The Ontario Securities Commission

OSC Bulletin

September 19, 2013

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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

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M1T 3V4

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One Corporate Plaza
2075 Kennedy Road
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1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

September 19, 2013

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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

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

Ontario Securities Commission
Cadillac Fairview Tower
20 Queen Street West, 17th Floor
Toronto, Ontario
M5H 3S8

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

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Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

September 23, 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
September 25, 2013 10:00 a.m.	**David Charles Phillips and John Russell Wilson** s. 127 Y. Chisholm/B. Shulman in attendance Staff Panel: EPK/CWMS
September 30 – 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 C. Price in attendance for Staff Panel: EPK/DL/AMR
September 30, 2013 1:00 p.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: JEAT

October 1, 2013 10:30 a.m.	**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: MGC
October 9, 2013 10:00 a.m.	**Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos (also known as Peter Kuti), Jan Chomica, and Lorne Banks** s. 127 C. Rossi in attendance for Staff Panel: TBA
October 9, 2013 11:00 a.m.	**Pro-Financial Asset Management Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
October 10, 2013 11:00 a.m.	**Kolt Curry, Laura Mateyak, American Heritage Stock Transfer Inc., and American Heritage Stock Transfer, Inc.** s. 127 J. Feasby/C. Watson in attendance for Staff Panel: JDC
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: JDC
October 18, 2013 10:00 a.m.	**Heritage Education Funds Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
October 22, 2013 3:00 p.m.	**Knowledge First Financial Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
October 23, 2013 10:00 a.m.	**Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt** s. 127 M. Vaillancourt in attendance for Staff Panel: JEAT
October 24, 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: AJL
October 25, 2013 10:00 a.m.	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: VK

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: JDC
November 4 and November 6-11, 2013 10:00 a.m.	**Portfolio Capital Inc., David Rogerson and Amy Hanna-Rogerson** s. 127 J. Lynch in attendance for Staff Panel: JEAT
December 4, 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: TBA
December 17, 2013 3:30 p.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
January 13, January 15-27, January 29 – February 10, February 12-14 and February 18-21, 2014 10:00 a.m.	**International Strategic Investments, International Strategic Investments Inc., Somin Holdings Inc., Nazim Gillani and Ryan J. Driscoll.** s. 127 C. Watson in attendance for Staff Panel: TBA
January 27, 2014 10:00 a.m.	**Welcome Place Inc., Daniel Maxsood also known as Muhammad M. Khan, Tao Zhang, and Talat Ashraf** s. 127 G. Smyth in attendance for Staff Panel: TBA
February 3, 2014 10:00 a.m.	**Tricoastal Capital Partners LLC, Tricoastal Capital Management Ltd. and Keith Macdonald Summers** s. 127 C Johnson/G. Smyth in attendance for Staff Panel: TBA
March 17-24 and March 26, 2014 10:00 a.m.	**Newer Technologies Limited, Ryan Pickering and Rodger Frey** s. 127 and 127.1 B. Shulman in attendance for staff Panel: TBA
March 31 – April 7, April 9-17, April 21 and April 23-30, 2014 10:00 a.m.	**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
March 31 – April 7 and April 9-11, 2014 10:00 a.m.	**Ronald James Ovenden, New Solutions Capital Inc., New Solutions Financial Corporation and New Solutions Financial (Ii) Corporation** s. 127 Y. Chisholm in attendance for Staff Panel: TBA

June 2, 4-6, 10-16, 18-20, 24-30, July 3-4, 8-14, 16-18, 22-25, August 11, 13-15, 19-25, 27-29, September 2-8, 10-15, October 15-20, 22-24, 28-31, November 3, 5-7, 11, 19-21, 25-28, December 1, 3-5, 9-15, 17-19, 2014, January 7-12, 14-16, 20-26, 28-30, and February 3- 9, 11-13, 2015	**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
September 15-22, September 24, September 29 – October 6, October 8-10, October 14-20, October 22 – November 3 and November 5-7, 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
In writing	**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
In writing	**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
In writing	**Bunting & Waddington Inc., Arvind Sanmugam and Julie Winget** s. 127 and 127.1 M. Britton/A. Pelletier in attendance for Staff Panel: EPK
In writing	**Global Consulting and Financial Services, Global Capital Group, Crown Capital Management Corp., Michael Chomica, Jan Chomica and Lorne Banks** s. 127 C. Rossi in attendance for Staff Panel: AJL
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 Panel: TBA
TBA	**Frank Dunn, Douglas Beatty, Michael Gollogly** s. 127 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 and Sandra Gale

s. 127

C. Johnson 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

David M. O'Brien

s. 37, 127 and 127.1

B. Shulman 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

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

Global RESP Corporation and Global Growth Assets Inc.

s. 127

D. Ferris in attendance for Staff

Panel: TBA

TBA

Garth H. Drabinsky, Myron I. Gottlieb and Gordon Eckstein

s. 127

A. Clark/J. Friedman in attendance for Staff

Panel: TBA

TBA

New Hudson Television LLC & Dmitry James Salganov

s. 127

C. Watson in attendance for Staff

Panel: TBA

TBA

Ernst & Young LLP (Audits of Zungui Haixi Corporation)

s. 127 and 127.1

A. Clark/J. Friedman in attendance for Staff

Panel: TBA

TBA

Jowdat Waheed and Bruce Walter

s. 127

J. Lynch in attendance for Staff

Panel: TBA

TBA

Alexander Christ Doulis (aka Alexander Christos Doulis, aka Alexandros Christodoulidis) and Liberty Consulting Ltd.

s. 127

J. Feasby in attendance for Staff

Panel: TBA

TBA

Conrad M. Black, John A Boultbee and Peter Y. Atkinson

s. 127 and 127.1

J. Friedman/A. Clark in attendance for Staff

Panel: TBA

TBA

2196768 Ontario Ltd carrying on business as Rare Investments, Ramadhar Dookhie, Adil Sunderji and Evgueni Todorov

s. 127

D. Campbell in attendance for Staff

Panel: TBA

TBA

Kevin Warren Zietsoff

s. 127

J. Feasby in attendance for Staff

Panel: TBA

TBA

North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti

s. 127

M. Vaillancourt in attendance for Staff

Panel: TBA

TBA

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

s. 127

D. Ferris in attendance for Staff

Panel: TBA

TBA **Children's Education Funds Inc.**

s. 127

D. Ferris in attendance for Staff

Panel: TBA

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

1.1.2 Notice of Ministerial Approval of the Memoranda of Understanding with the EU and EEA Member State Financial Regulators under the EU Alternative Investment Fund Managers Directive

NOTICE OF MINISTERIAL APPROVAL OF
THE MEMORANDA OF UNDERSTANDING WITH
THE EU AND EEA MEMBER STATE FINANCIAL REGULATORS
UNDER THE EU ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

On August 21, 2013, the Minister of Finance approved, pursuant to section 143.10 of the *Securities Act* (Ontario), the memoranda of understanding entered into between the Ontario Securities Commission (together with the Autorité des marchés financiers, Alberta Securities Commission and the British Columbia Securities Commission) and the following European Union (EU) and European Economic Area (EEA) member state financial regulators:

- Autoriteit Financiële Markten (The Netherlands)
- Autorité des marchés financiers (France)
- Bundesanstalt für Finanzdienstleistungsaufsicht (Germany)
- Central Bank of Ireland (Ireland)
- Comissão do Mercado de Valores Mobiliários (Portugal)
- Comisión Nacional del Mercado de Valores (Spain)
- Romanian National Securities Commission (Romania)
- Commissione Nazionale per le Società e la Borsa (Italy)
- Commission de Surveillance du Secteur Financier (Luxembourg)
- Cyprus Securities and Exchange Commission (Cyprus)
- Czech National Bank (Czech Republic)
- Finansinspektionen (Sweden)
- Finanssivalvonta (Finland)
- Finanstilsynet (Denmark)
- Finansu un kapitala tirgus komisija (Latvia)
- Finanzmarktaufsicht (Austria)
- Estonian Financial Supervision Authority (Estonia)
- Polish Financial Supervision Authority (Poland)
- Financial Services Authority (United Kingdom)
- Financial Supervision Commission (Bulgaria)
- Financial Services and Markets Authority (Belgium)
- Hellenic Capital Market Commission (Greece)
- Lithuanian Securities Commission (Lithuania)
- Malta Financial Services Authority (Malta)
- Národná banka Slovenska (Slovak Republic)

- Pénzügyi Szervezetek Állami Felügyelete (Hungary)
- Fjármálaeftirlitio (Iceland)
- Finanstilsynet (Norway)
- Finanzmarktaufsicht (Liechtenstein)

(collectively, the “MoUs”)

The entering into of the MoUs was a pre-condition under the EU Alternative Investment Fund Managers Directive (AIFMD) for allowing non-EU Alternative Investment Fund Managers (AIFMs) to manage and market Alternative Investment Funds in the EU and to perform fund management activities on behalf of EU Managers. The MoUs facilitate consultation, cooperation and the exchange of information related to the supervision of AIFMs that operate on a cross-border basis in the jurisdictions of both the relevant EU/EEA member and Canadian Authority.

The MoUs are effective as of July 22, 2013. The MoUs were published in the Bulletin on August 1, 2013.

Questions may be referred to:

Tula Alexopoulos
Director
Office of Domestic and International Affairs
Tel: 416-593-8084
Email: talexopoulos@osc.gov.on.ca

September 19, 2013

1.1.3 Notice of Ministerial Approval of the Memoranda of Understanding with the UK Financial Conduct Authority and the Bank of England

NOTICE OF MINISTERIAL APPROVAL OF
THE MEMORANDA OF UNDERSTANDING WITH
THE UK FINANCIAL CONDUCT AUTHORITY AND THE BANK OF ENGLAND

On August 21, 2013, the Minister of Finance approved, pursuant to section 143.10 of the *Securities Act* (Ontario), the memoranda of understanding entered into between the Ontario Securities Commission (together with the Alberta Securities Commission and the British Columbia Securities Commission) and each of the UK Financial Conduct Authority and the Bank of England (the "MoUs").

The MoUs provide a comprehensive framework for consultation, cooperation and information-sharing related to the day-to-day supervision and oversight of cross-border regulated entities and enhance the OSC's ability to supervise these entities.

The MoUs came into effect on August 21, 2013. The MoUs were published in the Bulletin on July 11, 2013.

Questions may be referred to:

Tula Alexopoulos
Director
Office of Domestic and International Affairs
Tel: 416-593-8084
Email: talexopoulos@osc.gov.on.ca

September 19, 2013

1.1.4 CSA Notice 25-301 – Update on CSA Consultation Paper 25-401 Potential Regulation of Proxy Advisory Firms

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Notice 25-301
Update on CSA Consultation Paper 25-401
Potential Regulation of Proxy Advisory Firms

September 19, 2013

Introduction

On June 21, 2012, the Canadian Securities Administrators (**CSA**) published for comment Consultation Paper 25-401 *Potential Regulation of Proxy Advisory Firms* (the **Consultation Paper**).

The purpose of the consultation was to provide a forum for discussion of certain concerns raised about the services provided by proxy advisory firms and the potential impact on Canadian capital markets and to determine if, and how, these concerns should be addressed by the CSA.

This notice provides an update to market participants on the status of the consultation.

Background

In the Canadian context, limited information was available about the ways in which institutional investors use the services of proxy advisory firms and the extent of reliance on their services. Whether institutional investors shared any of the concerns raised was also unclear.

We sought additional information and views to determine whether we need to address the following concerns identified in the Consultation Paper:

- potential conflicts of interest;
- perceived lack of transparency;
- potential inaccuracies and limited dialogue between proxy advisory firms and issuers;
- potential corporate governance implications; and
- the extent of reliance by institutional investors on the recommendations provided by proxy advisory firms.

The Consultation Paper outlined possible CSA responses and requested feedback.

Summary of Comments

The comment period ended on September 21, 2012. We received 62 comment letters from various market participants, including issuers, institutional investors, industry associations, proxy advisory firms and law firms. We have reviewed the comments and wish to thank all of the commenters for contributing to the consultation.

The comments differed between the respective market participant groups. The following is a brief summary of the comments received:

- While issuers generally acknowledged the important role of proxy advisory firms, they seemed concerned about their influence on the voting decisions of institutional investors. Most issuers agreed with each of the concerns identified in the Consultation Paper. Issuer associations and law firms generally share the views of issuers.
- Institutional investors noted that proxy advisory firms provide them with useful and cost effective services when exercising their voting rights. They subscribe to the research reports prepared by proxy advisory firms to

inform their voting decisions which are based on their own assessment of the proposals and their proxy voting guidelines. They indicated that they do not necessarily follow the vote recommendations of proxy advisory firms. Institutional investors are generally satisfied with the services provided by proxy advisory firms. Associations representing institutional investors generally expressed the same views.

- Commenters generally agreed that the business model or the ownership structure of proxy advisory firms may lead to conflicts of interest. A majority of issuers believed that conflicts of interest exist within proxy advisory firms and that they are not appropriately mitigated. On the other hand, a majority of institutional investors acknowledged the potential of conflicts of interest but took the position that they are properly identified, managed and disclosed.

- Issuers questioned the quality of vote recommendations and concluded that additional transparency and disclosure of underlying methodologies and analyses would benefit market participants. Institutional investors did not believe that the information would be beneficial to the market. They argued against requiring disclosure of proprietary analytical models.

- Issuers were concerned with potential inaccuracies in research reports and limited dialogue between the proxy advisory firms and the issuers. A majority of institutional investors were of the view that the dialogue processes in place suffice to avoid factual errors. Some institutional investors believed that, in reality, perceived inaccuracies are mere differences of opinion or analysis.

- Commenters agreed that it is important for proxy advisory firms to consult with market participants when developing and updating voting guidelines. They also agreed on the importance of disclosing such guidelines publicly. There was no consensus among commenters about the extent of dialogue necessary between proxy advisory firms and market participants.

- The views on the appropriate CSA response diverged. Some commenters suggested that a set of recommended best practices is sufficient while others were of the view that a rule-based approach, including registration of proxy advisory firms as advisers, is necessary. Some institutional investors suggested that a CSA response was not warranted.

- Proxy advisory firms indicated that they have appropriate policies and procedures in place to address the concerns identified in the Consultation Paper. They noted that they are committed to provide objective and accurate services to their clients and have recently demonstrated a willingness to respond to concerns by voluntarily making changes to some of their processes. Proxy advisory firms do not believe that their activities should be regulated.

Next Steps

After an extensive review of the comments received, our conclusion is that a CSA response is warranted. In our view, a policy-based approach that would give guidance on recommended practices and disclosure for proxy advisory firms will promote transparency and understanding in the services provided and is an appropriate response under the circumstances.

We are in the process of developing our proposed approach, which we intend to publish for comment in the first quarter of 2014.

Questions

Please refer your questions to any of the following:

Autorité des marchés financiers
Michel Bourque
Senior Policy Advisor
Policy and Regulation Department
514-395-0337 ext.4466
1-877-525-0337
michel.bourque@lautorite.qc.ca

Autorité des marchés financiers
Marie-Josée Normand-Heisler
Senior Policy Advisor
Policy and Regulation Department
514-395-0337 ext.4464
1-877-525-0337
marie-josee.normand-heisler@lautorite.qc.ca

Ontario Securities Commission
Naizam Kanji
Deputy Director, Mergers & Acquisitions, Corporate Finance
416-593-8060 1-877-785-1555
nkanji@osc.gov.on.ca

Ontario Securities Commission
Frédéric Duguay
Senior Legal Counsel, Corporate Finance
416-593-3677 1-877-785-1555
fduguay@osc.gov.on.ca

Alberta Securities Commission
Sophia Mapara
Legal Counsel
403-297-2520 1-877-355-0585
sophia.mapara@asc.ca

1.1.5 OSC Staff Notice 52-721 – Office of the Chief Accountant Financial Reporting Bulletin – September 2013

OSC Staff Notice 52-721 – *Office of the Chief Accountant Financial Reporting Bulletin – September 2013* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

ONTARIO SECURITIES COMMISSION

OSC Staff Notice 52-721

Office of the Chief Accountant Financial Reporting Bulletin

September 2013

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1. Introduction

The Office of the Chief Accountant (OCA) of the Ontario Securities Commission is publishing this bulletin to highlight observations about asset impairment and segment disclosures in reporting issuer financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The objective of this bulletin is to provide useful information to market participants that may assist in preparing future financial reports.

2. Executive summary

International Accounting Standard 36 *Impairment of Assets* (IAS 36) and International Financial Reporting Standard 8 *Operating Segments* (IFRS 8) require comprehensive disclosures that are designed to provide users of financial statements with useful information. This includes insights about important areas such as the valuation of assets, how assets are being used within an organization, and how management has exercised its judgement in making the determinations that result in the information provided in the financial statements. Staff in the OCA (we or Staff) have recently been focussing on disclosures provided by reporting issuers in the area of asset impairment and segment reporting in order to assess the overall quality of disclosures and identify areas of concern in the application of the two standards.

Our observations in the area of **asset impairment** disclosures identified the following areas that could be improved to provide investors with useful and meaningful disclosure:

- description of the issuer's cash generating units (CGUs);
- explanations of the events and circumstances that contributed to the impairment loss; and
- explanations of the basis of key assumptions and the valuation approach used to determine the recoverable amount

Our observations in the area of **segment reporting** identified the following areas where we believe reporting issuers should pay particular attention when applying IFRS 8:

- identification of the Chief Operating Decision Maker (CODM);
- identification of operating segments;
- aggregation of operating segments to form reportable segments;
- change in reportable segments; and
- entity-wide disclosures

Our observations have been derived from OCA and Corporate Finance involvement in the review of selected annual IFRS financial statements and interim financial reports through various reporting periods in 2011 and 2012.

3. Asset Impairment

Given the challenging economic environment that has been present for several years in Canada and throughout various regions of the world, Staff have been interested in how reporting issuers have been complying with the disclosure requirements of IAS 36 with the objective of assessing the overall quality of disclosure and to identify areas where disclosure could be enhanced. In addition, the application of IAS 36 is an area of interest to Staff given that it contains different recognition, measurement and disclosure requirements compared to pre-changeover Canadian generally accepted accounting principles (GAAP) that was in effect prior to 2011.

A. Determination of cash-generating units (CGUs)

Determination of a CGU and the allocation of goodwill to each CGU is an important initial step in performing annual and periodic goodwill impairment testing. IAS 36 defines a CGU to be the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. IAS 36 paragraph 130(d) requires specific disclosures about CGUs when an impairment loss is recognized. We note the following observations pertaining to CGU disclosure:

- In many instances, reporting issuers who recognized an impairment loss did not provide a description of the CGU (such as whether it is a product line, a plant, a business operation, a geographical area, or a reportable segment). Without this required information, financial statement users will not have sufficient context regarding the impact of the impairment on the overall activities and operations of the entity.

- In circumstances where an entity changed how it had aggregated its assets into CGUs from the prior year, reporting issuers often failed to provide disclosures to identify the change in the aggregation and the reason for the change. Since a change in the grouping of assets for a CGU from year to year may affect impairment testing results, a description and reason for the current and former aggregation approach is important since it provides financial statement users with insight as to why management is making this change.

3A.1 EXAMPLE – description of CGUs that did <u>not</u> meet Staff's expectation
***Problems*:** ➢ **lacks substance (boilerplate)** ➢ **vague disclosures to describe the CGUs**
For the purposes of assessing impairment, Issuer ABC's assets are grouped and tested at the cash generating unit (CGU) level. ABC's CGUs are the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

3A.2 EXAMPLE – improved CGU disclosure
***Improvements*:** ➢ **greater specificity about the CGUs** ➢ **informs users of the level tested for impairment**
For the purposes of assessing impairment, Issuer XYZ's assets are grouped and tested at the cash generating unit level. Issuer XYZ owns 20 retail stores in various cities in Ontario, with no more than one store residing in each city. *Each store is managed at the corporate level, with internal reporting organized to measure performance of each retail store. Management has determined that its cash generating units are identifiable at the individual retail store level since the assets devoted to and cash inflows generated by each store are separately identifiable and independent of each other.*

B. Indicators of impairment

An asset is impaired when its carrying amount exceeds its recoverable amount. An entity is required to assess at the end of each reporting period whether there is any indication that an asset is impaired, and if any such indication is present, an entity is required to estimate the recoverable amount of the asset. If an entity determines that there is an impairment loss to be recognized, or reversed, during the period, IAS 36 paragraph 130(a) requires an entity to disclose the events and circumstances that led to the recognition or reversal of the impairment loss.

We noted that in many instances reporting issuers provided only general disclosure about the events and circumstances that led to a material impairment loss. The disclosures were broad, vague and did not explain the entity-specific factors of the main events and circumstances that resulted in the impairment.

3B.1 EXAMPLE – disclosure of events and circumstances which led to an impairment loss – that did not meet Staff's expectation
***Problems*:** ➢ **lacks substance (boilerplate)** ➢ **not entity-specific**
During the period, ABC company recorded an impairment charge in CGU X due to weaker than expected performance.

3B.2 EXAMPLE – improved disclosure of events and circumstances which led to an impairment loss
***Improvements*:** ➢ **greater specificity about the indicators of and reasons for impairment**
Issuer XYZ considers both qualitative and quantitative factors when determining whether an asset may be impaired. In the fourth quarter management noted indications that CGU X may be impaired in light of the following conditions: ○ *The technology underlying CGU X's products has recently been challenged by newer products that offer additional functionality that the CGU X product is not able to support. In order to remain competitive in the marketplace CGUX has reduced CGU X's product prices.* ○ *The primary customers for CGU X's products have informed Issuer XYZ that future orders will be lower than originally anticipated in light of the recent functionality limitations noted above.* ○ *CGU Y recently introduced a new product that has received a strong response in the marketplace, which unexpectedly resulted in customers who were anticipated to purchase CGU X's products to instead early adopt CGU Y's new product sooner than anticipated.*

A plan to discontinue or restructure the operation to which the asset, CGU or group of CGUs belong

Significant changes with an adverse effect on the entity that have taken place, or are expected to take place in the near future, are an important source of internal information that is identified in paragraph 12(f) of IAS 36. A significant change, specifically, includes a plan to discontinue or restructure the operation that the asset belongs to. Staff have observed instances where the statement of comprehensive income would identify a loss from discontinued operations that includes asset disposals, yet there were no impairment losses recorded in prior periods when the reporting issuer had originally identified the asset as held for sale. We remind management that a **plan by management to dispose of an asset**, or discontinue or restructure a CGU is an indicator of impairment, and that the asset should be assessed when the decision to dispose, discontinue, or restructure is made.

Market capitalization lower than net book value

In the current economic climate, reporting issuers' market capitalization may be less than the carrying amount of the issuer's net assets. We remind reporting issuers that IAS 36, paragraph 12 (d) specifically states that when an entity's carrying amount of the net assets is more than its market capitalization, this is an external source of information which may indicate impairment that **must be carefully considered by management**. Although this factor alone may not lead to a determination that an asset is impaired, management should understand what factors may have contributed to the decline in market capitalization in order to assess whether there are additional indications of impairment that may be present.

> ***Consider and assess*:**
>
> - Are there identifiable factors that contributed to the decline in market capitalization?
> - How do these factors affect the cash inflows of your product line, business line etc., in the current period and in future periods?

C. Allocating goodwill to CGUs and timing of impairment

For the purpose of impairment testing, IAS 36 requires that goodwill be allocated to the company's CGUs, or groups of CGUs that are expected to benefit from the synergies. IAS 36 states that each CGU or group of CGUs to which the goodwill is allocated should represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, and not be larger than an operating segment (as defined in IFRS 8).

During the course of our work, we observed reporting issuers disclosing that they monitored goodwill at the operating segment level. We recognize that this represents the highest level at which goodwill is allowed to be tested for impairment, however in some instances we questioned whether the operating segment level is in fact, the lowest level where other disclosures within the financial statements as well as other public documents (e.g., management's discussion and analysis) indicated that management monitored its operations, including its goodwill, at a lower level than an operating segment.

D. Measuring the recoverable amount

The recoverable amount of a CGU is determined to be the higher of its fair value less cost to sell (FVLCS) or value in use (VIU). Measuring the recoverable amount (whether it is FVLCS or VIU) is a critical step in the impairment analysis as it determines whether an impairment charge should be recognized in the financial statements. This step often involves significant judgement on the part of management to develop assumptions and estimates in determining its recoverable amount.

During the course of our work, we observed that, certain reporting issuers failed to comply with the disclosure requirements in IAS 36 in identifying whether FVLCS or VIU was determined to be the recoverable amount. Without this disclosure, investors are not able to fully understand and evaluate the reporting issuer's approach to determining the recoverable amount.

Disclosure of estimates and key assumptions

IAS 36 requires an entity to disclose information about the key assumptions used to determine the recoverable amount when it is based on VIU or FVLCS using a valuation technique (e.g., discount cash flow method). During the course of our work, we observed that the disclosure required for key assumptions was not always provided, such as management's approach for determining the discount rate or growth rate used for discounted cash flow calculations.

3D.1 EXAMPLE – disclosure of the basis for management's key assumptions in determining FVLCS – that did <u>not</u> meet Staff's expectation

***Problems*:**

- **valuation approach was not explained**
- **no explanations for the basis of the key assumptions used**

Issuer ABC recorded a goodwill impairment loss of $2 million. The recoverable amount of this CGU was based on the estimated fair value less cost to sell based on estimated cash flows over a 5 year period and a discount rate of 11%.

3D.2 EXAMPLE – improved disclosure of the basis for management's key assumptions in determining FVLCS

***Improvements*:**

- **enhanced explanations about the key assumptions used**

Issuer XYZ recorded a goodwill impairment loss of $2 million. The recoverable amount was based on FVLCS using discounted cash flow projections. The significant assumptions applied in goodwill impairment test are described below.

Cash Flows

Estimated cash flows are based on budgeted earnings before interest, taxes, depreciation and amortization (EBITDA) for the next three years. The forecast is extended for an additional two years based on an analysis of industry reports, historical and forecast volume changes, growth rates, and inflation rates.

Discount rate

The weighted average cost of capital (WACC) was determined to be in the range of 10% to 14% and is based on market capital structure of debt, risk-free rate, equity risk premium, beta adjustment to the equity risk premium based on a review of betas of comparable publicly traded companies, an unsystematic risk premium, and after-tax cost of debt based on corporate bond yields.

Terminal value growth rate

Five years of cash flows have been included in the discounted cash flow models. Maintainable debt-free net cash flow beyond the forecast period is estimated to approximate the 20X7 cash flows increased by a terminal growth rate in the range of 1% to 3% and is based on the industry's expected growth rates, forecast inflation rates, and management's experiences.

Sensitivity analysis

IAS 36 paragraph 134(f) states that, if a reasonably possible change in a key assumption on which management has based its determination of the CGUs' (group of CGUs') recoverable amount would cause the CGUs' (group of CGUs') carrying amount to exceed its recoverable amount, management should provide users of the financial statements with information on how much the key assumption must change in order for the recoverable amount to be equal to the carrying amount.

We observed that such analysis was often not provided. During this uncertain and volatile economic climate, we expect that changes in key assumptions are likely to occur more frequently than in stable conditions. We remind reporting issuers of the importance of critically analyzing the sensitivity of their key assumptions and providing material disclosures in their financial reports. **This information is especially important in a situation where key assumptions result in a recoverable amount that exceeds, but is very close to, the carrying amount of a CGU.**

4. Segment Reporting

Segment disclosures required by IFRS 8 assist investors in analyzing reporting issuers that are involved in diverse businesses. Financial information about business segments can be as important as information about the reporting issuer as a whole. Investors and analysts have emphasized the importance of transparent disclosure about operating segments because it gives a view of the business as it is seen through the eyes of management.

A. Identification of the chief operating decision maker (CODM)

The disclosure required by IFRS 8 is primarily driven by the determination of what information is used internally by the CODM. IFRS 8 identifies the CODM as the function that reviews the operating results of segments regularly to assess its performance and make decisions about allocation of resources. IFRS 8 further explains that the term CODM identifies a function, and not necessarily a manager with a specific title. Identification of such function may require an entity to exercise judgement in making such a determination.

While IFRS 8 does not require entities to identify the CODM in their disclosure, we observed that reporting issuers frequently provide this disclosure and most often identify the CODM as the CEO of the entity. However, we also noted that some other reporting issuers identified the CODM to be the entire Board of Directors or the executive team.

***Consider and assess*:**

- Is the CODM identified at an appropriate 'operating' level within the organization?
- Are investors receiving an adequate level of information about the various business operations of the entity?

When determining the CODM, reporting issuers should consider whether the management level identified is appropriate for the organization and whether the

disclosure is appropriately reflecting how operating decisions are made. IFRS 8 paragraph 5(b) defines an operating segment to be a component of an entity at the level at which the relevant operating decisions are made, rather than the overall strategic decisions. Identification of the CODM at a level that is too high within the organization (i.e. at the 'strategic level' vs. the 'operating level') could result in too low of a number of segments being identified, and inadequate information provided to investors about the various business operations.

B. Identification of operating segments

Correct identification of operating segments is also critical in ensuring appropriate segment disclosures are provided. IFRS 8 paragraph 5 defines operating segments as a component of an entity that:

- engages in business activities from which it may earn revenues and incur expenses,
- whose operating results are regularly reviewed by the entity's CODM to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

In assessing whether reporting issuers correctly identified operating segments, we considered financial statement disclosures as well as information presented in other continuous disclosure documents that might provide useful insights in the various segments of an issuer. These documents included a reporting issuer's management discussion and analysis (MD&A), press releases, annual information form, investor presentation materials and other information presented on company websites. In some cases, we noted that discrete financial information was available that appeared to be reviewed by the CODM, which suggests that an operating segment exists. In the absence of segment disclosures in such circumstances, Staff questioned whether the requirements of IFRS 8 had been complied with.

Consistency of segment disclosure

The financial information presented outside of the financial statements in some instances included quantitative information that was useful and appropriate. However, in some instances Staff observed that information in these other documents related to components of the business that were not consistent with the number of segments identified (and the resulting segment disclosure) in the financial statements, which raised questions relating to the inconsistencies. In Staff's view, when this type of information is provided outside of the financial statements that is not consistent with segment disclosures within the financial statements, investors would benefit from an explanation of the reason for the inconsistencies.

Consider:

- Has the entity provided appropriate segment information throughout the various filings of financial information?
- Is the information consistent with the financial statements? If not, is there sufficient explanation provided to investors?

4B.1 EXAMPLE – inconsistent segment disclosure

***Concerns*:**

- **inconsistent presentation between financial statement note disclosure and the MD&A disclosure**

Financial statement note disclosure:

Segmented information

The Company has one reportable segment, MMM. Through its MMM segment, the Company enters into a variety of business in the media industry. It derives its revenues from advertising, marketing, circulation, distribution, printing and other. Segment profit or loss has been defined as operating profit which corresponds to operating profit as presented in the consolidated statement of income.

MD&A disclosure:

Business activities

The Company's primary business activities include the publication of hard copy subscription materials as well as online media. ABC Group (ABC) operations includes hard copy publications operating under the name AAA, BBB and CCC. XYZ Group (XYZ) operations comprise of the online media business including commercial and non-commercial.

Operating Results

The following table sets out operating earnings for the years ended December 31, 20X2 and 20X1.

	20X2			***20X1***		
In M's	***ABC***	***XYZ***	***Total***	***ABC***	***XYZ***	***Total***
Operating revenue	*53.4*	*46.6*	*100*	*53.3*	*46.7*	*100*

Single operating segment

Regardless of the different business activities and different economic characteristics of businesses, some reporting issuers' note disclosure indicated that they operated in only one segment since they were not earning any revenues in their various businesses. IFRS 8 paragraph 5 states that an operating segment can be one which engages in business activities for which it has **yet to begin to earn revenues**. For example, start-up operations may be considered operating segments before earning revenues. As such, it is not adequate to solely rely on the fact that the entity has yet to begin its generation of revenues to conclude that the entity operates in a single operating segment.

4B.2 EXAMPLES – insufficient disclosures about segment determination

Example 1

***Concern*:**

- **segment determination based solely on the absence of revenue generation**

  The Company has not begun earning revenues. Accordingly, no segment information has been provided in these consolidated financial statements.

Example 2

***Concern*:**

- **vague disclosure of management's assessment of operating segments and how the management has determined it operates in one reportable segment.**

  The Company reports its continuing operations in one reportable segment, 'marketing', based on the business activity of the Company and its subsidiaries. The Company provides various online and hardcopy advertising publications and online marketing services to various types of customers in the many different industries locally and internationally. Revenues are derived mainly from sales of online advertisements and other services.

4B.3 EXAMPLE – improved disclosure on identification of operating segments

Significant Accounting Policies

The Company's operating segments, before aggregation, have been identified as the Company's individual operating and development stage mines. Each operating and development mine is reviewed by the CODM in reviewing their profitability so that the information can be used to ensure adequate resources are allocated to that part of the Company's operations.

In Staff's view, the significant accounting policy disclosure in the above example provides entity specific and improved disclosures regarding the application of IFRS 8 criteria in the identification of operating segments, compared to the examples in 4B.2 above.

Multiple operating segments based on geographic locations

Depending on how the CODM reviews the operations, operating segments may be based on geographical area. Staff have observed instances where reporting issuers that identified operating segments by geographical area have provided only the entity-wide disclosures set out in paragraphs 31 to 34 and omit the disclosure requirements in paragraphs 20 to 30. Regardless of whether an operating segment is defined by the

nature of products or services or the geographical area, reporting issuers must provide complete information of all material disclosures required by IFRS 8.

C. Aggregation of operating segments to form reportable segments

IFRS 8 permits reporting issuers to aggregate operating segments when certain qualitative criteria are met, as well as certain quantitative thresholds.

Currently, IFRS 8 does not require detailed disclosure on aggregation of operating segments. However, paragraph 22(a) requires the disclosure of factors used to identify the entity's reportable segments, including the basis of organization and whether segments have been aggregated.[1]

Consider:

- Has the entity provided sufficient information such that the investor would be able to determine what segments have been aggregated, if any?

Staff found that many reporting issuers provided sufficient disclosure to comply with paragraph 22(a) of IFRS 8. However, the following are the common areas of deficiency that we noted from our work:

- Lack of explicit disclosure as to whether aggregation was used to identify reportable segments,
- For some entities where it was apparent that aggregation was applied, it was unclear to Staff as to how the specific aggregation criteria in IFRS 8 were met after considering other information presented in an entity's MD&A or other notes to the financial statements. In certain cases, this led Staff to question whether the aggregation applied was appropriate.
- Information presented in other documents, including MD&A, press releases and investor presentations, where the disclosure of quantitative data indicated that the quantitative thresholds for segment disclosure were exceeded.

Presentation of "all other segments"

Staff observed instances where relatively smaller segments had been aggregated with certain reportable segments. Staff note that IFRS 8 paragraph 16 requires operating segments which are <u>not</u> reportable to be combined and disclosed in an "all other segments" category rather than aggregating with an identifiable reportable segment.

[1] The Annual Improvements to IFRS cycle 2010 – 2012 included an amendment to IFRS 8 proposing additional disclosure regarding what aggregation criteria was applied in determining reportable segments. In their February 2013 meeting, the International Accounting Standards Board tentatively decided to amend the Standard as proposed.

4C.1 EXAMPLE – entity-specific disclosure on aggregation of operating segments

Note X: Operating Segments

The Company's reportable segments are components of the Company's operating segments after aggregation and consist of the geographical regions in which the Company operates. The Company's chief operating decision maker reviews the financial and operational performance of the Company on a mine by mine basis which share similar economic, operational and regulatory characteristics. Management uses the information presented for each mine in setting the budget and dedicate other resources to the individual mine.

The Company has three reportable segments, as follow (where each mine has been identified as an operating segment):

- *Brazil: Mine 1, Mine 2, and Mine 3*
- *Columbia: Mine 5 and Mine 6*
- *Canada: Mine 4 - development stage.*

'Other' consists of the Company's business activities of exploration properties which are not operating segments on their own.

D. Change in reportable segments

IFRS 8 paragraph 29 requires an entity to reflect any changes in reportable segments in the comparative financial statements by restating the segment data for a prior period to be consistent with that of the current period unless the information is not available and the cost to develop it would be excessive.

Consider:

- Are the segment disclosures providing sufficient information to allow investors to **easily understand** how the segments have changed?

Staff observed instances of reporting issuers that had not restated prior period data to reflect a change in reportable segments and did not provide the additional disclosure required by IFRS 8 paragraph 30. Restated financial statement information is important as it allows investors to compare year over year trends in the reportable segments.

E. Entity-wide disclosure

Regardless of whether an entity has single or multiple reportable segments, IFRS 8 paragraphs 31 to 34 require entity-wide disclosures, where applicable unless the information is not available and the cost to develop it would be excessive. These include information relating to products and services of the entity, geographic areas of operations, as well as major customers.

Products and services

Staff observed this to be an area of deficiency where information was not always provided, or was unclear. Information on products and services provides valuable information as it assists users of financial statements in the assessment of both past performance and future prospects for growth of the entity.

Geographic information

IFRS 8 requires disclosures of the revenues and non-current assets attributed to individual countries if they are material. Staff observed instances of reporting issuers not providing this disclosure when it appeared, from an examination of other disclosure documents, that these amounts were material. We remind reporting issuers that when determining whether information about individual countries is material, management should consider whether the information would influence the economic decisions of users. For example, requests by analysts and users for this type of information would be a strong indicator of the material nature of this information.

In addition, Staff observed instances of reporting issuers not providing the required disclosure of the **basis for attributing revenues** from external customers to individual countries. Information about the extent of operations in foreign countries can be useful information to investors as it allows them to understand the extent of foreign operations and the exposure to foreign economies, and how this is changing year over year.

4E.1 EXAMPLE – geographic disclosure that did not meet Staff's expectation

***Concerns*:**

- **significant portion of revenue attributed to "Other" category, which should be further expanded to identify all material individual countries, if applicable**.
- **basis for attribution of revenues to the individual countries is not provided**

%of total revenue	***December 31, 20X2***	***December 31, 20X1***
Canada	6	5
United States	20	40
Australia	10	10
Other	64	45
Total	**100**	**100**

4E.2 EXAMPLE – improved geographic disclosure

***Informative Disclosure*:**

- **Provides clear and detailed revenue information for individual countries for which the amounts are considered to be material**

% of total revenue	***December 31, 20X2***	***December 31, 20X1***
Canada	6	5
United States	21	40
Australia	10	10
China	26	24
Japan	15	9
Germany	13	10
Other	9	2
TOTAL	**100**	**100**

The revenue has been attributed to the individual countries based on the location of the customer. In the above table, "Other" represents revenues attributed to countries to which the attributable revenues are less than 10% of total consolidated revenues.

Major Customers

IFRS 8 paragraph 34 requires an entity to provide information about the extent of its reliance on its major customers by providing specific disclosure relating to the amount of revenues attributed to its major customers. This includes separate disclosure of revenues from each customer and the identity of the segment or segments reporting the revenues.

Staff found that for those reporting issuers that disclosed major customers, many only presented aggregated revenue information, as shown in the example below.

4E.3 EXAMPLE – major customer disclosure that did not meet Staff's expectation

Approximately 70% of the Company's consolidated revenues are generated from sales made to three customers.

4E.4 EXAMPLE – improved major customer disclosure

During the year ended December 31, 20X2, the Company earned significant sales revenue from two customers in the amount of $633 (20X1 - $650) and $563 (20X1 - $642). The two customers were located in Brazil and Colombia, with each having their entire revenue reported in the Brazil and Colombia reportable segments, respectively.

Competitive harm

We have encountered instances where the segment disclosure omitted the entity-wide information required by IFRS 8. The absence of this information was due to concerns related to a potential competitive harm; however, we note that IFRS 8 does not exempt issuers from providing these important disclosures for reasons of competitive harm. We note the Board's explicit consideration of this point in IFRS 8 BC paragraph 44, "Lack of a competitive harm exemption"

> *BC44 The Board concluded that a 'competitive harm' exemption would be inappropriate because it would provide a means for broad non-compliance with the IFRS. The Board noted that entities would be unlikely to suffer competitive harm from the required disclosures since most competitors have sources of detailed information about an entity other than its financial statements.*

This information is important in meeting the overall objective of IFRS 8 to provide insights as to the different types of business activities that an entity engages in and the different economic environments in which it operates, as well as to provide some comparability amongst entities.

5. Questions

If you have any questions about this report, please contact:

Cameron McInnis
Chief Accountant
Email: cmcinnis@osc.gov.on.ca
Phone: 416-593-3675

Marion Kirsh
Associate Chief Accountant
Email: mkirsh@osc.gov.on.ca
Phone: 416-593-8282

Mark Pinch
Senior Accountant, Office of the Chief Accountant
Email: mpinch@osc.gov.on.ca
Phone: 416-593-8057

Ritika Rohailla
Accountant, Office of the Chief Accountant
Email: rrohailla@osc.gov.on.ca
Phone: 416-595-8913

Ritu Kalra
Senior Accountant, Investment Funds
Email: rkalra@osc.gov.on.ca
Phone: 416-593-8063

Georgia Striftobola
Accountant, Compliance and Registrant Regulation
Email: gstriftobola@osc.gov.on.ca
Phone: 416-593-8103

Guidelines for Consultations with the OCA:

http://www.osc.gov.on.ca/en/Companies_oca_20111130_rfc-with-oca.htm

ONTARIO SECURITIES COMMISSION

Ontario

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

1.2 Notices of Hearing

1.2.1 Beryl Henderson – s. 127(1)

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

AND

IN THE MATTER OF
BERYL HENDERSON

NOTICE OF HEARING
(SUBSECTION 127(1))

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127(1) of the *Securities Act*, R.S.O., 1990 c. S.5, as amended (the "Act") at the offices of the Commission located at 20 Queen Street West, 17th Floor, on September 18, 2013 at 10:00 a.m., or as soon thereafter as the hearing can be held.

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

BY REASON OF the allegations set out in the Statement of Allegations dated March 30, 2012 and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that Beryl Henderson may be represented by counsel at the hearing and she and her counsel have indicated they intend to participate in the hearing via video conference;

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

DATED at Toronto this 13th day of September, 2013.

"Josée Turcotte"
per: John Stevenson
Secretary to the Commission

1.3 News Releases

1.3.1 Canadian Securities Regulators Provide an Update Regarding the Consultation on Proxy Adviser Firms

FOR IMMEDIATE RELEASE
September 19, 2013

CANADIAN SECURITIES REGULATORS PROVIDE
AN UPDATE REGARDING THE CONSULTATION ON PROXY ADVISER FIRMS

Montreal – The Canadian Securities Administrators (CSA) today published CSA Notice 25-301 *Update on CSA Consultation Paper 25-401 Potential Regulation of Proxy Advisory Firms*, which provides an update to market participants on the status of the consultation.

On June 21, 2012, the CSA published for comment Consultation Paper 25-401 to provide a forum for discussion of certain concerns raised about the services provided by proxy advisory firms and the potential impact on Canadian capital markets. The consultation process also allowed the CSA to determine if, and how, it should address these concerns.

The comment period ended on September 21, 2012. The CSA received 62 comment letters containing comprehensive feedback from various market participants.

After an extensive review of the comments received, the CSA has concluded that a policy-based approach providing guidance on recommended practices and disclosure for proxy advisory firms will improve transparency and understanding among market participants.

The CSA intends to publish its proposed approach for comment in the first quarter of 2014.

CSA Notice 25-301 is available on CSA members' websites.

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:

Sylvain Théberge
Autorité des marchés financiers
514-940-2176

Mark Dickey
Alberta Securities Commission
403-297-4481

Richard Gilhooley
British Columbia Securities Commission
604-899-6713

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

Kevan Hannah
Manitoba Securities Commission
204-945-1513

Wendy Connors-Beckett
Financial and Consumer Services Commission
New Brunswick
506-643-7745

Tanya Wiltshire
Nova Scotia Securities Commission
902-424-8586

Janice Callbeck
PEI Securities Office
Office of the Attorney General
902-368-6288

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

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

Louis Arki
Nunavut Securities Office
867-975-6587

Donn MacDougall
Northwest Territories
Securities Office
867-920-8984

Daniela Machuca
Financial and Consumer Affairs
Authority of Saskatchewan
306-798-4160

1.4 Notices from the Ofiice of the Secretary

1.4.1 David Charles Phillips and John Russell Wilson

FOR IMMEDIATE RELEASE
September 10, 2013

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

AND

IN THE MATTER OF
DAVID CHARLES PHILLIPS and
JOHN RUSSELL WILSON

TORONTO – The Commission issued an Order in the above named matter with certain provisions. The hearing of the Parties' closing arguments in the Merits Hearing will take place on Wednesday, September 25, 2013, at 10:00 a.m., or such other date and time as is agreed by the Parties and fixed by the Office of the Secretary.

A copy of the Order dated September 9, 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

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

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 Jowdat Waheed and Bruce Walter

FOR IMMEDIATE RELEASE
September 11, 2013

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

AND

IN THE MATTER OF
JOWDAT WAHEED AND BRUCE WALTER

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

1. The 31 Documents, which were properly in evidence at the Merits Hearing, shall be included in the Condensed Joint Hearing Brief;

2. The respondents Jowdat Waheed and Bruce Walter are granted leave to file the revised Respondents' Joint Summary of Facts and Evidence;

3. The Two Additional Contested Documents, which were not properly in evidence at the Merits Hearing, shall not be included in the condensed Joint Hearing Brief;

4. The parties shall file a revised index to the Condensed Joint Hearing Brief, which reflects our rulings in paragraphs (1) and (3) above; and

5. Staff shall file revised versions of its Written Closing Submissions, which shall not make reference to documents that the Panel has ruled are not in evidence.

A copy of the Order dated September 11, 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

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

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 Heritage Education Funds Inc.

FOR IMMEDIATE RELEASE
September 12, 2013

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

AND

IN THE MATTER OF
HERITAGE EDUCATION FUNDS INC.

TORONTO – The Commission issued an Order in the above named matter with certain provisions. The Temporary Order is extended to October 22, 2013 or until further order of the Commission. The hearing is adjourned to October 18, 2013 at 10:00 a.m. for the purpose of providing the Commission with an update on the work completed by the Consultant and to consider the possible extension of the Temporary Order.

A copy of the Order dated September 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

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

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 Normand Gauthier et al.

FOR IMMEDIATE RELEASE
September 13, 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 a confidential pre-hearing conference shall take place on October 11, 2013 at 9:00 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.

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

A copy of the Order dated September 11, 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

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

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 Beryl Henderson

FOR IMMEDIATE RELEASE
September 13, 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 Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and the Respondent, Beryl Henderson. The hearing will be held on September 18, 2013 at 10:00 a.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated September 13, 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

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

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 Kolt Curry et al.

FOR IMMEDIATE RELEASE
September 13, 2013

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

AND

IN THE MATTER OF
KOLT CURRY, LAURA MATEYAK,
AMERICAN HERITAGE STOCK TRANSFER INC., and
AMERICAN HERITAGE STOCK TRANSFER, INC.

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

1. pursuant to Rules 3 and 9 of the *Rules of Procedure*, the sanctions and costs hearing in this matter is adjourned and shall take place on October 10, 2013, at 11:00 a.m.; and

2. on consent of the parties, Staff may file an Amended Notice of Hearing including a request for an order under section 37 of the Act.

A copy of the Order dated September 12, 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

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

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 Systematech Solutions Inc. et al.

FOR IMMEDIATE RELEASE
September 13, 2013

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that a confidential pre-hearing conference will take place on October 15, 2013 at 2:00 p.m. or such other date or at such other time as set by the Office of the Secretary and agreed to by the parties.

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

A copy of the Order dated September 12, 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

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

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 Sino-Forest Corporation et al.

FOR IMMEDIATE RELEASE
September 16, 2013

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

AND

IN THE MATTER OF
SINO-FOREST CORPORATION,
ALLEN CHAN, ALBERT IP, ALFRED C.T. HUNG,
GEORGE HO, SIMON YEUNG and DAVID HORSLEY

TORONTO – The Commission issued an Order in the above named matter which provides that (i) Staff shall serve its hearing briefs in connection with the Merits Hearing on the Respondents on or before February 3, 2014; and (ii) the pre-hearing conference in this matter be continued on October 10, 2013 at 10:00 a.m. or such other date and time as agreed to 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 September 10, 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

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

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 Eda Marie Agueci et al.

FOR IMMEDIATE RELEASE
September 17, 2013

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

AND

IN THE MATTER OF
EDA MARIE AGUECI, DENNIS WING, SANTO IACONO,
JOSEPHINE RAPONI, KIMBERLEY STEPHANY,
HENRY FIORILLO, GIUSEPPE (JOSEPH) FIORINI,
JOHN SERPA, IAN TELFER, JACOB GORNITZKI and
POLLEN SERVICES LIMITED

TORONTO – Take notice that the Commission has adjourned the Hearing on the Merits to commence on Monday, September 30, 2013 at 10:00 a.m. in the above named matter.

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

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Portland Investment Counsel Inc. and Portland Global Income Fund

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund reorganization – Approval required because merger does not meet the criteria for pre-approval – As the continuing fund is currently a closed-end fund which will restructure into an open-ended mutual fund conditional on its securityholders' approval, no current prospectus is available to send to terminating fund's securityholders – Terminating fund's securityholders provided with timely and adequate disclosure regarding the merger and prospectus-level disclosure regarding the continuing fund.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(1)(b), 5.6(1)(a), 5.6(1)(b), 5.6(1)(f).

September 4, 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
PORTLAND INVESTMENT COUNSEL INC.
(the Manager)

AND

PORTLAND GLOBAL INCOME FUND
(the Terminating Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Manager on behalf of the Terminating Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for approval of the merger (the **Merger**) of the Terminating Fund into Global Banks Premium Income Trust (the **Continuing Fund)** (together with the Terminating Fund, the **Funds**) under subsection 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) (the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

The Manager

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

2. The Manager is the investment fund manager and portfolio manager of the Funds. The Manager is registered as: (i) an investment fund manager in Ontario, Alberta, Newfoundland and Labrador and Quebec; (ii) a portfolio manager and exempt market dealer in Ontario, Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Prince Edward Island, Quebec and Saskatchewan; (iii) a mutual fund dealer in Ontario; and (iv) an exempt market dealer in Nunavut.

The Funds

3. The Terminating Fund is an open-end mutual fund trust, established under the laws of the Province of Ontario. Units of the Terminating Fund are currently qualified for sale under a simplified prospectus, annual information form and fund facts dated October 1, 2012, as amended.

4. The Continuing Fund is a closed-end investment fund, established under the laws of the Province of Ontario and the units of which are listed on the Toronto Stock Exchange (the **TSX**).

5. Each of the Funds is a reporting issuer under the applicable securities legislation of each province and territory of Canada.

6. Neither the Manager nor the Funds is in default under the securities legislation of any province or territory of Canada.

7. The Manager obtained the approval of the unitholders of the Continuing Fund to convert the Continuing Fund from a closed-end fund to an open-end mutual fund (the **Restructuring**) at a special meeting of unitholders held on August 22, 2013. In approving the Restructuring, unitholders of the Continuing Fund also approved, among other things, a change to the investment objectives of the Continuing Fund and amendments to the declaration of trust of the Continuing Fund so that the Continuing Fund can operate as an open-end mutual fund in accordance with NI 81-102.

8. If the Manager decides to implement the Restructuring, the units of the Continuing Fund will be delisted from the TSX on or about November 15, 2013 and the Restructuring will occur on or about December 13, 2013. On the date of the Restructuring, the declaration of trust of the Continuing Fund will be amended by moving the Continuing Fund into the master declaration of trust that governs the Portland mutual funds. The existing issued and outstanding units of the Continuing Fund will be redesignated as Series A2 units and consolidated so that each will have a net asset value of $10 immediately following the Restructuring.

9. Upon the Restructuring, the investment objective of the Continuing Fund will be changed to be substantially the following: “The Fund’s investment objective is to provide income and long-term total returns by investing primarily in a high-quality portfolio of fixed/floating rate income securities, preferred shares and dividend paying equity securities.” Accordingly, the investment objective of the Continuing Fund upon the Restructuring will be substantially the same as that of the Terminating Fund.

10. The Terminating Fund follows the standard investment restrictions and practices established under NI 81-102. Upon the Restructuring, the Continuing Fund will also follow the standard investment restrictions and practices established under NI 81-102 and will adopt substantially the same investment strategies as the Terminating Fund.

11. The Manager intends to qualify Series A, Series A2, Series F and Series G units of the Continuing Fund pursuant to a simplified prospectus by filing a preliminary simplified prospectus for the Continuing Fund on or about November 15, 2013. The final simplified prospectus of the Continuing Fund is expected to be filed on or about December 13, 2013.

12. When units of the Continuing Fund are offered pursuant to a simplified prospectus, the Manager expects that Series A units of the Continuing Fund will be available under the low load sales charge option and the deferred sales charge option, while Series A2 of the Continuing Fund will be available under the initial sales charge option.

13. The series of units of the Terminating Fund that will be exchanged for the series of units of the Continuing Fund to facilitate the Merger are as described in paragraph 29(c) below. The Manager expects that the fees and expenses of each series of the Continuing Fund (after the Restructuring) will be the same or lower than those of the series of the Terminating Fund for which the series of the Continuing Fund will be exchanged.

14. The net asset value per unit for each Fund is calculated on a daily basis in accordance with the Fund's valuation policy.

The Merger

15. In accordance with National Instrument 81-106 – *Investment Fund Continuous Disclosure*, a press release announcing the proposed Merger was issued on June 25, 2013 and filed via SEDAR on June 26, 2013. A material change report with respect to the proposed Merger was filed via SEDAR on June 26, 2013.

16. As required by National Instrument 81-107 *Independent Review Committee for Investment Funds*, an Independent Review Committee (the **IRC**) has been appointed for the Funds. The Manager presented the potential conflict of interest matter related to the proposed Merger to the IRC for its review and recommendation. The IRC reviewed the potential conflict of interest matters related to the proposed Merger and has determined that the proposed Merger, if implemented, would achieve a fair and reasonable result for each of the Funds.

17. Unitholders of the Terminating Fund will continue to have the right to redeem units of the Terminating Fund at any time up to the close of business on the business day immediately before the effective date of the Merger.

18. Approval of the Merger is required because the Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers as set out in section 5.6 of NI 81-102, namely because: (i) the Continuing Fund will not, on the date of the Merger, have a current prospectus; therefore the Merger will not satisfy the requirement under subsection 5.6(1)(a)(iv); (ii) the Merger will be completed on a taxable basis; accordingly, the Merger will not meet the requirements under subsection 5.6(1)(b); (iii) the materials sent to unitholders of the Terminating Fund will not include the current prospectus or most recently filed fund facts document of the Continuing Fund, contrary to subsection 5.6(1)(f)(ii); and (iv) the materials sent to unitholders of the Terminating Fund will not include a statement that unitholders may obtain the Continuing Fund's prospectus and most recently filed fund facts document by contacting the Continuing Fund; therefore, the Merger will not satisfy the requirement under subsection 5.6(1)(f)(iii). Except for these reasons, the Merger will otherwise comply with all of the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

19. The Manager has determined that it would not be appropriate to effect the Merger as a "qualifying exchange" within the meaning of section 132.2 of the *Income Tax Act* (Canada) (the **Tax Act**) or as a tax-deferred transaction for the following reasons: (i) effecting the Merger on a taxable basis would allow the unitholders of the Terminating Fund to benefit from the Continuing Fund's existing tax losses, which currently amount to approximately $12 million in capital losses as of December 31, 2012; (ii) excluding the Manager which owned units of the Terminating Fund as the seed capital investment, approximately 67% of unitholders in the Terminating Fund hold their units in registered accounts; (iii) effecting the Merger on a taxable basis would preserve the net losses and loss carry-forwards in the Continuing Fund; and (iv) effecting the Merger on a taxable basis will have no other tax impact on the Continuing Fund or its unitholders. It is also not possible to effect the Merger as a qualifying exchange because the Terminating Fund is not a mutual fund trust under the Tax Act.

20. A notice of meeting, a management information circular and a proxy in connection with the special meeting of unitholders was mailed to unitholders of the Terminating Fund commencing on July 29, 2013 and was concurrently filed via SEDAR.

21. The Manager could not deliver the current prospectus or fund facts documents for the Continuing Fund with the meeting materials as the Continuing Fund did not have a receipt for a final prospectus when the meeting materials were mailed to unitholders. The long form prospectus of the Continuing Fund dated January 27, 2005 (the **2005 Prospectus**) has lapsed. Because, among other things, the investment objectives and fees and expenses payable by the Continuing Fund will change upon the Restructuring, the disclosure in the 2005 Prospectus does not reflect many of the key features of the Continuing Fund after the Restructuring. A simplified prospectus will be filed for the Continuing Fund as described in paragraph 11 above. Accordingly, instead of delivering the current prospectus or fund facts documents for the Continuing Fund, the Manager indicated in the management information circular that the fundamental investment objectives and investment strategies of the Continuing Fund would be substantially similar as those of the Terminating Fund. The Manager also included a description of the fee structure of the Continuing Fund (after the Restructuring), as well as the tax implications of the Merger and a summary of the IRC's recommendation with respect to the Merger.

22. The management information circular disclosed that the final simplified prospectus, fund facts, and annual information form for the Continuing Fund will be available on or about December 13, 2013, subject to regulatory approval, and that unitholders of the Terminating Fund can obtain these documents by contacting the Manager or by accessing the SEDAR website on that date. In addition, the management information circular disclosed that unitholders may obtain the most recent annual and interim financial statements, and the most recent management report of fund performance that have been made public in respect of the Continuing Fund by contacting the Manager or by accessing the SEDAR website.

23. All costs and expenses associated with the Merger will be borne by the Manager. These costs consist mainly of brokerage fees, legal, proxy solicitation, printing, mailing and regulatory fees.

24. No sales charges will be payable by any unitholder in connection with the exchange of units of the Terminating Fund with the units of the Continuing Fund.

25. The Manager called a special meeting of unitholders of the Terminating Fund on August 22, 2013, at which meeting the unitholders approved the Merger.

26. If the requisite regulatory and investor approvals are obtained and the Manager decides to implement the Merger, the Merger will be implemented on or about December 13, 2013 after the Restructuring. Upon making the decision to implement the Merger, the Manager, on behalf of the Terminating Fund, will comply with the continuing disclosure requirements in connection with a material change.

27. To allow sufficient time, not only for the Manager but for the various service providers, to implement the Restructuring, the Manager chose August 22, 2013 as the date for the unitholder meeting of the Continuing Fund to approve the Restructuring. In the Manager's view, there was no reason to have the unitholder meeting of the Terminating Fund approving the Merger on a different date than the unitholder meeting of the Continuing Fund approving the Restructuring.

28. Following the Merger, units of the Continuing Fund received by unitholders in the Terminating Fund as a result of the Merger will have the same sales charge option and, for units purchased under the low load option or deferred sales charge option, remaining deferred sales charge schedule as their units in the Terminating Fund.

29. The following steps will be carried out to effect the Merger:

    (a) The Terminating Fund will transfer all of its assets, which will consist of cash and portfolio securities, less an amount required to satisfy the liabilities of the Terminating Fund, to the Continuing Fund, in exchange for units of the Continuing Fund.

    (b) The Terminating Fund will distribute to its unitholders sufficient of its net income and net realized capital gains so that it will not be subject to tax under Part I of the Tax Act for its taxation year ending on the Merger.

    (c) Immediately following the above-noted transfer, the Terminating Fund will distribute to its unitholders the units of the Continuing Fund so that following the distribution, the unitholders of the Terminating Fund will become direct unitholders of the Continuing Fund:

        (i) The holders of Series A Units in the Terminating Fund purchased under the initial sales charge option will receive Series A2 Units of the Continuing Fund.

        (ii) The holders of Series A Units in the Terminating Fund purchased under the low load sales charge or deferred sales charge option will receive Series A Units of the Continuing Fund.

        (iii) The holders of Series F Units in the Terminating Fund will receive Series F Units of the Continuing Fund.

        (iv) The holders of Series G units in the Terminating Fund purchased under the initial sales charge option will receive Series A2 units of the Continuing Fund.

        (v) The holders of Series G Units in the Terminating Fund purchased under the low load sales charge or deferred sales charge option will receive Series G Units of the Continuing Fund.

        (vi) The holders of Series T Units in the Terminating Fund purchased under the initial sales charge option will receive Series A2 Units of the Continuing Fund.

(vii) The holders of Series T Units in the Terminating Fund purchased under the low load sales charge or deferred sales charge option will receive Series A Units of the Continuing Fund.

(d) As soon as reasonably possible following the Merger, the Terminating Fund will be wound up.

(e) The Continuing Fund will be renamed "Portland Global Income Fund" on or about the time of the Merger.

30. The Terminating Fund is a registered investment and the Continuing Fund is a mutual fund trust under the Tax Act. Units of both Funds are "qualified investments" under the Tax Act for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and tax free savings accounts. Units of the Continuing Fund are also "qualified investments" under the Tax Act for registered education savings plans and registered disability savings plans.

31. The Manager believes that the Merger will be beneficial to unitholders of the Funds for the following reasons:

(a) the Merger will result in reducing the administrative and regulatory costs of operating each of the Terminating Fund and Continuing Fund as separate investment funds;

(b) unitholders of the Terminating Fund and Continuing Fund will enjoy increased economies of scale as part of a larger combined Continuing Fund and as a result, the Manager expects that the MER of the combined Continuing Fund will be lower than that of the Terminating Fund or the Continuing Fund without the Merger;

(c) following the Merger, the Terminating Fund will be part of a portfolio of greater value, which may allow for increased portfolio diversification opportunities if desired;

(d) the Merger transitions unitholders of the Terminating Fund to a growing and more viable Continuing Fund; and

(e) the Merger will result in unitholders of the Terminating Fund becoming unitholders of the Continuing Fund, which is a "mutual fund trust" under the Tax Act and, unlike the Terminating Fund, will not be subject to alternative minimum tax and will be able to take advantage of the capital gains refund mechanism as well as other tax benefits.

Decision

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

The decision of the Principal Regulator under the Legislation is that the Exemption Sought is granted.

'Vera Nunes'
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.2 Shanxi Donghui Coal Coking & Chemicals Group Co., Ltd and Inova Resources Limited

Headnote

Process for Exemptive Relief Application in Multiple Jurisdictions (passport application) – relief from take-over bid requirements – take-over bid for issuer not resident in Canada that is a reporting issuer in Ontario – offeror to acquire all outstanding stock of target that it does not already own – would be eligible for Foreign Take-over Bid Exemption but for shares held by a foreign company through a Canadian HoldCo – offer subject to laws of Australia – security holders in Canada to receive the same information and participate on terms at least as favourable as the terms that apply to all other holders of target securities

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 104(2)(c).

August 27, 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
SHANXI DONGHUI COAL COKING &
CHEMICALS GROUP CO., LTD
(the Filer) and
INOVA RESOURCES LIMITED

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for exemptive relief from the requirements of Sections 93 to 99.1 of the *Securities Act* (Ontario) (the **Ontario Act**) (the **Take Over Bid Requirements**) as they would otherwise apply to an intended cash offer (the **Offer**) announced on August 21, 2013 by the Filer by way of a press release to acquire all of the issued and to be issued ordinary share capital of Inova Resources Limited (the **Target**) not already owned by the Filer and its subsidiaries (the **Formal Bid Exemption**).

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

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

(ii) the Filer has provided notice that Section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia.

Interpretation

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

Representations

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

1. The Filer is a private corporation incorporated in China.

2. The Filer is not a reporting issuer in any province or territory of Canada.

3. The shares of the Filer are not listed on any public exchange.

4. The Filer is not in default of any requirement of securities laws in British Columbia or Ontario.

5. The Target is an Australian incorporated company having its registered address in Melbourne, Australia.

6. The ordinary shares of the Target (the **Target Shares**) are listed on the official list of ASX Limited (**ASX**) and the Toronto Stock Exchange (**TSX**) under the symbol "IVA".

7. As at August 21, 2013, the Target had an outstanding share capital of 728,201,911 Target Shares.

8. The Target is a reporting issuer in the province Ontario.

9. To the best of the Filer's knowledge, the Target is not in default of any requirement of securities laws in British Columbia or Ontario.

10. The Offer was announced by press release on August 21, 2013.

11. Under the terms of the Offer, shareholders of the Target will receive AUD$0.22 in cash for each Target Share that they tender to the Offer. The offer price represents a premium of 29% over the closing price of AUD$0.17 per Target Share on ASX on August 20, 2013, the last trading day before the announcement of the Offer.

12. The Filer intends to publish and mail a Bidder's Statement (the **Bidder's Statement**) to all holders of Target Shares as soon as possible. The Bidder's Statement will be completed and mailed and the Offer will be made in compliance with the laws of Australia, including the rules and regulations of the Australian Securities and Investments Commission, ASX and the Australian *Corporations Act 2001* (Cth) which will include a full description of the Offer, including relevant information as to (i) the Filer, (ii) the Target, (iii) the background and reasons for the Offer, and (iv) the terms and conditions of the Offer.

13. The Offer is subject to a number of conditions, including regulatory approvals and a 51% minimum acceptance condition (**Minimum Acceptance Condition**) of Target Shares.

14. The Offer will be open for acceptance for a period of not less than one month following the mailing of the Bidder's Statement to shareholders of the Target.

15. The Offer will be governed by Australian law and will be subject to the jurisdiction of the Australian courts. The Offer will be subject to legal and regulatory requirements, including the rules and regulations of the Australian Securities and Investments Commission, ASX and the Australian *Corporations Act 2001* (Cth).

16. The Offer constitutes a "take-over bid" under the definition of such term in Section 89(1) of the Ontario Act and Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids* (**MI 62-104**) as certain holders of Target Shares are resident in Canada. The Offer is therefore subject to the formal bid requirements set out in the Take Over Bid Requirements, unless otherwise exempted.

17. An offeror may use the exemption prescribed by section 100.3 of the Ontario Act and Section 4.4 of MI 62-104 (collectively, the **Foreign Take-Over Bid Exemption**) to be relieved from the Take Over Bid Requirements upon satisfaction of certain conditions, including that security holders whose last address as shown on the books of the offeree issuer is in Canada hold less than 10% of the outstanding securities of the class subject to the bid at the commencement of the bid and the Offeror reasonably believes that security holders in Canada beneficially own less than 10% of the securities of the class subject to the bid at the commencement of the bid.

18. IAL Holdings Singapore Pte Ltd. (**IAL**) is the largest shareholder of Target Shares holding approximately 56.2% of the issued and outstanding Target Shares.

19. IAL is a Singapore incorporated private company.

20. IAL is not a reporting issuer in any province or territory of Canada.

21. The shares of IAL are not listed on any public exchange.

22. To the best of the Filer's knowledge, IAL is not in default of any requirement of securities law in British Columbia or Ontario.

23. Turquoise Hill Resources Limited (**Turquoise**) is the sole shareholder of the shares of IAL.

24. Section 1(4) of the *Securities Act* (British Columbia) deems Turquoise to be the beneficial holder of the Target Shares held by IAL.

25. Turquoise is a company incorporated under the laws of the Yukon Territory and having its registered address in Vancouver, Canada.

26. The common shares of Turquoise are listed on TSX, the New York Stock Exchange and NASDAQ under the symbol "TRQ".

27. Turquoise is a reporting issuer in each of the provinces and territories.

28. To the best of the Filer's knowledge, Turquoise is not in default of any requirement of Canadian securities law.

29. Turquoise is an international mining company focused on copper, gold and coal mines in the Asia Pacific region. Turquoise's primary operation is its 66% interest in the Oyu Tolgoi copper-gold-silver mine in southern Mongolia. Other than its indirect shareholding in the Target, Turquoise owns a 58% interest in Mongolian coal miner SouthGobi Resources and a 50% interest in Altynalmas Gold, a private company developing the Kyzyl Gold Project in Kazakhstan.

30. Rio Tinto plc (**Rio Tinto**) is the indirect (through wholly-owned subsidiaries) holder of 50.81% of the outstanding shares of Turquoise.

31. Rio Tinto is a leading international mining group headquartered in the UK, combining Rio Tinto plc, a London and New York Stock Exchange listed company, and Rio Tinto Limited, which is listed on ASX.

32. Rio Tinto's business is finding, mining, and processing mineral resources. Major products are aluminium, copper, diamonds, thermal and metallurgical coal, uranium, gold, industrial minerals (borax, titanium dioxide and salt) and iron ore. Activities span the world and are strongly represented in Australia and North America with significant businesses in Asia, Europe, Africa and South America.

33. Rio Tinto is not a reporting issuer in any province or territory.

34. To the best of the Filer's knowledge, Rio Tinto is not in default of any requirement of Canadian securities law.

35. In response to a request made by the Filer on August 21, 2013, the Target advised the Filer that the current report from Computershare Investor Services Inc., the transfer agent for the Target, disclosed that shareholders resident in Canada, excluding IAL, beneficially own approximately 0.06% of the issued and outstanding Target Shares and represent approximately 2% of the total number of beneficial holders and 2.1% of the total number of registered holders of Target Shares.

36. To Filer's knowledge, relying upon the statements of the Target, there are no other registered or beneficial holders of Target Shares resident in Canada.

37. The Target Shares are thinly traded on TSX with an average monthly trading volume of approximately 30,500 Target Shares on TSX over the past six month period ended on July 31, 2013.

38. During the 12 months to March, 2013, approximately 209,027 Target Shares were traded on the TSX, representing approximately 0.03% of the outstanding Target Shares and 0.21% of the total shares traded over the same period on the ASX.

39. The greatest dollar volume of trading of Target Shares in the twelve month period prior to the application was on the ASX and the Target Shares had an average monthly trading volume of approximately 13,289,096 on ASX in that period.

40. Turquoise has entered into a pre-bid acceptance deed (the **PBAD**) with the Filer with respect to Target Shares representing 14.9% of the issued and outstanding Target Shares (**Sale Shares**). Under the PBAD, Turquoise has undertaken to procure that IAL irrevocably accepts the Offer in respect of the Sale Shares not later than five business days after the day on which the Filer declares or announces that (except for the Minimum Acceptance Condition) all of the conditions to the Offer have been satisfied or waived.

41. The Offer and any amendments to the Offer will be made in compliance with the laws of Australia, including the rules and regulations of the Australian Securities and Investments Commission, ASX and the Australian *Corporations Act 2001* (Cth).

42. Canadian holders of Target Shares will be entitled to participate in the Offer on terms at least as favourable as the terms that apply to the general body of holders of Target Shares.

43. At the same time as the Bidder's Statement and other material relating to the bid is sent by or on behalf of the Filer to holders of Target Shares resident in Australia, the material will be filed and sent to holders of Target Shares whose last address as shown on the books of the Target is in Canada.

Decision

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

The decision of the principal regulator under the Legislation is that the Formal Bid Exemption is granted provided that:

(i) the Offer and any amendments to the Offer are made in compliance with the laws of Australia, including the rules and regulations of the Australian Securities and Investments Commission, ASX and the Australian *Corporations Act 2001* (Cth); and

(ii) Canadian holders of Target Shares are entitled to participate in the Offer on terms at least as favourable as the terms that apply to the general body of holders of Target Shares; and

(iii) at the same time as the Bidder's Statement and other material relating to the bid is sent by or on behalf of the Filer to holders of Target Shares resident in Australia, the material is filed and sent to holders of Target Shares whose last address as shown on the books of the Target is in Canada.

"Christopher Portner"
Commissioner
Ontario Securities Commission

"James Turner"
Vice-Chair
Ontario Securities Commission

2.1.3 Invesco Canada Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from certain specified derivatives and custodial requirements to permit mutual funds to enter into swap transactions that are cleared through a clearing corporation – relief required because of new U.S. requirements to clear over-the-counter derivatives including swaps – decision treats cleared swaps similar to other cleared derivatives – National Instrument 81-102 Mutual Funds.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.7(1) and (4), 6.8(1), 19.1.

July 25, 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
INVESCO CANADA LTD.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**), pursuant to section 19.1 of National Instrument 81-102 *Mutual Funds* (**NI 81-102**), exempting each Existing Invesco Fund (as defined below) and all current and future mutual funds managed by the Filer that enter into Swaps (as defined below) in the future (each, a **Future Invesco Fund** and, together with the Existing Invesco Funds, each, an **Invesco Fund** and, collectively, the **Invesco Funds**):

(i) from the requirement in subsection 2.7(1) of NI 81-102 that a mutual fund must not purchase an option or a debt-like security or enter into a swap or a forward contract unless, at the time of the transaction, the option, debt-like security, swap or contract has a designated rating or the equivalent debt of the counterparty, or of a person or company that has fully and unconditionally guaranteed the obligations of the counterparty in respect of the option, debt-like security, swap or contract, has a designated rating;

(ii) from the limitation in subsection 2.7(4) of NI 81-102 that the mark-to-market value of the exposure of a mutual fund under its specified derivatives positions with any one counterparty other than an acceptable clearing corporation or a clearing corporation that settles transactions made on a futures exchange listed in Appendix A to NI 81-102 shall not exceed, for a period of 30 days or more, 10 percent of the net asset value of the mutual fund; and

(iii) from the requirement in subsection 6.1(1) of NI 81-102 to hold all portfolio assets of a mutual fund under the custodianship of one custodian in order to permit each Invesco Fund to deposit cash and other portfolio assets directly with a Futures Commission Merchant (as defined below) and indirectly with a Clearing Corporation (as defined below) as margin,

in each case, with respect to cleared Swaps (the **Requested Relief**).

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

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

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

Interpretation

Terms defined in NI 81-102, National Instrument 14-101 *Definitions*, and MI 11-102 have the same meaning if used in this decision, unless otherwise defined. Capitalized terms used in this decision have the following meanings:

"CFTC" means the U.S. Commodity Futures Trading Commission

"Clearing Corporation" means any of the Chicago Mercantile Exchange Inc., ICE Clear Credit LLC, LCH.Clearnet Limited and any other clearing organization that is permitted to operate in the Jurisdiction or the Other Jurisdiction, as the case may be, where the Invesco Fund is located

"Dodd-Frank" means the Dodd-Frank Wall Street Reform and Consumer Protection Act

"Existing Invesco Funds" means any of Trimark Income Growth Fund, Trimark Select Balanced Fund, Trimark Global Balanced Fund, Invesco Canadian Balanced Fund, Trimark Global Balanced Class, Trimark Diversified Income Class, Trimark Canadian Plus Dividend Class, Invesco

Emerging Markets Debt Fund, Trimark Advantage Bond Fund, Trimark Canadian Bond Fund, Trimark Global High Yield Bond Fund, Trimark Floating Rate Income Fund, Trimark Diversified Yield Class, Invesco Intactive Diversified Income Portfolio, Invesco Intactive Balanced Income Portfolio, Invesco Intactive Balanced Growth Portfolio, Invesco Intactive Growth Portfolio, Invesco Intactive Maximum Growth Portfolio, Invesco Intactive Strategic Yield Portfolio, Invesco Intactive 2023 Portfolio, Invesco Intactive 2028 Portfolio, Invesco Intactive 2033 Portfolio, Invesco Intactive 2038 Portfolio, Powershares Tactical Canadian Asset Allocation Fund, Powershares Global Agriculture Class, Powershares Global Gold And Precious Metals Class, Powershares Global Water Class, Powershares Global Clean Energy Class, Powershares Golden Dragon China Class, Powershares FTSE RAFI Emerging Markets Fundamental Class, Powershares India Class, Powershares FTSE RAFI U.S. Fundamental Fund, Powershares Global Dividend Achievers Fund, Powershares FTSE RAFI Global+ Fundamental Fund, Powershares High Yield Corporate Bond Index Fund, Powershares Tactical Bond Fund, Trimark Fund, Trimark Global Fundamental Equity Fund, Trimark Global Endeavour Fund, Trimark International Companies Fund, Trimark Global Fundamental Equity Class, Trimark Global Endeavour Class, Trimark International Companies Class, Trimark Global Dividend Class, Invesco Core Canadian Balanced Class, Trimark U.S. Companies Class, Invesco Intactive Strategic Capital Yield Portfolio Class, Powershares Tactical Bond Capital Yield Class, Invesco Balanced Risk Allocation Pool, PowerShares Fundamental High Yield Corporate Bond (CAD Hedged) Index ETF, PowerShares QQQ (CAD Hedged) Index ETF, PowerShares Senior Loan (CAD Hedged) Index ETF, PowerShares S&P 500 Low Volatility (CAD Hedged) Index ETF, PowerShares FTSE RAFI US Fundamental (CAD Hedged) Index ETF, PowerShares S&P 500 High Beta (CAD Hedged) Index ETF, PowerShares Tactical Bond ETF

"Futures Commission Merchant" means any futures commission merchant that is registered with the CFTC and is a member of a Clearing Corporation

"Invesco" means the global Invesco group of companies, including the Filer, Invesco Advisers, Inc., Invesco Asset Management Limited, Invesco Global Strategies and their affiliates

"OTC" means over-the-counter

"Swaps" means the swaps that are, or will become, subject to a clearing determination issued by the CFTC, including fixed-to-floating interest rate swaps, basis swaps, forward rate agreements in U.S. dollars, the Euro, Pounds Sterling or the Japanese Yen, overnight index swaps in U.S. dollars, the Euro and Pounds Sterling and untranched credit default swaps on certain North American indices (CDX.NA.IG and CDX.NA.HY) and European indices (iTraxx Europe, iTraxx Europe Crossover and iTraxx Europe HiVol) at various tenors

"U.S. Person" has the meaning attributed thereto by the CFTC

Representations

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

1. The Filer is, or will be, the investment fund manager of each Invesco Fund. The Filer is registered as an investment fund manager in each of the Provinces of Ontario, Québec and Newfoundland and Labrador and as a portfolio manager and an exempt market dealer in each province of Canada. The Filer is also registered as a mutual fund dealer and commodity trading manager in the Province of Ontario. The head office of the Filer is in Toronto, Ontario.

2. The Filer is, or will be, the portfolio manager to the Invesco Funds. An affiliate of the Filer may be the sub-advisor to certain of the Invesco Funds.

3. Each Invesco Fund is, or will be, a mutual fund created under the laws of the Province of Ontario and is, or will be, subject to the provisions of NI 81-102.

4. Neither the Filer nor the Invesco Funds are, or will be, in default of securities legislation in any Jurisdiction.

5. The securities of each Invesco Fund are, or will be, qualified for distribution pursuant to a prospectus that was, or will be, prepared and filed in accordance with the securities legislation of the Jurisdictions. Accordingly, each Invesco Fund is, or will be, a reporting issuer or the equivalent in each Jurisdiction.

6. The investment objective and investment strategies of each Invesco Fund permit, or will permit, the Invesco Fund to enter into derivative transactions, including Swaps. Each of the portfolio management teams for the Existing Invesco Funds considers Swaps to be an important investment tool that is available to it to properly manage each Existing Invesco Fund's portfolio. The Existing Invesco Funds currently enter into some Swaps and the use of Swaps may increase in the future.

7. Dodd-Frank requires that certain OTC derivatives be cleared through a Futures Commission Merchant at a Clearing Corporation. Generally, where one party to a Swap is a U.S. Person and the other party to the Swap is a mutual fund, such as an Invesco Fund, that Swap must be cleared, absent an available exception, beginning on June 10, 2013. With respect to entities such as the Invesco Funds, the compliance date for the clearing of iTraxx CDS indices is July 25, 2013.

8. Currently, the Existing Invesco Funds may enter into Swaps on an OTC basis with a number of Canadian, U.S. and other international counterparties. These OTC Swaps are entered into in compliance with the derivative provisions of NI 81-102.

9. In order to benefit from both the pricing benefits and reduced trading costs that Invesco may be able to achieve through its trade execution practices for its managed investments funds and from the reduced costs associated with cleared OTC derivatives as compared to other OTC trades, the Filer wishes to have the Invesco Funds enter into cleared Swaps.

10. In the absence of the Requested Relief, Invesco will need to structure the Swaps entered into by the Invesco Funds so as to avoid the clearing requirements of the CFTC. The Filer respectfully submits that this would not be in the best interests of the Invesco Funds and their investors for a number of reasons, as set out below.

11. The Filer strongly believes that it is in the best interests of the Invesco Funds and their investors to be able to execute OTC derivatives with U.S. Persons, including U.S. swap dealers.

12. In its role as a fiduciary for the Invesco Funds, the Filer has determined that central clearing represents the best choice for the investors in the Invesco Funds to mitigate the legal, operational and back office risks faced by investors in the global swap markets.

13. Invesco currently uses the same trade execution practices for all of its managed funds, including the Invesco Funds. After June 10, 2013, these practices will include the use of cleared Swaps if such trades are executed with a U.S. swap dealer. If the Invesco Funds are unable to employ these trade execution practices, then Invesco will have to create separate trade execution practices only for the Invesco Funds. This will increase the operational risk for the Invesco Funds, as separate procedures will need to be established and followed only for the Invesco Funds. In addition, the Invesco Funds will no longer be able to enjoy the possible price benefits and reduction in trading costs that Invesco may be able to achieve through a common practice for its managed funds. In the Filer's opinion, best execution and maximum certainty can best be achieved through common trade execution practices, which, in the case of OTC derivatives, involve the execution of Swaps on a cleared basis.

14. As a member of the G20 and a participant in the September 2009 commitment of G20 nations to improve transparency and mitigate risk in derivatives markets, Canada has expressly recognized the systemic benefits that clearing OTC derivatives offers to market participants, such as the Invesco Funds. The Filer respectfully submits that the Invesco Funds should be encouraged to comply with the robust clearing requirements established by the CFTC by granting them the Requested Relief.

15. The Requested Relief is analogous to the treatment currently afforded under NI 81-102 to other types of derivatives that are cleared, such as clearing corporation options, options on futures and standardized futures. This demonstrates that, from a policy perspective, the Requested Relief is consistent with the views of the Canadian securities authorities in respect of cleared derivative trades.

16. For the reasons provided above, the Filer submits that it would not be prejudicial to the public interest to grant the Requested Relief.

Decision

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

The decision of the principal regulator under the Legislation is that the Requested Relief is granted provided that, in respect of the deposit of cash and portfolio assets as margin:

(a) in Canada,

  (i) the Futures Commission Merchant is a member of a SRO that is a participating member of CIPF; and

  (ii) the amount of margin deposited and maintained with the Futures Commission Merchant does not, when aggregated with the amount of margin already held by the Futures Commission Merchant, exceed 10 percent of the net asset value of the Invesco Fund as at the time of deposit; and

(b) outside of Canada,

  (i) the Futures Commission Merchant is a member of a Clearing Corporation and, as a result, is subject to a regulatory audit;

  (ii) the Futures Commission Merchant has a net worth, determined from its most recent audited financial statements that have been made public or from other publicly available financial information, in excess of the equivalent of $50 million; and

(iii) the amount of margin deposited and maintained with the Futures Commission Merchant does not, when aggregated with the amount of margin already held by the Futures Commission Merchant, exceed 10 percent of the net asset value of the Invesco Fund as at the time of deposit.

This decision will terminate on the earlier of (i) the coming into force of any revisions to the provisions of NI 81-102 that address the clearing of OTC derivatives, and (ii) two years from the date of this decision.

"Darren McKall"
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.4 Afren plc

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Application by U.K. issuer for a decision that it is not a reporting issuer – The issuer has *de minimis* market presence in Canada – Residents of Canada do not beneficially own more than 2% of each class or series of outstanding securities of the issuer worldwide and do not comprise more than 2% of the total number of securityholders of the issuer worldwide – The issuer's securities are not listed on any Canadian stock exchange or publicly traded on a marketplace in Canada – The issuer has no current intention to distribute any securities to the public or to be listed on any Canadian stock exchange or publicly traded on a marketplace in Canada – All of the issuer's security holders resident in Canada will receive the same continuous disclosure documents required by England and Wales securities laws to be so delivered – the issuer issued a press release announcing that it had applied for a decision to be released from public company reporting obligations in Canada.

Applicable Legislative Provisions

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

September 13, 2013

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

AND

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

AND

IN THE MATTER OF
AFREN PLC
(the Filer)

DECISION

Background

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

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

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

(b) 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.

Representations

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

1. The Filer is a corporation that was formed under the laws of England and Wales on December 3, 2004. The Filer's registered and head office is located at Kinnaird House, 1 Pall Mall East, London, England, SW1Y 5AU.

2. The Filer is an independent upstream oil and gas exploration and production company and has a portfolio of 28 assets across 12 countries. The Filer does not have any operations in Canada.

3. The Filer is a reporting issuer in each of the Jurisdictions and is not in default of securities legislation in any of the Jurisdictions.

4. The Filer became a reporting issuer in the Jurisdictions under the Legislation following its acquisition, pursuant to a scheme of arrangement under the laws of the British Virgin Islands (the Arrangement), of Black Marlin Energy Holdings Limited (Black Marlin), a corporation which, at the time of the Arrangement, was a reporting issuer in each of the Jurisdictions, on October 7, 2010.

5. Under the Arrangement, the Filer acquired all of the issued and outstanding common shares of Black Marlin. Under the terms of the Arrangement, each Black Marlin shareholder received 0.3647 of an ordinary share of the Filer for each common share of Black Marlin held. Upon completion of the Arrangement, Black Marlin became a wholly-owned subsidiary of the Filer.

6. The authorized share capital of the Filer as of June 14, 2013 consisted of 1,200 million ordinary shares of 1 pence each. As of June 14, 2013, there were 1,089,441,697 ordinary shares issued and outstanding.

7. The Filer's securities are listed and posted for trading on a major foreign exchange, being the London Stock Exchange. The Filer is not in default of any of the requirements of the London Stock Exchange.

8. None of the Filer's securities are or have been listed, traded or quoted on a marketplace in Canada as defined in National Instrument 21-101 – *Marketplace Operation* and the Filer does not intend to have its securities listed, traded or quoted on such a marketplace in Canada.

9. The Filer is a "designated foreign issuer" under National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*.

10. In support of the representations set forth in paragraph 12 below concerning the percentage of outstanding securities and the total number of security holders in Canada, the Filer sought and obtained information from the Filer's registrar, Computershare Investor Services PLC (the Registrar). The Filer directed the Registrar to undertake a thorough and diligent examination of its share register for the purposes of determining the number, holdings, identity and geographic location of the holders of its outstanding ordinary shares. The Filer believes that these inquiries were reasonable, given that its share register and the Registrar are the only official sources of information on the Filer's security holders.

11. Based on the Filer's diligent inquiries described above and information provided by the Registrar, as of June 14, 2013, the Filer had 1,089,441,697 ordinary shares outstanding, of which only 66,010 shares were held by four registered shareholders with registered addresses in Canada, representing less than 0.01% of the total number of ordinary shares issued and outstanding on June 14, 2013.

12. Accordingly, based solely on the foregoing, as of June 14, 2013, residents of Canada:

    (a) do not directly or indirectly beneficially own more than 2% of each class or series of the outstanding securities (including debt securities) of the Filer worldwide; and

    (b) do not directly or indirectly comprise more than 2% of the total number of securityholders of the Filer worldwide.

13. The Filer is unable to rely on the simplified procedure set out in CSA Notice 12-307 in order to apply for the relief sought because the Filer's securities are traded on the London Stock Exchange, the Filer is a reporting issuer in British Columbia and it has more than 51 security holders in total worldwide. The Filer does not qualify to use the procedures in BC Instrument 11-502 – *Voluntary Surrender of Reporting Issuer Status* to cease to be a reporting issuer in British Columbia because it has more than 51 securityholders and its securities are traded on the London Stock Exchange.

No Canadian capital markets activity

14. The Filer has no current intention to seek public financing by way of an offering of securities in any jurisdiction in Canada.

15. In the 12 months prior to the date of the Application, the Filer has not taken any steps that indicate there is a market for its securities in Canada and, in particular, has not conducted a prospectus offering in Canada nor has it established or maintained a listing on a Canadian marketplace or exchange.

No prejudice to Canadian investors

16. The Filer is subject to all applicable corporate requirements of a corporation formed under England and Wales law and the applicable rules of the London Stock Exchange, which is a major foreign exchange. The Filer is not in default of any of the requirements of England and Wales law applicable to it.

17. On the date of the Application, the Filer issued and filed a press release announcing that it has submitted an application to the Decision Makers for a decision that is not a reporting issuer in the Jurisdictions and, if that decision is granted, the Filer will no longer be a reporting issuer or the equivalent in any jurisdiction in Canada.

18. The Filer hereby undertakes in favour of the securities regulatory authorities of the Jurisdictions that it will deliver to its securityholders resident in Canada, in the same manner and at the same time as delivered to its securityholders resident in England and Wales, all disclosure material required by England and Wales securities laws to be so delivered.

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.

"Edward P. Kerwin"
Ontario Securities Commission

"Sarah B. Kavanagh"
Ontario Securities Commission

2.1.5 Pan American Fertilizer (Canada) Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for an order that the issuer is not a reporting issuer under applicable securities laws – one beneficial securityholder in British Columbia – requested relief granted – section 1(10)(a)(ii) of the Securities Act (Ontario).

Applicable Legislative Provisions

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

September 13, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO AND ALBERTA (the Jurisdictions)
R.S.O. 1990, CHAPTER S.5, AS AMENDED

AND

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

AND

IN THE MATTER OF
PAN AMERICAN FERTILIZER (CANADA) CORP.
(THE FILER)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer under the securities legislation of the Jurisdictions (the **Legislation**) for an order that the Filer has ceased to be a reporting issuer in the Jurisdictions (the **Requested Relief**).

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

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

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

Interpretation

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

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

Representations

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

1. The Filer was organized under the *Business Corporations Act* (British Columbia) on August 2, 2013, as a result of a three way amalgamation (the **Amalgamation**). The Filer became a reporting issuer through the completion of the Amalgamation. The Filer's head office is located at Suite 601-570 Granville Street, Vancouver, British Columbia.

2. The Filer has provided the notice contemplated by British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* to the British Columbia Securities Commission (**BCSC**). The Filer received confirmation from the BCSC that it has ceased to be a reporting issuer in British Columbia effective August 30, 2013.

3. The outstanding securities of the Filer, 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.

4. No securities of the Filer including any debt securities have ever traded in the past or 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.

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

6. The Filer is applying for a decision that it is not a reporting issuer in all of the Jurisdictions.

7. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer, other than an obligation to file on or before August 29, 2013 its interim financial statements and its management discussion and analysis in respect of such statements for the three month period ended June 30, 2013, as required under National Instrument 51-102 – *Continuous Disclosure Obligations* and the related certificates as required under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*.

8. The Filer is not eligible to rely on the simplified procedure under CSA Staff Notice 12-307 – *Applications for a Decision that an Issuer is not a Reporting Issuer* is no longer available to the Filer because it is in default of certain filing obligations under the Legislation as described in paragraph 7 above.

9. The Filer will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the granting of the Requested Relief.

10. There is no prejudice to any person in Alberta or Ontario in the grant of this application.

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 Requested Relief is granted.

Dated this 13th day of September, 2013.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Susan B. Kavanagh"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 Azimuth Resources Limited – s. 1(10)(a)(ii)

Headnote

Application for an order that the issuer is not a reporting issuer under applicable securities laws – requested relief granted.

Applicable Legislative Provisions

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

September 10, 2013

Azimuth Resources Limited
510A Hay Street Subiaco, WA 6008 Australia

Dear Sirs/Mesdames:

Re: Azimuth Resources Limited (the Applicant) – application for an order under subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) (the Act) that the Applicant is not a reporting issuer

The Applicant has applied to the Ontario Securities Commission for an order under subclause 1(10)(a)(ii) of the Act that the Applicant is not a reporting issuer.

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

The Applicant has represented to the Commission that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in Ontario 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 not in default of any of its obligations under the Legislation as a reporting issuer; and

(d) the Applicant will not be a reporting issuer in any jurisdiction of Canada immediately following the Director granting the relief requested.

The Director is satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Applicant is not a reporting issuer.

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

2.2.2 David Charles Phillips and John Russell Wilson – Rule 3 of the OSC Rules of Procedure

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

AND

IN THE MATTER OF
DAVID CHARLES PHILLIPS and
JOHN RUSSELL WILSON

ORDER
(Rule 3 of the Ontario Securities Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071)

WHEREAS on June 4, 2012, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing in relation to a Statement of Allegations filed by Staff of the Commission ("**Staff**") against David Charles Phillips ("**Phillips**") and John Russell Wilson ("**Wilson**") (together, the "**Respondents**");

AND WHEREAS pursuant to the Notice of Hearing an attendance in this matter was held on June 25, 2012 at which time the Commission adjourned the matter to Tuesday, August 28, 2012;

AND WHEREAS on August 28, 2012, the Commission ordered that the hearing on the merits shall commence on February 11, 2013 and continue, if necessary, until March 6, 2013, except for February 12, 18 and 26, 2013;

AND WHEREAS at a Pre-Hearing Conference held on October 12, 2012, the Commission heard submissions from Staff and from counsel for the Respondents;

AND WHEREAS counsel for the Respondents advised that the Respondents would bring a motion for further disclosure from Staff (the "**Disclosure Motion**") pursuant to Rule 4.3 of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 (the "**Rules**") and might bring a motion for adjournment of the hearing on the merits pursuant to Rule 9 of the Rules (the "**Adjournment Motion**");

AND WHEREAS the Disclosure Motion was heard on November 26, 2012 and the Reasons and Decision on the Motion were issued on November 30, 2012;

AND WHEREAS on January 23, 2013, the Respondents sought an adjournment of the hearing on the merits pursuant to Rule 9 of the Rules, and Staff consented to the request;

AND WHEREAS on January 25, 2013, the Commission granted the request and ordered that the hearing on the merits would commence on Monday, June 3, 2013 and continue, if necessary, until June 25, 2013, except for June 4 and June 18, 2013 (the "**Merits Hearing**");

AND WHEREAS on April 25, 2013, Staff filed an Amended Statement of Allegations in the matter;

AND WHEREAS the Merits Hearing commenced on June 5, 2013 and continued on June 6, 7, 10, 11, 12, 13, 17, 19, 20 and 24, 2013;

AND WHEREAS on June 24, 2013, following the completion of the evidence phase of the Merits Hearing, Staff and the Respondents (the "**Parties**") agreed and the Commission ordered that closing arguments would be heard on September 9, 2013;

AND WHEREAS Staff filed and served its written submissions on August 2, 2013, the Respondents' written submissions are to be filed and served by August 21, 2013, and Staff's written reply submissions are to be filed and served by August 29, 2013;

AND WHEREAS on August 6, 2013, the Respondents filed and served a Notice of Motion, seeking leave to tender new evidence ("**New Evidence**") in the Merits Hearing in the form of the affidavit of Dr. Douglas Hyatt ("**Hyatt**"), sworn July 30, 2013 (the "**Hyatt Affidavit**") with respect to a meeting of the Independent Committee of the Board of Directors of First Leaside Wealth Management Inc. ("**FLWM**") on November 13, 2011 (the "**November 13, 2011 Meeting**"), and the unredacted minutes of that meeting, or, in the alternative, leave to recall Hyatt to provide oral evidence in the Merits Hearing, and such further and other relief as to the Commission may seem just (the "**Motion**");

AND WHEREAS the Respondents submitted that there is no suggestion that the admission of the New Evidence would require calling or recalling further witnesses to respond to or to contest the New Evidence;

AND WHEREAS the Respondents' Motion Record included the Hyatt Affidavit and the affidavit of Clarke Tedesco, sworn August 6, 2013;

AND WHEREAS the Respondents requested that the Motion be heard in writing, pursuant to Rules 3.3 and 11.4 of the Rules, or, if the Commission directs that the Motion proceed by way of an oral hearing, on a date to be set by the Commission;

AND WHEREAS on August 8, 2013, in response to the Motion, Staff filed and served a Memorandum of Fact and Law, a Brief of Authorities, the affidavit of Stephanie Collins, sworn August 8, 2013, and the affidavit of Sharon Nicolaides, sworn August 9, 2013;

AND WHEREAS Staff submitted that the Motion should be dismissed, and, in the event the Motion is allowed, that the evidence should be in the form of the Hyatt Affidavit only and the Respondents should not be permitted to recall Hyatt to give oral evidence, and that the Hyatt Affidavit should be given very little weight;

AND WHEREAS on August 14, 2013, the Respondents filed and served a Reply Memorandum of Fact and Law, a Brief of Authorities, and a Supplemental Motion Record, including the affidavit of Clarke Tedesco, sworn August 14, 2013;

AND WHEREAS on August 16, 2013, having considered the written materials filed by the Parties, the Commission ordered that it would hear the Parties' oral submissions concerning the Motion on September 9, 2013, the date previously set aside for closing argument in the Merits Hearing, and that the Parties' closing arguments in the Merits Hearing would be adjourned to a date to be agreed by the Parties and fixed by the Office of the Secretary;

AND WHEREAS on September 9, 2013, the Commission heard the Parties' oral submissions in respect of the Motion, and in particular with respect to: (i) whether the New Evidence is relevant; (ii) whether the New Evidence could have been obtained earlier with reasonable diligence; and (iii) whether, if the New Evidence is admitted, it would be necessary or appropriate to recall Hyatt or Peter Dunne ("**Dunne**"), former counsel to FLWM, to give further oral evidence;

AND WHEREAS, having considered the Parties' written and oral submissions, we have determined that: (i) the New Evidence may be relevant to the issues in dispute, although it would be premature, at this time, to determine what weight, if any, it should be given; (ii) the New Evidence could not have been obtained earlier with reasonable diligence, considering, amongst other factors, that neither the Respondents nor Staff had access to the unredacted minutes of the November 13, 2011 Meeting until July 24, 2013; and (iii) it is not necessary or appropriate, in the circumstances of this case, for Hyatt or Dunne to be recalled to give further oral evidence;

AND WHEREAS we have determined that admitting the New Evidence, on the basis set out above, will not prejudice Staff or disrupt the orderly conduct of the Merits Hearing;

AND WHEREAS on September 9, 2013, after the Commission's oral ruling on the Motion, the Commission heard the Parties' submissions on the timeline for the Respondents' written closing submissions and Staff's written reply submissions, and the date for oral closing submissions in the Merits Hearing;

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

IT IS ORDERED THAT:

1. the Motion is allowed, and the Hyatt Affidavit is admitted into evidence in the Merits Hearing;

2. the Respondents shall file and serve written closing submissions in the Merits Hearing by noon on Monday, September 16, 2013;

3. Staff shall file and serve written reply submissions, if any, in the Merits Hearing by noon on Friday, September 20, 2013; and

4. the hearing of the Parties' closing arguments in the Merits Hearing will take place on Wednesday, September 25, 2013, at 10:00 a.m., or such other date and time as is agreed by the Parties and fixed by the Office of the Secretary.

DATED at Toronto this 9th day of September, 2013.

"Edward P. Kerwin"

"C. Wesley M. Scott"

2.2.3 Jowdat Waheed and Bruce Walter

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

AND

IN THE MATTER OF
JOWDAT WAHEED AND BRUCE WALTER

ORDER

WHEREAS on the first day of the hearing on the merits in this matter (the "Merits Hearing"), a joint hearing brief filed by the parties ("Joint Hearing Brief") was marked by the Panel as Exhibit 1 for identification on the understanding that the parties would work together to produce a condensed Joint Hearing Brief at the conclusion of the Merits Hearing, which was to contain only those documents in the Joint Hearing Brief that were referred to during the course of the Merits Hearing (the "Condensed Joint Hearing Brief");

AND WHEREAS, following closing submissions in the Merits Hearing, the parties requested the assistance of the Panel in determining whether certain documents should be included in the Condensed Joint Hearing Brief;

AND WHEREAS a hearing was held on September 5, 2013 to consider the following two outstanding issues with respect to the record (the "Motion Hearing"):

1. Whether 31 documents in the Joint Hearing Brief and identified as Joint Hearing Brief tab ("JHB") 457, JHB 1806-D, JHB 1957, JHB 2379, JHB 1263, JHB 1726, JHB 1729, JHB 67, JHB 180, JHB 190, JHB 216, JHB 2344, JHB 2360, JHB 2551-F, JHB 2551-G, JHB 2551-I, JHB 108, JHB 109, JHB 111, JHB 125, JHB 127, JHB 211, JHB 378, JHB 1697, JHB 1556, JHB 1545, JHB 1596, JHB 1808, JHB 1769, JHB 2428 and JHB 1868 (collectively, the "31 Documents"), form part of the record in this matter; and

2. Whether the Panel should accept a revised version of the Respondents' Joint Summary of Facts and Evidence filed on August 2, 2013, after the completion of closing submissions;

AND WHEREAS at the Motion Hearing, the Panel was also asked to consider whether two additional documents, which were identified as JHB 767 and JHB 2337, should be included in the Condensed Joint Hearing Brief (the "Two Additional Contested Documents");

AND UPON reviewing the materials filed by the parties and considering the submissions of the parties;

IT IS ORDERED that:

1. The 31 Documents, which were properly in evidence at the Merits Hearing, shall be included in the Condensed Joint Hearing Brief;

2. The respondents Jowdat Waheed and Bruce Walter are granted leave to file the revised Respondents' Joint Summary of Facts and Evidence;

3. The Two Additional Contested Documents, which were not properly in evidence at the Merits Hearing, shall not be included in the condensed Joint Hearing Brief;

4. The parties shall file a revised index to the Condensed Joint Hearing Brief, which reflects our rulings in paragraphs (1) and (3) above; and

5. Staff shall file revised versions of its Written Closing Submissions, which shall not make reference to documents that the Panel has ruled are not in evidence.

DATED at Toronto this 11th day of September, 2013.

"Christopher Portner"

"Paulette L. Kennedy"

"Sarah B. Kavanagh"

2.2.4 Heritage Education Funds Inc.

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

AND

IN THE MATTER OF
HERITAGE EDUCATION FUNDS INC.

ORDER

WHEREAS on August 13, 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"), with the consent of Heritage Education Funds Inc. ("HEFI"), that the terms and conditions set out in Schedule "A" to the Commission order (the "Terms and Conditions") be imposed on HEFI (the "Temporary Order");

AND WHEREAS on August 21, 2012, the Commission extended the Temporary Order until November 23, 2012;

AND WHEREAS the Terms and Conditions required HEFI to retain a consultant (the "Consultant") to prepare and assist HEFI in implementing plans to strengthen their compliance systems, and to retain a monitor (the "Monitor") to review applications of New Clients and contact New Clients as defined and set out in the Terms and Conditions;

AND WHEREAS HEFI retained Deloitte & Touche LLP ("Deloitte") as its Monitor and its Consultant;

AND WHEREAS by Order dated October 10, 2012, the Commission clarified certain matters with respect to the Temporary Order;

AND WHEREAS by Order dated November 22, 2012, the Commission ordered that the Temporary Order be extended to December 21, 2012 and that the hearing be adjourned to December 20, 2012;

AND WHEREAS by Order dated December 20, 2012, the Commission amended certain of the Terms and Conditions and extended the Temporary Order to March 22, 2013;

AND WHEREAS by letter dated January 28, 2013, the Manager of the Compliance and Registrant Regulation Branch (the "OSC Manager") approved the compliance plan dated January 14, 2013 (the "Plan") submitted by the Consultant;

AND WHEREAS on March 21, 2013, the Commission ordered that the Temporary Order be extended to April 19, 2013;

AND WHEREAS on April 8, 2013, HEFI filed a motion with the Commission to vary the terms of the Temporary Order by, among other matters, suspending the on-going monitoring by the Monitor of HEFI's compliance with the Terms and Conditions (the "Motion");

AND WHEREAS on April 18, 2013, the Commission heard oral submissions from the parties and issued an Order which: (i) dismissed the Motion; (ii) extended the Temporary Order to May 31, 2013, or until such further order of the Commission; (iii) adjourned the hearing to May 27, 2013 at 11:00 a.m. for the purpose of providing the Commission with an update on the work completed by the Monitor and the Consultant; and (iv) provided that the Monitor, Staff and HEFI may seek further direction from the Commission, if necessary or desirable;

AND WHEREAS on May 23, 2013, the Commission issued an order on consent of the parties that: (i) the Temporary Order be extended to June 17, 2013; or until such further order of the Commission; (ii) the hearing be adjourned to June 14, 2013 at 10:00 a.m.; and (iii) the hearing date of May 27, 2013 be vacated;

AND WHEREAS by letter dated June 12, 2013 the OSC Manager approved Compliance Support Services to replace Deloitte as Consultant subject to three conditions;

AND WHEREAS on June 14, 2013, the Commission issued an order that: (i) the Temporary Order be extended to July 22, 2013; and (ii) the hearing be adjourned to July 18, 2013 at 10:00 a.m.;

AND WHEREAS on July 17, 2013, the Commission issued an order that: (i) the Temporary Order be extended to September 9, 2013; (ii) the hearing be adjourned to September 6, 2013 at 10:00 a.m.; and (iii) the hearing date of July 18, 2013 at 10:00 a.m. be vacated;

AND WHEREAS the parties have agreed that: (i) the role and activities of the Monitor set out in paragraphs 5, 6, 7 and 8 of the Terms and Conditions, as amended by Commission order dated December 20, 2012, be suspended as of the start of business on September 16, 2013; (ii) the Monitor will report on its findings up to and including September 16, 2013; and (iii) the Temporary Order be extended to October 22, 2013;

AND WHEREAS Staff has filed an affidavit of Lina Creta sworn September 5, 2013 to update the Commission on the status of this matter;

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

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

1. As of the start of business on September 16, 2013, the role and activities of the Monitor as set out in paragraphs 5, 6, 7 and 8 of the Terms and Conditions, as amended by Commission Order dated December 20, 2012, and the activity of

HEFI as set out in paragraph 8 of the Terms and Conditions will be suspended.

2. Further to paragraph 10 of the Terms and Conditions, the resumption of any future monitoring or any subsequent changes to that monitoring in furtherance of the implementation of the Plan, if any, shall take place on the recommendation of the Consultant and with the agreement of the OSC Manager and the parties may seek the direction from the Commission in the event that the parties are unable to agree on any future possible monitoring.

3. The Temporary Order is extended to October 22, 2013 or until further order of the Commission.

4. The hearing is adjourned to October 18, 2013 at 10:00 a.m. for the purpose of providing the Commission with an update on the work completed by the Consultant and to consider the possible extension of the Temporary Order.

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

"Christopher Portner"

2.2.5 RS Technologies Inc. – s. 9.1 of MI 61-101 Protection of Minority Security Holders in Special Transactions

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions – application for relief from shareholder meeting, information circular and minority approval requirements contained in Part 4 of MI 61-101 in connection with a business combination – issuer subject to CCAA proceedings – for a related party transaction, there is an exemption in MI 61-101 from the shareholder meeting, information circular and minority approval requirements in the context of a court-approved bankruptcy or insolvency transaction; no equivalent exemption exists for a business combination transaction – court-appointed monitor concluded that holders of issuer's existing equity securities have no economic interest – CCAA court approved business combination transaction – CCAA court made aware of provisions of MI 61-101 and did not otherwise require minority approval.

Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 4.2, 4.5, 9.1.

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

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

AND

IN THE MATTER OF
MULTILATERAL INSTRUMENT 61-101
PROTECTION OF MINORITY SECURITY HOLDERS
IN SPECIAL TRANSACTIONS
("MI 61-101")

AND

IN THE MATTER OF
RS TECHNOLOGIES INC.
(the "Filer")

ORDER
(Section 9.1 of Multilateral Instrument 61-101)

UPON the application (the "**Application**") of the Filer to the Director of the Ontario Securities Commission (the "**Commission**") for a decision pursuant to Section 9.1 of MI 61-101 exempting the Filer from the shareholder meeting, information circular and minority approval requirements of Sections 4.2 and 4.5 of MI 61-101 in connection with a proposed business combination transaction involving the Filer (the "**Exemptive Relief Sought**").

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

AND WHEREAS terms defined in National Instrument 14-101 *Definitions* have the same meaning in this order, unless otherwise defined in this order;

AND UPON the Filer having represented to the Director that:

1. The Filer is a corporation incorporated under the *Business Corporations Act* (Alberta) ("**ABCA**"). The Filer was previously known as "Resin Systems Inc." and in June of 2010 formally changed its name to RS Technologies Inc. The Filer is an ISO 9001:2008 certified company and its core business is the design, engineering and manufacturing of modular composite poles.

2. The Filer's head office and registered office is located at 233 Mayland Place N.E., Calgary, Alberta, T2E 7Z8.

3. The Filer's authorized share capital consists of an unlimited number of common shares ("**Common Shares**") and unlimited number of preferred shares ("**Preferred Shares**"). As of August 7, 2013, the Filer had 17,963,864 issued and outstanding Common Shares, 6,666,480 issued and outstanding Preferred Shares and 4,977,586 issued and outstanding warrants. As of August 7, 2013 the Filer also had 10,000 stock options outstanding.

4. The Filer is a reporting issuer in each of the Provinces of Alberta, British Columbia, Ontario and Nova Scotia.

5. The Common Shares were previously listed on the Toronto Stock Exchange ("**TSX**") until March 29, 2011. On March 30, 2011, the Common Shares were listed for trading on the NEX board of the TSX Venture Exchange ("**TSXV**"). Effective June 27, 2011, the Common Shares were delisted from the NEX board of the TSXV and have not since traded on a recognized exchange. None of the Filer's securities are currently trading on a recognized exchange.

6. In February 2013, the board of directors of the Filer (the "**Board**") determined that it was in the best interests of the Filer and its stakeholders that the Filer investigate the option to proceed with proceedings under the *Companies Creditors Arrangement Act* (Canada) ("**CCAA**") initiated by the Filer. In order to proceed with such investigation, the Board determined to establish a special committee comprised of certain members of management and certain directors, on behalf of the Board, to identify and engage an appropriate restructuring professional for the Filer to provide advice on responsibilities, options and assist in any potential restructuring, and to develop a recommended course of action if the Board decided to initiate a CCAA proceeding.

7. The Board did not form an independent committee of directors in connection with the CCAA proceedings as it was determined that none of David Werklund, Michael McGee, Ida Melbye-Larsen, Brian Felesky and Jim Gray were independent directors of the Filer for the purposes of CCAA proceedings.

8. On or about February 13, 2013, the Filer engaged FTI Consulting Canada Inc. (the "**Monitor**") to assist it with considering strategic alternatives in order to address its current financial circumstances and challenges to its operations and to provide independent advice and guidance to the Board.

9. On February 28, 2013, in consultation with the Monitor, the board of directors of the Filer unanimously resolved to direct the Filer to proceed toward making preparations for a filing under the CCAA, if necessary, and to negotiate and finalize agreements and documents necessary for such filing. Subsequent to this resolution, management of the Filer negotiated with Werklund Capital Corporation ("**Werklund**") and Melbye Skandinavia SA ("**Melbye**" and together with Werklund, the "**Purchasers**") to provide support to the Filer in the CCAA proceedings, including potentially participating in the SISP (as defined below) and submitting a form of Credit Bid Purchase Agreement (as defined below).

10. On March 13, 2013, immediately prior to Filing Date (as defined below), Messrs. Brian Felesky, Jim Gray and Paul Giannelia resigned from the board of directors of the Filer. The remaining directors, being Messrs. David Werklund, Michael McGee and Ida Melbye-Larsen (the "**Remaining Directors**") approved seeking of the Interim Order (as defined below).

11. On March 14, 2013 (the "**Filing Date**"), the Filer obtained protection from its creditors pursuant to an initial order (the "**Initial Order**") granted under the CCAA by the Court of Queen's Bench of Alberta (the "**Court**"). The Monitor was appointed as monitor of the affairs and finances of the Filer pursuant to the Initial Order.

12. As none of the Remaining Directors were independent directors of the Filer for the purposes of the CCAA proceedings, the Monitor, in addition to its prescribed rights and obligations under the CCAA, was empowered pursuant to the Initial Order to, among other things: (a) negotiate, subject to the Court's approval, a form of sale and investor solicitation procedure; (b) assist the Filer in its development of the plan of compromise and arrangement; and (c) have full and complete

access to the Filer's property to adequately assess the Filer's property, business and financial affairs and to perform its duties arising under the Initial Order.

13. Pursuant to an affidavit sworn in support of the Initial Order, the President and Chief Executive Officer of the Filer stated that based on current assets and liabilities, the Filer was insolvent as its liabilities exceeded its assets and the Filer was unable to meet its obligations generally as they became due. Pursuant to paragraph 2 of the Initial Order, the Filer was a company to which the CCAA applies. Section 3(1) of the CCAA provides that such Act applies in respect of a debtor company or affiliated debtor companies if the total of claims against the debtor company or affiliated debtor companies, determined in accordance with section 20 of such Act, is more than $5,000,000 or any other amount that is prescribed. A "debtor company" is defined under the CCAA as a company that:

    (a) is bankrupt or insolvent,

    (b) has committed an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or is deemed insolvent within the meaning of the *Winding-up and Restructuring Act* (Canada), whether or not proceedings in respect of the company have been taken under either of those Acts,

    (c) has made an authorized assignment or against which a bankruptcy order has been made under the *Bankruptcy and Insolvency Act* (Canada), or

    (d) is in the course of being wound up under the *Winding-up and Restructuring Act* (Canada) because the company is insolvent.

14. The Initial Order, *inter alia*, allows the Filer to continue operating as it attempts to develop a restructuring plan by staying, as of the Filing Date, substantially all claims against the Filer, its property and assets and its directors, officers, agents, contractors and employees until April 12, 2013 (the "**Stay Period**").

15. The Initial Order also authorized the Monitor to enter into interim financing in the form of an interim credit facility (the "**Interim Facility**") up to a maximum amount of $750,000 to be provided by the Purchasers (each for a 50% interest) in favour of the Filer to finance operations and costs incurred during the proceedings under the CCAA. The Court granted to the Purchasers a super priority charge to secure the obligations of the Filer under the Interim Facility. On June 11, 2013, the Court approved an increase in the maximum amount of the Interim Facility from $750,000 to $2,750,000.

16. On April 11, 2013, June 27, 2013, July 29, 2013 and August 23, 2013 the Court granted further orders extending the Stay Period to June 28, 2013, July 31, 2013, August 31, 2013 and September 13, 2013, respectively.

17. Werklund is a corporation incorporated under the ABCA.

18. Werklund is controlled by David Werklund, the chairman and voting member of the board of directors of the Filer. Michael McGee is a nominee of Werklund and voting member of the board of directors of the Filer.

19. On July 5, 2011, the Filer entered into a secured convertible debenture with Werklund (the "Convertible Debenture") pursuant to which Werklund agreed to extend the Filer a term loan in the aggregate amount of $6,000,000. Under the terms of the Convertible Debenture, Werklund was granted the option (exercisable at any time) to convert all or any portion of the debt outstanding under the Convertible Debenture into Common Shares.

20. Melbye is corporation incorporated under the laws of Norway.

21. Ida Melbye-Larsen is a voting member of the board of directors of the Filer.

22. Pursuant to the terms of a debenture syndication and agency agreement dated August 31, 2012 between the Purchasers, Werklund assigned and transferred to Melbye ownership and control of an undivided 50% interest in the Convertible Debenture, as well as the security and ancillary documents related to the Convertible Debenture. Each of the Purchasers rank equally pari passu with one another and are secured pro rata based on their respective amounts funded to the Filer under the Convertible Debenture. The entire principal amount available under the Convertible Debenture has been fully drawn.

23. Pursuant to the terms of the Convertible Debenture, the Purchasers are entitled to acquire an aggregate of 18,181,818 Common Shares upon conversion of the Convertible Debenture at the conversion price of $0.33 per Common Share, which would represent approximately 50.3% of the outstanding Common Shares. The Convertible Debenture is set to mature on January 5, 2014 and the entire amount of the Convertible Debenture will be due and payable by the Filer on that date.

24. In accordance with the powers granted to it pursuant to the Initial Order and in consultation

with the Current Board, the Monitor recommended to the Court that it approve to Monitor, on behalf of the Filer, the entering into of an asset and share purchase agreement among the Filer, as vendor, the Purchasers, as purchasers, and the Monitor (the "**Credit Bid Purchase Agreement**").

25. On April 11, 2013, the Court (i) approved a sale and investor solicitation procedure ("**SISP**"), (ii) approved the Credit Bid Purchase Agreement pursuant to which the Purchasers agreed to acquire the business of the Filer in the context of its CCAA proceedings, (iii) designated the Credit Bid Purchase Agreement as the stalking horse bid for the purposes of the SISP, and (iv) authorized and directed the Filer and the Monitor to enter into the Credit Bid Purchase Agreement with the Purchasers and complete the various transactions contemplated thereby in accordance with the terms and conditions of the Credit Bid Purchase Agreement.

26. Pursuant to terms of the SISP, the Monitor carried out phase one of the SISP, the purpose of which was to solicit non-binding indications of interest to purchase all of the assets or shares of the Filer. The Monitor did not receive any qualified non-binding indications of interest by the phase one deadline of May 21, 2013.

27. Conditional on the Monitor not receiving any qualified, non-binding indications of interest pursuant to phase one of the SISP, the Credit Bid Purchase Agreement contemplates the acquisition of the business of the Filer in the context of its CCAA proceedings by the Purchaser (the "**Transaction**") pursuant to either:

    (a) a share purchase, whereby the Filer would sell and issue to the Purchasers all of the newly created Class A shares (the "**Purchased Shares**") in the capital of the Filer, 50% of which would be registered in the name of Werklund and 50% of which would be registered in the name of Melbye, conditional on, among other things, approval and sanctioning of a plan of compromise and arrangement under the CCAA and the ABCA (the "**Share Purchase**"); or

    (b) an asset purchase, whereby the Purchasers would each purchase an undivided 50% interest in all of the Filer's assets, provided certain conditions are satisfied (the "**Asset Purchase**").

28. The purchase price payable by the Purchasers under the Credit Bid Purchase Agreement (the "**Purchase Price**") is the aggregate amounts outstanding under the Convertible Debenture and the Interim Facility, as well as the aggregate of certain obligations of the Filer, including the accrued and unpaid priority payables, unpaid restructuring costs and the amount outstanding under a key employee retention plan. The Purchase Price does not include payment to holders of Common Shares and Preferred Shares (together, the "**Existing Equity Securities**") as consideration for the cancellation of such securities under a plan of compromise and arrangement.

29. Pursuant to the Credit Bid Purchase Agreement, the determination of whether to proceed by way of the Share Purchase or Asset Purchase depends on whether the conditions precedent set-out in Section 8.4 of the Credit Bid Purchase Agreement have been satisfied (the "**Share Purchase Conditions**"). If the Share Purchase Conditions have been satisfied prior to closing of the Transaction, the Purchaser will proceed with the Share Purchase; if the Share Purchase Conditions have not been satisfied prior to closing of the Transaction, the Purchasers will proceed with the Asset Purchase (in each case subject to additional closing conditions).

30. The Monitor, in accordance with the powers granted to it pursuant to the Initial Order and in consultation with the Remaining Directors, has made the following determinations:

    (a) The Filer is currently insolvent;

    (b) The Transaction is in the best interest of the Filer and all its stakeholders;

    (c) There are no better alternatives to the Transaction for the Filer and its stakeholders;

    (d) No proposal has been made to the Filer by any person pursuant to which its holders of Existing Equity Securities would receive any consideration for their Existing Equity Securities of the Filer;

    (e) The Remaining Directors are aware that the shareholder meeting and minority approval requirements prescribed by MI 61-101 are triggered by the Transaction if carried out by way of the Share Purchase, however the Remaining Directors have determined that such requirements should not, in the circumstances, be applicable due to the fact that the Remaining Directors have satisfied themselves that the fair market value of the issued and outstanding Existing Equity Securities of the Filer is nil;

    (f) The Remaining Directors will not request or recommend a shareholder meeting or

minority approval with respect to the Transaction;

(g) Holders of Existing Equity Securities do not have any economic interest in the outcome of the CCAA proceedings in that they will not receive any consideration for their Existing Equity Securities and therefore their voting interest should not be considered within the context of the Transaction; and

(h) The only viable solution for the Filer and the applicants to emerge from CCAA protection and continue its business that has been presented or proposed is the Transaction.

31. The Fifth Report of the Monitor (the "**Fifth Report**") contains the Monitor's opinion as to the fair market value of the Filer (the "**Liquidation Analysis**"). In determining the fair market value of the Filer, the Liquidation Analysis provides the estimated book value and high and low liquidation values of the following assets of the Filer: (i) accounts receivable, (ii) inventories, (iii) machinery and equipment, (iv) building and (v) patents and intellectual property. For certain assets of the Filer, such estimates were based upon third-party appraisals and the unaudited books and records of the Filer. According to the Liquidation Analysis, the Filer had a book value of assets of $10,971,676, an estimated high liquidation value of assets of $4,089,208 and an estimated low liquidation value of assets of $2,496,337. Based on these figures, the Filer does not have sufficient assets to meet its outstanding liabilities, which are estimated to be approximately $21,000,000. Accordingly, the Monitor concluded that the holders of Existing Equity Securities have no economic interest and would recover nil pursuant to the Asset Purchase or in a liquidation.

32. On August 23, 2013, the Monitor obtained an order (the "**Meeting Order**") from the Court, in accordance with the SISP, providing various relief including, amongst others, authorizing the Monitor to file a plan of compromise and arrangement effecting the Share Purchase (the "**Plan**") with the Court, convene a meeting (the "**Creditors' Meeting**") of Affected Creditors (as defined in the Plan), and take steps incidental to the foregoing.

33. The Creditors' Meeting took place a 2:00 p.m. MST on August 29, 2013. Pursuant to Section 6 of the CCAA, a majority in number representing two-thirds in value of creditors present and voting either in person or by proxy at a meeting of creditors is required for the approval of a plan of arrangement or compromise. At the Creditors' Meeting, the Plan was approved by 100% of Affected Creditors voting by proxy.

34. On September 9, 2013, pursuant to an order thereof, the Court sanctioned the Plan. As a result, the Plan binds all Affected Creditors. Pursuant to the Plan, (i) all of the Existing Equity Securities will be deemed to be redeemed and to be fully, finally and irrevocably cancelled and extinguished without any consideration, and (ii) the Purchased Shares shall be issued to the Purchasers in consideration of the Purchase Price.

35. Upon sanction of the Plan by the Court, the Share Purchase Conditions have been either satisfied or waived, with the exception of receipt of this decision of the Decision Maker in respect of the Exemptive Relief Sought herein.

36. The Filer will seek an order from the applicable securities regulatory authorities to cease to be a reporting issuer following completion of the Share Purchase.

37. The Share Purchase will constitute a "business combination" pursuant to the definition of "business combination" of MI 61-101, and therefore the requirements to call a meeting of affected securityholders and send an information circular, obtain a formal valuation, and obtain minority approval under Sections 4.2, 4.3 and 4.5, respectively, of Part IV – *Business Combinations* of MI 61-101 ("**Part IV**") would apply to the Share Purchase.

38. The Filer has not sought exemptive relief from the requirement to obtain a formal valuation in respect of the Share Purchase because it intends to rely on the exemption in section 4.4(a) of MI 61-101 that is available when an issuer's securities are not listed or quoted on certain specified markets.

39. The Asset Purchase would constitute a "related party transaction" pursuant to the definition of "related party transaction" in MI 61-101 and would not constitute a "business combination". As a result, the Asset Purchase would be subject to the requirements under Part V – *Related Party Transactions* of MI 61-101 ("**Part V**"), including the requirements to call a meeting of affected securityholders, send an information circular and obtain minority approval. However, the Asset Purchase would meet the "Bankruptcy, Insolvency, Court Order" exemption set forth in Section 5.7(d) of MI 61-101 from such requirements.

40. Part IV does not contain an equivalent "Bankruptcy, Insolvency, Court Order" exemption from the requirements under Part IV to call a meeting of affected securityholders, send an information circular and to obtain minority approval in connection with a business combination. As a result, if the Purchasers were to proceed by way of Share Purchase, it would be necessary to call a meeting, send an information circular and obtain

minority approval, despite the fact that the Purchasers could purchase all of the assets of the Filer by way of Asset Purchase without having to satisfy those requirements.

41. Pursuant to the sixth report of the Monitor dated August 30, 2013 and filed with the Court on September 3, 2013, the Court has been advised of the requirements of MI 61-101 regarding minority approval for business combinations and the application by the Filer to the Decision Maker for a decision under the Legislation for the Exemptive Relief Sought. Pursuant to an order of the Court pronounced September 9, 2013, the Court has confirmed that it does not require compliance with Section 4.5 of MI 61-101.

42. Regardless of whether the Transaction is completed by way of Asset Purchase or Share Purchase, due to the fact that (i) the Filer is insolvent, (ii) the Monitor did not receive any qualified, non-binding indications of interest pursuant to phase one of the SISP, and (iii) the Court authorized and directed the Filer and the Monitor to enter into the Credit Bid Purchase Agreement with the Purchasers and complete the various transactions contemplated thereby in accordance with the terms and conditions of the Credit Bid Purchase Agreement (including the Purchase Price), holders of Existing Equity Securities will not receive anything of value in consideration for their shares. To grant Existing Equity Securities a right to vote in the context of the Share Purchase would be the equivalent of granting Existing Equity Securities a veto over the Transaction, despite the fact that they no longer have an economic interest in the Filer to protect.

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

IT IS DECIDED by the Director pursuant to Section 9.1 of MI 61-101 that the Exemptive Relief Sought is granted provided that the Transaction proceeds by way of Share Purchase as described above.

DATED September 11, 2013.

"Naizam Kanji"
Deputy Director, Corporate Finance
Ontario Securities Commission

2.2.6 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 of the Securities Act)

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 on August 15, 2013 be confirmed, and counsel for the Respondents agreed;

AND WHEREAS on March 7, 2013, the Commission 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;

AND WHEREAS on May 6, 2013, counsel for the Respondents, Stephanie A. McManus ("McManus"), filed a Notice of Motion, pursuant to Rule 1.7.4 of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071, for leave to withdraw as representative for the Respondents and requested that the motion be heard in writing (the "Withdrawal Motion");

AND WHEREAS on May 22, 2013 the Commission ordered that McManus be granted leave to withdraw as representative for the Respondents;

AND WHEREAS on August 15, 2013, Staff and Gauthier appeared before the Commission for a confidential pre-hearing conference, counsel for Gauthier participated via telephone and no one indicated that they represented Gentree, RIII or CanPro and no submissions were made on behalf of those three respondents;

AND WHEREAS on August 15, 2013, Staff and counsel for Gauthier provided a status update on this matter, Staff requested that a further confidential pre-hearing conference be ordered prior to the commencement of the hearing on the merits and counsel for Gauthier agreed, the Commission ordered that a confidential pre-hearing conference shall take place on September 11, 2013 at 3:00 p.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 WHEREAS on September 11, 2013, Staff appeared before the Commission for a confidential pre-hearing conference and requested that a further confidential pre-hearing conference be ordered prior to the commencement of the hearing on the merits;

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

IT IS ORDERED that a confidential pre-hearing conference shall take place on October 11, 2013 at 9:00 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.

DATED at Toronto this 11th day of September, 2013.

"Edward P. Kerwin"

2.2.7 Kolt Curry et al. – Rules 3 and 9 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
KOLT CURRY, LAURA MATEYAK,
AMERICAN HERITAGE STOCK TRANSFER INC., and
AMERICAN HERITAGE STOCK TRANSFER, INC.

ORDER
(Rules 3 and 9 of Ontario Securities Commission Rules of Procedure (2012), 35 O.S.C.B. 10071)

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

AND WHEREAS on April 1, 2011, the Commission issued a temporary cease trade order, pursuant to subsections 127(1) and 127(5) of the Act, that all trading in securities of BFM, AHST Ontario, AHST Nevada and Denver Gardner Inc. cease and that all trading by Kolt Curry, Mateyak, AHST Ontario, AHST Nevada, McCarthy, Winick and Denver Gardner Inc. cease (the "Temporary Order");

AND WHEREAS the Temporary Order, as amended, was extended from time to time and, on March 23, 2012, was extended until the conclusion of the merits hearing;

AND WHEREAS on October 17, 2012, the Commission ordered, pursuant to Rule 11.5 of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 (the "*Rules of Procedure*"), that the hearing on the merits would proceed as a written hearing (the "Written Hearing");

AND WHEREAS on November 2, 2012, Staff filed an Amended Statement of Allegations and the Commission issued an Amended Notice of Hearing;

AND WHEREAS on November 30, 2012, Staff filed evidentiary briefs in the form of affidavits, as well as written submissions on the relevant facts and law;

AND WHEREAS on January 21, 2013, on consent of Staff and counsel for McCarthy, BFM and Liquid Gold (the "McCarthy Respondents"), the Commission granted an application to sever the matter, as against the McCarthy Respondents and adjourned that matter to a date to be fixed by the Office of the Secretary of the Commission in consultation with counsel;

AND WHEREAS on April 12, 2013, the Commission ordered, on consent, that the Written Hearing is converted back to an oral hearing on the merits to be heard on May 15th and 16th, 2013, pursuant to Rule 11.5 of the Rules of Procedure;

AND WHEREAS on May 15, 2013, Staff appeared and counsel for Kolt Curry, Mateyak and AHST Ontario appeared before the Commission and advised the panel that an Agreed Statement of Facts (the "Agreed Facts") had been reached for Kolt Curry, Mateyak, AHST Ontario and AHST Nevada (the "Curry Respondents");

AND WHEREAS on May 15, 2013, Staff, counsel for Kolt Curry, Mateyak and AHST Ontario jointly requested that the evidence on the hearing on the merits scheduled for May 15th and 16th, 2013, as against the Curry Respondents, consist of the Agreed Facts as filed, and that the hearing on the merits as it relates to the Curry Respondents be severed from the remaining Respondents;

AND WHEREAS on reading the Agreed Facts the panel found that:

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

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

3. From September 28, 2009 through August of 2010, Kolt Curry, AHST Ontario and AHST Nevada made statements that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship with Kolt Curry, AHST Ontario or AHST Nevada

that were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to section 44(2) of the Act;

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

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

6. The conduct of Kolt Curry, Mateyak, AHST Ontario and AHST Nevada contravened Ontario securities law and is contrary to the public interest.

AND WHEREAS on May 16, 2013, the Commission ordered that: (1) the hearing as against the Curry Respondents is severed from the main proceeding in this matter; and (2) a sanctions hearing for the Curry Respondents was ordered to take place on August 27, 2013;

AND WHEREAS the Commission advised Staff and counsel for the Curry Respondents that the Commission is no longer available on August 27, 2013 and Staff and counsel for the Curry Respondents confirmed their availability on September 12, 2013;

AND WHEREAS on August 26, 2013, the Commission ordered that that the sanctions and costs hearing in this matter shall take place on September 12, 2013, at 10:00 a.m.;

AND WHEREAS counsel for the Curry Respondents filed a motion, pursuant to Rules 3 and 9 of the *Rules of Procedure*, to adjourn the sanctions hearing scheduled for September 12, 2013 (the "Adjournment Motion");

AND WHEREAS on September 12, 2013, Staff and counsel for the Curry Respondents appeared before the Commission and made submissions on the Adjournment Motion;

AND WHEREAS on September 12, 2013, Staff requested that the Notice of Hearing be amended to include a request for an order under section 37 of the Act;

AND WHEREAS on September 12, 2013, counsel for the Curry Respondents consented to the requested amendment to the Notice of Hearing;

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

IT IS HEREBY ORDERED that:

1. pursuant to Rules 3 and 9 of the *Rules of Procedure*, the sanctions and costs hearing in this matter is adjourned and shall take place on October 10, 2013, at 11:00 a.m.; and

2. on consent of the parties, Staff may file an Amended Notice of Hearing including a request for an order under section 37 of the Act.

DATED at Toronto this 12th day of September, 2013.

"James D. Carnwath"

2.2.8 Systematech Solutions Inc. et al. – s. 127(1)

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

AND

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

ORDER
(Subsection 127(1) of the Securities Act)

AND WHEREAS on October 31, 2012, 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") (the "Notice of Hearing") in connection with a Statement of Allegations dated October 31, 2012, filed by Staff of the Commission ("Staff"), to consider whether it is in the public interest to make certain orders against Systematech Solutions Inc., ("Systematech"), April Vuong ("Vuong") and Hao Quach ("Quach") (collectively the "Respondents");

AND WHEREAS on December 11, 2012, Staff and counsel for the Respondents appeared before the Commission and made submissions;

AND WHEREAS on December 11, 2012, counsel for the Respondents advised that he accepted service of the Notice of Hearing and the Statement of Allegations dated October 31, 2012 on behalf of the Respondents;

AND WHEREAS on December 11, 2012, Staff advised that it provided electronic disclosure to counsel for the Respondents on November 21, 2012;

AND WHEREAS on December 11, 2012, the Commission extended a temporary cease trade order with respect to the Respondents until the conclusion of the proceeding, including the sanctions hearing, if any, and ordered that a confidential pre-hearing conference take place on February 20, 2013;

AND WHEREAS on December 13, 2012, the Commission issued an Amended Notice of Hearing pursuant to subsection 127(1) and section 127.1 of the Act in connection with the Statement of Allegations dated October 31, 2012 and counsel for the Respondents has advised that he accepted service of the Amended Notice of Hearing;

AND WHEREAS on February 20, 2013, a confidential pre-hearing conference was held and Staff and counsel for the Respondents appeared before the Commission and made submissions;

AND WHEREAS on February 20, 2013, the Commission ordered that: (i) the hearing on the merits will start on November 4, 2013 at 10:00 a.m. and continue on November 6, 7, 8, 11, 12, 13, 14, 15 and 18, 2013; and (ii) another confidential pre-hearing conference will take place on September 4, 2013 at 10:00 a.m. or on such other date or time set by the Office of the Secretary and agreed to by the parties;

AND WHEREAS on August 21, 2013, the Commission ordered on the consent of the parties that: (i) the confidential pre-hearing conference be adjourned from September 4, 2013 at 10:00 a.m. to September 12, 2013 at 2:00 p.m.;

AND WHEREAS on September 12, 2013, a confidential pre-hearing conference was held and Staff and counsel for the Respondents appeared before the Commission and made submissions;

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

IT IS ORDERED that a confidential pre-hearing conference will take place on October 15, 2013 at 2:00 p.m. or such other date or at such other time as set by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 12th day of September, 2013.

"Edward P. Kerwin"

2.2.9 Sino-Forest Corporation et al.

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

AND

IN THE MATTER OF
SINO-FOREST CORPORATION,
ALLEN CHAN, ALBERT IP, ALFRED C.T. HUNG,
GEORGE HO, SIMON YEUNG and DAVID HORSLEY

ORDER

WHEREAS the Ontario Securities Commission ("the Commission") issued a Notice of Hearing (the "Notice of Hearing") and Statement of Allegations in this matter dated May 22, 2012 pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S.5, as amended in respect of Sino-Forest Corporation ("Sino-Forest"), Allen Chan ("Chan"), Albert Ip ("Ip"), Alfred C.T. Hung ("Hung"), George Ho ("Ho"), Simon Yeung ("Yeung") and David Horsley ("Horsley");

AND WHEREAS on May 22, 2012, the Notice of Hearing gave notice that a hearing would be held on July 12, 2012 at 10:00 a.m. before the Commission;

AND WHEREAS on July 12, 2012, counsel for Staff, counsel for Sino-Forest, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared before the Commission and consented to the hearing being adjourned to October 10, 2012;

AND WHEREAS on July 12, 2012 the hearing in this matter was adjourned to October 10, 2012 at 10:00 a.m.;

AND WHEREAS on October 10, 2012 the hearing in this matter was adjourned to January 17, 2013;

AND WHEREAS on January 17, 2013 counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared before the Commission and requested that the hearing be adjourned to May 13, 2013 for the purpose of conducting a pre-hearing conference;

AND WHEREAS on January 17, 2013 the Commission ordered that a pre-hearing conference be held on May 13, 2013;

AND WHEREAS on May 13, 2013 a pre-hearing conference was commenced before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS the Commission was satisfied that Sino-Forest was provided with notice of the May 13, 2013 pre-hearing conference;

AND WHEREAS on May 13, 2013 the Commission ordered that the pre-hearing conference in this matter continue on July 19, 2013;

AND WHEREAS on July 19, 2013 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS the Commission was satisfied that Sino-Forest was provided with notice of the July 19, 2013 pre-hearing conference;

AND WHEREAS on July 19, 2013 the Commission ordered that the pre-hearing conference in this matter continue on August 13, 2013;

AND WHEREAS on August 13, 2013 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS the Commission was satisfied that Sino-Forest was provided with notice of the August 13, 2013 pre-hearing conference;

AND WHEREAS on August 13, 2013 counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley all made submissions regarding the scheduling of the hearing on the merits (the "Merits Hearing");

AND WHEREAS on August 13, 2013 counsel for Ip, Hung, Ho and Yeung requested that a motion for particulars and further disclosure be scheduled (the "Particulars Motion");

AND WHEREAS on August 13, 2013 the Commission ordered that:

1. the Merits Hearing shall commence on June 2, 2014 at 10:00 a.m., and continue as follows:

    a) Staff's case in the Merits Hearing shall be held on the following dates: June 2, 2014; June 4 to June 6, 2014; June 10 to June 13, 2014; June 16, 2014; June 18 to June 20, 2014; June 24 to June 27, 2014; June 30, 2014; July 3 to 4, 2014; July 8 to 11, 2014; July 14, 2014; July 16 to 18, 2014; July 22 to 25, 2014; August 11, 2014; August 13 to 15, 2014; August 19 to 22, 2014; August 25, 2014; August 27 to 29, 2014; September 2 to 5, 2014; September 8, 2014; September 10 to 12, 2014, and September 15, 2014 or on such other dates as ordered by the Commission;

    b) the Respondents' case in the Merits Hearing be held October 15 to 17, 2014; October 20, 2014; October 22 to 24, 2014; October 28 to 31, 2014; November 3, 2014; November 5 to 7, 2014; November 11, 2014; November 19 to 21, 2014; November 25 to 28, 2014; December 1, 2014; December 3 to 5, 2014; December 9 to 12, 2014; December 15, 2014; December 17 to 19, 2014; January 7 to 9, 2015; January 12, 2015; January 14 to 16, 2015; January 20 to 23, 2015; January 26, 2015; January 28 to 30, 2015; February 3 to 6, 2015; February 9, 2015; and February 11 to 13, 2015 or on such other dates as ordered by the Commission;

2. the Particulars Motion be held on October 16, 2013 commencing at 10:00 a.m., or such other date and time as ordered by the Commission; and

3. the pre-hearing conference in this matter be continued on September 10, 2013, at 2:00 p.m., or such other date and time as ordered by the Commission;

AND WHEREAS on September 10, 2013 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS on September 10, 2013 counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley all made submissions with respect to the timetable for service of Staff's hearing briefs in connection with the Merits Hearing;

IT IS HEREBY ORDERED that Staff shall serve its hearing briefs in connection with the Merits Hearing on the Respondents on or before February 3, 2014;

IT IS FURTHER ORDERED that the pre-hearing conference in this matter be continued on October 10, 2013 at 10:00 a.m. or such other date and time as agreed to by the parties and set by the Office of the Secretary.

DATED at Toronto this 10th day of September, 2013.

"Mary G. Condon"

2.2.10 LCH.Clearnet Limited - s. 21.2

Headnote

Application under section 21.2 of the Securities Act (Ontario) to recognise LCH.Clearnet Limited as a clearing agency.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 21.2.

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED
(THE ACT)

AND

IN THE MATTER OF
LCH.CLEARNET LIMITED

ORDER
(Section 21.2 of the Act)

WHEREAS LCH.Clearnet Limited (LCH) has filed an application (Application) with the Ontario Securities Commission (Commission) requesting an order pursuant to section 21.2 of the Act recognizing LCH as a clearing agency;

AND WHEREAS the Commission issued an interim order dated March 1, 2011 (Initial Order) pursuant to section 147 of the Act exempting LCH from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act;

AND WHEREAS the Commission issued an order dated May 17, 2011 varying and restating the Initial Order to clarify that LCH may provide additional clearing services, including LCH Enclear OTC service to Ontario-resident clients (Interim Order);

AND WHEREAS the Commission issued an order dated August 19, 2011 varying and restating the Interim Order and issued an order dated August 28, 2012 varying the August 19, 2011 order to extend LCH's interim exemption from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act (Subsequent Order);

AND WHEREAS the Commission issued an order dated February 12, 2013 varying and restating the Subsequent Order to extend the expiry of the Subsequent Order and include an additional filing requirement (Restated Subsequent Order);

AND WHEREAS the Commission issued an order dated May 24, 2013 varying the Restated Subsequent Order to further extend the expiry of the Restated Subsequent Order;

AND WHEREAS the Restated Subsequent Order will be replaced by this order and therefore will be automatically revoked upon issuance of this order;

AND WHEREAS LCH has represented to the Commission that:

1. LCH is a clearing house incorporated under the laws of England and Wales. LCH operates as a central counterparty (CCP) clearing house and receives most of its revenue from treasury income and thereafter clearing fees charged to its clearing members (Clearing Members);

2. As of July 31, 2013, LCH.Clearnet Group Ltd. (LCH Group), the parent holding company of LCH, is 57.8% owned by the London Stock Exchange Group (LSEG), with the remainder being owned by its users (i.e. clearing members) and other exchanges;

3. LCH Group, which is incorporated in the U.K., is regulated as a Compagnie financière by the Autorité de Contrôle Prudentiel (France);

4. LCH is a Recognised Clearing House (RCH) in the U.K. under the U.K.'s Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses)(FSMA). LCH as a RCH must comply with the recognition requirements laid down in FSMA to clear a broad range of asset classes including securities, exchange traded derivatives, commodities, energy, freight, interest rate swaps, credit default swaps and euro and sterling

denominated bonds and repurchase transactions, and works closely with market participants and exchanges to identify and develop clearing services for new asset classes. The exchange-traded futures and options on futures relate to underlyings in short-term interest rates (Euro, Sterling, Swiss Franc); government bonds (U.K. Gilts and Japanese Government Bonds); medium and long-term swap rates (Euro); equity indices (U.K.-related FTSE indices and FTSE and MSCI pan-European indices); and individual stocks (British, Dutch, French, German, Italian, Spanish and U.S. companies) and energy;

5. LCH was until March 31, 2013 regulated by the Financial Services Authority (FSA). The Bank of England is now LCH's primary regulator under a new framework established by the Financial Services Act 2012 which fundamentally reformed the structure of financial services regulation in the U.K. The new framework, came into force April 1, 2013, and transferred the FSA's regulatory and oversight responsibilities for RCHs to the Bank of England;

6. The regulatory regime for CCPs in the European Union now comes under the European Market Infrastructure Regulation (EMIR). Under EMIR all CCPs providing services in the European Union and European Economic Area must apply for re-authorisation by September 15, 2013 and must demonstrate compliance with EMIR and related regulations before authorisation is granted. EMIR came into force on August 16, 2012: LCH is in the process of becoming authorised as a CCP under EMIR;

7. As part of its regulatory oversight of LCH, the Bank of England reviews, assesses and enforces the on-going compliance by LCH with the requirements set out in FSMA including financial resources, the financial and operational requirements for Clearing Members, systems and controls, rule-making, and LCH's practices and procedures;

8. LCH is required to provide to the Bank of England on request, access to all records and to cooperate with other regulatory authorities, including making arrangements for information-sharing;

9. LCH is also a designated clearing organization (DCO) within the meaning of that term under the United States (U.S.) Commodity Exchange Act. As a DCO, LCH is subject to regulatory supervision by the U.S. Commodity Futures Trading Commission, a U.S. federal regulatory agency. In addition, the Bank of Canada designated LCH's SwapClear service under the Payment Clearing and Settlement Act (Canada) with effect from April 2, 2013 which brings LCH's SwapClear service under the formal oversight of the Bank of Canada;

10. LCH is currently offering the following four services to Ontario resident Clearing Members: RepoClear, SwapClear, EnClear and LCH Nodal. LCH currently has five Clearing Members who qualify as "Canadian financial institutions" (within the meaning of that term in subsection 1.1(3) of National Instrument 14-101 *Definitions* and that have a head office or principal place of business in Ontario. LCH is currently offering client clearing services to Ontario residents through non-Ontario resident SwapClear Clearing Members and is in the process of permitting Ontario resident SwapClear Clearing Members to offer client clearing services to Ontario residents and non-Ontario residents;

11. The RepoClear service clears cash bond and repurchase trades on the following securities: Austrian, Belgian, Dutch, German, Irish, Finnish, Portuguese and U.K. government bonds, German Jumbo Pfandbriefe and Supranationals, Agency and Sovereign. RepoClear accepts the following types of specific bond repurchase trades: classic fixed rate repurchases with first leg settlement on a same day and forward start basis with a term not greater than one year;

12. The SwapClear service clears over-the-counter (OTC) interest rate swaps (IRS) and LCH anticipates clearing an expanded list of swap products and OTC derivatives on exempt commodities (e.g., energy and metals);

13. Transactions cleared through SwapClear and RepoClear are traded by Clearing Members on a bilateral basis, either inter-office, or through brokers, or on automated trading systems recognized by LCH;

14. The EnClear service clears OTC forward freight agreements and OTC emission contracts that provide a risk management and delivery solution. Cleared OTC Spot European Union Allowances issued in accordance with the terms of Directive 1003/87/EC (EUA) and Certified Emissions Reductions issued pursuant to Article 12 of the Kyoto Protocol (CER) contracts allow market practitioners to benefit from the security offered by a CCP and the flexibility provided by platform independence;

15. The LCH Nodal service clears cash-settled power and natural gas futures for participants of the Nodal Exchange, which is an independent electronic commodities exchange dedicated to offering locational forward trading products and services to participants in the organized North American power markets;

16. LCH maintains Clearing Member criteria that all applicants must satisfy before their applications are accepted, including fitness criteria, review of corporate constitutive documentation, financial standards, operational standards, appropriate registration qualifications with applicable statutory regulatory authorities, and LCH applies a due diligence process to ensure that all applicants meet the required criteria;

17. There are no material differences in terms of membership standards and financial requirements between Ontario resident Clearing Members and other Clearing Members;

18. LCH utilizes processes to minimize systemic risk, which processes include operational and financial criteria for all Clearing Members, margining and financial protections, the maintenance of a clearing/guarantee fund, sound information systems, comprehensive internal controls, ongoing monitoring of Clearing Members, and appropriate oversight by the LCH Board of Directors;

19. LCH does not have any office or maintain other physical installations in Ontario or any other Canadian province or territory. LCH does not currently have any plans to open such an office or to establish any such physical installations in Ontario or elsewhere in Canada; and

20. LCH permits Ontario residents who meet the criteria set out in its rules to become registered as Clearing Members, and as a result, is considered by the Commission to be "carrying on business as a clearing agency" in Ontario. LCH cannot carry on business in Ontario as a clearing agency unless it is recognized by the Commission as a clearing agency under section 21.2 of the Act or exempted from such recognition under section 147 of the Act.

AND WHEREAS based on the Application and the representations LCH has made to the Commission, the Commission has determined that LCH satisfies the criteria set out in Schedule "A" to this order and that it is in the public interest to recognize LCH as clearing agency pursuant to section 21.2 of the Act, subject to terms and conditions that are set out in Schedule "B" of this order;

AND WHEREAS LCH has agreed to the respective terms and conditions that are set out in Schedule "B" to this order;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and LCH's activities on an ongoing basis to determine whether it is appropriate that LCH continues to be recognized subject to the terms and conditions in this order;

IT IS ORDERED by the Commission that LCH is recognized as a clearing agency pursuant to section 21.2 of the Act;

PROVIDED THAT LCH complies with the terms and conditions attached as hereto as Schedule "B" to this order.

DATED September 10, 2013.

"C. Wesley M. Scott"
Commissioner
Ontario Securities Commission

"James D. Carnwath"
Commissioner
Ontario Securities Commission

SCHEDULE A

Criteria for Recognition and Exemption from Recognition as a Clearing Agency

PART 1 GOVERNANCE

1.1 The governance structure and governance arrangements of the clearing agency ensure:

(a) effective oversight of the clearing agency;

(b) the clearing agency's activities are in keeping with its public interest mandate;

(c) fair, meaningful and diverse representation on the governing body (Board) and any committees of the Board, including a reasonable proportion of independent directors;

(d) a proper balance among the interests of the owners and the different entities seeking access (participants) to the clearing services and facilities (clearing services) of the clearing agency;

(e) the clearing agency has policies and procedures to appropriately identify and manage conflicts of interest;

(f) each director or officer of the clearing agency, and each person or company that owns or controls, directly or indirectly, more than 10 percent of the clearing agency is a fit and proper person; and

(g) there are appropriate qualifications, limitation of liability and indemnity provisions for directors and officers of the clearing agency.

PART 2 FEES

2.1 All fees imposed by the clearing agency are equitably allocated. The fees do not have the effect of creating unreasonable barriers to access.

2.2 The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 3 ACCESS

3.1 The clearing agency has appropriate written standards for access to its services.

3.2 The access standards and the process for obtaining, limiting and denying access are fair and transparent. A clearing agency keeps records of:

(a) each grant of access including, for each participant, the reasons for granting such access; and

(b) each denial or limitation of access, including the reasons for denying or limiting access to an applicant.

PART 4 RULES AND RULEMAKING

4.1 The clearing agency's rules are designed to govern all aspects of the clearing services offered by the clearing agency, and

(a) are not inconsistent with securities legislation;

(b) do not permit unreasonable discrimination among participants; and

(c) do not impose any burden on competition that is not necessary or appropriate.

4.2 The clearing agency's rules and the process for adopting new rules or amending existing rules should be transparent to participants and the general public.

4.3 The clearing agency monitors participant activities to ensure compliance with the rules.

4.4 The rules set out appropriate sanctions in the event of non-compliance by participants.

PART 5 DUE PROCESS

5.1 For any decision made by the clearing agency that affects an applicant or a participant, including a decision in relation to access, the clearing agency ensures that:

(a) an applicant or a participant is given an opportunity to be heard or make representations; and

(b) the clearing agency keeps a record of, gives reasons for, and provides for appeals or reviews of, its decisions.

PART 6 RISK MANAGEMENT

6.1 The clearing agency's clearing services are designed to minimize systemic risk.

6.2 The clearing agency has appropriate risk management policies and procedures and internal controls in place.

6.3 Without limiting the generality of the foregoing, the clearing agency's clearing or functions are designed to achieve the following objectives:

1. Where the clearing agency acts as a central counterparty, it rigorously controls the risks it assumes.

2. The clearing agency minimizes principal risk by linking securities transfers to funds transfers in a way that achieves delivery versus payment.

3. Final settlement occurs no later than the end of the settlement day. Intraday or real-time finality is provided where necessary to reduce risks.

4. Where the clearing agency extends intraday credit to participants, including a clearing agency that operates net settlement systems, it institutes risk controls that, at a minimum, ensure timely settlement in the event that the participant with the largest payment obligation is unable to settle.

5. Assets used to settle the ultimate payment obligations arising from derivatives transactions carry little or no credit or liquidity risk. If central bank money is not used, steps are to be taken to protect participants in clearing services from potential losses and liquidity pressures arising from the failure of the cash settlement agent whose assets are used for that purpose.

6. If the clearing agency establishes links to settle cross-border trades, it designs and operates such links to reduce effectively the risks associated with cross-border settlements.

6.4 The clearing agency engaging in activities not related to clearing services carries on such activities in a manner that prevents the spillover of risk to the clearing agency that might affect its financial viability or negatively impact any of the participants in the clearing service.

PART 7 SYSTEMS AND TECHNOLOGY

7.1 For its clearing services systems, the clearing agency:

(a) develops and maintains,

(i) reasonable business continuity and disaster recovery plans,

(ii) an adequate system of internal control,

(iii) adequate information technology general controls, including controls relating to information systems operations, information security, change management, problem management, network support, and system software support;

(b) on a reasonably frequent basis, and in any event, at least annually, and in a manner that is consistent with prudent business practice,

(i) makes reasonable current and future capacity estimates,

(ii) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner,

(iii) tests its business continuity and disaster recovery plans; and

(c) promptly notifies the regulator of any material systems failures.

7.2 The clearing agency annually engages a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards regarding its compliance with section 7.1(a).

PART 8 FINANCIAL VIABILITY AND REPORTING

8.1 The clearing agency has sufficient financial resources for the proper performance of its functions and to meet its responsibilities and allocates sufficient financial and staff resources to carry out its functions as a clearing agency in a manner that is consistent with any regulatory requirements.

PART 9 OPERATIONAL RELIABILITY

9.1 The clearing agency has procedures and processes to ensure the provision of accurate and reliable clearing services to participants.

PART 10 PROTECTION OF ASSETS

10.1 The clearing agency has established accounting practices, internal controls, and safekeeping and segregation procedures to protect the assets that are held by the clearing agency.

PART 11 OUTSOURCING

11.1 Where the clearing agency has outsourced any of its key functions, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices. The outsourcing arrangement provides regulatory authorities with access to all data, information, and systems maintained by the third party service provider required for the purposes of regulatory oversight of the agency.

PART 12 INFORMATION SHARING AND REGULATORY COOPERATION

12.1 For regulatory purposes, the clearing agency cooperates by sharing information or otherwise with the Commission and its staff, self-regulatory organizations, exchanges, quotation and trade reporting systems, alternative trading systems, other clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE "B"

TERMS and CONDITIONS

DEFINITIONS

For the purposes of this Schedule:

"**Clearing Member**" means a clearing member as defined under LCH rules;

"**client clearing**" means a Clearing Member(s) clearing transactions on behalf of their clients who are not Clearing Members;

"**Crisis**" means (i) when one or more of LCH's major Clearing Members default on their obligations to LCH that might place LCH under financial distress that is handled with significant difficulties (ii) when LCH experiences operational problems which results in the delay of the processing of the clearance of trades for more than two hours following the disruptive event, such as an IT system or process failure, human error, management failure, fraud, or disruption from external events, such as natural disasters, physical attacks by terrorists, or cyber attacks; (iii) any material problem with the clearance of transactions that could materially affect the safety and soundness of LCH; (iv) when LCH's assets and those of its Clearing Members and/or their clients held by or on behalf of LCH suffer significant loss due to market risk or due to custody risk following the failure of the third party commercial custody bank holding such assets; (v) a default of an Ontario Clearing Member; (vi) a default of a Clearing Member where the Clearing Member is clearing on behalf of Ontario residents or (vii) any expectation of LCH that any of the foregoing is reasonably likely to occur;

"**criteria for recognition"** means the criteria for recognition set out in Schedule "A" to this order;

"**FMIs**" means financial market infrastructures as defined under the principles of the Bank for International Settlements and the International Organization of Securities Commissions;

"**Ontario Clearing Member**" means Ontario residents who are Clearing Members of LCH;

"**Ontario securities law**" has the meaning ascribed to it in subsection 1(1) of the Act;

REGULATION OF LCH

1. LCH shall maintain its status as a RCH with the Bank of England and as a CCP authorised under EMIR and shall continue to be subject to the regulatory oversight of the Bank of England and under EMIR.

2. LCH shall continue to meet the criteria for recognition as set out in Schedule "A".

OWNERSHIP OF LCH

3. LCH shall provide to the Commission 90 days prior, written notice and a detailed description and impact of any proposed change to its ownership.

PUBLIC INTEREST

4. LCH shall conduct its businesses and operations in a manner that is consistent with the public interest.

ACCESS

5. LCH shall request the Commission's prior written approval before offering (i) any new clearing service including client clearing to Ontario Clearing Members or (ii) any new link to FMIs (FMI Link) to be utilized by Ontario Clearing Members. Such a request shall be made at least 75 days prior to the offering of the new clearing service or FMI Link to Ontario Clearing Members and shall be accompanied by a written notice and detailed description and impact of the new clearing service or FMI Link to the safety and soundness of LCH and the existing clearing services offered to Ontario Clearing Members.

RULES AND RULEMAKING

6. LCH shall provide to the Commission a written notice and detailed description of any new substantive rules or substantive changes to current rules relating to LCH's access criteria, default management and risk management model that are specific to the clearing services utilized by Ontario Clearing Members 45 days prior to the effective date of the rule or change.

7. Notwithstanding paragraph 6, where LCH needs to implement a new substantive rule or a substantive rule change resulting in an effective date of less than 45 days, LCH shall provide to the Commission as soon as possible prior to the effective date, a written notice and detailed description of the new material rule or material rule change and the reasons for the shorter implementation.

RISK CONTROLS

8. LCH shall have clearly defined and transparent procedures for the management of risk which specify the respective responsibilities of LCH and its Clearing Members.

CRISIS MANAGEMENT

9. In the event of a Crisis, LCH shall promptly share with and provide periodic updates to the Commission on the following information:

   (a) details of the Crisis;

   (b) any actions likely to be taken by LCH including details of the use of LCH's default protections and default management processes that have occurred and which impact the resilience of the LCH clearing services and the total level of financial resources remaining at LCH for default management purposes with regard to cleared products;

   (c) actions likely to be taken by the Bank of England if known to LCH; and

   (d) any other information and documentation requested by the Commission related to the Crisis.

SYSTEMS AND TECHNOLOGY

10. LCH shall promptly notify Commission staff of any material system failures graded as Priority 1 or similarly graded by the Bank of England of a clearing service(s) utilized by an Ontario Clearing Member.

COMPLIANCE

11. LCH shall certify in writing to the Commission, in a certificate signed by its general counsel or head of compliance and regulation, within one year of the effective date of this order and every year subsequent to that date, or at other times required by the Commission, that it is in compliance with the terms and conditions in this order and the criteria for recognition set out in Schedule "A" attached to this order and describe in detail:

   (a) the steps taken to require compliance;

   (b) the controls in place to verify compliance; and

   (c) the names and titles of employees who have oversight of compliance.

12. LCH shall immediately notify staff of the Commission of any event, circumstance, or situation concerning any of LCH's operations that could materially prevent LCH's ability to continue to comply with the terms and conditions of the order or the criteria for recognition set out in Schedule "A" attached to the order.

INFORMATION SHARING AND REGULATORY COOPERATION

13. LCH shall provide such information as may be requested from time to time, and otherwise cooperate with, the Commission or its staff with respect to matters subject to the Commission's jurisdiction.

14. Unless otherwise prohibited under applicable law, LCH shall share information and otherwise cooperate with other recognized or exempt clearing agencies, recognized or exempt self-regulatory organizations, investor protection funds, marketplaces, and other regulatory bodies as appropriate.

15. LCH shall comply with Appendix "A" to this Schedule setting out the filing and reporting obligations, as amended from time to time, regarding the reporting of information to the Commission.

SUBMISSION TO JURISDICTION AND AGENT FOR SERVICE

16. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of LCH's activities in Ontario, LCH shall submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

17. For greater certainty, LCH shall file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of or relating to or concerning the Commission's regulation and oversight of LCH's activities in Ontario.

Appendix "A"

Filing and Reporting Obligations

FILING REQUIREMENTS

Bank of England Filings

1. LCH shall provide staff of the Commission, concurrently, the following information that it is required to file with the Bank of England:

   (a) the audited and unaudited financial statements of LCH;

   (b) the institution of any legal proceeding against it;

   (c) the presentation of a petition for winding up, the appointment of a receiver or the making of any voluntary arrangement with creditors;

   (d) any material changes and proposed material changes to its bylaws, constating documents, rules (other than the rules identified in paragraphs 6 and 7 of Schedule "B"), operations manual, participant agreements and other similar instruments or documents of LCH which contain any contractual terms setting out the respective rights and obligations between LCH and Clearing Members or among Clearing Members;

   (e) any reports or other similar documents that provide risk management information; and

   (f) any regulatory assessments or self-assessments against international standards or requirements.

Prior Notification

2. LCH shall provide prior notification to staff of the Commission of any of the following:

   (a) a material change to its business operations or the information provided in the Application; and

   (b) any material change to the clearing services provided to Ontario Clearing Members.

Prompt Notification

3. LCH shall promptly notify staff of the Commission of any of the following:

   (a) an event of default by a Clearing Member that does not constitute a Crisis, including details of the use of LCH's default protections and default management processes that have occurred and the total level of financial resources remaining at LCH for a default management purposes with regard to cleared products in the clearing services offered to Ontario Clearing Members;

   (b) any material change or proposed material change in status or the regulatory oversight by the Bank of England;

   (c) the clearing of new products that are proposed to be offered to Ontario Clearing Members or products that will no longer be available to Ontario Clearing Members; and

   (d) in relation to client clearing and based on the information available to LCH, the identity of any new Ontario Clearing Member or any other Ontario resident that has entered into a direct or indirect arrangement with LCH for the provision of clearing services.

Quarterly Reporting

4. LCH shall maintain the following updated information and submit such information to the Commission in a manner and form acceptable to the Commission on at least a quarterly basis within 30 days of the end of the quarter, and at any time promptly upon the request of staff of the Commission:

   (a) a current list of all Ontario Clearing Members;

(b) a list of all Ontario Clearing Members against whom disciplinary action has been taken in the last quarter by LCH or the Bank of England with respect to activities at LCH;

(c) a list of all investigations by LCH relating to Ontario Clearing Members;

(d) a list of all Ontario applicants who have been denied Clearing Member status by LCH;

(e) for each LCH clearing service provided to Ontario Clearing Members, the aggregate nominal volumes during the period and the level of open interest as of the end of the period (by currency) in cleared products; the high and low daily nominal volumes and level of open interest during that period (with breakdowns by currency where relevant) in cleared products; the level and composition of margin and default fund collateral held with regard to cleared products (with breakdowns by currency where relevant) for each Ontario Clearing Member;

(f) the proportion of the metrics identified in paragraph (e) above for Ontario Clearing Members related to the activity of all clearing members in each of the LCH clearing services provided to Ontario Clearing Members;

(g) for each LCH clearing service provided to Ontario Clearing Members, a summary of risk management test results related to the adequacy of required margin and the adequacy of the level of the default fund, including but not limited to stress testing and back testing results, the level of payments effected over LCH's payments system(s) with regard to cleared products (or total payments processed, if not operationally viable to separate payments);

(h) for each LCH clearing service provided to Ontario Clearing Members, the total level of default protection with regard to cleared products; average daily volumes of margin calls with regard to cleared products; anonymized aggregated average daily notional position of the five and ten largest clearing members in cleared product;

(i) for each LCH clearing service provided to Ontario Clearing Members, a description of any material services outages (other than the material outages identified in paragraph 10 of Schedule "B") with regard to cleared products that have occurred since the last quarterly report;

(j) based on the information available to LCH, a list of all Clearing Members (grouped by country of incorporation of the ultimate parent) who offer client clearing services in Ontario; and

(k) based on the information available to LCH, for each Clearing Member offering client clearing to Ontario residents, the identity of the Ontario resident client receiving such services and the value and volume by asset class of their client clearing transactions.

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Beacon Acquisition Partners Inc.	11 Sept 13	23 Sept 13		
Celtic Tiger Minerals Exploration Inc.	16 Sept 13	27 Sept 13		
Great Basin Gold Ltd.	03 Sept 13	16 Sept 13	16 Sept 13	
Northern Lights Resources Corp.	12 Sept 13	24 Sept 13		
Sterling Shoes Inc.	16 Sept 13	27 Sept 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.

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Chapter 7

Insider Reporting

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

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

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
08/30/2013 to 09/03/2013	2	Affinium Pharmaceuticals, Inc. - Debentures	1,173,864.70	2.00
08/23/2013	2	AMERICAN SOLAR DIRECT HOLDINGS INC. - Units	1,156,540.00	550,000.00
08/13/2013	4	AMERICAN TOWER CORPORATION - Notes	13,937,295.29	0.00
08/01/2013	2	Atalaya Special Opportunities Fund (Cayman) V L.P. - Limited Partnership Interest	48,365,354.40	N/A
08/12/2013 to 08/19/2013	126	AVALON OIL & GAS LTD. - Common Shares	14,902,500.00	16,861,900.00
08/27/2013	1	Axela Inc. - Debentures	500,000.00	1.00
08/23/2013	65	B2 Gold Corp. - Notes	272,204,375.00	25,887.24
08/28/2013	11	Barclays Bank PLC - Notes	1,550,000.00	11.00
08/15/2013 to 08/20/2013	46	Bergen Resources Inc. - Common Shares	8,453,003.20	16,000,000.00
08/26/2013	1	BLUE VISTA TECHNOLOGIES INC. - Common Shares	0.00	5,000,000.00
08/22/2013	1	Brant Park Phase 2 Inc. - Bonds	115,000.00	115.00
08/21/2013	5	Builddirect.com Technologies Inc. - Units	8,001,000.00	2,286,000.00
08/20/2013 to 08/22/2013	31	Capital Markets Technologies, Inc. - Common Shares	1,497,550.00	46,756,666.00
08/20/2013 to 08/22/2013	18	Capital Markets Technologies, Inc. - Preferred Shares	115,000.00	2,300,000.00
08/27/2013	3	Caribou King Resources Ltd. - Common Shares	150,000.00	3,000,000.00
08/23/2013	6	Clearview Resources Ltd. - Preferred Shares	100.00	100.00
08/28/2013 to 08/30/2013	31	Critical Outcome Technologies Inc. - Units	724,975.92	6,041,466.00
08/30/2013	2	Energy Fuels Inc. - Common Shares	600,000.00	2,754,746.00
08/29/2013	21	Fiera Properties CORE Fund LP - Limited Partnership Units	17,500,000.00	17,166.29
08/05/2013	2	First Reliance Real Estate Investment Trust - Units	5,000.00	555.56
08/23/2013	17	FORESIGHT ENERGY LLC. - Notes	6,941,849.48	0.00
08/20/2013	1	GOLD BULLION DEVELOPMENT CORP. - Units	2,500.00	50,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
08/08/2013	32	GOLD CANYON RESOURCES INC. - Warrants	1,954,439.72	8,497,564.00
08/14/2013	12	Harvest Gold Corporation - Units	56,500.00	1,130,000.00
08/23/2013	2	Hortican Inc. - Common Shares	220,000.00	440,000.00
08/16/2013	22	INTEGRA GOLD CORP. - Common Shares	2,962,149.99	2,620,000.00
08/16/2013	4	J.P. Morgan Bank Canada - Notes	7,024,750.00	4.00
08/22/2013	1	League IGW Real Estate Investment Trust - Notes	15,000.00	15,000.00
08/20/2013	14	LUCK STRIKE RESOURCES LTD. - Units	160,000.00	2,000,000.00
08/29/2013	30	Lyfe Kitchen Retail (Canada) Trust - Trust Units	419,472.71	26,701.00
08/12/2013	28	Metallis Resources Inc. - Common Shares	261,700.00	4,695,008.00
08/28/2013	3	Myca Health Inc. - Debentures	1,950,000.00	1,950.00
08/23/2013 to 08/29/2013	30	NEUTRISCI INTERNATIONAL INC. - Common Shares	740,000.00	740,000.00
07/31/2013	4	Newstart Financial Inc. - Notes	175,000.00	4.00
08/23/2013	1	NICKEL NORTH EXPLORATION CORP. - Common Shares	500,000.00	2,000,000.00
08/01/2013	9	Nipun Asia Total Return Offshore Fund Ltd. - Common Shares	30,807,240.00	N/A
08/26/2013	8	Nordic Oil and Gas Ltd. - Units	33,040.00	1,652,000.00
08/26/2013	20	NORTHWEST PLAZA COMMERCIAL TRUST - Units	1,424,932.00	1,424,932.00
08/26/2013	20	pan global resources inc. - Common Shares	1,004,200.10	6,694,666.00
08/23/2013	1	PARKSIDE RESOURCES CORPORATION - Units	30,000.00	500,000.00
08/15/2013	34	Patient Home Monitoring Corp. - Units	2,129,499.78	15,774,069.00
08/21/2013	1	Pixelworks, Inc. - Common Shares	1,589,946.75	435,000.00
08/27/2013	10	Pulis Registered Capital I Inc. - Bonds	883,800.00	8,838.00
08/21/2013	54	REDSTAR GOLD CORP. - Common Shares	2,166,085.00	139,080.00
08/13/2013	1	RNA DIAGNOCTICS INC. - Common Shares	25,000.00	19,231.00
08/15/2013	6	ROCKEX MINING CORPORATION - Units	123,750.00	4,500,000.00
08/19/2013	2	ROI CAPITAL - Units	1,107,613.00	1,107,613.00
08/23/2013	2	ROI Capital/Castlepoint Studio Partners Limited - Loan Agreements	521,228.02	521,228.02
08/29/2013	2	ROI Capital/Castlepoint Studio Partners Limited - Loan Agreements	24,307.40	24,307.40

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
08/26/2013	1	ROI Capital/MMS Enterprise Holdings Inc. - Loan Agreements	2,500,000.00	1.00
08/14/2013	169	ROYAL BANK OF CANADA - N/A	3,870,750.00	37,500.00
08/14/2013	13	SANATNA RECOURCES INC. - Units	803,000.00	10,037,500.00
07/31/2013 to 08/07/2013	34	SecureCare Investments Inc. - Bonds	1,364,837.00	N/A
08/21/2013 to 08/29/2013	73	SIF Solar Energy Income & Growth Fund - Units	2,021,600.00	20,216.00
09/03/2013	1	solarvest bioenergy inc. - Common Shares	100,000.00	400,000.00
08/07/2013	21	SUSTAINABLE ENERGY TECHNOLOGIES LTD. - Debentures	1,557,500.00	89.00
08/21/2013	1	Sydney Airport - N/A	6,974,531.44	2,058,404.00
08/21/2013	2	T-Mobile USA, Inc. - Notes	10,965,150.00	10,500.00
08/26/2013	2	tw telecom holdings inc. - Notes	2,358,995.45	2.00
08/26/2013 to 08/30/2013	10	UBS AG, Jersey Branch - Certificates	8,794,225.69	10.00
08/13/2013 to 08/23/2013	45	UBS AG, Jersey Branch - Certificates	16,353,866.60	45.00
08/14/2013	1	UBS AG, London Branch - Notes	52,497.50	500.00
08/13/2013 to 08/15/2013	3	UBS AG, Zurich - Certificates	1,258,970.79	3.00
08/22/2013	42	U.S. Silver & Gold Inc. - Units	5,781,798.20	9,636,331.00
08/07/2013 to 08/08/2013	2	U.S. Silver & Gold Inc.min - Notes	8,500,000.00	0.00
07/31/2013	50	Vertex Fund - Trust Units	4,314,048.53	N/A
08/30/2013 to 09/04/2013	60	Victoria Rocket Limited Partnership - Units	1,518,500.00	15,185.00
08/15/2013	1	Victory Nickel Inc. - Common Shares	20,758.43	789,294.00
08/23/2013	43	WALKER RIVER RESOURCES CORP. - Units	800,000.00	5,000,000.00
08/22/2013	12	WALTON CA HIGHLAND RIDGE INVESTMENT CORPORATION - Common Shares	300,790.00	30,079.00
08/22/2013	29	WALTON FLA RIEDGEWOOD LAKES INVESTMENT CORPORATION - Common Shares	640,040.00	64,004.00
08/22/2013	21	WALTON INCOME 7 INVESTMENT CORPORATION - Common Shares	488,500.00	2,100.00
08/22/2013	28	WALTON VA ALEXANDER'S RUN INVESTMENT CORPORATION - Common Shares	806,040.00	80,604.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
08/31/2013	1	Western Pacific Resources Corp. - Common Shares	24,999.97	287,356.00
08/26/2013	1	WINDSTREAM CORPORATION - Notes	21,763,980.00	0.00
08/27/2013	43	Yonge-Yorkville-Cumberland Fund - Trust Units	3,250,600.00	32,506.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
BlueBay Global Convertible Bond Class (Canada)
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated September 13, 2013
NP 11-202 Receipt dated September 16, 2013
Offering Price and Description:
Series A, Advisor Series, Advisor T5 Series, Series T5, Series H, Series D, Series F, Series FT5, Series I and Series O mutual fund shares
Underwriter(s) or Distributor(s):
RBC Direct Investing Inc.
Promoter(s):
RBC DIRECT INVESTING INC.
Project #2112600

Issuer Name:
Canadian Oil Sands Limited
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated September 12, 2013
NP 11-202 Receipt dated September 12, 2013
Offering Price and Description:
$2,500,000,000
Debt Securities
Common Shares
Preferred Shares
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2112074

Issuer Name:
CT Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated September 10, 2013
NP 11-202 Receipt dated September 10, 2013
Offering Price and Description:
C$* - * Units
Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Macquarie Capital Markets Canada Ltd.
Raymond James Ltd.
Promoter(s):
Canadian Tire Corporation, Limited
Project #2111182

Issuer Name:
Discovery 2013 Flow-Through Limited Partnership
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated September 6, 2013
NP 11-202 Receipt dated September 10, 2013
Offering Price and Description:
Maximum: $25,000,000 - 1,000,000 Units
Minimum: $5,000,000 - 200,000 Units
PRICE: $25.00 PER UNIT
MINIMUM SUBSCRIPTION: $2,500 (100 Units)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Manulife Securities Incorporated
Canaccord Genuity Corp.
GMP Securities L.P.
Macquarie Private Wealth Inc.
Middlefield Capital Corporation
Dundee Securities Ltd.
Raymond James Ltd.
Promoter(s):
Middlefield Limited
Project #2111267

Issuer Name:
Manitoba Telecom Services Inc.
Principal Regulator - Manitoba
Type and Date:
Preliminary Base Shelf Prospectus dated September 13, 2013
NP 11-202 Receipt dated September 13, 2013
Offering Price and Description:
$500,000,000.00
Medium Term Notes (unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2112336

Issuer Name:
The Lonsdale Tactical Balanced Portfolio
The Lonsdale Tactical Growth Portfolio
The Lonsdale Tactical Yield Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated September 13, 2013
NP 11-202 Receipt dated September 13, 2013
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
Newport Private Wealth Inc.
Promoter(s):
Newport Private Wealth Inc.
Project #2112282

Issuer Name:
Verisante Technology, Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated September 12, 2013
NP 11-202 Receipt dated September 13, 2013
Offering Price and Description:
Up to $10,000,000.00:
Common Shares
Units consisting of Common Shares and Warrants to Purchase Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2112157

Issuer Name:
AGF Floating Rate Income Fund
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated September 6, 2013 to the Simplified Prospectus and Annual Information Form dated April 19, 2013
NP 11-202 Receipt dated September 13, 2013
Offering Price and Description:
Mutual Fund Series, Series F, Series O, Series Q, Series T and Series V Securities
Underwriter(s) or Distributor(s):
AGF Funds Inc.
Promoter(s):
AGF INVESTMENTS INC.
Project #2027007

Issuer Name:
Avalon Rare Metals Inc.
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated September 10, 2013
NP 11-202 Receipt dated September 11, 2013
Offering Price and Description:
US$500,000,000.00:
Common Shares
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2099381

Issuer Name:
BMO Nesbitt Burns Canadian Stock Selection Fund (Class A, Class F and Class I Units)
BMO Nesbitt Burns U.S. Stock Selection Fund (Class A and Class F Units)
BMO Nesbitt Burns Bond Fund (Class A and Class F Units)
BMO Nesbitt Burns Balanced Fund (Class A and Class F Units)
BMO Nesbitt Burns International Equity Fund (Class A and Class F Units)
BMO Nesbitt Burns Balanced Portfolio Fund (Class A and Class F Units)
BMO Nesbitt Burns Growth Portfolio Fund (Class A and Class F Units)
BMO Nesbitt Burns Maximum Growth Portfolio Fund (Class A and Class F Units)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated August 30, 2013 to the Simplified Prospectuses and Annual Information Form dated October 23, 2012
NP 11-202 Receipt dated September 12, 2013
Offering Price and Description:
Class A, Class F and Class I Units @ Net Asset Value
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Promoter(s):
BMO Nesbitt Burns Inc.
Project #1961548

Issuer Name:
CIBC Emerging Markets Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 5, 2013 to the Simplified Prospectus and Annual Information Form dated June 26, 2013
NP 11-202 Receipt dated September 16, 2013
Offering Price and Description:
Class A and O units @ net asset value
Underwriter(s) or Distributor(s):
CIBC Securities Inc.
Promoter(s):
CANADIAN IMPERIAL BANK OF COMMERCE
Project #2056078

Issuer Name:
Frontiers Emerging Markets Equity Pool
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated September 5, 2013 to the Simplified Prospectus and Annual Information Form dated December 13, 2012
NP 11-202 Receipt dated September 16, 2013
Offering Price and Description:
Class A, C, I and O units @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CIBC Asset Management Inc.
Project #1976169

Issuer Name:
GE Capital Canada Funding Company
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated September 10, 2013
NP 11-202 Receipt dated September 11, 2013
Offering Price and Description:
Cdn. $4,000,000,000.00
Medium Term Notes (unsecured)
Unconditionally guaranteed as to principal, premium (if any),
interest and certain other amounts by
GENERAL ELECTRIC CAPITAL CORPORATION
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #2100609

Issuer Name:
Granite REIT Holdings Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated September 12, 2013
NP 11-202 Receipt dated September 13, 2013
Offering Price and Description:
$1,000,000,000.00
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2110008

Issuer Name:
Heritage Plans
Principal Regulator - Ontario
Type and Date:
Amendment dated September 11, 2013 to the Long Form Prospectus dated August 22, 2013
NP 11-202 Receipt dated September 16, 2013
Offering Price and Description:
Scholarship Plan Units @ Net Asset Value
Underwriter(s) or Distributor(s):
HERITAGE EDUCATION FUNDS INC.
Promoter(s):
HERITAGE EDUCATION FUNDS INC.
Project #2085126

Issuer Name:
Imperial Emerging Economies Pool
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated September 5, 2013 to the Simplified Prospectus and Annual Information Form dated December 12, 2012
NP 11-202 Receipt dated September 16, 2013
Offering Price and Description:
Class A units @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1976156

Issuer Name:
Jov Canadian Equity Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated August 1, 2013 to the Simplified Prospectus and Annual Information Form dated April 30, 2013
NP 11-202 Receipt dated September 10, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
JovFinancial Solutions Inc.
Project #2042742

Issuer Name:
Jov Leon Frazer Bond Fund
Jov Leon Frazer Dividend Fund
Jov Leon Frazer Preferred Equity Fund
Jov Hahn Conservative ETF Portfolio
Jov Hahn Income & Growth ETF Portfolio
Jov Hahn Growth ETF Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment No. 1 dated August 1, 2013 (amendment no. 1) to the Amended and Restated Simplified Prospectuses and Annual Information Form dated June 27, 2013, amending and restating the Simplified Prospectuses and Annual Information Form dated May 30, 2013.
NP 11-202 Receipt dated September 10, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
JovFinancial Solutions Inc.
Project #2049418

Issuer Name:
Manulife Dividend Income Private Pool
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 6, 2013 to the Simplified Prospectus and Annual Information Form dated December 14, 2012
NP 11-202 Receipt dated September 12, 2013
Offering Price and Description:
Advisor Series, Series F, Series FT6, Series C, Series CT6, Series L, Series LT6 and Series T6 Securities @ Net Asset Value
Underwriter(s) or Distributor(s):
Manulife Asset Management Limited
Promoter(s):
Manulife Asset Management Limited
Project #1971066

Issuer Name:
PowerShares 1-5 Year Laddered Investment Grade Corporate Bond Index ETF
PowerShares Ultra DLUX Long Term Government Bond Index ETF
PowerShares Senior Loan (CAD Hedged) Index ETF
PowerShares Fundamental High Yield Corporate Bond (CAD Hedged) Index ETF
PowerShares Canadian Preferred Share Index ETF
PowerShares Canadian Dividend Index ETF
PowerShares FTSE RAFI Canadian Fundamental Index ETF
PowerShares FTSE RAFI US Fundamental (CAD Hedged) Index ETF
PowerShares S&P/TSX Composite Low Volatility Index ETF
PowerShares S&P 500 Low Volatility (CAD Hedged) Index ETF
PowerShares S&P/TSX Composite High Beta Index ETF
Powershares S&P 500 High Beta (CAD Hedged) Index ETF
PowerShares QQQ (CAD Hedged) Index ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 11, 2013 to the Long Form Prospectus dated April 12, 2013
NP 11-202 Receipt dated September 16, 2013
Offering Price and Description:
ETF securities @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Invesco Canada Ltd.
Project #2015583

Issuer Name:
PowerShares Tactical Bond ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 11, 2013 to the Long Form Prospectus dated April 12, 2013
NP 11-202 Receipt dated September 16, 2013
Offering Price and Description:
ETF securities @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Invesco Canada Ltd.
Project #2015595

Issuer Name:
SENTRY GLOBAL BALANCED INCOME FUND
SENTRY GLOBAL GROWTH AND INCOME CLASS*
SENTRY GLOBAL GROWTH AND INCOME FUND
* a class of shares of Sentry Corporate Class Ltd.
(Series A, Series F and Series I securities)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 4, 2013 to the Simplified Prospectuses and Annual Information Form dated June 4, 2013
NP 11-202 Receipt dated September 12, 2013
Offering Price and Description:
(Series A, Series F and Series I securities)
Underwriter(s) or Distributor(s):
Sentry Investments Inc.
Promoter(s):
Sentry Investments Inc.
Project #2049447, 2059299

Issuer Name:
Sprott Enhanced Balanced Class
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated September 10, 2013
NP 11-202 Receipt dated September 13, 2013
Offering Price and Description:
Series A, Series T, Series F, Series FT and Series I Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Sprott Asset Management GP Inc.
Project #2089191

Issuer Name:
Sprott Enhanced Equity Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 5, 2013 to the Simplified Prospectus and Annual Information Form dated April 5, 2013
NP 11-202 Receipt dated September 12, 2013
Offering Price and Description:
Series A, AI, F, F1, FT, I and T
Underwriter(s) or Distributor(s):
-
Promoter(s):
SPROTT ASSET MANAGEMENT LP
Project #2018687

Issuer Name:
TransCanada PipeLines Limited
Principal Regulator - Alberta
Type and Date:
Final Base Shelf Prospectus dated September 16, 2013
NP 11-202 Receipt dated September 16, 2013
Offering Price and Description:
$2,000,000,000.00
Medium Term Note Debentures
(Unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #2110830

Issuer Name:
Cordillera Gold Ltd.
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 12, 2013
Withdrawn on September 16, 2013
Offering Price and Description:
$2,600,000 to $5,500,000 - * Units
Price: $ * per Offered Unit
Underwriter(s) or Distributor(s):
Kingsdale Capital Markets Inc.
Promoter(s):
Rob Fia
Project #2045334

Issuer Name:
Vanoil Energy Ltd.
Principal Jurisdiction – British Columbia
Type and Date:
Preliminary Short Form Prospectus dated May 6, 2013
Withdrawn on September 4, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2056569

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	AYAL Capital Advisors ULC	Portfolio Manager, Exempt Market Dealer and Investment Fund Manager	September 12, 2013
Change in Registration Category	Incapital Canada ULC	From: Investment Dealer To: Investment Dealer and Investment Fund Manager	September 13, 2013
New Registration	Edgecrest Capital Corporation	Investment Dealer	September 16, 2013
Change in Registration Category	Global Alpha Capital Management Ltd.	From: Portfolio Manager To: Portfolio Manager and Investment Fund Manager	September 17, 2013

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.2 Marketplaces

13.2.1 Lynx ATS – Notice of Completion of Staff Review of Lynx ATS Initial Operations Report

LYNX ATS

NOTICE OF COMPLETION OF STAFF REVIEW OF LYNX ATS INITIAL OPERATIONS REPORT

On April 18, 2013, Omega Securities Inc. (OSI) announced its plans regarding the operation of its second Canadian trading facility, Lynx ATS. The description of the proposed operations of Lynx ATS (Proposed Amendments) was published for comment in accordance with OSC Staff Notice 21-706 – *Marketplaces' Initial Operations and Material Systems Changes*, and pursuant to an order requiring OSI to comply with the *Process for the Review and Approval of the Information Contained in Form 21-101F2 and the Exhibits Thereto* (ATS Protocol). Two comment letters were received. A summary of and responses to those comments prepared by OSI is included at Appendix A to this notice.

The OSC has approved the Proposed Amendments pursuant to section 8 of the ATS Protocol applicable to OSI. OSI will publish a notice indicating the intended launch date of Lynx ATS, which will not be earlier than 90 days form the publication of this notice.

APPENDIX A

LYNX ATS

SUMMARY OF COMMENTS AND RESPONSES

Issue	Commenter and Comment	OSI Response
Omega's classic market share is very low	**ITG Canada Corp. –** the Omega Classic trading venue (Omega ATS) has very low market share, and even lower contribution to the NBBO.	Omega ATS with its "Free to Take" model is a niche player offering a service that is sought by 3-5% of the market at best, comparing it to overall market share is not relevant. We have seen in the last few months both Select and CX2 move to a taker/maker model with a rebate.
Lynx/Omega Lacks Innovation	**ITG Canada CORP** – while Omega is suggesting that Lynx will offer up "innovative solutions our industry requires", we fail to appreciate how another slightly altered version of maker taker or taker maker pricing is deemed to be necessary innovation. **TD Securities** - recent new marketplaces have brought no new innovation in terms of market efficiency and have primarily been created to add a new make/take fee level for the marketplace operator.	Having both Omega and Lynx is intended to provide for OSI two platforms upon which we are able to tailor services to the varied needs of the market place. Omega ATS was the first market to offer an inverted price model offering the lowest possible cost to the active retail order. Omega ATS is the only market to have an OPR protection system that prevents both locked markets, and trade through. Omega ATS has been approved as the only ATS with an odd lot book, and will offer the only odd lot book that will allow trading in single shares. Lynx will be the only ATS with no data fees, no connectivity fee, no subscriber fee. All innovative and all beneficial to our subscribers and the industry in general. In the future, Omega Securities Inc intends to diverge our two marketplaces and develop each marketplace with more original services that will benefit the unique users of the respected markets.
The make/take fee model is inconsistent with Canadian fair market principles	**TD Securitie**s – Marketplace operators have an incentive to create as many make/take fee levels as possible to span a range of sub-penny prices and to offer payment-for -order flow to both active and passive participants. We see the make/take fee model as being inconsistent with Canadian fair market principles since it is equivalent to sub-penny pricing and payment-for-order flow	As we have addressed in question two Omega Securities Inc, has always followed the path of continuous change and innovation. The question of Maker/Taker is a question of regulation and market structure, and beyond the scope of of this commentary on the launch of Lynx ATS. Maker/Taker is the de facto pricing structure of the Canadian Equity Markets, with 95% of all trades occurring under this pricing model. The TMX group that controls 75% of all trading in Canada operates three Maker/Taker markets alone.

Issue	Commenter and Comment	OSI Response
Omega Securities Inc underestimates the costs of connecting to a new market	**ITG Canada Corp** – we believe Brian Crew OSI management is drastically underestimating both the real cost, and the opportunity cost of setting up connectivity and exhaustively testing a new marketplace.	OSI acknowledges there will be some costs associated with developing systems and networks to connect to Lynx ATS, and it is with this foremost in mind that OSI has done everything in its control to make the launch of Lynx ATS as low cost as possible. With no subscription fee , no market data fees, no connection fee, and no drop copy fee, Lynx will be the first and only strictly "pay as you go" marketplace. All connections to Omega ATS can be used for Lynx ATS thus reducing infrastructure demands on the market participant. OSI has chosen to keep new functions to a limit as it introduces Lynx ATS, allowing users to integrate Lynx ATS to their present systems with the lowest cost. It is our hope that without additional fees participants will be able to recoup their costs in a short time.
Maker/Taker creates a lack of transparency	**TD Securities** – The make/take model also creates a lack of transparency since the payments are not included in the displayed price and are not uniformly passed to the end client.	Different pricing models are a component of a competitive landscape. All pricing is very transparent and can be calculated easily. Moreover, the varied market prices give the trading community the tools to select the trading venue that best fits its needs. Omega and Lynx ATS offer a fully programmable free smart order router that can be set to achieve the lowest cost for you and your client.
Market fragmentation is harmful to market quality, and reduces the likelihood of passive orders being filled.	**TD Securities** – Fragmentation is harmful to market quality as it creates an unnecessary level of intermediation based on rebate arbitrage and reduces the likelihood of passive orders to be filled.	Omega Securities Inc is presently competing with rivals that control several marketplaces, the TMX group alone controls four lit markets and one dark market. We have seen in the last few months both CX2 and the TMX group move into the inverted price niche. Competition is fragmentation and with it has come the tightest spreads, lowest trading fees and continuous competitive innovation. Omega Securities Inc is the only independent Canadian marketplace, the Lynx ATS market will provide us with the tools necessary to continue serving our subscribers.

Issue	Commenter and Comment	OSI Response
Increased market participants increase risk and complexity	**TD Securities** – Most participants have multiple connection points to marketplaces through a variety of vendors and/ or in-house systems. As new marketplaces are added, connections must be established to each vendor and in-house system, which rapidly multiplies the number of connections that must be supported and makes vendor co-ordination, system testing and change deployment exceptionally complex.	An increased number of market places mathematically increases the risk of an issue, but it also increases the rewards of multiple marketplaces such as, improved trade quality, lower costs and greater competition. Moreover, the multiple marketplace environment plays a key role in reducing systemic risk. As the TMX Group consolidates many of the key functions of the markets they acquired, they have increased the systemic risk created by the purchase of the TMX and its consolidation with Alpha, and Select. Lynx ATS will add to the trading community another marketplace separate from the larger groups, one that has being an ATS as its only focus.
The increased number of marketplaces increases the rate of change for gateway upgrades, matching engine enhancements, order type programming, and general infrastructure maintenance.	**TD Securities** – Increasing the number of marketplaces also increases the rate of change for gateway upgrades, matching engine enhancements, additional order types, data centre migrations and infrastructure maintenance.	Although we agree that the addition of a new marketplace would result in some additional changes for enhancements, we at OSI also believe in offering features that would appeal to different segments of the broker dealer community. Historically, OSI has minimized the number of mandatory upgrades, preferring to introduce enhancements that are optional, targeting users that would use these features. It has, and continues to be our intention to minimize the amount of work required by the broker dealer community to receive value enhancing features.

13.3 Clearing Agencies

13.3.1 Notice of Commission Approval – Material Amendments to CDS Procedures – Amendments to the Buy-in Process

CDS CLEARING AND DEPOSITORY SERVICES INC.

MATERIAL AMENDMENTS TO CDS PROCEDURES

AMENDMENTS TO THE BUY-IN PROCESS

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and CDS Clearing and Depository Services Inc. (CDS), the Commission approved on September 10, 2013, amendments filed by CDS to its procedures relating to the buy-in process, a settlement option that forms part of the Continuous Net Settlement Service (CNS). The amendments will ensure that there is a proper sequencing of CNS settlement priorities and that liabilities are properly allocated or made available for reallocation in a buy-in situation, where necessary. A copy and description of the procedural amendments were published for comment on July 11, 2013 at (2013) 36 OSCB 7098. No comments were received.

13.3.2 LCH.Clearnet Limited. – Notice of Commission Order – Application for Recognition

LCH.CLEARNET LIMITED

APPLICATION FOR RECOGNITION

NOTICE OF COMMISSION ORDER

On September 10, 2013, the Commission issued an order under section 21.2 of the *Securities Act* (Ontario) (Act) recognising LCH.Clearnet Limited (LCH) as a clearing agency (Order), subject to terms and conditions as set out in the Order. A copy of the Order is published in Chapter 2 of this Bulletin.

The Commission published LCH's application and draft recognition order for comment on February 14, 2013 at (2013) 36 OSCB 1798. A comment letter was received from TMX Group Limited. A copy of the comment letter is posted at www.osc.gov.on.ca. We summarize below the main comments and Staff's responses to them.

In issuing the Order, the following substantive amendments were made to the draft recognition order published for comment:

Amendments to Terms and Conditions:

- a new term and condition was included wherein LCH will conduct its businesses and operations in a manner that is consistent with the public interest
- one term and condition was amended related to regulatory oversight to state that LCH shall maintain its status as a central counterparty authorised under the European Market Infrastructure Regulation (EMIR) and shall continue to be subject to the regulatory oversight under EMIR
- a new reporting requirement was included wherein LCH, based on the information available, will promptly notify the Commission of the identity of any new Ontario clearing member or any other Ontario resident that has entered into a direct or indirect arrangement with LCH for the provision of clearing services
- a reporting requirement was modified to make it clear that LCH will, on a quarterly basis based on the information available, provide for each clearing member offering client clearing to Ontario residents, the identity of the Ontario resident client receiving such services and the value and volume by asset class of their client clearing transactions

Attached as Appendix A to this notice is a blackline identifying amendments made to the Order since publication for comment.

Summary of Comments and Staff's Responses

Comment	Response
The Commenter raised concerns about the potential for an unlevel playing field for domestic and foreign clearing agencies. Specifically, they stated that it is important to ensure that a foreign clearing agency does not have a competitive advantage over a domestic clearing agency because of differences in rules and requirements that they must meet in order to offer similar services.	As noted in OSC Staff Notice 24-702 *Regulatory Approach to Recognition and Exemption from Recognition of Clearing Agencies* (Staff Notice 24-702), our application process for recognition or exemption from recognition for clearing agencies is similar regardless whether the clearing agency is Ontario based or not. We would only recommend that a clearing agency based outside Ontario be exempted from recognition if it does not pose systemic risk to the Ontario capital markets. Once we determine that a clearing agency should be recognised, we tailor the recognition order to focus on key areas that pose the biggest risk to the Ontario market and to adopt, as much as we can, current regulatory processes to which the entity is already subject.
The commenter also raised concerns about our reliance on the United Kingdom (U.K.) regulatory authorities (the Financial Services Authority (FSA) and as of April 1, 2013 the Bank of England, LCH's new primary regulator), without conducting a transparent comparability analysis of the oversight regimes of Ontario and the U.K. The commenter also noted that a comparability analysis is very difficult to achieve at the present time due to regulatory uncertainty relating to the FSA transferring its oversight to the Bank of England and EMIR has not been finalised.	As noted in Staff Notice 24-702, in processing an application for recognition or exemption from a foreign based clearing agency staff consider whether the clearing agency is subject to an appropriate regulatory and oversight regime. Foreign based clearing agencies are specifically asked to include in its application a description of the regulatory regime that it is currently subject to. In addition to reviewing the information in the application, staff also interact with staff of the home regulator to gain an understanding of their oversight. All these inform our conclusion as to whether a foreign regime is appropriate and comparable to the regime in Ontario.
The Commenter noted that there is no MOU between the FSA and the Commission which they view as an important precursor to the recognition or exemption of a dually regulated financial market infrastructure.	The Commission, together with the Alberta and British Columbia Securities Commissions, entered into a MOU with the Bank of England concerning regulatory cooperation related to the supervision and oversight of regulated entities that operate in both the United Kingdom and Canada. The MOU provides a comprehensive framework for consultation, cooperation and information-sharing related to the day-to-day supervision and oversight of cross-border regulated entities such as LCH and enhances the Commission's ability to supervise these entities. The MOU was published in the OSC bulletin on July 11, 2013 ((2013) 36 OSCB 6918) and is posted at www.osc.gov.on.ca.

Appendix "A" to the Notice

~~Draft~~ Order

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED
(THE ACT)

AND

IN THE MATTER OF
LCH.CLEARNET LIMITED

ORDER
(~~Subsection~~ Section 21.2~~(0.1)~~ of the Act)

WHEREAS LCH.Clearnet Limited (LCH) has filed an application (Application) with the Ontario Securities Commission (Commission) requesting an order pursuant to ~~sub~~section 21.2~~(0.1)~~ of the Act recognizing LCH as a clearing agency;

AND WHEREAS the Commission issued an interim order dated March 1, 2011 (Initial~~erim~~ Order) pursuant to section 147 of the Act exempting LCH from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act;

AND WHEREAS the Commission issued an order dated May 17, 2011 varying and restating the Initial~~erim~~ Order to clarify that LCH may provide additional clearing services, including LCH Enclear OTC service to Ontario-resident clients (~~First Restated~~ Interim Order);

AND WHEREAS the Commission issued an order dated August 19, 2011 varying and restating the ~~First Restated~~ Interim Order and issued an order dated August 28, 2012 varying the August 19, 2011 order to extend LCH's interim exemption from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act (Subsequent Order) ~~to extend the expiry of the First Restated Interim Order (Second Restated Interim Order);~~

~~**AND WHEREAS** the Commission issued an order dated August 28, 2012 varying the Second Restated Interim Order to extend the expiry of the Second Restated Interim Order;~~

AND WHEREAS the Commission issued an order dated February 12, 2013 varying and restating the Subsequent Order to extend the expiry of the Subsequent Order and include an additional filing requirement (Restated Subsequent Order);

AND WHEREAS the Commission issued an order dated May 24, 2013 varying the Restated Subsequent Order to further extend the expiry of the Restated Subsequent Order;

AND WHEREAS the Restated Subsequent Order will be replaced by this order and therefore will be automatically revoked upon issuance of this order;

AND WHEREAS LCH has represented to the Commission that:

1. LCH is a clearing house incorporated under the laws of England and Wales. LCH operates as a central counterparty (CCP) clearing house and receives most of its revenue from treasury income and thereafter clearing fees charged to its clearing members (Clearing Members);

2. As of July 31, 2013~~January 12, 2012~~, LCH.Clearnet Group Ltd. (LCH Group), the parent holding company of LCH, is ~~owned~~ 57.8% owned by the London Stock Exchange Group ("LSEG"), with the remainder being owned by its users (i.e. clearing members) and other exchanges; ~~77.5 percent by users (i.e., Clearing Members) and 22.5 percent by exchanges. As at December 31, 2012, there are no shareholders of LCH Group who hold 10% or more of LCH Group's issued and outstanding shares. On December 14, 2012, the Office of Fair Trading in the United Kingdom (U.K.) announced that the proposed acquisition by the London Stock Exchange Group Plc of a majority stake in LCH was cleared unconditionally;~~

3. LCH Group, which is incorporated in the U.K., is regulated as a Compagnie financière by the Autorité de Contrôle Prudentiel (France);

4. LCH is a Recognised Clearing House (RCH) in the U.K. under the U.K.'s Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) (FSMA) ~~and, as such, is approved by the U.K. Financial Services Authority (FSA)~~. LCH as a RCH must comply with the recognition requirements laid down in FSMA to clear a broad range of asset classes including securities, exchange traded derivatives, commodities, energy, freight, interest rate swaps, credit default swaps and euro and sterling denominated bonds and repurchase transactions, and works closely with market participants and exchanges to identify and develop clearing services for new asset classes. The exchange-traded futures and options on futures relate to underlyings in short-term interest rates (Euro, Sterling, Swiss Franc); government bonds (U.K. Gilts and Japanese Government Bonds); medium and long-term swap rates (Euro), equity indices (U.K.-related FTSE indices and FTSE and MSCI pan-European indices); and individual stocks (British, Dutch, French, German, Italian, Spanish and U.S. companies) and energy;

5. LCH was until March 31, 2013 regulated by the Financial Services Authority (FSA). The Bank of England ~~FSA~~ is now LCH's primary regulator~~. Proposed legislation~~ u~~U~~nder a new framework established by the Financial Services Act 2012 which ~~was introduced into the U.K. Parliament on January 27, 2012 and that will~~ fundamentally reformed the structure of financial services regulation in the U.K. ~~Under T~~the new framework, ~~which~~ came into force April 1, 2013 ~~will be implemented in 2013~~, and transferred the FSA's regulatory and oversight responsibilities for RCHs ~~of systemically important financial market infrastructures will be transferred~~ to the Bank of England~~ (the FSA and the Bank of England hereinafter referred to collectively or individually as the "U.K. Authorities")~~;

6. The regulatory regime for CCPs in the European Union now comes under the European Market Infrastructure Regulation (EMIR). Under EMIR all CCPs providing services in the European Union and European Economic Area must apply for re-authorisation by September 15, 2013 and must demonstrate compliance with EMIR and related regulations before authorisation is granted. EMIR came into force on August 16, 2012; LCH is in the process of becoming authorised as a CCP under EMIR;

7~~6~~. As part of its regulatory oversight of LCH, the ~~U.K. Authorities~~Bank of England ~~will~~ reviews, assesses and enforces the on-going compliance by LCH with the requirements set out in FSMA including financial resources, the financial and operational requirements for Clearing Members, systems and controls, rule-making, and LCH's practices and procedures;

8~~7~~. LCH is required to provide to the ~~U.K. Authorities~~Bank of England on request, access to all records and to cooperate with other regulatory authorities, including making arrangements for information-sharing;

9~~8~~. LCH is also a designated clearing organization (DCO) within the meaning of that term under the United States (U.S.) Commodity Exchange Act. As a DCO, LCH is subject to regulatory supervision by the U.S. Commodity Futures Trading Commission, a U.S. federal regulatory agency. In addition, the Bank of Canada designated LCH's SwapClear service under the Payment Clearing and Settlement Act (Canada) with effect from April 2, 2013 which brings LCH's SwapClear service under the formal oversight of the Bank of Canada;

10~~9~~. LCH is currently offering the following four services to Ontario-resident Clearing Members: RepoClear, SwapClear, EnClear and LCH Nodal. LCH currently has five Clearing Members who qualify as "Canadian financial institutions" (within the meaning of that term in subsection 1.1(3) of National Instrument 14-101 *Definitions* and that have a head office or principal~~le~~ place of business in Ontario. LCH is currently offering client clearing services to Ontario residents through non-Ontario resident SwapClear Clearing Members and is in the process of permitting Ontario resident SwapClear Clearing Members to offer client clearing services to Ontario residents and non-Ontario residents; ~~LCH. Currently does not offer client clearing services to its Ontario resident clients;~~

11~~0~~. The RepoClear service clears cash bond and repurchase trades on the following securities: Austrian, Belgian, Dutch, German, Irish, Finnish, ~~Portugese~~Portuguese and U.K. government bonds, German Jumbo Pfandbriefe and Supranationals, Agency and Sovereign. RepoClear accepts the following types of specific bond repurchase trades: classic fixed rate repurchases with first leg settlement on a same day and forward start basis with a term not greater than one year;

12~~1~~. The SwapClear service clears over-the-counter (OTC) interest rate swaps (IRS) and LCH anticipates clearing an expanded list of swap products and OTC derivatives on exempt commodities (e.g., energy and metals);

13~~2~~. Transactions cleared through SwapClear and RepoClear are traded by Clearing Members on a bilateral basis, either inter-office, or through brokers, or on automated trading systems recognized by LCH;

14~~3~~. The EnClear service clears OTC forward freight agreements and OTC emission contracts that provide a risk management and delivery solution. Cleared OTC Spot European Union Allowances issued in accordance with the terms of Directive 1003/87/EC (EUA) and Certified Emissions Reductions issued pursuant to Article 12 of the Kyoto

Protocol (CER) contracts allow market practitioners to benefit from the security offered by a CCP and the flexibility provided by platform independence;

15~~4~~. The LCH Nodal service clears cash-settled power and natural gas futures for participants of the Nodal Exchange, which is an independent electronic commodities exchange dedicated to offering locational forward trading products and services to participants in the organized North American power markets;

16~~5~~. LCH maintains Clearing Member criteria that all applicants must satisfy before their applications are accepted, including fitness criteria, review of corporate constitutive documentation, financial standards, operational standards, appropriate registration qualifications with applicable statutory regulatory authorities, and LCH applies a due diligence process to ensure that all applicants meet the required criteria;

17~~6~~. There are no material differences in terms of membership standards and financial requirements between Ontario-resident Clearing Members and other Clearing Members;

18~~7~~. LCH utilizes processes to minimize systemic risk, which processes include operational and financial criteria for all Clearing Members, margining and financial protections, the maintenance of a clearing/guarantee fund, sound information systems, comprehensive internal controls, ongoing monitoring of Clearing Members, and appropriate oversight by the LCH Board of Directors;

19~~8~~. LCH does not have any office or maintain other physical installations in Ontario or any other Canadian province or territory. LCH does not currently have any plans to open such an office or to establish any such physical installations in Ontario or elsewhere in Canada; and

20~~19~~. LCH permits Ontario~~-~~ residents who meet the criteria set out in its rules to become registered as Clearing Members, and as a result, is considered by the Commission to be "carrying on business as a clearing agency" in Ontario. LCH cannot carry on business in Ontario as a clearing agency unless it is recognized by the Commission as a clearing agency under ~~sub~~section 21.2~~(0.1)~~ of the Act or exempted from such recognition under section 147 of the Act.

AND WHEREAS based on the Application and the representations LCH has made to the Commission, the Commission has determined that LCH satisfies the criteria set out in Schedule "A" to this order and that it is in the public interest to recognize LCH as clearing agency pursuant to ~~sub~~section 21.2~~(0.1)~~ of the Act, subject to terms and conditions that are set out in Schedule "B" of this order;

AND WHEREAS LCH has agreed to the respective terms and conditions that are set out in Schedule "B" to this order;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and LCH's activities on an ongoing basis to determine whether it is appropriate that LCH continues to be recognized subject to the terms and conditions in this order;

IT IS ORDERED by the Commission that LCH is recognized as a clearing agency pursuant to ~~sub~~section 21.2~~(0.1)~~ of the Act;

PROVIDED THAT LCH complies with the terms and conditions attached as hereto as Schedule "B" to this order.

DATED _____, 2013

SCHEDULE A

Criteria for Recognition and Exemption from Recognition as a Clearing Agency

PART 1 GOVERNANCE

1.1 The governance structure and governance arrangements of the clearing agency ensure~~s~~:

(a) effective oversight of the clearing agency;

(b) the clearing agency's activities are in keeping with its public interest mandate;

(c) fair, meaningful and diverse representation on the governing body (Board) and any committees of the Board, including a reasonable proportion of independent directors;

(d) a proper balance among the interests of the owners and the different entities seeking access (participants) to the clearing services and facilities (clearing services) of the clearing agency;

(e) the clearing agency has policies and procedures to appropriately identify and manage conflicts of interest;

(f) each director or officer of the clearing agency, and each person or company that owns or controls, directly or indirectly, more than 10 percent of the clearing agency is a fit and proper person; and

(g) there are appropriate qualifications, limitation of liability and indemnity provisions for directors and officers of the clearing agency.

PART 2 FEES

2.1 All fees imposed by the clearing agency are equitably allocated. The fees do not have the effect of creating unreasonable barriers to access.

2.2 The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 3 ACCESS

3.1 The clearing agency has appropriate written standards for access to its services.

3.2 The access standards and the process for obtaining, limiting and denying access are fair and transparent. A clearing agency keeps records of

(a) each grant of access including, for each participant, the reasons for granting such access; and

(b) each denial or limitation of access, including the reasons for denying or limiting access to an applicant.

PART 4 RULES AND RULEMAKING

4.1 The clearing agency's rules are designed to govern all aspects of the clearing services offered by the clearing agency, and

(a) are not inconsistent with securities legislation;

(b) do not permit unreasonable discrimination among participants; and

(c) do not impose any burden on competition that is not necessary or appropriate.

4.2 The clearing agency's rules and the process for adopting new rules or amending existing rules should be transparent to participants and the general public.

4.3 The clearing agency monitors participant activities to ensure compliance with the rules.

4.4 The rules set out appropriate sanctions in the event of non-compliance by participants.

PART 5 DUE PROCESS

5.1 For any decision made by the clearing agency that affects an applicant or a participant, including a decision in relation to access, the clearing agency ensures that:

(a) an applicant or a participant is given an opportunity to be heard or make representations; and

(b) the clearing agency keeps a record of, gives reasons for, and provides for appeals or reviews of, its decisions.

PART 6 RISK MANAGEMENT

6.1 The clearing agency's clearing services are designed to minimize systemic risk.

6.2 The clearing agency has appropriate risk management policies and procedures and internal controls in place.

6.3 Without limiting the generality of the foregoing, the clearing agency's clearing or functions are designed to achieve the following objectives:

1. Where the clearing agency acts as a central counterparty, it rigorously controls the risks it assumes.

2. The clearing agency minimizes principal risk by linking securities transfers to funds transfers in a way that achieves delivery versus payment.

3. Final settlement occurs no later than the end of the settlement day. Intraday or real-time finality is provided where necessary to reduce risks.

4. Where the clearing agency extends intraday credit to participants, including a clearing agency that operates net settlement systems, it institutes risk controls that, at a minimum, ensure timely settlement in the event that the participant with the largest payment obligation is unable to settle.

5. Assets used to settle the ultimate payment obligations arising from derivatives transactions carry little or no credit or liquidity risk. If central bank money is not used, steps are to be taken to protect participants in clearing services from potential losses and liquidity pressures arising from the failure of the cash settlement agent whose assets are used for that purpose.

6. If the clearing agency establishes links to settle cross-border trades, it designs and operates such links to reduce effectively the risks associated with cross-border settlements.

6.4 The clearing agency engaging in activities not related to clearing services carries on such activities in a manner that prevents the spillover of risk to the clearing agency that might affect its financial viability or negatively impact any of the participants in the clearing service.

PART 7 SYSTEMS AND TECHNOLOGY

7.1 For its clearing services systems, the clearing agency:

(a) develops and maintains,

(i) reasonable business continuity and disaster recovery plans,

(ii) an adequate system of internal control,

(iii) adequate information technology general controls, including controls relating to information systems operations, information security, change management, problem management, network support, and system software support;

(b) on a reasonably frequent basis, and in any event, at least annually, and in a manner that is consistent with prudent business practice,

(i) makes reasonable current and future capacity estimates,

(ii) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner,

(iii) tests its business continuity and disaster recovery plans; and

(c) promptly notifies the regulator of any material systems failures.

7.2 The clearing agency annually engages a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards regarding its compliance with section 7.1(a).

PART 8 FINANCIAL VIABILITY AND REPORTING

8.1 The clearing agency has sufficient financial resources for the proper performance of its functions and to meet its responsibilities and allocates sufficient financial and staff resources to carry out its functions as a clearing agency in a manner that is consistent with any regulatory requirements.

PART 9 OPERATIONAL RELIABILITY

9.1 The clearing agency has procedures and processes to ensure the provision of accurate and reliable clearing services to participants.

PART 10 PROTECTION OF ASSETS

10.1 The clearing agency has established accounting practices, internal controls, and safekeeping and segregation procedures to protect the assets that are held by the clearing agency.

PART 11 OUTSOURCING

11.1 Where the clearing agency has outsourced any of its key functions, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices. The outsourcing arrangement provides regulatory authorities with access to all data, information, and systems maintained by the third party service provider required for the purposes of regulatory oversight of the agency.

PART 12 INFORMATION SHARING AND REGULATORY COOPERATION

12.1 For regulatory purposes, the clearing agency cooperates by sharing information or otherwise with the Commission and its staff, self-regulatory organizations, exchanges, quotation and trade reporting systems, alternative trading systems, other clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE "B"

TERMS and CONDITIONS

DEFINITIONS

For the purposes of this Schedule:

"**Clearing Member**" means a clearing member as defined under LCH rules;

"**client clearing**" means a Clearing Member(s) clearing transactions on behalf of their clients who are not Clearing Members;

"**Crisis**" means (i) when one or more of LCH's major Clearing Members default on their obligations to LCH that might place LCH under financial distress that is handled with significant difficulties (ii) when LCH experiences operational problems which results in the delay of the processing of the clearance of trades for more than two hours following the disruptive event, such as an IT system or process failure, human error, management failure, fraud, or disruption from external events, such as natural disasters, physical attacks by terrorists, or cyber attacks; (iii) any material problem with the clearance of transactions that could materially affect the safety and soundness of LCH; (iv) when LCH's assets and those of its Clearing Members and/or their clients held by or on behalf of LCH suffer significant loss due to market risk or due to custody risk following the failure of the third party commercial custody bank holding such assets; (v) a default of an Ontario Clearing Member; (vi) a default of a Clearing Member where the Clearing Member is clearing on behalf of Ontario residents or (vii) any expectation of LCH that any of the foregoing is reasonably likely to occur;

"**criteria for recognition"** means the criteria for recognition set out in Schedule "A" to this order;

"**FMIs**" means financial market infrastructures as defined under the principles of the Bank for International Settlements and the International Organization of Securities Commissions;

"**Ontario Clearing Member**" means Ontario~~-~~ residents who are Clearing Members of LCH;

"**Ontario securities law**" has the meaning ascribed to it in subsection 1(1) of the Act;

REGULATION OF LCH

1. LCH shall maintain its status as a RCH with the ~~U.K. Authorities~~Bank of England and as a CCP authorised under EMIR and shall continue to be subject to the regulatory oversight of the ~~U.K. Authorities.~~Bank of England and under EMIR.

2. LCH shall continue to meet the criteria for recognition as set out in Schedule "A".

OWNERSHIP OF LCH

3. LCH shall provide to the Commission 90 days prior written notice and a detailed description and impact of any proposed change to its ownership.

PUBLIC INTEREST

4. LCH shall conduct its businesses and operations in a manner that is consistent with the public interest.

ACCESS

5~~4~~. LCH shall request the Commission's prior written approval before offering (i) any new clearing service including client clearing to Ontario Clearing Members or (ii) any new link to FMIs (FMI Link) to be utilized by Ontario Clearing Members. Such a request shall be made at least 75 days prior to the offering of the new clearing service or FMI Link to Ontario Clearing Members and shall be accompanied by a written notice and detailed description and impact of the new clearing service or FMI Link to the safety and soundness of LCH and the existing clearing services offered to Ontario Clearing Members.

RULES AND RULEMAKING

6~~5~~. LCH shall provide to the Commission a written notice and detailed description of any new substantive rules or substantive changes to current rules relating to LCH's access criteria, default management and risk management model that are specific to the clearing services utilized by Ontario Clearing Members 45 days prior to the effective date of the rule or change.

7~~6~~. Notwithstanding paragraph 6~~5~~, where LCH needs to implement a new substantive rule or a substantive rule change resulting in an effective date of less than 45 days, LCH shall provide to the Commission as soon as possible prior to the effective date a written notice and detailed description of the new material rule or material rule change and the reasons for the shorter implementation.

RISK CONTROLS

8~~7~~. LCH shall have clearly defined and transparent procedures for the management of risk which specify the respective responsibilities of LCH and its Clearing Members.

CRISIS MANAGEMENT

9~~8~~. In the event of a Crisis, LCH shall promptly share with and provide periodic updates to the Commission on the following information:

(a) details of the Crisis;

(b) any actions likely to be taken by LCH including details of the use of LCH's default protections and default management processes that have occurred and which impact the resilience of the LCH clearing services and the total level of financial resources remaining at LCH for default management purposes with regard to cleared products;

(c) actions likely to be taken by the ~~U.K. Authorities~~Bank of England if known to LCH; and

(d) any other information and documentation requested by the Commission related to the Crisis.

SYSTEMS AND TECHNOLOGY

10~~9~~. LCH shall promptly notify Commission staff of any material system failures graded as Priority 1 or similarly graded by the ~~U.K. Authorities~~Bank of England of a clearing service(s) utilized by an Ontario Clearing Member.

COMPLIANCE

11~~0~~. LCH shall certify in writing to the Commission, in a certificate signed by its general counsel or head of compliance and regulation, within one year of the effective date of this o~~O~~rder and every year subsequent to that date, or at other times required by the Commission, that it is in compliance with the terms and conditions in this o~~O~~rder and the criteria for recognition set out in Schedule "A" attached to this o~~O~~rder and describe in detail:

(a) the steps taken to require compliance;

(b) the controls in place to verify compliance; and

(c) the names and titles of employees who have oversight of compliance.

12~~1~~. LCH shall immediately notify staff of the Commission of any event, circumstance, or situation concerning any of LCH's operations that could materially prevent LCH's ability to continue to comply with the terms and conditions of the o~~O~~rder or the criteria for recognition set out in Schedule "A" attached to the o~~O~~rder.

INFORMATION SHARING AND REGULATORY COOPERATION

13~~2~~. LCH shall provide such information as may be requested from time to time, and otherwise cooperate with, the Commission or its staff with respect to matters subject to the Commission's jurisdiction.

14~~3~~. Unless otherwise prohibited under applicable law, LCH shall share information and otherwise cooperate with other recognized or exempt clearing agencies, recognized or exempt self-regulatory organizations, investor protection funds, marketplaces, and other regulatory bodies as appropriate.

15~~4~~. LCH shall comply with Appendix "A" to this Schedule setting out the filing and reporting obligations, as amended from time to time, regarding the reporting of information to the Commission.

SUBMISSION TO JURISDICTION AND AGENT FOR SERVICE

16~~5~~. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of LCH's activities in Ontario, LCH shall submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

17~~6~~. For greater certainty, LCH shall file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of or relating to or concerning the Commission's regulation and oversight of LCH's activities in Ontario.

Appendix "A"

Filing and Reporting Obligations

FILING REQUIREMENTS

Bank of England~~FSA~~ Filings

1. LCH shall provide staff of the Commission, concurrently, the following information that it is required to file with the ~~U.K. Authorities~~Bank of England:

   (a) the audited and unaudited financial statements of LCH;

   (b) the institution of any legal proceeding against it;

   (c) the presentation of a petition for winding up, the appointment of a receiver or the making of any voluntary arrangement with creditors;

   (d) any material changes and proposed material changes to its bylaws, constating documents, rules (other than the rules identified in paragraphs 6~~5~~ and 7~~6~~ of Schedule "B"), operations manual, participant agreements and other similar instruments or documents of LCH which contain any contractual terms setting out the respective rights and obligations between LCH and Clearing Members or among Clearing Members;

   (e) any reports or other similar documents that provide risk management information; and

   (f) any regulatory assessments or self -assessments against international standards or requirements.

Prior Notification

2. LCH shall provide prior notification to staff of the Commission of any of the following:

   (a) a material change to its business operations or the information provided in the Application; and

   (b) any material change to the clearing services provided to Ontario Clearing Members.

Prompt Notification

3. LCH shall promptly notify staff of the Commission of any of the following:

   (a) an event of default by a Clearing Member that does not constitute a Crisis, including details of the use of LCH's default protections and default management processes that have occurred and the total level of financial resources remaining at LCH for a default management purposes with regard to cleared products in the clearing services offered to Ontario Clearing Members;

   (b) any material change or proposed material change in status or the regulatory oversight by the ~~U.K. Authorities~~Bank of England; ~~and~~

   (c) the clearing of new products that are proposed to be offered to Ontario Clearing Members or products that will no longer be available to Ontario Clearing Members; and

   (d) in relation to client clearing and based on the information available to LCH, the identity of any new Ontario Clearing Member or any other Ontario resident that has entered into a direct or indirect arrangement with LCH for the provision of clearing services.

Quarterly Reporting

4. LCH shall maintain the following updated information and submit such information to the Commission in a manner and form acceptable to the Commission on at least a quarterly basis within 30 days of the end of the quarter, and at any time promptly upon the request of staff of the Commission:

   (a) a current list of all Ontario Clearing Members;

(b) a list of all Ontario Clearing Members against whom disciplinary action has been taken in the last quarter by LCH or the ~~U.K. Authorities~~Bank of England with respect to activities at LCH;

(c) a list of all investigations by LCH relating to Ontario Clearing Members;

(d) a list of all Ontario applicants who have been denied Clearing Member status by LCH;

(e) for each LCH clearing service provided to Ontario Clearing Members, the aggregate nominal volumes during the period and the level of open interest as of the end of the period (by currency) in cleared products; the high and low daily nominal volumes and level of open interest during that period (with breakdowns by currency where relevant) in cleared products; the level and composition of margin and default fund collateral held with regard to cleared products (with breakdowns by currency where relevant) for each Ontario Clearing Member;

(f) the proportion of the metrics identified in paragraph (e) above for Ontario Clearing Members related to the activity of all clearing members in each of the LCH clearing services provided to Ontario Clearing Members;

(g) for each LCH clearing service provided to Ontario Clearing Members, a summary of risk management test results related to the adequacy of required margin and the adequacy of the level of the default fund, including but not limited to stress testing and back testing results, the level of payments effected over LCH's payments system(s) with regard to cleared products (or total payments processed, if not operationally viable to separate payments);

(h) for each LCH clearing service provided to Ontario Clearing Members, the total level of default protection with regard to cleared products; average daily volumes of margin calls with regard to cleared products; anonymized aggregated average daily notional position of the five and ten largest clearing members in cleared product;

(i) for each LCH clearing service provided to Ontario Clearing Members, a description of any material services outages (other than the material outages identified in paragraph ~~9~~10 of Schedule "B") with regard to cleared products that have occurred since the last quarterly report;

(j) based on the information available to LCH, a list of all C~~c~~learing M~~m~~embers (grouped by country of incorporation of the ultimate parent) ~~that LCH provides clearing services to~~ who offer client clearing services in Ontario; and

(k) based on the information available to LCH, for each Clearing Member offering client clearing to Ontario residents, the identity of the Ontario resident client receiving such services and the value and volume by asset class of their client clearing transactions~~for each Clearing Member offering client clearing to Ontario residents, the value and volume of the client clearing transaction~~.

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