The Ontario Securities Commission

OSC Bulletin

March 14, 2013

Volume 36, Issue 11

(2013), 36 OSCB

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

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

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

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

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

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

THOMSON REUTERS

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

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

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

U.S.	$175
Outside North America	$400

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

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

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

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

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

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

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise without the prior written permission of the publisher.

The publisher is not engaged in rendering legal, accounting or other professional advice. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

© Copyright 2013 Ontario Securities Commission
ISSN 0226-9325
Except Chapter 7 ©CDS INC.

THOMSON REUTERS

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

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

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

March 14, 2013

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- - - - - - - - - - - - - - - - - - - -

Temporary Change of Location of Ontario Securities Commission Proceedings

All hearings scheduled to be heard between November 22, 2012 and March 15, 2013 will take place at the following location:

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

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

CDS **TDX 76**

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

- - - - - - - - - - - - - - - - - - - -

THE COMMISSIONERS

Howard I. Wetston, Chair	—	HIW
James E. A. Turner, Vice Chair	—	JEAT
Lawrence E. Ritchie, Vice Chair	—	LER
Mary G. Condon, Vice Chair	—	MGC
Sinan O. Akdeniz	—	SOA
Catherine E. Bateman	—	CEB
James D. Carnwath	—	JDC
Sarah B. Kavanagh	—	SBK
Paulette L. Kennedy	—	PLK
Edward P. Kerwin	—	EPK
Vern Krishna	—	VK
Deborah Leckman	—	DL
Alan J. Lenczner	—	AJL
Christopher Portner	—	CP
Judith N. Robertson	—	JNR
AnneMarie Ryan	—	AMR
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

March 14, 2013 10:00 a.m.	**KEYreit and Huntingdon Capital Corp.** s. 127 A.Pelletier in attendance for Staff Panel: JEAT/MGC/DL
March 15, 2013 10:00 a.m.	**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: EPK/PLK
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
March 19, 2013 10:00 a.m.	**Garth H. Drabinsky, Myron I. Gottlieb and Gordon Eckstein** s. 127 A. Clark/J. Friedman in attendance for Staff Panel: JEAT
March 21, 2013 9:00 a.m.	**Knowledge First Financial Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT

March 21, 2013 9:00 a.m.	**Heritage Education Funds Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
March 22, 2013 10:00 a.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 37, 127 and 127.1 C. Watson in attendance for Staff Panel: PLK/JNR
March 25, March 27-28, April 8, April 10-12, April 17, April 19, May 13-17, May 22 and June 24-28, 2013 10:00 a.m.	**Bernard Boily** s. 127 and 127.1 M. Vaillancourt/U. Sheikh in attendance for Staff Panel: AJL
April 2, 2013 10:00 a.m.	**Vincent Ciccone and Cabo Catoche Corp. (a.k.a. Medra Corp. and Medra Corporation)** s. 127 M. Vaillancourt in attendance for Staff Panel: VK
April 3, 2013 2:00 p.m.	**Onix International Inc. and Yrone Constantine Phipps** s. 127 C. Rossi in attendance for Staff Panel:JDC
April 3-5, 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
April 4, 2013 10:00 a.m.	**Sandy Winick, Andrea Lee McCarthy, Kolt Curry, Laura Mateyak, Gregory J. Curry, American Heritage Stock Transfer Inc., American Heritage Stock Transfer, Inc., BFM Industries Inc., Liquid Gold International Corp., (aka Liquid Gold International Inc.) and Nanotech Industries Inc.** s. 127 J. Feasby in attendance for Staff Panel: JDC
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: MGC
April 9, 2013 3:00 p.m.	**New Hudson Television LLC & Dmitry James Salganov** s. 127 C. Watson in attendance for Staff Panel: MGC
April 10, 2013 10:00 a.m.	**Blackwood & Rose Inc., Steven Zetchus and Justin Kreller (also known as Justin Kay)** s. 37, 127 and 127.1 C. Rossi in attendance for Staff Panel: JEAT

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: JDC
April 18, 2013 10:00 a.m.	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun** s. 127 C. Price in attendance for Staff Panel: CP
April 25, 26 and May 13, 2013 10:00 a.m.	**Matthew Robert White and White Capital Corporation** s. 8 S. Horgan/C. Weiler in attendance for Staff Panel: JEAT
April 26, 2013 11:00 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
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: AJL
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
May 10, 2013 10:00 a.m.	**Children's Education Funds Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT

May 27, 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: JEAT
June 3, June 5-17 and June 19-25, 2013 10:00 a.m.	**David Charles Phillips and John Russell Wilson** s. 127 Y. Chisholm in attendance for Staff Panel: TBA
June 3, 5-6, 10-12, 14-17, 19-20 and July 22-26, 2013 10:00 AM	**Jowdat Waheed and Bruce Walter** s. 127 J. Lynch in attendance for Staff Panel: CP/SBK/PLK
June 6, 2013 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
July 31, 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: MGC
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
October 15-21, October 23-29, 2013 10:00 a.m.	**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
November 4 and November 6-18, 2013 10:00 a.m.	**Systematech Solutions Inc., April Vuong and Hao Quach** s. 127 D. Ferris in attendance for Staff Panel: TBA
May 5-16 and May 20 – June 20, 2014 10:00 a.m.	**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	**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

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

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

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

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

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

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: TBA

TBA

Ernst & Young LLP

s. 127 and 127.1

A. Clark in attendance for Staff

Panel: TBA

TBA

Newer Technologies Limited, Ryan Pickering and Rodger Frey

s. 127 and 127.1

B. Shulman in attendance for staff

Panel: TBA

TBA

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

s. 37, 127 and 127.1

C. Price in attendance for Staff

Panel: TBA

TBA

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

TBA

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

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

Fawad Ul Haq Khan and Khan Trading Associates Inc. carrying on business as Money Plus

s. 60 and 60.1 of the *Commodity Futures Act*

T. Center in attendance for Staff

Panel: TBA

TBA

Northern Securities Inc., Victor Philip Alboini, Douglas Michael Chornoboy and Frederick Earl Vance

s. 21.7 and 8

Y. Chisholm in attendance for Staff

Panel: TBA

TBA

Global RESP Corporation and Global Growth Assets Inc.

s. 127

D. Ferris in attendance for Staff

Panel: TBA

TBA

Issam El-Bouji, Global RESP Corporation, Global Growth Assets Inc., Global Educational Trust Foundation and Margaret Singh

s. 127 and 127.1

M. Vaillancourt in attendance for Staff

Panel: TBA

TBA

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 : TBA

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

s. 127

J. Feasby in attendance for Staff

Panel: TBA

TBA **Ground Wealth Inc., Michelle Dunk, Adrion Smith, Joel Webster, Douglas DeBoer, Armadillo Energy Inc., Armadillo Energy, Inc., and Armadillo Energy LLC**

s. 127

J. Feasby in attendance for Staff

Panel: TBA

TBA **Quadrexx Asset Management Inc., Quadrexx Secured Assets Inc., Offshore Oil Vessel Supply Services LP, Quibik Income Fund and Quibik Opportunity Fund**

s. 127

D. Ferris in attendance for Staff

Panel: TBA

TBA **JV Raleigh Superior Holdings Inc., Maisie Smith (also known as Maizie Smith) and Ingram Jeffrey Eshun**

s. 127

S. Schumacher in attendance for Staff

Panel: TBA

TBA **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: TBA

TBA **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

TBA. **Moncasa Capital Corporation and John Frederick Collins**

s. 127

T. Center in attendance for Staff

Panel: EPK

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

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 Firestar Capital Management Corp. et al.

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

AND

IN THE MATTER OF
FIRESTAR CAPITAL MANAGEMENT CORP.,
KAMPOSSE FINANCIAL CORP.,
FIRESTAR INVESTMENT MANAGEMENT GROUP,
MICHAEL CIAVARELLA AND MICHAEL MITTON

NOTICE OF WITHDRAWAL

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing on December 21, 2004, to consider whether it was in the public interest to make certain orders against Firestar Capital Management Corp., Kamposse Financial Corp. and Firestar Investment Management Group, Michael Ciavarella and Michael Mitton, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended;

AND WHEREAS Staff of the Commission filed a Statement of Allegations ("Staff's Allegations") in connection with the Notice of Hearing dated December 21, 2004;

TAKE NOTICE that Staff of the Commission hereby withdraw Staff's Allegations against Firestar Capital Management Corp., Kamposse Financial Corp. and Firestar Investment Management Group.

February 21, 2013

Staff of the Ontario Securities Commission
20 Queen Street West
P.O. Box 55, 19th Floor
Toronto, ON M5H 3S8

1.2 Notices of Hearing

1.2.1 Onix International Inc. and Tyrone Constantine Phipps – ss. 37, 127, 127.1

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

AND

IN THE MATTER OF
ONIX INTERNATIONAL INC. and
TYRONE CONSTANTINE PHIPPS

NOTICE OF HEARING
(Sections 37, 127 and 127.1)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 37, 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on April 3, 2013 at 2:00 p.m. or as soon thereafter as the hearing can be held, to consider:

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

(a) trading in any securities by Onix International Inc. and Tyrone Constantine Phipps (“Phipps”) (collectively, the “Respondents”) cease permanently or for such period as is specified by the Commission;

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

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

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

(e) Phipps be reprimanded;

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

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

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

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

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

(ii) whether, in the opinion of the Commission, an order should be made pursuant to section 37 of the Act that Phipps cease permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities; and

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

BY REASON OF the allegations as set out in the Statement of Allegations of Staff of the Commission dated March 7, 2013 and such further additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 8th day of March, 2013

"John Stevenson"
Secretary to the Commission

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

AND

IN THE MATTER OF
ONIX INTERNATIONAL INC. and
TYRONE CONSTANTINE PHIPPS

STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. This proceeding involves the unregistered trading and illegal distribution of securities by Onix International Inc. ("Onix International") and Tyrone Constantine Phipps ("Phipps") (collectively, the "Respondents").

2. Onix International was incorporated by Phipps in February 2009 for the purpose of entering into a business relationship with ENC Security Systems Inc. ("ENC") to market and sell ENC's "encrypt-stick" encryption software (the "Encrypt-Stick Software").

3. ENC was incorporated pursuant to the laws of British Columbia and its operations are located primarily in British Columbia. ENC is in the business of developing computer encryption software, including the Encrypt-Stick Software.

4. On September 21, 2009, Onix International entered into a "World Wide License Agreement" with ENC that, among other things, granted Onix International the worldwide license to promote, distribute, market and sell the Encrypt-Stick Software (the "License Agreement").

5. At the time it entered into the License Agreement, Onix International had no active business operations and its sole anticipated business related to ENC and the License Agreement.

6. Starting in March 2009, the Respondents began selling royalty units to members of the public for the purpose of raising capital to fund the ongoing operations of ENC (the "ENC Royalty Units"). The Respondents raised approximately $436,000 from 29 investors including residents of Ontario (the "ENC Investors") between March 1, 2009 and June 3, 2009 (the "ENC Material Time").

7. In April 2009, the Respondents also began selling royalty units to members of the public for the purpose of raising capital to fund the operations of Onix International (the "Onix Royalty Units"). The Respondents raised approximately $232,000 from 17 investors including residents of Ontario (the "Onix Investors") between April 11, 2009 and December 31, 2009 (the "Onix Material Time").

8. In total, the Respondents raised approximately $668,000 from approximately 38 investors between March 2009 and December 2009 (the "Material Time").

9. Neither Onix International nor Phipps was registered to trade in securities and the securities at issue were not qualified by a prospectus.

II. THE RESPONDENTS

10. Onix International was provincially incorporated in Ontario on February 6, 2009. During the Material Time, the registered office of Onix International was located in Ontario.

11. Phipps is a resident of Ontario. Phipps incorporated Onix International and was a director, officer, and the directing mind of Onix International during the Material Time.

III. THE DISTRIBUTION OF THE ENC AND ONIX ROYALTY UNITS

12. As noted above, starting in March 2009, the Respondents began selling the ENC Royalty Units to the ENC Investors for the purpose of funding the ongoing operations of ENC.

13. The ENC Royalty Units entitled the ENC Investors to 0.01 percent of gross revenue from worldwide sales of the Encrypt-Stick Software and “all future products sold by [ENC]”.

14. The Respondents provided the ENC Investors with subscription agreements and other documents to support their investment in the ENC Royalty Units.

15. During the ENC Material Time, the Respondents raised a total of approximately $436,000 from the sale of the ENC Royalty Units to the ENC Investors.

16. The funds raised by the Respondents from the ENC Investors were provided to ENC to fund its operations.

17. One month into selling the ENC Royalty Units, in April 2009, the Respondents also began selling the Onix Royalty Units.

18. Like the ENC Royalty Units, the Onix Royalty Units purported to entitle the purchaser to 0.01 percent of gross revenue from worldwide sales of the Encrypt-Stick Software and the Respondents relied on virtually identical materials to sell them.

19. During the Onix Material Time, the Respondents raised a total of approximately $232,000 from the sale of the Onix Royalty Units to the Onix Investors.

20. The funds raised by the Respondents from the Onix Investors were retained by the Respondents and/or used to fund the operations of Onix International.

21. The ENC Royalty Units and the Onix Royalty Units were “securities” as defined in section 1(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that had not been previously issued.

22. During the Material Time, neither ENC nor Onix International was a reporting issuer and neither the ENC Royalty Units nor the Onix Royalty Units were qualified by a prospectus.

23. Neither Onix International nor Phipps was ever registered in any capacity with the Ontario Securities Commission (the “Commission”).

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

24. The specific allegations advanced by Staff are as follows:

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

    (b) The actions of the Respondents related to the sale of the ENC Securities and the Onix Securities constituted distributions of securities where no preliminary prospectus and prospectus were issued nor receipted by the Director in circumstances where no exemption was available, contrary to section 53(1) of the Act and contrary to the public interest; and

    (c) Phipps being a director and/or officer of Onix International did authorize, permit or acquiesce in the commission of the violations of sections 25(1) and 53(1) of the Act, as set out above, by Onix International, contrary to section 129.2 of the Act and contrary to the public interest.

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

DATED at Toronto, March 7, 2013.

1.3 News Releases

1.3.1 Canadian Securities Regulators Seek Comment on Early Warning Reporting

FOR IMMEDIATE RELEASE
March 13, 2013

CANADIAN SECURITIES REGULATORS SEEK COMMENT ON EARLY WARNING REPORTING

Montréal – The Canadian Securities Administrators (CSA) today published for comment proposed amendments and changes to the early warning reporting regime in Canada, including to Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, National Instrument 62-103 *Early Warning System and Related Take-Over Bid and Insider Reporting Issues* and National Policy 62-203 *Take-Over Bids and Issuer Bids*.

The objective of the proposed amendments is to provide greater transparency about significant holdings of issuers' securities by:

- proposing an early warning reporting threshold of five per cent;
- requiring disclosure of both increases and decreases in ownership of two per cent or more of securities;
- proposing that a person include certain equity derivative positions in determining whether the threshold has been reached; and
- enhancing the content of the disclosure in the early warning news releases and reports required to be filed, with more specific disclosure about an acquiror's actual economic and voting interests in an issuer.

The purpose of early warning reporting is to allow the market to review and assess the potential impact of changes in the ownership of, or control or direction over, a reporting issuer's voting or equity securities.

"Disclosure to investors of any change that may influence or affect control of an issuer is essential for market transparency and investor confidence," said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. "The CSA believe that early warning disclosure requirements should recognize that accumulation of securities at the five per cent threshold is relevant and that transparency of securities ownership is needed in light of the increased use of derivatives by investors."

The proposed amendments can be found on CSA members' websites and the comment period is open until June 12, 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:

Mark Dickey
Alberta Securities Commission
403-297-4481

Carolyn Shaw-Rimmington
Ontario Securities Commission
416-593-2361

Sylvain Théberge
Autorité des marchés financiers
514-940-2176

Richard Gilhooley
British Columbia Securities Commission
604-899-6713

Ainsley Cunningham
Manitoba Securities Commission
204-945-4733

Wendy Connors-Beckett
New Brunswick Securities Commission
506-643-7745

Tanya Wiltshire
Nova Scotia Securities Commission
902-424-8586

Dean Murrison
Financial and Consumer Affairs Authority of Saskatchewan
306-787-5842

Janice Callbeck
The Office of the Superintendent of Securities, P.E.I.
902-368-6288

Doug Connolly
Financial Services Regulation Division of Newfoundland and Labrador
709-729-2594

Rhonda Horte
Office of the Yukon Superintendent
of Securities
867-667-5466

Donn MacDougall
Northwest Territories Securities Office
867-920-8984

Louis Arki
Nunavut Securities Office
867-975-6587

1.3.2 OSC INVESTOR ALERT: Inter Reef Ltd., Roman Novak and Radoslav Novak (doing business as Profitable Sunrise)

FOR IMMEDIATE RELEASE
March 12, 2013

OSC INVESTOR ALERT: INTER REEF LTD., ROMAN NOVAK AND RADOSLAV NOVAK (DOING BUSINESS AS PROFITABLE SUNRISE)

TORONTO – The Ontario Securities Commission (OSC) is warning Ontario investors not to invest with Profitable Sunrise, which claims to be located in the United Kingdom while representing that its banking facilities are in the Czech Republic. Profitable Sunrise is offering investors "investment plans", but Profitable Sunrise is not registered in Ontario to engage in the business of trading in securities or advising anyone with respect to investing in, buying or selling securities.

Profitable Sunrise is representing that its "investment plans" earn abnormal returns, "risk-free", of 1.5 per cent – 2.7 per cent per business day, which translates into an annual return of over 300 per cent. On January 11, 2013, the OSC issued a warning to investors entitled "Beware: High-yield Investment Programs are Ponzi Schemes" that explains the risks of investing with companies like Profitable Sunrise. You can find the warning on the "OSC Investor News" section of the OSC's website at www.osc.gov.on.ca.

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

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

For Media Inquiries:
media_inquiries@osc.gov.on.ca

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

Alison Ford
Media Relations Specialist
416-593-8307

Follow us on Twitter: OSC_News

For Investor Inquiries:

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

1.4 Notices from the Office of the Secretary

1.4.1 Peter Sbaraglia

FOR IMMEDIATE RELEASE
March 5, 2013

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

AND

IN THE MATTER OF
PETER SBARAGLIA

TORONTO – Following a hearing held today, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Peter Sbaraglia.

A copy of the Order dated March 5, 2013 and Settlement Agreement dated March 4, 2013 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.2 International Strategic Investments et al.

FOR IMMEDIATE RELEASE
March 6, 2013

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that the confidential pre-hearing conference will continue on November 27, 2013 at 10:00 a.m. and the hearing on the merits shall commence on January 13, 2014 and shall continue to February 21, 2014, with the exception that the hearing on the merits will not sit on January 14, 28, February 11 and 17, 2014, or on such further or other dates as may be agreed to by the parties and set by the Office of the Secretary.

A copy of the Order dated March 5, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.3 Firestar Capital Management Corp. et al.

FOR IMMEDIATE RELEASE
March 6, 2013

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

AND

IN THE MATTER OF
FIRESTAR CAPITAL MANAGEMENT CORP.,
KAMPOSSE FINANCIAL CORP.,
FIRESTAR INVESTMENT MANAGEMENT GROUP,
MICHAEL CIAVARELLA AND MICHAEL MITTON

TORONTO – Staff of the Ontario Securities Commission filed a Notice of Withdrawal against the Respondents, Firestar Capital Management Corp., Kamposse Financial Corp. and Firestar Investment Management Group as of March 4, 2013 in the above noted matter.

The Commission issued an Order in the above named matter which provides that the Temporary Orders currently in place as against Firestar Capital, Kamposse, and Firestar Investment be vacated as of the conclusion of this hearing on March 4, 2013.

A copy of the Order dated March 4, 2013 and Notice of Withdrawal dated February 21, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.4 New Hudson Television LLC and James Dmitry Salganov

FOR IMMEDIATE RELEASE
March 6, 2013

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

AND

IN THE MATTER OF
NEW HUDSON TELEVISION LLC &
JAMES DMITRY SALGANOV

TORONTO – The Commission issued an Order in the above named which provides that the status hearing shall continue on April 9, 2013 at 3:00 p.m. or such other date and time as set by the Office of the Secretary.

A copy of the Order dated March 5, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.5 Ernst & Young LLP

FOR IMMEDIATE RELEASE
March 6, 2013

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

AND

IN THE MATTER OF
ERNST & YOUNG LLP

TORONTO – The Commission issued an Order in the above named matter which provides that this matter is adjourned to a confidential pre-hearing conference to be held on June 24, 2013 at 10:00 a.m. or such other date and time as is agreed by the parties and set by the Office of the Secretary.

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

A copy of the Order dated March 4, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.6 Children's Education Funds Inc.

FOR IMMEDIATE RELEASE
March 7, 2013

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

AND

IN THE MATTER OF
CHILDREN'S EDUCATION FUNDS INC.

TORONTO – The Commission issued an Order in the above named matter with certain provisions. The Temporary Order is extended to May 13, 2013 and the hearing is adjourned to May 10, 2013 at 10:00 a.m. for the purpose of providing the Commission with an update on the work completed by the Monitor and the Consultant.

A copy of the Order dated February 28, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.7 JV Raleigh Superior Holdings Inc. et al.

FOR IMMEDIATE RELEASE
March 7, 2013

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

AND

IN THE MATTER OF
JV RALEIGH SUPERIOR HOLDINGS INC.,
MAISIE SMITH (also known as MAIZIE SMITH)
and INGRAM JEFFREY ESHUN

TORONTO – The Commission issued an Order in the above named matter which provides that without precluding Eshun or the other Respondents from objecting to a written hearing:

(a) Staff shall file material in respect of the hearing, and provide such material to the Respondents, no later than March 8, 2013;

(b) The Respondents shall advise the Commission whether or not they have retained counsel, and the name of such counsel, no later than April 8, 2013;

(c) Respondents' counsel, if any, shall advise the Commission whether or not the Respondents object to a written hearing, no later than April 8, 2013;

(d) If the Respondents do not object to a written hearing, the Respondents' responding materials, if any, shall be filed with the Commission and provided to all other parties no later than April 15, 2013; and

(e) If the Respondents do object to a written hearing, the Commission shall hold a hearing on April 15, 2013 at 9:00 a.m. to determine whether to continue the hearing as a written hearing pursuant to Rule 11 or as an oral hearing pursuant to Rule 10 of the Rules of Procedure.

A copy of the Order dated March 6, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.8 Quadrexx Asset Management Inc.

FOR IMMEDIATE RELEASE
March 8, 2013

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

AND

IN THE MATTER OF
QUADREXX ASSET MANAGEMENT INC.,
QUADREXX SECURED ASSETS INC.,
OFFSHORE OIL VESSEL SUPPLY SERVICES LP,
QUIBIK INCOME FUND AND
QUIBIK OPPORTUNITY FUND

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

(1) pursuant to subsection 127(7) of the Act that the portion of the Temporary Order issued under paragraph 1 of subsection 127(1) attaching terms and conditions to the registration of Quadrexx as a PM and as an IFM is extended to March 29, 2013;

(2) pursuant to subsection 127(8) of the Act that the portion of the Temporary Order issued under paragraph 2 of subsection 127(1) that ordered all trading to cease in the securities of Quadrexx and Quadrexx Related Securities is extended to March 29, 2013;

(3) the name of QOF in the Temporary Order be changed to "Quibik Opportunities Fund";

(4) the hearing to: (i) consider whether to suspend Quadrexx's registration as a PM and/or as an IFM; (ii) consider whether to further extend or vary any of the terms of the Temporary Order; (iii) review the proposed plan for winding down the Quadrexx Related Securities; and (iv) receive an update on the transfer of the Managed Accounts to a new registrant will proceed on March 28, 2013 at 2:00 p.m.

A copy of the Order dated March 7, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.9 Beryl Henderson

FOR IMMEDIATE RELEASE
March 8, 2013

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

AND

IN THE MATTER OF
BERYL HENDERSON

TORONTO – The Commission issued an Order in the above named matter which provides that the date set for the confidential pre-hearing conference be vacated and that the confidential pre-hearing conference be adjourned to May 23, 2013 at 10:00 a.m. or such other date as agreed to by the parties and advised by the Office of the Secretary.

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

A copy of the Order dated March 8, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.10 Ground Wealth Inc. et al.

FOR IMMEDIATE RELEASE
March 11, 2013

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

AND

IN THE MATTER OF
GROUND WEALTH INC., MICHELLE DUNK,
ADRION SMITH, JOEL WEBSTER,
DOUGLAS DEBOER, ARMADILLO ENERGY INC.,
ARMADILLO ENERGY, INC.,
and ARMADILLO ENERGY LLC

TORONTO – The Commission issued an Order in the above noted matter which provides that the hearing in this matter is adjourned to April 8, 2013, at 9:00 a.m., or on such other date and time as may be set by the Office of the Secretary.

A copy of the Order dated March 5, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.11 Global Consulting And Financial Services et al.

FOR IMMEDIATE RELEASE
March 11, 2013

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

AND

IN THE MATTER OF
GLOBAL CONSULTING AND FINANCIAL SERVICES,
CROWN CAPITAL MANAGEMENT CORPORATION,
CANADIAN PRIVATE AUDIT SERVICE,
EXECUTIVE ASSET MANAGEMENT,
MICHAEL CHOMICA, PETER SIKLOS (also known as PETER KUTI), JAN CHOMICA, AND LORNE BANKS

TORONTO – The Commission issued a Temporary Order in the above named matter which provides that the Amended Temporary Order is extended to April 26, 2013 and the hearing is adjourned to April 25, 2013 at 10:00 a.m., or such other date and time as set by the Office of the Secretary and agreed to by the parties.

A copy of the Temporary Order dated March 7, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.12 Ground Wealth Inc. et al.

FOR IMMEDIATE RELEASE
March 11, 2013

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

AND

IN THE MATTER OF
GROUND WEALTH INC., ARMADILLO ENERGY INC.,
PAUL SCHUETT, DOUG DEBOER, JAMES LINDE,
SUSAN LAWSON, MICHELLE DUNK, ADRION SMITH,
BIANCA SOTO and TERRY REICHERT

TORONTO – The Commission issued a Temporary Order in the above named matter which provides that pursuant to subsections 127(1), 127(7) and 127(8) of the Act:

1. The February 2013 Temporary Order is extended to April 9, 2013, or until further order of the Commission, as against the respondents GWI, Armadillo, DeBoer, Dunk and Smith; and

2. a further hearing shall be held before the Commission on April 8, 2013, at 9:00 a.m. or on such other date and time as may be set by the Office of the Secretary.

A copy of the Temporary Order dated March 5, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.13 Normand Gauthier et al.

FOR IMMEDIATE RELEASE
March 11, 2013

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

AND

IN THE MATTER OF
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, and
CANPRO INCOME FUND I, LP

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

1. A confidential pre-hearing conference shall take place on August 15, 2013 at 10:00 a.m. or such other date or at such other time as set by the Office of the Secretary and agreed to by the parties; and

2. The hearing on the merits shall commence on October 15, 2013 at 10:00 a.m. and will continue until October 29, 2013 except for October 22, 2013.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.14 Onix International Inc. and Tyrone Constantine Phipps

FOR IMMEDIATE RELEASE
March 12, 2013

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

AND

IN THE MATTER OF
ONIX INTERNATIONAL INC. and
TYRONE CONSTANTINE PHIPPS

TORONTO – The Office of the Secretary issued a Notice of Hearing on March 8, 2013 setting the matter down to be heard on April 3, 2013 at 2:00 p.m. or as soon thereafter as the hearing can be held in the above named matter. This hearing will be held at offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated March 8, 2013 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 7, 2013 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.15 Sandy Winick et al.

FOR IMMEDIATE RELEASE
March 12, 2013

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 – The Commission issued an Order pursuant to Rules 3.3 and 11 varying the Timetable Order in the above named matter.

A copy of the Order dated March 7, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Sunstone Opportunity Fund (2006) Limited Partnership – s. 1(10)

Headnote

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

Ontario Statutes

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

March 4, 2013

Clark Wilson LLP
900 – 885 West Georgia Street
Vancouver, BC V6C 3H1

Attention: Vikram Dhir, Associate, Corporate Finance/ Securities

Dear Sir:

Re: Sunstone Opportunity Fund (2006) Limited Partnership (the Applicant) – Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer

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

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 and that the Applicant's status as a reporting issuer is revoked.

"Blaine Young"
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.2 Sunstone (No. 3) Limited Partnership – s. 1(10)

Headnote

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

Ontario Statutes

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

March 4, 2013

Clark Wilson LLP
900 – 885 West Georgia Street
Vancouver, BC V6C 3H1

Attention: Vikram Dhir, Associate, Corporate Finance/ Securities

Dear Sir:

Re: Sunstone (No. 3) Limited Partnership (the Applicant) – Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (the Jurisdictions) that the Applicant is not a reporting issuer

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

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

The Applicant has represented to the Decision Makers that:

(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 world-wide;

(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 and that the Applicant's status as a reporting issuer is revoked.

"Blaine Young"
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.3 Sunstone (No. 4) Limited Partnership – s. 1(10)

Headnote

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

Ontario Statutes

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

March 4, 2013

Clark Wilson LLP
900 – 885 West Georgia Street
Vancouver, BC V6C 3H1

Attention: Vikram Dhir, Associate, Corporate Finance/ Securities

Dear Sir:

R**e: Sunstone (No. 4) Limited Partnership (the Applicant) – Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (the Jurisdictions) that the Applicant is not a reporting issuer**

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

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

The Applicant has represented to the Decision Makers that:

(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 and that the Applicant's status as a reporting issuer is revoked.

"Blaine Young"
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.4 H. Paulin & Co., Limited – s. 1(10)

Headnote

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

Ontario Statutes

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

March 8, 2013

Denise Duifhuis
Stikeman Elliott LLP
Suite 1700 – 666 Burrard Street
Vancouver, BC V6C 2X8

Dear Sirs/Mesdames:

Re: H. Paulin & Co., Limited (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta and Manitoba (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.

"Kathryn Daniels"
Deputy Director, Corporate Finance
Ontario Securities Commission

2.1.5 Union Bank, N.A.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application by bank for relief from dealer registration and prospectus requirements that may be applicable to certain trades in over-the-counter (OTC) derivatives with "permitted counterparties" – permitted counterparties will consist exclusively of persons or companies who are non-individual "permitted clients" as defined in Section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – relief sought in Ontario and certain other jurisdictions as interim response to current regulatory uncertainty associated with OTC Derivatives in Canada – Filer intends to rely on comparable exemptions in orders or rules of general application in certain jurisdictions for trades with "qualified parties" and, in Quebec, the exemption under Quebec derivatives legislation for trades with "accredited counterparties" – relief granted subject to certain terms and conditions, including sunset provision of up to four years.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 53(1), 74.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 1.1 ("permitted client").

March 8, 2013

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
UNION BANK, N.A.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the dealer registration requirement and the prospectus requirement in the Legislation that may otherwise be applicable to a trade in or distribution of an OTC Derivative (as defined below) made by either

i) the Filer to a "Permitted Counterparty" (as defined below), or

ii) by a Permitted Counterparty to the Filer,

shall not apply to the Filer or the Permitted Counterparty, as the case may be (the **Requested Relief**), subject to certain terms and conditions.

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

(a) the Ontario Securities Commission is the principal regulator for the 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 Manitoba, New Brunswick (to the extent Local Rule 91-501 Derivatives does not apply), Newfoundland and Labrador, Northwest Territories, Nova Scotia, Prince Edward Island, Yukon and Nunavut.

Interpretation

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

The terms **OTC Derivative** and **Underlying Interest** are defined in the Appendix (the **Appendix**) to this decision.

The term **Permitted Counterparty** means a person or company that

(a) is a "permitted client", as that term is defined in section 1.1 [*Definition of terms used throughout this Instrument*] of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*; and

(b) is not an individual.

The term **affiliate** has the meaning attributable to it for purposes of Part XX of the *Securities Act* (Ontario).

Representations

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

The Filer

1. The Filer is a full service commercial bank that carries on business in the United States. Its head office is located in San Francisco, California.

2. The Filer is an authorized foreign bank under Part XII.1 of the *Bank Act* (Canada) (**Bank Act**), is included on the list of authorized foreign banks attached as Schedule III to the *Bank Act* and it is thereby authorized to carry on business as such in Canada under the name Union Bank, Canada Branch (**Canada Branch**).

3. Canada Branch is a lending branch that acts as a commercial lender to Canadian companies. Its head office is located in Calgary, Alberta.

4. From time to time, a customer of the Filer (a **US Customer**) may ask the Filer to enter into an OTC Derivative transaction with an affiliate of the US Customer that is resident, or otherwise located, in Canada (a **Canadian Affiliate**) or it may refer the Canadian Affiliate to the Filer for such purpose.

5. If a customer of Canada Branch (a **Canadian Customer**) expresses an interest in entering into an OTC Derivative transaction, Canada Branch refers the Canadian Customer to the Filer. Canada Branch does not actively market or introduce specific OTC Derivative transactions to Canadian Customers and it does not become a party to, or negotiate the terms and conditions of, any OTC Derivative transactions.

6. Once a Canadian Customer has been referred to the Filer by Canada Branch for the purpose of engaging in an OTC Derivative transaction, the Filer assumes responsibility for structuring, and negotiating the terms and conditions of, the transaction; the conduct of all related communications with the Canadian Customer; and all back-office functions such as the legal, accounting, tax, record-keeping and research services that are required to support the OTC Derivative operations that the Filer conducts in the United States.

Proposed Conduct of OTC Derivative Transactions

7. The Filer proposes to enter into bilateral OTC Derivatives with counterparties located in all provinces and territories of Canada that consist exclusively of persons or companies that are Permitted Counterparties that are either US Customers, Canadian Affiliates of US Customers, or Canadian Customers that have been referred to the Filer by Canada Branch. The Underlying Interest of the OTC Derivatives that are entered into between the Filer and its Permitted Counterparties will consist of a commodity; an interest rate; a currency; a foreign exchange rate; a security; an economic indicator, an index; a basket; a benchmark; another variable; another OTC Derivative; or some relationship between, or combination of, one or more of the foregoing.

8. The Filer will not offer or provide credit or margin to any of its Permitted Counterparties.

9. The Filer seeks the Requested Relief as an interim, harmonized solution to the uncertainty and fragmentation that currently characterizes the regulation of OTC Derivatives across Canada, pending the development of a uniform framework for the regulation of OTC Derivative transactions in all provinces and territories of Canada.

Regulatory Uncertainty and Fragmentation associated with the Regulation of OTC Derivative Transactions in Canada

10. There has generally been a considerable amount of uncertainty respecting the regulation of OTC Derivative transactions as "securities" in the provinces and territories of Canada other than Quebec (the **Relevant Jurisdictions**).

11. In each of British Columbia, Alberta, Saskatchewan, Prince Edward Island and New Brunswick, and in each of the Yukon, the Northwest Territories and Nunavut, OTC Derivative transactions are regulated as securities on the basis that the definition of the term "security" in the securities legislation of each of these jurisdictions includes an express reference to a "futures contract" or a "derivative".

12. In each of Manitoba, Ontario, Nova Scotia and Newfoundland and Labrador, it is not certain whether, or in what circumstances, OTC Derivative transactions are "securities" because the definition of the term "security" in the securities legislation of each of these jurisdictions makes no express reference to a "futures contract" or a "derivative".

13. In October 2009, staff of the Ontario Securities Commission (the **OSC**) published OSC Staff Notice 91-702 *Offerings of Contracts for Difference and Foreign Exchange Contracts to Investors in Ontario* (**OSC Notice 91-702**). OSC Notice 91-702 states that OSC staff take the view that contracts for differences, foreign exchange contracts and similar OTC Derivative products, when offered to investors in Ontario, engage the purposes of the Act and constitute "investment contracts" and "securities" for the purposes of Ontario securities law. However, OSC Notice 91-702 also states that it is not intended to address direct or intermediated trading between institutions. OSC Notice 91-702 does not provide any additional guidance to the Filer on the extent to which OTC Derivative transactions between the Filer and Permitted Counterparties may be subject to Ontario securities law.

14. In Quebec, OTC Derivative transactions are subject to the Derivatives Act (Quebec), which sets out a comprehensive scheme for the regulation of derivative transactions that is distinct from Quebec's securities regulatory requirements.

15. In each of British Columbia, Alberta, Saskatchewan and New Brunswick (the **Blanket Order Jurisdictions**) and Quebec (collectively, the **OTC Exemption Jurisdictions**), OTC derivative transactions are generally not subject to securities or derivative regulatory requirements, pursuant to applicable exemptions (the **OTC Derivative Exemptions**), when they are negotiated, bi-lateral contracts that are entered into between sophisticated non-retail parties, referred to as "Qualified Parties" in the Blanket Order Jurisdictions and "accredited counterparties" in Quebec.

16. The corresponding OTC Derivative Exemptions are as follows:

British Columbia	Blanket Order 91-501 Over-the-Counter Derivatives
Alberta	ASC Blanket Order 91-505 Over-the-Counter Derivatives Transactions
Saskatchewan	General Order 91-907 Over-the-Counter Derivatives
Quebec	Section 7 of the Derivatives Act (Quebec)
New Brunswick	Local Rule 91-501 Derivatives

17. Before March 27, 2010, section 3.3 [*Accredited investor*] of National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**) provided an exemption from the dealer registration requirement for certain trades made to "accredited investors", which may have been relied upon by persons or companies entering into OTC Derivative transactions considered to be securities. However, in Ontario and Newfoundland and Labrador, this exemption was not available to most "market intermediaries" due to section 3.0 [*Removal of exemptions — market intermediaries*].

The Evolving Regulation of OTC Derivative Transactions as Derivatives

18. Each of the OTC Exemption Jurisdictions has sought to address the regulatory uncertainty associated with the regulation of OTC Derivative transactions as securities by regulating them as derivatives rather than securities, whether directly through the adoption of a distinct regulatory framework for derivatives in Quebec, or indirectly through amendments to the definition of the term "security" in the securities legislation of the other OTC Exemption Jurisdictions and the granting of the OTC Derivative Exemptions.

19. Between 1994 and 2000, the OSC sought to achieve a similar objective by introducing proposed OSC Rule 91-504 *Over-the-Counter Derivatives* (the **Proposed OSC Rule**) for the purpose of establishing a uniform, clearly defined regulatory framework for the conduct of OTC derivative transactions in Ontario, but the Proposed OSC Rule was returned to the OSC for further consideration by Ontario's Minister of Finance in November, 2000.

20. The Final Report of the Ontario Commodity Futures Act Advisory Committee published in January, 2007 concluded that OTC Derivative contracts are not suited to being regulated in accordance with traditional securities regulatory requirements and should therefore be excluded from the scope of securities legislation, because they are used for commercial-risk management purposes and not for investment or capital-raising purposes.

21. Ontario has now established a framework for regulating the trading of derivatives in Ontario (the *Ontario Derivatives Framework*) through amendments to the Ontario Act that were made by the *Helping Ontario Families and Managing Responsibility Act, 2010* (Ontario).

22. The amendments to the Ontario Act establishing the Ontario Derivatives Framework will not become effective until the date on which they are proclaimed in force. These amendments are not expected to be proclaimed in force until an ongoing public consultation on the regulation of OTC Derivatives has been completed.

Rationale for Requested Relief

23. The Requested Relief would substantially address, for the Filer and its Permitted Counterparties, the regulatory uncertainty and fragmentation that is currently associated with the regulation of OTC Derivative transactions in Canada, by permitting these parties to enter into OTC Derivative transactions in reliance upon exemptions from the dealer registration and prospectus requirements of the securities legislation of each Relevant Jurisdiction that are comparable to the OTC Derivative Exemptions.

Books and Records

24. The Filer will become a “market participant” as a consequence of this decision. For the purposes of the Ontario Act, and as a market participant, the Filer is required by subsection 19(1) of the Ontario Act to: (i) keep such books, records and other documents as are necessary for the proper recording of its business transactions and financial affairs, and the transactions that it executes on behalf of others; and (ii) keep such books, records and documents as may otherwise be required under Ontario securities law.

25. For the purposes of its compliance with subsection 19(1) of the Act, the books and records that the Filer will keep will include books and records that:

    (a) demonstrate the extent of the Filer's compliance with applicable requirements of securities legislation;

    (b) demonstrate compliance with the policies and procedures of the Filer for establishing a system of controls and supervision sufficient to provide reasonable assurance that the Filer, and each individual acting on its behalf, complies with securities legislation;

    (c) identify all OTC Derivatives transactions conducted on behalf of the Filer and each of its clients, including the name and address of all parties to the transaction and its terms; and

    (d) set out for each OTC Derivatives transaction entered into by the Filer, information corresponding to that which would be required to be included in an exempt distribution report for the transaction, if the transaction were entered into by the Filer in reliance upon the “accredited investor” prospectus exemption in section 2.3 [*Accredited investor*] of NI 45-106.

Decision

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

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

    (a) the counterparty to any OTC Derivative transaction that is entered into by the Filer is a Permitted Counterparty;

    (b) in the case of any trade made by the Filer to a Permitted Counterparty, the Filer does not offer or provide any credit or margin to the Permitted Counterparty; and

    (c) the Requested Relief shall terminate on the date that is the earlier of:

        (i) the date that is four years after the date of this decision; and

(ii) the coming into force in the Jurisdiction of legislation or a rule that specifically governs dealer, adviser or other registration requirements applicable to market participants in connection with OTC Derivative transactions.

"Sarah Kavanagh"
Commissioner
Ontario Securities Commission

"Paulette Kennedy"
Commissioner
Ontario Securities Commission

Appendix

Definitions

"Clearing Corporation" means an association or organization through which Options or futures contracts are cleared and settled.

"Contract for Differences" means an agreement, other than an Option, a Forward Contract, a spot currency contract or a conventional floating rate debt security, that provides for

(a) an exchange of principal amounts; or

(b) the obligation or right to make or receive a cash payment based upon the value, level or price, or on relative changes or movements of the value, level or price of, an Underlying Interest

"Forward Contract" means an agreement, not entered into or traded on or through an organized market, stock exchange or futures exchange and cleared by a Clearing Corporation, to do one or more of the following on terms or at a price established by or determinable by reference to the agreement and at or by a time established by or determinable by reference to the agreement:

(a) make or take delivery of the Underlying Interest of the agreement; or

(b) settle in cash instead of delivery.

"Option" means an agreement that provides the holder with the right, but not the obligation, to do one or more of the following on terms or at a price determinable by reference to the agreement at or by a time established by the agreement:

(a) receive an amount of cash determinable by reference to a specified quantity of the Underlying Interest of the Option.

(b) purchase a specified quantity of the Underlying Interest of the Option.

(c) sell a specified quantity of the Underlying Interest of the Option.

"OTC Derivative" means one or more of, or any combination of, an Option, a Forward Contract, a Contract for Differences or any instrument of a type commonly considered to be a derivative, in which:

(a) the agreement relating to, and the material economic terms of, the Option, Forward Contract, Contract for Differences or other instrument have been customized to the purposes of the parties to the agreement and the agreement is not part of a fungible class of agreements that are standardized as to their material economic terms;

(b) the creditworthiness of a party having an obligation under the agreement would be a material consideration in entering into or determining the terms of the agreement; and

(c) the agreement is not entered into or traded on or through an organized market, stock exchange or futures exchange.

"Underlying Interest" means, for a derivative, the commodity, interest rate, currency, foreign exchange rate, security, economic indicator, index, basket, benchmark or other variable, or another derivative, and, if applicable, any relationship between, or combination of, any of the foregoing, from or on which the market price, value or payment obligations of the derivative are derived or based.

2.1.6 NOVA Chemicals Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – issuer deemed to be no longer 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: NOVA Chemicals Corporation, Re, 2013 ABASC 80

March 1, 2013

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

AND

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

AND

IN THE MATTER OF
NOVA CHEMICALS CORPORATION
(the Filer)

DECISION

Background

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

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

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

(b) this 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 herein.

Representations

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

1. The Filer is a corporation continued under the *Business Corporations Act* (New Brunswick).

2. The registered office of the Filer is located in New Brunswick and its head office is located in Calgary, Alberta.

3. The Filer is currently a reporting issuer in each of the Jurisdictions.

4. The authorized capital of the Filer consists of an unlimited number of common shares, first preferred shares and second preferred shares.

5. On July 6, 2009, International Petroleum Investment Company (**IPIC**), a company wholly-owned by the Government of the Emirate of Abu Dhabi, through its wholly-owned subsidiary, acquired all of the issued and outstanding common shares of the Filer (the **Transaction**).

6. As a result of the Transaction, IPIC beneficially owns and controls all of the issued and outstanding common shares of the Filer, being 141,494,222 common shares. There are no first preferred shares or second preferred shares outstanding.

7. Following the Transaction, the common shares of the Filer were de-listed from the Toronto Stock Exchange and the New York Stock Exchange.

8. As of February 13, 2013, the Filer has the following debt securities outstanding:

   (a) US$350 million principal amount of 8.375% senior notes maturing 2016 (**2016 Notes**);

   (b) US$350 million principal amount of 8.625% senior notes maturing 2019 (**2019 Notes**); and

   (c) US$100 million principal amount of 7.85% debentures maturing 2025 (**2025 Debentures**).

   The 2016 Notes and the 2019 Notes are collectively referred to as the **Debt Securities**.

9. The Filer has provided notice to the trustee under the indenture for the 2025 Debentures that it will

redeem the entire principal amount of the 2025 Debentures on March 15, 2013.

10. The Filer initially issued the notes and debentures described in paragraph 8 in the United States in private placements and in Canada on a private placement basis pursuant to available prospectus exemptions under the securities legislation of each of the Jurisdictions. The Filer has not publicly offered the Debt Securities in the United States or Canada.

11. The Filer will provide to its holders of Debt Securities in Canada all disclosure material that is required to be provided to holders under the trust indentures governing the Debt Securities. There is no obligation under the trust indentures for the Filer to maintain its status as a reporting issuer or equivalent in any of the Jurisdictions.

12. The Filer retained Broadridge Financial Services Inc. (**Broadridge**) to prepare geographical analysis reports (**Geographic Reports**) providing a numerical breakdown of beneficial holders of the Debt Securities. Broadridge reported that, as of November 2, 2012, the Debt Securities were held in Canada as follows:

    (a) US$10,000 principal amount of 2016 Notes were held by 1 holder in Alberta and US$8,213,000 principal amount of 2016 Notes were held by 7 holders in Ontario; and

    (b) US$36,688,000 principal amount of 2019 Notes were held by 17 holders in Ontario.

13. On January 17, 2013 Broadridge determined that, due to overlap among holders identified in the Geographic Reports, there are in fact only 10 holders of Debt Securities in Ontario and 1 holder of Debt Securities in Alberta.

14. As such, the outstanding securities, including debt securities of the Filer, are beneficially owned, directly or indirectly, by fewer than 51 security holders in total in Canada and by fewer than 15 security holders in each Jurisdiction.

15. Broadridge has advised that there is one beneficial holder in Ontario who holds US$32,208,000 principal amount of the 2019 Notes (the **2019 Significant Holder**) and one beneficial holder in Ontario who holds $3,615,000 principal amount of the 2016 Notes (the **2016 Significant Holder**).

16. Based upon the inquiries of the Filer described above, the Filer has concluded that residents of Canada:

    (a) directly or indirectly beneficially own less than 2% (excluding the 2016 Significant Holder) of the outstanding principal amount of 2016 Notes and less than 2% of the outstanding principal amount of 2019 Notes (excluding the 2019 Significant Holder) worldwide, respectively; and

    (b) directly or indirectly comprise less than 2% of the total number of security holders of the Filer worldwide.

17. The Filer is applying for a decision under the Legislation that the Filer is not a reporting issuer in all of the Jurisdictions.

18. The Filer's securities, including debt securities are not traded in Canada or another 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.

19. The Filer is not in default of any securities legislation in any of the Jurisdictions.

20. The Filer has no plans to seek public financing by way of an offering of securities to the public in Canada.

21. There is currently no market in Canada for the Filer's securities, and no market is expected to develop. In the preceding 12 months, the Filer has not taken any steps that indicate there is a market for its securities in Canada.

22. The issuer will provide advance notice to Canadian resident securityholders in a news release that it has applied to securities regulatory authorities for a decision that it is not a reporting issuer in Canada, and if that decision is made, the issuer will no longer be a reporting issuer in any jurisdiction.

23. 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* as the outstanding securities of the Filer are beneficially owned, directly or indirectly, by more than 50 security holders worldwide.

24. 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 and it had greater the 51 security holders worldwide.

25. If the Exemptive Relief Sought is granted, the Filer will no longer be a reporting issuer or the equivalent thereof in any jurisdiction in Canada.

Decision

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

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

"Blaine Young"
Associate Director, Corporate Finance

2.2 Orders

2.2.1 Peter Sbaraglia

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

AND

IN THE MATTER OF
PETER SBARAGLIA

ORDER

WHEREAS on February 24, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in relation to a Statement of Allegations filed by Staff of the Commission ("Staff") on February 24, 2011 with respect to Peter Sbaraglia ("Sbaraglia");

AND WHEREAS Sbaraglia entered into a Settlement Agreement dated March 4, 2013, (the "Settlement Agreement") in relation to the matters set out in the Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated March 4, 2013, setting out that it proposed to consider the Settlement Agreement;

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

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

IT IS HEREBY ORDERED THAT:

(a) The settlement agreement is approved.

(b) Pursuant to clause 2 and 2.1 of subsection 127(1) of the Act, that the acquisition of and trading in any securities by the Respondent shall permanently cease, with the exception that the Respondent shall be permitted to acquire and trade securities for the account of his registered retirement savings plans as defined in the *Income Tax Act*, R.S.C. 1985, c. 1, as amended (the "*Income Tax Act*"), 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 (a) any "exchange-traded security" or "foreign exchange-traded security" within the meaning of National Instrument 21-101 provided that he does not own beneficially or exercise control or direction over more than 5 percent of the voting or equity securities of the issuer(s) of any such securities, or (b) any security issued by a mutual fund that is a reporting issuer.

(c) The Respondent shall not provide monies to his spouse for the purpose of acquiring or trading in any securities.

(d) Any exemptions contained in Ontario securities law shall permanently not apply to the Respondent.

(e) The Respondent shall be reprimanded.

(f) The Respondent shall immediately resign from any position he holds as a director or officer of any issuer, except CO and Dr. Sbaraglia Professional Dentistry Corporation.

(g) The Respondent shall permanently be prohibited from becoming or acting as a director or officer of any issuer.

(h) The Respondent shall permanently be prohibited from becoming or acting as a director or officer of a registrant.

(i) The Respondent shall permanently be prohibited from becoming or acting as a director or officer of an investment fund manager.

(j) The Respondent shall permanently be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter.

Dated at Toronto, Ontario this 5th day of March, 2013.

“Alan J. Lenczner”

2.2.2 International Strategic Investments et al.

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

AND

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

ORDER

WHEREAS on March 6, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") (the "Notice of Hearing") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 5, 2012, to consider whether it is in the public interest to make certain orders as against International Strategic Investments, International Strategic Investments Inc., (collectively, "ISI"), Nazim Gillani ("Gillani"), Ryan J. Driscoll ("Driscoll") and Somin Holdings Inc. ("Somin");

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

AND WHEREAS on April 3, 2012 counsel for ISI and Gillani and counsel for Driscoll appeared and made submissions;

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

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

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

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

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

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

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

AND WHEREAS on April 30, 2012, the Commission was satisfied that Somin had been served and accepted Staff's undertaking for future service;

AND WHEREAS on June 6, 2012, a confidential pre-hearing conference was held and Staff, counsel for Gillani and counsel for Driscoll appeared and made submissions and no one appeared on behalf of Somin or ISI;

AND WHEREAS on June 6, 2012, Staff agreed to continue to serve Somin through David F. Munro and Nazim Gillani personally;

AND WHEREAS on June 6, 2012, the Commission ordered that the confidential pre-hearing conference be adjourned to August 20, 2012;

AND WHEREAS on August 20, 2012, a confidential pre-hearing conference was held and Staff, counsel for Gillani and counsel for Driscoll appeared and made submissions and no one appeared on behalf of Somin or ISI;

AND WHEREAS on August 20, 2012, the Commission ordered that the confidential pre-hearing conference be adjourned to October 9, 2012;

AND WHEREAS on October 9, 2012, a confidential pre-hearing conference was held and Staff, counsel for Gillani and counsel for Driscoll appeared and made submissions and no one appeared on behalf of Somin or ISI;

AND WHEREAS on October 9, 2012, the Commission ordered that the confidential pre-hearing conference be adjourned to November 20, 2012;

AND WHEREAS on November 20, 2012, the Commission was not available to hold the confidential pre-hearing conference, Staff, counsel for Gillani and counsel for Driscoll consented via email to adjourning the confidential pre-hearing conference to December 3, 2012 and no one responded on behalf of Somin or ISI although duly notified via email;

AND WHEREAS on November 20, 2012, the Commission ordered that the confidential pre-hearing conference be adjourned to December 3, 2012;

AND WHEREAS on December 3, 2012, a confidential pre-hearing conference was held and Staff, counsel for Gillani and International Strategic Investments Inc. and counsel for Driscoll appeared and made

submissions and no one appeared on behalf of Somin or International Strategic Investments;

AND WHEREAS on December 3, 2012, the Commission ordered that the confidential pre-hearing conference be adjourned to January 16, 2013;

AND WHEREAS on January 16, 2013, a confidential pre-hearing conference was held and Staff, Gillani appearing on his own behalf and on behalf of ISI, and counsel for Driscoll appeared and made submissions and no one appeared on behalf of Somin;

AND WHEREAS on January 16, 2013, the Commission ordered that the confidential pre-hearing conference be adjourned to March 5, 2013;

AND WHEREAS on March 5, 2013, a confidential pre-hearing conference was held and Staff, counsel for Gillani and ISI, and counsel for Driscoll appeared and made submissions and no one appeared on behalf of Somin;

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

IT IS ORDERED that the confidential pre-hearing conference will continue on November 27, 2013 at 10:00 a.m.

IT IS FURTHER ORDERED that the hearing on the merits shall commence on January 13, 2014 and shall continue to February 21, 2014, with the exception that the hearing on the merits will not sit on January 14, 28, February 11 and 17, 2014, or on such further or other dates as may be agreed to by the parties and set by the Office of the Secretary.

DATED at Toronto this 5th day of March, 2013.

"Edward P. Kerwin"

2.2.3 Firestar Capital Management Corp. et al.

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

AND

IN THE MATTER OF
FIRESTAR CAPITAL MANAGEMENT CORP.,
KAMPOSSE FINANCIAL CORP.,
FIRESTAR INVESTMENT MANAGEMENT GROUP,
MICHAEL CIAVARELLA AND MICHAEL MITTON

ORDER

WHEREAS on December 10, 2004, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the Securities Act, R.S.O. 1990, c. S.5, as amended to consider whether it is in the public interest to extend the Temporary Orders made on December 10, 2004 ordering that trading in shares of Pender International Inc. by Firestar Capital Management Corp. ("Firestar Capital"), Kamposse Financial Corp. ("Kamposse"), Firestar Investment Management Group ("Firestar Investment"), Michael Mitton ("Mitton"), and Michael Ciavarella ("Ciaverella") (collectively, the "Respondents") cease until further order by the Commission (the "Temporary Orders");

AND WHEREAS on December 17, 2004, the Commission ordered that the hearing to consider whether to extend the Temporary Orders should be adjourned until February 4, 2005 and the Temporary Orders continued until that date;

AND WHEREAS on December 17, 2004, the Commission ordered that the Temporary Order against Michael Mitton should also be expanded such that Michael Mitton shall not trade in any securities in Ontario until the hearing on February 4, 2005;

AND WHEREAS a Notice of Hearing pursuant to sections 127 and 127.1 of the Act was issued on December 21, 2004 and a Statement of Allegations in this matter was filed by Staff of the Commission ("Staff") on December 21, 2004;

AND WHEREAS on February 2, 2005, the hearing to consider whether to continue the Temporary Orders was adjourned until May 26, 2005 and the Temporary Orders were continued until May 26, 2005;

AND WHEREAS on March 9, 2005, the hearing to consider whether to continue the Temporary Orders was adjourned until June 29 and 30, 2005 and the Temporary Orders were continued until June 30, 2005;

AND WHEREAS on June 29, 2005, the hearing to consider whether to continue the Temporary Orders was adjourned until November 23 and 24, 2005 and the Temporary Orders were continued until November 24, 2005;

AND WHEREAS on November 21, 2005, the hearing to consider whether to continue the Temporary Orders was adjourned until January 30 and 31, 2006 and the Temporary Orders were continued until January 31, 2006;

AND WHEREAS on January 30, 2006, the hearing to consider whether to continue the Temporary Orders was adjourned until July 31, 2006 and the Temporary Orders were continued until July 31, 2006;

AND WHEREAS on July 31, 2006, the hearing to consider whether to continue the Temporary Orders was adjourned until October 12, 2006 and the Temporary Orders were continued until October 12, 2006;

AND WHEREAS Ciavarella and Mitton were charged on September 26, 2006 under the Criminal Code with offences of fraud, conspiracy to commit fraud, laundering the proceeds of crime, possession of proceeds of crime and extortion for acts related to this matter;

AND WHEREAS on October 12, 2006, the hearing to consider whether to continue the Temporary Orders was adjourned until October 12, 2007 and the Temporary Orders were continued until October 12, 2007;

AND WHEREAS Staff advised that on March 22, 2007, Mitton was convicted of numerous charges under the Criminal Code and sentenced to a term of imprisonment of seven years;

AND WHEREAS on October 12, 2007, the hearing to consider whether to continue the Temporary Orders was adjourned until March 31, 2008 and the Temporary Orders were continued until March 31, 2008;

AND WHEREAS on March 31, 2008, the hearing to consider whether to continue the Temporary Orders was adjourned until June 2, 2008 and the Temporary Orders were continued until June 2, 2008;

AND WHEREAS on June 2, 2008, the hearing to consider whether to continue the Temporary Orders was adjourned until December 1, 2008 and the Temporary Orders were continued until December 1, 2008;

AND WHEREAS on December 1, 2008, the hearing to consider whether to continue the Temporary Orders was adjourned until January 11, 2010 and the Temporary Orders were continued until January 11, 2010;

AND WHEREAS on January 11, 2010, the hearing to consider whether to continue the Temporary Orders was adjourned until March 7, 2011 and the Temporary Orders were continued until March 8, 2011;

AND WHEREAS on March 7, 2011, the hearing to consider whether to continue the Temporary Orders was adjourned until April 26, 2011 and the Temporary Orders were continued until April 27, 2011;

AND WHEREAS on April 26, 2011, the hearing to consider whether to continue the Temporary Orders was adjourned until May 31, 2011 and the Temporary Orders were continued until June 1, 2011;

AND WHEREAS on May 17, 2011, a settlement agreement in this matter between Staff and Ciavarella was approved by the Commission;

AND WHEREAS Staff advised that on May 18, 2011, the Criminal Code charges against Ciavarella before the Superior Court of Justice (Ontario) were stayed;

AND WHEREAS on May 31, 2011, Staff appeared before the Commission and no one appeared for any of the remaining Respondents;

AND WHEREAS on May 31, 2011, the Temporary Orders were continued against the remaining Respondents until July 28, 2011 and the hearing to consider whether to continue the Temporary Orders was adjourned until July 27, 2011;

AND WHEREAS on July 27, 2011, Staff appeared before the Commission and no one appeared for any of the remaining Respondents;

AND WHEREAS on July 27, 2011 Staff requested that the hearing be adjourned for one month for the purpose of exploring settlement with certain Respondents;

AND WHEREAS on July 27, 2011, the Commission ordered that the Temporary Orders in place as against Firestar Capital, Kamposse, Firestar Investment, and Mitton be further continued until August 30, 2011 and the hearing to consider whether to continue the Temporary Orders be adjourned to August 29, 2011;

AND WHEREAS on August 29, 2011, Staff and counsel for Firestar Capital and Firestar Investment appeared before the Commission and no one appeared on behalf of the other remaining Respondents;

AND WHEREAS the Commission was satisfied that Staff took reasonable efforts to serve the remaining Respondents with notice of the August 29, 2011 hearing;

AND WHEREAS on August 29, 2011, counsel for Firestar Capital and Firestar Investment advised the Panel that he had only recently been retained and requested additional time to consider his client's position and Staff did not oppose a short adjournment;

AND WHEREAS on August 29, 2011, the Commission ordered that the Temporary Orders in place as against Firestar Capital, Kamposse, Firestar Investment and Mitton be further continued until October 4, 2011 and the hearing to consider whether to continue the Temporary Orders be adjourned to October 3, 2011;

AND WHEREAS on October 3, 2011, Staff and counsel for Firestar Capital and Firestar Investment

appeared before the Commission and no one appeared on behalf of the other remaining Respondents;

AND WHEREAS the Commission was satisfied that Staff took reasonable efforts to serve the remaining Respondents with notice of the October 3, 2011 hearing;

AND WHEREAS on October 3, 2011, Staff requested that the hearing be adjourned to November 23, 2011, for the purpose of continuing to explore settlement with certain Respondents;

AND WHEREAS on October 3, 2011, the Commission ordered that the Temporary Orders in place as against Firestar Capital, Kamposse, Firestar Investment and Mitton be further continued until November 24, 2011, and the hearing to consider whether to continue the Temporary Orders be adjourned to November 23, 2011;

AND WHEREAS on November 23, 2011, Staff and counsel for Firestar Capital and Firestar Investment appeared before the Commission and no one appeared on behalf of the remaining Respondents;

AND WHEREAS the Commission was satisfied that Staff took reasonable efforts to serve the remaining Respondents with notice of the November 23, 2011 hearing;

AND WHEREAS on November 23, 2011, the Commission ordered that the Temporary Orders in place as against Firestar Capital, Kamposse, Firestar Investment and Mitton be further continued until January 31, 2012, and the hearing to consider whether to continue the Temporary Orders be adjourned to January 30, 2012;

AND WHEREAS on December 9, 2011, a settlement agreement between Staff and Mitton was approved by the Commission;

AND WHEREAS on January 30, 2012, Staff appeared before the Commission and no one appeared on behalf of the remaining Respondents;

AND WHEREAS the Commission was satisfied that Staff took reasonable efforts to serve the remaining Respondents with notice of the January 30, 2012 hearing;

AND WHEREAS on January 30, 2012, the Commission ordered that that the hearing be adjourned to March 29, 2012 at 10:00 a.m. for the purposes of a pre-hearing conference and that the Temporary Orders in place as against Firestar Capital, Kamposse, and Firestar Investment be further continued until March 30, 2012;

AND WHEREAS on March 29, 2012, Staff and counsel to Firestar Capital and Firestar Investment appeared and commenced the pre-hearing conference and no one appeared on behalf of Kamposse;

AND WHEREAS on March 29, 2012, the Commission ordered that that the hearing be adjourned to June 20, 2012 at 9:00 a.m. for the purposes of continuing the confidential pre-hearing conference and that the Temporary Orders currently in place as against Firestar Capital, Kamposse, and Firestar Investment be further continued until June 21, 2012;

AND WHEREAS on June 20, 2012, Staff and counsel to Firestar Capital and Firestar Investment appeared and continued the pre-hearing conference, but no one appeared on behalf of Kamposse;

AND WHEREAS on June 20, 2012, Staff requested that the Temporary Orders as against Firestar Capital, Kamposse, and Firestar Investment be extended, which was opposed by counsel to Firestar Capital and Firestar Investment;

AND WHEREAS on June 20, 2012, the Commission ordered that that the hearing be adjourned to August 15, 2012 for the purpose of continuing the confidential pre-hearing conference and that the Temporary Orders currently in place as against Firestar Capital, Kamposse, and Firestar Investment be further continued until August 16, 2012;

AND WHEREAS on August 15, 2012, Staff and counsel to Firestar Capital and Firestar Investment appeared and continued the pre-hearing conference, but no one appeared on behalf of Kamposse;

AND WHEREAS on August 15, 2012, Staff requested that the Temporary Orders as against Firestar Capital, Kamposse, and Firestar Investment be extended, which was opposed by counsel to Firestar Capital and Firestar Investment;

AND WHEREAS on August 15, 2012, the Commission ordered that that the hearing be adjourned to October 18, 2012 for the purpose of continuing the confidential pre-hearing conference and that the Temporary Orders currently in place as against Firestar Capital, Kamposse, and Firestar Investment be further continued until October 22, 2012;

AND WHEREAS on October 18, 2012, Staff and counsel to Firestar Capital and Firestar Investment appeared and continued the pre-hearing conference, but no one appeared on behalf of Kamposse;

AND WHEREAS on October 18, 2012, Staff requested that the Temporary Orders as against Firestar Capital, Kamposse, and Firestar Investment be extended, which was opposed by counsel to Firestar Capital and Firestar Investment;

AND WHEREAS on October 18, 2012, the Commission ordered that the hearing be adjourned to January 17, 2013 for the purpose of continuing the confidential pre-hearing conference, that the Temporary Orders currently in place as against Firestar Capital, Kamposse, and Firestar Investment be further continued until January 18, 2013 or until further order of the Commission and that a public hearing will be held following the continuation of the confidential pre-hearing conference

on January 17, 2013 to consider whether to continue the Temporary Orders currently in place as against Firestar Capital, Kamposse, and Firestar Investment;

AND WHEREAS on January 17, 2013, Staff and counsel to Firestar Capital and Firestar Investment appeared and continued the pre-hearing conference, but no one appeared on behalf of Kamposse;

AND WHEREAS on January 17, 2013, Staff requested that the Temporary Orders as against Firestar Capital, Kamposse, and Firestar Investment be extended, which was opposed by counsel to Firestar Capital and Firestar Investment;

AND WHEREAS on January 17, 2013, the Commission ordered that the hearing be adjourned to February 21, 2013 for the purpose of continuing the confidential pre-hearing conference, that the Temporary Orders currently in place as against Firestar Capital, Kamposse, and Firestar Investment be further continued until February 22, 2013 or until further order of the Commission and that a public hearing will be held following the continuation of the confidential pre-hearing conference on February 21, 2013 to consider whether to continue the Temporary Orders currently in place as against Firestar Capital, Kamposse, and Firestar Investment;

AND WHEREAS on February 21, 2013, Staff and counsel to Firestar Capital and Firestar Investment appeared and continued the pre-hearing conference, but no one appeared on behalf of Kamposse;

AND WHEREAS on February 21, 2013, Staff requested that the Temporary Orders as against Firestar Capital, Kamposse, and Firestar Investment be extended to March 5, 2013, which was not opposed by counsel to Firestar Capital and Firestar Investment;

AND WHEREAS Staff agreed to make written submissions by end of business day on February 26, 2013 and counsel for Firestar Capital and Firestar Investment agreed to respond by 12:00 p.m. on March 1, 2013;

AND WHEREAS on February 21, 2013, the Commission ordered that the Temporary Orders currently in place as against Firestar Capital, Kamposse, and Firestar Investment be further continued until March 5, 2013, or until further order of the Commission and that a public hearing will be held on March 4, 2013 to consider whether to continue the Temporary Orders currently in place as against Firestar Capital, Kamposse, and Firestar Investment;

AND WHEREAS on March 4, 2013, Staff and counsel to Firestar Capital and Firestar Investment appeared and made submissions, but no one appeared on behalf of Kamposse;

AND WHEREAS Staff presented a Notice of Withdrawal, dated February 21, 2013, to be filed as of March 4, 2013, withdrawing the Statement of Allegations, dated December 21, 2004, with respect to Firestar Capital, Kamposse, and Firestar Investment;

AND WHEREAS counsel to Firestar Capital and Firestar Investment requested that the Temporary Orders currently in place as against Firestar Capital, Kamposse, and Firestar Investment be vacated and Staff did not oppose vacating the Temporary Orders;

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

IT IS ORDERED that the Temporary Orders currently in place as against Firestar Capital, Kamposse, and Firestar Investment be vacated as of the conclusion of this hearing on March 4, 2013.

DATED at Toronto this 4th day of March, 2013.

"Edward P. Kerwin"

2.2.4 New Hudson Television LLC and James Dmitry Salganov – s. 127

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

AND

IN THE MATTER OF
NEW HUDSON TELEVISION LLC &
JAMES DMITRY SALGANOV

ORDER
(Section 127 of the Securities Act)

WHEREAS on June 8, 2011, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering: that all trading in New Hudson Television Corporation ("NHTV Corp.") securities and New Hudson Television L.L.C. ("NHTV LLC") securities shall cease; that NHTV Corp. and NHTV LLC and their representatives cease trading in all securities; and that any exemptions contained in Ontario securities law do not apply to NHTV Corp. and NHTV LLC (the "Temporary Order");

AND WHEREAS on June 22, 2011 it was ordered that:

(i) the Temporary Order was amended to provide that pursuant to clause 2 of subsection 127(1) of the Act, James Dmitry Salganov shall cease trading in securities of NHTV Corp. and NHTV LLC;

(ii) pursuant to subsection 127(8) of the Act, the Temporary Order as amended by (i), above (the "Amended Temporary Order") was extended to December 20, 2011; and,

(iii) the hearing to consider any further extension of the Amended Temporary Order would be held on December 19, 2011 at 9:00 a.m.;

AND WHEREAS the Amended Temporary Order was further extended by orders dated December 19, 2011 and June 22, 2012;

AND WHEREAS on October 9, 2012, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Act, accompanied by a Statement of Allegations dated October 9, 2012, issued by Staff with respect to New Hudson Television LLC and Dmitry James Salganov, hereafter known as James Dmitry Salganov:

AND WHEREAS the Notice of Hearing stated that a hearing would be held at the offices of the Commission on October 19, 2012;

AND WHEREAS on October 19, 2012, Staff confirmed the Commission had received the affidavit of Peaches A. Barnaby sworn October 17, 2012, which indicated that the Notice of Hearing and Statement of Allegations were served on all the Respondents;

AND WHEREAS on October 19, 2012, Staff appeared and Salganov participated via telephone conference and made submissions, and Staff requested that the matter be adjourned until December 20, 2012, for a status hearing;

AND WHEREAS on December 20, 2012, Staff appeared and Salganov appeared on his own behalf and on behalf of NHTV LLC and made submissions, and all parties requested that the status hearing be continued on March 5, 2013 at 10:00 a.m.;

AND WHEREAS on March 5, 2013, Staff appeared and Salganov appeared on his own behalf and on behalf of NHTV LLC and made submissions, and all parties requested that the status hearing be continued on April 9, 2013 at 3:00 p.m.;

IT IS HEREBY ORDERED that the status hearing shall continue on April 9, 2013 at 3:00 p.m. or such other date and time as set by the Office of the Secretary.

DATED at Toronto this 5th day of March, 2013.

"Mary G. Condon"

2.2.5 Ernst & Young LLP – ss. 127, 127.1

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

AND

IN THE MATTER OF
ERNST & YOUNG LLP

ORDER
(Sections 127 and 127.1)

WHEREAS on December 3, 2012 the Ontario Securities Commission (the "Commission") issued a Notice of Hearing in relation to a Statement of Allegations issued pursuant to section 127 of the *Securities Act*, R.S.O. c. S.5, as amended, with respect to Ernst & Young LLP (the "Respondent");

AND WHEREAS the Notice of Hearing stated that an initial hearing before the Commission would be held on January 7, 2013;

AND WHEREAS the Commission convened a hearing on January 7, 2013 and the matter was adjourned to a confidential pre-hearing conference on March 4, 2013;

AND WHEREAS a confidential pre-hearing conference was held on March 4, 2013 and both parties jointly requested that the matter be adjourned to a further confidential pre-hearing conference to be held on June 24, 2013;

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

IT IS HEREBY ORDERED that this matter is adjourned to a confidential pre-hearing conference to be held on June 24, 2013 at 10:00 a.m. or such other date and time as is agreed by the parties and set by the Office of the Secretary.

DATED at Toronto this 4th day of March, 2013.

"Mary G. Condon"

2.2.6 Children's Education Funds Inc.

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

AND

IN THE MATTER OF
CHILDREN'S EDUCATION FUNDS INC.

ORDER

WHEREAS on September 14, 2012, the Ontario Securities Commission (the "Commission") ordered pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5 as amended (the "Act") and with the consent of Children's Education Funds Inc. ("CEFI") that the terms and conditions (the "Terms and Conditions") set out in Schedule "A" to the Commission order dated September 14, 2012 be imposed on CEFI (the "Temporary Order");

AND WHEREAS on September 14, 2012, the Commission ordered that the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission and ordered that the matter be brought back before the Commission on September 26, 2012 at 10:00 a.m.;

AND WHEREAS on September 20, 2012, the Commission issued a Notice of Hearing pursuant to section 127 in respect of a hearing to be held on September 26, 2012 at 10:00 a.m. to consider whether, in the opinion of the Commission, it was in the public interest, pursuant to subsections 127(7) and (8) of the Act to extend the Temporary Order;

AND WHEREAS on September 26, 2012, Staff of the Commission ("Staff") filed with the Commission the Affidavit of Maria Carelli sworn September 18, 2012 in support of the extension of the Temporary Order;

AND WHEREAS on September 26, 2012, the Commission extended the Temporary Order against CEFI until December 7, 2012 and ordered that the matter be brought back before the Commission on December 6, 2012 at 10:00 a.m.;

AND WHEREAS the Terms and Conditions of the Temporary Order required CEFI to retain a consultant (the "Consultant") to prepare and assist CEFI in implementing plans to strengthen their compliance systems and to retain a monitor (the "Monitor") to review all applications of new clients and contact new clients as set out in the Terms and Conditions;

AND WHEREAS CEFI retained Compliance Support Services Inc. ("Compliance Support") as both its Monitor and its Consultant;

AND WHEREAS Compliance Support filed its Consultant's plan on October 2, 2012 and filed an addendum to the Consultant's plan with the OSC Manager on November 12, 2012;

AND WHEREAS on December 6, 2012, Staff filed an Affidavit of Lina Creta sworn December 3, 2012 setting out the monitoring and consulting work completed to date by Compliance Support;

AND WHEREAS on December 6, 2012, the Commission approved a revised monitoring regime which consisted of a review of a random sample of 50% of applications from new clients of CEFI with an income less than $50,000 and a random sample of 10% of applications from new clients with an income greater than $50,000 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, to contact the new client;

AND WHEREAS on December 6, 2012, the Temporary Order was extended to March 1, 2013 and adjourned the hearing to February 28, 2013 at 10:00 a.m. for the purpose of providing the Commission with an update on the work completed by the Monitor and the Consultant and to consider whether any changes were required to the Terms and Conditions;

AND WHEREAS on February 28, 2013, Staff and counsel for CEFI appeared and made submissions;

AND WHEREAS Staff has filed an Affidavit of Lina Creta sworn February 27, 2013 attaching the Progress reports and Monitor reports filed with Staff since December 1, 2012 and advising that Staff's investigation of CEFI is ongoing;

AND WHEREAS Staff requests that the Temporary Order be varied as provided by the Terms of this order and counsel for CEFI has advised that CEFI consents to the terms of the variation;

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

IT IS HEREBY ORDERED that:

1. Paragraph 5 of the Terms and Conditions as amended by Commission Order dated December 6, 2012 is deleted and replaced as follows:

   "5. 1 As of March 1, 2013, the Monitor will:

   (a) review a random sample of 30% of applications from New Clients of CEFI with an income less than or equal to $50,000;

   (b) review a random sample of 10% of applications from New Clients of CEFI with an income greater than $50,000;

   (c) review 30% of all New Client applications processed by Dealing Representatives that have become registered with CEFI within the last six months; and

   (d) review 100% of all New Client applications by Dealing Representatives: (i) with terms and conditions on their registration; and (ii) whom CEFI, the Monitor and/or the Consultant have identified as being of concern.

   5.2 If the Monitor has any concerns with the suitability of the investment based on the New Client applications reviewed under paragraph 5.1 then the Monitor will contact the New Client.";

2. The monitoring set out in paragraph 1 of this Order can be varied on the recommendation of Compliance Support and with the agreement of the OSC Manager as defined in the Terms and Conditions and the parties may seek direction from the Commission in the event that the parties are unable to agree on any future revisions to the monitoring regime;

3. The Temporary Order is extended to May 13, 2013;

4. The hearing is adjourned to May 10, 2013 at 10:00 a.m. for the purpose of providing the Commission with an update on the work completed by the Monitor and the Consultant.

DATED at Toronto this 28th day of February, 2013.

"James E. A. Turner"

2.2.7 JV Raleigh Superior Holdings Inc. et al. – Rules 9, 10 and 11 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
JV RALEIGH SUPERIOR HOLDINGS INC.,
MAISIE SMITH (also known as MAIZIE SMITH)
and INGRAM JEFFREY ESHUN

ORDER
(Rules 9, 10 and 11 of the Commission's Rules of Procedure, 35 O.S.C.B. 10071)

WHEREAS on February 22, 2013, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of JV Raleigh Superior Holdings Inc. ("JV Raleigh"), Maisie Smith (also known as Maizie Smith) ("Smith") and Ingram Jeffrey Eshun ("Eshun") (together, the "Respondents");

AND WHEREAS on February 15, 2013, Staff of the Commission ("Staff") filed a Statement of Allegations in respect of the same matter;

AND WHEREAS on March 6, 2013, the Commission considered the adjournment request of Eshun and heard an application by Staff to convert the matter to a written hearing, in accordance with Rule 11.5 of the Ontario Securities Commission *Rules of Procedure* (2012), 35 O.S.C.B. 10071 (the "*Rules of Procedure*"), and subsection 5.1(2) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended;

AND WHEREAS the Respondents did not appear, although properly served as evidenced by the affidavit of Lee Crann sworn February 28, 2013;

AND WHEREAS pursuant to Rule 9.2 of the *Rules of Procedure*, the Commission considered the relevant factors in deciding whether to grant an adjournment;

AND WHEREAS the Commission perceived no immediate threat to Ontario's capital markets and noted that Eshun has advised the Commission that he intends to retain counsel;

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

IT IS HEREBY ORDERED, without precluding Eshun or the other Respondents from objecting to a written hearing, that:

(a) Staff shall file material in respect of the hearing, and provide such material to the Respondents, no later than March 8, 2013;

(b) The Respondents shall advise the Commission whether or not they have retained counsel, and the name of such counsel, no later than April 8, 2013;

(c) Respondents' counsel, if any, shall advise the Commission whether or not the Respondents object to a written hearing, no later than April 8, 2013;

(d) If the Respondents do not object to a written hearing, the Respondents' responding materials, if any, shall be filed with the Commission and provided to all other parties no later than April 15, 2013; and

(e) If the Respondents do object to a written hearing, the Commission shall hold a hearing on April 15, 2013 at 9:00 a.m. to determine whether to continue the hearing as a written hearing pursuant to Rule 11 or as an oral hearing pursuant to Rule 10 of the *Rules of Procedure*.

DATED at Toronto this 6th day of March, 2013.

"Alan J. Lenczner"

2.2.8 Quadrexx Asset Management Inc. – ss. 127(1), 127(7), 127(8)

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

AND

**IN THE MATTER OF
QUADREXX ASSET MANAGEMENT INC.,
QUADREXX SECURED ASSETS INC.,
OFFSHORE OIL VESSEL SUPPLY SERVICES LP,
QUIBIK INCOME FUND AND
QUIBIK OPPORTUNITY FUND**

**ORDER
(Subsections 127(1), (7) and (8) of the Act)**

WHEREAS on February 6, 2013, the Ontario Securities Commission (the "Commission") issued a temporary order (the "Temporary Order") pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") with respect to Quadrexx Asset Management Inc. ("Quadrexx") and with respect to Quadrexx Secured Assets Inc. ("QSA"), Offshore Oil Vessel Supply Services LP ("OOVSS"), and Quibik Income Fund ("QIF") and Quibik Opportunity Fund ("QOF"), collectively the "Quadrexx Related Securities" ordering that:

1. Pursuant to paragraph 2 of subsection 127(1) of the Act that all trading in the securities of Quadrexx and Quadrexx Related Securities shall cease;

2. Pursuant to paragraph 1 of subsection 127(1) of the Act that the following terms and conditions apply to the registration of Quadrexx as an exempt market dealer ("EMD"):

   a) Quadrexx shall be entitled to trade only in securities that are not Quadrexx and Quadrexx Related Securities;

   b) before trading with or on behalf of any client after the date hereof, Quadrexx and any dealing representative shall (i) advise such client that Quadrexx has a working capital deficiency as at December 31, 2012, and (ii) deliver a copy of this Order to such client; and

   c) Quadrexx and any dealing representatives shall not accept any new clients or open any new client accounts of any kind;

3. Pursuant to paragraph 1 of subsection 127(1) of the Act that the following terms apply to the registration of Quadrexx as a portfolio manager ("PM") and as an investment fund manager ("IFM"):

   a) Quadrexx's activities as a portfolio manager and investment fund manager shall be applied exclusively to the Managed Accounts and to the Quadrexx Funds; and

   b) Quadrexx shall not accept any new clients or open any new client accounts of any kind; and

4. Pursuant to subsection 127(6) of the Act that the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS the investigation by Staff of the Commission is ongoing;

AND WHEREAS on February 6, 2013, Staff filed the affidavit of Yvonne Lo sworn February 1, 2013 and the affidavit of Susan Pawelek sworn February 1, 2013 in support of the Temporary Order and made oral submissions in support of the Temporary Order;

AND WHEREAS on February 6, 2013, counsel for the Respondents filed the affidavit of Ken Thomson, president of Universal Financial Corp. ("Universal") sworn February 6, 2013 and made oral submissions opposing Staff's request for the Temporary Order;

AND WHEREAS on February 6, 2013, Ken Thomson advised the Commission that Universal had signed a Letter of Intent ("LOI") dated February 6, 2013 with Quadrexx under which the Quadrexx's assets would be purchased in exchange for the assumption of Quadrexx's senior debentures in the principal amount of $900,000;

AND WHEREAS on February 16, 2013, Quadrexx delivered to Staff an updated Form 31-103F1 – *Calculation of Excess Working Capital* which indicated that Quadrexx had a working capital deficiency of $852,617 as at January 31, 2013;

AND WHEREAS on February 19, 2013, Ken Thomson advised the Commission that it is unlikely that Universal will proceed with the transaction contemplated in the LOI dated February 6, 2013;

AND WHEREAS on February 19, 2013, counsel for the Respondents advised the Commission that the Respondents are not opposed to the suspension of the registration of Quadrexx as an EMD and requested fourteen days before the suspension of Quadrexx as a PM and as an IFM in order to deal with the transfer of the managed accounts for which Quadrexx is the PM to another registrant and to consider options for the Quadrexx Related Securities which are currently subject to the Temporary Order;

AND WHEREAS on February 19, 2013, Staff filed the affidavit of Michael Ho sworn February 18, 2013

updating the Commission on Quadrexx's current working capital deficiency and providing details on information received from Quadrexx and Ken Thomson;

AND WHEREAS on February 19, 2013, the Commission ordered:

1. the registration of Quadrexx as an EMD be suspended immediately;

2. the portion of the Temporary Order attaching terms and conditions to the registration of Quadrexx as a PM and as an IFM be extended to March 7, 2013;

3. the portion of the Temporary Order ordering all trading to cease in the securities of Quadrexx and Quadrexx Related Securities be extended to March 7, 2013;

4. notice of the ongoing Commission proceeding, the two Commission orders, and the status of the clients' accounts be sent to all Quadrexx clients; and

5. the hearing be adjourned to March 6, 2013 at 10:00 a.m.;

AND WHEREAS on March 1, 2013, John Ormston of Ormston List Frawley LLP served and filed a Notice of Change of Solicitors replacing Blake, Cassels & Graydon LLP as counsel of record on behalf of the Respondents;

AND WHEREAS on March 4, 2013, Quadrexx provided notice of these proceedings to its EMD and PM clients in a form approved by Staff;

AND WHEREAS on March 6, 2013, Staff filed the affidavit of Oriole Burton sworn March 4, 2013 updating the Commission on the third LOI between Quadrexx and Universal dated February 26, 2013 and information received from Legacy Investment Management Inc. ("Legacy") on the proposal to transfer Quadrexx's assets to Legacy;

AND WHEREAS on March 5, 2013, Ken Thomson advised Staff that Legacy had withdrawn from the transaction proposed in the LOI dated February 26, 2013;

AND WHEREAS Staff and counsel for the Respondents have advised that discussions are ongoing with registrants to transfer the Quadrexx Managed Accounts to a new registrant;

AND WHEREAS Staff has advised that the proper name for QOF is Quibik Opportunities Fund and that the incorrect spelling of QOF appears in both the title of proceeding and in the Temporary Order and Staff will prepare an amended Notice of Hearing in this matter to reflect the correct spelling of QOF;

AND WHEREAS it appears to the Commission that Quadrexx has and will continue to have a capital deficient contrary to subsection 12.1(2) of NI 31-103 and may have engaged in conduct that is contrary to the Act;

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

IT IS HEREBY ORDERED pursuant to subsection 127(7) of the Act that the portion of the Temporary Order issued under paragraph 1 of subsection 127(1) attaching terms and conditions to the registration of Quadrexx as a PM and as an IFM is extended to March 29, 2013;

IT IS FURTHER ORDERED pursuant to subsection 127(8) of the Act that the portion of the Temporary Order issued under paragraph 2 of subsection 127(1) that ordered all trading to cease in the securities of Quadrexx and Quadrexx Related Securities is extended to March 29, 2013;

IT IS FURTHER ORDERED that the name of QOF in the Temporary Order be changed to "Quibik Opportunities Fund";

IT IS FURTHER ORDERED that the hearing to: (i) consider whether to suspend Quadrexx's registration as a PM and/or as an IFM; (ii) consider whether to further extend or vary any of the terms of the Temporary Order; (iii) review the proposed plan for winding down the Quadrexx Related Securities; and (iv) receive an update on the transfer of the Managed Accounts to a new registrant will proceed on March 28, 2013 at 2:00 p.m.

DATED at Toronto this 7th day of March, 2013.

"James E. A. Turner"

2.2.9 Mackenzie Financial Corporation et al. – ss. 78(1), 80 of the CFA

Headnote

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

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
MACKENZIE FINANCIAL CORPORATION

AND

EATON VANCE MANAGEMENT

AND

IVY INVESTMENT MANAGEMENT COMPANY
(a subsidiary of Waddell & Reed Financial Inc.)

AND

MACKENZIE INVESTMENTS PTE. LTD.
(a wholly owned subsidiary of Mackenzie Financial Corporation)

AND

RCM ASIA PACIFIC LIMITED

AND

SETANTA ASSET MANAGEMENT LIMITED

ORDER
(Subsection 78(1) and section 80 of the CFA)

UPON the application (the **Application**) of Mackenzie Financial Corporation (the **Principal Adviser**) and Eaton Vance Management, Ivy Investment Management Company, Mackenzie Investments Pte. Ltd., RCM Asia Pacific Limited and Setanta Asset Management Limited (each, a **Sub-Adviser**, and collectively the **Sub-Advisers**) to the Ontario Securities Commission (the **Commission**) for an order:

(a) pursuant to subsection 78(1) of the CFA, revoking the exemption order granted by the Commission to the Principal Adviser and the sub-advisers set out therein on March 18, 2008 (the **Previous Order**); and

(b) pursuant to section 80 of the CFA, that 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):

"Contract" has the meaning ascribed to that term in subsection 1(1) of the CFA;

"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 Advisers*;

"SEC" means the United States Securities and Exchange Commission; and

"U.S. Advisers Act" means the United States *Investment Advisers Act of 1940*.

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

1. The Principal Adviser is a corporation governed by the laws of Ontario with its head office located in Toronto, Ontario.

2. The Principal Adviser is registered:

   (a) under the OSA, as an adviser in the category of portfolio manager, as a dealer in the category of exempt market dealer, and as an investment fund manager; and

   (b) under the CFA as an adviser in the category of a commodity trading manager.

3. The Principal Adviser is also registered under the securities legislation in each Canadian province and territory as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer. It is also registered under the securities legislation of Québec and Newfoundland as an investment fund manager.

4. Each Sub-Adviser is organized under the laws of a jurisdiction other than Canada or the provinces or territories thereof. In particular, the Sub-Advisers are:

   (a) Eaton Vance Management, a Massachusetts Business Trust and which is registered with the U.S. Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940. Eaton Vance Management is also registered with the U.S. Commodity Futures Trading Commission as a commodity trading advisor under the Commodity Exchange Act. Eaton Vance Management's permitted activities pursuant to such registrations include being able to advise on Contracts.

   (b) Ivy Investment Management Company (a subsidiary of Waddell & Reed Financial, Inc.), a corporation organized under the laws of the State of Delaware, United States and which is registered with the SEC as an investment adviser under the U.S. Advisers Act. Ivy Investment Management Company is a commodity trading advisor under the Commodity Exchange Act but is exempt from registration with the U.S. Commodity Futures Trading Commission. As a commodity trading advisor, Ivy Investment Management Company is permitted to advise on Contracts.

   (c) Mackenzie Investments Pte. Ltd., a wholly owned subsidiary of the Principal Sub-Adviser and a corporation organized under the laws of Singapore and which is in the process of being registered with the Monetary Authority of Singapore for a capital markets services license for fund management. Mackenzie Investments Pte. Ltd.'s permitted activities pursuant to its capital markets services license will include being able to advise on Contracts.

   (d) RCM Asia Pacific Limited, a corporation organized under the laws of Hong Kong and which is licensed by The Securities and Futures Commission in Hong Kong to carry on portfolio management activities. RCM's permitted activities pursuant to its license with The Securities and Futures Commission in Hong Kong to carry on portfolio management include being able to advise on Contracts.

(e) Setanta Asset Management Limited, a corporation organized under the laws of Ireland and which is regulated by the Central Bank of Ireland to provide the services of portfolio management and the reception and transmission of orders in relation to one or more financial instruments. Setanta's permitted activities pursuant to its authority to provide the services of portfolio management and receive and transmit orders in relation to one or more financial instruments include being able to advise on Contracts.

5. None of the Sub-Advisers are registered in any capacity under the CFA and are not required to do so under the laws of their respective jurisdiction in order to engage in the Proposed Sub-Advisory Services (as defined below).

6. 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.

7. The Principal Adviser is the investment manager of and/or provides discretionary portfolio management services to (i) investment funds, the securities of which are qualified by prospectus for distribution to the public in Ontario and certain other provinces and territories of Canada (the **Investment Funds**); (ii) pooled funds, the securities of which are sold on a private placement basis in Ontario and certain other provinces and territories of Canada pursuant to prospectus exemptions contained in National Instrument 45-106 *Prospectus and Registration Exemptions* (the **Exempt Funds**); (iii) managed accounts of clients who have entered into investment management agreements with the Principal Adviser (the **Managed Accounts**); and (iv) other Investment Funds, Exempt Funds and Managed Accounts that may be established in the future in respect of which the Principal Adviser engages a Sub Adviser to provide portfolio advisory services (the **Future Clients**) (where each of the Investment Funds, Exempt Funds, Managed Accounts and Future Clients are referred to individually as a **Client** and collectively as the **Clients**).

8. The portfolio management services provided by the Principal Adviser to its Clients will include acting as an adviser with respect to both securities and Contracts where such investments are part of the investment program of such Clients.

9. In connection with the Principal Adviser acting as an adviser to Clients in respect of the purchase or sale of Contracts, the Principal Adviser has retained or will retain, pursuant to a written agreement made between the Principal Adviser and each Sub Adviser, each Sub Adviser to act as a sub-adviser to the Principal Adviser by exercising discretionary authority on behalf of the Principal Adviser, in respect of all or a portion of the assets of the investment portfolio of the respective Client, which may include discretionary authority to buy or sell Contracts for the Client (the **Proposed Sub-Advisory Services**), provided that:

(a) in each case, the Contracts must be cleared through an "acceptable clearing corporation" (as defined in National Instrument 81-102 *Mutual Funds*, or any successor thereto (**NI 81-102**)) or a clearing corporation that clears and settles transactions made on a futures exchange listed in Appendix A of NI 81-102; and

(b) such investments are consistent with the investment objectives and strategies of the applicable Client.

10. The written agreement between the Principal Adviser and each Sub Adviser sets out or will set out the obligations and duties of each party in connection with the Sub Advisory Services and permits the Principal Adviser to exercise the degree of supervision and control it is required to exercise over the Sub Adviser in respect of the Sub Advisory Services.

11. 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.

12. Mackenzie Investments Pte. Ltd. will not engage in any Proposed Sub-Advisory Services until registration with the Monetary Authority of Singapore for a capital markets services license for fund management has been granted.

13. 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.

14. The Principal Adviser will deliver to the Clients all applicable reports and statements under applicable securities, commodity futures and derivatives legislation.

15. 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.

16. 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.

17. 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.

18. The Principal Adviser and Sub-Advisers 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.

19. On March 18, 2008, the Commission granted the sub-advisers listed in the Previous Order an exemption from the CFA Adviser Registration Requirement when acting as an adviser for the Principal Adviser. The Previous Order is scheduled to expire on March 18, 2013.

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

IT IS ORDERED, pursuant to subsection 78(1) of the CFA, that the Previous Order is revoked; and

IT IS FURTHER 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) the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager;

(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 obligations and duties of each Sub-Adviser are set out in a written agreement with the Principal Adviser;

(d) no 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;

(e) the prospectus or similar offering document for each Client for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Sub-Advisory Services will include the following disclosure:

(i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the 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;

(f) in circumstances where a Client for which the Principal Adviser engages the Sub- Adviser to provide the Proposed Sub-Advisory Services does not prepare a prospectus or similar offering document for delivery to prospective purchasers, the Client and, if applicable, all investors of the Client who are Ontario residents will receive written disclosure prior to the purchasing of any Contracts for such Client that includes:

(i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the 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) this Order shall expire five years after the date hereof.

March 8, 2013

"Sarah B. Kavanagh"
Commissioner
Ontario Securities Commission

"Paulette Kennedy"
Commissioner
Ontario Securities Commission

2.2.10 Beryl Henderson

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

AND

IN THE MATTER OF
BERYL HENDERSON

ORDER

WHEREAS on March 30, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 30, 2012 with respect to Beryl Henderson ("Henderson");

AND WHEREAS the Notice of Hearing set a hearing in this matter for May 2, 2012 at 11:30 a.m.;

AND WHEREAS on May 2, 2012, Staff appeared before the Commission and counsel for Henderson and a Crown Attorney attended the hearing via teleconference;

AND WHEREAS on May 2, 2012, the Commission ordered that the hearing of this matter be adjourned to November 22, 2012 for a confidential pre-hearing conference;

AND WHEREAS on November 22, 2012, Staff appeared before the Commission and counsel for Henderson attended the hearing via teleconference;

AND WHEREAS on November 22, 2012, the Commission heard submissions from Staff and from counsel for Henderson;

AND WHEREAS on November 22, 2012, the Commission ordered that the confidential pre-hearing conference be continued on March 4, 2013;

AND WHEREAS on February 15, 2013, the Commission ordered that the date for the confidential pre-hearing conference be vacated and that the confidential pre-hearing conference be adjourned to March 11, 2013 at 11:00 a.m.;

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

AND WHEREAS the parties consent to the making of this order;

IT IS HEREBY ORDERED THAT the date set for the confidential pre-hearing conference be vacated and that the confidential pre-hearing conference be adjourned to May 23, 2013 at 10:00 a.m. or such other date as agreed to by the parties and advised by the Office of the Secretary.

DATED at Toronto this 8th day of March, 2013.

"James E. A. Turner"

2.2.11 Ground Wealth Inc. et al.

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

AND

IN THE MATTER OF
GROUND WEALTH INC., MICHELLE DUNK,
ADRION SMITH, JOEL WEBSTER,
DOUGLAS DEBOER, ARMADILLO ENERGY INC.,
ARMADILLO ENERGY, INC.,
and ARMADILLO ENERGY LLC

ORDER

WHEREAS on February 1, 2013, 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 relation to a Statement of Allegations filed by Staff of the Commission ("Staff") on February 1, 2013, in respect of Ground Wealth Inc. ("GWI"), Michelle Dunk ("Dunk"), Adrion Smith ("Smith"), Joel Webster ("Webster"), Douglas DeBoer ("DeBoer"), Armadillo Energy Inc. ("Armadillo Texas"), Armadillo Energy, Inc. ("Armadillo Nevada"), and Armadillo Energy LLC ("Armadillo Oklahoma") (collectively, the "Respondents");

AND WHEREAS on March 5, 2013, a hearing was held and Staff appeared and made submissions and advised that Smith, GWI, Dunk and Armadillo Nevada had been successfully served with the Notice of Hearing and Statement of Allegations, but that Staff requires additional time to serve the Notice of Hearing and Statement of Allegations on Webster, DeBoer, Armadillo Texas, and Armadillo Oklahoma;

AND WHEREAS counsel for GWI and Dunk appeared and made submissions, Smith appeared personally but made no submissions;

AND WHEREAS Webster, DeBoer, Armadillo Texas, Armadillo Nevada, and Armadillo Oklahoma did not appear;

AND WHEREAS the Commission is of the opinion that it is in the public interest to allow Staff more time to serve the Respondents with the Notice of Hearing and Statement of Allegations;

IT IS ORDERED that the hearing in this matter is adjourned to April 8, 2013, at 9:00 a.m., or on such other date and time as may be set by the Office of the Secretary.

DATED at Toronto this 5th day of March, 2013.

"Mary G. Condon"

2.2.12 Global Consulting and Financial Services et al. – ss. 127(1), 127(8)

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

AND

IN THE MATTER OF
GLOBAL CONSULTING AND FINANCIAL SERVICES,
CROWN CAPITAL MANAGEMENT CORPORATION,
CANADIAN PRIVATE AUDIT SERVICE,
EXECUTIVE ASSET MANAGEMENT,
MICHAEL CHOMICA, PETER SIKLOS (also known as PETER KUTI), JAN CHOMICA, AND LORNE BANKS

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

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

AND WHEREAS on November 4, 2010, the Commission ordered pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to the Respondents;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AND WHEREAS the Commission ordered that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AND WHEREAS on April 11, 2012, Staff appeared before the Commission to request that the Amended Temporary Order be extended and no one appeared on behalf of any of the Respondents;

AND WHEREAS Staff provided the Commission with the Affidavit of Peaches Barnaby sworn April 11, 2012 outlining Staff's efforts to serve the Respondents;

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

AND WHEREAS on June 11, 2012, Staff appeared before the Commission to request that the Amended Temporary Order be extended and no one appeared on behalf of any of the Respondents;

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

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

AND WHEREAS on June 11, 2012, Staff advised the Commission that counsel for Banks consented to a further extension of the Amended Temporary Order for six months;

AND WHEREAS on June 11, 2012, the Commission ordered that the Amended Temporary Order be extended to December 5, 2012 and the hearing be adjourned to December 4, 2012 at 3:30 p.m;

AND WHEREAS by way of letter dated November 30, 2012, Staff advised the Commission that a judicial pre-trial is scheduled for December 17, 2012 in connection with the Section 122 Proceedings and that the Individual Respondents consent to an extension of the Amended Temporary Order to the middle of January 2013;

AND WHEREAS Staff provided the Commission with the Affidavit of Nancy Poyhonen sworn November 30, 2012, outlining Staff's attempts to serve the Amended Temporary Order on the Respondents and the consent of the Individual Respondents to the extension of the Amended Temporary Order;

AND WHEREAS on December 3, 2012, the Commission ordered that the Amended Temporary Order be extended to January 18, 2013 and the hearing be adjourned to January 17, 2013 at 9:00 a.m.;

AND WHEREAS on January 17, 2013, Staff appeared before the Commission to request that the Amended Temporary Order be extended and no one appeared on behalf of any of the Respondents;

AND WHEREAS Staff provided the Commission with the Affidavit of Peaches Barnaby sworn January 15, 2013 outlining Staff's service of the Amended Temporary Order on the Individual Respondents, Global and Crown, and Staff's efforts to serve CPAS and EAM;

AND WHEREAS Staff advised the Commission that further dates have been scheduled in connection with the Section 122 Proceedings, including a set date appearance on February 14, 2013 and a continuing judicial pre-trial on February 28, 2013;

AND WHEREAS Staff requested that the Amended Temporary Order be extended to a date following the judicial pre-trial on February 28, 2013;

AND WHEREAS on January 17, 2013, the Commission ordered that the Amended Temporary Order be extended to March 8, 2013 and the hearing be adjourned to March 7, 2013 at 11:00 a.m.;

AND WHEREAS on March 7, 2013, Staff appeared before the Commission to request that the Amended Temporary Order be extended;

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

AND WHEREAS Staff provided the Commission with the Affidavit of Peaches Barnaby sworn March 6, 2013 outlining Staff's service of the Amended Temporary Order on the Individual Respondents, Global and Crown, and Staff's efforts to serve CPAS and EAM;

AND WHEREAS Staff advised the Commission that on February 14, 2013, Michael Chomica pleaded guilty to three counts of fraud contrary to sections 122 and 126.1(b) of the Act and that further dates have been scheduled in connection with the Section 122 Proceedings, including a sentencing hearing for Michael Chomica on March 14, 2013;

AND WHEREAS Staff provided the Panel with a letter from Banks' counsel indicating that Banks consents to a further extension of the Amended Temporary Order;

AND WHEREAS Staff requested that the Amended Temporary Order be extended;

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

IT IS ORDERED that the Amended Temporary Order is extended to April 26, 2013 and the hearing is adjourned to April 25, 2013 at 10:00 a.m., or such other date and time as set by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 7th day of March, 2013.

"Mary G. Condon"

2.2.13 Ground Wealth Inc. et al. – ss. 127(1), 127(7), 127(8)

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

AND

**IN THE MATTER OF
GROUND WEALTH INC., ARMADILLO ENERGY INC.,
PAUL SCHUETT, DOUG DEBOER, JAMES LINDE,
SUSAN LAWSON, MICHELLE DUNK, ADRION SMITH,
BIANCA SOTO and TERRY REICHERT**

**TEMPORARY ORDER
(Subsections 127(1), (7) and (8) of the Securities Act)**

WHEREAS the Ontario Securities Commission (the "Commission") issued a temporary order on July 27, 2011 (the "Temporary Order") pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that:

1. pursuant to paragraph 2 of subsection 127(1), all trading in the securities of Armadillo Energy Inc. ("the Armadillo Securities") shall cease;

2. pursuant to paragraph 2 of subsection 127(1), Armadillo Energy Inc. ("Armadillo), Ground Wealth Inc. ("GWI"), Paul Schuett ("Schuett"), Doug DeBoer ("DeBoer"), James Linde ("Linde"), Susan Lawson ("Lawson"), Michelle Dunk ("Dunk"), Adrion Smith ("Smith"), Bianca Soto ("Soto") and Terry Reichert ("Reichert") (collectively, the "Respondents") shall cease trading in all securities; and

3. pursuant to subsection 127(6), the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS on August 11, 2011, the Commission held a hearing to consider whether it was in the public interest to extend the Temporary Order, and heard submissions from Staff of the Commission ("Staff") and counsel for the Respondents;

AND WHEREAS on August 11, 2011, the Commission extended the Temporary Order to February 13, 2012, (the "Amended Temporary Order") on the same terms and conditions as provided for in the Temporary Order; provided that the Temporary Order shall not prevent a Respondent from trading for the Respondent's own account, solely through a registered dealer or a registered dealer in a foreign jurisdiction (which dealer must be given a copy of the Amended Temporary Order), in (a) any "exchange traded security" or "foreign exchange traded security" within the meaning of National Instrument 21-101, provided the Respondent does not own beneficially or exercise control or direction over more than 5 per cent of the voting or equity securities of the issuer of any such securities, or (b) any security issued by a mutual fund that is a reporting issuer; and provided the Respondent provides Staff with the particulars of the accounts in which such trading is to occur before any trading in such accounts occurs;

AND WHEREAS on February 8, 2012, the Commission held a hearing to consider whether it was in the public interest to extend the Amended Temporary Order pursuant to subsections 127(7) and 127(8), and heard submissions from Staff and from counsel for the Respondents;

AND WHEREAS on February 8, 2012, the Commission extended the Amended Temporary Order to August 8, 2012, (the "February 2012 Temporary Order") on the following terms: pursuant to paragraph 2 of subsection 127(1), all trading in the Armadillo Securities shall cease; pursuant to paragraph 2 of subsection 127(1), the Respondents shall cease trading in Armadillo Securities and/or in securities of a nature similar to Armadillo Securities, which are securities evidencing an interest in the production of barrels of oil still in the ground; and this Order shall not prevent Staff from applying to the Commission for a variation of this Order if Staff considers that doing so is in the public interest;

AND WHEREAS on August 2, 2012, the Commission held a hearing to consider whether it was in the public interest to extend the February 2012 Temporary Order pursuant to subsections 127(7) and 127(8), and heard submissions from Staff and from counsel for the Respondents;

AND WHEREAS on August 2, 2012, the Commission extended the February 2012 Temporary Order until February 4, 2013, and ordered that the matter return before the Commission on February 1, 2013;

AND WHEREAS on February 1, 2013, the Commission held a hearing to consider whether it was in the public interest to further extend the February 2012 Temporary Order pursuant to subsections 127(7) and 127(8);

AND WHEREAS on February 1, 2013, Staff appeared, made submissions and requested that the February 2012 Temporary Order be extended against GWI, Armadillo, DeBoer, Dunk and Smith only;

AND WHEREAS on February 1, 2013 Staff advised that they would be initiating proceedings in this matter under section 127 of the Act shortly and would not be naming Schuett, Linde, Lawson, Soto or Reichert as respondents;

AND WHEREAS on February 1, 2013, counsel for the Respondents did not appear, but email correspondence setting out his position and advising that he did not oppose the extension of the February 2012 Temporary Order to March 6, 2013 was filed by Staff;

AND WHEREAS on February 1, 2013, the Commission extended the February 2012 Temporary Order to March 6, 2013 as against the respondents GWI, Armadillo, DeBoer, Dunk and Smith and ordered that a further hearing be held before the Commission on March 5, 2013 (the "February 2013 Temporary Order");

AND WHEREAS on February 1, 2013, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Act, in relation to a Statement of Allegations filed by Staff on February 1, 2013 (the "Statement of Allegations") naming as respondents GWI, Armadillo, DeBoer, Dunk and Smith, as well as Joel Webster ("Webster"), Armadillo Energy, Inc., a Nevada company ("Armadillo Nevada"), and Armadillo Energy LLC, an Oklahoma company ("Armadillo Oklahoma");

AND WHEREAS on March 5, 2013, a hearing was held to consider whether it was in the public interest to extend the February 2013 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act;

AND WHEREAS on March 5, 2013, Staff appeared and made submissions and advised that Smith, GWI, Dunk and Armadillo Nevada had been successfully served with the Notice of Hearing and Statement of Allegations, but that Staff requires additional time to serve the Notice of Hearing and Statement of Allegations on Webster, DeBoer, Armadillo Texas and Armadillo Oklahoma;

AND WHEREAS counsel for GWI and Dunk appeared and made submissions and did not oppose the extension of the February 2013 Temporary Order;

AND WHEREAS Smith appeared personally but made no submissions;

AND WHEREAS Armadillo and DeBoer did not appear;

AND WHEREAS the Commission is of the opinion that it is in the public interest to extend the February 2013 Temporary Order against the parties for whom it is currently in effect to allow Staff more time to serve the Respondents with the Notice of Hearing and Statement of Allegations;

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

IT IS ORDERED that pursuant to subsections 127(1), 127(7) and 127(8) of the Act:

1. the February 2013 Temporary Order is extended to April 9, 2013, or until further order of the Commission, as against the respondents GWI, Armadillo, DeBoer, Dunk and Smith; and

2. a further hearing shall be held before the Commission on April 8, 2013, at 9:00 a.m. or on such other date and time as may be set by the Office of the Secretary.

DATED at Toronto this 5th day of March, 2013.

"Mary G. Condon"

2.2.14 Normand Gauthier 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
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, and
CANPRO INCOME FUND I, LP

ORDER
(Section 127)

WHEREAS on March 27, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsection 127(1) and section 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 March 27, 2012 in respect of Normand Gauthier ("Gauthier"), Gentree Asset Management Inc. ("Gentree"), R.E.A.L. Group Fund III (Canada) LP ("RIII") and CanPro Income Fund I, LP ("CanPro") (collectively the "Respondents");

AND WHEREAS the Respondents were served with the Notice of Hearing and Statement of Allegations on March 28, 2012;

AND WHEREAS the Notice of Hearing provided that a hearing would be held at the offices of the Commission on April 27, 2012;

AND WHEREAS on April 27, 2012, Staff appeared and Gauthier appeared on behalf of himself and each of the other Respondents, and Gauthier confirmed that he and the other Respondents have retained Counsel to represent the Respondents in this proceeding;

AND WHEREAS on April 27, 2012, at the request of Staff and with the agreement of Gauthier, the Commission ordered that a confidential pre-hearing conference take place on June 26, 2012;

AND WHEREAS on June 26, 2012, Staff and Counsel for the Respondents appeared before the Commission for a confidential pre-hearing conference, and at the request of Staff and with the agreement of Counsel for the Respondents, the Commission ordered that a further confidential pre-hearing conference take place on August 16, 2012;

AND WHEREAS on August 15, 2012, Staff and Counsel for the Respondents having agreed to reschedule the confidential pre-hearing conference to September 10, 2012, the Commission ordered that a further confidential pre-hearing conference take place on September 10, 2012;

AND WHEREAS on September 5, 2012, Staff and Counsel for the Respondents having agreed to reschedule the confidential pre-hearing conference to October 3, 2012, the Commission ordered that a further confidential pre-hearing conference take place on October 3, 2012;

AND WHEREAS on October 3, 2012, Staff appeared before the Commission and Counsel for the Respondents participated via telephone for a confidential pre-hearing conference, and at the request of Staff and with the agreement of Counsel for the Respondents, the Commission ordered that a further confidential pre-hearing conference take place on December 18, 2012;

AND WHEREAS on December 18, 2012, Staff and Counsel for the Respondents appeared before the Commission for a confidential pre-hearing conference, and at the request of Staff and with the agreement of Counsel for the Respondents, the Commission ordered that two further confidential pre-hearing conferences take place on March 7, 2013 at 10:00 a.m., and on August 15, 2013 at 10:00 a.m., and the hearing on the merits shall commence on October 15, 2013 and will continue until October 29, 2013 except for October 22, 2013;

AND WHEREAS on March 7, 2013, Staff and Counsel for the Respondents, along with Gauthier, appeared before the Commission for a confidential pre-hearing conference and provided a status update on this matter, and Staff requested that the dates previously scheduled for the hearing on the merits and for the further confidential pre-hearing conference be confirmed, and Counsel for the Respondents agreed;

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

IT IS ORDERED THAT:

1. a confidential pre-hearing conference shall take place on August 15, 2013 at 10:00 a.m. or such other date or at such other time as set by the Office of the Secretary and agreed to by the parties; and

2. the hearing on the merits shall commence on October 15, 2013 at 10:00 a.m. and will continue until October 29, 2013 except for October 22, 2013.

DATED at Toronto this 7th day of March, 2013.

"Edward P. Kerwin"

2.2.15 Sandy Winick et al. – Rules 3.3, 11

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.

ORDER
(Rules 3.3 and 11)

WHEREAS on October 17, 2012, the Commission ordered that this matter should proceed by way of a Hearing in Writing, pursuant to Rule 11.5 and set out a schedule for the filing of written legal submission and written evidence from the parties (the "Timetable Order");

AND WHEREAS Kolt Curry, Laura Mateyak and American Heritage Stock Transfer Inc. (collectively, the "Respondents") filed a Notice of Motion in Writing requesting that the Timetable Order be varied as set out in this order;

AND WHEREAS Staff consented to the Respondents' motion;

IT IS HEREBY ORDERED that:

i. Pursuant to Rules 3.3 and 11, the Timetable Order shall be varied to permit:

   a. the Respondents to file any responding materials by no later than March 8, 2013; and

   b. Staff to file any reply materials by no later than March 29, 2013.

DATED at Toronto, Ontario this 7th day of March, 2013.

“James D. Carnwath”

2.3 Rulings

2.3.1 Newedge USA, LLC – s. 38 of the Act and s. 6.1 of Rule 91-502 Trades in Recognized Options

Headnote

Application to the Commission pursuant to section 38 of the Commodity Futures Act (Ontario) (CFA) for a ruling that the Applicant be exempted from the dealer registration requirement in paragraph 22(1)(a) and the prohibition against trading on non-recognized exchanges in section 33 of the CFA. Applicant will offer the ability to trade in commodity futures contracts and commodity futures options that trade on exchanges located outside Canada to certain of its clients in Ontario who meet the definition of "permitted client" in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Application to the Director for an exemption, pursuant to section 6.1 of OSC Rule 91-502 Trades in Recognized Options (Rule 91-502), exempting the Applicant and its Representatives from the proficiency requirements in section 3.1 of Rule 91-502 for trades in commodity futures options on exchanges located outside Canada.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22, 33, 38.
Securities Act, R.S.O. 1990, c. S.5, as am.

Rules Cited

Ontario Securities Commission Rule 91-502 Trades in Recognized Options, ss. 3.1, 6.1.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.18.

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

AND

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

AND

ONTARIO SECURITIES COMMISSION
RULE 91-502 TRADES IN RECOGNIZED OPTIONS
(RULE 91-502)

AND

IN THE MATTER OF
NEWEDGE USA, LLC

RULING AND EXEMPTION
(Section 38 of the Act and Section 6.1 of Rule 91-502)

UPON the application (the **Application**) of Newedge USA, LLC (the **Applicant**) to the Ontario Securities Commission (the Commission) for:

(a) a ruling of the Commission, pursuant to section 38 of the Act, that the Applicant is not subject to the dealer registration requirement in the Act (as defined below) or the trading restrictions in the Act (as defined below), in respect of Futures Trades (as defined below) on Non-Canadian Exchanges (as defined below), where the Applicant is acting as principal or agent in such trades to, from or on behalf of Permitted Clients (as defined below);

(b) a ruling of the Commission, pursuant to section 38 of the Act, that a Permitted Client is not subject to the dealer registration requirement or the trade restrictions in the Act in respect of Future Trades on Non-Canadian Exchanges, where the Applicant acts in respect of Future Trades on behalf of the Permitted Client pursuant to the above ruling; and

(c) a decision of the Director, pursuant to section 6.1 of OSC Rule 91-502, exempting the Applicant, and its salespersons, directors, officers and employees (the **Representatives**), from section 3.1 of Rule 91-502, in respect of Futures Trades;

AND WHEREAS for the purposes of this ruling and exemption (collectively, the **Decision**):

(i) **"CFTC"** means the United States Commodity Futures Trading Commission;

"contract" means a commodity futures contract or a commodity futures option that trades on one or more organized exchanges located outside of Canada and is cleared through one or more clearing corporations located outside of Canada;

"dealer registration requirement in the Act" means the provisions of section 22 of the Act that prohibit a person or company from trading in a contract unless the person or company satisfies the applicable provisions of section 22 of the Act;

"FINRA" means the Financial Industry Regulatory Authority in the USA;

"Futures Trade" means a trade in a contract;

"NI 31-103" means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

"NFA" means the National Futures Association in the USA;

"Non-Canadian Exchange" means an exchange located outside of Canada;

"Permitted Client" means, a client in Ontario that is a "permitted client" as that term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

"SEC" means the Securities and Exchange Commission of the USA;

"specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*;

"trading restrictions in the Act" means the provisions of section 33 of the Act that prohibit a person or company from trading in a contract unless the person or company satisfies the applicable provisions of that section;

"USA" means the United States of America; and

(ii) terms used in this Decision that are defined in the OSA, and not otherwise defined in this Decision or the Act, shall have the same meaning as in the OSA, unless the context otherwise requires;

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

AND UPON the Applicant having represented to the Commission and the Director as follows:

1. The Applicant is a limited liability company organized under the laws of the State of Delaware, USA. The Applicant's head office is located in Chicago, Illinois, USA.

2. The Applicant is a subsidiary of Newedge Group SA and an affiliate of Newedge Canada Inc. (**Newedge Canada**).

3. Newedge Canada is registered under the OSA as an "investment dealer", and under the Act as a "futures commission merchant".

4. The Applicant is registered as a "securities broker-dealer" with the SEC and is a member of FINRA. The Applicant is a member of several major securities and commodity future exchanges, including the New York Stock Exchange, the NASDAQ Stock Market and the Chicago Board Options Exchange.

5. The Applicant is registered as a "futures commission merchant" with the CFTC, and is a member of the NFA.

6. The Applicant is a clearing firm member of the CME Group (including the Board of Trade of the City of Chicago, Inc., the Chicago Mercantile Exchange Inc., the New York Mercantile Exchange, Inc., and the Commodity Exchange, Inc.); and it trades through affiliated or unaffiliated member firms on other exchanges, including exchanges in Canada, France, Italy, Japan, Singapore, Spain, Taiwan, Mexico, Korea and the UK.

7. Pursuant to its registrations and memberships, the Applicant is authorized to handle customer orders and receive and hold customer margin deposits, and otherwise act as a futures broker, in the USA. Rules of the CFTC and NFA require the Applicant to maintain adequate capital levels; make and keep specified types of records relating to customer accounts and transactions; and comply with other forms of customer protection rules, including rules respecting: know-your-customer obligations, account-opening requirements, suitability requirements, anti-money laundering checks, credit checks, delivery of confirmation statements, clearing deposits, and initial and maintenance margins. These rules do not permit the Applicant to treat Permitted Clients materially differently from its customers in the USA. With respect to transactions made on exchanges in the USA, in order to protect customers in the event of its insolvency or financial instability, the Applicant is required to ensure that customer securities and monies be separately accounted for, segregated at all times from the securities and monies of the Applicant, and custodied exclusively with such banks, trust companies, clearing organizations or other licensed futures brokers or intermediaries as may be approved for such purposes under the *Commodity Exchange Act* of the USA and the rules promulgated by the CFTC thereunder (collectively, the **Newedge Approved Depositories**). The Applicant is further required to obtain acknowledgements from any Newedge Approved Depository holding customer funds or securities related to US-based transactions or accounts that such funds and securities are to be separately held on behalf of such customers, with no right of set-off against the Applicant's obligations or debts.

8. The Applicant is not registered in any capacity under the Act or the OSA.

9. The Applicant proposes to offer to certain persons and companies in Ontario that meet the definition of a "permitted client" in section 1.1 of NI 31-103 the ability to effect or execute Futures Trades through the Applicant.

10. The Applicant will not maintain an office, sales force or physical place of business in Ontario.

11. The Applicant will solicit business in Ontario only from persons or companies who meet the definition of a "permitted client" in section 1.1 of NI 31-103.

12. The Permitted Clients of the Applicant will only be offered the ability to effect Futures Trades on Non-Canadian Exchanges.

13. The contracts that may be traded by Permitted Clients in Futures Trades will include, but will not be limited to, contracts for equity index, interest rate, energy, agricultural and other commodity products.

14. Permitted Clients of the Applicant will be able to execute Futures Trades through the Applicant by contacting the Applicant's exchange floor staff or global execution desk. Permitted Clients may also be able to self-execute Futures Trades electronically via an independent service vendor and/or other electronic trading routing.

15. The Applicant may execute a Permitted Client's order on the relevant Non-Canadian Exchange in accordance with the rules and customary practices of the exchange, or engage another broker to assist in the execution of the order. The Applicant will remain responsible for the execution of the trade.

16. The Applicant may perform both execution and clearing functions for Futures Trades or may direct that a trade executed by it be cleared through a carrying broker if the Applicant is not a member of the Non-Canadian Exchange on which the trade is executed. Alternatively, the Permitted Client of the Applicant will be able to direct that trades executed by the Applicant be cleared through clearing brokers not affiliated with the Applicant in any way (each, a **Non-Newedge Clearing Broker**).

17. If the Applicant performs only the execution of a Permitted Client's contract order and "gives-up" the transaction for clearance to a Non-Newedge Clearing Broker, such clearing broker will also be required to comply with the rules of the exchanges of which it is a member and any relevant regulatory requirements, including requirements under the Act as applicable. Each such Non-Newedge Clearing Broker will represent to the Applicant, in an industry-standard give-up agreement, that it will perform its obligations in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange and clearing house rules, and the customs and usages of the exchange or clearing house on which the relevant Permitted Client's contract orders will be executed and cleared. The Applicant will not enter into a give-up agreement with any Non-Newedge Clearing Broker located in the USA unless such clearing broker is registered with the CFTC and/or the SEC, as applicable.

18. As is customary, for all Futures Trades, a clearing corporation appointed by the exchange or clearing division of the exchange is substituted as a universal counterparty for all Permitted Client orders that are submitted to the exchange in the name of the Non-Newedge Clearing Broker or the Applicant or, on exchanges where the Applicant is not a member, in the name of another carrying broker. The Permitted Client of the Applicant is responsible to the Applicant for payment of daily mark-to-market variation margin and/or proper margin to carry open positions; and the Applicant, the carrying broker or the Non-Newedge Clearing Broker is, in turn, responsible to the clearing corporation/division for payment.

19. Permitted Clients that direct the Applicant to give up transactions in contracts for clearance and settlement by Non-Newedge Clearing Brokers will execute the give-up agreements described above.

20. Permitted Clients will pay commissions for trades to the Applicant or the Non-Newedge Clearing Broker, or such commissions may be shared with the Non-Newedge Clearing Broker.

21. Under section 33 of the Act, the prohibition against trading contracts does not apply to contracts traded on a commodity futures exchange registered by the Commission or recognized by the Commission under Part X of the Act, if the form of the contracts has been approved by the Director under Part X of the Act. To date, no Non-Canadian Exchanges have been recognized or registered under the Act.

22. If the Applicant were registered under the Act as a "futures commission merchant", it could rely upon certain exemptions from the trading restrictions in the Act to effect trades in contracts to be entered on certain Non-Canadian Exchanges.

23. The Applicant will execute and clear Future Trades on behalf of Permitted Clients in the same manner that it executes and clears trades on behalf of its clients in the USA. The Applicant will follow the same know-your-customer and client classification procedures that it follows in respect of its clients in the USA. Permitted Clients will be afforded the benefits of compliance by the Applicant with the statutory and other requirements of applicable securities regulators, self-regulatory organizations and exchanges located in the USA.

24. Permitted Clients of the Applicant will have the same contractual rights against the Applicant as USA clients of the Applicant.

25. Section 3.1 of Rule 91-502 provides that no person shall trade as agent in, or give advice in respect of, a recognized option, as defined in section 1.1 of Rule 91-502, unless he or she has successfully completed the Canadian Options Course (which has been replaced by the Derivatives Fundamentals Course and the Options Licensing Course).

26. All Representatives of the Applicant who trade options in the USA have passed the National Commodity Futures Examination (Series 3), being the relevant futures and options proficiency examination administered by FINRA.

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

IT IS RULED, pursuant to section 38 of the Act, that the Applicant is not subject to the dealer registration requirement in the Act or the trading restrictions in the Act in respect of Futures Trades where the Applicant is acting as principal or agent in such trades to, from or on behalf of Permitted Clients, provided that:

(a) each client effecting Futures Trades is a Permitted Client and, if using a Non-Newedge Clearing Broker, has represented and covenanted that the broker is or will be appropriately registered or exempt from registration under the Act;

(b) the Applicant only executes and clears Futures Trades for Permitted Clients on Non-Canadian Exchanges;

(c) at the time trading activity is engaged in, the Applicant:

  (i) has its head office or principal place of business in the USA;

  (ii) is registered as "futures commission merchant" with the CFTC in good standing;

  (iii) is a member in good standing with the NFA; and

  (iv) engages in the business of a futures commission merchant in contracts in the USA;

(d) the Applicant has provided to the Permitted Client the following disclosure in writing:

(i) a statement that the Applicant is not registered in Ontario to trade in commodity futures contracts or commodity futures options as principal or agent;

(ii) a statement that the Applicant's head office or principal place of business is located in Chicago, Illinois, USA;

(iii) a statement that all or substantially all of the Applicant's assets may be situated outside of Canada;

(iv) a statement that there may be difficulty enforcing legal rights against the Applicant because of the above; and

(v) the name and address of the Applicant's agent for service of process in Ontario;

(e) the Applicant has submitted to the Commission a completed Submission to Jurisdiction and Appointment of Agent for Service in the form attached as Appendix A;

(f) the Applicant notifies the Commission of any regulatory action after the date of this ruling in respect of the Applicant, or any predecessors, or specified affiliates of the Applicant, by completing and filing with the Commission Appendix B hereto within ten days of the commencement of such action;

(g) by December 1 of each year, the Applicant notifies the Commission of its continued reliance on the exemption from the dealer registration requirement granted pursuant to the Ruling; and

(h) this Ruling shall expire five years after the date hereof.

AND IT IS FURTHER RULED, pursuant to section 38 of the Act, that a Permitted Client is not subject to the dealer registration requirement in the Act or the trading restrictions in the Act in respect of Future Trades on Non-Canadian Exchanges, where the Applicant acts in respect of the Future Trades on behalf of the Permitted Client pursuant to the above ruling.

March 5, 2013

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Sarah B. Kavanagh"
Commissioner
Ontario Securities Commission

IT IS THE DECISION of the Director, pursuant to section 6.1 of Rule 91-502, that section 3.1 of Rule 91-502 does not apply to the Applicant or its Representatives in respect of Future Trades, provided that:

(a) the Applicant and the Representatives maintain their respective registrations with the CFTC and NFA which permit them to trade commodity futures options in the USA; and

(b) this Decision shall expire five years after the date hereof.

March 5, 2013

"Marrianne Bridge"
Director
Ontario Securities Commission

APPENDIX A

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE COMMODITY FUTURES ACT, ONTARIO

1. Name of person or company ("International Firm"):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:

   E-mail address:

   Phone:

   Fax:

6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "Relief Order"):

   [ ] Section 8.18 [*international dealer*]

   [ ] Section 8.26 [*international adviser*]

   [ ] Other [specify]:

7. Name of agent for service of process (the "Agent for Service"):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator

    a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated; and

    b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service.

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

_____
(Signature of the International Firm or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of _____ [Insert name of International Firm] under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: _____

_____
(Signature of the Agent for Service or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

This form is to be submitted to the following address:

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Registration Supervisor, Dealer Team
Telephone: (416) 593-8314
email: registration@osc.gov.on.ca

APPENDIX B

NOTICE OF REGULATORY ACTION

1. Has the firm, or any predecessors or specified affiliates[1] of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

Yes _____ No _____

If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator ,securities or derivatives exchange, SRO or similar organization:

	Yes	No
(a) Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?		
(b) Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?		
(c) Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?		
(d) Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?		
(e) Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?		
(f) Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?		
(g) Issued an order (other than en exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?		

If yes, provide the following information for each action:

Name of Entity	
Type of Action	
Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

[1] In this Appendix, the term “specified affiliate” has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*.

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliate is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction

Name of firm
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature
Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

This form is to be submitted to the following address:

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Registration Supervisor, Dealer Team
Telephone: (416) 593-8314
email: registration@osc.gov.on.ca

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Peter Sbaraglia

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

AND

IN THE MATTER OF
PETER SBARAGLIA

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Ontario Securities Commission (the "Commission") will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), it is in the public interest for the Commission to make certain orders in respect of Peter Sbaraglia (the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding commenced by Notice of Hearing dated March 4, 2013 (the "Proceeding") against the Respondent according to the terms and conditions set out in Part VI of this Settlement Agreement. The Respondent agrees to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

3. For this proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

4. Between January 2006 and August 2009 (the "Relevant Period"), Peter Sbaraglia ("Sbaraglia") operated C.O. Capital Growth Inc. ("CO"), a private issuer in Ontario, and was an officer and director of CO. For most of the Relevant Period, Sbaraglia ran CO together with Robert Mander ("Mander"). From March, 2007 until November, 2008, Mander was also the Chief Portfolio Strategist for CO.

5. CO was used by Sbaraglia as an investment vehicle to solicit third party investors (the "CO Investors") to invest with Mander through CO. At no time during the Relevant Period was Sbaraglia registered with the Commission. CO raised approximately $21.2 million from CO Investors, most of whom were friends and family of the Sbaraglias. The funds were raised by way of loan agreements with CO who correspondingly issued promissory notes. The loan agreements and promissory notes issued by CO constitute securities under the *Securities Act*, R.S.O. 1990, c. s.5, as amended (the "Act"). In total, there were approximately 25 to 30 CO Investors.

6. Mander operated and owned E.M.B. Asset Group Inc. ("EMB"), and was its directing mind. Through EMB, Mander operated a fraudulent scheme where, contrary to his promises to investors, including Sbaraglia, to invest their funds, Mander used the funds to pay interest and principal to other investors, also known as a Ponzi scheme. Mander's Ponzi scheme involved in excess of $40 million of investors' funds, including Sbaraglia's, which it received from CO and other investors.

7. Although investors were told that their money would be invested by Mander/EMB, a portion of some investors' funds were used by CO, at the direction of Sbaraglia, in a manner that was contrary to those representations and to the Act. Sbaraglia, acting on behalf of CO, used some investors' funds to repay other investors and to pay for some of his personal expenses and not for the benefit of CO Investors. In addition, Sbaraglia and his spouse (the "Sbaraglias") received over $2 million that Mander told them were profits and dividends earned by them during the Relevant Period.

8. As further described below, Sbaraglia, through his role in CO and his close involvement with Mander, participated in Mander's Ponzi scheme in a manner which he ought reasonably to have known perpetrated a fraud on investors contrary to s. 126(1)(b) of the Act.

9. In addition, Sbaraglia himself and through his counsel materially misled Staff of the Commission in its investigation into Sbaraglia, Mander and CO about the business of CO and others. Throughout the investigation, a number of statements were made to Staff by Sbaraglia and by his counsel that were false and/or that misled Staff in determining whether investors' funds were at risk. At no point in the investigation did Sbaraglia take any steps to correct his statements or those of his counsel (other than to correct his counsel on three separate occasions during his interview).

BACKGROUND AND PARTICULARS TO CONDUCT

A. Conduct Contrary to section 126.1(b)

(i) CO's Supposed Business Model

10. CO's purported business model was as follows:

(a) CO would solicit investors to loan money to it;

(b) The funds were to be loaned to CO for a fixed term (generally one to three years) at a fixed, high rate of interest ranging from 20% to 30%;

(c) CO would issue a loan agreement to each investor and, from 2007 onward, would issue a corresponding promissory note for the amount loaned together with the interest payable;

(d) The funds from CO were to be transferred to Mander personally or through EMB to other Mander controlled companies for investment purposes; and

(e) The profits generated from the investments above the fixed interest rate promised to investors were to be split equally between CO and Mander/EMB.

11. At the time that Sbaraglia began soliciting investors (including his mother and other close family members), he had not been provided with any evidence regarding the actual performance of Mander's supposed invements on his behalf other than Mander's representations to him.

(ii) CO's Actual Business

12. In practice, and as further described below, CO's actual business varied from the above model in a number of ways. First, CO did not transfer all of the funds of CO Investors to Mander/EMB. Approximately one third of the funds raised by CO (approximately $6-7 million) were not transferred to Mander/EMB. Those funds were used in one of a number of ways by Sbaraglia acting on behalf of CO, including: (i) making payments to CO Investors with newly received funds from other CO Investors; (ii) making investments in securities, either directly in trading accounts of CO or indirectly in trading accounts in the names of other companies, that resulted in significant losses; and (iii) making payments for personal expenses of the Sbaraglias.

13. Of the $21.2 million raised by CO from its investors, $15.4 million was transferred to Mander/EMB, the balance of which (between $6-7 million) can be accounted for as follows:

(a) $2.1 million was received personally by Sbaraglia at the direction of Mander, notionally for profits and dividends earned by the Sbaraglias from the actions of Mander;

(b) approximately $2.4 million was lost through trading accounts;

(c) approximately $985,000 in general expenses of CO were paid from the CO bank accounts;

(d) approximately $585,000 was used by CO to purchase open venture securities, which securities have almost no current value;

(e) approximately $213,000 in rent payments in respect of a property located at 239 Church Street were made by CO to 91 Days Hygiene ("91 Days"), a company wholly owned by Sbaraglia's spouse;

(f) approximately $383,000 in charges were incurred on a corporate Visa in the name of CO, some of which were not for the benefit of CO Investors but, rather, were for the personal benefit of the Sbaraglias, including payments for restaurants, renovations of a building owned by 91 Days and other personal expenses.

14. In addition, at certain points during the Relevant Period, CO used funds raised from some investors to pay amounts owing to other investors. The payments to investors were made from the CO bank accounts over which Sbaraglia had control and were made by cheques signed by him.

15. As a consequence of the foregoing conduct, Sbaraglia engaged or participated in acts, practices or courses of conduct relating to the securities of CO that he ought reasonably to have known perpetrated a fraud on persons, contrary to section 126.1(b) of the Act.

B. Misleading Staff of the Commission Contrary to Section 122 of the Act

(i) Sbaraglia's Evidence Under Oath During The OSC Investigation

16. In July 2009, as part of an investigation into the business and affairs of Sbaraglia, Mander, CO and others, Staff conducted examinations of Sbaraglia and Mander. These examinations were conducted under oath with counsel present where Sbaraglia swore to tell the truth. Both Mander and Sbaraglia were represented by the same lawyers during the investigation.

17. Sbaraglia was advised by Staff that Staff's primary concern at that stage of the investigation was whether investors' funds were at risk and whether CO could properly account for the funds.

18. Staff advised Sbaraglia during the investigation that it was seeking verification from CO that the assets between CO and Mander/EMB were in excess of what was owed to CO Investors. To that end, Sbaraglia's counsel gathered documentation from Mander and the Sbaraglias and prepared it for presentation to Staff.

19. During Sbaraglia's examination, Staff were advised by his counsel of the following:

(a) CO Investors consisted of only friends and family of Sbaraglia and that each of the CO Investors had approached Sbaraglia about investing;

(b) CO had relied on legal advice obtained by a Toronto law firm with respect to CO's compliance with Ontario securities laws in raising funds from third parties;

(c) CO Investors' funds were not at risk;

(d) The total amount owing by CO to the CO Investors was approximately $8.5 million but the bulk of the value of CO Investors' funds were invested in real estate assets purchased by Mander and Sbaraglia;

(e) Sbaraglia and Mander had a verbal arrangement whereby all assets held by Sbaraglia and Mander (either personally or through corporate entities) were for the benefit of the CO Investors and that the assets held by Sbaraglia and Mander were valued at approximately $12 million and were, therefore, well in excess of all amounts owing to CO Investors.

(f) Sbaraglia knew his counsel was speaking on his behalf during the examination and that Staff would rely on the above statements as being true and at no time did he correct the record.

20. In addition to the above statements by counsel, Sbaraglia gave evidence under oath:

(a) in detail about his strategy for purchasing undervalued assets, including equities and real estate;

(b) that he would ensure that the CO Investors would be fully repaid and that he was pledging his own personal assets to ensure that the CO Investors would be protected.

(ii) Sbaraglia's Evidence Was Misleading

21. The above statements were materially misleading in a number of ways, including but not limited to:

(a) Sbaraglia had solicited investors directly by making representations to them about his success with Mander and Mander's role in CO in achieving the promised returns for investors;

(b) CO had raised almost $1 million in 2006 prior to obtaining any legal advice about whether CO was in compliance with Ontario securities laws;

(c) the actual business of CO did not involve the purchase of real estate assets;

(d) the trading accounts operated by CO suffered aggregate losses of approximately $2.4 million of investors' funds;

(e) CO had additional obligations to investors, specifically additional private loan agreements totalling $9.4 million, the knowledge of which was within the exclusive knowledge of Sbaraglia and CO;

(f) all of the assets of Sbaraglia, Mander and CO were not, in fact, available to satisfy the amounts owing to CO Investors as Mander (and his companies, which were owners of many of the assets) had loans outstanding with many additional investors other than the CO Investors.

(iii) The Undertaking Given by Sbaraglia Was Also Misleading

22. On August 7, 2009, following the examination, Sbaraglia's counsel prepared and provided Staff with a loan agreement between EMB and CO and an undertaking in respect of loans made by CO Investors and the real estate assets which were being held for the benefit of those investors (the "Undertaking").

23. The Undertaking provided among other things that: (a) CO would not enter into any further loan agreements with third party investors; (b) CO would cause the outstanding loans to CO Investors to be paid as they become due; and (c) CO had used the loans by CO Investors to acquire the assets listed in a Schedule B to the Undertaking.

24. With respect to the Undertaking, Sbaraglia failed to identify material obligations of CO in its schedule of outstanding loans. The Undertaking failed to list nine loan agreements for a total of approximately $9.4 million. Subsequently, Sbaraglia has resiled from the Undertaking and ultimately sought to be relieved of his obligations under it.

25. As a consequence of the foregoing conduct, Staff was materially misled in respect of the operation and business of CO, contrary to section 122(1) of the Act.

RESPONDENT'S POSITION

26. The legal advice Sbaraglia sought in late 2006 included advice regarding his obligations under Ontario's securities laws and regulations and how to comply with those obligations.

27. The legal advice that Sbaraglia received included advice that the relationship between CO and the CO Investors was one of debtor and creditor, and that therefore CO was permitted to treat the funds received from the CO Investors as its own.

28. During the Relevant Period, Mander made numerous representations to Sbaraglia regarding his purported knowledge, expertise and success concerning investing and directed Sbaraglia about how to invest some of the funds received from CO Investors but not transferred to Mander/EMB.

RELATED PROCEEDINGS

29. In a related proceeding commenced by Staff, on behalf of the Commission, under section 129 of the Act (the "Receivership Action"), the Ontario Superior Court of Justice made an order appointing RSM Richter Inc. as receiver of the assets (the "Receiver"), undertakings and property of the Sbaraglias, CO and 91 Days on the basis that it was a) in the best interests of the creditors of CO; and b) that it was appropriate for the due administration of Ontario securities law. The Receiver's mandate is to secure and recover assets from the Sbaraglias and their related entities for the benefit of investors, or, more particularly, the creditors, security holders or subscribers of CO.

30. But for the appointment of the Receiver, Staff would be seeking significant monetary sanctions, including costs, as against Sbaraglia for the conduct set out herein.

31. While the receivership order was amended in June, 2011 to exclude the Sbaraglias and their after-acquired property, the receivership is ongoing.

32. The Sbaraglias and CO have also commenced litigation against Michael Miller, Julia Dublin and Aylesworth LLP (the lawyers referred to above in paragraphs 16 – 25) and Peter R. Welsh (a lawyer that provided services to CO and

Mander). This litigation is being pursued for the benefit of the CO Investors and, subject to the amount recovered, for the benefit of the Sbaraglias and their unsecured creditors.

PART IV – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND CONTRARY TO THE PUBLIC INTEREST

33. By using investors' funds from the sale of securities of CO for personal use or for related corporate use and by using new investor funds to make payments to old investors, Sbaraglia engaged or participated in acts, practices or courses of conduct relating to the securities of CO that he ought to have known perpetrated a fraud on persons contrary to section 126.1(b) of the Act.

34. Further, Sbaraglia and his counsel made statements to Staff during the course of its investigation, including statements made by him under oath at his examination, that were materially misleading or untrue and/or failed to state facts which were required to be stated contrary to subsection 122(1) of the Act and contrary to the public interest.

PART V – TERMS OF SETTLEMENT

35. The Respondent agrees to the terms of settlement listed below.

36. The Commission will make an order pursuant to section 127(1) of the Act that:

(a) The settlement agreement is approved.

(b) Pursuant to clause 2 and 2.1 of subsection 127(1) of the Act, that the acquisition of and trading in any securities by the Respondent shall permanently cease, with the exception that the Respondent shall be permitted to acquire and trade securities for the account of his registered retirement savings plans as defined in the *Income Tax Act*, R.S.C. 1985, c. 1, as amended (the "*Income Tax Act*"), 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 (a) any "exchange-traded security" or "foreign exchange-traded security" within the meaning of National Instrument 21-101 provided that he does not own beneficially or exercise control or direction over more than 5 percent of the voting or equity securities of the issuer(s) of any such securities, or (b) any security issued by a mutual fund that is a reporting issuer.

(c) The Respondent shall not provide monies to his spouse for the purpose of acquiring or trading in any securities.

(d) Any exemptions contained in Ontario securities law shall permanently not apply to the Respondent.

(e) The Respondent shall be reprimanded.

(f) The Respondent shall immediately resign from any position he holds as a director or officer of any issuer, except CO and Dr. Sbaraglia Dentistry Professional Corporation.

(g) The Respondent shall permanently be prohibited from becoming or acting as a director or officer of any issuer.

(h) The Respondent shall permanently be prohibited from becoming or acting as a director or officer of a registrant.

(i) The Respondent shall permanently be prohibited from becoming or acting as a director or officer of an investment fund manager.

(j) The Respondent shall permanently be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter.

37. The Respondent undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in sub-paragraphs 36 (a) – (j) above. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

PART VI – STAFF COMMITMENT

38. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 39 below.

39. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

40. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for March 5, 2013, or on another date agreed to by Staff and the Respondent, according to the procedures set out in this Settlement Agreement and the Commission's Rules of Practice.

41. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondent's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

42. If the Commission approves this Settlement Agreement, the Respondent agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

43. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

44. Whether or not the Commission approves this Settlement Agreement, the Respondent will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

45. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

    i. this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and

    ii. Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

46. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, both parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

47. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

48. A fax copy of any signature will be treated as an original signature.

Dated this 4th day of March, 2013.

Peter Sbaraglia
Respondent

Richard Niman
Witness

Tom Atkinson
Director, Enforcement Branch

Schedule "A"

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

AND

IN THE MATTER OF
PETER SBARAGLIA

ORDER

WHEREAS on February 24, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in relation to a Statement of Allegations filed by Staff of the Commission ("Staff") on February 24, 2011 with respect to Peter Sbaraglia ("Sbaraglia");

AND WHEREAS Sbaraglia entered into a Settlement Agreement dated March 4, 2013, (the "Settlement Agreement") in relation to the matters set out in the Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated March 4, 2013, setting out that it proposed to consider the Settlement Agreement;

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

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

IT IS HEREBY ORDERED THAT:

(a) The settlement agreement is approved.

(b) Pursuant to clause 2 and 2.1 of subsection 127(1) of the Act, that the acquisition of and trading in any securities by the Respondent shall permanently cease, with the exception that the Respondent shall be permitted to acquire and trade securities for the account of his registered retirement savings plans as defined in the *Income Tax Act*, R.S.C. 1985, c.1, as amended (the "*Income Tax Act*"), 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 (a) any "exchange-traded security" or "foreign exchange-traded security" within the meaning of National Instrument 21-101 provided that he does not own beneficially or exercise control or direction over more than 5 percent of the voting or equity securities of the issuer(s) of any such securities, or (b) any security issued by a mutual fund that is a reporting issuer.

(c) The Respondent shall not provide monies to his spouse for the purpose of acquiring or trading in any securities.

(d) Any exemptions contained in Ontario securities law shall permanently not apply to the Respondent.

(e) The Respondent shall be reprimanded.

(f) The Respondent shall immediately resign from any position he holds as a director or officer of any issuer, except CO and Dr. Sbaraglia Professional Dentistry Corporation.

(g) The Respondent shall permanently be prohibited from becoming or acting as a director or officer of any issuer.

(h) The Respondent shall permanently be prohibited from becoming or acting as a director or officer of a registrant.

(i) The Respondent shall permanently be prohibited from becoming or acting as a director or officer of an investment fund manager.

(j) The Respondent shall permanently be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter.

Dated at Toronto, Ontario this _____ day of March, 2013.

_____

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
Radiant Energy Corporation	08 Mar 13	20 Mar 13		
C International Income Fund	06 Mar 13	18 Mar 13		
EDCI Holdings, Inc.	22 Feb 13	06 Mar 13	06 Mar 13	
Cinram International Limited Partnership	06 Mar 13	18 Mar 13		
Poseidon Concepts Corp.	26 Feb 13	11 Mar 13	11 Mar 13	
Dizun International Enterprises Inc.	12 Mar 13	25 Mar 13		

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

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

THERE ARE NO ITEMS FOR THIS WEEK.

This page intentionally left blank

5.1.1 CSA Notice of Consequential Amendments to Registration, Prospectus and Continuous Disclosure Rules Related to NI 25-101 Designated Rating Organizations

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA NOTICE OF

CONSEQUENTIAL AMENDMENTS TO REGISTRATION, PROSPECTUS AND CONTINUOUS DISCLOSURE RULES

RELATED TO NATIONAL INSTRUMENT 25-101 *DESIGNATED RATING ORGANIZATIONS*

March 14, 2013

Introduction

We, the members of the Canadian Securities Administrators (**CSA**), are adopting consequential amendments to the instruments and policies included in the following appendices:

- Appendix B
  - Companion Policy 21-101CP *Marketplace Operation*
- Appendix C
  - National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*
  - Form 31-103F1 *Calculation of Excess Working Capital*
- Appendix D
  - Form 33-109F6 *Firm Registration*
- Appendix E
  - National Instrument 41-101 G*eneral Prospectus Requirements*
- Appendix F
  - National Instrument 44-101 *Short Form Prospectus Distributions*
  - Form 44-101F1 *Short Form Prospectus*
  - Companion Policy 44-101CP *Short Form Prospectus Distributions*
- Appendix G
  - National Instrument 44-102 *Shelf Distributions*
  - Companion Policy 44-102CP *Shelf Distributions*
- Appendix H
  - National Instrument 45-106 *Prospectus and Registration Exemptions*
- Appendix I
  - National Instrument 51-102 *Continuous Disclosure Obligations*

- Appendix J
  - National Policy 51-201 *Disclosure Standards*

- Appendix K
  - National Instrument 81-101 *Mutual Fund Prospectus Disclosure*

- Appendix L
  - National Instrument 81-102 *Mutual Funds*
  - Companion Policy 81-102CP *Mutual Funds*

- Appendix M
  - National Instrument 81-106 *Investment Fund Continuous Disclosure*

(collectively, the **DRO Consequential Amendments**).

The DRO Consequential Amendments are also available on the websites of CSA members, including the following:

- www.bcsc.bc.ca
- www.albertasecurities.com
- www.osc.gov.on.ca
- www.lautorite.qc.ca
- www.msc.gov.mb.ca
- www.nbsc-cvmnb.ca
- www.gov.ns.ca/nssc

In some jurisdictions, ministerial approvals are required for the implementation of the DRO Consequential Amendments. Subject to obtaining all necessary approvals, the DRO Consequential Amendments will come into force on **May 31, 2013**.

Substance and Purpose of the DRO Consequential Amendments

The DRO Consequential Amendments are adopted in order to fully implement the regulatory framework set out in National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101**), which came into effect on April 20, 2012[1]. NI 25-101 imposes requirements on those credit rating agencies or organizations (**CROs**) that wish to have their credit ratings eligible for use in securities legislation by requiring them to apply to become a "designated rating organization" (**DRO**) and adhere to rules concerning conflicts of interest, governance, conduct, compliance, and required filings. This regulatory framework is consistent with international regimes applicable to CROs[2].

On October 31, 2012, the CSA designated each of DBRS Limited, Fitch, Inc., Moody's Canada Inc., and Standard & Poor's Rating Services (Canada) (the **Applicants**) pursuant to the requirements of NI 25-101[3]. The designation orders were granted on the basis that:

- The Applicants are in compliance in all material respects with NI 25-101 and the securities legislation applicable to credit rating organizations in each jurisdiction of Canada,

- The Applicants have filed all documentation required under NI 25-101, and

- Upon being designated as DROs, the Applicants are subject to the requirements set out in securities legislation in each jurisdiction of Canada.

Canadian securities legislation also includes a number of references to credit ratings. The DRO Consequential Amendments replace the current existing references to "approved rating organization", and "approved credit rating organization" with "designated rating organization". Similarly, the terms "approved rating" and "approved credit rating" are replaced with "designated rating".

---

1 Except in Saskatchewan where NI 25-101 came into force on August 15, 2012.

2 On October 5, 2012, the European Commission granted a decision on the recognition of the legal and supervisory regime for CROs set out in NI 25-101 as equivalent to the requirements of *Regulation (EC) No 1060/2009 on credit rating agencies* for recognizing credit ratings issued by CROs outside of the European Union. A copy of the equivalence decision is available on the website of the Official Journal of the European Union at: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:278:0017:0018:EN:PDF.

3 The CSA also granted interim designation orders on April 30, 2012, to each Applicant, which designated the Applicant as a DRO and exempted the Applicant from the provisions of NI 25-101 for six months to allow the Applicant to review and amend, if necessary, its policies, practices, and internal controls in order to be compliant in all material respects with NI 25-101.

Summary of Written Comments Received by the CSA

The comment period for the DRO Consequential Amendments expired on October 24, 2012, and we received submissions from two commenters. We have considered these comments and we thank the commenters. A list of the commenters and a summary of their comments, together with our response, are contained in Appendix A to this notice.

Summary of Changes to the Proposed Materials

We have added additional guidance to Companion Policy 44-101CP *Short Form Prospectus Distributions* (**44-101CP**) and Companion Policy 81-102CP *Mutual Funds* (**81-102CP**) indicating that it is reasonable to interpret the predecessor terms "approved credit rating", "approved rating" and "approved credit rating organization" as having the same meaning as their respective successor terms, "designated rating" and "designated rating organization". This additional guidance is intended to clarify that the DRO Consequential Amendments should not impact existing agreements, such as trust indentures or other private contracts, that were entered into before the date the DRO Consequential Amendments come into force.

Local Notices and Amendments

Certain jurisdictions are publishing other information required by local securities legislation or regarding amendments to local securities legislation in Appendix N to this notice.

Questions

If you have any questions, please refer them to any of the following:

Frédéric Duguay
Legal Counsel, Corporate Finance
Ontario Securities Commission
416-593-3677
fduguay@osc.gov.on.ca

Katie DeBartolo
Accountant, Corporate Finance
Ontario Securities Commission
416-593-2166
kdebartolo@osc.gov.on.ca

Lucie J. Roy
Senior Policy Advisor
Service de la réglementation
Surintendance aux marchés des valeurs
Autorité des marchés financiers
514-395-0337, ext 4464
lucie.roy@lautorite.qc.ca

Ashlyn D'Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
403-355-4347
ashlyn.daoust@asc.ca

Sheryl Thomson
Senior Legal Counsel, Legal Services
Corporate Finance
British Columbia Securities Commission
604-899-6778
sthomson@bcsc.bc.ca

APPENDIX A
SUMMARY OF COMMENTS AND RESPONSE ON NOTICE AND REQUEST FOR COMMENT
PROPOSED DRO CONSEQUENTIAL AMENDMENTS PUBLISHED JULY 26, 2012

This appendix summarizes the written public comments we received on the DRO Consequential Amendments. It also sets out our response to those comments.

List of Parties Commenting on the DRO Consequential Amendments

- Osler, Hoskin & Harcourt LLP
- Stikeman Elliott LLP

General Comments

Two commenters are concerned that the DRO Consequential Amendments will create unintended adverse consequences for existing agreements, such as trust indentures or other private contracts, which include references to "approved credit rating" and "approved credit rating organization". The commenters are concerned that if the DRO Consequential Amendments are adopted as proposed, such agreements may need to be amended, which would create uncertainty and additional costs.

The commenters suggest that we include a provision in the DRO Consequential Amendments that recognizes the terms "approved credit rating" and "approved credit rating organization" as interchangeable with "designated rating" and "designated rating organization or its DRO affiliate" for any agreements entered into before the date the DRO Consequential Amendments come into force.

> ***Response: We have added language to 44-101CP indicating that it is reasonable to interpret the predecessor terms "approved credit rating", "approved rating" and "approved credit rating organization" as having the same meaning as their respective successor terms, "designated rating" and "designated rating organization". We have also added similar language to 81-102CP.***

APPENDIX B

CHANGES TO COMPANION POLICY 21-101CP
MARKETPLACE OPERATION

1. The changes to Companion Policy 21-101CP Marketplace Operation are set out in this Appendix.

2. Subsection 10.1(6) is replaced with the following:

An "investment grade corporate debt security" is a corporate debt security that is rated by a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories or that is at or above a category that preceded or replaces one of the following rating categories:

Designated Rating Organization	**Long Term Debt**	**Short Term Debt**
DBRS Limited	BBB	R-2
Fitch, Inc.	BBB	F3
Moody's Canada Inc.	Baa	Prime-3
Standard & Poor's Ratings Services (Canada)	BBB	A-3

3. The changes become effective on May 31, 2013.

APPENDIX C

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 8.21 is amended

(a) in subsection (1), by

(i) replacing "approved credit rating***" with "***designated rating***",***

(ii) replacing "approved credit rating organization***" with "***designated rating organization***",***

(iii) adding the following definition:

"DRO affiliate" has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;***, and***

(b) in paragraph (2)(b), by

(i) replacing "an approved credit rating***" with "***a designated rating***", and***

(ii) replacing "an approved credit rating organization***" with "***a designated rating organization or its DRO affiliate***".***

3. Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital (calculating line 9 [market risk]) is amended by replacing "Moody's Investors Service, Inc. or Standard & Poor's Corporation***" with "***Moody's Canada Inc. or its DRO affiliate or Standard & Poor's Rating Services (Canada) or its DRO affiliate***".***

4. This Instrument comes into force on May 31, 2013.

APPENDIX D

AMENDMENTS TO NATIONAL INSTRUMENT 33-109
REGISTRATION INFORMATION

1. National Instrument 33-109 Registration Information is amended by this Instrument.

2. Form 33-109F6 Firm Registration is amended by replacing, in Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital (calculating line 9 [market risk]), "Moody's Investors Service, Inc. or Standard & Poor's Corporation***" with "***Moody's Canada Inc. or its DRO affiliate or Standard & Poor's Rating Services (Canada) or its DRO affiliate***".***

3. This Instrument comes into force on May 31, 2013.

APPENDIX E

AMENDMENTS TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

1. National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.

2. Section 1.1 is amended by

(a) replacing "approved rating organization***" with "***designated rating organization***",***

(b) adding the following definitions:

"DRO affiliate" has the same meaning as in section 1 of NI 25-101;***, and***

"NI 25-101" means National Instrument 25-101 *Designated Rating Organizations*;***.***

3. Subsection 7.2(2) is amended by replacing "approved rating organization***" with "***designated rating organization or its DRO affiliate***".***

4. Subsection 10.1(4) is amended by replacing "an approved rating organization***" with "***a designated rating organization or its DRO affiliate***".***

5. This Instrument comes into force on May 31, 2013.

APPENDIX F

AMENDMENTS TO NATIONAL INSTRUMENT 44-101
***SHORT FORM PROPSECTUS DISTRIBUTIONS* AND COMPANION POLICY**

Schedule F-1

AMENDMENTS TO
NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS*

1. National Instrument 44-101 Short Form Prospectus Distributions is amended by this Instrument.

2. Section 1.1 is amended

(a) by replacing the definition of "approved rating***" with the following:***

"designated rating" means, for a security, a rating issued by a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories or that is at or above a category that replaces one of the following rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt	Preferred Shares
DBRS Limited	BBB	R-2	Pfd-3
Fitch, Inc.	BBB	F3	BBB
Moody's Canada Inc.	Baa	Prime-3	"baaa"
Standard & Poor's Ratings Services (Canada)	BBB	A-3	P-3

(b) in the definition of "cash equivalent***", by***

(i) replacing "an approved rating***" wherever it occurs with "***a designated rating***", and***

(ii) replacing "approved rating organization***" with "***designated rating organization or its DRO affiliate***", and***

(c) by adding the following definitions:

"designated rating organization" means

(a) each of DBRS Limited, Fitch, Inc., Moody's Canada Inc., Standard & Poor's Ratings Services (Canada), including their DRO affiliates; or

(b) any other credit rating organization that has been designated under securities legislation;***, and***

"DRO affiliate" has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;***.***

3. Section 2.3 is amended

(a) in the title, by replacing "Approved Rating***" with "***Designated Rating***",***

(b) in paragraph (1)(e), by

(i) replacing "an approved rating***" with "***a designated rating***",***

(ii) replacing "the approved rating***" with "***the designated rating***",***

(iii) in subparagraph (e)(ii), replacing "an approved rating organization***" with "***a designated rating organization or its DRO affiliate***", and***

(iv) ***in subparagraph (e)(iii), replacing "***approved rating organization***" with "***designated rating organization or its DRO affiliate***".***

4. Subsection 2.4(1) is amended by

(a) replacing "an approved rating***" wherever it occurs with "***a designated rating***",***

(b) replacing "the approved rating***" wherever it occurs with "***the designated rating***",***

(c) replacing "an approved rating organization***" wherever it occurs with "***a designated rating organization or its DRO affiliate***", and***

(d) replacing "any approved rating organization***" wherever it occurs with "***any designated rating organization or its DRO affiliate***".***

5. Subsection 2.6(1) is amended by

(a) replacing "an approved rating***" wherever it occurs with "***a designated rating***",***

(b) replacing "the approved rating***" wherever it occurs with "***the designated rating***",***

(c) in subparagraph (c)(ii), replacing "an approved rating organization***" with "***a designated rating organization or its DRO affiliate***", and***

(d) in subparagraph (c)(iii), replacing "approved rating organization***" with "***designated rating organization or its DRO affiliate***".***

6. Item 7.9 of Form 44-101F1 is amended by replacing "securities of the issuer that are outstanding, or will be outstanding,***" with "***the securities being distributed***".***

7. This Instrument comes into force on May 31, 2013.

Schedule F-2

CHANGES TO
COMPANION POLICY 44-101CP *SHORT FORM PROSPECTUS DISTRIBUTIONS*

1. The changes to Companion Policy 44-101CP Short Form Prospectus Distributions are set out in this Schedule.

2. Subsection 1.7(1) is changed

(a) in the title, by replacing "Approved rating***" with "***Designated rating***",***

(b) by replacing "an approved rating***" wherever it occurs with "***a designated rating***",***

(c) by replacing "rating agency***" wherever it occurs with "***designated rating organization or its DRO affiliate***", and***

(d) by adding the following subsection

(1.1) *Predecessor terms* – We recognize there are existing contracts that use the predecessor terms "approved credit rating", "approved rating" and "approved credit rating organization". The content of the new definitions "designated rating" and "designated rating organization" is substantially the same as the content of their respective predecessor terms, only the terminology has changed. Therefore, it is reasonable to interpret the predecessor terms as having the same meaning as the definition of "designated rating" and "designated rating organization" in NI 44-101, as applicable.

3. Section 2.2 is changed by replacing "approved rating***" with "***designated rating***".***

4. Section 2.4 is changed by

(a) replacing "an approved rating***" wherever it occurs with "***a designated rating***", and***

(b) replacing "approved rating organization***" with "***designated rating organization or its DRO affiliate***".***

5. The changes become effective on May 31, 2013.

APPENDIX G

AMENDMENTS TO NATIONAL INSTRUMENT 44-102
***SHELF DISTRIBUTIONS* AND COMPANION POLICY**

Schedule G-1

AMENDMENTS TO
NATIONAL INSTRUMENT 44-102 *SHELF DISTRIBUTIONS*

1. National Instrument 44-102 Shelf Distributions is amended by this Instrument.

2. Section 2.3 is amended

(a) in subsection (1), by

(i) in the title, by replacing "Approved Rating Non-Convertible Securities***" with "***Designated Rating Non-Convertible Securities***",***

(ii) replacing "approved rating non-convertible securities***" with "***designated rating non-convertible securities***",***

(iii) replacing "an approved rating***" wherever it occurs with "***a designated rating***", and***

(iv) replacing "approved rating organization***" with "***designated rating organization or its DRO affiliate***".***

(b) in subsection (2), by

(i) replacing "an approved rating***" wherever it occurs with "***a designated rating***", and***

(ii) replacing "approved rating organization***" with "***designated rating organization or its DRO affiliate***".***

(c) in subsection (3), by

(i) replacing "approved rating***" wherever it occurs with "***designated rating***",***

(ii) replacing "an approved rating***" wherever it occurs with "***a designated rating***",***

(iii) in clause (b)(iv)(B), replacing "an approved rating organization***" wherever it occurs with "***a designated rating organization or its DRO affiliate***", and***

(iv) in clause (b)(iv)(C), replacing "approved rating organization***" wherever it occurs with "***designated rating organization or its DRO affiliate***".***

3. Subsection 2.4(3) is amended by

(a) replacing "approved rating***" wherever it occurs with "***designated rating***",***

(b) replacing "an approved rating***" wherever it occurs with "***a designated rating***",***

(c) replacing "an approved rating organization***" wherever it occurs with "***a designated rating organization or its DRO affiliate***", and***

(d) replacing "any approved rating organization***" wherever it occurs with "***any designated rating organization or its DRO affiliate***".***

4. Section 2.6 is amended by

(a) replacing "approved rating***" wherever it occurs with "***designated rating***",***

(b) replacing "an approved rating***" wherever it occurs with "***a designated rating***",***

(c) ***replacing "***an approved rating organization***" wherever it occurs with "***a designated rating organization or its DRO affiliate***", and***

(d) ***replacing "***any approved rating organization***" wherever it occurs with "***any designated rating organization or its DRO affiliate***".***

3. This Instrument comes into force on May 31, 2013.

Schedule G-2

CHANGES TO
COMPANION POLICY 44-102CP *SHELF DISTRIBUTIONS*

1. The changes to Companion Policy 44-102CP Shelf Distributions are set out in this Schedule.

2. Subsection 2.6(2) is changed by replacing "approved rating organizations***" with "***designated rating organizations or their DRO affiliates***".***

3. The changes become effective on May 31, 2013.

APPENDIX H

AMENDMENTS TO NATIONAL INSTRUMENT 45-106
PROSPECTUS AND REGISTRATION EXEMPTIONS

1. National Instrument 45-106 Prospectus and Registration Exemptions is amended by this Instrument.

2. Section 1.1 is amended by

(a) replacing "approved credit rating***" with "***designated rating***",***

(b) replacing "approved credit rating organization***" with "***designated rating organization***", and***

(c) adding the following definition:

"DRO affiliate" has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;***.***

3. Paragraph 2.34(2)(b) is amended by

(a) replacing "an approved credit rating***" with "***a designated rating***", and***

(b) replacing "an approved credit rating organization**" with "**a designated rating organization or its DRO affiliate***".***

4. Subsection 2.35(b) is amended by

(a) replacing "an approved credit rating***" with "***a designated rating***", and***

(b) replacing "an approved credit rating organization***" with "***a designated rating organization or its DRO affiliate***".***

5. Paragraph 3.34(2)(b) is amended by

(a) replacing "an approved credit rating***" with "***a designated rating***", and***

(b) replacing "an approved credit rating organization**" with "**a designated rating organization or its DRO affiliate***".***

6. Subsection 3.35(b) is amended by

(a) replacing "an approved credit rating***" with "***a designated rating***", and***

(b) replacing "an approved credit rating organization***" with "***a designated rating organization or its DRO affiliate***".***

7. This Instrument comes into force on May 31, 2013.

APPENDIX I

AMENDMENTS TO NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS

1. National Instrument 51-102 Continuous Disclosure Obligations is amended by this Instrument.

2. Section 1.1 is amended by

(a) replacing the definition of "approved rating organization***" with the following:***

"designated rating organization" means

(a) each of DBRS Limited, Fitch, Inc., Moody's Canada Inc., Standard & Poor's Ratings Services (Canada), including their DRO affiliates; or

(b) any other credit rating organization that has been designated under securities legislation;***, and***

(b) adding the following definition:

"DRO affiliate" has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;***.***

3. This Instrument comes into force on May 31, 2013.

APPENDIX J

CHANGES TO NATIONAL POLICY 51-201
DISCLOSURE STANDARDS

1. The changes to National Policy 51-201 Disclosure Standards are set out in this Appendix.

2. Subsection 3.3(7) is changed by replacing "approved rating agencies***" with "***designated rating organizations***".***

3. Footnote 19 is changed by replacing "approved rating***" with "***designated rating***".***

4. The changes become effective on May 31, 2013.

APPENDIX K

AMENDMENTS TO NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE

1. National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.

2. Subsection 2.6(4) is amended by replacing "an approved rating organization***" with "***a designated rating organization or its DRO affiliate***".***

3. This Instrument comes into force on May 31, 2013.

APPENDIX L

AMENDMENTS TO NATIONAL INSTRUMENT 81-102 *MUTUAL FUNDS* AND COMPANION POLICY

Schedule L-1

AMENDMENTS TO NATIONAL INSTRUMENT 81-102 *MUTUAL FUNDS*

1. National Instrument 81-102 Mutual Funds is amended by this Instrument.

2. Section 1.1 is amended

(a) by replacing the definition of "approved credit rating***" with the following:***

"designated rating" means, for a security or instrument, a rating issued by a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories, or that is at or above a category that replaces one of the following rating categories, if

(a) there has been no announcement by the designated rating organization or its DRO affiliate of which the mutual fund or its manager is or reasonably should be aware that the rating of the security or instrument to which the designated rating was given may be down-graded to a rating category that would not be a designated rating, and

(b) no designated rating organization or any of its DRO affiliates has rated the security or instrument in a rating category that is not a designated rating:

Designated Rating Organization	Commercial Paper/ Short Term Debt	Long Term Debt
DBRS Limited	R-1 (low)	A
Fitch, Inc.	F1	A
Moody's Canada Inc.	P-1	A2
Standard & Poor's Ratings Services (Canada)	A-1 (Low)	A

,

(b) by replacing the definition of "approved credit rating organization***" with the following:***

"designated rating organization" means

(a) each of DBRS Limited, Fitch, Inc., Moody's Canada Inc., Standard & Poor's Ratings Services (Canada), including their DRO affiliates; or

(b) any other credit rating organization that has been designated under securities legislation;**,**

(c) in the definition of "cash cover***", by replacing "***an approved credit rating***" with "***a designated rating***",***

(d) in the definition of "cash equivalent***", by***

(i) replacing "an approved credit rating***" wherever it occurs with "***a designated rating***", and***

(ii) replacing "an approved credit rating organization***" with "***a designated rating organization or its DRO affiliate***",***

(e) by adding the following definition:

"DRO affiliate" has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;**,**

(f) ***in the definition of "***floating rate evidence of indebtedness***", by replacing "***an approved credit rating***" wherever it occurs with "***a designated rating***",***

(g) ***in the definition of "***money market fund***", by replacing "***an approved credit rating***" with "***a designated rating***", and***

(h) ***in the definition of "***qualified security***", by***

(i) ***replacing "***an approved credit rating***" wherever it occurs with "***a designated rating***", and***

(ii) ***replacing "***an approved credit rating organization***" with "***a designated rating organization or its DRO affiliate***".***

3. ***Section 2.7 is amended***

(a) ***in subsection (1), by replacing "***an approved credit rating***" wherever it occurs with "***a designated rating***", and***

(b) ***in subsection (2), by replacing "***approved credit rating***" with "***designated rating***".***

4. ***Subparagraph 2.12(1)6.(d) is amended by***

(a) ***replacing "***an approved credit rating organization***" with "***a designated rating organization or its DRO affiliate***", and***

(b) ***replacing "***an approved credit rating***" with "***a designated rating***".***

5. ***Subparagraph 2.18(1)(a)(iii) is amended by replacing "***an approved credit rating***" with "***a designated rating***".***

6. ***Paragraph 4.1(4)(b) is amended by***

(a) ***replacing "***an approved rating***" with "***a designated rating***", and***

(b) ***replacing "***an approved credit rating organization***" with "***a designated rating organization or its DRO affiliate***".***

7. ***Subsection 4.1(4.1) is amended by replacing "***approved rating***" with "***designated rating***".***

8. ***Subsection 15.3(5) is amended***

(a) ***in paragraph (a), by replacing "***an approved credit rating organization***" with "***a designated rating organization or its DRO affiliate***", and***

(b) ***in paragraphs (b) and (c), by replacing "***approved credit rating organization***" with "***designated rating organization or any of its DRO affiliates***".***

9. This Instrument comes into force on May 31, 2013.

Schedule L-2

CHANGES TO
COMPANION POLICY 81-102CP *MUTUAL FUNDS*

1. The changes to Companion Policy 81-102CP Mutual Funds are set out in this Schedule.

2. Part 2 is changed by adding the following section after section 2.4

2.4.1 **Predecessor terms** – We recognize there are existing contracts that use the predecessor terms "approved credit rating", "approved rating" and "approved credit rating organization". The content of the new definitions "designated rating" and "designated rating organization" is substantially the same as the content of their respective predecessor terms, only the terminology has changed. Therefore, it is reasonable to interpret the predecessor terms as having the same meaning as the definition of "designated rating" and "designated rating organization" in NI 81-102, as applicable**.**

3. Subsection 3.1(4) is changed by

(a) replacing "approved credit rating organizations***" wherever it appears with "***designated rating organizations or their DRO affiliates***", and***

(b) replacing "Standard & Poor's***" wherever it appears with "***Standard & Poor's Rating Services (Canada) or its DRO affiliate***".***

4. The changes become effective on May 31, 2013.

APPENDIX M

AMENDMENTS TO NATIONAL INSTRUMENT 81-106
INVESTMENT FUND CONTINOUS DISCLOSURE

1. National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.

2. Paragraph 3.5(6)(d) is amended by replacing "approved credit rating***" with "***designated rating***".***

3. This Instrument comes into force on May 31, 2013.

APPENDIX N

ADDITIONAL INFORMATION REQUIRED IN ONTARIO

Notice of Commission Approval

On March 12, 2013 the Ontario Securities Commission (the **Commission**) approved the publication of the DRO Consequential Amendments pursuant to section 143 of the *Securities Act* (Ontario) (the **Act**).

The DRO Consequential Amendments have an effective date of May 31, 2013.

Delivery to the Minister

The DRO Consequential Amendments were delivered to the Minister of Finance on March 13, 2013. The Minister may approve or reject the DRO Consequential Amendments or return them for further consideration. If the Minister approves the DRO Consequential Amendments or does not take any further action by May 13, 2013, the Materials will come into force on May 31, 2013.

This page intentionally left blank

Chapter 6

Request for Comments

6.1.1 Proposed NI 62-105 Security Holder Rights Plans, Proposed Companion Policy 62-105CP, and Proposed Consequential Amendments

NOTICE AND REQUEST FOR COMMENT

PROPOSED NATIONAL INSTRUMENT 62-105
***SECURITY HOLDER RIGHTS PLANS*,**

PROPOSED COMPANION POLICY 62-105CP
SECURITY HOLDER RIGHTS PLANS

AND

PROPOSED CONSEQUENTIAL AMENDMENTS

March 14, 2013

INTRODUCTION

The Canadian Securities Administrators (the **CSA** or **we**) are publishing for a 90 day comment period proposed National Instrument 62-105 *Security Holder Rights Plans* (the **Proposed Rule**) and proposed Companion Policy 62-105CP *Security Holder Rights Plans* (the **Proposed Policy**).

We are also proposing to make related consequential changes (i) to National Policy 62-202 *Take-Over Bids – Defensive Tactics*[1] (**NP 62-202**) and National Policy 62-203 *Take-Over Bids and Issuer Bids* (**NP 62-203**), and (ii) consequential amendments to Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids* (**MI 62-104**), OSC Rule 62-504 *Take-Over Bids and Issuer Bids* (**OSC Rule 62-504**), National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**), and National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) (collectively, the consequential changes and amendments are referred to herein as the **Consequential Amendments**).

The Proposed Rule, Proposed Policy and Consequential Amendments (the **Proposed Materials**) relate only to security holder rights plans (**Rights Plans**). The Proposed Materials are a part of a broader and on-going CSA initiative to review defensive tactics issues, including, for example, the role of private placements during take-over bids. CSA staff will consider potential changes to NP 62-202 or the take-over bid regime as part of this broader review.

The Proposed Materials establish a regulatory framework for Rights Plans in all CSA jurisdictions. In general, the Proposed Rule will allow Rights Plans adopted by boards of directors of issuers to remain in place provided majority security holder approval of the Rights Plan is obtained within specified times. This approach would change the current regulatory treatment of Rights Plans. Currently, if a hostile bidder asks a Canadian securities regulatory authority to cease trade a Rights Plan to render it inoperative, that authority will generally do so after a specified time.

We intend the Proposed Rule to address concerns about the limited ability of an issuer to respond to an unsolicited or hostile take-over bid when adopting a Rights Plan, while ensuring that a majority of shareholders of the issuer are supportive of the Rights Plan measure proposed by the issuer's management. As is explained in the Proposed Policy, securities regulators do not anticipate intervening on public interest grounds to cease trade a Rights Plan that was adopted in compliance with the Proposed Rule unless the target issuer engages in conduct that undermines the principles underlying the Proposed Rule or there is a public interest rationale for the intervention not contemplated by the Proposed Rule. Therefore, if the Proposed Rule was in force, the principle that "there comes a time when the pill has got to go" would generally be no longer applicable to the review of Rights Plans by securities regulators.

Currently, Rights Plans are subject to stock exchange requirements that require approval of a Rights Plan by a majority vote of shareholders within six months of adoption. The securities regulators may also review Rights Plans under their respective public interest jurisdictions as a defensive tactic with reference to the guidance in NP 62-202 and principles derived from securities

[1] In Québec, National Policy 62-202 *Take-Over Bids – Defensive Tactics* is known as *Notice 62-202 relating to Take-Over Bids – Defensive Tactics*.

regulatory authorities' decisions that have applied NP 62-202 to Rights Plans. As a result, the adoption of the Proposed Rule and Proposed Policy will require consequential amendments to NP 62-202 to exclude Rights Plans from its general application and, to the extent necessary, amendments to stock exchange requirements applicable to Rights Plans. We are in discussions with the Toronto Stock Exchange (**TSX**) and the Toronto Stock Exchange – Venture (**TSXV**) on the timing and publication of any necessary amendments to the applicable listing provisions. We note that we may propose further changes to NP 62-202 at a future date in connection with our broader CSA initiative to review defensive tactics issues other than Rights Plans.

The text of the Proposed Materials is contained in Annexes A to H of this Notice and will also be 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

BACKGROUND

1. Nature and Purpose of Rights Plans

Rights Plans are a defensive tactic often adopted by company boards in anticipation of or in response to hostile take-over bids.[2] A typical Rights Plan provides for the issuance of rights that permit shareholders of the target company, other than a potential bidder, to acquire additional shares of the target company at a deep discount to market price if a specified share ownership threshold is triggered (usually 20% of a class of equity shares). A Rights Plan deters potential bidders from making a take-over bid because the exercise of the rights makes it prohibitively expensive for the bidder to acquire the target company shares. As a result, where a Rights Plan exists, a bidder can take-up shares under the bid, as a practical matter, only if the target company board waives or redeems the rights issued under the Rights Plan or a court or regulator rescinds or cease trades the Rights Plan. Generally, a hostile bidder in Canada will apply to securities regulators to cease trade a Rights Plan because their practice has been to cease trade a Rights Plan within a certain period of time after the bid is launched.

In Canada, most Rights Plans contain "permitted bid" conditions that allow a take-over bid to be made to target company shareholders without triggering the Rights Plan if: (i) the bidder keeps the take-over bid open for a minimum period of time (usually 60 days), (ii) the bidder is not entitled to acquire shares under the take-over bid unless a majority of shares owned by persons other than the bidder are tendered, and (iii) the bidder is obligated to extend the bid for an additional 10 days following the bidder's initial take-up under the take-over bid.

Rights Plans may have different purposes. First, they serve to restrict creeping acquisitions of the target company's securities through normal course transactions or private agreement transactions that are otherwise exempt from the "formal bid" requirements of securities legislation.

Second, Rights Plans may be used to encourage potential hostile bidders to make bids that conform to "permitted bid" conditions in the Rights Plan.

Third, Rights Plans may be used to delay a hostile take-over to give the target board more time to respond to the bid and to maximize shareholder value.

Fourth, Rights Plans give the target board some leverage to negotiate with the bidder.

Fifth, a Rights Plan that does not contain "permitted bid" conditions would, absent regulatory intervention, otherwise require the bidder to launch a proxy battle to replace the target's board of directors and elect new directors that may be more willing, subject to their fiduciary duty to the target, to redeem the rights issued under the Rights Plan and permit the bid to be put to target shareholders for their consideration.

[2] A reference to a "hostile take-over bid" in this Notice means generally that the bid is unsolicited and is not supported by the target company's board of directors.

2. Current Canadian securities regulatory framework for Rights Plans

(a) Overview of Position of Stock Exchanges and Regulators

In Canada, the adoption of a Rights Plan is subject to applicable stock exchange requirements that require shareholder approval of the Rights Plan within a specified time. However, if an issuer adopts a Rights Plan in anticipation of, or in the face of, a hostile take-over bid, then stock exchanges will generally defer their review pending the securities regulators' consideration of the matter. The ability of a target company board to maintain a Rights Plan in response to a hostile take-over bid, whether or not the target company has obtained shareholder approval, may, if requested, be subject to review by the securities regulators based on guidance in NP 62-202 regarding defensive tactics and principles derived from their decisions applying NP 62-202 to Rights Plans.

(b) Stock Exchange Requirements

Because Rights Plans involve the potential issuance of equity securities, Canadian stock exchanges regulate, in some respects, and approve the adoption of Rights Plans by listed issuers. Under sections 634 – 637 of the Toronto Stock Exchange (TSX) Company Manual, the TSX[3] will consent to the adoption of a Rights Plan by a listed issuer provided:

(i) the listed issuer has filed a draft of the Rights Plan with the TSX together with a letter setting out specified information about the circumstances under which the Rights Plan is being adopted and its terms;

(ii) the Rights Plan will be submitted for approval by a majority of shareholders at a meeting held within six months following adoption of the Rights Plan; and

(iii) shareholder approval is obtained by both a majority vote that excludes a shareholder exempted from the operation of the Rights Plan and a vote that includes such shareholder.

The TSX defers its decision to consent to a Rights Plan if it was adopted in response to a specific take-over bid that has been made or is contemplated on the basis that securities regulators may be asked to intervene under NP 62-202. The listed issuer cannot amend a Rights Plan without the listed issuer filing a summary of the proposed changes to the Rights Plan with the TSX and obtaining the TSX's consent.

Stock exchange staff may also monitor and evaluate the terms of Rights Plans from a market integrity perspective. For example, the TSX Company Manual sets out additional requirements where issuers adopt Rights Plans with triggering thresholds of less than 20% (the take-over bid threshold) in order to address concerns that the Rights Plan may be used for an inappropriate purpose such as thwarting a potential proxy contest or preventing the disposition of a block of securities that is above the lower triggering threshold.

(c) CSA approach to Rights Plans

The current CSA approach to Rights Plans is based on the guidance in NP 62-202 and the principles derived from the decisions applying NP 62-202 to Rights Plans. Rights Plans typically come before securities regulatory authorities when a bidder applies to cease trade the Rights Plan on public interest grounds. The securities regulatory authority of the jurisdiction in which the target company's head office is located will apply the guidance in NP 62-202 and applicable case law when considering the bidder's application and will hold a hearing if necessary.

(i) NP 62-202

The CSA adopted NP 62-202 in 1986.[4] The policy provides guidance on the circumstances in which securities regulators would intervene on public interest grounds to protect the *bona fide* interests of target company shareholders when a take-over bid is made. NP 62-202 addresses the over-arching concern that, in the context of a hostile take-over bid, the interests of management of the target company may not coincide with those of shareholders and that management may implement defensive measures that deny shareholders the ability to respond to a bid.

NP 62-202 sets out a number of key principles concerning the take-over bid regime and the role of defensive tactics, such as:

- take-over bids play an important role in the economy by acting as a discipline on management and in reallocating economic resources to their best use;

[3] The TSXV provides similar requirements for Rights Plans.

[4] NP 62-202 is the successor policy to National Policy Statement No. 38 *Take-Over Bids – Defensive Tactics* which was rescinded in 1997.

- in considering a bid, there is a possibility that the interests of target management will differ from those of the target shareholders;
- the primary objective of bid legislation is to protect the *bona fide* interests of target shareholders and a secondary objective is to provide an open and even-handed environment for take-over bids;
- a specific set of rules for board conduct would not be appropriate but regulators will intervene in specific cases that may be abusive of shareholder rights;
- unrestricted auctions produce the most desirable results in take-over bids and regulators will intervene if defensive tactics are adopted that will likely deprive shareholders of their ability to tender to a bid or a competing bid; and
- prior shareholder approval will generally allay concerns with respect to a defensive tactic.

NP 62-202 applies to a broad range of defensive measures and does not specifically address a particular type of defensive measure such as a Rights Plan. However, NP 62-202 has been applied most often by securities regulators to the use of Rights Plans by target company boards.

(ii) Application of NP 62-202 to Rights Plans

Securities regulators have generally applied NP 62-202 to intervene and cease trade a Rights Plan upon application by a bidder if no competing bid or transaction is likely to arise or where the board of the target company is not soliciting competing bids or transactions. The current approach of securities regulators as reflected in written decisions is that a Rights Plan "must go" once it has accomplished its "legitimate" purpose of maximizing shareholder choice and value by encouraging competing bids or transactions.

The main issue at regulatory hearings typically concerns how much additional time a target company board should have to solicit competing bids or transactions beyond the minimum deposit period required under securities legislation (currently 35 calendar days). Securities regulators have identified a number of factors relevant to deciding that question.[5]

Although the primary focus of analysis at regulatory hearings has been on the best interests of target shareholders, securities regulators have recognized that the legal framework applicable to Rights Plans should be reasonably transparent and predictable so that market participants, including issuers, investors and potential bidders, can make informed decisions when a hostile take-over bid is made.[6]

At the same time, the framework must be flexible enough to address particular circumstances and to allow a target company board to fulfill its fiduciary duties.[7]

We have recently seen a number of cases in which securities regulators have granted a target company board more time to facilitate an auction than was typically granted in the past or have relied on shareholder approval in the face of a take-over bid as a basis not to intervene to cease trade a Rights Plan.[8]

3. Approaches to defensive tactics in the United States and United Kingdom

The CSA approach to defensive tactics, and Rights Plans in particular, can be contrasted with the approach by courts and state legislatures in the United States and the approach of regulators in the United Kingdom.

The ability of target boards to respond to hostile bids by adopting a Rights Plan or other defensive measures is significantly different under applicable Delaware and United Kingdom law.

In general, the current Canadian approach to Rights Plans and other defensive measures involves more active regulatory intervention than under the Delaware regime but is less restrictive than the United Kingdom Takeover Code (the **Takeover Code**).

A summary of the Delaware and United Kingdom approaches to Rights Plans and other defensive tactics is set out at Schedule A.

---

5 See, in particular, *Re Royal Host Real Estate Investment Trust* (1999), 22 OSCB 7819.

6 See, for example, discussion in *Re Cara Operation Limited and The Second Cup Limited* (2002), 25 OSCB 7997.

7 See *Re MDC Corporation and Regal Greetings & Gifts Inc.* (1994), 17 OSCB 4971.

8 See, for example, *Re Pulse Data Inc.*, 2007 ABASC 895, *Re Neo Materials Technologies* (2009), 32 OSCB 6941, and *Re 1468860 Alberta Ltd* [*Canadian Hydro Developers*], 2009 ABASC 448.

4. Concerns raised about the current CSA approach to Rights Plans

(a) Principled concerns with the current approach

There are two principled concerns with respect to Canadian securities regulators' current approach to Rights Plans.

First, some market participants believe that the current Canadian approach generally favours bidders rather than targets and their shareholders, limits board and shareholder discretion and does not necessarily maximize value for shareholders. Some of these market participants also argue that the current approach has contributed to the "hollowing out" of corporate Canada by making Canadian issuers easier to acquire than issuers in other jurisdictions.

In particular, these market participants believe that Canadian securities regulators may intervene too early when cease trading a Rights Plan. A Rights Plan in Canada is typically cease traded within 45 to 55 days after the launch of a take-over bid. Some believe that such a period leaves a target company board with limited leverage to negotiate with a hostile bidder. In contrast, a Rights Plan adopted under Delaware law can provide a very extended period of protection (see Schedule A of this Notice).

To address these concerns, some commentators have suggested that securities regulators revoke NP 62-202 and stop regulating take-over bid defensive tactics in any respect. They would prefer that defensive tactics be regulated only by the courts as a matter of fiduciary duty law or pursuant to the "oppression" remedy under corporate legislation.

In our view, however, securities regulators have a legitimate role in regulating take-over bids to ensure that defensive tactics do not unduly restrict the ability of shareholders to respond to a bid and do not unduly discourage the making of hostile bids. This role is consistent with the detailed rules contained in securities legislation regulating the making and conduct of take-over bids.

The second principled concern with the current approach to Rights Plans relates to the collective action problem faced by shareholders in responding to a take-over bid.

When responding to a take-over bid, shareholders may either tender their shares or choose not to, but they are not able to act collectively through a shareholders' vote. As a result, shareholders may feel pressured to tender to a take-over bid in order not to have payment for their shares delayed or be left behind with a minority shareholding position in a less liquid stock if the bidder acquires less than all the shares of the target company.

The collective action problem provides a hostile bidder with a strategic advantage because shareholders may feel pressured to tender even if they do not support the bid and do not wish to accept it.[9] This dynamic might, however, be altered if shareholders were entitled to make a collective decision about the maintenance of a particular Rights Plan in the face of a take-over bid.

These two principled concerns have informed our approach to the Proposed Rule and Proposed Policy.

(b) Specific issues with the current approach

We describe below other specific concerns with the current approach of securities regulators to Rights Plans.

(i) Discretion of the board and shareholders

The current approach to Rights Plans may result in securities regulators pre-empting the discretion of (i) target company boards of directors to act in what they perceive to be shareholders' best interests by implementing a Rights Plan or maintaining it in place, and (ii) target shareholders to approve or retain a Rights Plan if they consider that to be in their best interests.

The current approach generally does not address the fact that:

1. A board may wish as a strategic matter to maintain a Rights Plan for an extended period to negotiate a higher price or more acceptable terms from a hostile bidder (even if a competing bid is not being solicited or is not likely). A hostile bidder will know that securities regulators will typically cease trade a Rights Plan within 45 to 55 days. As a result, the bidder may have little incentive to negotiate with the board to improve the terms of the bid.

2. Shareholders may not want to receive certain types of bids or may not want to receive any bid at all in certain circumstances. This may be particularly true for partial bids and bids by significant shareholders that are not subject to a minimum tender condition (which may result in the acquisition of control without the bidder paying a full control premium). In these circumstances, shareholders may feel pressured to tender and suffer from the collective action problem referred to above.

[9] This collective action problem does not arise where a transaction proceeds as a merger or arrangement that requires a shareholder vote.

In contrast, in the United States, a Rights Plan can remain in place almost indefinitely subject to the right of shareholders to vote to remove the board (although that action may be delayed by staggered boards and other structural defences).

(ii) Current approach is not based on a policy review

The securities regulators' current approach to Rights Plans has evolved through adjudicative decisions in contested hearings rather than as a result of a policy review as to the appropriate approach to regulating Rights Plans. Rights Plans were adopted as a defensive tactic in Canada after the implementation of NP 62-202 and, accordingly, the policy does not expressly address them.

Adjudicative decisions generally follow the Ontario Securities Commission's 1992 decision in *Canadian Jorex*[10] that held that "there comes a time when the pill has got to go" (that is to say, when it has accomplished its only "legitimate" purpose of encouraging competing bids or transactions). That decision was made in circumstances in which cease trading a Rights Plan allowed shareholders to decide between two competing bids.

There have been a number of market and governance developments since the adoption of NP 62-202 and the decision in *Canadian Jorex* that suggest a need to revisit the assumptions on which the current securities regulatory approach to Rights Plans is based. These developments include the adoption of relatively standard form "permitted bid" Rights Plans, more cross-border bids that require increased time for the board to respond, changes in board governance practices and greater shareholder activism.

The significance of shareholder activism is evidenced by the evolution of Rights Plans from less shareholder friendly plans to the current standard of a "permitted bid" Rights Plan. Shareholders have been increasingly assertive in a number of governance matters, such as majority voting and advisory votes on executive compensation, and in launching dissident proxy campaigns to replace board members. We think it is appropriate that shareholders also determine, in conjunction with their boards, the appropriate approach to Rights Plans based on the particular circumstances of the issuer.

We believe that the considerations above reinforce the need for the policy review reflected in the Proposed Rule and Proposed Policy.

(iii) Risk of inconsistent regulatory decisions

Given the event-driven nature of decision-making through contested hearings interpreting the application of NP 62-202, there is a risk of inconsistent and unpredictable decisions regarding Rights Plans by securities regulators in different jurisdictions or even in the same jurisdiction but at different times.

These varying determinations can occur as a result of different perspectives on underlying principles, such as the relevance of shareholder approval to the particular circumstances, the relevance of the board's fiduciary duty obligations when responding to hostile take-over bids, and the significance of the risk of structural coercion of target company shareholders by the bidder in particular circumstances, as they are applied to the facts of a particular case.

We anticipate that the Proposed Rule and Proposed Policy may reduce the likelihood of inconsistent decisions related to Rights Plans.

(iv) Consistency with the fiduciary duty of directors

Some commentators have suggested that intervention by securities regulators to cease trade Rights Plans inappropriately fetters the discretion of target boards to apply their fiduciary duty to act in the best interests of the corporation in a manner consistent with the *BCE*[11] decision by the Supreme Court of Canada.

The Proposed Rule would provide target boards with greater flexibility in determining whether to adopt or maintain a Rights Plan by taking into account considerations relating to their fiduciary duty to the corporation and its stakeholders, including shareholders.

However, we are of the view that the ultimate decision about the adoption or maintenance of a Rights Plan should remain with the shareholders and not with the board of directors, regulators or courts. This is reflected in the Proposed Policy which indicates that the securities regulators' policy approach is that generally a target board would be permitted to retain a rights plan if a majority of its shareholders have approved the Rights Plan at a prior annual meeting or in the face of the bid.

---

10 See *Re Canadian Jorex Ltd.*, (1992) 15 OSCB 257.

11 *BCE Inc. v. 1976 Debentureholders*, 2008 SCC 69.

SUBSTANCE AND PURPOSE OF THE PROPOSED RULE

1. Overview of the Proposed Rule

As is explained in the Proposed Policy, the purpose of the Proposed Rule is to: (1) establish a comprehensive regulatory framework for Rights Plans in Canada that provides target boards and shareholders with greater discretion over the use of Rights Plans; (2) reduce the circumstances where regulatory intervention may be necessary; and (3) maintain an active market for corporate control.

In developing the Proposed Rule, we have accepted as a general proposition that securities regulators should:

(i) interfere with the role of the target board only to the extent necessary to protect the legitimate interests of shareholders;

(ii) intervene to regulate Rights Plans only to the extent necessary to achieve accepted policy objectives, including any public interest objectives not contemplated in the Proposed Rule;

(iii) attempt to develop a broad framework that leaves decisions to the target board and target shareholders;

(iv) avoid creating arbitrary rules that cannot be responsive to all of the circumstances that a target board may face; that is, recognizing that a one-size-fits-all approach to Rights Plans is not the most desirable or effective; and

(v) regulate the specific terms of Rights Plans only to a limited extent.

The basic elements of the Proposed Rule are:

(i) a Rights Plan is effective[12] when adopted by the board of directors but it must be approved by security holders within 90 days from the date of adoption or, if adopted after a take-over bid has been made, within 90 days from the date the take-over bid was commenced;

(ii) a Rights Plan must be approved annually by majority vote of shareholders to continue to remain effective;

(iii) shareholders can terminate a Rights Plan at any time by majority vote;

(iv) any shares held by the bidder are excluded from a security holder vote to adopt, maintain or amend a Rights Plan;

(v) material amendments to a Rights Plan must be approved by security holders within 90 days of the date of adoption;

(vi) a Rights Plan is effective only against take-over bids or an acquisition by a person of securities of the issuer (e.g. it cannot be triggered by a shareholder vote); and

(vii) a Rights Plan cannot be used to discriminate between take-over bids, so if it is waived or modified with respect to one take-over bid it must be waived or modified with respect to any other take-over bid.

2. Objectives of the Proposed Rule

Take-over bid regulation protects target shareholders by creating an orderly and structured process for changes in control that are effected through the acquisition of a substantial number of shares from shareholders. The purpose of take-over bid regulation is to ensure fair treatment of target shareholders and that all market participants know what rules apply.

We intend that the Proposed Materials will modernize, harmonize and codify the CSA approach to Rights Plans. In developing the Proposed Materials we have sought to establish a framework that will complement the policy objectives of take-over bid regulation by (i) assisting target shareholders to make a coordinated, voluntary and informed tendering decision, and (ii) giving shareholders the final say on whether they want to adopt a Rights Plan that grants more discretion to the target board or facilitates collective decision-making by shareholders.

[12] We use the concept of "effectiveness" of a Rights Plan in this Notice for ease of reference. Under the Proposed Rule, the effectiveness or not of a Rights Plan is expressed in terms of a prohibition on the distribution of a security pursuant to the exercise of a right issued under a Rights Plan unless certain conditions are met.

We think the Proposed Rule is consistent with the policy goals of the CSA policy on defensive tactics, the primary purpose of which is the protection of the *bona fide* interests of shareholders of a target issuer. NP 62-202 refers to prior shareholder approval as an important factor that would allay the concerns of securities regulatory authorities with respect to defensive tactics. The Proposed Rule leaves to shareholders the ultimate decision of whether to permit a Rights Plan to remain in place or not.

If we adopt the Proposed Materials, we anticipate that securities regulators will only intervene in the operation of a Rights Plan that is approved by security holders in limited circumstances where the substance or spirit of the Proposed Rule is not being complied with or there is a public interest rationale for the intervention not contemplated by the Proposed Rule.

In this context, we think that the Proposed Rule will facilitate shareholder choice and also allow for greater board empowerment. The Proposed Rule sets out a framework permitting boards and shareholders, through the specific terms of a Rights Plan, to determine how much authority the board should have in responding to a take-over bid and the terms upon which a bid would be acceptable. Shareholders will have the ability to approve an existing Rights Plan at each annual meeting or, where a Rights Plan is adopted in the face of a bid, within 90 days of commencement of the bid.

An effect of the Proposed Rule and Proposed Policy will generally be to allow a board to maintain a Rights Plan in place for an indefinite period of time and in the face of a hostile take-over bid if the Rights Plan is approved by target company shareholders and the Rights Plan complies with the terms of the Proposed Rule. Nonetheless, the Proposed Rule preserves the ability of a hostile bidder to make an offer directly to target shareholders and, if there is a Rights Plan in place, to seek shareholder support for the termination of the Rights Plan. In this way, the Proposed Rule will still facilitate direct challenges to Rights Plans without obliging a bidder or aggrieved shareholder to launch a proxy contest for the purpose of installing a board that will support removal of the Rights Plan. We believe that a shareholder vote on the specific question of termination of a Rights Plan is preferable to the circumstance where a shareholders must decide whether to replace a majority of the board as a means to remove a Rights Plan. The removal of directors and the termination of a Rights Plan are two separate matters and shareholders should be able to consider them on their own merits.

Comparison of Proposed Rule with Approaches to Rights Plans in the United States and United Kingdom

The Proposed Rule reflects certain elements of both the U.S.-Delaware and United Kingdom regimes.

The Proposed Rule will introduce a formal regulatory framework for Rights Plans that will allow both target boards and target shareholders greater control over the use of Rights Plans if, as under the Takeover Code, it is approved by a majority of the shareholders. While the Takeover Code only permits defensive measures that have been approved by shareholders in the face of the bid, the Proposed Rule permits a Rights Plan to be maintained in the face of a hostile take-over bid if it was approved by shareholders either at the prior annual meeting or in the face of the bid.

The ability of the board, with shareholder approval, to adopt a Rights Plan will give the board greater latitude, as under Delaware law, to use the Rights Plan to negotiate with the bidder or reject the hostile take-over bid. However, unlike Delaware law, a bidder or dissident shareholder can seek to terminate a pre-approved Rights Plan without launching a proxy battle to elect the majority of the target board and rely on the new board to terminate the Rights Plan.

3. Effects of the Proposed Rule

In our view, adoption of the Proposed Rule may result in the following effects:

Effect on Shareholders

- Shareholders will decide by majority vote whether to approve a Rights Plan either at an annual or other meeting of the issuer in the absence of a bid or at a special meeting in the face of an actual bid.

- Shareholders may receive higher premiums for their shares as the Proposed Rule will give boards of directors more leverage in negotiating friendly transactions, in negotiating with hostile bidders and in generating an auction if a hostile take-over bid is made.

- When faced with a bid, shareholders may collectively decide by shareholder vote on a Rights Plan whether they wish to receive a bid without any compulsion to tender to it. This may mitigate the risk of coercion in the event of a partial bid or an “insider” bid by a significant shareholder.

- When faced with a bid, shareholders may be more likely to retain their shares if they want the issuer to remain independent or if they believe the Rights Plan may have the ultimate effect of increasing the bid price.

- Arbitrageurs may be somewhat discouraged from acquiring shares of a target company as the Proposed Rule will create more uncertainty as to the outcome of a bid. The adoption of a pre-approved Rights Plan will signal that the target board has increased leverage to respond to a bid and the length of time between the commencement of a bid and its completion is likely to be lengthier than under the current securities regulatory approach.

- The right of shareholders to accept a particular bid will be restricted where shareholders, by majority vote, approve maintaining a Rights Plan that could effectively prevent the bid from proceeding.

Effect on Boards of Directors

- Boards of directors will have more discretion, in the first instance, with respect to implementing and maintaining a Rights Plan.

- Boards of directors will have a greater range of alternatives, and potentially more time, to respond to a hostile take-over bid.

- Boards of directors will have greater leverage in negotiating with a hostile bidder.

- A bidder will require shareholders holding a majority of shares to reject a Rights Plan before any shares can be taken up under the bid. This will give boards of directors and shareholders more control over the terms under which they will accept a bid.

- By making the use of a Rights Plan a more effective take-over bid defence, the Proposed Rule may, to some extent, discourage the use of other defensive tactics by boards of directors.

Effect on Bidders

- The Proposed Rule may discourage hostile take-over bids by making them somewhat more time consuming, more expensive and less certain.

- A bidder will be able to challenge a Rights Plan through a proxy solicitation to terminate the Rights Plan by a majority shareholder vote.

- A bidder will have cause to challenge a Rights Plan by way of an application to the securities regulators only in limited circumstances.

- If an issuer adopts a Rights Plan, the Proposed Rule will effectively extend the period a bid will be outstanding.

Effect on Securities Regulators

- Securities regulators will enforce the regulatory regime with respect to Rights Plans and will generally intervene only where the target issuer engages in conduct that undermines the principles underlying the Proposed Rule or there is a public interest rationale for the intervention not contemplated by the Proposed Rule.

- There may be a reduction in the number of applications to cease trade Rights Plans and fewer Rights Plan hearings given that securities regulators would intervene in more limited circumstances.

- Any inconsistencies in the adjudicative decisions of securities regulators in different jurisdictions or over time with respect to Rights Plans may be resolved and the potential for future conflicting decisions may be reduced.

SUMMARY AND EXPLANATION OF KEY PROVISIONS OF THE PROPOSED RULE

In this section, we describe the key provisions of the Proposed Rule, the rationale for those provisions and the effect of the provisions on those with an interest in a take-over bid.

1. Establishment of Rights Plan

(a) A Rights Plan is effective when it is adopted by an issuer's board of directors (subsection 2(4)).

A Rights Plan is effective from the date it is adopted by an issuer's board of directors rather than from the date that security holder approval is obtained. This maintains the status quo until the issuer obtains security holder approval and is consistent with current market practice. The Rights Plan will remain effective until the date by which it must be approved even if the board of directors chooses not to call a meeting, adjourns the meeting or fails to put the Rights Plan for consideration at a meeting.

The Proposed Rule would not prohibit the board of an issuer from adopting a second tactical Rights Plan with different or more restrictive terms than a pre-approved Rights Plan, so long as shareholders approve the second Rights Plan within 90 days.

(b) A Rights Plan must be approved by security holders of the issuer within 90 days from the date of adoption or, if adopted after a take-over bid has been announced or commenced, within 90 days from the date the take-over bid was commenced (subsection 2(1)).

For a Rights Plan to remain effective, security holders must approve it within 90 days of its adoption by the board. If a Rights Plan is implemented after the date a take-over bid is announced or commenced, the issuer must obtain security holder approval within 90 days from the earlier of date of commencement of the bid and the date of adoption of the Rights Plan. We selected the date of commencement of the take-over bid rather than the date of announcement of the take-over bid as a trigger for the 90 day period because a target board should not be required to make a decision with respect to a Rights Plan until it has been able to review the full terms of the offer.

We considered whether to provide issuers with a longer period of time, for example up to 6 months, to obtain security holder approval if a Rights Plan is adopted when the issuer's board is not aware of any anticipated bids or if no bid has been made. We believe that 90 days is sufficient time for issuers to call a meeting and obtain security holder approval under any circumstance and that it is preferable to apply a 90 day period for approval of a Rights Plan whether or not a hostile take-over bid has been made.

While the Proposed Rule requires an issuer to obtain security holder approval of a Rights Plan within the specified 90 day period in order for the Rights Plan to continue, the Proposed Rule does not require an issuer to call and hold a meeting within this 90 day period. If an issuer determines not to hold a meeting in time to satisfy the requirement for security holder approval within 90 days then, by operation of the Proposed Rule, the Rights Plan would cease to be effective upon expiration of the 90 day period.

The Proposed Rule does not require a previously approved Rights Plan to be re-approved by security holders in the event a take-over bid is made. We believe that target shareholders should be able to approve a Rights Plan with the expectation that the Rights Plan will remain in place subject to annual approvals thereafter or the limited circumstances where regulatory intervention may be appropriate. An issuer's shareholders may want to pre-commit to a Rights Plan because they want their board to focus on creating long-term shareholder value. A pre-approved Rights Plan may, however, be removed by way of a shareholder vote after a bid has been commenced or at any other time.

(c) An issuer that adopts a Rights Plan prior to becoming a reporting issuer is excluded from the requirement to obtain initial security holder approval (section 5).

Security holders are presumed to have consented to the adoption of a Rights Plan if the disclosure document pursuant to which the issuer became a reporting issuer contains appropriate disclosure about the Rights Plan as specified in the Proposed Rule.

2. Renewal of Rights Plan

In order for a Rights Plan to continue to be effective, the Rights Plan must be approved no later than at each annual meeting following the initial shareholder approval (subsections 2(2) and (3)).

A Rights Plan ceases to be effective unless it is approved by a majority vote of security holders no later than each annual meeting of the issuer following the financial year in which the issuer first obtained approval of the Rights Plan. This provision provides security holders with the opportunity to reconsider each year whether to maintain the Rights Plan. This requirement also gives bidders the option to announce or launch a bid knowing when the Rights Plan will be considered for approval by security holders.

3. Non-Approval or Termination of a Rights Plan

(a) A Rights Plan ceases to be effective if it is not approved by shareholders (subsections 2(1), (2) and (3)).

No securities can be issued upon the exercise of rights issued under a Rights Plan if the issuer does not obtain shareholder approval as required by the Proposed Rule. A Rights Plan becomes ineffective if the board of the issuer fails to put the Rights Plan to a shareholder vote (in which case it lapses) or if it fails to receive the requisite majority approval at a meeting of the shareholders.

(b) Security holders can terminate a Rights Plan by majority vote at any time (subsection 2(5)).

Under corporate law, it may be open to a bidder or shareholder with sufficient shares to requisition a shareholder meeting to consider the termination of a Rights Plan. A Rights Plan can be terminated by a majority vote of security holders regardless of any prior approval of a Rights Plan. This provision gives ultimate control to security holders whether to terminate a Rights Plan and provides an ongoing opportunity for: (i) a bidder to challenge a Rights Plan by requisitioning a meeting to approve termination of the Rights Plan, and (ii) security holders to challenge a Rights Plan at any time if they view the Rights Plan as reducing shareholder value.

The ability to terminate a Rights Plan by majority vote also means that bidders and shareholders do not have to replace the target board to remove a Rights Plan. Although staggered boards in Canada do not have the same effectiveness as in the United States, we do not believe that bidders or target shareholders should be required to remove the board so that an offer can be accepted.

(c) An issuer whose Rights Plan was not approved or was terminated cannot adopt a new Rights Plan for at least twelve months thereafter, except in certain circumstances (section 7).

The general rule is that an issuer is not permitted for a period of one year to implement a new Rights Plan if an issuer failed to obtain security holder approval of a Rights Plan within the required time period or if security holders voted to terminate a Rights Plan, except with prior security holder approval. However, the issuer can adopt a new Rights Plan if a formal take-over bid is made after the date when the prior Rights Plan lapsed or was terminated, subject to the requirement in section 2 of the Proposed Rule to obtain security holder approval within 90 days from the date of adoption.

Currently, the TSX does not, as a matter of practice, generally permit a new Rights Plan to be adopted for a three year period after a Rights Plan has failed to be approved. However, an issuer can adopt a new Rights Plan in the face of a bid or anticipated bid because the TSX defers review of such plans to the relevant securities regulatory authority. This allows for tactical Rights Plans even if a Rights Plan would not otherwise be permitted by the TSX.

We believe it is appropriate to allow for a new Rights Plan to be adopted and effective in the face of a bid even if a prior Rights Plan has lapsed or been terminated within 12 months prior to the bid. The target board would need to obtain shareholder approval of such Rights Plan within 90 days of adoption, but the Rights Plan would be effective in the interim.

Our concern with a general prohibition against adopting a Rights Plan after a plan has lapsed or been terminated is that it could leave the issuer and its shareholders vulnerable to a hostile take-over bid that is launched within 12 months after a Rights Plan ceases to be effective. We also note that it is possible that shareholders of an issuer may choose to vote in favour of a Rights Plan implemented in the face of an actual bid even if they had previously voted against such a plan.

4. Shareholder Approval

(a) A bidder and its joint actors are excluded from the shareholder vote required to adopt, maintain, amend or terminate a Rights Plan (subsection 1(1)).

The Proposed Rule requires security holder approval of a Rights Plan and excludes a bidder and its joint actors from participating in any required vote. The bidder is in an obvious conflict of interest when a Rights Plan is being considered by shareholders because the vote on the Rights Plan is effectively a referendum on the bid.

The most significant impact of this restriction may occur on bids by significant shareholders, in particular if a partial bid or a bid without a minimum tender condition is made. In these circumstances, the ability of independent target shareholders to vote on a Rights Plan will increase the leverage of the target board in negotiating with a bidder that is an insider.

An insider bidder's ability to increase its ownership by making a partial bid or a bid without a minimum tender condition increases the pressure on minority shareholders to tender if they have to make independent decisions on whether to tender to the bid. Minority shareholders may tender into a partial bid they consider financially inadequate if they are concerned about reduced liquidity after the bid, the reduced likelihood of receiving a control premium, the increased control in the hands of the

bidder, the increased ability of the bidder to acquire the target without minority approval once it owns 90 percent of the target shares, and the continued risk of future creeping bids. The ability of the target board to adopt a Rights Plan and maintain it with independent shareholder support would reduce the pressures on shareholders to accept a bid they view as undervaluing the shares.

Another important question in determining who is excluded from voting on the approval of a Rights Plan is whether target management should be permitted to vote. These individuals have a potential conflict of interest where a hostile take-over bid is made. Our view is that management should not be excluded from the shareholder vote as their vote would be proportional to their economic interest held through share ownership. Accordingly, they would only be able to exert influence commensurate with their share interest in the same way as other shareholders.

(b) A Rights Plan must be approved by (a) a majority vote of security holders that excludes the votes of an exempted security holder and its joint actors, and (b) a separate vote that does not exclude the votes of such security holder (section 6).

This provision addresses circumstances in which holders of grandfathered shares (typically existing large security holders) are exempted from the application of the Rights Plan if their holdings are above the threshold at which the Rights Plan is triggered. Grandfathered shareholders are often also permitted to increase their ownership by making annual restricted creeping acquisitions without triggering the Rights Plan.

This provision is similar to current TSX requirements and requires issuers to obtain dual approval from a vote that includes a grandfathered shareholder and a separate vote that excludes such shareholder.

The purpose of the dual vote is to recognize that the grandfathered shareholder and "minority" shareholders may have different but legitimate interests. The grandfathered shareholder faces restrictions on acquiring further shares that did not exist before the Rights Plan was implemented. There is also a risk that if the grandfathered shareholder is excluded from the vote on the Rights Plan, minority shareholders may approve unfair restrictions or requirements on the grandfathered shareholder. Both these considerations support requiring a vote that does not exclude the grandfathered shareholder.

On the other hand, separate minority shareholder approval is justified to reduce the risk that a grandfathered shareholder with a significant ownership may "cram down" a Rights Plan on the issuer and its minority shareholders that gives the grandfathered shareholder discretion to increase its holdings, makes it more difficult for a third party to make a bid or otherwise prejudices minority shareholders.

5. Application of a Rights Plan

(a) If the Rights Plan is waived or modified by the target board in favour of a bidder making a take-over bid it must be waived or modified with respect to all take-over bids (section 4).

Because shareholders expect a Rights Plan to be applied consistently against all bids, we believe that a target board should not be able to discriminate between bidders by waiving a Rights Plan in favour of a friendly bid while maintaining the Rights Plan against other formal bids. This permits shareholders to ultimately determine which bid will be successful through their decisions to tender.

(b) A Rights Plan can only be effective against take-over bids or acquisitions of securities (section 3).

A Rights Plan is only effective against take-over bids as defined in securities legislation or other acquisitions of securities of the issuer and does not apply to transactions or circumstances involving a shareholder vote such as contested director elections. The ability of shareholders to vote their shares or make proposals should not be affected by the operation of a Rights Plan.

6. Material Amendments to a Rights Plan

(a) Material amendments to a Rights Plan are effective as of the date they are adopted by the board of directors of the issuer (subsection 2(4)).

Material amendments to a Rights Plan are treated in the same way as the initial adoption of a Rights Plan. Such amendments are effective immediately or on such other date as is provided for under the amendment but must be approved by a shareholder vote within 90 days.

(b) Material amendments to a Rights Plan must be approved in the same manner as a new Rights Plan must be approved (section 2).

We considered whether to prohibit material amendments to a Rights Plan, whether to only make such amendments effective after shareholder approval is obtained or to require accelerated shareholder approval within, for example, 60 days. However, because the Proposed Rule does not prohibit an issuer from adopting a second Rights Plan even when an existing Rights Plan has been pre-approved by shareholders, material amendments can be effected through implementation of a new Rights Plan.

Therefore, we concluded that material amendments should be treated in the same way as the adoption of a new Rights Plan.

7. Filing and disclosure (subsection 2(6))

Rights Plans must be publicly filed on SEDAR and an issuer must distribute a news release with prescribed disclosure when a Rights Plan is adopted or materially amended.

The objective of these requirements is to ensure that there is sufficient disclosure for market participants to understand key terms of the Rights Plan, the rationale for its adoption or continued maintenance, and how it is being used by the issuer in the particular circumstances. It is necessary for shareholders to have sufficient information whenever they are voting on a Rights Plan.

8. Exemptions (section 9)

We have proposed that securities regulators have the ability to grant exemptions from the Proposed Rule. We believe that is appropriate because it is difficult to predict how the Proposed Rule will operate in all circumstances.

CONSEQUENTIAL AMENDMENTS

We have proposed changes to NP 62-202 to exclude its application to Rights Plans. We have also proposed consequential changes to NP 62-203 and consequential amendments to the prescribed form of information circular under NI 51-102, the prescribed forms of directors' circulars under MI 62-104 and OSC Rule 62-504, and the prescribed form of prospectus under NI 41-101 to require disclosure in respect of Rights Plans.

ALTERNATIVES CONSIDERED

We considered alternatives to the Proposed Rule. Those alternatives included (i) the status quo, (ii) leaving decisions as to defensive tactics completely to the courts as a matter of fiduciary duty law; and (iii) permitting Rights Plans only if they are standard form "permitted bid" Rights Plans and are approved by shareholders. We concluded that the Proposed Rule was preferable for the reasons discussed above.

UNPUBLISHED MATERIALS

In developing the Proposed Rule, we have not relied on any significant unpublished study, report, or other written materials.

LOCAL NOTICES

Certain jurisdictions are publishing other information required by local securities legislation in Annex I to this notice.

REQUEST FOR COMMENTS

We welcome your comments on these Proposed Materials. In addition to any general comments you may have, we also invite comments on the following specific questions:

General

1. In your view, is the Proposed Rule preferable to the status quo, amending the bid regime to mandate "permitted bid" conditions and disallow Rights Plans, or amending NP 62-202 to provide specific guidance on when securities regulatory authorities would intervene on public interest grounds to cease trade a Rights Plan?

2. Do you think that implementing the Proposed Rule will reduce the need for securities regulators to review Rights Plans through public interest hearings? Please provide details.

3. Do you think the Proposed Rule will have any negative impact on the structure of take-over bids in Canada? Please provide details.

4. Is the discretion given to a board of directors under the Proposed Rule appropriate?

5. In your view, would the increased leverage of target boards and greater shareholder control over the use of Rights Plans that would result under the Proposed Rule unduly discourage the making of hostile take-over bids? If you believe hostile take-over bids will be inhibited, please explain whether or not you support that impact or have concerns. If you believe that the Proposed Rule may unduly discourage hostile take-over bids, please explain how you would modify the Rule to address your concerns.

6. Do you believe that other changes or consequential amendments to applicable securities legislation will be necessary if the Proposed Rule is implemented? Please explain.

Specific

7. The Proposed Rule contemplates that Rights Plans are effective following adoption provided that they are approved by shareholders within 90 days.

   (a) Is this timing appropriate? Should issuers have more or less than 90 days to obtain shareholder approval of a Rights Plan?

   (b) Should the time period for shareholder approval be different depending on whether the Rights Plan was adopted in the absence of a proposed take-over bid or adopted in the face of a take-over bid?

8. The Proposed Rule contemplates that a Rights Plan that is adopted after a take-over bid is made may remain in effect for a 90 day period pending security holder approval. We note that this 90 day period is longer than both the minimum 35 day period that a bid is required to be outstanding under applicable securities legislation and the 45 to 55 day period by which securities regulators have historically ceased traded a Rights Plan when successfully opposed by a bidder. Please provide your comments on the effect of this extension of the time.

9. While the Proposed Rule contemplates that Rights Plans are effective following adoption provided that they are approved by shareholders within the specified 90 day period, it does not mandate that a shareholder meeting be held within this 90 day period. This means, in effect, that a Rights Plan can remain in place for 90 days even if the board of directors choose not to hold a meeting. Should the Proposed Rule address the circumstance where an issuer does not take steps to call a shareholder meeting after a Rights Plan has been adopted?

10. The Proposed Rule contemplates that all Rights Plans must be re-approved by shareholders by no later than the date of the issuer's annual meeting in each financial after the issuer first obtained security holder approval.

    (a) Is this timing appropriate?

    (b) Should Rights Plans that were adopted in the absence of a proposed take-over bid be effective for a longer period of time than Rights Plans that were adopted in the face of a take-over bid?

11. The definition of "security holder approval" in the Proposed Rule does not exclude votes cast by management of the issuer. Please explain whether or not you believe this is appropriate. Does your answer depend on whether the security holder approval is being sought in respect of a Rights Plan that was adopted in the absence of a proposed take-over bid as compared to one that was adopted in the face of a take-over bid? Would you like to see any other any other voting issues addressed?

12. Section 3 of the Proposed Rule limits the effectiveness of rights plans to take-over bids and the acquisition of securities of an issuer by any person. Does this limitation unduly restrict the potential applications of rights plans? Should rights plans be permitted to be effective against irrevocable lock-up agreements?

13. Do you agree with the application of the Proposed Rule to material amendments to a Rights Plan? Do you believe that the nature of what may constitute a material amendment should be more fully addressed in the Proposed Rule or the Proposed Policy?

14. Should the Proposed Rule or Proposed Policy facilitate the ability of dissident shareholders or a bidder to challenge a pre-approved Rights Plan beyond the provisions of applicable corporate law by, for example, setting a minimum time period within which a meeting must be held or by dispensing with minimum ownership requirements?

15. Section 5 of the Proposed Rule provides a general exception from security holder approval for new reporting issuers. Should this exception be limited or subject to conditions depending on the manner by which the issuer becomes a reporting issuer or the circumstances of the transaction (for example, if the new reporting issuer is a spin-out of another reporting issuer)?

16. The Proposed Rule includes a transition provision in section 10. Is the time period contemplated in this provision appropriate?

How to provide your comments

Please provide your comments in writing by **June 12, 2013**. If you are not sending your comments by email, please send a CD containing the submissions (in Microsoft Word format).

Please 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
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Please send your comments **only** to the addresses below. Your comments will be distributed to the other participating CSA.

The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 2S8
Fax: 416-593-2318
Email: comments@osc.gov.on.ca

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: 514-864-6381
Email: consultation-en-cours@lautorite.qc.ca

Please note that all comments received will be made publicly available and posted on the websites of certain securities regulatory authorities. 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.

Contents of Annexes

Annex A	Proposed Rule
Annex B	Proposed Policy
Annex C	Proposed Changes to NP 62-202
Annex D	Proposed Changes to NP 62-203
Annex E	Proposed Amendments to MI 62-104
Annex F	Proposed Amendments to OSC Rule 62-504
Annex G	Proposed Amendments to NI 41-101
Annex H	Proposed Amendments to NI 51-102
Annex I	Local Matters

Questions

Please refer your questions to any of the following:

Naizam Kanji
Deputy Director, Mergers & Acquisitions, Corporate Finance
Ontario Securities Commission
416-593-8060
nkanji@osc.gov.on.ca

Jason Koskela
Senior Legal Counsel, Mergers & Acquisitions, Corporate Finance
Ontario Securities Commission
416-595-8922
jkoskela@osc.gov.on.ca

Gordon Smith
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
604-899-6656 (direct)
800-373-6393 (toll free in Canada)
gsmith@bcsc.bc.ca

Leslie Rose
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
604-899-6654 (direct)
800-373-6393 (toll free in Canada)
lrose@bcsc.bc.ca

Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
403-355-4424
tracy.clark@asc.ca

Sonne Udemgba
Deputy Director, Legal/Exemption
Securities Division, Financial and Consumer Affairs Authority of Saskatchewan
306-787-5879
sonne.udemgba@gov.sk.ca

Chris Besko
Legal Counsel, Deputy Director
Manitoba Securities Commission
204-945-2561
chris.besko@gov.mb.ca

Rosetta Gagliardi
Senior Policy Advisor
Autorité des marchés financiers
514-395-0337 ext. 4462
rosetta.gagliardi@lautorite.qc.ca

Sandrine Tremblay
Senior Securities Analyst
Autorité des marchés financiers
514-395-0337 ext. 4425
sandrine.tremblay@lautorite.qc.ca

SCHEDULE A

Approaches to defensive tactics in the United States and United Kingdom

A. United States

(i) Delaware

In the United States, courts review defensive tactics as a fiduciary duty matter under the corporate law of the state in which the target is incorporated. Delaware courts have had significant influence on the conduct of target boards responding to hostile take-over bids because most U.S. public companies are incorporated in Delaware and are therefore subject to its corporate law.

While Delaware courts generally defer to a board's business judgment when determining whether there has been a breach of fiduciary duties, they take a more stringent approach in reviewing defensive tactics in recognition of the fact that, when faced with a hostile take-over bid, the interests of the target company board and management may differ from those of target company shareholders.

As a result, the courts will not apply the business judgment rule in reviewing board action taken in response to a hostile take-over bid unless the target board demonstrates, as a threshold issue, that: (i) it had reasonable grounds for believing that the take-over bid was a danger to corporate policy and effectiveness, and (ii) the defensive measures adopted were reasonable in relation to the threat posed.[13] If both elements are satisfied, the board will have the benefit of the business judgment rule.

The Delaware courts generally view a Rights Plan as a reasonable and proportionate response to the threat posed by a hostile take-over bid to the target company's existing corporate strategy.[14] This approach recognizes that shareholders of a target company can ultimately replace the board and elect a board that can remove the Rights Plan. Thus, under Delaware law, target company boards may retain a rights plan in the face of a hostile take-over bid to protect an existing corporate strategy so long as the board does not take steps that impedes the ability of the shareholders to replace the board and remove the Rights Plan.

A significant concern with the Delaware approach to Rights Plans is that it is difficult and expensive for a bidder to replace a target board to remove a Rights Plan, especially when the target company has a staggered or classified board. A staggered board typically provides for election of only one-third of the board each year. Therefore, a bidder would need to win two consecutive annual proxy contests to be able to elect a majority of the board and to remove the Rights Plan.[15] Generally, shareholders have limited rights in the United States to requisition a shareholders meeting for that purpose.

The Delaware approach is therefore a "board veto" approach in that it allows a target board to adopt defensive measures that effectively prevent shareholders from accepting a hostile take-over bid without target board support. This was prominently illustrated in a recent decision where the Delaware Chancery Court did not redeem the rights issued under a Rights Plan despite a non-coercive offer and a 16 month take-over contest.[16]

(ii) State legislation

Almost every state legislature in the United States has adopted an anti-takeover statute. The purpose of these statutes appears to be to make hostile take-over bids more difficult for the bidder and not to address structurally coercive bids or maximize shareholder value. For example, the effect of Delaware's "business combination statute" is that a bidder can gain control of a target without board consent only by acquiring more than 85% of the company's shares.

B. United Kingdom

In the United Kingdom, all take-over bid defensive measures are dealt with by the United Kingdom Takeover Panel in accordance with the requirements of United Kingdom Takeover Code (**Takeover Code**).

The Takeover Code prohibits a target company board from taking any action during a bid, or in anticipation of a bid, that would frustrate the take-over bid or otherwise deny shareholders the opportunity to decide on its merits, unless such action is approved by target company shareholders in the face of the bid.

---

13 This is known as the "Unocal" test after the Delaware court decision.

14 In *Unitrin v. American General Corp.*, 651 A.2d 345 (Del. 1993), the Delaware court held that a defensive measure would be upheld as a proportional response to a threat if the measure: (a) was not coercive or preclusive of the bid, and (b) comes within a range of reasonableness.

15 Staggered boards are not an effective defensive measure in Canada because the entire board can be replaced at any time under Canadian corporate law.

16 See *Air Products & Chemicals, Inc. v. Airgas, Inc.*, C.A. No. 5249-CC (Del. Ch. Feb. 15, 2011).

Although boards of target companies subject to the Takeover Code have not traditionally adopted Rights Plans as defensive measures, other measures taken to deter a hostile bidder would require shareholder approval in the face of the bid. The Takeover Code also restricts the ability of a target board to enter into deal protection mechanisms, such as termination fees, in board supported transactions.

ANNEX A

PROPOSED NATIONAL INSTRUMENT 62-105
SECURITY HOLDER RIGHTS PLANS

TABLE OF CONTENTS

PART 1
DEFINITIONS AND INTERPRETATION

Definitions

1. (1) In this Instrument

"adoption" means the adoption of a rights plan, or an amendment to a rights plan, by an issuer by resolution of the board of directors of the issuer;

"equity security" means a security of an issuer that carries a residual right to participate in the earnings of the issuer and, on liquidation or winding up of the issuer, in its assets;

"formal take-over bid",

(a) in a jurisdiction other than Ontario, means a take-over bid that is subject to Part 2 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*,

(b) in Ontario, has the meaning ascribed to that term in subsection 89(1) of the *Securities Act* (Ontario);

"issuer" means an issuer that is a reporting issuer in a jurisdiction of Canada;

"offeror" means any of the following:

(a) a person or company making a take-over bid or that has announced an intention to make a take-over bid;

(b) a person or company acting jointly or in concert with a person or company referred to in paragraph (a);

(c) a control person of a person or company referred to in paragraph (a);

(d) a person or company acting jointly or in concert with the control person referred to in paragraph (c);

"rights plan" means, for an issuer, an agreement or plan providing for the distribution of rights to security holders of the issuer entitling security holders of the issuer, other than the person or company triggering the agreement or plan, to purchase or acquire additional equity or voting securities of the issuer at a substantial discount to the market price of such securities in the event of an acquisition by a person or company of a specified number or percentage of the issuer's outstanding equity or voting securities, or in the event of one or more other events triggering the agreement or plan;

"security holder approval" in respect of a rights plan means, subject to section 6, approval by a majority of votes cast by security holders of every class of equity or voting securities of the issuer subject to the rights plan, in each case voting separately as a class, at a meeting of holders of that class, excluding votes cast at the meeting by an offeror in respect of the issuer;

"take-over bid" has the meaning ascribed to that term

(a) in a jurisdiction other than Ontario, in section 1.1 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*,

(b) in Ontario, subsection 89(1) of the *Securities Act* (Ontario).

(2) For the purposes of this Instrument, the date that a take-over bid is commenced is determined,

(a) in a jurisdiction other than Ontario, in accordance with section 2.9 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, or

(b) in Ontario, in accordance with section 94.1 of the *Securities Act* (Ontario).

PART 2
EFFECTIVENESS OF RIGHTS PLAN

Requirements

2. (1) An issuer must not distribute a security pursuant to the exercise of a right issued under a rights plan unless

(a) the issuer obtained security holder approval of the rights plan, or a material amendment to the rights plan, on or before the 90th day following the adoption of the rights plan or the material amendment to the rights plan, or

(b) if the rights plan or a material amendment to the rights plan was adopted after one or more take-over bids were announced or commenced, the issuer obtained security holder approval of the rights plan, or the material amendment to the rights plan, on or before the earlier of

(i) the 90th day following the earliest date on which any one of those take-over bids was commenced, and

(ii) the 90th day following adoption of the rights plan or the material amendment to the rights plan.

(2) Despite an issuer having obtained security holder approval of a rights plan, or a material amendment to a rights plan, as specified in subsection (1), the issuer must not, following the issuer's annual meeting of security holders held in each financial year of the issuer that is after the financial year in which the issuer first obtained security holder approval of the rights plan, distribute a security pursuant to the exercise of a right issued under the rights plan unless the issuer has obtained security holder approval of the rights plan, including any material amendment, at that annual meeting of security holders.

(3) If, pursuant to section 5, an issuer is not subject to paragraph (1)(a), the issuer must not, following the issuer's annual meeting of security holders held in each financial year of the issuer that is after the financial year during which the issuer first became a reporting issuer in any jurisdiction of Canada, distribute a security pursuant to the exercise of a right issued under the rights plan unless the issuer has obtained security holder approval of the rights plan, including any material amendment, at such annual meeting of security holders.

(4) Despite subsection (1), an issuer may distribute a security pursuant to the exercise of a right distributed under a rights plan of the issuer during the period commencing on the date of adoption of the rights plan or a material amendment to the rights plan and ending on the earlier of

(a) the date of the meeting of security holders during which the issuer sought, but failed to obtain, security holder approval of the rights plan or the material amendment to the rights plan, and

(b) the date when security holder approval of the rights plan or the material amendment to the rights plan is required under subsection (1).

(5) An issuer must not distribute a security pursuant to the exercise of a right issued under a rights plan if security holder approval is obtained to terminate the rights plan.

(6) If an issuer adopts a rights plan, or makes a material amendment to a rights plan, the issuer must

(a) promptly issue and file a news release containing the following:

(i) an explanation as to why the issuer adopted the rights plan or the material amendment to the rights plan, including whether or not the rights plan or material amendment to the rights plan was adopted in response to a specific proposal to acquire equity or voting securities of the issuer or a take-over bid that is anticipated or has been proposed, announced or commenced,

(ii) a description of the principal terms of the rights plan or of the material amendment to the rights plan, including any terms that would be relevant to a security holder's decision to approve or reject the rights plan,

(iii) a statement about whether any existing security holder is treated differently, or has different rights or obligations, from any other security holder under the terms of the rights plan and the reason for those differences,

(iv) if a rights plan permits an acquisition of ownership or control of equity or voting securities by a person or company on specified terms or conditions without triggering any differential treatment of the rights held by such person or company under the rights plan, disclosure of that fact, of the specified terms or conditions, and of the reason those terms or conditions were included in the plan,

(v) a statement about whether independent directors of the issuer reviewed the rights plan to determine whether the rights plan is in the best interests of the issuer and its security holders and, if not, the reasons for not conducting a review,

(vi) a discussion of whether the rights plan is in the best interests of the issuer and its security holders,

(vii) an explanation that the issuer's security holders must approve the rights plan, or a material amendment to the rights plan, and may terminate a rights plan, in each case in accordance with this Instrument,

(viii) information as to when the issuer expects to hold a meeting at which security holders may vote on the rights plan or material amendment to the rights plan and which security holders' votes will be excluded for the purposes of determining whether security holder approval has been obtained, and

(ix) any other material information relevant to a security holder's decision to approve or reject the rights plan,

(b) promptly file the rights plan or any material amendment to the rights plan, and

(c) include in any information circular required by securities legislation for a shareholders' meeting at which the issuer proposes to obtain security holder approval of the rights plan or any material amendment to the rights plan the disclosure required under paragraph (a).

(7) For the purposes of paragraph (6)(a)(v), a director of the issuer is not independent if the director is currently, or has been at any time during the 12 months before the date of the adoption of a rights plan, an officer or employee of the issuer.

Scope of rights plan

3. An issuer must not distribute a security pursuant to the exercise of a right issued under a rights plan other than as a result of a take-over bid or the acquisition by any person or company of securities of the issuer.

Waiver or modification of rights plan

4. If an issuer, in compliance with the terms of a rights plan, waives or modifies the application of the rights plan, or any provision of the rights plan, with respect to a take-over bid, the issuer must grant the same waiver, or make the same modification, with respect to any other take-over bid that was announced or commenced as of the date of the waiver or modification or that is announced or commenced while the first mentioned take-over bid is outstanding.

Exception for new reporting issuers

5. Subsection 2(1) does not apply to an issuer if

(a) the rights plan was adopted prior to the issuer becoming a reporting issuer in any jurisdiction of Canada,

(b) the disclosure described in paragraph 2(6)(a) was made in a document filed in connection with the issuer becoming a reporting issuer, and

(c) the issuer has filed the rights plan.

Exempted security holder

6. If a rights plan of an issuer exempts a security holder from the operation of the rights plan, the security holder approval contemplated by subsections 2(1), (2) or (3), as applicable, must be obtained by

(a) a majority vote of security holders of the applicable class excluding the votes cast by the exempted security holder and each person or company acting jointly or in concert with the exempted security holder, and

(b) a majority vote of security holders of the applicable class that does not exclude the votes cast by the exempted security holder and each person or company acting jointly or in concert with the exempted security holder.

Restriction on new rights plan following non-approval or termination of a rights plan

7. (1) If an issuer did not obtain security holder approval of a rights plan, or a material amendment to a rights plan, in accordance with subsection 2(1), (2) or (3), as applicable, the issuer must not, during the period commencing on the relevant non-approval date and ending 12 months after the relevant non-approval date, distribute a security pursuant to the exercise of a right issued under a new rights plan, except with prior security holder approval.

(2) For the purposes of subsection (1), "relevant non-approval date" in respect of a rights plan means

(a) if the issuer failed to obtain security holder approval of the rights plan or a material amendment to it at a meeting of security holders, the date of the meeting, and

(b) if no meeting was held, the date of the applicable deadline for obtaining security holder approval under subsection 2(1), (2) or (3).

(3) If security holder approval is obtained to terminate a rights plan of an issuer, the issuer must not distribute a security pursuant to the exercise of a right issued under a new rights plan for at least 12 months thereafter, except with prior security holder approval.

(4) Subsections (1) and (3) do not apply if a formal take-over bid is subsequently announced or commenced with respect to securities of the issuer and the issuer adopts a rights plan or material amendment to a rights plan after the formal take-over bid has been announced or commenced but prior to its expiry.

(5) A rights plan adopted in accordance with this section is subject to the provisions of this Instrument.

Prospectus exemption

8. The prospectus requirement does not apply to the distribution by an issuer of a security to a security holder of the issuer pursuant to a rights plan of the issuer or the exercise of rights issued thereunder in accordance with this Instrument.

PART 3
EXEMPTION

Exemption

9. (1) The regulator or the securities regulatory authority may grant an exemption from this Instrument in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B to National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

PART 4
COMING INTO FORCE

Transition

10. (1) Other than subsection (2), this Instrument does not apply to an issuer in respect of a rights plan adopted by the issuer on or before **[effective date]**.

(2) If an issuer adopted a rights plan on or before **[effective date]**, the issuer must not, following the issuer's next annual meeting held 90 days or more after **[effective date]**, distribute a security pursuant to the exercise of a right issued under the rights plan unless the issuer obtains or has obtained security holder approval of the rights plan, including any material amendment, at such annual meeting.

Effective date

11. This Instrument comes into force on **[effective date]**.

ANNEX B

PROPOSED COMPANION POLICY 62-105CP
SECURITY HOLDER RIGHTS PLANS

TABLE OF CONTENTS

PART 1
GENERAL

1. Purpose – The purpose of the Instrument is to: (a) establish a comprehensive regulatory framework for rights plans in Canada that provides target boards and security holders with greater discretion over the use of rights plans; (b) reduce the circumstances where regulatory intervention may be necessary; and (c) maintain an active market for corporate control.

PART 2
INTERPRETATION

2. Rights – For purposes of the Instrument, the meaning of "rights" includes any rights or other securities entitling the holder, whether or not on conditions, to acquire or receive equity securities or voting securities of an issuer at a substantial discount to market price. "Rights" is intended to be interpreted broadly.

3. Material Amendments – A material amendment to a rights plan includes an amendment to a rights plan which would reasonably be expected to affect the decision of a target company security holder to approve or not approve the rights plan.

4. Meaning of New Rights Plan – For the purposes of section 7 of the Instrument, a "new rights plan" would include a substantially similar material amendment to a rights plan of an issuer for which the issuer failed to obtain security holder approval in accordance with subsections 2(1), (2) or (3), as applicable.

PART 3
INTERVENTION BY SECURITIES REGULATORS

5. Basis for Intervention – Securities regulators do not anticipate intervening on public interest grounds to cease trade a rights plan that was adopted in compliance with the Instrument unless the target issuer engages in conduct that undermines the principles underlying the Instrument or there is a public interest rationale for the intervention not contemplated by the Instrument. The principle that "there comes a time when the pill has got to go" is generally no longer applicable to the review of rights plans by securities regulators.

6. Security holder Approval – The ultimate decision on whether a rights plan should be adopted or maintained remains with security holders. Securities regulators' policy approach is generally that a target board is permitted to retain a rights plan if a majority of its security holders have approved the rights plan at a prior annual meeting or in the face of a take-over bid.

7. Validity of Rights Plans – Securities regulators are not the appropriate forum for resolving questions regarding the validity of a rights plan for purposes of corporate law. Nothing in the Instrument makes a rights plan valid if it is not otherwise valid under corporate law.

8. Exemptive Relief – Securities regulators have broad power to grant exemptions from the Instrument. Discretion with regards to exemptive relief applications will generally be exercised by applying the principles in *National Policy 62-202 Take-over Bids – Defensive Tactics*, as the same may be modified from time to time.

ANNEX C

PROPOSED CHANGE TO
NATIONAL POLICY 62-202 *TAKE-OVER BIDS – DEFENSIVE TACTICS*

1. The change proposed to National Policy 62-202 *Take-Over Bids – Defensive Tactics* is set out in this Annex.

2. The Policy is changed by adding the following section:

1.0 Application – This National Policy does not apply to a rights plan that is subject to National Instrument 62-105 *Security Holder Rights Plans*.*.*

3. This change becomes effective on **[●]**.

ANNEX D

PROPOSED CHANGE TO
NATIONAL POLICY 62-203 *TAKE-OVER BIDS AND ISSUER BIDS*

1. The change proposed to National Policy 62-203 *Take-Over Bids and Issuer Bids* is set out in this Annex.

2. The Policy is changed by adding the following section:

2.10 Notice of Change for Rights Plan – For the purposes of subsection 2.18(1) of the Instrument and subsection 95.1(1) of the Ontario Rule, CSA Staff believe that the adoption of a rights plan within the meaning of National Instrument 62-105 *Security Holder Rights Plans* by the offeree issuer subsequent to the delivery of a directors' circular would constitute a change in the information contained in the directors' circular or in any notice of change to the directors' circular that would reasonably be expected to affect the decision of security holders to accept or reject the bid**..**

3. This change becomes effective on **[●]**.

ANNEX E

PROPOSED AMENDMENTS TO MULTILATERAL INSTRUMENT 62-104 *TAKE-OVER BIDS AND ISSUER BIDS*

1. Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids* is amended by this Instrument.

2. Section 1.1 is amended by adding the following definition:

"rights plan" has the same meaning as in section 1 of National Instrument 62-105 *Security Holder Rights Plans*;**.**

3. Form 62-104F3 is amended by adding the following item:

Item 16.1 Rights Plan

If the offeree issuer has adopted one or more rights plans, provide the disclosure prescribed by paragraph 2(6)(a) of National Instrument 62-105 *Security Holder Rights Plans* in respect of each rights plan.

If an offeree issuer has not adopted a rights plan, state whether or not the offeree issuer intends to adopt a right plan in response to the take-over bid**.**

4. This Instrument comes into force on **[●]**.

ANNEX F

PROPOSED AMENDMENTS TO
OSC RULE 62-504 *TAKE-OVER BIDS AND ISSUER BIDS*

1. Ontario Securities Commission Rule 62-504 *Take-Over Bids and Issuer Bids* is amended by this Instrument.

2. The Rule is amended by adding the following section:

1.2.1 Definition of "rights plan" – In this Rule, "rights plan" has the same meaning as in section 1 of National Instrument 62-105 *Security Holder Rights Plans*.**.**

3. Form 62-504F3 is amended by adding the following item:

Item 16.1 – Rights Plan

If the offeree issuer has adopted one or more rights plans, provide the disclosure prescribed by paragraph 2(6)(a) of National Instrument 62-105 *Security Holder Rights Plans* in respect of each rights plan.

If an offeree issuer has not adopted a rights plan, state whether or not the offeree issuer intends to adopt a right plan in response to the take-over bid.**.**

4. This Instrument comes into force on **[●]**.

ANNEX G

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. National Instrument 41-101 *General Prospectus Requirements* is amended by this Instrument.

2. Section 1.1 is amended by adding the following definition:

"rights plan" has the same meaning as in section 1 of National Instrument 62-105 *Security Holder Rights Plans*;**.**

3. Form 41-101F1 is amended by adding the following item:

Rights Plan

27.2 If the issuer has adopted a rights plan and is not a reporting issuer in any jurisdiction of Canada immediately before the date of the final long form prospectus, provide the disclosure prescribed by paragraph 2(6)(a) of National Instrument 62-105 *Security Holder Rights Plans*.**.**

4. This Instrument comes into force on **[●]**.

ANNEX H

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. National Instrument 51-102 *Continuous Disclosure Obligations* is amended by this Instrument.

2. Section 1.1 is amended by adding the following definition:

"rights plan" has the same meaning as in section 1 of National Instrument 62-105 *Security Holder Rights Plans*;***.***

3. Form 51-102F5 is amended by

(a) replacing the last sentence of paragraph (c) of Part 1 with:

However, you may not incorporate by reference information required to be included in Form 51-102F6 *Statement of Executive Compensation* or the information required by Item 14.6 of this Form into your information circular.***, and***

(b) adding the following item:

14.6 If action to be taken concerns security holder approval of a rights plan or a material amendment to a rights plan pursuant to National Instrument 62-105 *Security Holder Rights Plans*, provide the disclosure prescribed by paragraph 2(6)(a) of that instrument in addition to any other requirement of this Item 14.*.*

4. This Instrument comes into force on **[●]**.

ANNEX I

ADDITIONAL NOTICE REQUIREMENTS IN ONTARIO

Anticipated Costs and Benefits

In general, the Proposed Rule will benefit market participants by establishing a transparent and predictable regulatory framework for Rights Plans. Issuers, as represented by their boards of directors, will benefit by having more discretion with respect to implementing and maintaining a Rights Plan and will have greater leverage in negotiating with a hostile bidder. Shareholders will benefit by having direct authority over whether a particular Rights Plan is maintained and greater influence over the terms of a Rights Plan.

The Proposed Rule, will mandate security holder approval and reporting requirements for reporting issuers that adopt a Rights Plan. Most companies that have adopted Rights Plans are currently subject to Canadian stock exchange approval and reporting requirements for Rights Plans. We anticipate that for these issuers the time and cost of compliance associated with the implementation and maintenance of a Rights Plan will be similar under the Proposed Rule, although these issuers would incur additional costs in connection with more frequent special meetings to approve a Rights Plan. For issuers that adopt a Rights Plan, but which are not currently subject to such exchange requirements, the time and cost of compliance would be higher under the Proposed Rule. However, they would benefit from the greater flexibility given to boards to use the Rights Plan than under the current regulatory approach.

If the Proposed Materials are adopted, we anticipate that there will be a reduction in the number of applications to cease trade Rights Plans and fewer hearings involving securities regulators. As a result, there would be fewer occasions where target issuers and bidders would incur the costs associated with these applications and hearings.

Authority for Proposed Rule and Consequential Amendments applicable in Ontario

In Ontario, the following provisions of the *Securities Act* (Ontario) (the Act) provide the Ontario Securities Commission (the Commission) with the authority to make the Proposed Rule and proposed Consequential Amendments to OSC Rule 62-504 *Take-Over Bids and Issuer Bids*, National Instrument 41-101 *General Prospectus Requirements* and National Instrument 51-102 *Continuous Disclosure Obligations*:

- Paragraph 143(1)16 of the Act authorizes the Commission to make rules regulating in respect of the distribution of securities.
- Paragraph 143(1)20 of the Act authorizes the Commission to make rules prescribing any matter referred to in Part XVII (Exemptions from Prospectus Requirements) as required by the regulations or prescribed by or in the regulations, other than matters referred to in subsection 73.1(3).
- Paragraph 143(1)22 of the Act authorizes the Commission to make rules prescribing requirements in respect of the preparation and dissemination and other use, by reporting issuers, of documents providing for continuous disclosure that are in addition to the requirements of the Act.
- Paragraph 143(1)28 of the Act authorizes the Commission to make rules regulating take-over bids, issuer bids, insider bids, going-private transactions, business combinations and related party transactions, including prescribing requirements respecting defensive tactics in connection with take-over bids.
- Paragraph 143(1)39 of the Act authorizes the Commission to make rules requiring or respecting the media, format, preparation, form, content, execution, certification, dissemination and other use, filing and review of all documents required under or governed by the Ontario Act, the regulations or the rules and all documents determined by the regulations or the rules to be ancillary the documents.

6.1.2 Proposed Amendments to MI 62-104 Take-Over Bids and Issuer Bids, NP 62-203 Take-Over Bids and Issuer Bids, and NI 62-103 Early Warning System and Related Take-Over Bid and Insider Reporting Issues

CSA NOTICE AND REQUEST FOR COMMENT

PROPOSED AMENDMENTS TO
MULTILATERAL INSTRUMENT 62-104 *TAKE-OVER BIDS AND ISSUER BIDS*

AND

NATIONAL POLICY 62-203 *TAKE-OVER BIDS AND ISSUER BIDS*

AND

NATIONAL INSTRUMENT 62-103 *EARLY WARNING SYSTEM AND RELATED TAKE-OVER BID AND INSIDER REPORTING ISSUES*

March 13, 2013

Introduction

The Canadian Securities Administrators (the CSA or we) are publishing for a 90-day comment period proposed amendments and changes to:

- Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids* (MI 62-104),
- National Policy 62-203 *Take-Over Bids and Issuer Bids* (NP 62-203), and
- National Instrument 62-103 *Early Warning System and Related Take-Over Bid and Insider Reporting Issues* (NI 62-103) (collectively, the Proposed Amendments).

The text of the Proposed Amendments is contained in Annexes A through C of this notice and will also be available on websites of CSA jurisdictions, including:

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
www.gov.ns.ca/nssc
www.nbsc-cvmnb.ca
www.osc.gov.on.ca
www.sfsc.gov.sk.ca
www.msc.gov.mb.ca

The objective of the Proposed Amendments is to provide greater transparency about significant holdings of issuers' securities by proposing an early warning reporting threshold of 5%, requiring disclosure of both increases and decreases in ownership of 2% or more of securities, and enhancing the content of the disclosure in the early warning news releases and reports required to be filed. We are also proposing changes so that certain "hidden ownership" and "empty voting" arrangements are disclosed.

The Proposed Amendments include amendments to the early warning reporting requirements in MI 62-104 which applies in all provinces and territories of Canada except Ontario. In Ontario, we anticipate that amendments to the *Securities Act* (Ontario) (Ontario Act) and Ontario Securities Commission Rule 62-504 *Take-Over Bids and Issuer Bids* (OSC Rule 62-504) will be proposed in order to allow the substance of the Proposed Amendments to apply fully in Ontario.

We are not proposing comprehensive reforms to the alternative monthly reporting (AMR) framework in NI 62-103 applicable to eligible institutional investors (EIIs). However, some of the Proposed Amendments will apply to an EII reporting under the AMR regime and we propose a change to the criteria for disqualification from AMR. We will consider more comprehensive changes to the AMR regime as part of a future review.

Background

The early warning system was introduced in Canada in 1987 as a result of proposals made by the Securities Industry Committee on Take-over Bids (the Industry Committee).[1]

The Industry Committee believed that a 20% threshold was appropriate for regulating take-over bids in Canada but at the same time recognized that the accumulation of a holding of 10% should be disclosed as it could be a signal of a potential acquisition of control.

In June 1990, the CSA published for comment a proposal to reduce the take-over bid threshold to 10% and the early warning disclosure threshold from 10% to 5%.

Although the CSA presented the decrease in the early warning threshold as possibly being dependent on a decrease of the take-over bid threshold, in our view, the take-over bid threshold is not the only relevant factor in determining the early warning threshold.

In the 1990 Request for Comment, the CSA stated that "the reduction in the early warning disclosure threshold from 10% to 5% is being proposed by the CSA to increase the level of disclosure available to securities regulators and the public."[2]

Comments received were mixed. Many agreed with the decrease to 5% but expressed practical concerns about the compliance burden on passive investors. It was suggested that the CSA consider adopting a disclosure regime for passive institutional investors similar to the one available in the U.S.

In September 1998, the CSA published for comment proposed NI 62-103. The primary purpose of proposed NI 62-103 was to provide exemptions from the early warning requirements and the insider reporting requirement to certain institutional investors that have a "passive intent" with respect to their ownership or control of securities of reporting issuers and to permit those persons to disaggregate securities that they own or control for purposes of those requirements in certain circumstances.

The Notice that accompanied proposed NI 62-103 described the rationale for the early warning system as follows. We believe that rationale is still valid today.

> The early warning system contained in the securities legislation of most jurisdictions requires disclosure of holdings of securities that exceed certain prescribed thresholds in order to ensure that the market is advised of accumulations of significant blocks of securities that may influence control of a reporting issuer. Dissemination of this information is important because the securities acquired can be voted or sold, and the accumulation of the securities may signal that a take-over bid for the issuer is imminent. In addition, accumulations may be material information to the market even when not made to change or influence control of the issuer. Significant accumulations of securities may affect investment decisions as they may effectively reduce the public float, which limits liquidity and may increase price volatility of the stock. Market participants also may be concerned about who has the ability to vote significant blocks as these can affect the outcome of control transactions, the constitution of the issuer's board of directors and the approval of significant proposals or transactions. The mere identity and presence of an institutional shareholder may be material to some investors.[3]

A number of market participants have recently expressed concerns with the current early warning regime. In particular, they consider that the reporting threshold of 10% ownership is too high and question the adequacy of the disclosure included in the early warning reports filed in Canada, specifically with respect to disclosure about the purpose of the transaction.

Hidden Ownership and Empty Voting

In the Notice and Request for Comment (the Insider Reporting Notice) published in connection with proposed National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (NI 55-104)[4], we identified concerns about the potential use of derivatives to avoid early warning requirements, insider reporting requirements and similar securities law disclosure requirements that are based on the concepts of beneficial ownership and control or direction. Sophisticated investors may be able to use derivatives to accumulate substantial economic positions in public companies without public disclosure (this is

1 Report of the Securities Industry Committee on Take-over Bids, *The Regulation of Take-over Bids in Canada: Premium Private Agreement Transactions* (November 1983), at p.46.

2 Request for Comment, *Proposed Changes to Provincial Securities Legislation – Take-Over Bids*, June 8, 1990.

3 Notice of National Instrument 62-103 *The Early Warning System and Take-Over Bid and Insider Reporting Issues*, September 4, 1998. NI 62-103 came into force across Canada on March 15, 2000.

4 Notice and Request for Comment, Proposed National Instrument 55-104 *Insider Reporting Requirements and Exemptions*, Part 10 Future Initiatives – Hidden Ownership and Empty Voting, December 18, 2008.

referred to as "hidden ownership"). We also described in the Insider Reporting Notice issues relating to the disclosure of arrangements where an investor may utilize derivatives or securities lending arrangements to hold voting rights in respect of an issuer although the investor may not have an equivalent economic stake in the issuer (this is referred to as "empty voting").

We indicated in the Insider Reporting Notice that we were reviewing reform proposals to address hidden ownership concerns in other jurisdictions and were considering developing similar proposals for Canada.

We received a number of comments in support of developing comparable proposals for Canada, including comments from issuers, investors, law firms and investor protection organizations. No commenters opposed our proceeding with this initiative.[5]

NI 55-104 came into force across Canada in April 2010. Since then, we have continued to monitor developments in other major jurisdictions around the world. A number of jurisdictions have now introduced rules that require investors to aggregate and disclose derivatives for reporting purposes.[6]

Substance and Purpose

Reporting Threshold

The basic requirements of the early warning regime are set out in Part 5 of MI 62-104 and sections 102 and 102.1 of the Ontario Act and Part 7 of OSC Rule 62-504. Under the early warning regime, if a person acquires beneficial ownership of, or control or direction over, voting or equity securities of any class of a reporting issuer that would constitute 10% or more of the outstanding securities of that class, the person must issue and file a news release promptly and file a report within 2 business days. A person must also issue a news release and file a report for additional acquisitions of 2% or more of the outstanding securities. Other than under the AMR regime for EIIs, the current early warning regime does not specifically require disclosure of decreases in ownership of, or control or direction over, voting or equity securities.

The early warning regulatory framework requires disclosure of holdings of securities to advise the market of accumulations of significant blocks of securities that may influence control of a reporting issuer. Dissemination of this information is important because the securities acquired can be voted, or the accumulation of the securities may signal that a take-over bid for the reporting issuer is possible.

In our view, our current threshold of 10%, introduced in 1987, does not respond to the reality of increasing shareholder activism and to the ability of a shareholder holding 5% to requisition a shareholders' meeting. The objective of early warning disclosure is not only to predict possible take-over bids but also to anticipate proxy-related matters where a threshold of 5% may be critical. Our early warning disclosure requirements should recognize the realities of our current markets where a significant accumulation of securities is relevant for purposes beyond signaling potential take-over-bids.

We propose to decrease the reporting threshold from 10% to 5%. We believe this lower threshold is appropriate because information regarding the accumulation of significant blocks of securities is relevant for a number of reasons in addition to signaling a potential take-over bid for the issuer, such as:

- it may be possible for a shareholder at the 5% level to influence control of an issuer;
- significant shareholding is relevant for proxy-related matters (for example, under corporate legislation, a shareholder can generally requisition a shareholders' meeting if it holds 5% of an issuer's voting securities);
- market participants may be concerned about who has the ability to vote significant blocks as these can affect the outcome of control transactions, the constitution of the issuer's board of directors and the approval of significant proposals or transactions;
- significant accumulations of securities may affect investment decisions;
- the identity and presence of an institutional shareholder may be material to some investors;

[5] Notice of National Instrument 55-104 *Insider Reporting Requirements and Exemptions,* Appendix C Summary of Comments and CSA Responses, January 22, 2010.

[6] For example, in the United Kingdom, the Financial Services Authority introduced new rules, effective June 2009, that generally require investors to aggregate their holdings of shares, "qualifying instruments" and "financial instruments with a similar economic effect to qualifying instruments" (e.g., "contracts for difference") in relation to most UK-listed issuers in determining whether they have crossed a disclosure threshold. See Financial Services Authority, Disclosure of Contracts for Difference – Questions & Answers: Version 3 (November 2010), available at http://www.fsa.gov.uk/pubs/ukla/disclosure.pdf.

- a lower early warning reporting threshold will provide all market participants with greater information about significant shareholders and thereby enhance market transparency;

- a 5% threshold would be consistent with the standard of several major foreign jurisdictions; and

- changes in corporate governance practices have increased the need for issuers to communicate directly with beneficial owners. A lower threshold would provide reporting issuers greater visibility into their shareholder base and a greater ability to engage with significant shareholders earlier. It would also allow shareholders to communicate among themselves earlier.

We do not propose to amend the threshold for reporting further acquisitions; it remains at 2% and a change in a material fact contained in an earlier report.

However, to provide greater certainty to the market, we propose to require disclosure of a 2% decrease in ownership. Currently, the early warning regime does not explicitly require a person to file a further early warning report where there is a decrease in ownership; instead, a person must determine whether the decrease in ownership is a change in a material fact and file a further report based on that assessment. We think that decreases in ownership of an issuer are as relevant to the market as increases in ownership and should be disclosed.

Enhanced Disclosure

The purpose of early warning reporting is to compel the release of information with respect to changes in the ownership of, or control or direction over, a reporting issuer's voting or equity securities to allow the market to review and assess the potential market impact of the change. Investors must be given sufficient information to be able to effectively evaluate the impact. In our view, disclosure to investors of a change that may influence or affect control is essential for market transparency and investor confidence.

Persons subject to the early warning requirements disclose the purpose of the change as part of their early warning news release and report. Concerns have been expressed about the adequacy of the disclosure included in the early warning reports filed in Canada, particularly with respect to disclosure about the purpose of the transaction.

We have found that the disclosure is often inadequate and does not sufficiently inform investors. In our view, more detailed disclosure of, for example, the intentions of the person acquiring securities and the purpose of the acquisition would enhance the substance and quality of early warning reporting.

We think we should require enhanced early warning disclosure. While persons subject to the early warning requirements are required to disclose the purpose of the acquisition as part of their early warning news release and report, we have found that this disclosure often consists of boilerplate language that provides little useful information for the market. We propose to amend our disclosure requirements and specify disclosure of the type of information we expect about the purpose of the transaction. We believe that more detailed disclosure of the intentions of the person acquiring securities and the purpose of the acquisition is required for the market to properly evaluate the particulars of the acquisition.

Hidden Ownership and Empty Voting

Derivatives and Related Financial Instruments

We believe that changes to the scope of the early warning framework are required in order to ensure proper transparency of securities ownership in light of the increased use of derivatives by investors.

A sophisticated investor may be able, through the use of equity swaps or similar derivative arrangements, to accumulate a substantial economic interest in an issuer without public disclosure and then potentially convert this interest into voting securities in time to exercise a vote (this is referred to as “hidden ownership”).

It is also possible for an investor, through derivatives or securities lending arrangements, to hold voting rights in an issuer and possibly influence the outcome of a shareholder vote, although it may not have an equivalent economic stake in the issuer (this is referred to as “empty voting”).

These types of arrangements may not be disclosed under current securities law requirements since these requirements are generally based on the concept of beneficial ownership of, or control or direction over, voting or equity securities. The disclosure of these arrangements would be helpful in maintaining transparency and market integrity.

We are therefore proposing amendments intended to include certain types of derivatives that affect an investor’s total economic interest in an issuer for the purposes of determining the early warning reporting threshold trigger. For the purposes of early

warning reporting disclosure, the Proposed Amendments would require disclosure of an investor's economic interest in an issuer as well as its voting interest in the case of securities lending arrangements. An investor would also have to disclose that it has entered into related financial instruments and other arrangements with respect to the securities of the issuer, if this is the case.

Early Warning Reporting Trigger

We propose to amend the early warning reporting trigger in MI 62-104 and section 102.1 of the Ontario Act (through a new definition of "equity equivalent derivative" and a deeming provision) so that an investor would be required to include within the early warning calculation certain equity derivative positions that are *substantially equivalent* in economic terms to conventional equity holdings.[7]

Our intention is to ensure that, for purposes of the early warning reporting threshold only, an investor would be deemed to have control or direction over voting or equity securities referenced in an "equity equivalent derivative".

The "equity equivalent derivative" concept would capture derivatives that substantially replicate the economic consequences of ownership. We would generally consider a derivative to substantially replicate the economic consequences of ownership of a specified number of reference securities if a dealer or other market participant that took a short position on the derivative could substantially hedge its obligations under the derivative by holding 90% or more of the specified number of reference securities.

An "equity equivalent derivative" would not encompass partial-exposure instruments (e.g., options and collars that provide the investor with only limited exposure to the reference securities). While the use of partial-exposure instruments could raise policy concerns in certain circumstances, we are mindful that the introduction of a requirement to include partial-exposure instruments may render the early warning threshold calculation unduly complex and onerous for investors. We are not persuaded at this time that the benefits to market participants through inclusion of partial exposure instruments in the early warning threshold calculation would outweigh the costs to market participants in terms of additional complexity. We nonetheless remind market participants that the securities regulatory authorities retain public interest jurisdiction to respond to activities involving partial-exposure instruments that may be considered abusive.

Examples of instruments that we intend to come within the definition of "equity equivalent derivative" include total return swaps (TRSs), contracts for difference (CFDs), and other derivatives that provide the party with the notional "long" position with an economic interest that is substantially equivalent to the economic interest the party would have if the party held the securities directly.

For example, if an investor holds 4.9% of the common shares of a public company and then enters into 3 cash-settled TRSs with 3 dealers each representing the economic equivalent of a 3% ownership position, the investor would have an economic position equivalent to a 13.9% ownership position. Since TRSs would constitute "equity equivalent derivatives" under the Proposed Amendments, the investor would be required to file an early warning report (as a result of having crossed the proposed early warning reporting threshold of 5%).

In TRSs and similar derivative instruments, the counterparty (typically, a dealer) will in many cases have a strong economic incentive to hedge its obligations under the arrangement through holding the reference securities and may decide to vote in accordance with its client's wishes or to make the securities available to the client on request.

Hidden ownership strategies can significantly undermine the early warning regime since an investor may have *de facto* access to securities held by the derivative counterparty but avoid a disclosure obligation which has traditionally been premised on *de jure* ownership or control.

The fact that a substantial block of securities has been "tied up" (i.e., is being held by counterparties to a substantial undisclosed equity derivative position), and is therefore not available to market participants, may be highly relevant information to market participants.

We believe that these types of financial instruments are often used by investors that are EIIs and therefore eligible to use the AMR system. However, as noted below, they would be disqualified from AMR in circumstances where they cease to be passive investors.

Disclosure in Early Warning Reports

We also propose to amend the early warning forms (Appendices E, F and G of NI 62-103) to broaden the scope of required disclosure to encompass interests of an acquiror in "equity equivalent derivatives".

---

[7] We are not proposing, at this time, to similarly revise the calculation of the take-over bid threshold to include equity derivative positions that are substantially equivalent in economic terms to conventional equity holdings. We need to consider further the impact of any change to the take-over bid threshold before we propose any amendment to this threshold.

If early warning reporting requirements are triggered because a person has acquired (or disposed of) securities or an equity equivalent derivative in respect of securities of a reporting issuer, that person will be required to disclose the existence and material terms of any related financial instruments in which it has an interest.[8] We believe this amendment will result in more specific disclosure about an acquiror's actual economic and voting interests in an issuer and thereby substantially address the transparency concerns associated with these types of arrangements.

Securities Lending Arrangements

We are proposing to clarify and amend the existing early warning reporting disclosure requirements to provide greater transparency about, and ensure appropriate disclosure of, securities lending arrangements for the purposes of early warning disclosure requirements.

Securities lending describes the market practice whereby securities are temporarily transferred from one party (the lender) to another party (the borrower) in return for a fee. As part of the lending agreement, the borrower is obliged to redeliver to the lender securities that are identical to the securities transferred or lent, either on demand or at the end of the loan term. Although securities lending transactions are commonly described as "loans", this description may be misleading in that securities lending transactions, in fact, involve a transfer of title to the loaned securities against a collateralized undertaking to return equivalent securities either on demand or at the end of an agreed term.

Consequently, as the new owner of the securities, the borrower is entitled to vote the securities and receives any dividend or interest payments paid during the loan term. However, the economic benefits of ownership will typically be transferred back to the lender so, while the borrower is entitled to receive any dividend and interest payments over the life of the loan, it will make equivalent payments to the lender. If the lender wants to vote the loaned securities, it may have the right to recall equivalent securities from the borrower but will not be entitled to vote such securities unless and until they are recalled.

While securities lending arrangements provide benefits to the market, in that they promote enhanced liquidity, reduce custodial fees, and may generate additional revenues for institutional investors and other participants, we believe that increased transparency about these arrangements is appropriate so that the market can assess the use of these arrangements by the parties.

Early Warning Reporting Trigger

We are of the view that existing disclosure requirements already apply to securities lending arrangements and, consequently, it is not necessary to amend the existing early warning reporting disclosure trigger to explicitly capture securities that are "lent" or "borrowed" under such transactions.

1. Reporting by Borrowers

We believe that the current early warning reporting requirements apply to securities that are "lent to" or "borrowed" by a securityholder under a securities lending arrangement for purposes of determining whether the securityholder has crossed an early warning reporting disclosure threshold.

For example, if a securityholder currently owns 4% of the outstanding common shares of a reporting issuer, and then "borrows" an additional 10% of the outstanding common shares, the securityholder will be required to file an early warning report since the securityholder will, as a consequence of the borrowing transaction, have acquired (for the duration of the arrangement) beneficial ownership of, or control or direction over, 5% or more of the outstanding common shares of the issuer.[9] In this example, the borrowing securityholder may also be considered an "empty voter" in connection with the borrowed shares, since the borrower may have the ability to vote these shares but will not, as a result of the borrowing arrangement, have an economic interest in the shares.

2. Reporting by Lenders

Consistent with our view regarding the application of early warning requirements for borrowing securityholders, we also believe that securities "lent out" by a securityholder under a securities lending arrangement must be accounted for in determining if the lender has crossed the early warning reporting disclosure threshold.

---

8 "Related financial instrument" has the meaning ascribed to that term in NI 55-104.

9 In this regard, it should be noted that, although the *Income Tax Act* (Canada) (the ITA) includes certain deeming provisions (see Subsection 260(2) of the ITA) that deem a transfer of "qualified securities" pursuant to a "securities lending arrangement" not to be a disposition (or later reacquisition) of the "loaned securities" for the purposes of the ITA, there is currently no comparable deeming provision under securities legislation.

We also note that, as described above, we are proposing to require persons who are subject to early warning reporting obligations to report not only increases but also decreases in ownership of 2% or more of the applicable securities.[10] As a result of this proposed downward reporting requirement, we believe that the early warning reporting requirements would, absent an exemption, apply to lenders who dispose of 2% or more of the applicable securities under securities lending arrangements. Using the example from the previous section, the lender of the 10% of outstanding common shares would be required to file an early warning report in respect of the disposition of 10% of the common shares pursuant to the securities lending arrangement, unless an applicable exemption was available.

Exemption for Certain Securities Lending Arrangements

We are considering providing an exemption for lenders from the early warning reporting trigger for securities transferred or lent pursuant to "specified securities lending arrangements". Specified securities lending arrangement would be arrangements that include an unrestricted ability to recall the securities before a meeting of securityholders.

We are not proposing at this time a corresponding exemption for persons that wish to borrow securities from securities lenders as we believe securities borrowing arrangements may give rise to empty voting situations and that early warning disclosure requirements should generally apply to such transactions.

Disclosure in Early Warning Report

Under the current early warning disclosure form, a person that is required to file an early warning report (or an alternative monthly report) is generally not required to disclose the general nature and material terms of "lending arrangements".[11] In view of our concerns over the need for transparency of securities lending arrangements, we are proposing to remove the disclosure carve-out for lending arrangements in early warning reports. The Proposed Amendments include requirements to disclose securities lending arrangements in effect at the time of a reportable transaction even if that transaction did not involve a securities lending arrangement.

Changes to Alternative Monthly Reporting in NI 62-103

The policy rationale underlying the relaxed timing requirements for reporting under the AMR regime in NI 62-103 is that the regime is available only to an EII with a passive intent concerning its ownership or control of securities of a reporting issuer. Currently, the AMR regime is unavailable for an EII who either

- makes, or intends to make, a take-over bid for securities of the reporting issuer, or
- proposes, or intends to propose, a reorganization, amalgamation, merger, arrangement or similar business combination with a reporting issuer if the EII would obtain a controlling interest in the reporting issuer.

An EII who solicits, or intends to solicit, proxies from the securityholders of a reporting issuer is eligible to use the AMR regime even though the intent of the EII may be to actively engage with the securityholders of the reporting issuer. We believe that allowing an EII access to the AMR regime in this circumstance is not consistent with the policy intent of the regime.

To address this concern, we propose making the AMR regime unavailable for EIIs who solicit, or intend to solicit, proxies from security holders of a reporting issuer on matters relating to the election of directors of the reporting issuer or a reorganization, amalgamation, merger, arrangement or similar corporate action involving the securities of the reporting issuer.

Summary of the Proposed Amendments

The Proposed Amendments are summarized as follows.

1. The early warning reporting threshold is decreased from 10% to 5%. The news release must be issued and filed promptly but no later than the opening of trading on the next business day.
2. In calculating whether the threshold has been reached, an investor must include equity derivative positions that are substantially equivalent in economic terms to conventional equity holdings, and securities lending arrangements.
3. Further disclosure is required if there is a 2% increase or decrease in ownership or if there is a change in a material fact contained in an earlier report.

[10] We note that EIIs reporting under the AMR system are currently subject to a reporting requirement for incremental decreases in ownership.

[11] See Item 1(g) of Appendix E and Item 1(g) of Appendix F to NI 62-103.

4. A news release must be issued and filed and a report must be filed if the ownership percentage decreases to less than 5%. This proposed change provides valuable information to the market and also resolves reporting difficulties. For example, if ownership decreases from 6% to 4.5%, without the proposed change, disclosure of the decrease to 4.5% would not be required. If, at a later date, a person acquires a 1% ownership, it would not be clear how to disclose the acquisition because the previous report disclosed a 6% ownership but the person owns 5.5%. With the Proposed Amendments, we require disclosure if ownership drops to 4.5% and further disclosure if the 5% threshold is subsequently crossed.

5. Presently, the early warning requirements are accelerated during a take-over bid by requiring disclosure of acquisitions by a party other than the offeror at the 5% level. Since the Proposed Amendments impose a reporting threshold of 5% and disclosure no later than the opening of trading on the next business day, we do not think that we need to maintain the particular provisions for reporting during a take-over bid.

   We are proposing, as a consequential amendment, the repeal of the definition of "acquisition announcement provisions" in NI 62-103.

6. We propose to replace current Appendix E to NI 62-103 with new disclosure requirements in the form of Form 62-103F1. We have added instructions on the type of disclosure we expect for each of the items required to be disclosed. We also propose that the report be certified and signed. Conforming amendments have been made to the disclosure required for an EII found in former Appendix F and Appendix G (now Form 62-103F2 and Form 62-103F3).

7. We exclude a person from the AMR system if the person solicits, or intends to solicit, proxies from the security holders of a reporting issuer on matters relating to the election of directors of the reporting issuer or to a reorganization, amalgamation, merger, arrangement or similar corporate action involving the securities of the reporting issuer.

Alternatives Considered

Except for maintaining the status quo, no alternatives to the Proposed Amendments were considered.

Anticipated Costs and Benefits

The Proposed Amendments, including the reduction of the early warning reporting threshold from 10% to 5% and enhanced scope of the disclosure obligations, will provide greater transparency about significant holdings of an issuer's securities. We anticipate that the dissemination of this information may lead to greater market efficiency. However, these changes will result in increased compliance costs and other costs, including potential dissemination of investment strategies.

The Proposed Amendments include changes that will require the disclosure and aggregation of certain equity derivative positions and securities lending arrangements. The inclusion of these types of transactions in the early warning framework will reinforce the quality and integrity of the early warning reporting regime. While these changes will create increased compliance costs, we have endeavoured to minimize the impact by limiting, at this time, the types of derivatives that would be captured within the regime and providing an exemption for lenders from disclosure of certain securities lending arrangements.

We considered whether the Proposed Amendments may make take-over bids more expensive since an offeror's ability to obtain a toe-hold without disclosure would be reduced to below 5%. However, we understand that generally offerors do not currently purchase more than 5% before a bid on the basis that such purchases may move the market and the identity of the offeror would become known.

Early warning disclosure at 5% can benefit potential offerors because of the possibility of identifying, for lock-up agreements, securityholders that hold 5% of the target securities. As well, the earlier disclosure benefits securityholders who would otherwise have sold at a lower price while the acquiror was purchasing securities. A further benefit to decreasing the reporting threshold to 5% is that it would give issuers more time to defend against a potential offeror or activist shareholder.

Local Matters

Where applicable, Annex D is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

Request for Comments

We welcome your comments on the Proposed Amendments. In addition to any general comments you may have, we also invite comments on the following specific questions.

1. Do you agree with our proposal to maintain the requirement for further reporting at 2% or should we require further reporting at 1%? Please explain why or why not.

2. A person cannot acquire further securities for a period beginning at the date of acquisition until one business day after the filing of the report. This trading moratorium is not applicable to acquisitions that result in the person acquiring beneficial ownership of, or control or direction over, 20% or more of the voting or equity securities on the basis that the take-over bid provisions are applicable at the 20% level.

   The proposed decrease to the early warning reporting threshold would result in the moratorium applying at the 5% ownership threshold. We believe that the purpose of the moratorium is still valid at the 5% level because the market should be alerted of the acquisition before the acquiror is permitted to make additional purchases.

   (a) Do you agree with our proposal to apply the moratorium provisions at the 5% level or do you believe that the moratorium should not be applicable between the 5% and 10% ownership levels? Please explain your views.

   (b) The moratorium provisions apply to acquisitions of "equity equivalent derivatives". Do you agree with this approach? Please explain why or why not.

   (c) Do you think that a moratorium is effective? Is the exception at the 20% threshold justified? Please explain why or why not.

3. We currently recognize that accelerated reporting is necessary if securities are acquired during a take-over bid by requiring a news release at the 5% threshold to be filed before the opening of trading on the next business day.

   With the Proposed Amendments to the early warning reporting threshold, we do not propose to further accelerate early warning reporting during a take-over bid.

   (a) Do you agree? Please explain why or why not.

   (b) If you disagree, how should we accelerate reporting of transactions during a take-over bid? Should we decrease the threshold for reporting changes from 2% to 1%? Or do you think that requiring early warning reporting at the 3% level is a more appropriate manner to accelerate disclosure? Please explain your views.

4. The Proposed Amendments would apply to all acquirors including EIIs.

   (a) Should the proposed early warning threshold of 5% apply to EIIs reporting under the AMR system provided in Part 4 of NI 62-103? Please explain why or why not.

   (b) Please describe any significant burden for these investors or potential benefits for our capital markets if we require EIIs to report at the 5% level.

5. Mutual funds that are reporting issuers are not EIIs as defined in NI 62-103 and are therefore subject to the general early warning requirements in MI 62-104. Are there any significant benefits to our capital markets in requiring mutual funds to comply with early warning requirements at the proposed threshold of 5% or does the burden of reporting at 5% outweigh the potential benefits? Please explain why or why not.

6. As explained above, we propose to amend the calculation of the threshold for filing early warning reports so that an investor would need to include within the early warning calculation certain equity derivative positions that are substantially equivalent in economic terms to conventional equity holdings. These provisions would only capture derivatives that *substantially replicate* the economic consequences of ownership and would not capture partial-exposure instruments (e.g., options and collars that provide the investor with only limited exposure to the reference securities). Do you agree with this approach? If not, how should we deal with partial-exposure instruments?

7. We propose changes to NP 62-203 in relation to the definition of equity equivalent derivative to explain when we would consider a derivative to substantially replicate the economic consequences of ownership of the reference securities. Do you agree with the approach we propose?

8. Do you agree with the proposed disqualification from the AMR system for an EII who solicits or intends to solicit proxies from security holders on matters relating to the election of directors of the reporting issuer or to a reorganization or similar corporate action involving the securities of the reporting issuer? Are these the appropriate circumstances to disqualify an EII? Please explain, or if you disagree, please suggest alternative circumstances.

9. We propose to exempt from early warning requirements acquirors that are lenders in securities lending arrangements and that meet certain conditions. Do you agree with this proposal? Please explain why or why not.

10. Do you agree with the proposed definition of "specified securities lending arrangement"? If not, what changes would you suggest?

11. We are not proposing at this time an exemption for persons that borrow securities under securities lending arrangements as we believe securities borrowing may give rise to empty voting situations for which disclosure should be prescribed under our early warning disclosure regime. Do you agree with this view? If not, why not?

12. Do the proposed changes to the early warning framework adequately address transparency concerns over securities lending transactions? If not, what other amendments should be made to address these concerns?

13. Do you agree with our proposal to apply the Proposed Amendments to all reporting issuers including venture issuers? Please explain why or why not. Do you think that only some and not all of the Proposed Amendments should apply to venture issuers? If so, which ones and why?

14. Some parties to equity equivalent derivatives may have acquired such derivatives for reasons other than acquiring the referenced securities at a future date. For example, some parties to these derivatives may wish to maintain solely an economic equivalency to the securities without acquiring the referenced securities for tax purposes or other reasons. Would the proposed requirement lead to over-reporting of total return swaps and other equity equivalent derivatives? Or would the possible over-reporting be mitigated by the fact that it is likely that parties to equity equivalent derivatives would qualify under the AMR regime?

15. If the proposed new requirement does lead to an over-reporting of these derivatives, is this rectified by the requirement in the early warning report for acquirors to explain the purpose of their acquisition and thereby clarify that they do not intend to acquire the referenced securities upon termination of the swap?

How to provide your comments

Please provide your comments in writing by **June 12, 2013**. Regardless of whether you are sending your comments by email, you should also send or attach your submissions in an electronic file in Microsoft Word, Windows format.

Please address your submission to 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, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Deliver your comments **only** to the two addresses that follow. Your comments will be distributed to the other participating CSA.

Anne-Marie Beaudoin, Corporate Secretary
Autorité des marchés financiers
Tour de la Bourse
800, square Victoria
C.P. 246, 22e étage
Montréal, Québec H4Z 1G3
Fax: (514) 864-6381
E-mail: consultation-en-cours@lautorite.qc.ca

The Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
Fax: (416) 593-8145
E-mail: comments@osc.gov.on.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.

Content of Annexes

Annex A sets out the proposed amendments to MI 62-104

Annex B sets out the proposed changes to NP 62-203

Annex C sets out the proposed amendments to NI 62-103

Annex D sets out local matters

Questions

Please refer your questions to any of:

Rosetta Gagliardi
Senior Policy Advisor
Autorité des marchés financiers
(514) 395-0337, ext. 4462
rosetta.gagliardi@lautorite.qc.ca

Gordon Smith
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
(604) 899-6656
gsmith@bcsc.bc.ca

Leslie Rose
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
(604) 899-6654
lrose@bcsc.bc.ca

Tracy Clark
Legal Counsel, Corporate Finance
Alberta Securities Commission
(403) 355-4424
Tracy.clark@asc.ca

Sonne Udemgba
Deputy Director, Legal, Securities Division
Financial and Consumer Affairs Authority of Saskatchewan
(306) 787-5879
Sonne.udemgba@gov.sk.ca

Chris Besko
Legal Counsel – Deputy Director
Manitoba Securities Commission
(204) 945-2561
Chris.besko@gov.mb.ca

Naizam Kanji
Deputy Director, Mergers and Acquisitions, Corporate Finance
Ontario Securities Commission
(416) 593-8060
nkanji@osc.gov.on.ca

Jason Koskela
Senior Legal Counsel, Mergers and Acquisitions, Corporate Finance
Ontario Securities Commission
(416) 595-8922
jkoskela@osc.gov.on.ca

Paul Hayward
Senior Legal Counsel, Compliance and Registrant Regulation
Ontario Securities Commission
(416) 593-3657
phayward@osc.gov.on.ca

ANNEX A

PROPOSED AMENDMENTS TO
MULTILATERAL INSTRUMENT 62-104 TAKE-OVER BIDS AND ISSUER BIDS

1. Multilateral Instrument 62-104 Take-Over Bids and Issuer Bids is amended by this Instrument.

2. Part 5 is replaced with the following:

PART 5: REPORTS AND ANNOUNCEMENTS OF ACQUISITIONS

Definitions and Interpretation

5.1 (1) In this Part,

"acquiror" means a person who acquires a security, other than by way of a take-over bid or an issuer bid made in compliance with Part 2;

"acquiror's securities" means securities of an issuer beneficially owned, or over which control or direction is exercised, on the date of the acquisition or disposition, by an acquiror or any person acting jointly or in concert with the acquiror;

"derivative" has the meaning ascribed to that term in National Instrument 55-104 *Insider Reporting Requirements and Exemptions*;

"equity equivalent derivative" means a derivative which is referenced to or derived from a voting or equity security of an issuer and which provides the holder, directly or indirectly, with an economic interest that is substantially equivalent to the economic interest associated with beneficial ownership of the security;

"economic interest" has the meaning ascribed to that term in National Instrument 55-104 *Insider Reporting Requirements and Exemptions*;

"specified securities lending arrangement" means a securities lending arrangement if all of the following apply:

(a) the material terms of the securities lending arrangement are set out in a written agreement, a copy of which is retained by each party to the agreement;

(b) the securities lending arrangement requires the borrower to pay to the lender amounts equal to all dividends or interest payments, if any, paid on the security that would have been received by the borrower if the borrower had held the security throughout the period beginning at the date of the transfer or loan and ending at the time the security or an identical security is transferred or returned to the lender;

(c) the lender has established policies and procedures that require the lender to maintain a record of all securities that it has transferred or lent under securities lending arrangements;

(d) the written agreement provides for either or both of the following:

(i) the lender has an unrestricted right to recall all securities or identical securities that it has transferred or lent under the securities lending arrangement prior to the record date for any meeting of securityholders at which the securities may be voted;

(ii) the lender requires the borrower to vote the securities transferred or lent in accordance with the lender's instructions;

"securities lending arrangement" means an arrangement with respect to which both of the following apply:

(a) a person, the lender, transfers or lends at any particular time a security to another person, the borrower;

(b) it may reasonably be expected that the borrower will at a later date transfer or return the security or an identical security to the lender.

(2) For the purposes of this Part, subsections 1.8(1), (2) and (4) and section 1.9 apply as if the references to "offeror" in those provisions were references to "acquiror".

(3) For the purposes of this Part, if an acquiror and one or more persons acting jointly and in concert with the acquiror acquire securities, the securities are deemed to be acquired by the acquiror.

(4) For purposes of section 5.2, in determining control or direction over securities by an acquiror or any person acting jointly or in concert with the acquiror, at any given date, the acquiror or the person is deemed to have acquired, and to have, control or direction over a security, including an unissued security, if the acquiror or the person has acquired beneficial ownership of, or has control or direction over, an equity equivalent derivative of that security.

Early warning

5.2 (1) An acquiror who acquires beneficial ownership of, or control or direction over, a voting or equity security of any class of a reporting issuer or beneficial ownership of, or control or direction over, securities convertible into voting or equity securities of any class of a reporting issuer that, together with the acquiror's securities of that class, constitute 5% or more of the outstanding securities of that class, must

(a) promptly, but no later than the opening of trading on the business day following the acquisition, issue and file a news release containing the information required by section 3.1 of National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*; and

(b) promptly, but no later than 2 business days from the date of the acquisition, file a report containing the information required by section 3.1 of National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*.

(2) An acquiror who is required to make disclosure under subsection (1) must make further disclosure in accordance with subsection (1) each time any of the following events occur:

(a) the acquiror or any person acting jointly or in concert with the acquiror, acquires or disposes of beneficial ownership of, or control or direction over either of the following:

(i) securities in an amount equal to 2% or more of the outstanding securities of the class of securities that was the subject of the most recent report required to be filed by the acquiror under this section,

(ii) securities convertible into 2% or more of the outstanding securities referred to in subparagraph (i);

(b) there is a change in a material fact contained in the report required under subsection (1) or paragraph (a) of this subsection.

(3) An acquiror must issue a news release and file a report in accordance with subsection (1) if beneficial ownership of, or control or direction over, the outstanding securities of the class of securities that was the subject of the most recent report required to be filed by the acquiror under this section falls below 5%.

Moratorium provisions

5.3 (1) During the period beginning on the occurrence of an event in respect of which a report is required to be filed under section 5.2 and ending at the end of the first business day following the date that the report is filed, the acquiror or any person acting jointly or in concert with the acquiror must not acquire or offer to acquire beneficial ownership of any securities of the class in respect of which the report is required to be filed or any securities convertible into securities of that class.

(2) Subsection (1) does not apply to an acquiror that has beneficial ownership of, or control or direction over, securities that, together with the acquiror's securities of that class, constitute 20% or more of the outstanding securities of that class.

Copies of news release and report

5.4 An acquiror that files a news release or report under section 5.2 must promptly send a copy of each filing to the reporting issuer.

Exemption

5.5 Sections 5.2 and 5.3 do not apply to a lender in respect of securities transferred or lent pursuant to a specified securities lending arrangement.

3. These amendments come into force on *.***

ANNEX B

PROPOSED CHANGES TO
NATIONAL POLICY 62-203 *TAKE-OVER BIDS AND ISSUER BIDS*

1. National Policy 62-203 Take-Over Bids and Issuer Bids is changed by adding the following after Part 2:

PART 3 REPORTS AND ANNOUNCEMENT OF ACQUISITIONS

3.1 **Equity equivalent derivative** –The definition of "equity equivalent derivative" is intended to refer to an equity total return swap or substantially similar derivative which is referenced to or derived from a voting or equity security of an issuer, with an economic interest that is substantially equivalent to the economic interest associated with beneficial ownership of the security. Where an investor acquires an equity equivalent derivative, the investor would be required to include the securities referenced by the derivative when determining whether the investor has a disclosure obligation.

We would generally consider a derivative to substantially replicate the economic consequences of ownership of a specified number of reference securities if a dealer or other market participant that took a short position on the derivative could substantially hedge its obligations under the derivative by holding 90% or more of the specified number of reference securities.

An equity equivalent derivative would generally include only a cash-settled equity total return swap or substantially similar derivative. However, an equity equivalent derivative would not include partial-exposure derivatives. Partial-exposure derivatives include cash-settled call options which only have upside exposure.

We remind market participants that the securities regulatory authorities retain public interest jurisdiction to respond to activities involving partial-exposure instruments that may be considered abusive.

3.2 **Securities lending arrangements** – Securities lending describes the market practice whereby securities are temporarily transferred from one party (the lender) to another party (the borrower) in return for a fee. As part of the lending agreement, the borrower is obliged to redeliver to the lender securities that are identical to the securities transferred or lent, either on demand or at the end of the loan term.

Securities lending arrangements transfer title of securities from the lender to the borrower for the duration of the loan. During this period, the borrower has full ownership rights and may re-sell the securities as well as vote them. Securities lending agreements between the lender and the borrower generally provide for payment to the lender of any economic benefits (for example, dividends) accruing to the securities while "on loan". Therefore, securities lending separates the economic interest in the securities which remains with the lender from the ownership and voting rights which are transferred to the borrower. If the lender wants to vote the loaned securities, it may have the right to recall equivalent securities from the borrower but will not be entitled to vote such securities unless and until they are recalled.

Accordingly, in securities lending arrangements, the lender disposes of its securities and the borrower acquires the securities for the duration of the loan. Consequently, the lender and the borrower should consider securities sold (lent) and acquired (borrowed) under securities lending arrangements in determining whether an early warning reporting obligation has been triggered.

Section 5.5 of the Instrument and section 7.3 of the Ontario Rule exempt the lender of securities under a securities lending arrangement from the early warning requirements if the securities are transferred or lent in a securities lending arrangement that meets the criteria of a specified securities lending arrangement. If the securities lending arrangement is not a specified securities lending arrangement then the early warning reporting requirements for dispositions of securities will apply to the disposition of securities by the lender under the securities lending arrangement.

The borrower will in all cases be subject to the requirements in Part 5 of the Instrument and section 102.1of the Ontario Act and Part 7 of the Ontario Rule, including if the securities are acquired by the borrower pursuant to a specified securities lending arrangement.

2. These changes become effective on *.***

ANNEX C

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 62-103 *THE EARLY WARNING SYSTEM AND RELATED TAKE-OVER BID AND INSIDER REPORTING ISSUES*

1. National Instrument 62-103 The Early Warning System and Related Take-Over Bid and Insider Reporting Issues is amended by this Instrument.

2. Section 1.1 is amended by:

(a) adding the following definitions in alphabetical order:

"acquiror" has the meaning ascribed to that term in Part 5 of MI 62-104 and, in Ontario, subsection 102 (1) of the *Securities Act* (Ontario);

"acquiror's securities" has the meaning ascribed to that term in Part 5 of MI 62-104 and, in Ontario, subsection 102 (1) of the *Securities Act* (Ontario);

"economic exposure" has the meaning ascribed to that term in NI 55-104;

"equity equivalent derivative" has the meaning ascribed to that term in Part 5 of MI 62-104 and, in Ontario, section ● of the *Securities Act* (Ontario);

"securities lending arrangement" has the meaning ascribed to that term in Part 5 of MI 62-104 and, in Ontario, Part 1 of OSC Rule 62-504 *Take-Over Bids and Issuer Bids*;

"specified securities lending arrangement" has the meaning ascribed to that term in Part 5 of MI 62-104 and, in Ontario, Part 1 of OSC Rule 62-504 *Take-Over Bids and Issuer Bids*;

(b) repealing the definition of "acquisition announcement provisions***";***

(c) replacing "offeror's***" with "***acquiror's***" in the definition of "***applicable definitions***";***

(d) amending the definition of "applicable provisions***" by the following:***

(i) adding "and***" after "***provisions,***" in paragraph (c);***

(ii) replacing ", and***" with "***;***" in paragraph (d);***

(iii) deleting paragraph (e);

(e) replacing the definition of "early warning requirements***" with the following:***

"early warning requirements" means the requirements set out in section 5.2 of MI 62-104 and, in Ontario, subsections 102.1(1) and 101.1(2) of the *Securities Act* (Ontario);

(f) replacing the definition of "moratorium provisions***" with the following:***

"moratorium provisions" means the provisions set out in subsection 5.3(1) of MI 62-104 and, in Ontario, subsection 102.1(3) of the *Securities Act* (Ontario);

(***g) deleting the definitions of "***offeror***" and "***offeror's securities***".***

3. Section 2.3 is repealed.

4. Section 3.1 is replaced with the following:

3.1 **Contents of News Release and Report** – (1) A news release and report required under the early warning requirements shall contain the information required by Form 62-103F1 *Required Disclosure under the Early Warning Requirements*.

(2) Despite subsection (1), the news release required under the early warning requirements may omit the information required by section 2.3, Item 6 and Item 9 of Form 62-103F1 *Required Disclosure under the Early Warning Requirements* if the news release indicates the name and telephone number of an individual to contact to obtain a copy of the report.

5. Section 3.2 is amended by :

(a) replacing "offeror***" with "***acquiror***" wherever it occurs;***

(b) deleting "and the acquisition announcement provisions***".***

6. Section 4.2 is amended by deleting "or***" at the end of paragraph (a), by adding "***or***" at the end of paragraph (b) and by adding the following paragraph:***

(c) solicits or intends to solicit proxies from security holders of a reporting issuer on matters relating to the election of directors of the reporting issuer or to a reorganization, amalgamation, merger, arrangement or similar corporate action involving the securities of the reporting issuer.

7. Subsection 4.3(2) is amended by replacing "Appendix F***" with "***Form 62-103F2 *Required Disclosure by an Eligible Institutional Investor under Section 4.3****".***

8. In the following provisions, "10 percent***" is replaced with "***5 percent***":***

(***a) paragraph 4.3(4)(b);***

(b) section 4.4;

(c) section 4.5 wherever it occurs.

9. Subsection 4.7(1) is amended by replacing "Appendix G***" with "***Form 62-103F3 *Required Disclosure by an Eligible Institutional Investor under Part 4****".***

10. Section 5.1 is amended by replacing "offeror***" with "***acquiror***" in paragraph (b).***

11. Section 8.2 is amended by:

(a) deleting "(1)***";***

(b) replacing in paragraph (b) "10 percent***" with "***5 percent***".***

12. Section 9.1 is amended by deleting "(3),***" in subsection (1) and by repealing subsection (3).***

13. Appendix E is replaced with the following:

Form 62-103F1
REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS

State if the report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Item 1 – Security and Issuer

1.1 State the title of the class of securities to which this report relates and the name and address of the principal office of the issuer of the securities.

1.2 State the name of the market in which the transaction or occurrence that triggered the requirement to file this report took place.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

2.2 State the date of the transaction or occurrence that triggered the requirement to file this report and briefly describe the transaction or occurrence.

2.3 State the names of any joint actors.

INSTRUCTION:

If the acquiror is an individual, provide the name, address and present principal occupation or employment of the individual and the name, principal business and address of any person or company that employs the individual.

If the acquiror is a corporation, general partnership, limited partnership, syndicate or other group of persons, provide its name, the address of its principal office, its jurisdiction of incorporation or organization, and its principal business.

Item 3 – Interest in Securities of the Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.

3.2 State whether it was ownership or control that was acquired, including control that is deemed to exist under the law.

3.3 If the transaction involved an equity equivalent derivative, state the actual or notional number or principal amount of the underlying securities.

3.4 If the transaction involved a securities lending arrangement, disclose that fact.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities immediately before and after the transaction or occurrence that triggered the requirement to file this report.

3.6 State the designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control;

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor;

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership; and

(d) the acquiror, either alone or together with joint actors, is deemed to have control.

3.7 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, including a related financial instrument that is an equity equivalent derivative, provide all of the following disclosure:

(a) describe the material terms of the agreement, arrangement or understanding that involves an equity equivalent derivative,

(b) disclose any other related financial instrument and its impact on the acquiror's securityholdings.

3.8 Disclose the existence and the material terms of any securities lending arrangement including the duration of the arrangement and details of the recall provisions.

3.9 If the acquiror has transferred or lent securities pursuant to a specified securities lending arrangement, and that arrangement is still in effect, disclose the existence and the material terms of the arrangement including the duration of the arrangement and the details of the recall provisions.

3.10 Disclose any transaction that had the effect of altering, directly or indirectly, the acquiror's economic exposure to the issuer.

INSTRUCTIONS

(i) If the acquiror or any of its joint actors has acquired ownership of, or control or direction over, an equity equivalent derivative, the acquiror or joint actor is deemed to control or direct the related security of the issuer pursuant to subsection 5.1(4) of MI 62-104 and section ● of the Securities Act (Ontario). Therefore, the acquiror and joint actor must disclose "as a distinct item" information in this report (including the number of securities and the securityholding percentage in the securities of the issuer as prescribed by this Item) as if the acquiror or joint actor directly owned or controlled the securities of the issuer to which the equity equivalent derivative relates.

(ii) "Related financial instrument" has the meaning ascribed to that term in NI 55-104. It is intended to capture disclosure of transactions or agreements where the economic interest related to a security beneficially owned or controlled has been altered.

(iii) For the purposes of Items 3.7(a), 3.8 and 3.9, a material term of an agreement, arrangement or understanding that involves an equity equivalent derivative, or a securities lending arrangement, would generally not include the identity of the counterparty.

Item 4 – Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total. Indicate whether the consideration paid or received represents a premium to the market price and, if applicable, the percentage.

4.2 In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

(a) the acquisition by any person of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;

(b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;

(c) a sale or transfer of a material amount of assets of the reporting issuer or any of its subsidiaries;

(d) any change in the present board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancies on the board;

(e) any material change in the present capitalization or dividend policy of the reporting issuer;

(f) any other material change in the reporting issuer's business or corporate structure;

(g) changes in the reporting issuer's charter, bylaws or similar instruments or other actions which may impede the acquisition of control of the reporting issuer by any person or company;

(h) a class of securities of the reporting issuer to be delisted from or to cease to be authorized to be quoted on a marketplace;

(i) the issuer to cease to be a reporting issuer in any jurisdiction;

(j) any intention to solicit proxies from securityholders;

(k) any action similar to any of those enumerated above.

Item 6 – Contracts, Agreements, Commitments or Understandings With Respect to Securities of the Issuer

Describe any contracts, agreements, commitments or understandings between the acquiror and a joint actor and among such persons and any person with respect to any securities of the issuer, including but not limited to transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies, naming the persons with whom such contracts, agreements, commitments or understandings have been entered into. Include information for any of the securities that are pledged or otherwise subject to a contingency the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

INSTRUCTION

Contracts, agreements, commitments or understandings that are described under Item 3 do not have to be disclosed under this item.

Item 7 – Change in material fact

If applicable, describe the change in a material fact set out in a previous report filed by the acquiror in respect of the reporting issuer's securities.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Item 9 – Certification

The acquiror must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

The certificate must state the following:

I, as the acquiror, certify, or I, as the agent filing the report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

_____
Date

_____
Signature

_____
Name/Title

14. Appendix F is replaced with the following:

Form 62-103F2
REQUIRED DISCLOSURE BY AN ELIGIBLE INSTITUTIONAL INVESTOR UNDER SECTION 4.3

Item 1 – Security and Issuer

1.1 State the title of the class of securities to which this report relates and the name and address of the principal office of the issuer of such securities.

1.2 State the name of the market in which the transaction or occurrence that that triggered the requirement to file this report took place.

Item 2 – Identity of Eligible Institutional Investor

2.1 State the name and address of the eligible institutional investor.

2.2 State the date of the transaction or occurrence that triggered the requirement to file this report and briefly describe the transaction or occurrence.

2.3 State that the eligible institutional investor is ceasing to file reports under Part 4 for the reporting issuer.

2.4 Disclose the reasons for doing so.

2.5 State the names of any joint actors.

Item 3 – Interest in Securities of the Issuer

3.1 State the designation and number or principal amount of securities and the eligible institutional investor's securityholding percentage in the class of securities immediately before and after the transaction or occurrence that triggered the requirement to file this report.

3.2 State whether it was ownership or control that was acquired, including control that is deemed to exist under the law.

3.3 If the transaction involved an equity equivalent derivative, state the actual or notional number or principal amount of the underlying securities.

3.4 If the transaction involved a securities lending arrangement, disclose that fact.

3.5 State the designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities over which

(a) the eligible institutional investor, either alone or together with any joint actors, has ownership and control;

(b) the eligible institutional investor, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the eligible institutional investor or any joint actor;

(c) the eligible institutional investor, either alone or together with any joint actors, has exclusive or shared control but does not have ownership; and

(d) the eligible institutional investor, either alone or together with joint actors, is deemed to have control.

3.6 If the eligible institutional investor or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, including a related financial instrument that is an equity equivalent derivative, provide all of the following disclosure:

(a) describe the material terms of the agreement, arrangement or understanding that involves an equity equivalent derivative;

(b) disclose any other related financial instrument and its impact on the eligible institutional investor's securityholdings.

3.7 Disclose the existence and the material terms of the securities lending arrangement including the term of the arrangement and the recall provisions.

3.8 If the eligible institutional investor has transferred or lent securities pursuant to a specified securities lending arrangement still in effect, disclose the existence and the material terms of the arrangement including the term of the arrangement and the recall provisions.

3.9 Disclose any transaction that has the effect of altering, directly or indirectly, the eligible institutional investor's economic exposure to the issuer.

INSTRUCTIONS

(i) If the eligible institutional investor or any of its joint actors has acquired ownership of, or control or direction over, an equity equivalent derivative, the eligible institutional investor or joint actor is deemed to control or direct the related security of the issuer pursuant to subsection 5.1(4) of MI 62-104 and section ● of the Securities Act (Ontario). Therefore, the eligible institutional investor and joint actor must disclose "as a distinct item" information in this report (including the number of securities and the securityholding percentage in the securities of the issuer as prescribed by this Item) as if the eligible institutional investor or joint actor directly owned or controlled the securities of the issuer to which the equity equivalent derivative relates.

(ii) "Related financial instrument" has the meaning ascribed to that term in NI 55-104. It is intended to capture disclosure of transactions or agreements where the economic interest related to a security beneficially owned or controlled has been altered.

(iii) For the purposes of Items 3.6(a), 3.7 and 3.8, a material term of an agreement, arrangement or understanding that involves an equity equivalent derivative, or a securities lending arrangement, would generally not include the identity of the counterparty.

Item 4 – Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total. Indicate whether the consideration paid or received represents a premium to the market price and, if applicable, the percentage.

4.2 In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the eligible institutional investor.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the eligible institutional investor and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the eligible institutional investor and any joint actors may have which relate to or would result in any of the following:

(a) the acquisition by any person of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;

(b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;

(c) a sale or transfer of a material amount of assets of the reporting issuer or any of its subsidiaries;

(d) any change in the present board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancies on the board;

(e) any material change in the present capitalization or dividend policy of the reporting issuer;

(f) any other material change in the reporting issuer's business or corporate structure;

(g) changes in the reporting issuer's charter, bylaws or similar instruments or other actions which may impede the acquisition of control of the reporting issuer by any person;

(h) a class of securities of the reporting issuer to be delisted from or to cease to be authorized to be quoted on a marketplace;

(i) the issuer to cease to be a reporting issuer in any jurisdiction;

(j) any intention to solicit proxies from securityholders;

(k) any action similar to any of those enumerated above.

Item 6 – Contracts, Agreements, Commitments or Understandings With Respect to Securities of the Issue

Describe any contracts, agreements, commitments or understandings between the eligible institutional investor and a joint actor and among such persons and any person with respect to any securities of the issuer, including but not limited to transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies, naming the persons with whom such contracts, agreements, commitments or understandings have been entered into. Include such information for any of the securities that are pledged or otherwise subject to a contingency the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

INSTRUCTION

Contracts, agreements, commitments or understandings that are described under Item 3 do not have to be disclosed under this item.

Item 7 – Change in material fact

If applicable, describe the change in a material fact set out in a previous report filed by the eligible institutional investor in respect of the reporting issuer's securities.

Item 8 – Exemption

If the eligible institutional investor relies on an exemption from the requirement in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Item 9 – Certification

The eligible institutional investor must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the eligible institutional investor is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

The certificate must state the following:

I, as the eligible institutional investor, certify, or I, as the agent filing the report on behalf of the eligible institutional investor, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

_____
Date

_____
Signature

_____
Name/Title

15. Appendix G is replaced with the following:

Form 62-103F3
REQUIRED DISCLOSURE BY AN ELIGIBLE INSTITUTIONAL INVESTOR UNDER PART 4

State if the report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Item 1 – Security and Issuer

1.1 State the title of the class of securities to which this report relates and the name and address of the principal office of the issuer of such securities.

1.2 State the name of the market in which the transaction or occurrence that triggered the requirement to file this report took place.

Item 2 – Identity of the Eligible Institutional Investor

2.1 State the name and address of the eligible institutional investor.

2.2 State the date of the transaction or occurrence that triggered the requirement to file this report and briefly describe the transaction or occurrence.

2.3 State the name of any joint actors.

2.4 State that the eligible institutional investor is eligible to file reports under Part 4 in respect of the reporting issuer.

Item 3 Interest in Securities of the Issuer

3.1 State the designation and the net increase or decrease in the number or principal amount of securities, and in the eligible institutional investor's securityholding percentage in the class of securities, since the last report filed by the eligible institutional investor under Part 4 or the early warning requirements.

3.2 State the designation and number or principal amount of securities and the eligible institutional investor's securityholding percentage in the class of securities at the end of the month for which the report is made.

3.3 If a transaction involved an equity equivalent derivative, state the actual or notional number or principal amount of underlying securities.

3.4 If a transaction involved a securities lending arrangement, disclose that fact.

3.5 State the designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities over which

(a) the eligible institutional investor, either alone or together with any joint actors, has ownership and control;

(b) the eligible institutional investor, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the eligible institutional investor or any joint actor;

(c) the eligible institutional investor, either alone or together with any joint actors, has exclusive or shared control but does not have ownership; and

(d) the eligible institutional investor, either alone or together with joint actors, is deemed to have control.

3.6 If the eligible institutional investor or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, including a related financial instrument that is an equity equivalent derivative, provide all of the following disclosure:

(a) describe the material terms of the agreement, arrangement or understanding that involves an equity equivalent derivative;

(b) disclose any other related financial instrument and its impact on the eligible institutional investor's securityholdings.

3.7 Disclose the existence and the material terms of the securities lending arrangement including the term of the arrangement and the recall provisions.

3.8 If the eligible institutional investor has transferred or lent securities pursuant to a specified securities lending arrangement still in effect, disclose the existence and the material terms of the arrangement including the term of the arrangement and the recall provisions.

3.9 Disclose any transaction that has the effect of altering, directly or indirectly, the eligible institutional investor's economic exposure to the issuer.

INSTRUCTIONS

(i) If the eligible institutional investor or any of its joint actors has acquired ownership of, or control or direction over, an equity equivalent derivative, the eligible institutional investor or joint actor is deemed to control or direct the related security of the issuer pursuant to subsection 5.1(4) of MI 62-104 and section ● of the Securities Act (Ontario). Therefore, the eligible institutional investor and joint actor must disclose "as a distinct item" information in this report (including the number of securities and the securityholding percentage in the securities of the issuer as prescribed by this Item) as if the eligible institutional investor or joint actor directly owned or controlled the securities of the issuer to which the equity equivalent derivative relates.

(ii) "Related financial instrument" has the meaning ascribed to that term in NI 55-104. It is intended to capture disclosure of transactions or agreements where the economic interest related to a security beneficially owned or controlled has been altered.

(iii) An eligible institutional investor may omit the securityholding percentage from a report if the change in percentage is less than 1% of the class.

(iv) For the purposes of Item 3.6(a), 3.7 and 3.8, a material term of an agreement, arrangement or understanding that involves an equity equivalent derivative, or a securities lending arrangement, would generally not include the identity of the counterparty.

Item 4 – Purpose of the Transaction

State the purpose or purposes of the eligible institutional investor and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the eligible institutional investor and any joint actors may have which relate to or would result in any of the following:

(a) the acquisition by any person of additional securities of the reporting issuer, or the disposition of securities of the issuer;

(b) a sale or transfer of a material amount of assets of the reporting issuer or any of its subsidiaries;

(c) any change in the present board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancies on the board;

(d) any material change in the present capitalization or dividend policy of the reporting issuer;

(e) any other material change in the reporting issuer's business or corporate structure;

(f) changes in the reporting issuer's charter, bylaws or similar instruments or other actions which may impede the acquisition of control of the issuer by any person;

(g) a class of securities of the reporting issuer to be delisted from or to cease to be authorized to be quoted on a marketplace;

(h) the issuer to cease to be a reporting issuer in any jurisdiction;

(i) any action similar to any of those enumerated above.

Item 5 – Contracts, Agreements, Commitments or Understandings With Respect to Securities of the Issue

Describe any contracts, agreements, commitments or understandings between the eligible institutional investor and a joint actor and among such persons and any person with respect to any securities of the issuer, including but not limited to transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies, naming the persons with whom such contracts, agreements, commitments or understandings have been entered into. Include such information for any of the securities that are pledged or otherwise subject to a contingency the occurrence of which would give another person voting power or investment power over such securities except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

INSTRUCTION

Contracts, agreements, commitments or understandings that are described under Item 3 do not have to be disclosed under this item.

Item 6 – Change in Material Fact

If applicable, describe the change in a material fact set out in a previous report by the eligible institutional investor under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Item 7 – Certification

The eligible institutional investor must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the eligible institutional investor is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

The certificate must state the following:

I, as the eligible institutional investor, certify, or I, as the agent filing the report on behalf of the eligible institutional investor, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

_____
Date

_____
Signature

_____
Name/Title

16. These amendments come into force on **.***

ANNEX D

ADDITIONAL NOTICE REQUIREMENTS IN ONTARIO

Local amendments in Ontario

The Proposed Amendments include amendments to the early warning reporting requirements in MI 62-104 which applies in all provinces and territories of Canada except Ontario. In Ontario, we anticipate that amendments to the Ontario Act will be proposed, in addition to proposed amendments to OSC Rule 62-504 in order to allow the substance of the Proposed Amendments to apply fully in Ontario. The legislative amendments may include those to provide additional rule-making authority and/or amendments to Part XX of the Ontario Act. The text of the proposed amendments to OSC Rule 62-504 is attached at Schedule 1 to this Annex.

Unpublished Materials

In proposing the Proposed Amendments, the CSA has not relied on any significant unpublished study, report or other written materials.

Authority for Proposed Amendments applicable in Ontario

In Ontario, the following provisions of the Ontario Act provide the Ontario Securities Commission (the Ontario Commission) with the authority to make the proposed amendments to OSC Rule 62-504 and NI 62-103:

- Paragraph 143(1)28 of the Ontario Act authorizes the Ontario Commission to make rules regulating take-over bids, issuer bids, insider bids, going-private transactions, business combinations and related party transactions, including varying the requirements of sections 102.1 and 102.2 or providing exemptions from either of those sections.

- Paragraph 143(1)35 of the Ontario Act authorizes the Ontario Commission to make rules regulating the Ontario Act in respect of derivatives, including prescribing disclosure requirements.

- Paragraph 143(1)39 of the Ontario Act authorizes the Ontario Commission to make rules requiring or respecting the media, format, preparation, form, content, execution, certification, dissemination and other use, filing and review of all documents required under or governed by the Ontario Act, the regulations or the rules and all documents determined by the regulations or the rules to be ancillary the documents.

SCHEDULE 1

PROPOSED AMENDMENTS TO
OSC RULE 62-504 *TAKE-OVER BIDS AND ISSUER BIDS*

1. OSC Rule 62-504 Take-Over Bids and Issuer Bids is amended by this Instrument.

2. The Rule is amended by adding the following sections:

1.2.1 Definition of "specified securities lending arrangement" – In this Rule, "specified securities lending arrangement" means a securities lending arrangement if all of the following apply:

(a) the material terms of the securities lending arrangement are set out in a written agreement, a copy of which is retained by each party to the agreement;

(b) the securities lending arrangement requires the borrower to pay to the lender amounts equal to all dividends or interest payments, if any, paid on the security that would have been received by the borrower if the borrower had held the security throughout the period beginning at the date of the transfer or loan and ending at the time the security or an identical security is transferred or returned to the lender;

(c) the lender has established policies and procedures that require the lender to maintain a record of all securities that it has transferred or lent under securities lending arrangements;

(d) the written agreement provides for either or both of the following:

(i) the lender has an unrestricted right to recall all securities or identical securities that it has transferred or lent under the securities lending arrangement prior to the record date for any meeting of securityholders at which the securities may be voted;

(ii) the lender requires the borrower to vote the securities transferred or lent in accordance with the lender's instructions;

1.2.2 Definition of "securities lending arrangement" – In section 1.2.1, "securities lending arrangement" means an arrangement with respect to which both of the following apply:

(a) a person, the lender, transfers or lends at any particular time a security to another person, the borrower;

(b) it may reasonably be expected that the borrower will at a later date transfer or return the security or an identical security to the lender.

3. Section 7.1 is amended

(a) in paragraph (a) by adding ", but no later than the opening of trading on the business day following the acquisition,***" after "***promptly***", and***

(b) in paragraph (b) by replacing "within***" by "***promptly, but no later than***" before "***2 business days**".*

4. Section 7.2 is repealed

5. The Rule is amended by adding the following section:

7.3 Exemption for specified securities lending arrangement – Section 102.1 of the Act does not apply to a lender in respect of securities transferred or lent pursuant to a specified securities lending arrangement.

6. This Instrument comes into force on [●].

This page intentionally left blank

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 DATABASE FORM 45-106F1 AND 45-501F1

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
02/05/2013	1	1549933 Alberta Ltd. - Mortgage	500,000.00	500,000.00
11/30/2012 to 01/29/2013	5	Accutrac Capital Solutions Inc. - Preferred Shares	475,000.00	425.00
01/05/2012 to 11/29/2012	22	Addenda Bond Pooled Fund - Trust Units	49,558,370.00	4,040,729.00
11/27/2012 to 12/03/2012	7	Addenda Bonds Long Term Core Pooled Fund - Trust Units	277,572,007.00	277,572.00
12/19/2012	5	Addenda Bonds Long Term Provincial Index Overlay Pooled Fund - Trust Units	19,243,774.00	1,924,377.00
03/26/2012 to 09/18/2012	2	Addenda Canadian Equity Pooled Fund - Trust Units	4,595,000.00	481,979.00
12/31/2012	47	Addenda Commercial Mortgages Pooled Fund - Trust Units	29,339,551.00	2,726,289.00
01/13/2012 to 10/12/2012	19	Addenda Corporate Bond Pooled Fund - Trust Units	28,043,665.00	2,594,850.00
05/28/2012	7	Addenda EAFE Equity Pooled Fund - Trust Units	59,721,690.00	6,277,622.00
03/23/2012 to 12/21/2012	16	Addenda Long Term Corporate Bond Pooled Fund - Trust Units	13,540,000.00	1,164,839.00
02/17/2012 to 11/30/2012	10	Addenda Long Term Government Bond Pooled Fund - Trust Units	7,815,213.00	792,171.00
01/09/2012 to 12/31/2012	29	Addenda Money Market Liquidity Pooled Fund - Trust Units	332,994,445.00	33,299,445.00
04/30/2012 to 11/30/2012	38	Addenda Money Market Pooled Fund - Trust Units	235,141,813.00	23,514,181.00
02/03/2012 to 11/26/2012	5	Addenda U.S. Equity Pooled Fund - Trust Units	20,731,386.00	1,747,120.00
02/04/2013	39	Advanced Proteome Therapeutics Corporation - Units	690,000.00	8,625,000.00
02/12/2013 to 02/21/2013	9	Aguila American Gold Limited - Units	327,000.00	3,270,000.00
06/07/2012 to 12/28/2012	2	AHL Strategies PCC Limited, Class J1 AHL Alpha CAD Shares - Common Shares	8,919,942.51	9,451,911.00
02/14/2013	27	Alliance Grain Traders Inc. - Notes	124,375,000.00	27.00
02/14/2013	3	American Axle & Manufacturing, Inc. - Notes	10,008,000.00	10,000.00
02/20/2013	3	Arrow Electronics, Inc. - Notes	9,146,700.00	3.00
02/28/2013	1	Augustine Ventures Inc. - Flow-Through Shares	120,000.00	1,200,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
02/06/2013	1	Banco de Credito e Inversiones - Notes	14,831,685.00	1.00
03/01/2013	2	Banyan Gold Corp. - Units	200,000.00	2,000,000.00
02/01/2012	1	BlackRock Appreciation Fund IV, Ltd. - Units	18,300,000.00	18,300.00
12/03/2012	1	BlackRock Appreciation Fund IV, Ltd. - Units	4,991,452.99	5,027.65
12/31/2012	35	Bodnar Canadian Equity Fund - Units	3,659,982.06	8,129,245.00
12/31/2012	43	Bodnar Fixed Income Fund - Units	6,614,880.75	32,367.75
01/31/2012 to 12/31/2012	4	Bodnar Money Market Fund - Units	6,199.38	619,938.00
02/13/2013	7	Bowmore Exploration Ltd. - Common Shares	154,998.76	499,996.00
01/31/2012 to 06/30/2012	7	Brompton Opportunities Fund Inc. - Units	845,000.00	N/A
02/20/2013	3	Burlington Holdings, LLC and Burlington Holdings Finance, Inc. - Notes	2,091,545.40	3.00
02/20/2013	4	Cabia Goldhills Inc. - Units	88,607.50	354,430.00
02/04/2013	2	Caesars Operating Escrow LLC and Caesars Escrow Corporation - Notes	78,306,978.75	80,500.00
01/31/2012 to 12/31/2012	48	Caldwell Canadian Value Momentum Fund - Units	2,044,275.65	N/A
02/21/2013	66	Caltex Resources Ltd. - Common Shares	7,980,727.50	2,751,975.00
03/01/2013	10	Canada Carbon Inc. - Units	500,000.00	3,750,000.00
01/01/2012 to 12/31/2012	3	Canadian Dollar Liquidity Fund - Units	933,854,405.00	N/A
02/28/2013	10	Canasure Gold Limited - Common Shares	155,000.00	775,000.00
01/31/2013	50	Cancana Resources Corp. - Units	1,096,180.00	5,480,900.00
02/28/2013	30	Cancen Oil Canada Inc. - Debentures	807,000.00	807.00
07/01/2012 to 12/01/2012	4	Capital Growth Fund Limited Partnership - Units	278,041.55	90.33
01/02/2012 to 12/02/2012	16	ChapelGate Credit Opportunity Fund Limited - Common Shares	13,716,174.05	58,335.61
02/28/2013	1	Claim Post Resources Inc. - Units	250,000.00	2,500,000.00
01/31/2012 to 10/31/2012	362	Claret Global Multi-Asset Limited Partnership - Limited Partnership Units	5,483,275.63	545,969.00
02/14/2013	3	Cliffs Natural Resources Inc. - Common Shares	12,760,200.00	510,000.00
01/30/2013	1	Cobalt Industrial REIT III, L.P. - Units	9,483,693.25	18,905.00
02/08/2013	3	Colwood City Centre Limited Partnership - Notes	530,000.00	530,000.00
02/22/2013	27	Comber Wind Financial Corporation - Bonds	450,000,000.00	27.00
02/22/2013	1	Condor Precious Metals Inc. - Common Shares	499,999.95	3,333,333.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
02/25/2013	12	Crailar Technologies Inc. - Debentures	5,000,000.00	12.00
02/18/2013	33	Crestwell Resources Inc. - Common Shares	381,225.00	2,541,500.00
02/26/2013	4	Crown Gold Corporation - Units	130,000.00	2,600,000.00
01/05/2012 to 12/28/2012	289	Cumberland Capital Appreciation Fund - Units	15,449,269.86	1,303,173.58
01/05/2012 to 12/28/2012	544	Cumberland Income Fund - Units	60,094,211.89	5,071,729.36
01/18/2012 to 12/28/2012	61	Cumberland International Fund - Units	2,197,448.19	286,280.43
08/01/2012 to 12/28/2012	2	Cumberland Opportunities Fund - Units	50,000.00	5,329.99
06/01/2012	27	D-Wave Systems Inc. - Preferred Shares	15,973,491.30	12,287,301.00
02/28/2013	27	Darnley Bay Resources Limited - Units	740,000.00	14,800,000.00
09/06/2012	1	DB Secondary Opportunities Fund II, L.P. - Limited Partnership Interest	49,160,000.00	1.00
01/13/2012 to 12/31/2012	37	Delaney Capital Balanced Fund - Units	962,568.47	9,119.95
01/01/2012 to 12/31/2012	52	Delaney Capital Equity Fund - Units	751,170.78	4,855.95
02/20/2013	95	Delon Resources Corp. - Receipts	1,605,420.00	2,675,700.00
02/13/2013	74	Delta Gold Inc. - Units	6,920,500.00	13,841,000.00
01/31/2012 to 12/31/2012	2	DFC Active Fixed Income Fund - Trust Units	3,299,458.81	286,656.81
01/31/2012 to 12/31/2012	3	DFC Core Canadian Equity Fund - Trust Units	1,077,320.96	145,100.62
01/31/2012 to 12/31/2012	3	DFC Core U.S. Equity Fund - Trust Units	1,928,119.56	72,846.52
01/31/2012 to 12/31/2012	3	DFC International Specialist Fund - Trust Units	1,811,807.53	43,286.61
01/01/2012 to 12/01/2012	51	DKAM Capital Ideas Fund LP - Limited Partnership Units	11,246,865.48	47,052.24
02/25/2013	11	Earth Video Camera Inc. - Units	925,255.50	500,138.00
02/13/2013	16	Edgewater Exploration Ltd. - Common Shares	5,000,400.00	11,112,000.00
02/19/2013	4	Enablence Technologies Inc. - Common Shares	3,575,334.00	10,834,346.00
03/04/2013	9	Entourage Metals Ltd. - Common Shares	56,250.00	100,000.00
12/01/2012	1	Epic Canadian Long Sort Opportunistic Fund LP - Limited Partnership Interest	237,786.00	101.51
06/01/2012 to 12/01/2012	10	Epic Closed-End Fund LP - Limited Partnership Interest	3,350,000.00	3,349.60
02/14/2013	7	FairPoint Communications, Inc. - Trust certificates	14,436,540.00	7.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
12/31/2012	4	FI Capital SRI Canadian Equity Fund - Units	26,508.41	2,719.37
12/31/2012	2	FI Capital SRI Enchanced Income Fund - Units	27,012.45	2,597.18
02/19/2013	21	Finore Mining Inc. - Common Shares	1,795,000.00	30,800,000.00
02/26/2013	1	Ford Auto Securitization Trust - Notes	599,000,000.00	1.00
01/23/2012 to 12/31/2012	7	GIIC Global Fund - Units	56,213,325.24	5,298,749.75
01/01/2012 to 12/31/2012	18	Goodwood Fund - Units	705,490.52	72,495.37
04/01/2012	2	Greenlight Capital Offshore (Gold) Ltd. - Common Shares	1,995,999.58	200.02
05/01/2012	1	Greenlight Capital (Gold) LP - Limited Partnership Interest	4,909,500.00	1.00
07/01/2012	1	Greenlight Masters Offshore I, Ltd. - Common Shares	510,374.48	22.94
03/19/2012 to 10/22/2012	3	Gryphon EuroPac Fund - Units	4,300,000.00	506,069.83
10/26/2012 to 12/27/2012	1	Hancock Capital Partners V L.P. - Units	236,595.07	N/A
02/15/2013	25	Institutional Mortgage Securities Canada Inc. - Certificates	259,487,594.60	N/A
12/31/2012	11	International PBX Ventures Ltd. - Units	647,750.00	10,795,833.00
02/19/2013	21	IOU Financial Inc. - Units	1,582,900.00	3,957,250.00
01/01/2012 to 12/31/2012	18	Jarislowsky International Equity Fund - Units	19,543,504.80	949,591.46
01/01/0012 to 12/31/2012	69	Jarislowsky Special Equity Fund - Units	22,191,000.00	1,163,127.31
01/01/2012 to 12/31/2012	60	Jarislowsky, Fraser Balanced Fund - Units	160,433,337.37	11,603,235.11
01/01/2012 to 12/31/2012	15	Jarislowsky, Fraser Bond Fund - Units	17,679,632.22	1,543,561.56
01/01/2012 to 12/31/2012	51	Jarislowsky, Fraser Canadian Equity Fund - Units	165,783,182.47	5,272,884.07
01/01/2012 to 12/31/2012	4	Jarislowsky, Fraser Dividend Growth Fund - Units	4,900,000.00	490,000.00
01/01/2012 to 12/31/2012	19	Jarislowsky, Fraser Global Balanced Fund - Units	22,618,822.22	2,096,419.59
01/01/2012 to 12/31/2012	12	Jarislowsky, Fraser Global Equity Fund - Units	17,558,448.77	2,025,631.92
01/01/2012 to 12/31/2012	229	Jarislowsky, Fraser Money Market Fund - Units	129,822,660.00	12,982,266.00
01/01/2012 to 12/31/2012	11	Jarislowsky, Fraser Special Bond Fund - Units	1,373,916.53	126,370.98

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
01/01/2012 to 12/31/2012	121	Jarislowsky, Fraser US Money Market Fund - Units	37,789,806.54	3,774,522.00
01/01/2012 to 12/31/2012	6	Jarislowsky, Fraser U.S. Equity Fund - Units	39,030,982.33	5,112,922.70
12/31/2012	4	JC Clark Adaly Fund (formerly, Adaly Opportunity Fund) - Units	174,337.74	171.34
01/31/2012 to 12/31/2012	36	JC Clark Focused Opportunities Fund - Units	2,990,608.88	N/A
01/31/2012 to 12/31/2012	32	JC Clark Patriot Trust - Units	3,133,791.42	N/A
01/31/2012 to 12/31/2012	27	JC Clark Preservation Trust - Units	5,530,576.63	N/A
01/01/2012 to 12/31/2012	48	JC Clark Yield Trust - Units	8,509,986.27	N/A
02/08/2013 to 02/15/2013	5	Jugnoo Inc. - Preferred Shares	1,065,517.80	40,686.00
02/08/2013 to 02/15/2013	7	Jugnoo Inc. - Units	950,201.88	174,354.00
01/01/2012 to 12/31/2012	316	KJH Capital Preservation Fund - Units	42,558,475.00	386,595.24
01/01/2012 to 12/31/2012	81	KJH Energy Partners Fund - Units	9,108,519.00	87,562.80
01/01/2012 to 12/31/2012	21	KJH Financial Franchise Fund - Units	2,001,040.00	20,402.71
01/01/2012 to 12/31/2012	26	KJH Fixed Income Fund - Trust Units	1,727,399.00	16,659.95
01/01/2012 to 12/31/2012	198	KJH High Yield Fund - Units	28,756,827.00	284,279.53
01/01/2012 to 12/31/2012	151	KJH Opportunities Fund - Units	11,870,807.00	111,722.66
01/01/2012 to 12/31/2012	152	KJH Strategic Investors Fund - Units	16,851,238.00	165,502.87
01/01/2012 to 12/31/2012	7	KJH Technology Partners Fund - Units	730,658.00	7,296.68
02/19/2013	1	Lachlan Star Limited - Common Shares	200,000.00	221,680.00
10/31/2012	10	Largo Resources Ltd. - Common Shares	9,999,999.90	45,454,545.00
02/13/2013	20	Latin American Minerals Inc. - Common Shares	500,000.00	5,000,000.00
02/18/2013 to 02/22/2013	27	League IGW Real Estate Investment Trust - Units	697,724.26	200,000.00
02/04/2013 to 02/08/2013	22	League IGW Real Estate Investment Trust - Units	254,567.74	11,571.26
01/01/2012 to 12/31/2012	4	Leith Wheeler Canadian Dividend Fund Series A - Units	2,900,000.00	268,072.32

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
01/01/2012 to 12/31/2012	77	Leith Wheeler Canadian Equity Fund Series A - Units	175,472,156.14	5,548,848.69
01/01/2012 to 12/31/2012	1	Leith Wheeler Constrianed Fixed Income Pooled Fund - Units	3,630,835.10	411,565.52
01/01/2012 to 12/31/2012	14	Leith Wheeler Diversified Pooled Fund - Units	58,345,368.71	5,124,091.14
01/01/2012 to 12/31/2012	39	Leith Wheeler Fixed Income Fund Series A - Units	32,386,410.12	2,908,683.30
01/01/2012 to 12/31/2012	48	Leith Wheeler Income Advantage Fund Series A - Units	9,065,213.36	879,415.00
01/01/2012 to 12/31/2012	1	Leith Wheeler Income Pooled Fund - Units	2,560,456.91	242,774.81
01/01/2012 to 12/31/2012	125	Leith Wheeler International Pooled Fund - Units	93,782,585.30	7,114,749.80
01/01/2012 to 12/31/2012	5	Leith Wheeler Long Tem Pooled Fund - Units	14,386,517.89	1,158,559.00
01/01/2012 to 12/31/2012	58	Leith Wheeler Special Canadian Equity Pooled Fund - Units	43,991,469.83	9,302,153.64
01/01/2012 to 12/31/2012	30	Leith Wheeler Total Return Bond Pooled Fund - Units	70,621,878.99	6,451,448.34
01/01/2012 to 12/31/2012	11	Leith Wheeler Unrestricted Diversified Pooled Fund - Units	48,579,785.31	4,460,005.27
01/01/2012 to 12/31/2012	89	Leith Wheeler US Equity Fund Series A - Units	13,652,214.41	5,221,453.37
02/25/2013	25	Lower Mattagami Energy Limited Partnership - Bonds	275,000,000.00	275,000,000.00
02/20/2013	192	Lyfe Kitchen Retail (Canada) Trust - Trust Units	2,112,680.00	211,268.00
01/31/2012 to 11/30/2012	5	Macnicol 360 Degree US Realty Inc. Fund - Limited Partnership Units	2,376,985.00	21,050.73
08/01/2012 to 12/01/2012	5	Macnicol 360 Degree US Realty Inc. Fund II - Limited Partnership Units	325,000.00	3,207.50
05/31/2012 to 11/30/2012	1	Macnicol Absolute Return Fund - Limited Partnership Units	93,000.00	889.62
01/01/2012 to 10/31/2012	101	Macnicol Alternative Asset Trust - Trust Units	3,069,357.73	29,844.48
07/31/2012	6	Macnicol Conservative Income Fund - Limited Partnership Units	904,437.38	7,574.03
01/01/2012 to 07/31/2012	1	Macnicol Emergence Income Fund - Limited Partnership Units	1,122,288.00	10,198.24
01/06/2012 to 12/14/2012	49	Man AHL Diversified (Canada) Fund - Units	1,339,749.07	N/A
12/14/2012 to 12/31/2012	1	Manulife Balanced Equity Private Pool - Series G, O & X Units - Units	2,000,000.00	200,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
12/14/2012 to 12/31/2012	1	Manulife Balanced Income Private Pool - Series G, O & X Units - Units	2,000,000.00	200,000.00
12/14/2012 to 12/31/2012	1	Manulife Balanced Private Pool - Series G, O & X Units - Trust Units	2,000,000.00	200,000.00
12/14/2012 to 12/31/2012	1	Manulife Canadian Balanced Private Pool - Series G, O & X Units - Units	2,000,000.00	200,000.00
12/14/2012 to 12/31/2012	1	Manulife Canadian Equity Private Pool - Series G, O & X Units - Trust Units	1,000,000.00	100,000.00
12/14/2012 to 12/31/2012	1	Manulife Canadian Fixed Income Private Pool - Series G, O & X Units - Trust Units	1,700,000.00	170,000.00
01/01/2012 to 12/31/2012	3	Manulife Canadian Investment Class - Series G, O & X Units - Units	63,059,910.87	5,560,607.08
01/01/2012 to 12/31/2012	2	Manulife China Class - Series G, O & X Units - Units	1,542,522.48	94,142.29
12/14/2012 to 12/31/2012	1	Manulife Corporate Fixed Income Private Pool - Series G, O & X Units - Units	1,700,000.00	170,000.00
12/14/2012 to 12/31/2012	1	Manulife Dividend Income Private Pool - Series G, O & X Units - Units	1,000,000.00	100,000.00
01/01/2012 to 12/31/2012	2	Manulife Global Equity Class - Series G, O & X Units - Units	29,617,861.69	2,536,484.87
01/14/2012 to 12/31/2012	1	Manulife Global Equity Private Pool - Series G, O & X Units - Units	1,000,000.00	100,000.00
12/14/2012 to 12/31/2012	1	Manulife Global Fixed Income Private Pool - Series G, O & X Units - Units	1,700,000.00	170,000.00
01/01/2012 to 12/31/2012	8	Manulife Global Opportunities Class - Series G, O & X Units - Units	47,701,294.70	4,987,726.78
01/01/2012 to 10/05/2012	8	Manulife International Value Class - Series G, O & X Units - Units	17,450,083.32	1,499,348.01
01/01/2012 to 12/31/2012	1	Manulife Japan Class - Series G, O & X Units - Units	687,352.58	88,848.45
12/14/2012 to 12/31/2012	1	Manulife U.S. Equity Private Pool - Series G, O & X Units - Units	1,000,000.00	100,000.00
01/01/2012 to 12/31/2012	8	Manulife U.S. Opportunities Class - Series G, O & X Units - Units	17,302,465.19	1,438,517.07
01/01/2012 to 12/31/2012	10	Manulife World Investment Class - Series G, O & X Units - Units	23,571,841.99	2,279,402.80
02/25/2013	2	Marauder Resources East Coast Inc. - Common Shares	763,179.97	10,902,571.00
02/12/2013 to 02/19/2013	25	Marauder Resources East Coast Inc. - Units	1,226,564.57	18,870,224.00
02/01/2013	1	Midland Power Utility Corporation - Debentures	565,000.00	565,000.00
02/19/2013	5	Miocene Metals Limited - Units	140,000.00	2,800,000.00
02/15/2013	1	Molina Healthcare, Inc. - Notes	10,070,000.00	1.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
12/30/2011 to 12/31/2012	12	Niagara Discovery Fund - Limited Partnership Units	3,100,162.57	166,343.51
01/31/2012 to 11/30/2012	4	Niagara Legacy Class B Fund - Units	2,061,071.71	67,430.13
02/19/2013	2	NII International Telecom S.C.A. - Notes	40,400,000.00	2.00
02/15/2013	5	Nippon Prologis REIT, Inc. - Units	3,163,187.50	535.00
03/08/2013	1	North American Palladium Ltd. - Common Shares	1,000,000.20	709,220.00
02/14/2013	56	Opel Technologies Inc. - Units	7,200,000.00	14,400,000.00
12/13/2012	240	Orbite Aluminae Inc.(Amended) - Debentures	25,000,000.00	25,000.00
12/21/2012	13	Pasinex Resources Limited - Units	330,000.00	3,300,000.00
02/19/2013	20	Passport Potash Inc. - Debentures	5,365,154.37	20.00
02/19/2013	12	Passport Potash Inc. - Units	400,499.82	2,224,999.00
01/01/2012 to 12/31/2012	1055	Phillips, Hager & North Absolute Return Fund - Trust Units	53,140,465.68	4,336,969.84
01/01/2012 to 12/31/2012	1	Phillips, Hager & North Conservative Equity Income Fund - Trust Units	7,522.89	707.06
01/01/2012 to 12/31/2012	2	Phillips, Hager & North Corporate Bond Trust - Trust Units	48,380,970.44	4,624,582.80
01/01/2012 to 12/31/2012	1	Phillips, Hager & North Custom Interest Rate Overlay Fund - Trust Units	934,225,882.63	67,416,343.79
01/01/2012 to 12/31/2012	1	Phillips, Hager & North Enchanced Income Equity Pension Trust - Trust Units	316,753.04	22,469.22
01/01/2012 to 12/31/2012	14	Phillips, Hager & North Enchanced Total Return Bond Fund - Trust Units	29,278,073.37	2,805,746.12
01/01/2012 to 12/31/2012	1	Phillips, Hager & North Extended Duration Long Bond Pension Trust - Trust Units	45,424,557.93	3,954,913.80
01/01/2012 to 12/31/2012	5	Phillips, Hager & North Foreign Bond Fund - Trust Units	312,175.69	201,475.80
01/01/2012 to 12/31/2012	5	Phillips, Hager & North High Grade Corporate Bond Fund - Trust Units	11,632,431.75	1,782,593.99
01/01/2012 to 12/31/2012	2	Phillips, Hager & North Infrastructure Debt Fund - Trust Units	10,528,778.86	974,524.98
01/01/2012 to 12/31/2012	5	Phillips, Hager & North Institutional Gold & Precious Metals Fund - Trust Units	3,483,821.31	389,780.51
01/01/2012 to 12/31/2012	57	Phillips, Hager & North Institutional S.T.I.F. - Trust Units	1,154,558,137.74	115,455,813.77
01/01/2012 to 12/31/2012	20	Phillips, Hager & North Investment Grade Corporate Bond Trust - Trust Units	333,915,939.16	32,791,126.92
01/01/2012 to 12/31/2012	55	Phillips, Hager & North Long Bond Pension Trust - Trust Units	281,019,627.59	22,223,453.28

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
01/01/2012 to 12/31/2012	8	Phillips, Hager & North Long Corporate Bond Pension Trust - Trust Units	3,877,921.68	3,271,750.77
01/01/0012 to 12/31/2012	7	Phillips, Hager & North Long Mortgage Pension Trust - Trust Units	13,228,626.49	1,188,580.23
01/01/2012 to 12/31/2012	397	Phillips, Hager & North Mortgage Pension Trust - Trust Units	416,057,566.47	39,334,155.53
02/01/2013	15	Plasco Energy Group Inc. - Preferred Shares	40,978,563.74	21,122,971.00
02/12/2013	27	Plata Latina Minerals Corporation - Units	3,298,000.00	8,245,000.00
02/26/2013	27	Plazacorp Retail Properties Ltd. - Units	1,585,000.00	1,585,000.00
02/13/2013	2	PolyOne Corporation - Notes	10,220,400.00	10,200.00
02/26/2013	34	Powertech Uranium Corp. - Units	1,500,000.00	15,000,000.00
01/01/2012 to 12/31/2012	1	RBC QUBE Market Neutral Canadian Equity Fund - Trust Units	271,098.00	27,109.80
12/17/2012	2	Return on Innovation Capital Ltd./JD Development Kings St LP - Units	1,553,161.00	1,553,161.00
12/20/2012	3	Return on Innovation Capital Ltd./Newmarket Golden Space Inc & Newmarket Gorham LP - Units	1,373,985.00	1,373,958.00
12/19/2012	1	Return on Innovation Capital Ltd./St. Regis (Canada) Inc. - Units	1,000,000.00	1,000,000.00
02/04/2013	7	Rio Silver - Units	211,149.99	2,346,111.00
12/20/2012	2	ROI Capital / 2154197 Ontario Inc. and Benjamin Hospitality Inc. - Units	607,934.00	607,934.00
01/15/2013	2	ROI Capital /Heritage Grove Centre Inc. - Units	929,250.00	929,250.00
12/27/2012	2	ROI Capital/Castlepoint Studio Partners Limited - Units	24,240.98	24,240.98
01/09/2013	2	ROI Capital/Kennedy Road Hospitality Operations Ltd. - Units	119,044.07	119,044.07
01/09/2013	1	ROI Capital/Somerset Wallace Developments Ltd. - Units	300,000.00	300,000.00
02/26/2013	7	Roscan Minerals Corporation - Units	90,000.00	1,800,000.00
02/15/2013	2	RSI Home Products, Inc. - Notes	4,028,000.00	4,000.00
02/14/2013 to 02/21/2013	120	RTG Mining Inc. - Receipts	21,130,023.00	162,538,641.00
02/08/2013	10	Sidense Corp. - Preferred Shares	9,020,603.28	56,282,692.00
03/01/2012	1	Simcoe Union Credit Opportunities Fund Ltd. - Units	43,335,600.00	44,000.00
04/02/2012	1	Simcoe Union Credit Opportunities Fund Ltd. - Units	35,849,955.00	36,150.00
05/01/2012	1	Simcoe Union Credit Opportunities Fund Ltd. - Units	19,481,220.00	19,800.00
06/01/2012	1	Simcoe Union Credit Opportunities Fund Ltd. - Units	2,595,000.00	2,500.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
07/02/2012	1	Simcoe Union Credit Opportunities Fund Ltd. - Units	1,781,069.98	1,759.43
09/04/2012	1	Simcoe Union Credit Opportunities Fund Ltd. - Units	952,061.58	965.29
11/01/2012	1	Simcoe Union Credit Opportunities Fund Ltd. - Units	3,374,264.82	3,383.40
12/03/2012 to 12/21/2012	1	Simcoe Union Credit Opportunities Fund Ltd. - Units	3,125,156.69	3,147.82
11/19/2012 to 11/26/2012	13	Slate U.S. Opportunity (No. 2) Realty Trust - Trust Units	5,291,340.00	2,160,000.00
02/27/2013	12	Smart Employee Benefits Inc. - Common Shares	1,106,000.00	3,160,000.00
02/26/2013	26	Solvista Gold Corporation - Common Shares	5,593,169.55	12,429,266.00
02/11/2013	35	Sparta Capital Ltd. - Units	375,000.00	1,875,000.00
01/01/2012 to 12/31/2012	41	SW8 Strategy Fund LP - Units	7,050,984.11	N/A
01/01/2012 to 12/31/2012	72	SW8 Strategy Trust - Units	3,244,996.94	N/A
04/01/2012	1	Taconic Opportunity Offshore Fund Ltd. - Common Shares	942,115.00	N/A
01/01/2012 to 12/31/2012	5	TD Harbour Capital Commidity Fund - Units	324,999.70	4,798.46
01/01/2012 to 12/31/2012	27	TD Private Canadian Diversified Equity Fund - Units	403,079.94	4,122.50
01/01/2012 to 12/01/2012	34	The K2 Principal Fund - Limited Partnership Units	27,721,449.32	1,968.18
01/01/2012 to 10/26/2012	32	The K2 Principal Trust - Units	3,612,797.17	269,695.26
01/18/2012 to 09/20/2012	8	The North Growth US Equity Fund - Units	903,892.00	35,277.68
01/01/2012 to 12/31/2012	36	The SoundVest Portfolio Fund - Trust Units	5,374,235.19	436,450.86
02/21/2013	31	Tirex Resources Ltd. - Common Shares	3,019,096.00	60,381,192.00
02/27/2013	12	Tribute Pharmaceuticals Canada Inc. - Units	3,459,375.00	8,437,500.00
12/31/2012	1	True North Gems Inc. - Common Shares	50,000.00	595,238.00
02/07/2013	4	Universal Hospital Services, Inc. - Notes	19,665,599.44	18,474.00
10/01/2012	1	Viking Long Fund III Ltd. - Common Shares	5,900,100.00	N/A
01/24/2013	41	Virginia Energy Resources Inc. - Common Shares	6,398,800.38	15,235,239.00
02/07/2013	4	ViXS Systems Inc. - Notes	4,000,000.00	1,000,000.00
02/19/2013	1	Vodafone Group Public Limited - Notes	502,677.00	1.00
02/19/2013	1	Vodafone Group Public Limited - Notes	499,404.24	1.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
01/01/2012 to 12/31/2012	23	Walter Scott & Partners Global Fund - Units	403,910,852.38	28,299,173.33
02/07/2013	30	Walton AZ Coolidge Landing Investment Corporation - Common Shares	673,160.00	67,316.00
02/21/2013	6	Walton AZ Coolidge Landing LP - Limited Partnership Units	971,892.01	95,574.00
02/07/2013	54	Walton CA Highland Falls Investment Corporation - Common Shares	1,394,080.00	34,081.00
02/21/2013	51	Walton CA Highland Falls Investment Corporation - Common Shares	969,440.00	23,986.00
02/21/2013	33	Walton Income 6 Investment Corporation - Common Shares	1,211,000.00	3,300.00
02/07/2013	15	Walton NC Dutchman's Creek Investment Corporatioin - Common Shares	377,320.00	37,732.00
02/21/2013	15	Walton U.S. Dollar Income 1 Corporation - Bonds	297,031.41	19,802.00
02/14/2013	6	Well.ca Inc. - Preferred Shares	4,000,006.31	1,128,288.00
02/07/2013	67	West Kirkland Mining Inc. - Units	5,600,000.00	22,400,000.00
02/15/2013	3	Xoom Corporation - Common Shares	410,856.00	25,500.00
01/02/2012	1	Z Capital Special Situations Fund II-A, L.P. - Limited Partnership Interest	24,647,500.00	1.00

This page intentionally left blank

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Bank of Nova Scotia, The
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated March 6, 2013
NP 11-202 Receipt dated March 6, 2013
Offering Price and Description:
$1,000,000,000 - Senior Notes (Principal at Risk Notes)
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
DESJARDINS SECURITIES INC.
Promoter(s):
-
Project #2024295

Issuer Name:
Canada Lithium Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 8, 2013
NP 11-202 Receipt dated March 8, 2013
Offering Price and Description:
$13,043,478.00 -17,867,778 Units Price: $0.73 per Unit
Underwriter(s) or Distributor(s):
CASIMIR CAPITAL LTD.
MACKIE RESEARCH CAPITAL CORPORATION
DUNDEE SECURITIES LTD.
SCOTIA CAPITAL INC.
FRASER MACKENZIE LIMITED
Promoter(s):
-
Project #2025317

Issuer Name:
Crocodile Gold Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 8, 2013
NP 11-202 Receipt dated March 8, 2013
Offering Price and Description:
$25,000,000.00 - 5% Convertible Second Lien Debentures Due April 30, 2018 Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Promoter(s):
-
Project #2025279

Issuer Name:
Exchange Income Corporation
Principal Regulator - Manitoba
Type and Date:
Preliminary Short Form Prospectus dated March 11, 2013
NP 11-202 Receipt dated March 11, 2013
Offering Price and Description:
$60,000,000.00 - 7 YEAR 5.35% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
Laurentian Bank Securities Inc.
Raymond James Ltd.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
PI Financial Corp.
Stonecap Securities Inc.
Promoter(s):
-
Project #2025905

Issuer Name:
Firm Capital Mortgage Investment Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 8, 2013
NP 11-202 Receipt dated March 8, 2013
Offering Price and Description:
$20,000,000.00 - 4.75% Convertible Unsecured Subordinated Debentures due March 31, 2020
Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
MACQUARIE CAPITAL MARKETS CANADA LTD.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #2025324

Issuer Name:
Marquest 2013-1 Mining Super Flow-Through Limited Partnership - National Class
Marquest 2013-1 Mining Super Flow-Through Limited Partnership - Quebec Class
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 7, 2013
NP 11-202 Receipt dated March 8, 2013
Offering Price and Description:
Maximum: $25,000,000.00 - 2,500,000.00 Marquest National Class Units
Price: $10.00 per Marquest National Class Unit
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Raymond James Ltd.
Burgeonvest Bick Securities Limited
Industrial Alliance Securities Inc.
Laurentian Bank Securities Inc.
MGI Securities Inc.
Mackie Research Capital Corporation
Promoter(s):
Marquest Asset Management Inc.
Project #2024982; 2024989

Issuer Name:
NorthWest International Healthcare Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 11, 2013
NP 11-202 Receipt dated March 11, 2013
Offering Price and Description:
$20,000,000.00 - 6.50% Convertible Unsecured Subordinated Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
SCOTIA CAPITAL INC.
DUNDEE SECURITIES LTD.
MACQUARIE CAPITAL MARKETS CANADA LTD.
ALL GROUP FINANCIAL SERVICES INC.
DESJARDINS SECURITIES INC.
Promoter(s):
-
Project #2025895

Issuer Name:
POCML 2 Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated March 8, 2013
NP 11-202 Receipt dated March 11, 2013
Offering Price and Description:
$300,000 - 2,000,000 Common Shares
Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
-
Project #2025436

Issuer Name:
U.S. Cyclicals IncomeSeeker Fund (Formerly, U.S. Cyclicals YieldSeeker Fund)
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Prospectus dated March 6, 2013
NP 11-202 Receipt dated March 6, 2013
Offering Price and Description:
Maximum $* - * Class A Units
Maximum U.S. $* - * Class U Units
Price: $10.00 per Class A Unit and U.S. $10.00 per Class U Unit
Minimum purchase: 100 Class A Units or Class U Units
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Macquarie Private Wealth Inc.
Raymond James Ltd.
Desjardins Securities Inc.
Mackie Research Capital Corporation
Promoter(s):
BMO Nesbitt Burns Inc.
Project #2020572

Issuer Name:
U.S. Cyclicals Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Non-Offering Prospectus dated March 8, 2013
NP 11-202 Receipt dated March 8, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
BMO Nesbitt Burns Inc.
Project #2025292

Issuer Name:
Westport Innovations Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Base Shelf Prospectus dated March 11, 2013
NP 11-202 Receipt dated March 11, 2013
Offering Price and Description:
Cdn.$750,000,000.00:
Common Shares
Preferred Shares
Subscription Receipts
Warrants
Debt Securities
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2025710

Issuer Name:
Element Financial Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 6, 2013
NP 11-202 Receipt dated March 6, 2013
Offering Price and Description:
$150,350,000.00 - 19,400,000 Common Shares Price: $7.75 per Common Share
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
BARCLAYS CAPITAL CANADA INC.
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
CORMARK SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
MANULIFE SECURITIES INCORPORATED
Promoter(s):
-
Project #2017943

Issuer Name:
Ford Auto Securitization Trust
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated March 8, 2013
NP 11-202 Receipt dated March 11, 2013
Offering Price and Description:
Up to $3,500,000,000.00 of Asset-Backed Notes
Underwriter(s) or Distributor(s):
-
Promoter(s):
Ford Credit Canada Limited
Project #2021149

Issuer Name:
InterRent Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 11, 2013
NP 11-202 Receipt dated March 11, 2013
Offering Price and Description:
$75,003,580.00 - Treasury Offering (11,486,000 trust units)
Price: $6.53 per Treasury Unit
Underwriter(s) or Distributor(s):
DUNDEE SECURITIES LTD.
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
DESJARDINS SECURITIES INC.
RAYMOND JAMES LTD.
M. PARTNERS INC.
Promoter(s):
-
Project #2022392

Issuer Name:
Jov Leon Frazer Enhanced Opportunities Fund Inc.
(formerly Horizons Advantaged Equity Fund Inc.)
Type and Date:
Amendment #1 dated March 4, 2013 to the Long Form Prospectus dated January 30, 2013
Receipted on March 7, 2013
Offering Price and Description:
Class A shares, Series III
Underwriter(s) or Distributor(s):
-
Promoter(s):
CFPA Sponsor Inc.
Project #2000915

Issuer Name:
KILO Goldmines Ltd.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 8, 2013
NP 11-202 Receipt dated March 11, 2013
Offering Price and Description:
Minimum Offering: $10,000,000.00 (100,000,000 Units)
Maximum Offering: $12,000,000.00 (120,000,000 Units)
$0.10 per Unit
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
CLARUS SECURITIES INC.
BYRON CAPITAL MARKETS LTD.
Promoter(s):
-
Project #2011380

Issuer Name:
Morguard North American Residential Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 8, 2013
NP 11-202 Receipt dated March 8, 2013
Offering Price and Description:
$95,105,000.00 - 8,270,000 Units; and $60,000,000.00 - 4.65% Convertible Unsecured Subordinated Debentures due March 30, 2018
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
DUNDEE SECURITIES LTD.
HSBC SECURITIES (CANADA) INC.
NATIONAL BANK FINANCIAL INC.
Promoter(s):
-
Project #2022166

Issuer Name:
Morro Bay Capital Ltd.
Principal Regulator - Alberta
Type and Date:
Amendment dated March 5, 2013 to the CPC Prospectus dated December 7, 2012
NP 11-202 Receipt dated March 8, 2013
Offering Price and Description:
MINIMUM OFFERING: $2,000,000.00 - 20,000,000 COMMON SHARES
MAXIMUM OFFERING: $4,000,000.00 - 40,000,000 COMMON SHARES
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc
Promoter(s):
-
Project #1975628

Issuer Name:
Nemaska Lithium Inc.
Principal Regulator - Quebec
Type and Date:
Final Base Shelf Prospectus dated March 4, 2013
NP 11-202 Receipt dated March 5, 2013
Offering Price and Description:
$100,000,000.00 - Common Shares, Debt Securities, Convertible Securities, Subscription Receipts, Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2013342

Issuer Name:
Panoro Minerals Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated March 5, 2013
NP 11-202 Receipt dated March 5, 2013
Offering Price and Description:
$15,015,000.00 - 27,300,000 Common Shares Per Offered Share $0.55
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
BMO NESBITT BURNS INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
MACKIE RESEARCH CAPITAL CORPORATION
Promoter(s):
-
Project #2019324

Issuer Name:
Partners Real Estate Investment Trust
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated March 5, 2013
NP 11-202 Receipt dated March 5, 2013
Offering Price and Description:
$20,000,000.00 - 5.5% Convertible Unsecured Subordinated Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
CANACCORD GENUITY CORP.
TD SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
RAYMOND JAMES LTD.
M PARTNERS INC.
Promoter(s):
-
Project #2019341

Issuer Name:
Prospect Park Capital Corp.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated March 6, 2013
NP 11-202 Receipt dated March 8, 2013
Offering Price and Description:
Minimum Offering: $710,000.00 or 3,550,000 Common Shares; Maximum Offering: $800,000.00 or 4,000,000 Common Shares: Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Samuel Herschkowitz
Project #1999365

Issuer Name:
RBC Emerging Markets Dividend Fund
RBC Emerging Markets Small-Cap Equity Fund
(Series A, Advisor Series, Series D, Series F and Series O units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated March 4, 2013
NP 11-202 Receipt dated March 5, 2013
Offering Price and Description:
Series A, Advisor Series, Series D, Series F and Series O units
Underwriter(s) or Distributor(s):
RBC Global Asset Management Inc.
Royal Mutual Funds Inc.
RBC Direct Investing Inc.
RBC Global Asset Management Inc.
Promoter(s):
RBC Global Asset Management Inc.
Project #2010794

Issuer Name:
SIR Royalty Income Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 7, 2013
NP 11-202 Receipt dated March 7, 2013
Offering Price and Description:
$11,008,500.00 - 895,000 Units PRICE: $12.30 PER OFFERED UNIT
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC
RBC DOMINION SECURITIES INC.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #2017466

Issuer Name:
Tourmaline Oil Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 5, 2013
NP 11-202 Receipt dated March 5, 2013
Offering Price and Description:
$171,250,000.00 - 5,000,000 Common Shares; and $31,612,500.00 - 750,000 - Flow-Through Common Shares: Price: $34.25 per Common Share, Price: $42.15 per Flow-Through Share
Underwriter(s) or Distributor(s):
Peters & Co. Limited
Scotia Capital Inc.
FirstEnergy Capital Corp.
CIBC World Markets Inc.
National Bank Financial Inc.
TD Securities Inc.
Stifel Nicolaus Canada Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #2019297

This page intentionally left blank

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Redev Corporation To: FCPF Corporation	Exempt Market Dealer	January 31, 2013
Change in Registration Category	Baring Asset Management LLC	From: Portfolio Manager, Investment Fund Manager and Exempt Market Dealer To: Investment Fund Manager and Exempt Market Dealer	March 5, 2013
Change of Registration Category	Sanford C. Bernstein & Co., LLC	From: Exempt Market Dealer, Portfolio Manager, Commodity Trading Manager To: Exempt Market Dealer, Portfolio Manager, Commodity Trading Manager, Investment Fund Manager	March 6, 2013
New Registration	KeatsConnelly ULC	Portfolio Manager	March 6, 2013

This page intentionally left blank

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.3 Clearing Agencies

13.3.1 CDS – Notice and Request for Comments – Material Amendments to CDS Procedures – Modification of Non-Financial Details on Blind Repo Trades

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

MATERIAL AMENDMENTS TO CDS PROCEDURES

MODIFICATION OF NON-FINANCIAL DETAILS ON BLIND REPO TRADES

REQUEST FOR COMMENTS

A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTS

On December 10, 2012, CDS Clearing and Depository Services Inc. (CDS) and the Canadian Derivatives Clearing Corporation (CDCC) jointly implemented system changes to facilitate blind fixed income repo trading. These amendments address an industry requirement submitted by the Investment Industry Association of Canada (IIAC) Fixed Income CCP Steering Committee to modify the interface between inter-dealer brokers (IDB) and participants with respect to submitting blind repo trades to CDS for subsequent novation and netting at CDCC. Specifically, parties to a blind repo trade require the ability to modify the non-financial details of the trade submitted by the IDBs.

Blind repo trading activity is facilitated by the IDB. When the IDB finds a borrower and lender, the IDB submits the details of that repo transaction to CDS using non-exchange trade messaging facilities. Both legs of the repo are submitted against CDCC. The IDB is required to link the trades constituting the repo transaction by adding an identical repo tag number to all related trades. These trades are set up in CDS's settlement system, CDSX, as confirmed trades with the participant's settlement control indicator set to "N" (no). The participant confirms the details of the repo transaction by updating their settlement control indicator to "Y" (yes) on all related trades. When confirmed, CDSX reports the blind repo trades to CDCC for subsequent novation.

At this time, the only field that can be modified by the participant party to a blind repo trade is the settlement control indicator. During the community testing phase, however, participants determined that they require additional information associated with the trades to efficiently link the trades in their internal systems. The ability to update the trade tag number and the trade internal account were identified as being critical. Currently, participants provide the internal account to the IDBs to report on the blind repo trades on their behalf.

The community agreed that the messaging protocol for IDBs be changed such that the parties to a blind repo have the ability to modify all of the non-financial fields of a trade in addition to the settlement control indicator. The non-financial data elements include: tag number, internal account, account and memo fields.

The ability to modify these fields is consistent with the rules for modifying other non-exchange trades in CDSX.

B. NATURE AND PURPOSE OF THE PROPOSED CDS PROCEDURE AMENDMENTS

The proposed amendment addresses a gap in the initial design related to the processing and tracking of blind repo trades submitted to CDSX.

C. IMPACT OF THE PROPOSED CDS PROCEDURE AMENDMENTS

The impact of the proposed amendments will be limited to CDS participants that engage in blind repo fixed income trading. Specifically, the proposed procedure amendments will allow the parties to a blind repo transaction the ability to systematically manage blind repo trades reported to CDSX by an IDB.

C.1 Competition

The proposed change will not disadvantage any CDS participant. Rather, the proposed amendments constitute an enhancement to an existing service that will assist all participants who are active in the blind repo market in achieving greater processing efficiencies.

C.2 Risks and Compliance Costs

CDS Risk Management has determined that the proposed amendments will not change the risk profile of CDS or its participants.

The proposed amendments will allow the participant to manage their own non-financial details on blind repo trades for their internal processing. The amendments do not change the fact that, to settle in CDSX, the corresponding CDCC transactions must pass all of the risk edits. Furthermore, since CDS does not act as the central counterparty (CCP) to the corresponding transactions, there is no incremental risk for CDS. Since the service being provided by CDS is not a CCP service, the risk edits mitigate the associated risk.

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

Principle #21 – Efficiency and effectiveness – of the new international standards for payment, clearing and settlement systems set out in the CPSS/IOSCO report *Principles for Financial Market Infrastructures*[1] states that: financial market infrastructure such as CDS "should be designed to meet the needs of its participants and the markets it serves, in particular, with regard to choice of a clearing and settlement arrangement; operating structure; scope of products cleared, settled, or recorded; and use of technology and procedures".

This development supports this principle in so far as it meets the needs of its participants by providing infrastructure that will facilitate its fixed income clearing activities.

D. DESCRIPTION OF THE PROCEDURE DRAFTING PROCESS

D.1 Development Context

On December 10, 2012 CDS implemented changes to CDSX which deliver eligible blind repo transactions in debt securities to CDCC's fixed income central counterparty service (SOLA) for clearing. During community testing, industry participants requested that the IIAC project management office consider a change permitting participants to modify the non-financial details of blind repo trades. A change request was approved by the IIAC Fixed Income CCP Steering Committee, on October 11, 2012. The Steering Committee agreed to defer the change in order to avoid delays to the December 10, 2012 implementation date. This change request was subsequently approved by the CDS Strategic Development Review Committee (SDRC) on November 29, 2012.

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 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 February 28, 2013.

D.3 Issues Considered

There were no issues raised related to this change.

D.4 Consultation

The proposed requirement was reviewed and discussed with the IIAC Fixed Income CCP Steering Committee. The change in requirement was identified through the project change request process. CDS was consulted and was asked to propose a technical solution that was consistent with general CDSX functionality. The agreed solution was presented to the IIAC Fixed Income CCP Steering Committee for approval.

This development was later presented to and approved by the SDRC.

---

[1] The report can be found at http://www.bis.org/publ/cpss101.htm

D.5 Alternatives Considered

The proposed solution is consistent with existing CDSX functionality; no alternatives were considered.

D.6 Implementation Plan

The proposed procedure amendments and the scheduled date of implementation have been communicated regularly to CDS participants through the SDRC and its subcommittees, as well as through Customer Service relationship meetings. 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 Autorité des marchés financiers, the British Columbia Securities Commission, 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 June 8, 2013.

E. TECHNOLOGICAL SYSTEMS CHANGES

E.1 CDS

The messaging protocol for blind repo trades reported to CDSX by IDBs will be changed such that the parties to a blind repo have the ability to modify all of the non-financial fields of a trade in addition to the settlement control indicator. The non-financial data elements are:

- Tag number
- Internal account
- Account
- Memo

E.2 CDS Participants

CDS participant's systems may be required to make system changes to submit modifications to non-financial details on blind repo trades.

E.3 Other Market Participants

Where a CDS participant's systems are operated by a third-party vendor, the vendor may be required to make similar modifications to systems as appear in section E.2, above.

F. COMPARISON TO OTHER CLEARING AGENCIES

The proposed amendments are an enhancement to an existing service that will assist all participants participating in the blind repo market in achieving greater processing efficiencies.

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:

Toni Manesis
Senior Business Analyst, Product Management
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

Phone: 416-365-3859
Email: amanesis@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:

M^{e} Anne-Marie Beaudoin
Secrétaire générale
Autorité des marchés financiers
800, square Victoria, 22^{e} étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Télécopieur: (514) 864-6381
Courrier électronique: consultation-en-cours@lautorite.qc.ca

Manager, Market Regulation
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

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

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-UserDocumentation?Open).

13.3.2 CDS Clearing and Depository Services Inc. – Notice and Request for Comment – Material Amendments to CDS Procedures – Locked-In Trade Reconciliation Service and the NSCC Trade File Pass-Through Service

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

NOTICE AND REQUEST FOR COMMENT
MATERIAL AMENDMENTS TO CDS PROCEDURES

LOCKED-IN TRADE RECONCILIATION SERVICE AND THE NSCC TRADE FILE PASS-THROUGH SERVICE

A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTS

The proposed amendments will add descriptive information related to the Locked-in Trade Reconciliation service and the National Securities Clearing Corporation (NSCC) Trade File Pass-through service to CDS' procedures.

A description of the process followed by CDS to clean-up 'When Issued Trades' will also be added to the description of the International Trade Reconciliation service within CDS' procedures.

B. NATURE AND PURPOSE OF THE PROPOSED CDS PROCEDURE AMENDMENTS

Universal Trade Capture (UTC) is a multi-year/multi-phase initiative that has been undertaken by NSCC. UTC will replace NSCC's four legacy trade capture systems (i.e. Correspondent Clearing, OTC, New York Stock Exchange, and Regional Interface Operation) with a single trade capture system. As part of this initiative, NSCC will be discontinuing production of their legacy trade capture machine readable output (MRO) files on July 12, 2013. These MRO files will be replaced with UTC equivalents. The files contain trade information reported to NSCC (for clearing/settlement purposes) by the various U.S. marketplaces.

NSCC's legacy trade capture MRO files are used as input to provide CDS's International Trade Reconciliation service (ITRS), Locked-in Trade Reconciliation service (LTRS), and the NSCC Trade File Pass through service. In order to continue to provide these services to participants, CDS will need to switch over to NSCC's new UTC Contract MRO data files.

A description of ITRS is currently documented in the New York Link participant procedures guide. There is, however, no mention, or description, of LTRS or the NSCC Trade File Pass-through service. The purpose of the amendments proposed in this Notice and Request for Comments is to introduce these services to the procedures guide.

International Trade Reconciliation Service (ITRS)

Trade information that is reported to NSCC by the various U.S. marketplaces associated with CDS' sponsored participants is received throughout the day/evening in files that are provided to CDS by NSCC. This trade information is compared by CDS to corresponding trade information that is received in files from the participants' service bureaus. Subsequent to the comparison process, information related to trades that could not be matched is reported daily to participants within the CDS Trading Blotter – Unmatched Trade report (RMS ID#933). Unmatched trades remain on the CDS Trading Blotter – Unmatched Trade Report until their Value Dates are reached or until the trades are subsequently matched. Trades that remain unmatched on their Value Dates are dropped from the report and their details are displayed to participants on the CDS Trading Blotter – Dropped Trade report (RMS ID#267) for one day.

Securities trade on a 'when issued' basis when they have been announced, but not yet issued. 'When Issued Trades' are reported to CDS by NSCC with Value Dates equal to '9999-12-31'. These discrepancies remain on the participant's CDS Trading Blotter – Unmatched Trade report until their Value Dates are reached.

A process will be added to ITRS that will 'clean-up' these discrepancies. These discrepancies will be dropped from the CDS Trading Blotter – Unmatched Trade report and listed on the CDS Trading Blotter – Dropped Trade report when the current business date is equal to or greater than thirty calendar days beyond their Trade Dates.

ITRS is an optional service that is available to participants that subscribe to CDS' New York Link service. CDS' New York Link service provides subscribers with access to the products and services offered by NSCC and the Depository Trust Company (DTC) through accounts that are sponsored by CDS.

Locked-in Trade Reconciliation Service (LTRS)

Trade information that is reported to NSCC by the U.S. OTC marketplaces associated with CDS' sponsored participants is received throughout the day/evening in files from NSCC. This trade information is compared by CDS to corresponding trade information that is received in files from the participants' service bureaus. Subsequent to the comparison process, information related to trades that could not be matched is reported daily to participants within the Locked-in Trade Exception Report (RMS ID#1890).

LTRS is an optional service that is available to participants that subscribe to CDS' New York Link service. Generally, participants who subscribe to the LTRS service only conduct trading activity on the U.S. OTC marketplaces, whereas participants who subscribe to CDS' ITRS service conduct trading activity on U.S. OTC marketplaces as well as other U.S. marketplaces such as Correspondent Clearing and Direct Edge.

NSCC Trade File Pass-through Service

Trade information reported to NSCC by the various U.S. marketplaces that are associated with CDS' sponsored participants is received throughout the day/evening in files from NSCC. This trade information is consolidated and portions of these files are extracted and passed through to participants for information and reconciliation purposes. This service, like ITRS and LTRS, is an optional service that is available to the participants that subscribe to CDS' New York Link service.

C. IMPACT OF THE PROPOSED CDS PROCEDURE AMENDMENTS

The ITRS, LTRS, and NSCC Trade File Pass through services are currently provided by CDS. Descriptions of the LTRS and the NSCC Trade File Pass through service will be added to the New York Link participant procedures.

The impact to participants of the proposed CDS procedure amendments is limited to some development effort on the part of subscribers to the NSCC Trade File Pass through service. Files and reports exchanged between CDS and participants for ITRS and LTRS will not change. However, the participants that subscribe to CDS' NSCC Trade File Pass through service will be required to make the necessary arrangements to receive and process these files in the new UTC Contract MRO data file format.

C.1 Competition

The proposed CDS procedure amendments are not expected to impact competition. Participants have, and will continue to have, the option to perform their own trade reconciliation or to use a third party service provider to provide them with reconciliation services. Participants will also have, and will continue to have, the option of receiving the NSCC trade files directly from NSCC rather than through CDS.

C.2 Risks and Compliance Costs

CDS Risk Management has determined that the changes associated with NSCC's initiative to replace their four existing trade capture systems with a single trade capture system will not affect CDS's Financial Risk Model.
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

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

No relative comparisons to international standards were identified. These are unique services related specifically to the New York Link service, an arrangement between CDS and The Depository Trust & Clearing Corporation (DTCC).

D. DESCRIPTION OF THE PROCEDURE DRAFTING PROCESS

D.1 Development Context

CDS's participant procedures were reviewed by CDS staff. References to ITRS, LTRS and the NSCC Trade File Pass through service were added or updated, as required. 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 02/28/2013.

D.3 Issues Considered

No issues were identified or considered.

D.4 Consultation

CDS Bulletins were released on September 18, 2012 and February 5, 2013 advising participants of the discontinuation of NSCC's legacy trade capture MRO files and that the participants currently receiving the legacy trade capture MRO files through CDS will be required to make the necessary arrangements to receive and process this information in a different format.

NSCC Important Notices related to the discontinuation of their legacy trade capture MRO files were released on May 4, 2012 and January 8, 2013.

The Debt & Equity Subcommittee of the SDRC have also been kept apprised of the activities CDS has undertaken to ensure a smooth transition from the NSCC's legacy trade capture MRO files to the new file formats. The SDRC agreed that CDS should pursue the necessary development to preserve current service levels.

In addition to communications through the SDRC, CDS has contacted all of the impacted participants directly to ensure that each participant is aware of the impending discontinuation of the NSCC legacy trade capture MRO files and to ensure that participants are making the necessary arrangements to receive and process these files in UTC Contract MRO data file format.

D.5 Alternatives Considered

Discontinuation of the CDS services associated with NSCC's legacy trade capture MRO files

The alternative considered to engaging development resources to migrate to the UTC Contract MRO data files was to discontinue providing ITRS, LTRS and the NSCC trade file pass through service.

Were CDS services to be discontinued, subscribing participants would have been required to engage directly with NSCC to receive their trade information and to develop internal ITRS and LTRS facilities.

This alternative was presented to the Debt & Equity subcommittee of the SDRC for their consideration. CDS also indicated that it may consider levying a fee in the future for the LTRS and the NSCC trade file pass through service. Notwithstanding, the SDRC agreed that CDS pursue development activities since these services are important and of value to the participants that subscribe to them.

Thirty participants currently subscribe to ITRS, nineteen participants subscribe to LTRS and the NSCC trade files are passed through to ten participants.

D.6 Implementation Plan

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Ontario S*ecurities 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

CDS will be required to make system changes in order to preserve the ITRS and LTRS services for its participants. Specifically, CDS will be required to process a new set of input files from NSCC.

System changes are also required by CDS to add a process to ITRS that will clean-up discrepancies related to 'When Issued Trades'.

E.2 CDS Participants

CDS systems changes relative to ITRS and LTRS will be transparent to participants. However, those participants subscribing to the NSCC trade file pass through service will be required to make the necessary changes within their systems to process the new file layouts. The layout of the UTC contract MRO data file and a document mapping the fields of the legacy trade capture MRO files to the UTC contract MRO data files is available from NSCC.

Participants will also be required to conduct testing exercises around the receipt and processing of these files in UTC Contract MRO data file format prior to processing them in their production environments.

E.3 Other Market Participants

No technological systems changes were identified for any other market participants.

F. COMPARISON TO OTHER CLEARING AGENCIES

NSCC does not offer trade reconciliation services and no comparisons to other clearing agencies were identified. These are unique services related specifically to the New York Link service, an arrangement between CDS and DTCC.

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:

M^{e} Anne-Marie Beaudoin
Secrétaire générale
Autorité des marchés financiers
800, square Victoria, 22^{e} étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Télécopieur: 514-864-6381
Courrier électronique: consultation-en-cours@lautorite.qc.ca

Manager, Market Regulation
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

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

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-UserDocumentation?Open).

13.3.3 CDS Clearing and Depository Services Inc. – Material Amendments to CDS Procedures – Amendments to Buy-In Messaging – Request for Comments

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

MATERIAL AMENDMENTS TO CDS PROCEDURES

AMENDMENTS TO BUY-IN MESSAGING

REQUEST FOR COMMENTS

A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTS

The proposed amendments to the CDS Participant Procedures will amend the buy-in messages related to the buy-in process in the Continuous Net Settlement Service (CNS). The amendments are being proposed at the request of the Debt and Equity Subcommittee of the CDS Strategic Development Review Committee (SDRC). The CNS buy-in process is used by CDSX® participants to expedite settlement of outstanding CNS positions. Currently, a buy-in transaction can only be created or modified through the manual entry of information into CDSX.

Background

CNS is a central counterparty service designed to clear and settle primarily, but not exclusively, equity trades transacted on a Canadian exchange, a quotation and trade reporting system (QTRS) or an alternative trading system (ATS). The CNS buy-in process enables the buyer on the transaction to accelerate settlement of outstanding CNS positions identified in the relevant procedures as 'to-receive'. An outstanding 'to-receive' CNS position is a quantity of shares that failed to settle on value date. The buyer and seller are referred to as the receiver and deliverer respectively for the purposes of buy-in activity.

The lifecycle of the buy-in process is initiated when the receiver enters an "intent to buy-in" transaction in CDSX against an outstanding quantity of shares owed to the receiver. When the buy-in is manually entered, all participants who are in an owing CNS position (deliverers) for the specified security are identified and are provided with 48 hours notice that they may be held liable to deliver on some or all of their portion of the buy-in quantity. This notice is provided via CDSX screens, reports and messages. Priority settlement is applied to the buy-in; any subsequent settlement to the receiver's account reduces the amount of the buy-in quantity and related liabilities.

Two days after the buy-in is initiated, the receiver may choose to execute on the remaining unsettled portion of a buy-in by manually updating the status of the transaction in CDSX. If the receiver chooses to execute the transaction, CDSX determines which deliverers will be required to satisfy the buy-in and identifies these deliverers to the receiver on the CDSX Buy-in Details screens. A message is also sent to the identified deliverers to advise them that the buy-in has been executed.

The identified deliverers then have the option of requesting an extension from the receiver, but only during the time frame when extension requests are permitted. An extension request is accomplished by manually updating the extension request field in CDSX. Extensions remove the deliverer as a party to the buy-in. If a deliverer requests an extension and the receiver grants the request by updating the response field in CDSX, or does not respond to the request by the pre-determined cut off time, then the buy-in execution time for the identified deliverer is extended. If the extension request is denied, then the execution of the buy-in proceeds against the identified deliverer.

Identified deliverers have until the delivery cut-off time to satisfy the executed buy-in. If the identified deliverers fail to settle their outstanding positions against an executed buy-in by the delivery cut off time, CDS will attempt to purchase the shares on a Canadian exchange on behalf of the receiver. Once CDS acquires the shares on a Canadian exchange, both the receiver's and deliverer's outstanding CNS and funds positions are adjusted to reflect this acquisition.

A buy-in that has reached the execution date is cancelled and purged at the end of the day whether the buy-in was executed or not. Once cancelled, related liabilities are also extinguished. The repeat buy-in function is a facility that allows the receiver to maintain uninterrupted settlement priority until a buy-in is fully satisfied. A repeat buy-in is an extension of the original buy-in. Like a new buy-in, repeat buy-ins are entered manually on the CDSX Buy-in Intent Entry screen and confirmed on the Confirm Intent to Buy-in screen. Alternatively, the receiver may indicate that repeat buy-ins be entered and confirmed automatically, on a daily basis, by manually updating an auto repeat feature on the buy-in input screens. Once a repeat buy-in is confirmed in CDSX, deliverers with outstanding CNS positions are identified and provided with a 48 hour notice period advising them that they may be held liable if the buy-in is executed.

The repeat transaction effectively extends the execution date of the buy-in allowing the receiver to maintain settlement priority while also providing the deliverer with their requisite 48 hour notice.

Currently, when a buy-in is entered, or modified, by either the receiver or deliverer in CDSX, a notification message that provides the details of the activity is sent to the addresses specified by the participant.

Proposed Amendments

The Debt and Equity Subcommittee of the SDRC requested that CDS make the necessary changes in CDSX to support inbound buy-in messaging. The request entailed making the following three changes to messaging related to the CNS buy-in process: (i) introducing a new Intent to buy-in entry message to allow the receiver to establish a buy-in (either a new or repeat type) on CDSX; (ii) introducing a new buy-in modification message to allow a receiver to modify an existing buy-in; and (iii) introducing a new buy-in modification message to allow a deliverer to modify an existing buy-in.

The proposed amendments will allow CDS's participants to extend their straight through processing capabilities to include CNS buy-in activities.

B. NATURE AND PURPOSE OF THE PROPOSED CDS PROCEDURE AMENDMENTS

The proposed procedure amendments are enhancements to the procedure used to enter or modify buy-in information on CDSX and will allow for full or partial automation of tasks currently performed manually; such automation allows for processing efficiencies.

The following new messages, enabling the entry of information in CDSX using the messaging process, are proposed:

Intent to buy-in entry – receiver message: This message will allow the receiver to enter either a new or a repeat buy-in directly in CDSX. A separate message will be sent for each buy-in transaction required.

Buy-in modification – receiver message: This message will allow the receiver to modify the status (i.e. execute or cancel), auto repeat indicator, extension granted and memo fields on an existing buy-in.

Buy-in modification – deliverer message: This message will allow the deliverer to modify the extension request and memo fields on an existing buy-in.

Once CDSX has successfully been updated with the information contained in the inbound message, a confirmation message will be sent to the originator of the message providing the details of the buy-in established or modified.

C. IMPACT OF THE PROPOSED CDS PROCEDURE AMENDMENTS

The proposed procedure amendments will provide straight through processing capabilities for those participants that choose to subscribe to the entire suite of buy-in messages. The impact of these changes is limited to those CDS participants that use the CNS service.

C.1 Competition

The proposed procedure amendments apply to all CDS participants who currently use, or may choose in the future to use, the CNS service and the InterLink messaging service. No CDS participant will be disadvantaged with the introduction of these enhancements.

C.2 Risks and Compliance Costs

CDS Risk Management has determined that the proposed modifications to buy-in messaging will not change the risk profile of CDS or its participants.

The proposed modifications to buy-in messaging will not result in any changes to the existing CDSX settlement process. The method of applying settlements to buy-in transactions and their impact on executable amounts remains unchanged. The prioritization of settlements related to buy-ins is also not impacted by the proposed modifications to buy-in messaging.

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

CDS continues to monitor the development of new international standards for payment, clearing and settlement systems set out in the CPSS/IOSCO report *Principles for Financial Market Infrastructures*[1], and will work with the financial services industry to achieve compliance with the new standards.

The proposed amendments are within the scope of Principle #21 – Efficiency and effectiveness. Principle #21 states that financial market infrastructure such as CDS "should be designed to meet the needs of its participants and the markets it serves, in particular, with regard to choice of a clearing and settlement arrangement; operating structure; scope of products cleared, settled, or recorded; and use of technology and procedures".

This development, which was requested by CDS's participants, provides greater flexibility by supporting an additional method for entering new buy-ins and buy-in modifications. In addition, updating CDSX using a messaging service is expected to result in operational efficiency by automating or semi automating the input of buy-in data.

D. DESCRIPTION OF THE PROCEDURE DRAFTING PROCESS

D.1 Development Context

The development request was tabled at the SDRC Debt and Equity Subcommittee as an opportunity to increase efficiencies by reducing or eliminating the manual entry of buy-in related data on CDSX. Once approved by the SDRC for further analysis, CDS prepared a document outlining the messages requiring development which was subsequently reviewed with the SDRC Debt and Equity Subcommittee.

D.2 Procedure Drafting Process

The CDS procedure amendments were drafted by CDS's Product Development group, and subsequently 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 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 February 28, 2013.

D.3 Issues Considered

Currently, when manually entering a buy-in into CDSX, a list is displayed of the potential new buy-in plus repeats for any existing buy-ins for that security (i.e. multiple transactions). The participant then selects from the list which of these buy-ins they wish to confirm and have created in CDSX.

During the analysis phase of the initiative, consideration was given as to whether a single message would create multiple buy-ins or a single buy-in. It was determined that as a buy-in being submitted using the new message would be automatically created in CDSX, there would be no additional mechanism for participants to select a specific buy-in to be created, thereby accepting the costs associated with buy-in entry. For this reason, only a single buy-in transaction will be created in CDSX for each message sent, based on the information contained in the message.

D.4 Consultation

This development was requested by the SDRC Debt and Equity Subcommittee. CDS reviewed the requirements document with the SDRC Buy-in Working Group and received final approval for the proposal from the SDRC Debt and Equity Subcommittee.

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 the Investment Industry Regulatory Organization of Canada's (IIROC) Financial Administrators Section (FAS) working group.

[1] The report can be found at http://www.bis.org/publ/cpss101.htm

D.5 Alternatives Considered

Due to the specific nature of the request from the SDRC, alternatives were not considered for this initiative.

D.6 Implementation Plan

The proposed procedure amendments and the scheduled date of implementation have been communicated regularly to CDS participants through the SDRC and its subcommittees, as well as through Customer Service relationship meetings. The Customer Service account managers will provide their clients with details of the upcoming changes, and provide customer-related training during the month of April 2013. In addition, message testing with CDS participants and service bureaus will be performed following the successful completion of internal testing. 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 June 8, 2013.

E. TECHNOLOGICAL SYSTEM CHANGES

E.1 CDS

Buy-in entry and modification on CDSX will be impacted by these changes as follows:

a) Allow for participants to subscribe to new buy-in related entry, modification and confirmation messages

b) Allow for the entry of a new or repeat buy-in by the receiver using a new 'Intent to buy-in entry' message.

c) Allow for the entry of a buy-in modification by the receiver using a new 'Buy-in modification – receiver' message. This message may update the status, auto repeat, extension granted and memo fields

d) Update the 'Intent to buy-in entry' and 'Buy-in modification – receiver' notification messages to include the auto repeat field

e) Allow for the entry of a buy-in modification by the deliverer using a new 'Buy-in modification – deliverer message. This message may update the extension requested and memo fields

f) Trigger an outbound confirmation or rejection message to the submitter of the inbound message if the entry or modification is accepted or rejected respectively by CDSX

E.2 CDS Participants

CDS participants will need to make changes to their internal systems in order to submit the new inbound messages and process the data contained in the new outbound confirmation and rejection messages if they choose to use the messaging facility to enter or modify buy-ins. Such changes will not be mandatory.

E.3 Other Market Participants

Service bureaus will need to make changes to their internal systems in order to submit the new inbound messages and process the data contained the new outbound confirmation and rejection messages if they, or their clients, choose to use the messaging facility to enter or modify buy-ins. Such changes will not be mandatory.

F. COMPARISON TO OTHER CLEARING AGENCIES

A similar CNS buy-in messaging process is provided by the National Securities Clearing Corporation (NSCC) as outlined in the NSCC Rules and Procedures dated January 1, 2013 (Procedure VII, Section J: Recording of CNS Buy-ins and Procedure X, Execution of Buy-ins, Section A: CNS System).

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:

Elaine Spankie
Senior Business Analyst
Business Systems Development and Support
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

Telephone: 416-365-3595
Email: espankie@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:

M^{e} Anne-Marie Beaudoin
Secrétaire générale
Autorité des marchés financiers
800, square Victoria, 22^{e} étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Télécopieur: (514) 864-6381
Courrier électronique: consultation-en-cours@lautorite.qc.ca

Manager, Market Regulation
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

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

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-UserDocumentation?Open).

f

Index