also ordered that they be reprimanded, resign any positions as a director or officer of a reporting issuer other than the Filer, and not be permitted to act as a director or officer of a reporting issuer other than the Filer for a period of one year.

10. On January 3, 2012 the Filer announced that it would not appeal the OSC's decision and, shortly

thereafter, paid the $1 million administrative penalty and $250,000 costs award imposed against it by the OSC. Messrs. Cornish and Tai have personally appealed the OSC decision.

11. At the annual and special meeting of shareholders of the Filer held on June 30, 2010, the shareholders approved a special resolution authorizing the formal winding up of the Filer and the distribution of its remaining assets to shareholders pursuant to a plan of liquidation and distribution (the Liquidation Plan).

12. The Liquidation Plan provided that it will become effective on a date to be determined by the Filer's board of directors (the Board).

13. By resolution of the Board, the effective date for the commencement of the formal winding up in accordance with the Liquidation Plan was determined to be February 15, 2012 (the Effective Date), and the Filer applied to the Superior Court of Justice (Commercial List) (Ontario) (the Court) for the winding up to be supervised by the Court.

14. On February 15, 2012 the Court granted the Filer's application and approved a final liquidation plan (the Final Liquidation Plan) by issuing a winding up order (the Winding-Up Order).

15. Pursuant to the Final Liquidation Plan:

    (a) Duff & Phelps Canada Restructuring Inc. (being the successor of RSM Richter Inc.) (the Liquidator) was appointed the liquidator of the estate and effects of the Filer for the purpose of winding up its business and affairs and distributing its assets;

    (b) a process established by the Liquidator and approved by the Court was initiated for the identification, resolution and barring of certain claims against the Filer (the Claims Process);

    (c) consistent with Section 221 of the OBCA and Section 3.3 of the Final Liquidation Plan, all of the powers of the board of directors of the Filer have ceased and the directors have been deemed to have resigned; and

    (d) certain former members of the Board, namely Brendan Calder, Geoffrey Cornish and Wesley Voorheis, were appointed inspectors of the Applicant pursuant to Section 194 of the OBCA and Section 6.1 of the Final Liquidation Plan. Brendan Calder resigned as an inspector on February 15, 2012 and his vacancy was filled with the appointment of William Aziz pursuant to Section 6.5 of the Final Liquidation Plan. Subsequently, Geoffrey Cornish resigned as an inspector and his vacancy was filled with the appointment of Joseph Wiley pursuant to Section 6.5 of the Final Liquidation Plan. Accordingly, the current inspectors are Wesley Voorheis, William Aziz and Joseph Wiley.

16. In accordance with the Claims Process the date by which all claims were required to be filed was April 13, 2012.

17. On January 25, 2012, the Filer applied to NEX to have the listing and posting for trading of the Shares maintained during the Claims Process. By email dated February 2, 2012, NEX advised that it would not maintain the listing of the Shares after the Effective Date.

18. As a result of the foregoing, by letter dated February 8, 2012, the Filer applied to voluntarily de-list the Shares from NEX as of the Effective Date.

19. By press release issued on February 3, 2012, the Filer announced that February 14, 2012 was to be the final day for trading in the Shares on the NEX. NEX also issued a bulletin to this effect on February 12, 2012. Pursuant to Section 198 of the OBCA and paragraph 6 of the Winding-Up Order, all Share transfers made after that date are void unless made with the explicit sanction of the Liquidator.

20. On February 15, 2012 the Filer submitted a letter to CDS requesting that they place a restriction on the Shares so that no transfers among participants may occur. On February 17, 2012 CDS published a bulletin announcing that the Shares would be fully restricted in CDS as of opening of business on February 20, 2012, subject to any Liquidator sanctioned transfers.

21. The Filer and CDS have been informed by the Liquidator that the Liquidator will not sanction any share transfers unless, in the opinion of the Liquidator, material extenuating circumstances exist (such as in a deceased's estate matters or certain family law matters) and such circumstances can be evidenced to the Liquidator in a manner satisfactory to the Liquidator. Notwithstanding the foregoing, the Liquidator has maintained and reserved the right not to sanction any share transfers regardless of the circumstances.

22. The Filer's shareholders no longer have the ability to trade in the Shares. As a result, the Filer's shareholders do not receive any further benefit from the Filer continuing to be a reporting issuer given that all pertinent information will be disclosed by the Liquidator.

23. As a result of the appointment of the Liquidator and the inspectors, the Filer is no longer able to satisfy any of the requirements pertaining to boards of directors and committees thereof.

24. No securities of the Filer are listed, traded or quoted for trading on any "marketplace" in Canada or elsewhere (as defined in National Instrument 21-101 *Marketplace Operation*), and the Filer does not intend to have any of its securities listed, traded or quoted on such a marketplace in Canada or any other jurisdiction.

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

26. The Liquidator is required by the Final Liquidation Plan to report to the Filer's shareholders with respect to all matters relating to the assets, the Filer and such other matters as may be relevant to the Final Liquidation Plan.

27. The Liquidator has established a website in respect of the liquidation where it intends to continue to post information and issue press releases where considered advisable (with the advice of outside counsel) with respect to material claims raised during the Claims Process, the resolution of any material claims and the timing and expected amounts of any distributions to the Filer's shareholders. As a result of the Liquidator being an officer of the Court and the Liquidation being under the supervision of the Court, the Liquidator will report to the Court from time to time with respect to disclosure made to the Filer's shareholders.

28. On February 28, 2012 the Filer filed its financial statements and Management Discussion and Analysis for the first quarter ended December 31, 2011. On May 25, 2012, the Filer filed its financial statements and Management Discussion and Analysis for the second quarter ended March 31, 2012. On August 28, 2012, the Filer filed its financial statements and Management Discussion and Analysis for the third quarter ended June 30, 2012.

29. On October 4, 2012, the Filer issued a press release disclosing that the Filer has made an application for a decision that the Filer is not a reporting issuer. The press release was filed on SEDAR on October 4, 2012.

30. The Filer's assets consists primarily of cash.

31. The Filer has ceased exercising commercial activity of any kind and will be dissolved after the Claims Process is complete, all claims are resolved and all assets are distributed. As a result, there is no further need to inform the Filer's shareholders and the public about the business and financial situation of the Filer outside of the requirements of the Final Liquidation Plan.

32. The Relief would also alleviate the significant burden and costs associated with being a reporting issuer under the Legislation without prejudicing the Filer's shareholders. In fact, such costs would only serve to ultimately diminish the amounts available for distribution to the Filer's shareholders.

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 and grant the Relief.

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

“James E.A. Turner”
Commissioner
Ontario Securities Commission

“Mary G. Condon”
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 Fitch, Inc.

Headnote

NP 11-205 Process for Designation of Credit Rating Organizations in Multiple Jurisdictions – Application to be designated as a designated rating organization for the purposes of securities law – Filer and its affiliates have filed all documentation required under Part 2 of National Instrument 25-101 Designated Rating Organizations – Filer is in compliance in all material respects with National Instrument 25-101 Designated Rating Organizations – Upon being designated, the Filer is subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions. The Designation Order replaces the April 30th Designation Order.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5. as am., s. 22.
National Instrument 25-101 Designated Rating Organizations, ss. 6, 15.

October 31, 2012

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

AND

IN THE MATTER OF
THE PROCESS FOR DESIGNATION OF
CREDIT RATING ORGANIZATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
FITCH, INC.
(the Filer)

DESIGNATION ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the Filer be designated as a Designated Rating Organization (the **Designation Order**), as contemplated by National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101**). The principal regulator in the Jurisdiction has also received an application from the Filer for a decision under the Legislation exempting the Filer from certain provisions of NI 25-101 and is issuing such decision concurrently.

Under the Process for Designation of Credit Rating Organizations in Multiple Jurisdictions (for a passport application):

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 25-101 have the same meanings in this decision, unless otherwise defined herein.

Representations

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

The Filer

1. The Filer is a Delaware corporation with its registered office at 2711 Centerville Road, Suite 400, Wilmington, County of New Castle, State of Delaware and its principal office located at One State Street Plaza, New York, NY, USA.

2. The Filer provides credit rating opinions, research and risk analysis to a broad range of financial institutions, corporate entities, government bodies and various structured finance product groups in North America, Europe, Africa, Australasia and South America.

3. The Filer is a wholly-owned subsidiary of Fitch Group, Inc., a Delaware corporation that is owned 50% each by Fimalac S.A. and Hearst Corporation.

4. The Filer is a Nationally Recognized Statistical Rating Organization (**NRSRO**) regulated by the SEC, which includes related global offices that issue ratings under the Fitch Ratings global brand. Currently, the Filer, together with its affiliates (the **Credit Rating Affiliate**s), rates more than 325,000 different companies and single-purpose vehicles that issue commercial paper, term debt and preferred shares in the global capital markets.

5. The Filer has established a board of directors (the Board) which, pursuant to the rules made under the *Securities Exchange Act of 1934* (**1934 Act**), oversees the management of the Filer, in accordance with its fiduciary responsibilities and standards established by law, including the following:

   (a) the establishment, maintenance, and enforcement of policies and procedures for determining credit ratings;

   (b) the establishment, maintenance, and enforcement of policies and procedures to address, manage and disclose any conflicts of interest;

   (c) the effectiveness of the Filer's internal control system with respect to policies and procedures for determining credit ratings; and

   (d) the compensation and promotion policies and practices of the Filer.

6. Section 15E of the 1934 Act establishes the regulatory framework for NRSROs. Subsection 15E(t) of the 1934 Act imposes a number of corporate governance requirements on NRSROs, including requirements that the NRSRO have a board of directors, that at least half (and no fewer than two) members meet prescribed independence criteria, that compensation for independent members satisfy certain conditions, that independent members be appointed for pre-agreed fixed and non-renewable terms not exceeding five years, and that the board fulfill certain prescribed responsibilities.

7. The Board has four members. As required by the 1934 Act, two members meet the independence criteria set out in subsection 15E(t)(2)(B) of the 1934 Act and at least one independent director is a user of ratings from an NRSRO. At least two members of the Board (including one independent member) have in-depth knowledge and experience at a senior level regarding the markets for securitized products.

8. The Filer has elected to use the Board to satisfy the requirements and functions prescribed by Part 3 of NI 25-101 and sections 2.22 through 2.25 of Appendix A of NI 25-101 (**Appendix A**).

9. On April 20, 2012, NI 25-101 came into force in the Jurisdiction and in each Passport Jurisdiction, except Saskatchewan where NI 25-101 came into force on August 15, 2012.

10. The Filer has filed all documentation required under Part 2 of NI 25-101.

11. In light of the provisions of NI 25-101, the Filer concluded that it would need to determine whether it needed to amend its code of conduct and revise some of its policies, procedures, guidelines and internal controls in order to be compliant in all material respects with NI 25-101.

The April 30th Designation Order

12. The Commission granted a designation order on April 30, 2012 (the April 30th Designation Order), which designated the Filer as a Designated Rating Organization and exempted the Filer from the application of NI 25-101 for a specific term, provided that:

    (a) the Filer is in compliance in all material respects with U.S. federal securities law applicable to NRSROs and their credit rating affiliates; and

    (b) the Filer files with the Commission copies of all documents the NRSRO is required to provide under the 1934 Act, at the same time as, or as soon as practicable after, the NRSRO provides those documents to the SEC, subject in all cases to satisfactory resolution prior to filing of any issues regarding confidentiality of materials filed with the SEC on a confidential basis.

13. The April 30th Designation Order also provided a transition period to allow the Filer to review and amend, if necessary, its code of conduct, policies, procedures, guidelines and internal controls in order to be compliant in all material respects with NI 25-101.

14. The April 30th Designation Order will terminate on the earlier of (i) the date of the coming into force of any designation order or ruling under the securities legislation of any jurisdiction of Canada that amends the April 30th Designation Order or provides an alternate designation order pursuant to NI 25-101, and (ii) October 31, 2012.

15. The Filer is in compliance in all material respects with the April 30th Designation Order.

The Filer's Compliance with NI 25-101

16. The Filer has adopted and implemented the Fitch Code of Conduct (the **Fitch Code**), which is designed to be substantially aligned with the International Organization of Securities Commissions Code of Conduct Fundamentals for Credit Rating Agencies (the **IOSCO Code**). The Fitch Code has been revised (effective August 1, 2012) to, in part, satisfy the requirements of NI 25-101.

17. The Filer has also implemented a range of globally applicable policies, procedures, and guidelines, as well as operational and internal control infrastructures (the **Global Policies**) that are designed to achieve the objectives set out in the IOSCO Code and/or satisfy regulatory requirements that the Filer implements globally.

18. The Filer has adopted a File Maintenance and Recordkeeping Policy for Analysts (the **Recordkeeping Policy**) which establishes guidelines for the management, maintenance and orderly disposition of analytical records. Pursuant to the Recordkeeping Policy, the Filer's personnel located in Canada comply with the books and records requirements set out in Part 6 of NI 25-101.

19. The Filer has established the Board to assume the responsibility for performing the functions prescribed by Part 3 of NI 25-101 and sections 2.22 through 2.25 of Appendix A of NI 25-101.

20. The Filer has appointed a designated compliance officer to fulfill the functions prescribed by Part 5 of NI 25-101.

21. The Filer has also adopted and implemented revised policies, procedures and internal controls (the **Revised Policies**) as necessary in order to, in part, satisfy the requirements of NI 25-101.

22. The Fitch Code, the Global Policies (including the Recordkeeping Policy) and the Revised Policies meet in all material respects the objectives of NI 25-101 and enable the Filer to:

    (a) accommodate the global nature of the Filer's operations;

    (b) implement high level principles that govern the conduct of the Filer's credit rating activities and underlying regulatory requirements in the jurisdictions where the Filer conducts credit rating activities; and

    (c) maintain and enforce globally consistent policies, procedures and internal controls that meet specific jurisdictional requirements, in addition to those which are reflected in the Fitch Code.

23. The Filer is in compliance in all material respects with NI 25-101 and the securities legislation applicable to credit rating organizations in each jurisdiction in Canada and in any other jurisdiction in which the Filer or its credit rating affiliates operate.

24. Upon being designated as a Designated Rating Organization, the Filer will be subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions.

Decision

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

The decision of the Principal Regulator under the Legislation is that;

(a) the Filer is designated as a Designated Rating Organization under the Legislation; and

(b) the Credit Rating Affiliates listed in Appendix A to this Decision are designated as DRO affiliates.

“James Turner”
Vice-Chair

“Howard Wetston”
Chair

APPENDIX A

Credit Rating Affiliates of Fitch, Inc.

FITCH RATINGS LIMITED (England)

FITCH CENTROAMERICA, S.A. (Panama)

FITCH COSTA RICA CALIFACADORA DE RIESGO, S.A. (Costa Rica)

FITCH RATINGS COLOMBIA, S.A. SOCIEDAD CALIFICADORA DE VALORES (Colombia)

FITCH RATINGS CIS LIMITED (England)

FITCH RATINGS ESPANA S.A.U. (Spain)

FITCH ITALIA S.P.A. (Italy)

FITCH DEUTSCHLAND GMBH (Germany)

FITCH POLSKA S.A. (Poland)

FITCH FRANCE (France)

FITCH RATINGS FINANSAL, DERECLNIRME HIZMETLERI A.S. (Turkey)

FITCH SOUTHERN AFRICA PTY LIMITED (South Africa)

FITCH NORTH AFRICA SA (Tunisia)

FITCH ARGENTINA CALIFICADORA DE RIESGO S.A.(Agentina)

FITCH URUGUAY CALIFICADORA DE RIESGO, S.A. (Uruguay)

FITCH RATINGS BRASIL LTDA (Brazil)

FITCH CHILE CLASIFICADORA DE RIESGO LIMITADA (Chile)

FITCH MEXICO S.A. DE C.V. (Mexico)

FITCH VENEZUELA, SOCIEDAD CALIFICADORA DE RIESGO, S.A. (Venezuela)

FITCH REPUBLICA DOMINICA S.R.L.(Dominican Republic)

FITCH AUSTRALIA PTY LIMITED (Australia)

FITCH RATINGS (BEIJING) LIMITED (China)

FITCH RATINGS SINGAPORE PTE LTD (Singapore)

FITCH HONG KONG LIMITED (Hong Kong)

FITCH RATINGS (THAILAND) LIMITED (Thailand)

PT FITCH RATINGS INDONESIA (Indonesia)

FITCH RATINGS JAPAN LIMITED (Japan)

2.2.2 DBRS Limited

Headnote

NP 11-205 Process for Designation of Credit Rating Organizations in Multiple Jurisdictions – Application to be designated as a designated rating organization for the purposes of securities law – Filer and its affiliates have filed all documentation required under Part 2 of National Instrument 25-101 Designated Rating Organizations – Filer is in compliance in all material respects with National Instrument 25-101 Designated Rating Organizations – Upon being designated, the Filer is subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions. The Designation Order replaces the April 30th Designation Order.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5. as am., s. 22.
National Instrument 25-101 Designated Rating Organizations, ss. 6, 15.

October 31, 2012

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

AND

IN THE MATTER OF
THE PROCESS FOR DESIGNATION OF
CREDIT RATING ORGANIZATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
DBRS LIMITED
(the Filer or DBRS Canada)

DESIGNATION ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the Filer be designated as a Designated Rating Organization (the **Designation Order**), as contemplated by National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101**). The principal regulator in the Jurisdiction has also received an application from the Filer for a decision under the Legislation exempting the Filer from certain provisions of NI 25-101 and is issuing such decision concurrently.

Under the Process for Designation of Credit Rating Organizations in Multiple Jurisdictions (for a passport application):

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 25-101 have the same meanings in this decision, unless otherwise defined herein.

Representations

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

The Filer

1. The Filer is a corporation governed by the *Business Corporations Ac*t (Ontario) with its registered and principal offices located in Toronto, Ontario.

2. The Filer provides credit rating opinions to a broad range of financial institutions, corporate entities, government bodies and various structured finance product groups in North America, Europe, Australasia and South America.

3. Affiliates of DBRS Canada are incorporated in the United States of America (**US**) and in the European Union (**EU**) as follows:

   (a) DBRS, Inc. (**DBRS US**), an affiliate of DBRS Canada, is a corporation existing under the laws of Delaware. DBRS US is registered with the SEC as a nationally recognized statistical rating organization (**NRSRO**), and DBRS Canada is a credit rating affiliate (as that term is defined in SEC Form NRSRO) of DBRS US;

   (b) DBRS Ratings Limited (**DBRS UK**), an affiliate of DBRS, is a company incorporated in England and Wales and is a registered credit rating agency in the EU. As DBRS UK is not an NRSRO credit rating affiliate, it is not included in the Filer's Form NRSRO.

   DRBS US and DBRS UK are hereinafter collectively referred to as the **Affiliates**.

4. The Filer is privately owned and operated and is not a reporting issuer. Currently, the Filer, together with the Affiliates, rates more than 1,000 different companies and single-purpose vehicles that issue commercial paper, term debt and preferred shares in the global capital markets.

5. The Filer has established a board of directors or supervisory board (the **Board**) for each of DBRS Canada, DBRS U.S. and DBRS UK. In addition to two DBRS executive management directors, each Board includes two non-executive independent directors. At least two members of the Board (including one independent member) have in-depth knowledge and experience at a senior level regarding the markets for securitized products.

6. On April 20, 2012, NI 25-101 came into force in the Jurisdiction and in each Passport Jurisdiction, except Saskatchewan where NI 25-101 came into force on August 15, 2012.

7. In light of the provisions of NI 25-101, the Filer concluded that it needed to amend and implement its *Business Code of Conduct for the DBRS Group of Companies* (the "**Business Code**") and revise its policies, procedures and internal controls (collectively, the **Policies**), where necessary, in order to be compliant in all material respects with NI 25-101.

The April 30th Designation Order

8. The Commission granted a designation order on April 30, 2012 (the **April 30th Designation Order**), which designated the Filer as a Designated Rating Organization and exempted the Filer from the application of NI 25-101 for a specific term, provided that:

   (a) the Filer is in compliance in all material respects with U.S. federal securities law applicable to NRSROs and their credit rating affiliates; and

   (b) the Filer files with the Commission copies of all documents the NRSRO is required to provide under the 1934 Act, at the same time as, or as soon as practicable after, the NRSRO provides those documents to the SEC, subject in all cases to satisfactory resolution prior to filing of any issues regarding confidentiality of materials filed with the SEC on a confidential basis.

9. The April 30th Designation Order also provided a transition period to allow the Filer to review and amend, if necessary, its Business Code and Policies in order to be compliant in all material respects with NI 25-101.

10. The April 30th Designation Order will terminate on the earlier of (i) the date of the coming into force of any designation order or ruling under the securities legislation of any jurisdiction of Canada that amends the April 30th Designation Order or provides an alternate designation order pursuant to NI 25-101, and (ii) October 31, 2012.

11. The Filer is in compliance in all materials respects with the April 30th Designation Order.

The Filer's Compliance with NI 25-101

12. Upon being designated, the Filer will adopt and implement an amended Business Code which reflects adherence to the International Organization of Securities Commissions Code of Conduct Fundamentals for Credit Rating Agencies (the **IOSCO Code**) and which has been revised to satisfy the requirements of NI 25-101.

13. The Filer has also implemented a range of globally applicable Policies that are designed to achieve the objectives set out in the IOSCO Code and/or satisfy regulatory requirements that the Filer implements globally.

14. The Filer has established the Board to assume the responsibility for performing the functions prescribed by Part 3 of NI 25-101 and sections 2.22 through 2.25 of Appendix A of NI 25-101.

15. The Filer has appointed a designated compliance officer to fulfill the functions prescribed by Part 5 of NI 25-101.

16. Upon being designated, the Filer will also adopt and implement additional Policies (the **Additional Policies**), as necessary, in order to, in part, satisfy the requirements of NI 25-101.

17. The Business Code, the Policies and the Additional Policies are consistent in all material respects with the objectives of NI 25-101 and will enable the Filer to:

    (a) accommodate the global nature of the Filer's operations;

    (b) ensure the objectivity and integrity of its credit ratings and the transparency of its operations; and

    (c) meet specific jurisdictional requirements, in addition to those which are reflected in the Business Code.

18. The Filer is in compliance in all material respects with NI 25-101 and the securities legislation applicable to credit rating organizations in each jurisdiction in Canada and in any other jurisdiction in which the Filer or the Affiliates operate.

19. Upon being designated as a Designated Rating Organization, the Filer will be subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions.

Decision

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

The decision of the Principal Regulator under the Legislation is that:

    (a) the Filer is designated as a Designated Rating Organization under the Legislation; and

    (b) each of DBRS US and DBRS UK are designated as DRO affiliates.

"James Turner"
Vice-Chair

"Howard Wetston"
Chair

2.2.3 Standard & Poor's Ratings Services (Canada), a business unit of The McGraw-Hill Companies (Canada) Corporation

Headnote

NP 11-205 Process for Designation of Credit Rating Organizations in Multiple Jurisdictions – Application to be designated as a designated rating organization for the purposes of securities law – Filer and its affiliates have filed all documentation required under Part 2 of National Instrument 25-101 Designated Rating Organizations – Filer is in compliance in all material respects with National Instrument 25-101 Designated Rating Organizations – Upon being designated, the Filer is subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions. The Designation Order replaces the April 30th Designation Order.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5. as am., s. 22.
National Instrument 25-101 Designated Rating Organizations, ss. 6, 15.

October 31, 2012

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

AND

IN THE MATTER OF
THE PROCESS FOR DESIGNATION OF
CREDIT RATING ORGANIZATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
STANDARD & POOR'S RATINGS SERVICES (CANADA),
A BUSINESS UNIT OF THE MCGRAW-HILL COMPANIES (CANADA) CORPORATION
(the Filer)

DESIGNATION ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the Filer be designated as a Designated Rating Organization (the **Designation Order**), as contemplated by National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101**). The principal regulator in the Jurisdiction has also received an application from the Filer for a decision under the Legislation exempting the Filer from certain provisions of NI 25-101 and is issuing such decision concurrently (the **Concurrent Decision**).

Under the Process for Designation of Credit Rating Organizations in Multiple Jurisdictions (for a passport application):

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 25-101 have the same meanings in this decision, unless otherwise defined herein.

Representations

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

The Filer

1. The Filer is a separately identifiable business unit of The McGraw-Hill Companies (Canada) Corporation (**MHCCC**), a corporation governed by the laws of Nova Scotia with its registered and principal offices located in Toronto, Ontario. MHCCC is an indirect wholly-owned subsidiary of The McGraw-Hill Companies, Inc. (**McGraw-Hill**), a corporation organized under the laws of New York.

2. The Filer, together with the other components of S&P Ratings Services (defined below), provides credit rating opinions, research and risk analysis to a broad range of financial institutions, corporate entities, government bodies and various structured finance product groups in North America, Europe, Africa, Australasia and South America.

3. The Filer is a component of Standard & Poor's Ratings Services (**S&P Ratings Services**) which is a Nationally Recognized Statistical Rating Organization (**NRSRO**) regulated by the U.S. Securities and Exchange Commission (**SEC**), and which includes related global offices that issue ratings under the S&P Ratings Services global brand. S&P Ratings Services is comprised of, and conducts its business globally through (i) a separately identifiable business unit within Standard & Poor's Financial Services LLC (**S&P Financial Services**), a Delaware limited liability company wholly owned by McGraw-Hill, and (ii) other wholly-owned direct and indirect subsidiaries or divisions of McGraw-Hill. The credit rating activities of S&P Ratings Services are conducted globally by this business unit in accordance with a code of conduct, policies and guidelines, and criteria that are generally globally applicable. Therefore, for purposes of this Designation Order the credit ratings of other components of S&P Ratings Services (**Credit Rating Affiliates**) are deemed to be credit ratings of the Filer.

4. There is a global Chief Compliance Officer for S&P Ratings Services who will cover the Filer.

5. S&P Ratings Services also maintains globally integrated risk management and quality controls, and compliance, legal, operational and support functions. The organization of S&P Ratings Services as a separate business unit facilitates its ability to operate its ratings business in a manner that is globally consistent.

6. In keeping with S&P Ratings Services current organizational structure as a business unit, the Filer is not a separate legal corporate entity, but rather a separately identifiable business unit of MHCCC that is encompassed within S&P Ratings Services. As such, the Filer is subject to S&P Ratings Services' code of conduct, policies and guidelines which is subject to oversight by the SEC as part of the NRSRO requirements.

7. Currently, the Filer, together with its Credit Rating Affiliates, has more than one million ratings outstanding covering corporate, government and special purposes issuers and obligors and their commercial paper, term debt and other debt securities and preferred shares in the global capital markets.

8. Section 15E of the *Securities Exchange Act of 193*4 (**1934 Act**) establishes the regulatory framework for NRSROs. Subsection 15E(t) of the 1934 Act imposes a number of corporate governance requirements on NRSROs, including requirements that the NRSRO have a board of directors, that at least half (and no fewer than two) members meet prescribed independence criteria, that compensation for independent members satisfy certain conditions, that independent members be appointed for pre-agreed fixed and non-renewable terms not exceeding five years, and that the board fulfill certain prescribed responsibilities. Recognizing that some NRSROs are subsidiaries of parent entities, the 1934 Act provides alternative arrangements through which the requirements of subsection 15E(t) may be satisfied.

9. S&P Financial Services, which houses the U.S. portion of S&P Ratings Services, has a board of managers (the **Board of Managers**) which, pursuant to Section 15E(t)(3) of the 1934 Act, oversees S&P Ratings Services' global policies and procedures for determining credit ratings, addressing, managing and disclosing conflicts of interest, and the effectiveness of its internal control system with respect to the policies and procedures for determining credit ratings. The Board of Managers has four members. As required by the 1934 Act, two members meet the independence criteria set out in subsection 15E(t)(2)(B) of the 1934 Act and at least one independent member is a user of ratings from an NRSRO.

10. The Filer has elected to use the Board of Managers to address the requirements and functions prescribed by Part 3 of NI 25-101 and sections 2.22 through 2.25 of Appendix A of NI 25-101 (**Appendix A**). The Board of Managers maintains responsibility for overseeing the establishment, maintenance, and enforcement of policies and procedures for determining credit ratings in accordance with Section 15E(t)(3)(A) of the 1934 Act, which apply to S&P Ratings Services ratings committees, including structured finance ratings committees which maintain in-depth knowledge of and experience at a senior level with securitized products, as required by Section 2.22 of Appendix A.

11. On April 20, 2012, NI 25-101 came into force in the Jurisdiction and in each Passport Jurisdiction, except Saskatchewan where NI 25-101 came into force on August 15, 2012.

12. The Filer has filed all documentation required under Part 2 of NI 25-101, with the exception of certain materials that are being withheld pending the Commission's determination as to whether they will be accorded confidential treatment.

13. In light of the provisions of NI 25-101, the Filer concluded that it would need to determine whether it needed to amend its code of conduct and revise some of its policies, procedures and internal controls in order to be compliant in all material respects with NI 25-101.

The April 30th Designation Order

14. The Commission granted a designation order on April 30, 2012 (the **April 30th Designation Order**), which designated the Filer as a Designated Rating Organization and exempted the Filer from the application of NI 25-101 for a specific term, provided that:

    (a) the Filer is in compliance in all material respects with U.S. federal securities law applicable to NRSROs and their credit rating affiliates; and

    (b) the Filer files with the Commission copies of all documents the NRSRO is required to provide under the 1934 Act, at the same time as, or as soon as practicable after, the NRSRO provides those documents to the SEC, subject in all cases to satisfactory resolution prior to filing of any issues regarding confidentiality of materials filed with the SEC on a confidential basis.

15. The April 30th Designation Order also provided a transition period to allow the Filer to review and amend, if necessary, its code of conduct, policies, guidelines and practices in order to be compliant in all material respects with NI 25-101.

16. The April 30th Designation Order will terminate on the earlier of (i) the date of the coming into force of any designation order or ruling under the securities legislation of any jurisdiction of Canada that amends the April 30th Designation Order or provides an alternate designation order pursuant to NI 25-101, and (ii) October 31, 2012.

17. The Filer is in compliance in all material respects with the April 30th Designation Order.

The Filer's Compliance with NI 25-101

18. The Filer has adopted and implemented the *Standard & Poor's Ratings Services Code of Conduct* (the **Code of Conduct**), which is designed to be substantially aligned with the International Organization of Securities Commissions Code of Conduct Fundamentals for Credit Rating Agencies (the **IOSCO Code**).

19. The Filer has also implemented a range of globally applicable policies, procedures and internal controls (the **Global Policies**) that are designed to achieve the objectives set out in the IOSCO Code and/or satisfy regulatory requirements that the Filer implements globally. The Filer has also adopted and implemented revised policies, procedures and internal controls (the **Revised Policies**) as necessary in order to, in part, satisfy the requirements of NI 25-101.

20. Upon being designated, the Board of Managers will continue to oversee the Filer in accordance with its global oversight role described in paragraphs 9 and 10 hereof.

21. Upon being designated, the Chief Compliance Officer of S&P Ratings Services will fulfill the designated compliance officer (**DCO**) functions prescribed by Part 5 of NI 25-101.

22. The Code of Conduct, the Global Policies and the Revised Policies meet in all material respects the objectives of NI 25-101 and enable the Filer to:

    (a) accommodate the global nature of the Filer's operations;

    (b) implement the core principles outlined in the Code of Conduct related to its credit ratings – objectivity, independence, integrity and transparency; and

    (c) maintain and enforce globally consistent policies, procedures and internal controls that meet specific jurisdictional requirements, in addition to those which are reflected in the Code of Conduct.

23. As more fully described in its application for designation as a Designated Rating Organization and in other paragraphs herein, as well as the Concurrent Decision, the Filer is in compliance in all material respects with NI 25-101 and the

securities legislation applicable to credit rating organizations in each jurisdiction in Canada and in any other jurisdiction in which the Filer or the Credit Rating Affiliates operate.

24. Upon being designated as a Designated Rating Organization, the Filer will be subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions.

Decision

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

The decision of the Principal Regulator under the Legislation is that the Filer is designated as a Designated Rating Organization under the Legislation provided that:

(a) either (i) the Board of Managers complies with Part 3 of NI 25-101 and assumes responsibility for fulfilling the governance requirements that sections 2.22 through 2.25 of Appendix A allocates to the board of directors of a Designated Rating Organization (the **Composition and Governance Requirements**), or (ii) S&P Financial Services establishes a board of directors for the Filer which complies with the Composition and Governance Requirements; and

(b) the Chief Compliance Officer of S&P Ratings Services, or his designate acting as the Filer's DCO, fulfills the functions prescribed by Part 5 of NI 25-101.

"James Turner"
Vice-Chair

"Howard Wetston"
Chair

2.2.4 Moody's Canada Inc.

Headnote

NP 11-205 Process for Designation of Credit Rating Organizations in Multiple Jurisdictions – Application to be designated as a designated rating organization for the purposes of securities law – Filer and its affiliates have filed all documentation required under Part 2 of National Instrument 25-101 Designated Rating Organizations – Filer is in compliance in all material respects with National Instrument 25-101 Designated Rating Organizations – Upon being designated, the Filer is subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions. The Designation Order replaces the April 30th Designation Order.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5. as am., s. 22.
National Instrument 25-101 Designated Rating Organizations, ss. 6, 15.

October 31, 2012

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

AND

IN THE MATTER OF
THE PROCESS FOR DESIGNATION OF
CREDIT RATING ORGANIZATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
MOODY'S CANADA INC.
(the Filer)

DESIGNATION ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer (also referred to as **MIS Canada**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the Filer be designated as a Designated Rating Organization (also referred to as **DRO**) (the **Designation Orde**r), as contemplated by National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101**). The principal regulator in the Jurisdiction has also received an application from the Filer for a decision under the Legislation exempting the Filer from certain provisions of NI 25-101 and is issuing such decision concurrently.

Under the Process for Designation of Credit Rating Organizations in Multiple Jurisdictions (for a passport application):

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 25-101 have the same meanings in this decision, unless otherwise defined herein.

Representations

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

The Filer

1. The Filer is a corporation governed by the federal laws of Canada with its registered and head office located in Toronto, Ontario.

2. The Filer provides credit rating opinions, research and risk analysis regarding a broad range of financial institutions, corporate entities, government bodies and various structured finance product groups in Canada, which may from time to time be used outside of Canada.

3. The Filer is a wholly owned subsidiary of Moody's Overseas Holdings, Inc. (**MOH**), which itself is a wholly-owned subsidiary of Moody's Corporation (**MCO**). MCO, the parent company, is a publicly held Delaware corporation whose board of directors (the **MCO Board**) is subject to the full corporate governance regime imposed by Delaware law, rules made under the *Securities Exchange Act of 1934* (**1934 Act**) and the New York Stock Exchange.

4. The Filer has filed all documentation required under Part 2 of NI 25-101, except schedules 10 through 13 of Form NRSRO of Moody's Investors Service, Inc. (**MIS Inc.**), which were filed with the United States Securities and Exchange Commission (the **SEC**) on a confidential basis (the **Omitted Materials**). The Filer will provide the Omitted Materials to the Principal Regulator on request upon receipt of confirmation in writing from the Principal Regulator that the confidentiality of such Omitted Materials, and any materials submitted on a confidential basis to the SEC in the future by or on behalf of MIS Inc., will be maintained indefinitely.

5. The Filer is: (i) a "credit rating affiliate" of MIS Inc., which is a Nationally Recognized Statistical Rating Organization (**NRSRO**) in the United States (**US**); (ii) listed on MIS Inc.'s Form NRSRO as a credit rating affiliate; and (iii) in compliance in all material respects with US federal securities law applicable to NRSROs and their credit rating affiliates.

6. In general terms, MCO and its direct and indirect subsidiaries (collectively, **Moody's**) are organized as follows. Moody's has two principal businesses. Moody's Investors Service (**MIS**) is the credit rating agency (**CRA**). The term MIS refers to MIS Inc. and the wholly owned subsidiaries of MCO that engage in Rating Services. The term Moody's Analytics (**MA**) refers to the companies that carry out all other, non-rating commercial activities.

7. The Filer's credit ratings are determined collectively by rating committees by a majority vote, and not by any individual analyst. Rating committees, which are constituted individually for each issuer and obligation, have members who may be based in different MIS offices around the world. Rating committees that determine credit ratings assigned by the Filer consist of analysts who have the appropriate knowledge and experience to address the analytical perspectives relevant to the issuer and obligation. Rating committees for Canadian-based issuers often, but do not necessarily, include one or more analysts based in Canada and employed by MIS Canada. Factors considered in determining the make-up of a rating committee may include the size of the issue, the complexity of the credit, and the introduction of a new instrument. This approach to the composition of rating committees helps MIS provide high quality credit ratings that are comparable across sectors, regions and countries. Therefore, for purposes of this Designation Order, any credit ratings of MIS that are required under the Legislation to be issued by a DRO shall be deemed to be credit ratings of MIS Canada.

8. MIS has a Credit Policy Group, separate from the rating groups that are principally responsible for rating issuers and obligations. The Credit Policy Group is charged with promoting consistency, quality and transparency in MIS' rating practices globally and across diverse sectors and regions. The Moody's Investor's Services Code of Professional Conduct (the **MIS Code**) and the MIS Canada Code (as defined below) allocate to the Credit Policy Group responsibility for:

   (1) conducting research on ratings performance;

   (2) reviewing and approving methodologies and models; and

   (3) overseeing credit policy committees that formulate high-level rating policies and practices for each of the rating groups.

9. Moody's maintains independent Internal Audit and Compliance functions with global remits that extend to MIS, its activities and those of its employees.

10. Certain activities or functions that are required to be undertaken by a DRO pursuant to NI 25-101 are centralized within MIS or Moody's, as the case may be, and are performed by other employees of other Moody's entities. For example, the Compliance and Internal Audit functions are shared services across MIS, MA and MCO. The Credit Policy function is centralized within MIS, and the Credit Policy staff may be employed by MIS entities other than MIS Canada. Also, many of the disclosures that MIS is required to disseminate under various laws are effected through moodys.com, which is managed centrally within MCO. The centralization of these and other functions promotes global consistency in the performance of these functions. The Filer also sometimes employs third parties to perform certain services that are referred to in NI 25-101.

11. The Filer intends to appoint a compliance officer of MIS as its "designated compliance officer" (**DCO**) to fulfill the functions prescribed by Part 5 of NI 25-101.

12. Pursuant to a unanimous shareholder declaration, the powers of the directors of the Filer to manage, or supervise the management of, the business and affairs of the Filer have been given to MOH, the sole shareholder of the Filer.

13. Section 15E of the 1934 Act establishes the regulatory framework for NRSROs. Subsection 15E(t) of the 1934 Act imposes a number of corporate governance requirements on NRSROs, including requirements that the NRSRO have a board of directors, that at least half (and no fewer than two) members meet prescribed independence criteria, that compensation for independent members satisfy certain conditions, that independent members be appointed for pre-agreed fixed and non-renewable terms not exceeding five years, and that the board fulfill certain prescribed responsibilities. Recognizing that some NRSROs are subsidiaries of parent entities (as is MIS), the 1934 Act provides that the board of directors of the parent entity may satisfy the requirements of subsection 15E(t) by assigning to a committee of such board the prescribed duties referred to above, provided that at least one half of the committee members (including the chairperson) meet the independence criteria and at least one independent committee member is a user of ratings of an NRSRO.

14. The MCO Board has elected to satisfy the requirements described above by assigning the duties prescribed by paragraph (3) of subsection 15E(t) to a committee (the **MIS Committee**) of the MCO Board. At least half, and no fewer than two, of the directors on the MIS Committee (including the chairperson) meet the independence criteria set out in subsection 15E(t)(2)(B) of the 1934 Act and at least one independent director is a user of ratings from an NRSRO. At least two members of the MIS Committee (including one independent member) have in-depth knowledge and experience at a senior level regarding the markets for securitized products.

15. It is contemplated that the MIS Committee will act in a capacity similar to a board of directors for the Filer in respect of the requirements and functions prescribed by Part 3 of NI 25-101 and sections 2.22 through 2.25 of Appendix A of NI 25-101 (**Appendix A**).

16. On April 20, 2012, NI 25-101 came into force in the Principal Jurisdiction and in each Passport Jurisdiction.

17. In light of the provisions of NI 25-101, the Filer concluded that it would need to adopt a Canada-specific code of conduct and determine whether it needed to create or revise policies or procedures or change its organizational structure.

The April 30th Designation Order

18. The Commission granted a designation order on April 30, 2012 (the **April 30th Designation Order), which designated the Filer as a Designated Rating Organization and exempted the Filer from the application of NI** 25-101 for a specific term, provided that:

    (a) the Filer is in compliance in all material respects with U.S. federal securities law applicable to NRSROs and their credit rating affiliates; and

    (b) the Filer files with the Commission copies of all documents the NRSRO is required to provide under the 1934 Act, at the same time as, or as soon as practicable after, the NRSRO provides those documents to the SEC, subject in all cases to satisfactory resolution prior to filing of any issues regarding confidentiality of materials filed with the SEC on a confidential basis.

19. The April 30th Designation Order also provided a transition period to allow the Filer to review and amend, if necessary, its code of conduct, policies, guidelines and practices in order to be compliant in all material respects with NI 25-101.

20. The April 30th Designation Order will terminate on the earlier of (i) the date of the coming into force of any designation order or ruling under the securities legislation of any jurisdiction of Canada that amends the April 30th Designation Order or provides an alternate designation order pursuant to NI 25-101, and (ii) October 31, 2012.

21. The Filer is in compliance in all material respects with the April 30th Designation Order.

The Filer's Compliance with NI 25-101

22. MIS Inc. has adopted the MIS Code, which is designed to be substantially aligned with the International Organization of Securities Commissions Code of Conduct Fundamentals for Credit Rating Agencies (the **IOSCO Code**). Upon being designated, the Filer will adopt and implement the Moody's Canada Inc. Code of Professional Conduct (the **MIS Canada Code**), which is similarly designed to be substantially aligned with the IOSCO Code and includes provisions adopted to satisfy the requirements of NI 25-101.

23. MCO and MIS Inc. have also implemented a range of globally applicable policies, procedures and guidance (the **Global Policies**) that are designed to achieve the objectives set out in the IOSCO Code and/or satisfy regulatory requirements that MIS implements globally. Upon being designated, the Filer will also adopt and implement Canada-specific policies, procedures, guidance and internal controls as necessary (the **Canada Policies**) in order to comply with NI 25-101.

24. Upon being designated, the MIS Committee of the MCO Board will assume the responsibility for performing the prescribed functions of the board of directors of a DRO.

25. Upon being designated, the Filer will appoint a compliance officer of MIS as its DCO to fulfill the functions prescribed by Part 5 of NI 25-101.

26. The Filer believes that the MIS Canada Code, the Global Policies and the Canada Policies are consistent in all material respects with the objectives of NI 25-101 and will enable the Filer to:

    (a) accommodate the global nature of MIS's operations;

    (b) provide independent and globally consistent Credit Ratings; and

    (c) maintain and enforce globally consistent policies and procedures designed to achieve regulatory objectives.

27. The Filer is in compliance in all material respects with NI 25-101 and the securities legislation applicable to credit rating organizations in each jurisdiction in Canada and in any other jurisdiction in which the Filer operates.

28. Upon being designated as a Designated Rating Organization, the Filer will be subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions.

Decision

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

The decision of the Principal Regulator under the Legislation is that the Filer is designated as a Designated Rating Organization under the Legislation provided that:

    (a) either (i) the MIS Committee of the MCO Board assumes responsibility for performing the functions that section 2.25 of Appendix A allocates to the board of directors of a DRO (the **Governance Functions**) and the composition of such committee is as described in paragraph 14 of this Designation Order, or (ii) the board of directors of the Filer complies with Part 3 of NI 25-101 (including sections 2.22 through 2.24 of Appendix A) and performs the Governance Functions;

    (b) the Filer designates a compliance officer of an affiliate as its DCO to fulfill the functions prescribed by Part 5 of NI 25-101; and

    (c) the MIS Canada Code remains in effect, unamended, other than amendments that do not derogate in any material respect therefrom or are necessary or desirable for MIS to comply with applicable law or achieve the objectives of the IOSCO Code as it might be amended from time to time.

"James Turner"
Vice-Chair

"Howard Wetston"
Chair

2.2.5 Global RESP Corporation and Global Growth Assets Inc. – ss. 127(1)

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
(Subsection 127(1))

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

AND WHEREAS on August 10, 2012, the Commission extended the Temporary Order against Global RESP and GGAI until such further Order of the Commission and adjourned the hearing until November 8, 2012;

AND WHEREAS the Terms and Conditions required Global RESP and GGAI to retain a consultant (the "Consultant") to prepare and assist them in implementing plans to strengthen their compliance systems and require Global RESP to retain a monitor (the "Monitor") to contact all New Clients as defined and set out in the Terms and Conditions;

AND WHEREAS Global RESP retained Sutton Boyce Gilkes Regulatory Consulting Group Inc. as its Consultant and Monitor;

AND WHEREAS Global RESP brought a motion on November 2, 2012, to vary the Terms and Conditions imposed on Global RESP on July 26, 2012;

AND WHEREAS Global RESP served and filed the Affidavit of Larry Boyce sworn October 22, 2012, the Affidavits of Margaret Singh sworn October 22 and November 2, 2012 and the Affidavit of Kim Maggiacomo sworn November 1, 2012 in support of its motion and Staff served and filed the Affidavit of Lina Creta sworn November 1, 2012 in response to the motion;

AND WHEREAS Staff and counsel for Global RESP advised that the only outstanding issue on the motion was whether the "three call rule" should apply to clients who invested prior to November 2, 2012;

AND WHEREAS the Commission has heard oral submissions from counsel for Global RESP and Staff;

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, 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. Paragraph 5 of the Terms and Conditions be deleted and replaced with paragraphs 5.1, 5.2 and 5.3 as follows:

"5.1 For all New Clients who invested prior to November 2, 2012 and who have not yet been contacted by the Monitor, the Monitor will continue to use best efforts to contact such New Clients of Global RESP 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 a long term investment; 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.

5.2 For all New Clients who invest on or after November 2, 2012 and until such time as the Plan has been approved by the OSC Manager, the Monitor will:

(a) review all applications from New Clients of Global RESP for the purpose of ensuring adequate KYC Information in order to determine suitability of the investment and should the Monitor not be satisfied with the KYC Information for this purpose, contact the New Client; and

(b) the Monitor shall contact the following additional New Clients of Global RESP;

i. 100% of all New Clients with an income less than or equal to $50,000; and

ii. a random sample of 20% of all New Clients with an income greater than $50,000.

5.3 For all New Clients who invest on or after November 2, 2012 and until such time as the Plan has been approved by the OSC Manager, the Monitor will use best efforts to contact the New Clients of Global RESP as set out above 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."

2. Paragraph 6 of the Terms and Conditions be deleted and replaced with paragraphs 6.1 and 6.2 as follows:

"6.1 For all New Clients who invested prior to November 2, 2012 and who have not yet been contacted by the Monitor, 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 105 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 client and has been unable to confirm the information set out in paragraph 5.1, then no further efforts by the Monitor to contact that New Client will be required. Should the Monitor not be satisfied with the KYC information, or have questions after reviewing the New Client application the Monitor will still need to contact the New Client.

6.2 For all New Clients who invest on or after November 2, 2012, 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 client and has been unable to confirm the information set out in paragraph 5.3 above, then no further efforts by the Monitor to contact that New Client in accordance with paragraph 5.2(b) will be required."

3. Paragraph 7 of the Terms and Conditions be deleted and replaced with paragraph 7 as follows:

"7. Global RESP will disclose to New Clients that their investment will be reviewed by an independent Monitor retained by Global RESP and will be unwound if the Monitor determines the investment is not suitable for them."

4. The hearing is adjourned to December 13, 2012 at 10:00 a.m.

5. The appearance date on November 8, 2012 at 10:00 a.m. is vacated.

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

"James E. A. Turner"

2.2.6 theSCORE, INC. – s. 1(11)(b)

Headnote

Subsection 1(11)(b) – Order that the Issuer is a reporting issuer for the purposes of Ontario securities law – Issuer already a reporting issuer in each of British Columbia, Alberta, Manitoba, Saskatchewan, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the "Remaining Provinces") – Issuer's securities listed for trading on the TSX Venture Exchange – Continuous disclosure requirements in the Remaining Provinces substantially the same as those in Ontario – Issuer has a significant connection to Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(11)(b).

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

AND

IN THE MATTER OF
theSCORE, INC.

ORDER
(Clause 1(11)(b))

UPON the application of theScore, Inc. (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") for a designation order pursuant to clause 1(11)(b) of the Act that, for the purposes of Ontario securities law, the Applicant is a reporting issuer in Ontario;

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

AND UPON the Applicant having represented to the Commission as follows:

1. The Applicant is a company governed by the *Business Corporations Act* (Ontario) (the "**OBCA**").

2. The Applicant was incorporated under the OBCA on August 30, 2012.

3. The registered office of the Applicant is located at 66 Wellington Street West, Toronto Dominion Bank Tower, Suite 5300, Toronto, ON M5K 1E6.

4. The authorized capital of the Applicant consists of an unlimited number of Class A Subordinate Voting Shares ("**Class A Shares**"), 5,566 Special Voting Share and an unlimited number of preference shares, issuable in series, of which 95,015,276 Class A Shares, 5,566 Special Voting Shares and no preference shares are issued and outstanding. An aggregate of 9,500,000 Class A Shares of the Applicant are also reserved for issuance on the exercise of stock options that may be granted by the Applicant.

5. The Applicant became a reporting issuer or reporting issuer equivalent on October 19, 2012, pursuant to applicable securities legislation in each of British Columbia, Alberta, Manitoba, Saskatchewan, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the "**Remaining Provinces**") as a result of a court approved statutory plan of arrangement under section 192 of the Canada Business Corporations Act completed on October 19, 2012.

6. The Applicant is not on the list of defaulting reporting issuers maintained pursuant to applicable securities legislation in the Remaining Provinces and, to the best of its knowledge, is not in default of any of its obligations under applicable securities legislation in the Remaining Provinces.

7. The continuous disclosure materials filed by the Applicant under the applicable securities legislation in the Remaining Provinces are available on the System for Electronic Document Analysis and Retrieval (SEDAR) under the Applicant's profile.

8. The continuous disclosure requirements under the applicable securities legislation in the Remaining Provinces are substantially the same as the requirements under the Act.

9. The Applicant's Class A Shares are listed and posted for trading on the TSX Venture Exchange (the "**TSXV**") and currently trade under the trading symbol "SCR".

10. The Applicant is not in default under any of the rules, regulations or policies of the TSXV.

11. Pursuant to the policies of the TSXV, a listed-issuer, which is not otherwise a reporting issuer in Ontario, must assess on an annual basis whether it has a "Significant Connection to Ontario" (as defined in the policies of the TSXV) and, upon becoming aware that it has a significant connection to Ontario, promptly make a bona fide application to the Commission to be deemed a reporting issuer in Ontario.

12. The Applicant has determined that it has a "Significant Connection to Ontario" as its mind and management are principally located in Toronto, Ontario and it has registered and beneficial shareholders resident in Ontario who beneficially own more than 10% of the issued and outstanding equity securities of the Applicant.

13. Neither the Applicant nor any of its officers, directors or, to the knowledge of the Applicant and its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, has:

    (a) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority;

    (b) entered into a settlement agreement with a Canadian securities regulatory authority; or

    (c) been the subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

14. Other than as set forth in paragraph 15 of this Order, neither the Applicant nor any of its officers, directors or, to the knowledge of the Applicant and its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, is or has been subject to:

    (a) any known or ongoing or concluded investigations by:

        (i) a Canadian securities regulatory authority; or

        (ii) a court or regulatory body, other than the Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or

    (b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

15. The statement in paragraph 14, is qualified by the following disclosure:

    (a) Mr. William Thomson was a director of Imperial PlasTech Inc., which was subject to certain orders under the *Companies Creditors Arrangement Act* (Canada) and the *Bankruptcy and Insolvency Act* (Canada) from the period from June 12, 2003 to April 11, 2006. Mr. Thomson resigned as a director of Imperial PlasTech Inc. in January 2005.

16. Other than as set forth in paragraph 17 of this Order, neither any of the officers or directors of the Applicant nor, to the knowledge of the Applicant and its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, is or has been at the time of such event an officer or director of any other issuer which is or has been subject to:

    (a) any cease trade order or similar order, or order that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or

    (b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

17. The statement in paragraph 16, is qualified by the following disclosure:

(a) Mr. William Thomson was the Chairman of Asia Media Group Corporation, a TSXV listed company, at the time it had its shares cease traded on November 25, 2002 for failure to file certain financial statements. The cease trade order has not been revoked and Asia Media Group Corporation was voluntarily dissolved in November 2006;

(b) Mr. William Thomson was a director of Open EC Technologies Inc. ("**Open EC**"), a TSXV listed company from November 2005 to November 2009. In September 2008, the United States Securities and Exchange Commission (the "SEC") revoked the registration of each class of registered securities of Open EC for failure to make required periodic filings with the SEC; and

(c) Mr. Ralph Lean was a director of National Construction Inc., a TSXV listed company, from 2002 to 2003. National Construction Inc. had its shares cease traded on July 23, 2003, after Mr. Lean had ceased to be a director, for failure to file certain financial statements during the time Mr. Lean was acting in his capacity as director.

AND UPON the Commission being satisfied that granting this Order would not be prejudicial to the public interest;

IT IS ORDERED pursuant to clause 1(11)(b) of the Act that the Applicant is a reporting issuer for the purposes of Ontario securities law.

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

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

2.2.7 Putnam Investments Inc. et al. – 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.
OSC 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
PUTNAM INVESTMENTS INC.

AND

THE PUTNAM ADVISORY COMPANY, LLC

AND

PUTNAM INVESTMENTS LIMITED

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of Putnam Investments Inc. (the **Principal Adviser**), The Putnam Advisory Company, LLC (**PAC**) and Putnam Investments Limited (**PIL**) (collectively, the **Applicants**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to section 80 of the CFA, that each of PAC and PIL (each, a **Sub-Adviser**, and collectively, the **Sub-Advisers**) and any individuals engaging in, or holding themselves out as engaging in, the business of advising others as to trading in Contracts (as defined below) on the relevant Sub-Adviser's behalf (the **Representatives**) be exempt, for a period of five years, from the adviser registration requirement in paragraph 22(1)(b) of the CFA, subject to certain terms and conditions;

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

AND WHEREAS for the purposes of this order (the Order):

"CFTC" means the United States Commodity Futures Trading Commission;

"Contract" has the meaning ascribed to that term in subsection 1(1) of the CFA;

"FSA" means the Financial Services Authority in the United Kingdom;

"OSA" means the *Securities Act (*Ontario);

"OSA Adviser Registration Requirement" means subsection 25(3) of the OSA that prohibits a person or company from engaging in the business of, or holding himself, herself or itself out as engaging in the business of, advising anyone with respect to investing in, buying or selling securities in Ontario unless the person or company is registered in the appropriate category of registration under the OSA;

"OSA Sub-Adviser Exemption" means the exemption from the OSA Adviser Registration Requirement set out in section 7.3 of OSC Rule 35-502 *Non-Resident Adviser*s;

"SEC" means the United States Securities and Exchange Commission; and

"U.S. Advisers Act" means the United States *Investment Advisers Act of 194*0.

AND UPON the Applicants having represented to the Commission that:

PAC

1. PAC is a limited liability company organized under the laws of the State of Delaware, with its principal place of business located in Boston, State of Massachusetts in the United States. PAC is registered with the SEC as an investment adviser under the U.S. Advisers Act. Although PAC advises on derivative products to clients in the United States, it is currently exempt from registration under the United States *Commodity Exchange Act* as a commodity trading adviser with the CFTC.

PIL

2. PIL is a company organized under the laws of England and Wales with its principal place of business located in London, United Kingdom. PIL is registered with the FSA as an adviser. PIL's permitted activities pursuant to its registration with the FSA include advising on Contracts.

3. Neither Sub-Adviser is registered in any capacity under the CFA or the OSA and neither Sub-Adviser is a resident of any province or territory of Canada.

The Principal Adviser

4. The Principal Adviser is a corporation incorporated under the *Business Corporations Act* (Ontario), and is registered in Ontario:

   (a) under the OSA as a portfolio manager, exempt market dealer and investment fund manager; and

   (b) under the CFA as a commodity trading counsel and commodity trading manager.

General

5. To the best of the knowledge of the Principal Adviser and the Sub-Advisers, none of the Principal Adviser or the Sub-Advisers, as the case may be, is in default of securities legislation of Ontario.

6. The Sub-Advisers and the Principal Adviser are affiliates, as defined in the OSA.

7. The Principal Adviser previously acted as trustee, investment fund manager and portfolio adviser of certain investment funds, the securities of which were qualified by prospectus for distribution to the public in Ontario and the other provinces and territories of Canada (collectively, the **Putnam Retail Funds**) and currently acts as trustee, investment fund manager and portfolio adviser of certain 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* (collectively, the **Putnam Pooled Funds**).

8. PAC currently acts as sub-adviser to the Principal Adviser in respect of Putnam Canadian Fixed Income Long Fund, the sole remaining Putnam Pooled Fund. The Putnam Retail Funds have ceased to be reporting issuers in any jurisdiction of Canada.

9. In addition to the sole remaining Putnam Pooled Fund, the Principal Adviser also provides, or may provide, discretionary and/or non-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 (such funds, together with the Putnam Retail Funds, **Retail Funds**); (ii) other 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* (such funds, together with the Putnam Pooled Funds, **Pooled Funds**); (iii) managed accounts of clients who have entered into investment management agreements with the Principal Adviser (**Managed Accounts**); and (iv) Retail Funds, Pooled Funds and Managed Accounts that may be established in the future in respect of which the Principal Adviser engages one or both of the Sub-Advisers to provide portfolio advisory services (the **Future Clients**) (each of the Retail Funds, Pooled Funds, Managed Accounts and Future Clients being referred to individually as a **Client** and, collectively as the **Clients**).

10. Each Client may, as a part of its investment program, seek to invest in Contracts.

11. In connection with the Principal Adviser acting as an adviser to a Client in respect of the purchase or sale of Contracts, the Principal Adviser has retained, or will retain, one or both of the Sub-Advisers pursuant to a written agreement made between the Principal Adviser and the relevant Sub-Adviser (each, a **Sub-Advisory Agreement**), the Sub-Adviser to act as sub-adviser to the Principal Adviser by exercising discretionary and/or non-discretionary authority on behalf of the Principal Adviser, which may include discretionary and/or non-discretionary authority to buy or sell Contracts for the Client (the **Proposed Sub-Advisory Services**).

12. In connection with the Proposed Sub-Advisory Services, the relevant Sub-Adviser will exercise discretionary and/or non-discretionary authority on behalf of the Principal Adviser in respect of all or a portion of the assets of the investment portfolios of the Clients. The relevant Sub-Adviser will ensure that its exercise of discretionary and/or non-discretionary authority is consistent with the investment objectives and strategies of each Client.

13. In connection with the Proposed Sub-Advisory Services, the relationship among the Principal Adviser, the relevant Sub-Adviser and any Client shall satisfy the applicable requirements of the OSA Sub-Adviser Exemption, namely that:

    (a) the obligations and duties of the relevant Sub-Adviser will be set out in a written agreement with the Principal Adviser;

    (b) the Principal Adviser will contractually agree with the Client to be responsible for any loss that arises out of the failure of the relevant 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 (together with (i), the **Assumed Obligations**); and

    (c) the Principal Adviser cannot be relieved by the Client from its responsibility for any loss that arises out of the failure of the relevant Sub-Adviser to meet the Assumed Obligations.

14. The relevant Sub-Adviser and its Representatives shall 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 or commodity trading counsel or both.

15. The Principal Adviser will deliver to the Clients all applicable reports and statements under applicable securities, commodity futures and derivatives legislation.

16. 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 a partner or an officer of a registered adviser and is acting on behalf of a registered adviser (the **CFA Adviser Registration Requirement**). Under the CFA, “adviser” means a person or company engaging in or holding himself, herself or itself out as engaging in the business of advising others as to trading in Contracts.

17. By providing the Proposed Sub-Advisory Services, each Sub-Adviser and its Representatives 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.

18. There is currently no exemption from the CFA Adviser Registration Requirement that is equivalent to the OSA Sub-Adviser Exemption. Consequently, in the absence of the Order, each Sub-Adviser would be required to satisfy the CFA Adviser Registration Requirement in order to carry out the Proposed Sub-Advisory Services.

19. The Applicants submit that it would not be prejudicial to the public interest for the Commission to make the Order because:

    (a) the Principal Adviser seeks to access certain specialized portfolio management services provided by the Sub-Advisers, including advice as to trading in Contracts; and

    (b) each Sub-Adviser would act as a sub-adviser to the Principal Adviser in respect of trading in Contracts on terms and conditions that are analogous to the prescribed terms and conditions of the OSA Sub-Adviser Exemption.

20. On April 13, 2007, the Commission granted PAC an exemption from the CFA Adviser Registration Requirement in respect of the Proposed Sub-Advisory Services (as such term was defined in that order) (the Previous Order). However, the definition of "Proposed Advisory Services" in the Previous Order was more limited than what is being sought in the Order under the defined term of "Proposed Sub-Advisory Services". The Previous Order expired on April 13, 2012.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to make the Order;

IT IS ORDERED pursuant to section 80 of the CFA that each Sub-Adviser and its Representatives are exempt from the CFA Adviser Registration Requirement in respect of acting as a sub-adviser to the Principal Adviser in respect of trading in Contracts provided that:

(a) each Sub-Adviser's head office or principal place of business remains in the United States or the United Kingdom, as applicable;

(b) each Sub-Adviser and its Representatives are appropriately registered or licensed to provide the Proposed Sub-Advisory Services to the Clients pursuant to the applicable legislation of their principal jurisdiction, or are entitled to rely on appropriate exemptions from such registrations or licenses;

(c) the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager or commodity trading counsel or both;

(d) the obligations and duties of each Sub-Adviser are set out in a written agreement with the Principal Adviser;

(e) neither Sub-Adviser shall act as a sub-adviser to the Principal Adviser unless the Principal Adviser has contractually agreed with each Client to be responsible for any loss that arises out of any failure of the relevant Sub-Adviser to meet the Assumed Obligations and cannot be relieved by any of its Clients from its responsibility for any loss that arises out of any failure of the relevant Sub-Adviser to meet the Assumed Obligations;

(f) where a Client prepares a prospectus or similar offering document for delivery to prospective purchasers, any such document shall include the following disclosure:

    (i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the relevant Sub-Adviser to meet the Assumed Obligations; and

    (ii) a statement that there may be difficulty in enforcing any legal rights against the relevant Sub-Adviser (or any of its Representatives) because the relevant Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada;

(g) where a Client does not prepare a prospectus or similar offering document for delivery to prospective purchasers, all investors of the Client who are Ontario residents shall receive, prior to the purchase of any Contracts, written disclosure that includes:

    (i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the relevant Sub-Adviser to meet the Assumed Obligations; and

    (ii) a statement that there may be difficulty in enforcing any legal rights against the relevant Sub-Adviser (or any of its Representatives) because the relevant Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada;

(h) where a Client enters into an investment management agreement for the Proposed Sub-Advisory Services in respect of Contracts, all applicable Clients or investors of the Clients who are Ontario residents shall receive, prior to the purchase of any Contracts, written disclosure that includes:

    (i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the relevant Sub-Adviser to meet the Assumed Obligations; and

    (ii) a statement that there may be difficulty in enforcing any legal rights against the relevant Sub-Adviser (or any of its Representatives) because the relevant Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada; and

(i) this Order shall expire five years after the date hereof.

November 9, 2012

"Christopher Portner"
Commissioner
Ontario Securities Commission

"Paulette Kennedy"
Commissioner
Ontario Securities Commission

2.2.8 iShares Silver Bullion Fund – s. 1.1 of OSC Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions

Headnote

Certain mutual funds designated as exchange-traded funds for the purposes of OSC Rule 48-501.

Rules Cited

Ontario Securities Commission Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions, s. 1.1.

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 48-501 – TRADING DURING DISTRIBUTIONS, FORMAL BIDS AND SHARE EXCHANGE TRANSACTIONS
(Rule)

AND

IN THE MATTER OF
iSHARES SILVER BULLION FUND
(the Fund)

DESIGNATION ORDER
Section 1.1

WHEREAS the Fund is or will be listed on the Toronto Stock Exchange;

AND WHEREAS under the Universal Market Integrity Rules (UMIR), the Fund is considered an Exempt Exchange-traded Fund that is not subject to prohibitions related to trading during certain securities transactions;

AND WHEREAS the definition of "exchange-traded fund" in the Rule is substantially similar to the definition of Exempt Exchange-traded Fund in UMIR, and the purpose of the Rule and UMIR are substantially similar;

THE DIRECTOR HEREBY DESIGNATES the Fund as an exchange-traded fund for the purposes of the Rule.

DATED October 30, 2012

"Susan Greenglass"
Director, Market Regulation

2.2.9 BMO S&P/TSX Equal Weight Industrials Index ETF et al. – s. 1.1 of OSC Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions

Headnote

Certain mutual funds designated as exchange-traded funds for the purposes of OSC Rule 48-501.

Rules Cited

Ontario Securities Commission Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions, s. 1.1.

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 48-501 – TRADING DURING DISTRIBUTIONS, FORMAL BIDS AND SHARE EXCHANGE TRANSACTIONS
(Rule)

AND

IN THE MATTER OF
BMO S&P/TSX EQUAL WEIGHT INDUSTRIALS INDEX ETF
BMO S&P/TSX EQUAL WEIGHT GLOBAL GOLD INDEX ETF
BMO S&P 500 INDEX ETF
BMO S&P/TSX LADDERED PREFERRED SHARE INDEX ETF
(the Funds)

DESIGNATION ORDER
Section 1.1

WHEREAS each of the Funds is or will be listed on the Toronto Stock Exchange;

AND WHEREAS under the Universal Market Integrity Rules (UMIR), each Fund is considered an Exempt Exchange-traded Fund that is not subject to prohibitions related to trading during certain securities transactions;

AND WHEREAS the definition of "exchange-traded fund" in the Rule is substantially similar to the definition of Exempt Exchange-traded Fund in UMIR, and the purpose of the Rule and UMIR are substantially similar;

THE DIRECTOR HEREBY DESIGNATES each of the Funds as an exchange-traded fund for the purposes of the Rule.

DATED November 12, 2012

"Susan Greenglass"
Director, Market Regulation

2.2.10 Vincent Ciccone and Cabo Catoche Corp. (a.k.a. Medra Corp. and Medra Corporation)

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

AND

IN THE MATTER OF
VINCENT CICCONE and CABO CATOCHE CORP.
(a.k.a. MEDRA CORP. and MEDRA CORPORATIOn)

ORDER

WHEREAS on October 3, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on September 30, 2011, with respect to Vincent Ciccone ("Ciccone") and Medra Corp.;

AND WHEREAS on May 3, 2012, the Commission issued an Amended Notice of Hearing in connection with an Amended Statement of Allegations filed by Staff on May 2, 2012, to amend the title of proceedings by replacing the name "Medra Corp." with "Cabo Catoche Corp. (a.k.a Medra Corp. and Medra Corporation)" (collectively, "Medra");

AND WHEREAS on September 7, 2012, the Commission approved a Settlement Agreement between Staff and Ciccone;

AND WHEREAS the Office of the Secretary received an e-mail dated September 5, 2012, from a representative of Medra requesting Staff disclose all relevant documents in their possession by sending copies of said documents to Medra at its offices in Mexico:

AND WHEREAS the Panel convened the hearing on the merits of the allegations against Medra (the "Merits Hearing") and, as a preliminary matter, heard submissions from Staff on September 7 and 13, 2012, on the issue of Staff's disclosure obligations with respect to Medra, including submissions on the law, policy, jurisprudence and its position on this issue, no one appearing on behalf of Medra despite proper notice having been given;

AND WHEREAS on September 20, 2012, the Panel reconvened the Merits Hearing for the purposes of giving the Panel's ruling on the disclosure issue, at which Staff appeared but no one appeared on behalf of Medra;

AND WHEREAS on September 20, 2012, the Panel ruled that Staff had not met its disclosure obligations to Medra, such obligations requiring Staff to provide copies of the disclosure material to Medra in accordance with its written request for copies of the material;

AND WHEREAS the Panel issued an Order dated September 20, 2012, that stated:

(i) Subject to the receipt from Medra of a written undertaking to comply with the terms of this Order as described in subparagraph (iii)(e) below, Staff shall provide copies of all relevant materials in their possession ("the Material") to Medra, subject to redaction of personal information relating to third parties;

(ii) If Medra believes that any of the redacted information is necessary for the purpose of making full answer and defence to the allegations made against it in these proceedings, Medra may bring a motion pursuant to Rule 3 of the Commission *Rules of Procedure* for a determination as to whether the redacted information is relevant to said allegations;

(iii) The Material will be provided to Medra on the following conditions:

(a) Medra and its counsel shall not use the Material for any purposes other than for making full answer and defence to the allegations made against it in these proceedings;

(b) any use of the Material other than for the purpose of making full answer and defence to the allegations made against Medra in these proceedings will constitute a violation of this order;

(c) Medra and its counsel shall maintain custody and control over the Material, so that copies of the Material are not improperly disseminated;

(d) the Material shall not be used for a collateral or ulterior purpose, including for purposes of other proceedings; and

(e) Medra shall sign an undertaking accepting the conditions set out at subparagraphs (a) to (d) above prior to any Material being provided to Medra by Staff, which undertaking shall be signed and returned to Staff within 5 business days of receipt of this Order.

AND WHEREAS on September 28, 2012, the Panel ordered that the Merits Hearing be reconvened on October 9, 2012, for the purpose of Staff providing the Panel with a status update;

AND WHEREAS on October 9, 2012, Staff appeared before the Panel with no one appearing for Medra, at which time Staff submitted an affidavit of Allister Field sworn October 9, 2012, as evidence that the Panel's Order of September 20, 2012, had been sent to Medra on September 28, 2012, and Medra had not returned a signed undertaking in accordance with the Order;

AND WHEREAS the Panel is satisfied that Staff has met its disclosure obligations to Medra and the Merits Hearing may proceed;

AND WHEREAS on October 9, 2012, Staff requested that the Panel convert the Merits Hearing to a written hearing pursuant to Rule 11 of the Commission's *Rules of Procedure* (2010), 33 O.S.C.B. 8017 (the "Rules") and proposed a schedule for the filing of materials in support of their request;

AND WHEREAS on October 17, 2012, Staff advised the Commission that it would like to amend the schedule for the filing of materials in support of their request;

AND WHEREAS on October 19, 2012, Staff appeared before the Commission by teleconference in accordance with Rule 10.2 of the Rules and no one appeared on behalf of Medra;

AND WHEREAS the Panel issued an order dated October 19, 2012, which stated:

(i) Staff shall serve and file written submissions in support of their request to convert the Merits Hearing to a written hearing no later than October 23, 2012, such submissions to include copies of any affidavits Staff intend to rely on in the proposed written hearing;

(ii) If Medra objects to converting the Merits Hearing to a written hearing, it shall file with the Office of the Secretary, and serve upon Staff, written submissions setting out the reasons for their objection no later than November 7, 2012;

(iii) The Merits Hearing shall be reconvened on November 8, 2012, at 3:00 p.m. at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto, Ontario, for the purpose of the Panel giving its ruling on the request to convert to a written hearing and, if the request is granted, to set a schedule for the receipt of submissions in the written hearing.

AND WHEREAS on October 23, 2012, Staff filed written submissions in support of its request to convert the Merits Hearing to a written hearing, including copies of the affidavits Staff intends to rely on in the proposed written hearing, which written submissions and affidavits were served on Medra on October 19 and 22, 2012 as set out in the Affidavit of Service of Michelle Spain sworn on October 23, 2012 and filed with the Commission;

AND WHEREAS Staff sought, in its written submissions, that the Merits Hearing be continued as a written hearing upon the earlier of the date when Ciccone has completed his testimony in this matter or the date when Staff files an affidavit of Ciccone;

AND WHEREAS on November 8, 2012, Staff appeared before the Panel with no one appearing for Medra, at which time Staff requested that a date be set for the continuation of the Merits Hearing for the purpose of hearing oral evidence from Ciccone;

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

IT IS ORDERED THAT:

1) the Merits Hearing is adjourned to November 29, 2012, commencing at 9:30 a.m., for the purpose of hearing oral evidence from Ciccone, after which the Panel will provide its ruling on the request to convert the remainder of the Merits Hearing to a written hearing; and

2) the Merits Hearing shall, if necessary, continue on November 30, 2012, commencing at 9:30 a.m.

DATED at Toronto this 8th day of November, 2012

"Vern Krishna"

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
Yaletown Capital Corp.	13 Nov 12	26 Nov 12		

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Boyuan Construction Group, Inc.	02 Oct 12	15 Oct 12	15 Oct 12		

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Chapter 6

Request for Comments

6.1.1 Proposed Amendments to NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and to Companion Policy 31-103CP Registration Requirements, Exemptions and Ongoing Registrant Obligations

NOTICE AND REQUEST FOR COMMENT ON
PROPOSED AMENDMENTS TO

NATIONAL INSTRUMENT 31-103
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

AND TO

COMPANION POLICY 31-103CP
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

November 15, 2012

Dispute Resolution Service

Introduction

The Canadian Securities Administrators (CSA or we) are publishing for a 90 day comment period proposed amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103 or the Rule), and to Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the Companion Policy).

We are proposing amendments which, if adopted, would require all registered dealers and registered advisers outside of Québec to utilize the Ombudsman for Banking Services and Investments (OBSI) as a service provider in respect of their dispute resolution or mediation services obligations under section 13.16 [*dispute resolution service*] of NI 31-103, and limit those obligations to complaints that are raised within six years of the date when the client knew or reasonably ought to have known of the trading or advising activity and which claim no more than $350,000 (the Proposed Amendments).

The text of the Proposed Amendments to the Rule is in Annex A to this Notice. A blacklined extract of the Rule, incorporating the Proposed Amendments, is in Annex B to this Notice. A blacklined extract of the Companion Policy, incorporating the Proposed Amendments, is in Annex C to this Notice. The Proposed Amendments are also available on websites of CSA jurisdictions, including:

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
www.msc.gov.mb.ca
www.gov.ns.ca/nssc
www.nbsc-cvmnb.ca
www.osc.gov.on.ca
www.sfsc.gov.sk.ca

The comment period ends on **February 15, 2013**.

Substance, purpose and summary of the Proposed Amendments

The Proposed Amendments, if adopted, would require all registered dealers and advisers outside of Québec to utilize the services of OBSI as the common dispute resolution service for the discharge of their obligations under section 13.16 of NI 31-103. A complaint for these purposes would be defined as one that is raised within six years of the date when the client knew or reasonably ought to have known of the trading or advising activity that it relates to, and involves a claim of no more than $350,000. Dealers and advisers would be required to make the services of OBSI available to their clients in respect of any such complaint that OBSI is willing and able to consider. The complaints that OBSI is willing to consider are normally those that fall within OBSI's mandate. OBSI's current mandate is discussed below. If OBSI was unwilling or unable to consider the complaint, the firm would have to make another service provider available to the client.

The firms that would be most directly affected by the Proposed Amendments are dealers and advisers registered outside of Québec that are not members of either the Investment Industry Regulatory Organization of Canada (IIROC) or the Mutual Fund Dealers Association of Canada (the MFDA) (we refer to IIROC and the MFDA together as the SROs).

The SROs already mandate the use of OBSI as the dispute resolution service provider for their member firms, and section 13.14 of NI 31-103 [*application of this Division*] limits the application of section 13.16 in respect of investment fund managers and in respect of firms registered in Québec. Investment fund managers are only subject to section 13.16 to the extent they also operate under a dealer or adviser registration.

In Québec, a registered firm is deemed to comply with section 13.16 if it complies with sections 168.1.1 to 168.1.3 of the *Securities Act* (Québec). These provisions set out a complaint handling regime whereby the Autorité des marchés financiers (the AMF) may act as a mediator (the Québec regime). Although Québec is participating in the consultation on the Proposed Amendments, we are not proposing amendments to, and are therefore not soliciting comments on, the Québec regime which will remain unchanged following the consultation. Québec is not expressing any views on the dispute resolution regime which would apply in the other CSA jurisdictions. In this notice, all references to outcomes sought or discussions with OBSI are made by the CSA outside Québec.

We are publishing the Proposed Amendments for comment because we believe that mandating OBSI as the common service provider for all registered dealers and advisers in respect of their dispute resolution obligations under NI 31-103 will be in the best interests of both investors and registrants. Our goal is to ensure the independence of dispute resolution services and consistency in expectations and outcomes. Client complaints considered by the common dispute resolution service would be handled to a uniform standard. A common dispute resolution service provider would reduce investor confusion as to who to contact when complaints are not resolved at the registrant level. There would be no perception that competition for business from registered firms might influence the recommendations of for-profit dispute resolution service providers.

We believe OBSI is the appropriate choice to be the common dispute resolution service provider for all registered dealers and registered advisers. OBSI is independent and not-for-profit. It has extensive experience, having served in that capacity for SRO members and other registrants for the past 10 years. During that time it has resolved thousands of complaints from investors. OBSI adheres to standards established by the Joint Forum of Financial Market Regulators, as set out in a Framework for Collaboration published in August 2007. Under that Framework, OBSI is subject to independent third party evaluations on a regular basis, the most recent of which was conducted in 2011. OBSI was found to substantially meet the Joint Forum's standards. OBSI has established an effective system to respond to investors with a call centre and infrastructure to respond to public enquiries in over 170 languages. It also has the ability to redirect callers to the appropriate organization if a matter is outside its mandate.

We are proposing to limit complaints that would trigger a registered dealer or advisers' obligations under section 13.16 of NI 31-103 to those that are raised within six years of the date when the client knew or reasonably ought to have known of the trading or advising activity that they relate to and involve a claim that the client agrees is for an amount of no more than $350,000 because we believe these are reasonable limitations that will provide certainty for both registrants and investors. This is the same monetary limit as in OBSI's current mandate and OBSI is adopting a similar six year time limit. Having the same limits in NI 31-103 would thus create a common standard. The Proposed Amendments would not restrict a client's ability to take a complaint to a dispute resolution service of their own choosing at their own expense, or to bring an action in court.

Issues for comment

1. Would the time limit on complaints be more appropriate if it was counted from the time when the trading or advising activity that it relates to occurred, rather than from the time when the client knew or reasonably ought to have known of the trading or advising activity?

2. OBSI's current terms of reference require a complaint to be made to the ombudsman within 180 days of the client's receipt of notice of the firm's rejection of their complaint or recommended resolution of the complaint, subject to the ombudsman's authority to receive and investigate a complaint in other circumstances if the ombudsman considers it fair to do so. Should NI 31-103 include a deadline for clients to bring complaints to it? If so, is 180 days the appropriate period?

The Proposed Amendments would also clarify that:

- We expect that all client complaints will be addressed under a registered firm's internal complaint handling policy under section 13.15 of NI 31-103. Recourse to an independent dispute resolution or mediation service should be in circumstances where the firm's complaint handling policy did not produce an outcome satisfactory

to the client, or the client has reason to believe the procedures under the firm's complaint handling policy were not followed by the firm in a proper or timely manner.

- A registered firm is only required to make one dispute resolution or mediation service available at its expense for each complaint.

Background

Section 13.16

Section 13.16 [*dispute resolution service*] of NI 31-103 requires registered firms to ensure that independent dispute resolution or mediation services are made available, at the registered firm's expense, to a client to resolve a complaint made by the client about any trading or advising activity of the registered firm or one of its representatives. When NI 31-103 came into force on September 28, 2009, section 16.16 [*complaint handling*] provided temporary relief – until September 28, 2011 – from the requirements of section 13.16. This temporary relief was extended for a further year – until September 28, 2012 – as part of amendments to NI 31-103 which came into force on July 11, 2011. In contemplation of these Proposed Amendments each of the CSA jurisdictions published on July 5, 2012 parallel orders further extending the temporary relief until the earlier of (i) the coming into force of amendments to section 13.16 and (ii) September 28, 2014. The temporary relief does not apply in Québec, by reason of the existing regime in that jurisdiction.

OBSI

OBSI is a not-for-profit organization that provides dispute resolution services to the banking sector and investment industry. It is an independent agency headed by an ombudsman and governed by a board of directors, the majority of whom are independent, and have not been part of industry or government for at least two years. A minority of the directors are appointed from lists proposed by industry bodies. The board has majority and quorum voting procedures designed to ensure independence. The board controls the hiring and firing of the ombudsman, the budget process, the organization's terms of reference and the nomination of independent directors. OBSI also has a Consumer and Investor Advisory Council that provides a strong consumer voice. OBSI is a member of the International Network of Financial Services Ombudsman Schemes.

OBSI has more than 600 participating firms consisting of

- registered investment dealers that are members of IIROC
- registered mutual fund dealers that are members of the MFDA
- registered scholarship plan dealers that are members of the RESP Dealers Association of Canada
- some registrants in other categories
- some mutual fund issuers that are not registrants but are members of the Investment Funds Institute of Canada
- chartered banks
- some credit unions
- federal trust and loan companies and other deposit taking organizations

OBSI does not charge any fees to clients of its participating firms. Under its current funding model, all participating firms pay a levy based on their size or volume of business. The CSA has been working with OBSI to develop a fee model that will be fair to all registrants who will, if the Proposed Amendments are implemented, be required to use OBSI's services for dispute resolution.

The CSA has also been working with OBSI to review its processes and how it meets the standards established under the Framework for Collaboration. OBSI has published a consultation paper outlining proposed enhancements and clarifications to its suitability and loss assessment process. It has also published a framework for amendments to its governance structure. We are considering the role we should play in overseeing OBSI with respect to its terms of reference. Work is also being done with OBSI to ensure that it will have the capacity to provide effective services for an expanded base of registered firms if the Proposed Amendments are adopted.

OBSI's Mandate

OBSI makes recommendations for the resolution of disputes between participating firms and their clients about banking or investment products and services. It is not an arbitrator that makes binding decisions for the parties to a dispute. OBSI conducts its dispute resolution activities in an informal, non-legalistic manner.

OBSI considers investor complaints where a participating firm's internal complaint handling system has not produced a result acceptable to its client, or at least 90 days have passed since the client first complained to their firm and the complaint remains unresolved. As indicated above, the monetary limit on OBSI's capacity to make a recommendation is $350,000. OBSI's board of directors has passed a resolution to adopt a six year time limit similar to the one in the Proposed Amendments.
OBSI will not consider disputes where

- the complaint involves an insurance company
- the complaint concerns a general commercial decision of the firm, such as an interest rate or a credit decision
- the client or the participating firm has started a court action or arbitration process, unless they agree to suspend legal action pending OBSI's review
- the firm responded to a client's complaint, and the client did not bring it to OBSI on a timely basis
- the client has already settled the complaint by accepting an offer from the firm

Further information about OBSI is available at www.obsi.ca.

OBSI and the banking sector – recent developments

OBSI was created by the federally regulated banks in 1996 and expanded to include investment related complaints beginning in 2002. Banks participate in OBSI on a voluntary basis. Two banks have stopped using OBSI, one in 2008 and the other in 2011. The federal government has adopted legislation and proposed regulations under which banks must belong to their choice of federally-approved external complaints bodies, but not necessarily OBSI. We will monitor developments in respect of this federal initiative.

Research and consultations

To assist us in considering the Proposed Amendments, OBSI's fee model and related issues, we reviewed models for external dispute resolution in other jurisdictions, particularly the United Kingdom and Australia. We have also sought feedback from the industry associations for the two registration categories that would be most affected by the Proposed Amendments. These were the Portfolio Management Association of Canada and the Exempt Market Dealers Association of Canada. We also consulted with OBSI's Consumer and Investor Advisory Council and the Ontario Securities Commission's Investor Advisory Panel and sought input from IIROC and the MFDA. We thank everyone who provided feedback during the research and consultation process.

Local jurisdiction publication requirements

Information required to be published in a particular jurisdiction is in an Annex D to this Notice published in that particular jurisdiction.

Alternatives considered

The CSA examined various alternatives to the Proposed Amendments, including

- maintaining the current regime, whereby no dispute resolution or mediation service provider is specified except in Québec
- specifying more than one dispute resolution or mediation service provider outside of Québec

We decided to propose OBSI as the mandated dispute resolution service provider outside of Québec for the reasons set out under the discussion of the substance, purpose and summary of the Proposed Amendments.

Anticipated costs and benefits

The anticipated benefits of the Proposed Amendments, including the impact on investors, are set out under the discussion of the

substance, purpose and summary of the Proposed Amendments. We note that section 13.16 of NI 31-103 requires registered firms to bear the costs of an independent dispute resolution or mediation service and so, the effect of the Proposed Amendments would only be to specify a dispute resolution service provider outside of Québec. We believe the benefits of mandating a common dispute resolution service provider outweigh the potential for any incrementally higher costs to registrants.

Unpublished materials

We have not relied on any significant unpublished study, report or other written materials in preparing the Proposed Amendments.

Request for comments

We welcome your feedback on the Proposed Amendments.

Please submit your comments in writing on or before February 15, 2013. If you are not sending your comments by email, please send a CD containing the submissions (in Microsoft Word format).

Address your submissions to all of the CSA as follows:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

Deliver your comments **only** to the addresses below. Your comments will be distributed to the other participating CSA jurisdictions.

The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8
Fax: 416-593-2318
E-mail: comments@osc.gov.on.ca

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité de marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: 514-864-6381
E-mail: consultation-en-cours@lautorite.qc.ca

All comments will be posted on the Ontario Securities Commission website at www.osc.gov.on.ca and on the AMF website at www.lautorite.qc.ca.

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period. Some of your personal information, such as your e-mail and residential or business address, may appear on the websites. It is important that you state on whose behalf you are making the submission.

Thank you in advance for your comments.

Questions

Please refer your questions to any of the following:

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Ontario Securities Commission
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Securities Office, Corporate Affairs (C-6)
Government of Yukon
Tel: 867-667-5466
helena.hrubesova@gov.yk.ca

November 15, 2012

ANNEX A

PROPOSED AMENDMENTS TO

NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*

1. ***National Instrument 31-103* Registration Requirements, Exemptions and Ongoing Registrant Obligations *is amended by this Instrument.***

2. Section 13.16 is replaced with the following:

(1) In this section, "complaint" means a complaint that

(a) relates to trading or advising activity of a registered firm or one of its representatives;

(b) is raised within 6 years of the date when the client knew or reasonably ought to have known of the trading or advising activity; and

(c) involves a claim for monetary compensation that the client agrees is for an amount no greater than $350,000.

(2) A registered firm must ensure that an independent dispute resolution or mediation service is made available to a client, at the firm's expense, with respect to a complaint made by the client.

(3) If a person or company makes a complaint to a registered firm, the registered firm must as soon as possible inform the person or company of how to contact and use the dispute resolution or mediation service which it will make available to the client.

(4) Except in Québec, for the purposes of subsection (2), a registered firm must

(a) ensure that the dispute resolution services of the Ombudsman for Banking Services and Investments are made available to the client if the Ombudsman for Banking Services and Investments is willing and able to consider the complaint, or

(b) if the Ombudsman for Banking Services and Investments is unwilling or unable to consider the complaint, ensure that the services of another dispute resolution or mediation service are made available to the client.

3. This Instrument comes into force on [date]***.***

ANNEX B

BLACKLINE OF PROPOSED AMENDMENTS TO

NATIONAL INSTRUMENT 31-103
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

This Annex shows the proposed amendments to NI 31-103 against the relevant portions of the unofficial consolidation of NI 31-103 published on February 28, 2012.

13.16 Dispute resolution service

(1) In this section, "complaint" means a complaint that

(a) relates to trading or advising activity of a registered firm or one of its representatives;

(b) is raised within 6 years of the date when the client knew or reasonably ought to have known of the trading or advising activity; and

(c) involves a claim for monetary compensation that the client agrees is for an amount no greater than $350,000.

(~~1~~2) A registered firm must ensure that an independent dispute resolution or mediation ~~services are~~ service is made available to a client, at the firm's expense, with respect to ~~a client to resolve~~ a complaint made by the client ~~about any trading or advising activity of the firm or one of its representatives~~.

(~~2~~3) If a person or company makes a complaint to a registered firm ~~about any trading or advising activity of the firm or one of its representatives~~, the registered firm must as soon as possible inform the person or company of how to contact and use the dispute resolution or mediation ~~services which are provided to the firm's clients~~ service which it will make available to the client.

(4) Except in Québec, for the purposes of subsection (2), a registered firm must

(a) ensure that the dispute resolution services of the Ombudsman for Banking Services and Investments are made available to the client if the Ombudsman for Banking Services and Investments is willing and able to consider the complaint, or

(b) if the Ombudsman for Banking Services and Investments is unwilling or unable to consider the complaint, ensure that the services of another dispute resolution or mediation service are made available to the client.

ANNEX C

PROPOSED AMENDMENTS TO

COMPANION POLICY 31-103 CP
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

The Canadian Securities Administrators are publishing changes to the Companion Policy for comment. The changes would come into effect on the implementation of the corresponding changes to the Rule.

This Annex shows the proposed amendments to the Companion Policy against the relevant portions of the unofficial consolidation of NI 31-103 published on February 28, 2012.

13.16 Dispute resolution service

We expect that all client complaints will be responded to under a registered firm's internal complaint handling policy under section 13.15. Recourse to an appropriate dispute resolution or mediation service should be in circumstances where the firm's complaint handling policy did not produce an outcome satisfactory to the client, or the client has reason to believe the procedures under the firm's complaint handling policy were not followed by the firm in a proper or timely manner.

Section 13.15 requires a registered firm to document and respond to each complaint made to it about *any* product or service that is offered by the firm or one of its representatives. Section 13.16 requires a firm to make an independent dispute resolution or mediation service available to a client, at the firm's expense, in respect of complaints that

- relate to a trading or advising activity of the firm or its representatives
- are raised within six years of the date when the client knew or reasonably ought to have known of the trading or advising activity
- involve a claim for monetary compensation that the client agrees is for an amount of no more than $350,000

A registered firm must ensure that the complainant is aware of the dispute resolution or mediation services that ~~are~~ the firm makes available to them and that the firm will pay for that ~~the~~ services. A firm is only required to make one dispute resolution or mediation service available at its expense for each complaint. Registered firms should know all applicable mechanisms and processes for ~~dealing with different types of complaints, including those prescribed by the applicable SRO~~ referring complaints to an appropriate dispute resolution or mediation service.

Except in Québec, registered firms are required to make the services of the Ombudsman for Banking Services and Investments (OBSI) available to clients for complaints that OBSI is willing and able to consider. Normally, the types of complaints that OBSI will be willing to consider will be set out in OBSI's mandate under its terms of reference. If OBSI is willing and able to consider a complaint, the firm is not required to make any other dispute resolution or mediation service available to the client. If OBSI is not willing or able to consider a complaint, the registered firm must instead make the services of another dispute resolution or mediation service provider of the firm's choice available to the client. A firm's records for compliance purposes should include any reasons provided by OBSI as to why it would not be willing or able to consider a complaint that was referred to another service provider.

A firm that has satisfied its obligations to a client under section 13.16 may, in its discretion, offer the client other options to attempt to resolve the complaint if it remains unresolved. Nothing in section 13.16 affects a client's right to choose to seek other recourse, including through the courts. In Québec, registrants must inform each complainant, in writing and without delay, that if the complainant is dissatisfied with how the complaint is handled or with the outcome, they may request the registrant to forward a copy of the complaint file to the Autorité des marchés financiers. The registrant must forward a copy of the complaint file to the Autorité des marchés financiers, which will examine the complaint. The Autorité des marchés financiers may act as a mediator if it considers it appropriate to do so and the parties agree.

ANNEX D

ONTARIO RULE-MAKING AUTHORITY

AUTHORITY FOR THE PROPOSED AMENDMENTS

In Ontario, the rule making authority for the proposed amendments is in paragraph 2 of subsection 143(1) of the *Securities Act*.

Chapter 7

Insider Reporting

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

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

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
10/01/2011 to 09/30/2012	3	Acuity Pooled Canadian Balanced Fund - Units	2,893,126.73	NA
10/01/2011 to 09/30/2012	11	Acuity Pooled Canadian Equity Fund - Units	3,104,064.91	N/A
10/01/2011 to 09/30/2012	20	Acuity Pooled Canadian Small Cap Fund - Units	15,894,136.46	N/A
10/01/2011 to 09/30/2012	33	Acuity Pooled Conservative AA Fund - Units	9,980,595.77	N/A
10/01/2011 to 09/30/2012	8	Acuity Pooled Corporate Bond Fund - Units	1,000,535.63	N/A
10/01/2011 to 09/30/2012	99	Acuity Pooled Diversified Income Fund - Units	14,155,357.35	N/A
10/01/2011 to 09/30/2012	1	Acuity Pooled EAFE Equity Fund - Units	64.05	N/A
10/01/2011 to 09/30/2012	170	Acuity Pooled Fixed Income Fund - Units	22,376,065.45	N/A
10/01/2011 to 09/30/2012	4	Acuity Pooled Growth & Income Fund - Units	275,547.59	N/A
10/01/2011 to 09/30/2012	165	Acuity Pooled High Income Fund - Units	24,377,075.82	N/A
10/01/2011 to 09/30/2012	9	Acuity Pooled Pure Canadian Equity Fund - Units	13,887,272.67	N/A
10/01/2011 to 09/30/2012	4	Acuity Pooled Soc val Canadian Equity Fund - Units	289,677.59	N/A
10/01/2011 to 09/30/2012	1	Acuity Pooled Venture Fund - Units	7,500.00	N/A
07/31/2012 to 08/02/2012	32	Afri-Can Marine Minerals Corporation - Units	1,435,480.00	8,971,750.00
10/01/2011 to 09/30/2012	3	AGF Emerging Markets Pooled Fund - Units	3,619,808.57	N/A
10/01/2011 to 09/30/2012	15	AGF Global Core Equity Pooled Fund - Units	60,284,598.23	N/A
10/01/2011 to 09/30/2012	4	AGF Pooled Tactical Income Fund - Units	2,075,000.00	N/A
10/31/2012	9	Albea Beauty Holdings S.A. - Notes	12,734,800.00	13,000,000.00
10/19/2012	6	Allard Development Corporation - Mortgage	1,100,000.00	1,100,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
08/09/2012 to 08/16/2012	179	Andylan Investors Limited Partnership 2012 - Units	18,895,100.00	188,951.00
08/09/2012 to 08/16/2012	5	Andylan Investors Limited Partnership 2012 - Units	100.00	10,000.00
10/11/2012	3	APT Pipelines Limited - Notes	21,124,540.37	21,796,720.00
11/01/2012	1	Arrowstreet Multi-Strategy Umbrell plc - Common Shares	5,984,400.00	60,000.00
10/05/2012	2	AvidBiologics Inc. - Preferred Shares	200,000.00	122,699.00
10/17/2012	77	Banks Island Gold Ltd. - Flow-Through Shares	1,827,897.88	2,226,738.00
10/18/2012	9	Benz Capital Corp. - Common Shares	119,992.90	799,952.00
09/19/2012 to 09/27/2012	7	Bison Income Trust II - Trust Units	736,358.00	73,635.80
12/13/2011 to 12/14/2011	38	Black Horse Resources Inc. - Common Shares	4,132,816.36	3,703,956.00
10/23/2012	1	Borregaard ASA - Common Shares	272,947.50	75,000.00
11/08/2012	1	Canadian Quantum Energy Corporation - Debenture	500,000.00	1.00
09/30/2012	1	CanAm Coal Corp. - Units	124,800.00	960,000.00
09/10/2012	2	Capital One Financial Corporation - Common Shares	2,448,900.00	54,028,086.00
09/18/2012	2	Catalent Pharma Solutions, Inc. - Notes	243,550.00	250,000.00
10/10/2012	1	Clear Energy Systems, Inc. - Common Shares	24,333.09	33,333.00
09/10/2012	1	CME Group Inc. - Notes	732,150,000.00	750,000,000.00
10/18/2012	5	CNH Capital LLC - Notes	13,365,000.00	13,500,000.00
09/17/2012 to 09/21/2012	23	Colwood City Centre Limited Partnership - Notes	1,367,500.00	1,367,500.00
07/31/2012	3	Comstock Metals Ltd. - Flow-Through Units	110,000.00	555,000.00
07/31/2012	60	Comstock Metals Ltd. - Non-Flow Through Units	1,220,100.00	8,134,000.00
10/04/2012	2	Coventry Resources Limited - Common Shares	6,529.90	50,000.00
10/15/2012	22	Crown Castle International Corp. - Notes	31,064,200.00	31,750,000.00
10/23/2012	1	CVR Refining, LLC/Coffeyville Finance Inc. - Notes	1,980,000.00	2,000,000.00
09/12/2012	53	Daimler Canada Finance Inc. - Notes	399,988,000.00	400,000,000.00
10/26/2012	24	Denison Mines Corp. - Flow-Through Shares	7,005,050.00	4,145,000.00
10/17/2012	2	Diamondback Energy, Inc. - Common Shares	2,572,500.00	150,000.00
10/15/2012	101	Donnycreek Energy Inc. - Common Shares	31,630,870.00	17,665,450.00
10/23/2012	1	Dufry Finance SCA - Notes	247,500.00	250,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
10/10/2012	11	East Coast Energy Inc. - Units	169,100.00	483,142.00
10/15/2012 to 10/22/2012	12	Ecuador Bancorp Inc. - Common Shares	60,000.00	600,000.00
07/25/2012	12	EL Tigre Silver Corp. - Units	972,000.00	3,888,000.00
10/01/2012 to 10/03/2012	2	Emerald City of OZ, LLC - Units	300,000.00	300,000.00
10/01/2012	2	Energy Fuels Inc. - Common Shares	0.00	3,527,570.00
10/01/2011 to 09/30/2012	2	Fidelity ClearPath Institutional 2010 Portfolio - Units	3,637,872.65	310,088.29
10/01/2011 to 09/30/2012	3	Fidelity ClearPath Institutional 2015 Portfolio - Units	7,819,676.41	647,492.95
10/01/2011 to 09/30/2012	3	Fidelity ClearPath Institutional 2020 Portfolio - Units	18,627,725.28	1,556,744.77
10/01/2011 to 09/30/2012	3	Fidelity ClearPath Institutional 2025 Portfolio - Units	14,870,449.43	1,250,976.61
10/01/2011 to 09/30/2012	3	Fidelity ClearPath Institutional 2030 Portfolio - Units	22,798,389.55	1,975,301.30
10/01/2011 to 09/30/2012	3	Fidelity ClearPath Institutional 2035 Portfolio - Units	11,276,345.77	986,108.95
10/01/2011 to 09/30/2012	3	Fidelity ClearPath Institutional 2040 Portfolio - Units	15,736,911.41	1,390,761.05
10/01/2011 to 09/30/2012	3	Fidelity ClearPath Institutional 2045 Portfolio - Units	11,295,120.76	1,000,521.78
10/01/2011 to 09/30/2012	3	Fidelity ClearPath Institutional Income Portfolio - Units	2,898,246.85	244,153.33
09/24/2012	4	Functional Technologies Corp. - Trust Units	65,213.10	6,723.00
09/24/2012	9	Functional Technologies Corp. - Trust Units	515,636.00	58,595.00
10/09/2012	46	Functional Technologies Corp. - Units	1,925,200.00	9,626,000.00
10/31/2012	14	F.D.G. Mining Inc. - Units	531,000.00	531.00
10/15/2012 to 10/19/2012	3	Gatineau Centre Development Limited Partnership - Units	55,000.00	55,000.00
11/01/2012	3	Genalta Power Inc. - Units	5,000,000.00	5,000.00
10/16/2012	3	HCA Inc. - Notes	44,343,000.00	44,343,000.00
10/16/2012	3	HCA Inc. - Notes	24,635,000.00	24,635,000.00
10/13/2011 to 09/28/2012	9	High Park Capital, LP - Units	1,280,338.00	8.35
10/15/2012	16	HTX Minerals Corp. - Units	294,900.00	491,500.00
10/17/2012 to 10/18/2012	2	Hyde Park Residences Inc. - Trust Units	400,000.00	8.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
09/24/2012	64	ICM VI Realty Trust - Trust Units	1,442,032.20	152,596.00
10/24/2012	1	IMS Health Incorporated - Notes	3,978,400.00	4,000,000.00
10/12/2012	56	Inca One Resources Corp. - Units	844,900.00	8,449,000.00
09/30/2012	4	Institutional Canadian Dollar Liquidity Fund of Institutional Cash Series plc - Common Shares	35,367,487.55	N/A
10/12/2012	59	Intensity Company Inc. - Units	1,971,500.00	19,715,000.00
10/11/2012	26	International Millennium Mining Corp. - Units	822,700.00	10,283,750.00
10/18/2012	2	Investeco Sustainable Food Fund, L.P. - Limited Partnership Units	250,750.00	250.00
10/19/2012	1	Iskander Energy Corp. - Common Shares	10,000.00	5,000.00
07/28/2012	10	Iskander Energy Corp. - Special Warrants	459,875.25	613,166.00
10/24/2012	2	JP Morgan Structured Products BV - Certificates	200,190.00	200.00
10/18/2012	2	J.P. Morgan Chase & Co. - Notes	98,039,787.20	100,000,000.00
10/10/2012 to 10/11/2012	3	KmX Corp. - Debentures	978,450.00	1,000,000.00
10/25/2012 to 10/26/2012	82	Lateral Capital Corp. - Common Shares	3,006,502.80	21,475,020.00
08/20/2012 to 08/24/2012	14	League IGW Real Estate Investment Trust - Units	709,193.68	709,193.68
08/20/2012 to 08/24/2012	4	League IGW Real Estate Investment Trust - Units	213,500.00	267,209.00
08/20/2012 to 08/24/2012	13	League IGW Real Estate Investment Trust - Units	227,531.30	267,684.00
10/24/2012	26	LeoNovus Inc. - Units	655,050.00	4,367,000.00
10/18/2012 to 10/22/2012	138	Lex Energy Partners LP II - Limited Partnership Units	40,345,000.00	40,345.00
10/12/2012	1	LIN Television Corporation - Notes	979,900.00	1,000,000.00
08/24/2012	15	LYFE Kitchen Retail Inc. - Common Shares	424,984.54	1,224,034.00
06/30/2012	3	Lynx Equity Limited - Common Shares	10,950,000.00	33,382.00
10/18/2012	3	Macquarie Special Situations Fund Limited - Common Shares	588,480.00	627.04
09/06/2012	11	Magor Communications Corp. - Debentures	249,543.05	249,543.05
10/01/2011 to 09/30/2012	30	Maquest Credit Fund - Units	3,102,116.98	N/A
10/01/2011 to 09/30/2012	18	Marquest Focus Fund - Units	632,212.50	N/A
10/01/2011 to 09/30/2012	24	Marquest Income & Growth Fund - Units	978,109.10	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
10/01/2011 to 09/30/2012	1	Marquest Investment Grade Income Fund - Units	275,000.00	N/A
10/01/2011 to 09/30/2012	26	Marquest Large Cap Fund - Units	459,192.94	N/A
10/01/2011 to 09/30/2012	37	Marquest Resource Fund - Units	2,106,059.61	N/A
10/01/2011 to 09/30/2012	22	Marquest Small/Mid Cap Fund - Units	950,645.63	N/A
08/18/2012 to 10/01/2012	12	Mayo Lake Minerals Inc. - Common Shares	335,000.00	3,350,000.00
10/22/2012 to 10/29/2012	5	Micromem Technologies Inc. - Units	108,657.00	724,380.00
10/19/2012	3	Mood Media Corporation - Notes	7,200,700.00	3.00
10/16/2012	2	MountainStar Gold Inc. - Units	130,000.00	309,524.00
09/15/2012	40	MountainStar Gold Inc. - Units	1,373,350.25	3,269,888.00
10/25/2012	3	MPM Escrow LLC, MPM Finance Escrow Corp. - Notes	12,924,600.00	13,000,000.00
09/30/2012	3	Newstart Financial Inc. - Notes	125,000.00	3.00
10/18/2012	1	Nortek Inc. - Notes	1,961,600.00	235,000,000.00
10/12/2012	2	NorthIsle Copper and Gold Inc. - Flow-Through Shares	200,515.00	1,179,500.00
09/10/2012 to 09/19/2012	2	Obsidian Strategics Inc. - Units	250,000.00	2.00
10/11/2012 to 10/19/2012	63	OmniArch Capital Corporation - Bonds	2,599,776.00	N/A
09/12/2012	2	OneChip Photonics Inc. - Exchangeable Shares	4,061,053.48	13,328,039.00
09/12/2012	1	OneChip Photonics Inc. - Preferred Shares	2,620,660.10	8,600,788.00
07/04/2012	41	OPB Finance Trust - Debentures	500,000,000.00	500,000,000.00
06/13/2012	15	Pangea Energy Corp. - Common Shares	1,029,567.50	2,005,000.00
11/01/2012	1	Pathfinder Metals Inc. - Common Shares	50,000.00	1,000,000.00
10/03/2012	2	PDC Energy Inc. - Notes	29,610,000.00	30,000,000.00
10/17/2012	1	Penn Virginia Corporation - Common Shares	3,920,000.00	40,000.00
10/10/2012	2	Petco Holdings Inc. - Notes	3,408,322.75	3,500,000.00
05/18/2012 to 10/17/2012	3	Potentia Solar Inc. - Common Shares	20,000,000.00	20,127,273.00
10/15/2012	1	PPL Capital Funding, Inc. - Notes	4,876,651.18	4,992,150.00
10/01/2011 to 09/30/2012	1	Pyramis Canadian Bond Core Plus Trust - Units	100,000.00	6,982.36

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
10/01/2011 to 09/30/2012	32	Pyramis Canadian Bond Trust - Units	125,487,768.36	6,661,908.27
10/01/2011 to 09/30/2012	49	Pyramis Canadian Core Equity Trust - Units	203,449,383.13	7,813,359.21
10/01/2011 to 09/30/2012	13	Pyramis Canadian Focused Equity Trust - Units	94,758,522.55	10,468,072.23
10/01/2011 to 09/30/2012	2	Pyramis Canadian Long Bond Core Plus Trust - Units	81,843,935.92	5,274,754.47
10/01/2011 to 09/30/2012	11	Pyramis Canadian Long Bond Trust - Units	126,135,477.71	7,636,568.23
07/31/2011 to 09/30/2012	1	Pyramis Canadian Low Volatility Equity Trust - Units	3,000,000.00	300,000.00
04/27/2011 to 09/30/2012	2	Pyramis Canadian Real Return Bond Index Trust - Units	16,909,975.55	1,687,579.26
10/01/2011 to 09/30/2012	22	Pyramis Canadian Systematic Equity Trust - Units	66,102,461.46	2,174,183.81
10/01/2011 to 09/30/2012	2	Pyramis Concentrated International Small Cap Trust - Units	1,078,763.94	55,756.10
10/01/2011 to 09/30/2012	2	Pyramis Currency Hedged Emerging Markets Debt Trust - Units	3,577,750.00	226,376.16
10/01/2011 to 09/30/2012	1	Pyramis Currency Hedged International Growth Trust - Units	28,208,970.64	2,459,445.44
10/01/2011 to 09/30/2012	1	Pyramis Currency Hedged U.S. Large Cap Core Non-Registered Trust - Units	10,025,367.25	709,982.60
10/01/2011 to 04/19/2012	1	Pyramis Global Bond Trust - Units	474,449.79	38,792.96
10/01/2011 to 09/30/2012	22	Pyramis International Growth Trust - Units	84,513,269.75	6,221,540.83
10/01/2011 to 09/30/2012	13	Pyramis Select Emerging Markets Equity Trust - Units	16,630,572.49	1,253,145.85
10/01/2011 to 09/30/2012	15	Pyramis Select Global Equity Trust - Units	40,796,997.52	4,164,242.28
10/01/2011 to 09/30/2012	26	Pyramis Select International Equity Trust - Units	37,716,639.16	2,609,215.10
10/01/2011 to 09/30/2012	3	Pyramis Strategic Balanced Trust - Units	4,634,003.10	394,172.98
10/01/2011 to 09/30/2012	2	Pyramis Tactical Asset Allocation Trust - Units	19,507,294.79	2,008,188.46
10/01/2011 to 09/30/2012	13	Pyramis U.S. Large Cap Core Non-Registered Trust - Units	19,009,076.44	2,004,802.81
10/01/2011 to 09/30/2012	12	Pyramis U.S. Large Cap Core Trust - Units	5,814,780.23	500,849.09
10/01/2011 to 09/30/2012	10	Pyramis U.S. Small/Mid Cap Core Trust - Units	3,546,272.39	340,199.35

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
10/10/2012 to 10/12/2012	7	QRS Capital Corp. - Units	525,000.00	2,625,000.00
10/11/2012	58	Quebecor Media Inc. - Notes	455,250,000.00	455,250,000.00
09/21/2012 to 10/10/2012	3	Red Ore Gold Inc. - Units	67,000.00	670,000.00
09/18/2012	5	River Bend Income Trust - Trust Units	275,000.00	27,500.00
10/12/2012	73	Royal Bank of Canada - Notes	2,733,921.00	27,900.00
10/31/2012	2	Royal Bank of Canada - Notes	159,936.00	1,600.00
10/05/2012	18	Sacre-Coeur Minerals, Ltd. - Units	658,440.00	5,487,000.00
10/18/2012	1	Sanfield Limited Partnership - Limited Partnership Units	145,000,000.00	14,500,000.00
07/02/2012	5	Skyline Commercial Real Estate Investment Trust - Units	285,000.00	28,500.00
10/24/2012	1	Solarvest BioEnergy Inc. - Common Shares	100,000.00	500,000.00
06/15/2012	23	SP Limited Partnership and SP1 Limited Partnership - Bonds	650,000.00	650,000.00
10/11/2012	4	Spot Coffee (Canada) Ltd. - Units	200,000.00	200,000.00
10/11/2012	16	Spot Coffee (Canada) Ltd. - Units	954,999.72	530,554.00
10/19/2012	6	Strike Minerals Inc. - Units	88,575.00	1,086,181.00
09/28/2012	10	Tech Link International Entertainment Limited - Preferred Shares	13,490,369.00	N/A
07/01/2012	2	The Presbyterian Church in Canada - Units	352,500.00	34.85
10/25/2012	1	The Toronto United Church Council - Notes	605,000.00	605,000.00
09/20/2012	8	Thunderbolt Resources Inc. - Common Shares	307,500.00	1,230,000.00
10/17/2012	54	Toyota Credit Canada Inc. - Notes	300,000,000.00	N/A
07/09/2012 to 07/16/2012	37	Traverse Energy Ltd. - Flow-Through Shares	1,392,260.00	2,078,000.00
10/04/2012	3	UMC Financial Management Inc. - Mortgage	826,026.00	826,026.00
10/23/2012	1	Vertichem Corporation - Units	200,000.00	400,000.00
10/19/2012	17	Viscount Mining Ltd. - Common Shares	634,000.00	3,170,000.00
10/22/2012	3	Vive Crop Protection Inc. - Units	1,100,000.00	11,100,000.00
08/15/2012	14	Vive Crop Protection Inc. - Units	459,100.00	459,100.00
10/25/2012	17	Walton Alliston Development IC - Common Shares	260,570.00	26,057.00
07/26/2012	188	Walton Alliston Development IC - Units	3,795,080.00	379,508.00
07/26/2012	46	Walton Alliston Development LP - Limited Partnership Units	4,904,700.00	490,470.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
07/26/2012	18	Walton GA Yargo Township LP - Limited Partnership Units	550,829.50	53,950.00
07/26/2012	17	Walton NC Concord LP - Limited Partnership Units	658,340.80	64,480.00
09/18/2012	101	Western Horizons Land Income Trust - Trust Units	4,015,560.00	401,556.00
10/11/2012	1	WHI Real Estate Partners II-TE, L.P. - Limited Partnership Interest	342,370.00	1.00
10/18/2012	2	Wolfden Resources Corporation - Common Shares	2,160,000.00	4,320,000.00
10/17/2012	11	Workday, Inc. - Common Shares	6,017,193.00	219,375.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Adira Energy Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 6, 2012
NP 11-202 Receipt dated November 7, 2012
Offering Price and Description:
Minimum Offering: $* - * Units
Maximum Offering $* - * Units
Price: $* per Unit
Underwriter(s) or Distributor(s):
M Partners Inc.
Dundee Securities Ltd.
Promoter(s):
-
Project #1977713

Issuer Name:
Altamont Exploration Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated November 6, 2012
NP 11-202 Receipt dated November 9, 2012
Offering Price and Description:
$750,000.00 - 5,000,000 Shares
Price: $0.15 per Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Derek C. Pink
Toma S. Sonjonki
Project #1977887

Issuer Name:
Barometer Global Tactical Yield and Equity Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 6, 2012
NP 11-202 Receipt dated November 6, 2012
Offering Price and Description:
Class I Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
BAROMETER CAPITAL MANAGEMENT INC.
Project #1977391

Issuer Name:
Barometer Income Advantage Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 6, 2012
NP 11-202 Receipt dated November 6, 2012
Offering Price and Description:
Class A, Class F and Class I Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
BAROMETER CAPITAL MANAGEMENT INC.
Project #1977389

Issuer Name:
BURCON NUTRASCIENCE CORPORATION
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated November 7, 2012
NP 11-202 Receipt dated November 7, 2012
Offering Price and Description:
$5,000,000.00 - * Common Shares
Price: $ * per Common Share
Underwriter(s) or Distributor(s):
NCP Northland Capital Partners Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1978317

Issuer Name:
Canada 'GO CANADA' North American High Income Class
Canoe Strategic High Yield Class
Canoe Strategic High Yield Fund
Principal Regulator - Alberta
Type and Date:
Preliminary Simplified Prospectuses dated November 9, 2012
NP 11-202 Receipt dated November 9, 2012
Offering Price and Description:
Series A, F and I Units and Series A and F Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Canoe Financial Corp.
Project #1980101

Issuer Name:
Canadian 50 Advantaged Preferred Share Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated November 5, 2012
NP 11-202 Receipt dated November 6, 2012
Offering Price and Description:
Maximum $* - * Class A and/or Class F Units
Price: $ * per Class A Unit or Class F Unit
Minimum purchase: 100 Class A Units or Class F Units
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
RAYMOND JAMES LTD.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
MACKIE RESEARCH CAPITAL CORPORATION
MACQUARIE PRIVATE WEALTH INC.
DESJARDINS SECURITIES INC.
MANULIFE SECURITIES INCORPORATED
Promoter(s):
Connor, Clark & Lunn Capital Markets Inc.
Project #1977404

Issuer Name:
Crescent Point Energy Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 7, 2012
NP 11-202 Receipt dated November 7, 2012
Offering Price and Description:
$750,000,000.00 - 18,750,000 Common Shares
Price: $40.00 per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
FirstEnergy Capital Corp.
National Bank Financial Inc.
GMP Securities L.P.
Macquarie Capital Markets Canada Ltd.
Peters & Co. Limited
Promoter(s):
-
Project #1978212

Issuer Name:
Magnum Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 7, 2012
NP 11-202 Receipt dated November 9, 2012
Offering Price and Description:
Maximum Offering: $1,725,000.00 and Minimum Offering: $600,000.00 Comprised of:
Maximum of $862,500.00 - 6,634,615 Common Shares and Minimum of $300,000.00 - 2,307,692 Common Shares
Price: $0.13 per Common Share
Maximum of $862,500 - 5,750,000 Flow-Through Shares and Minimum of $300,000 - 2,000,000 Flow-Through Shares
Price: $0.15 per Flow-Through Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
-
Project #1979390

Issuer Name:
Ovid Capital Ventures Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary CPC Prospectus dated November 8, 2012
NP 11-202 Receipt dated November 9, 2012
Offering Price and Description:
MAXIMUM OFFERING: $600,000.00 - 6,000,000 Common Shares
MINIMUM OFFERING: $400,000.00 - 4,000,000 Common Shares
PRICE: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Promoter(s):
Edward Ierfino
Project #1979807

Issuer Name:
Paramount Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated November 8, 2012
NP 11-202 Receipt dated November 8, 2012
Offering Price and Description:
$500,000,000.00:
Debt Securities
Class A Common Shares
Subscription Receipts
Warrant
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1979092

Issuer Name:
Potash Ridge Corporation
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated November 9, 2012
NP 11-202 Receipt dated November 9, 2012
Offering Price and Description:
$ * - *Common Shares
Price: $ * per Offered Share
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CLARUS SECURITIES INC.
GMP SECURITIES L.P.
SCOTIA CAPITAL INC.
CORMARK SECURITIES INC.
DUNDEE SECURITIES LTD.
Promoter(s):
-
Project #1963375

Issuer Name:
Red Sky Canadian Equity Corporate Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 8, 2012
NP 11-202 Receipt dated November 8, 2012
Offering Price and Description:
(Class A, AT5, AT8, E, ET5, ET8, F, FT5, FT8, I, IT8, O, OT5 and OT8 Shares)
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #1979079

Issuer Name:
Sentry Canadian Equity Class
Sentry Canadian Equity Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated November 8, 2012
NP 11-202 Receipt dated November 9, 2012
Offering Price and Description:
Series A, Series F and Series I Securities
Underwriter(s) or Distributor(s):
Sentry Investments Inc.
Promoter(s):
Sentry Investments Inc.
Project #1979727

Issuer Name:
Signature Global Dividend Corporate Class
Signature Global Dividend Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated November 8, 2012
NP 11-202 Receipt dated November 8, 2012
Offering Price and Description:
Class A, E, F and O Units; and Class A, AT5, AT8, E, ET5, ET8, F, FT5, FT8, I, IT8, O, OT5 and OT8 Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #1979083

Issuer Name:
Sprott Treasury Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 5, 2012
NP 11-202 Receipt dated November 6, 2012
Offering Price and Description:
Series A and Series F Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Sprott Asset Management LP
Project #1977252

Issuer Name:
The Toronto-Dominion Bank
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated November 8, 2012
NP 11-202 Receipt dated November 9, 2012
Offering Price and Description:
$10,000,000,000.00:
Debt Securities (subordinated indebtedness)
Common Shares
Class A First Preferred Shares
Warrants to Purchase Preferred Shares
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1979806

Issuer Name:
AH Capital Corp.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated November 6, 2012
NP 11-202 Receipt dated November 6, 2012
Offering Price and Description:
Minimum Offering: $200,000.00 or 2,000,000 Common Shares
Maximum Offering: $300,000.00 or 3,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Hampton Securities Limited
Promoter(s):
Martin Bernholtz
Project #1938371

Issuer Name:
AltaLink, L.P.
Principal Regulator - Alberta
Type and Date:
Final Base Shelf Prospectus dated November 9, 2012
NP 11-202 Receipt dated November 9, 2012
Offering Price and Description:
$2,500,000,000.00
Medium-Term Notes (secured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Casgrain & Company Limited
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #1975604

Issuer Name:
BMO S&P/TSX Equal Weight Industrials Index ETF
BMO S&P/TSX Equal Weight Global Gold Index ETF
BMO S&P 500 Index ETF
BMO S&P/TSX Laddered Preferred Share Index ETF
(Units)Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated November 1, 2012
NP 11-202 Receipt dated November 7, 2012
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
BMO Asset Management Inc.
Project #1968311

Issuer Name:
Brigata Canadian Balanced Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated October 25, 2012 to the Simplified Prospectus and Annual Information Form dated November 28, 2011
NP 11-202 Receipt dated November 8, 2012
Offering Price and Description:
Series A and Series F @ Net Asset Value
Underwriter(s) or Distributor(s):
Independent Planning Group Inc.
Promoter(s):
Brigata Capital Management Inc.
Project #1820310

Issuer Name:
Coastal Contacts Inc.
Principal Regulator - British Columbia
Type and Date:
Final Base Shelf Prospectus dated November 7, 2012
NP 11-202 Receipt dated November 7, 2012
Offering Price and Description:
U.S.$100,000,000.00 - Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1974823

Issuer Name:
IA Clarington American Fund
Principal Regulator - Quebec
Type and Date:
Amendment #1 dated October 25, 2012 to the Simplified Prospectus and Annual Information Form dated May 30, 2012
NP 11-202 Receipt dated November 12, 2012
Offering Price and Description:
Series A, F, I and O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
IA Clarington Investments Inc.
Project #1890751

Issuer Name:
Enbridge Income Fund Holdings Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated November 7, 2012
NP 11-202 Receipt dated November 7, 2012
Offering Price and Description:
$222,170,550.00 - 9,597,000 SUBSCRIPTION RECEIPTS each representing the right to receive one Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBI World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #1975643

Issuer Name:
Man Canada AHL DP Investment Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated November 9, 2012
NP 11-202 Receipt dated November 9, 2012
Offering Price and Description:
Class A, Class B, Class C, Class F, Class G, Class H, Class I, Class J, Class K, Class O, Class P, Class Q, Class R, Class T and Class U Units
Price: Net Asset Value per Unit
Minimum Purchase (except Class I Units, Class J Units and Class K Units): $5,000
Minimum Purchase (Class J Units and Class K Units): US$5,000
Underwriter(s) or Distributor(s):
-
Promoter(s):
MAN INVESTMENTS CANADA CORP.
Project #1968007

Issuer Name:
Oracle Mining Corp.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated November 9, 2012
NP 11-202 Receipt dated November 9, 2012
Offering Price and Description:
$20,000,000.00 23,529,411 Units Price: $0.85 per Unit
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Clarus Securities Inc.
Haywood Securities Inc.
National Bank Financial Inc.
Toll Cross Securities Inc.
Promoter(s):
-
Project #1963960

Issuer Name:
Renegade Petroleum Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated November 9, 2012
NP 11-202 Receipt dated November 9, 2012
Offering Price and Description:
$70,745,105.00 - 30,104,300 Subscription Receipts each representing the right to receive one Common Share $2.35 per Subscription Receipt
Underwriter(s) or Distributor(s):
GMP Securities L.P.
TD Securities Inc.
Dundee Securities Ltd.
Macquarie Capital Markets Canada Ltd.
FirstEnergy Capital Corp.
Paradigm Capital Inc.
Canaccord Genuity Corp.
National Bank Financial Inc.
Sprott Private Wealth Lp
AltaCorp Capital Inc.
Cormark Securities Inc.
Promoter(s):
-
Project #1976605

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Rayne Capital Management Inc.	From: Exempt Market Dealer To: Exempt Market Dealer and Investment Fund Manager	November 6, 2012
Change in Registration Category	Penbrooke Partners Investment Management Ltd.	From: Exempt Market Dealer To: Exempt Market Dealer and Investment Fund Manager	November 7, 2012
Consent to Suspension (Pending Surrender)	Wolverine Asset Management Ltd.	Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	November 9, 2012
Consent to Suspension (Pending Surrender)	ConstantIncome Investment Management Inc.	Portfolio Manager	November 12, 2012
Consent to Suspension (Pending Surrender)	Cork Capital Markets Inc.	Exempt Market Dealer	November 13, 2012

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.3 Clearing Agencies

13.3.1 CDS – Notice and Request for Comment – Material Amendments to CDS Procedures – Decommissioning of NSCC's OTC Comparison Service

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

NOTICE AND REQUEST FOR COMMENT

MATERIAL AMENDMENTS TO CDS PROCEDURES

DECOMMISSIONING OF NSCC'S OTC COMPARISON SERVICE

A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTS

The proposed amendments will remove references to the National Securities Clearing Corporation (NSCC) Over-the-counter (OTC) Comparison Service and CDS's OTC Trade Correction Service from CDS's procedures.

B. NATURE AND PURPOSE OF THE PROPOSED CDS PROCEDURE AMENDMENTS

Pending approval by the U.S. Securities and Exchange Commission, NSCC proposes to decommission its OTC Comparison Service by the end of December 2012. Once this service is decommissioned, OTC Comparison Service related input will no longer be accepted by NSCC and OTC Comparison Service related output will no longer be produced by NSCC.

CDS's OTC Trade Correction Service is to be discontinued simultaneously as this service provides input to the NSCC OTC Comparison Service.

NSCC's OTC Comparison Service

NSCC's OTC Comparison Service is an OTC trade matching facility that accepts one-sided transactions from participants and matches buyers and sellers based on criteria including: clearing firm, executing market participant ID, CUSIP or trading symbol, share quantity, price and trade date. Once a match is established, the trade is recorded and a contract is forwarded to the participants confirming the comparison. Transactions that do not result in a match during the NSCC comparison process are reported as such to participants on the night the trade was submitted. Participants may continue to try and establish a match by resubmitting the trade to the NSCC comparison process the following day.

Matched transactions (trades) are forwarded to NSCC's CNS system where they are novated. Trades that are not eligible for CNS either settle on a trade-for-trade basis or are included in NSCC's multi-lateral net balance order process.

CDS's OTC Trade Correction Service

CDS provides participants who subscribe to the New York Link service with the OTC Trade Correction Service. This service allows participants to provide CDS with OTC trade information that is to be sent to NSCC's OTC Comparison Service.

Participants provide CDS with OTC trade information and CDS Operations staff use an internal facility/user interface to capture this information. The OTC trade information is then reported to NSCC's OTC Comparison Service via file transmissions.

Files are also received by CDS from participant's service bureaus that contain OTC trade information and these files are forwarded to NSCC's OTC Comparison Service by CDS.

C. IMPACT OF THE PROPOSED CDS PROCEDURE AMENDMENTS

The decommissioning of NSCC's OTC Comparison Service will have the following impacts on participants:

- Participants will need to make the necessary arrangements (in conjunction with their counterparties and/or service bureaus) to migrate to an alternative OTC trade reporting facility

- CDS will no longer accept OTC trade information from participants
- CDS will no longer accept OTC trade information in file format from participant's service bureaus
- The OTC Purchase/Sale Contract report that is made available to participants through CDS's reporting facility (RMS) will be discontinued (the file provided by NSCC to CDS to generate this report will no longer be produced by NSCC).

The CDS participants that use NSCC's OTC Comparison Service have been identified and have been contacted by CDS to ensure that they are making the necessary arrangements with their counterparties and/or service bureaus to migrate to an alternative OTC trade reporting facility.

C.1 Competition

The proposed changes are consequential to a service change at NSCC and are not of our own volition or at the request of our participants.

C.2 Risks and Compliance Costs

The proposed changes are consequential to a service change at NSCC and are not of our own volition or at the request of our participants.

C.3 Comparison to International Standards – (a) Committee on Payment and Settlement Systems of the Bank for International Settlements, (b) Technical Committee of the International Organization of Securities Commissions, and (c) the Group of Thirty

The proposed changes are consequential to a service change at NSCC and are not of our own volition or at the request of our participants.

D. DESCRIPTION OF THE PROCEDURE DRAFTING PROCESS

D.1 Development Context

CDS's participant procedures were reviewed by CDS staff and references to NSCC's OTC Comparison Service and CDS's OTC Trade Correction Service were identified. The proposed amendments to CDS's participant procedures were subsequently reviewed and approved by CDS management.

D.2 Procedure Drafting Process

CDS Procedure Amendments are reviewed and approved by CDS's Strategic Development Review Committee ("SDRC"). The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SDRC's membership includes representatives from the CDS Participant community and it meets on a monthly basis.

The proposed amendments were reviewed and approved by the SDRC on October 25, 2012.

D.3 Issues Considered

The participants that use the NSCC OTC Comparison Service will need to conduct this OTC trading activity via an alternative OTC trade reporting facility.

All of the impacted participants currently subscribe to CDS's ACT Service and may use this facility to conduct their OTC trading activity.

CDS has contacted all of the impacted participants to ensure that they are making the necessary arrangements with their counterparties and/or service bureaus to migrate to an alternative OTC trade reporting facility.

D.4 Consultation

A CDS Bulletin was released on June 21, 2012 advising participants of the decommissioning of NSCC's OTC Comparison Service and the discontinuation of CDS's OTC Trade Correction Service.

The Debt & Equity Subcommittee of the SDRC has been kept apprised of the decommissioning of NSCC's OTC Comparison Service and the discontinuation of CDS's OTC Trade Correction Service.

D.5 Alternatives Considered

The participants that will be impacted by the decommissioning of NSCC's OTC Comparison Service may utilize CDS's ACT Service to conduct their OTC trading activity.

D.6 Implementation Plan

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Ontario *Securities Act* and by the British Columbia Securities Commission pursuant to Section 24(d) of the British Columbia *Securities Act*. The *Autorité des marchés financiers* has authorized CDS to carry on clearing activities in Québec pursuant to sections 169 and 170 of the Québec *Securities Act*. In addition CDS is deemed to be the clearing house for CDSX®, a clearing and settlement system designated by the Bank of Canada pursuant to section 4 of the *Payment Clearing and Settlement Act*. The Ontario Securities Commission, the British Columbia Securities Commission, the *Autorité des marchés financiers* and the Bank of Canada will hereafter be collectively referred to as the "Recognizing Regulators".

The amendments to the participant procedures may become effective on or after date of approval of the amendments by the Recognizing Regulators following public notice and comment.

E. TECHNOLOGICAL SYSTEMS CHANGES

E.1 CDS

Technological systems changes are required by CDS in order to:

- retire CDS's internal OTC trade correction facility/user interface
- de-schedule and remove the automated processes (jobs) that process incoming files from participant's service bureaus that contain OTC trade information
- de-schedule and remove the jobs that generate files that are sent by CDS to NSCC's OTC Comparison Service
- de-schedule and remove the jobs that process incoming files from NSCC that contain the OTC Purchase/Sale Contract reports.

E.2 CDS Participants

Technological systems changes may be required by CDS participants in order to conduct their OTC trading activity using an alternative facility.

E.3 Other Market Participants

Technological systems changes may be required by the CDS participant's service bureaus in order to direct their customer's (CDS participants) OTC trading activity to an alternative facility.

F. COMPARISON TO OTHER CLEARING AGENCIES

The proposed changes are consequential to a service change at NSCC and are not of our own volition or at the request of our participants.

G. PUBLIC INTEREST ASSESSMENT

CDS has determined that the proposed amendments to the CDS procedures are not contrary to the public interest.

H. COMMENTS

Comments on the proposed amendments should be in writing and submitted within 30 calendar days following the date of publication of this notice in the Ontario Securities Commission Bulletin, the British Columbia Securities Commission Bulletin or the Autorité des marchés financiers Bulletin to:

Rob Argue
Senior Product Manager, Business Systems Development and Support
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9
Phone: 416-365-3887
Fax: 416-367-2755
Email: rargue@cds.ca

Copies should also be provided to the Autorité des marchés financiers, the British Columbia Securities Commission, and the Ontario Securities Commission by forwarding a copy to each of the following individuals:

Me Anne-Marie Beaudoin
Secrétaire générale
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Télécopieur: 514-864-6381
Courrier électronique: consultation-en-cours@lautorite.qc.ca

Doug MacKay
Manager, Market and SRO Oversight
British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, B.C. V7Y 1L2
Fax: 604-899-6506
Email: dmackay@bcsc.bc.ca

Manager, Market Regulation
Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8
Fax: 416-595-8940
Email: marketregulation@osc.gov.on.ca

Mark Wang
Manager, Legal Services
British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, B.C., V7Y 1L2
Fax: 604-899-6506
Email: mwang@bcsc.bc.ca

CDS will make available to the public, upon request, all comments received during the comment period.

I. PROPOSED CDS PROCEDURE AMENDMENTS

Access the proposed amendments to the CDS Procedures on the User documentation revisions web page (http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-blacklined?Open) and to the CDS Forms (if applicable) on Forms online (Click View by Form Category and in the Select a Form Category list, click External review) on the CDS Services web page (www.cdsservices.ca).

13.3.2 CDS – Notice and Request for Comments – Material Amendments to CDS Procedures Relating to Enhancements to the ATON Mutual Fund Transfer Requests Process

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

MATERIAL AMENDMENTS TO CDS PROCEDURES

ENHANCEMENTS TO ATON MUTUAL FUND TRANSFER REQUESTS PROCESS

REQUEST FOR COMMENTS

A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTS

CDS participants use the ATON™ (Account Transfer Online Notification) service to exchange and confirm client account information, and electronically transfer client accounts from one participant to another. For each confirmed account asset, ATON initiates one of three transfer processes: (i) settlement of CDSX-eligible securities in CDSX®, (ii) instruction delivery to The Depository Trust Company (DTC) for settlement of DTC-eligible securities, or (iii) order delivery to FundSERV for mutual funds transfer requests. The proposed amendments to CDS participant procedures will extend the functionality of ATON's mutual fund transfer request service to include the transfer of funds from one client account to another (across participants) in the event of marriage breakdown. This proposed change is made at the request of the Debt and Equity Subcommittee of the Strategic Development Review Committee (SDRC).

Current ATON Service Overview

ATON users include broker-dealers and other regulated financial firms such as banks, trust companies, intermediaries, investment fund dealers, insurance companies and credit unions. ATON automates the exchange and confirmation of requests for transfer (RFTs) and asset list details between the deliverer and receiver of account transfers. Requests are entered through an online terminal, or through an electronic messaging interface.

Upon confirmation by the receiver, transaction details are provided to CDS, DTC and/or FundSERV for processing within their systems.

Participants can record assets that are not eligible for settlement through any of the three organizations as over-the-counter (OTC) on the same RFT, ensuring that the account details remain tied together.

Eligible Assets and Accounts

ATON transfers information and facilitates the automated exchange of cash and securities including:

- Debt (e.g. Government of Canada marketable bonds and T-bills, provincial and municipal bonds, corporate and strip bonds)
- Equity (e.g. shares, rights, warrants)
- Money market instruments (e.g. bankers' acceptance, commercial paper)
- Mutual funds
- DTC eligible securities

ATON provides the ability to transfer assets in a variety of account types including cash accounts, margin accounts and locked-in and registered plans.

How ATON Works

When a client decides to move their account to a new institution:

1. The receiver of the new account sends instructions (RFT) through ATON to the deliverer who is relinquishing the account.
2. The deliverer returns the RFT listing the client assets (asset list) that will be transferred.
3. The receiver confirms the RFT or disputes the assets identified.

4. Once all assets have been confirmed, items eligible to be transferred through ATON to clearing and settlement institutions (cash and securities through CDSX or DTC, and investment funds through FundSERV) are settled.

5. The transfer of items not eligible to be settled through ATON takes place through arrangements made outside of the service (as OTC items).

Proposed Amendments

Account transfers that are initiated due to the breakdown of a marriage are currently processed manually outside of CDS and ATON. In order to bring this type of activity into ATON, FundSERV and the mutual fund companies require that ATON transfer requests provide additional information related to the set-up or verification of client accounts. In 2011, members of the FAS Account Transfers Working Group[1] worked with members of CDS and FundSERV to determine what changes would be required to ATON to meet client account set-up/verification requirements for the transfer of funds in the event of marriage breakdown. The FAS Account Transfers Working Group proposed changes to the SDRC Debt and Equity Subcommittee who in turn requested that CDS complete the analysis and development for this enhancement. The amendment requires that new recipient client account set-up information such as name, address and tax jurisdiction details are provided to FundSERV for each mutual fund asset transfer request associated with a marriage breakdown.

Although ATON currently provides fields to collect name and address information, there has been no prior need to share this data with FundSERV, and the fields are not structured to meet FundSERV's requirements. As a result, the current six free-form and non-validated name and address fields will be replaced with seven structured fixed-length fields matching FundSERV's specifications. In addition, a new field will be added to capture required information related to tax jurisdiction. These changes will be reflected on ATON screens for online terminal access, as well as in ATON electronic message interfaces.

Upon receipt of the RFT from CDS, FundSERV will pass the request on to the mutual fund company. Using this detail, the mutual fund company will determine if the recipient client account exists or if a new account is required. The movement of the security to the recipient account will then be completed.

In addition to the changes described above, this amendment includes a housekeeping item regarding removing references to ATON Batch Files in CDS documentation. This service, a batch reporting option, was discontinued in 2009.

B. NATURE AND PURPOSE OF THE PROPOSED CDS PROCEDURE AMENDMENTS

The proposed procedure amendments support the financial industry's objective of straight-through electronic processing of securities transactions. CDS participants will benefit from automation of the current manual process for account transfers that are initiated due to the breakdown of a marriage because of:

- a reduction in the length of time needed to complete an account transfer (from up to 25 business days to 10 business days)
- a reduction in cost due to significantly lower fees for electronic instruction delivery versus paper delivery - effort spent monitoring these types of transfers will also be reduced due to a shortened cycle
- a reduction of risk due to fewer manual errors, lost or misplaced client documentation, and ensuing privacy issues
- increased efficiency for CRA Tax Reporting
- improved ability to comply with Investment Industry Regulatory Organization of Canada's (IIROC) Account Transfers Rule 2300, which states that wherever possible account transfers should be carried out using a clearing organization or depository and transmitted by electronic delivery through the account transfer facility of CDS (i.e. ATON)

C. IMPACT OF THE PROPOSED CDS PROCEDURE AMENDMENTS

This ATON enhancement will allow CDS participants to securely and efficiently transfer mutual funds from one participant to another for mutual fund account transfer requests due to a marriage breakdown.

[1] The FAS (Financial Administration Section) Account Transfers Working Group is a sub-committee of the Investment Industry Regulatory Organization of Canada (IIROC). The committee is comprised of CDS participants (ATON subscribers) and their service providers.

C.1 Competition

The proposed procedure amendments apply to all CDS participants who currently use, or may choose to use, the ATON service. Consequently, no CDS participant will be disadvantaged with the introduction of these enhancements.

C.2 Risks and Compliance Costs

The development of the service enhancement was undertaken at the request of CDS participants, and is intended to reduce both the risk and costs associated with account transfer activities. There are no compliance costs or issues for participants vis-à-vis CDS with regard to the new service.

The movement of the CDSX-eligible securities in CDSX must pass all of the risk model edits and does not bring any incremental risks to CDS.

CDS Risk Management has determined that the proposed amendments will not change the risk profile of CDS or its participants.

C.3 Comparison to International Standards – (a) Committee on Payment and Settlement Systems of the Bank for International Settlements, (b) Technical Committee of the International Organization of Securities Commissions, and (c) the Group of Thirty

As stated in Principle #17 (Operational risk) of the new international standards for payment, clearing and settlement systems set out in the CPSS/IOSCO report Principles for Financial Market Infrastructures[2], a financial market infrastructure such as CDS "should identify all plausible sources of operational risk, both internal and external, and minimise their impact through the deployment of appropriate systems, controls, and procedures". This ATON development assists in the mitigation of operational risk through the appropriate use of system-generated transfer requests initiated due to a marriage breakdown.

Additionally, the fundamentals stated in Principle #21 (Efficiency and effectiveness) that a financial market infrastructure such as CDS "should be efficient and effective in meeting the requirements of its participants and the markets it serves" will be supported by this development.

No other comparisons to international standards were identified.

D. DESCRIPTION OF THE PROCEDURE DRAFTING PROCESS

D.1 Development Context

The development request was tabled at the SDRC Debt & Equity subcommittee, as an opportunity to reduce risk and cost associated with mutual fund account transfer requests involving marriage breakdown. Once approved by the SDRC for further analysis, CDS developed requirements that were reviewed with members of the FAS Account Transfers Working Group. Their input was incorporated into the final design which was subsequently approved by the SDRC.

D.2 Procedure Drafting Process

The CDS procedure amendments were drafted by CDS's Business Systems Development and Support group, and subsequently reviewed and approved by the SDRC. The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SDRC's membership includes representatives from a cross-section of the CDS participant community, and it meets on a monthly basis.

These amendments were reviewed and approved by the SDRC on October 25, 2012.

D.3 Issues Considered

ATON currently provides a surname field and six additional name and address fields allowing participants to share client information when processing an RFT. There are no rules or restrictions associated with the information that participants can enter into the current name and address fields, and there has been no need to pass this information on to FundSERV. With the introduction of account transfers associated with marriage breakdown, ATON must newly provide FundSERV with client name and address information so that the destination fund company can set up an appropriate account. In order to meet the rules and restrictions FundSERV and the fund companies require for this information, ATON's six current "free style" fields must be replaced by seven new and more structured fields, and the Surname field length must be shortened.

[2] The report can be found at http://www.bis.org/publ/cpss101.htm.

Since previously-created RFTs will exist in ATON when the marriage breakdown changes are implemented, information from the current discontinued name and address fields must be transferred to the new fields. Due to the length and structure differences of the new fields, this transfer of information may not be reported correctly in the new fields (e.g. province information may appear within the new City field). This is expected to have minimal impact as address information will only be passed onto FundSERV for RFTs associated with marriage breakdown, and participants will have the ability to manually correct these. (Currently only one active RFT associated with marriage breakdown exists in ATON.)

Details of the migration plan for managing the transfer of name and address information from current fields to new fields as well as the handling of those RFTs where the information will require correction were reviewed and approved by the FAS Account Transfers Working Group and communicated to all ATON participants in August 2012.

D.4 Consultation

Members of the FAS Account Transfers Working Group, CDS and FundSERV worked together in 2011 to determine what changes would be required to ATON to meet client account set-up/verification requirements for account transfer requests involving marriage breakdown. The FAS Account Transfers Working Group proposed these changes to the SDRC Debt and Equity Subcommittee who provided approval for CDS to complete development of this enhancement.

CDS's Customer Service account managers provide continuous communication and status updates of all proposed changes to their clients, as well as soliciting input on those changes.

CDS facilitates consultation through a variety of means, including regularly scheduled SDRC subcommittee meetings which provide a forum for detailed requirement review, and monthly meetings with service bureaus to discuss development impacts to them. All development initiatives are also presented to IIROC's FAS Operations Subcommittee.

D.5 Alternatives Considered

The proposed initiative offers enhanced straight-through processing of marriage breakdown account transfers with mutual funds. No alternative solution was considered.

D.6 Implementation Plan

The proposed procedure amendments and the implementation date have been communicated regularly to CDS participants through the SDRC and its subcommittees, as well as through CDS's Customer Service relationship meetings. In addition, Customer Service account managers shared the project's business requirements documents with all ATON participants and service providers to ensure they were aware of the changes and the potential need to schedule updates to their systems. A bulletin was published on August 24, 2012 on the CDS Bulletins Service providing notice to this same effect.

The Customer Service account managers will provide their clients with details of the upcoming changes, and provide customer-related training during the month of January 2013. CDS will distribute a bulletin to all CDS participants the week before implementation reminding them of the upcoming changes and confirming the effective date of those changes.

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Ontario *Securities Act* and by the British Columbia Securities Commission pursuant to Section 24(d) of the British Columbia *Securities Act*. The *Autorité des marchés financiers* has authorized CDS to carry on clearing activities in Québec pursuant to sections 169 and 170 of the Québec *Securities Act*. In addition CDS is deemed to be the clearing house for CDSX®, a clearing and settlement system designated by the Bank of Canada pursuant to section 4 of the *Payment Clearing and Settlement Act.* The Ontario Securities Commission, the British Columbia Securities Commission, the *Autorité des marchés financiers* and the Bank of Canada will hereafter be collectively referred to as the "Recognizing Regulators".

The amendments to Participant Procedures may become effective upon approval of the amendments by the Recognizing Regulators following public notice and comment. Implementation of this initiative is planned for February 9, 2013.

E. TECHNOLOGICAL SYSTEMS CHANGES

E.1 CDS

ATON functionality will be impacted by these changes as follows:

a) ATON screens and electronic messages:

- Surname field will be revised from 30-character maximum to 20-character maximum

- Six current name/address fields will be replaced by seven new name/address fields, and a new tax jurisdiction field

b) FundSERV order file:

- The records will be flagged as marriage breakdown transfer requests, if appropriate
- For marriage breakdown transfers, the Account Setup section of the records will be populated, and the otherwise normally populated Account Transfer section will be left empty

c) Reports:

- Reports reflecting the current name/address fields will be updated to reflect the seven new name/address fields, and the new tax jurisdiction field
- A new Marriage Breakdown Daily Report will be introduced to report transfer requests involving Marriage Breakdown

d) Migration of name and address information on existing transfers:

- Information from the six discontinued name and address fields will be transferred to the seven new name and address fields
- Due to the reduced size of the Surname field (from 30-character to 20-character), only the first 20 characters will be transferred to the new field

E.2 CDS Participants

CDS Participants who use electronic messages to process transfer requests may need to update their internal systems to accommodate the new name/address and tax jurisdiction fields and the change to the Surname field.

E.3 Other Market Participants

Service providers will need to update their systems on behalf of their clients for electronic message processing in the same manner as described above for CDS Participants.

F. COMPARISON TO OTHER CLEARING AGENCIES

No comparable or similar procedures were available for other clearing agencies in order to conduct an analysis.

G. PUBLIC INTEREST ASSESSMENT

CDS has determined that the proposed amendments are not contrary to the public interest.

H. COMMENTS

Comments on the proposed amendments should be in writing and submitted within 30 calendar days following the date of publication of this notice in the Ontario Securities Commission Bulletin, the British Columbia Securities Commission Bulletin or the Autorité des marchés financiers Bulletin to:

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Senior Business Analyst, Business Systems Development and Support
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

Phone: 416-365-8647
Email: lpiggott@cds.ca

Copies should also be provided to the Autorité des marchés financiers, the British Columbia Securities Commission and the Ontario Securities Commission by forwarding a copy to each of the following individuals:

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Secrétaire générale
Autorité des marchés financiers
800, square Victoria, 22[e] étage
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CDS will make available to the public, upon request, all comments received during the comment period.

I. PROPOSED CDS PROCEDURE AMENDMENTS

Access the proposed amendments to the CDS Procedures on the User documentation revisions web page (http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-blacklined?Open) and to the CDS Forms (if applicable) on Forms online (Click View by Form Category and in the Select a Form Category list, click External review) on the CDS Services web page (www.cdsservices.ca).

Index

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