The Ontario Securities Commission

OSC Bulletin

December 12, 2013

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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)

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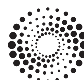

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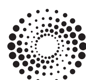
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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

Current Proceedings before the Ontario Securities Commission will no longer be printed in the Bulletin as of January 3, 2014. The Current Proceedings can be found on the OSC website – http://www.osc.gov.on.ca/en/Proceedings_before-commission_index.htm.

December 12, 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

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SCHEDULED OSC HEARINGS

December 16, December 18-20, 2013, January 15-27, January 30 – February 7, March 3-7 and April 28-30, 2014 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/A. Pelletier in attendance for Staff Panel: EPK/DL/AMR
December 16, 2013 10:00 a.m.	**Heritage Education Funds Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
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

December 18, 2013 10:00 a.m.	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric** s. 127 & 127(1) D. Ferris in attendance for Staff Panel: MGC/CP
January 6, 2014 2:00 p.m.	**Kevin Warren Zietsoff** s. 127 J. Feasby in attendance for Staff Panel: AJL
January 13, 2014 10:00 a.m. January 15, 2014 2:00 p.m. January 16, 20-21, 27, January 29 – February 10, February 12-14 and February 18-19, 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: JEAT
January 21, 2014 10:00 a.m.	**Weizhen Tang** s. 127 C. Rossi in attendance for Staff Panel: CP
January 21, 2014 10:00 a.m.	**Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang** s. 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
January 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: MGC
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
February 10 and February 12-18, 2014 10:00 a.m.	**Portfolio Capital Inc., David Rogerson and Amy Hanna-Rogerson** s.127 J. Lynch in attendance for Staff Panel: CP
February 20, 2014 10:00 a.m.	**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: JEAT
February 24, 26-28, 2014 10:00 a.m.	**Crown Hill Capital Corporation and Wayne Lawrence Pushka** s. 127 A. Perschy/A. Pelletier in attendance for Staff Panel: JEAT/CP/JNR

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: AJL
March 27, 2014 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
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: JEAT
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: JDC
April 14-15, April 21, April 23 – May 5 and May 7, 2014 10:00 a.m.	**Ground Wealth Inc., Michelle Dunk, Adrion Smith, Joel Webster, Douglas DeBoer, Armadillo Energy Inc., Armadillo Energy, Inc., and Armadillo Energy, LLC (aka Armadillo Energy LLC)** s. 127 J. Feasby in attendance for Staff Panel: CP
May 5, May 7-16, May 21 – June 2 and June 4-12, 2014 10:00 a.m.	**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: VK
September 2-8, 10-15, October 15-17, 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, February 3-9, 11-13 and February 17-20, 2015 10:00 a.m.	**Sino-Forest Corporation, Allen Chan, Albert Ip, Alfred C.T. Hung, George Ho, Simon Yeung and David Horsley** s. 127 H. Craig in attendance for Staff Panel: TBA
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
November 11-17, 19-21, November 25 – December 1, December 3-5, 9-15, 17-19, 2014, January 14-16, 20-26, 28-30, February 3-9, 11-13, 17-23, 25-27 and March 3-6, 2015 10:00 a.m.	**Ernst & Young LLP** s. 127 and 127.1 Y. Chisholm / H. Craig in attendance for Staff Panel: TBA

May 1, 2015 10:00 a.m.	**Ernst & Young LLP (Audits of Zungui Haixi Corporation)** s. 127 and 127.1 J. Friedman 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
In writing	**Victor George DeLaet and Stanley Kenneth Gitzel** s. 127(1) and 127(10) C. Johnson in attendance for Staff Panel: JEAT
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	**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 **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 **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

J. Friedman in attendance for Staff

Panel: TBA

TBA **Jowdat Waheed and Bruce Walter**

s. 127

J. Lynch in attendance for Staff

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

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

s. 127 and 127.1

J. Friedman 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 **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 **David Charles Phillips and John Russell Wilson**

s. 127

Y. Chisholm/B. Shulman in attendance for Staff

Panel: TBA

TBA	**Bradon Technologies Ltd., Joseph Compta, Ensign Corporate Communications Inc. and Timothy German** s. 127 and 127.1 C. Weiler in attendance for Staff Panel: TBA	

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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 OSC Staff Notice 23-702 – Electronic Trading Risk Analysis Update

OSC STAFF NOTICE 23-702

ELECTRONIC TRADING RISK ANALYSIS UPDATE

I. Introduction

This Notice is an update from staff (OSC Staff or we) of the Ontario Securities Commission (OSC or Commission) on our electronic trading risk analysis that included a review of National Instrument 23-103 *Electronic Trading* (NI 23-103), which establishes the regulatory framework for the oversight and management of the risks associated with the use of electronic trading on Canadian marketplaces. The regulatory requirements in this rule are intended to provide better protection for investors and support the integrity and efficiency of the capital markets of Canada. In order to ensure our regulatory framework is effective and robust, we have engaged in a review to assist us in:

- Analyzing the tools and controls on electronic trading in Canada;
- Assessing whether there are any gaps in NI 23-103; and
- Seeking recommendations on any identified gaps that should be addressed.

NI 23-103 and Companion Policy 23-103CP came into effect on March 1, 2013, and the Canadian Securities Administrators (CSA) have issued amendments to expand upon the framework to manage risks associated with direct electronic access (DEA).

The OSC regulates Ontario's capital markets in the context of rapid developments in market structure, technology, investment products and the global regulatory regime, among other things. As stated in its 2013-14 *Statement of Priorities*, the OSC has identified the evolution of market structure a key area of focus in 2013-2014: "The OSC will examine the issues associated with the evolution of the markets, including the impact of the order protection rule, algorithmic and other electronic trading and market data fees, to determine what regulatory responses may be required." It is in this context that we are, and have been, examining the issues surrounding electronic trading. These potential risks include those raised by high frequency trading strategies and use of sophisticated technology and algorithms. While this work does not measure the impact of the increased use of high frequency trading strategies on market quality, the Investment Industry Regulatory Organization of Canada (IIROC) has an initiative underway that will examine order and trade information and conduct an analysis of the impact of high frequency trading on the market. [1]

II. The OSC and the Electronic Trading System Risk Analysis

As part of our review, the OSC retained an independent consultant, Fionnuala Martin and Associates (Consultant), to provide us with an assessment of the risks posed by electronic trading and whether any gaps exist in NI 23-103.[2] This assessment included interviews with market participants and other research regarding:

- Electronic trading practices, procedures and controls;
- The risks posed by electronic trading;
- The sufficiency of the current regulatory framework and whether any gaps exist in that framework; and
- How to best mitigate electronic trading risks.

The Consultant presented her report to the Commission. The report contains the Consultant's analysis, views and recommendations relating to electronic trading risks and is attached as Appendix A to this Notice. The report states that NI 23-103 provides comprehensive and adequate controls for the identified risks associated with electronic trading and that no gaps in NI 23-103 were identified. The language in NI 23-103 was considered by market participants to be clear, providing a good risk management framework for electronic trading. As a result of NI 23-103, according to the report, "The industry now has electronic trading rules and guidance on effective risk management through financial and supervisory controls for marketplace participants, regardless of the types of electronic trading they support."

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[1] The HOT Study, Phases I and II of IIROC's Study of High Frequency Trading Activity on Canadian Equity Marketplaces, Trading Review and Analysis – Analytics Group, Investment Industry Regulatory Organization of Canada, 2013.

[2] Fionnuala Martin has over 30 years diverse experience in the Canadian markets providing trading technology related consulting services to a marketplace, a number of investment dealers, and a service vendor.

In addition, the report includes several recommendations for possible improvements relating to industry testing, protocols and standards for marketplace operations. OSC Staff are reviewing the recommendations of the report carefully to consider any appropriate next steps. We recognize that as the speed, capacity and complexity of trading securities increase, the OSC must continue to consider the appropriate safeguards necessary to mitigate the risks of changing technologies and continue to gather information and examine whether regulatory requirements are complete, robust and effective. We also understand that electronic trading safeguards must continue to evolve as markets evolve and any requirements must be considered in the context of fair and efficient capital markets. This review and the Consultant's report is one example of this undertaking.

III. Electronic Trading Risks and How Canadian Regulators Address Them

The increased use of complex trading technology and strategies, including high frequency trading strategies, has introduced additional risks to the markets that can impact dealers, marketplaces, and investor confidence. Three key electronic trading risks and the regulatory mechanisms in place to address them are described below. These risks and controls were also considered as part of the Consultant's analysis.

(i) Credit Risk

Credit risk includes the risk that a dealer will be held financially responsible for trades that are beyond its financial capability. It also includes the broader systemic risk that may result if a dealer is unable to cover its financial liabilities and this failure spreads to the market as a whole. An additional risk exists where a dealer provides DEA in that the dealer is held financially responsible for the execution of all trades by its DEA client. Without adequate controls, the speed at which orders are entered into the market by dealers or their DEA clients increases the possibility that executed trades surpass a dealer's financial capability.

In response, Canadian regulators have instituted a number of controls under NI 23-103 and the Universal Market Integrity Rules (UMIR) to mitigate this risk, including:

- Pre-trade risk control requirements;
- Requirements regarding the monitoring and cancellation of orders;
- Requirements related to the use of automated order systems;
- Marketplace thresholds;
- Circuit breakers; and
- Guidance on the regulatory treatment of erroneous and unreasonable trades.

1. Pre-Trade Risk Controls

NI 23-103 and UMIR require dealers to have risk management and supervisory controls, including pre-trade risk controls, which limit the financial exposure of the dealer. Specifically, these controls prevent the entry of orders that exceed pre-determined credit or capital thresholds as well as pre-determined price or size parameters set by the dealer.

2. Order Monitoring and Cancellation

The risk to a dealer's credit is exacerbated if a dealer cannot keep track of the orders that it or its DEA clients enter or if a dealer lacks proper controls to stop the execution of erroneous orders. To address this issue, NI 23-103 and UMIR require a dealer to have mechanisms in place to ensure that the dealer monitors all orders it enters as well as those entered by its DEA clients and that a dealer is able to immediately stop or cancel any of its orders or orders entered by its DEA clients. To further address the possibility that orders from a DEA client can pose a risk to a dealer's credit, NI 23-103 and UMIR mandate that a dealer must be able to immediately stop, when necessary, any direct electronic access it provides to a client.

3. Use of Automated Order Systems

The use of automated order systems[3] is widespread. With the speed at which technology is employed in today's trading environment, an error in the programming or execution of an automated order system can quickly impact a dealer, or with the possibility of contagion, the market as a whole. This can affect investor confidence.

[3] An "automated order system" is defined in NI 23-103 as a system used to automatically generate or electronically transmit orders on a pre-determined basis.

When an automated order system such as an algorithm is used, an error with respect to its output or its programming, such as the creation of a loop that sends erroneous orders into the market, can quickly make a dealer responsible for trades that are beyond its financial capability. This can have a negative impact on the market, especially if the erroneous orders impact a wide number of market participants or the price of a security or number of securities.

To mitigate this risk, we have imposed controls on the creation and use of automated order systems. NI 23-103 and UMIR require that dealers ensure that automated order systems are tested on a regular basis and that dealers have controls in place to immediately stop any automated order system and prevent the orders generated by an automated order system from reaching a marketplace if necessary. For example, this may include the use of a kill switch or other mechanism that will stop run away algorithms as soon as possible.

Because automated order systems can produce many orders in a very short period of time, understanding the type of order flow that will be generated by an automated order system is critical so that a dealer can better manage the risks to its business of electronic trading.

To address this risk, NI 23-103 and UMIR require a dealer to have an understanding of any automated order system that it or any of its clients use. Knowing the expected behaviour of an automated order system will not only help with setting pre-trade risk controls, but will also help the dealer to quickly determine if an automated order system is functioning abnormally and decide whether to shut off the automated order system or cut off a client's access.

4. Marketplace Thresholds

NI 23-103 also prohibits a marketplace from executing orders that exceed set price and volume thresholds. Since orders over a certain size or value will not be able to be executed on a marketplace, the extent of volatility in trading that can occur on our markets and the risk to a dealer's credit is contained. The specific thresholds are to be determined by a regulation services provider such as IIROC or by a recognized exchange that directly monitors the conduct of its members, such as the Montréal Exchange. We note that IIROC is currently conducting consultations as to how best implement this requirement.

5. Circuit Breakers

IIROC has implemented circuit breakers which are another mechanism to stop trading during unusually volatile trading periods to allow investors to reassess their trading positions and strategy. Single-stock and market-wide circuit breakers operate at multiple levels and the triggers for each level of market-wide circuit breaker is co-ordinated so that they work effectively to address unusual market volatility.

Single-stock circuit breakers are the first level of circuit breakers and halt the trading of a security for five minutes if the price of that security swings 10% or more within a five-minute period. This is helpful when a particular security is experiencing unusual trading volatility.

Market-wide circuit breakers constitute the second level of circuit breakers. These types of circuit breakers come into play when many securities experience large fluctuations in price. Market-wide circuit breakers pause trading on all securities after a decline of a predetermined size of the S&P 500 Index. These trigger levels and pause lengths are tied to those in the United States due to the interconnectedness between the two markets.

6. Guidance on Regulatory Treatment of Erroneous and Unreasonable Trades

Despite the controls described above, all trading errors cannot be prevented. When these errors occur, IIROC has the ability to vary or cancel a trade to maintain fair and orderly markets. IIROC has published guidance to provide transparency to investors as to how erroneous or unreasonable trades will be dealt with by IIROC.

(ii) Market Integrity Risk

Another risk of electronic trading is market integrity risk. Market integrity risk refers not only to the risk of non-compliance of a dealer with regulatory requirements but also the risk that the integrity of and confidence in the market is diminished if there is a lack of compliance.

With the ability to rapidly enter orders comes an increased risk of violations of regulatory requirements. To address this issue, the pre-trade risk controls mandated in NI 23-103 and UMIR must also be designed to prevent the entry of orders that do not comply with all applicable marketplace and regulatory requirements that must be satisfied on a pre-trade basis where possible. These regulatory requirements include compliance with the Order Protection Rule.

NI 23-103 and UMIR also require a dealer to be satisfied that a prospective DEA client has reasonable knowledge of regulatory requirements before providing DEA to that client. Once DEA is provided, NI 23-103 further requires a dealer to update its DEA

clients about relevant changes to regulatory requirements to help ensure each DEA client maintains its reasonable knowledge of regulatory requirements. This is important to ensure that those that are sending orders directly to Canadian marketplaces understand the rules of trading and contribute to the maintenance of market integrity.

Market integrity risk is further mitigated through the NI 23-103 requirements for dealers to ensure each DEA client is assigned a unique identifier and that this identifier is included in each order sent by the DEA client. These identifiers will allow regulators, including IIROC, to identify DEA trading more readily and determine the specific client behind each trade more easily. This will improve the ability of regulators to investigate suspicious trading and market abuse.

In addition, the marketplace thresholds, circuit breakers, and guidance on erroneous trades described above also act as protections to ensure a fair and orderly market and therefore help to address market integrity risk as well.

(iii) Technology or Systems Risk

Technology or systems risks relate to the possibility for failure of systems or technology and the impact of that failure. The potential problems may be due to systems failures, lack of capacity or programming errors in or by marketplaces, dealers, vendors or clients. These risks are exacerbated by the high degree of interconnectivity and rapid speed of communication among marketplace, dealer, and DEA client systems required by electronic trading resulting in potentially wide-reaching consequences should something go wrong in any one component. In addition, technology or systems failures that impact the ability of investors to trade or the prices that they receive for execution or the availability of those prices, introduce the possibility of cancellations or variations of trades. All of these could impact investor confidence in the market.

To mitigate these risks, requirements related to marketplace systems have been included in National Instrument 21-101 *Marketplace Operation* (NI 21-101). In addition, in Ontario, key market infrastructure entities are also required to comply with an Automation Review Program (ARP) as described below.

1. NI 21-101 Systems Related Requirements

NI 21-101 imposes requirements on marketplaces to develop and maintain adequate systems of internal control and information technology general controls with respect to their systems, including order entry, order routing, execution, and data feed systems. To ensure this occurs, an independent systems review (ISR), must be conducted by marketplaces on an annual basis by a qualified third party.

To help ensure that marketplaces will be able to operate during periods of higher than normal trading volumes and during disasters, NI 21-101 also requires marketplaces to meet certain systems capacity, performance and disaster recovery standards which are consistent with prudent business practice.

2. ARP Requirements

The ARP, as mandated by the OSC, applies to key market infrastructure entities, including recognized clearing agencies and exchanges. The ARP has three main components:

- A systems reporting procedure that requires entities to provide the OSC information on material system outages, other systems related issues, planned major production system changes and significant systems incidents on a timely basis;
- An annual ISR as described above; and
- Technology reviews which involve a review of the entity's systems and procedures with a focus on one or more particular systems related issues.

The information obtained from the ARP components provides the Commission with relevant information to conduct its oversight of the systems of key entities while also helping to strengthen the key entities' own internal processes through responding to and implementing ISR recommendations.

IV. Robust Regulation of Electronic Trading

In our view, the measures described above constitute a robust and effective response by the OSC, CSA and IIROC to help ensure that marketplaces and market participants appropriately manage the risks associated with electronic trading. Although the risks of technological failure or human error can never be completely eliminated, having a number of layers of controls substantially mitigates the risks of such occurrences and we expect them to minimize the impact in the event of an error or failure.

It is important for us to keep abreast of developments in trading technology and market structure and enhance our understanding of how innovations impact markets, market participants and investors. We will continue to be proactive in strengthening the oversight of marketplaces and trading in appropriate alignment with the regulatory principles for fostering fair and efficient markets and investor protection. This review and the Consultant's report is one example of this effort.

As we continue to examine the issues associated with electronic trading, the Consultant's recommendations, along with industry input beyond the anonymous feedback provided to the Consultant, and other pertinent information and factors will be considered. With respect to marketplace systems oversight, we are currently considering:

- Whether ARP requirements for key infrastructure entities, including recognized exchanges, require updating or supplementing; and

- The U.S. Securities and Exchange Commission's proposed Regulation Systems Compliance and Integrity (Regulation SCI) to assess if any of the proposed provisions would enhance our regulatory framework.[4]

Our examination to enhance the marketplace systems oversight framework may necessitate changes to NI 21-101. Any new requirements relating to electronic trading risks will be proposed and dealt with within the normal comment processes where required. We will also look for opportunities to further enhance the marketplace systems oversight framework through our ongoing oversight of marketplaces and market participant feedback.

Moreover, we will continue to work with the CSA and IIROC to identify and address electronic trading risks, where appropriate, through policy development and through consultations with market participants, investors and international regulators, in particular, the International Organization of Securities Commissions.

The OSC is working with other regulators and co-operating with market participants towards mitigating the risks to markets and investors in the context of rapidly evolving global capital markets. By implementing specific requirements for appropriate controls, policies and procedures relating to electronic trading, we endeavour to foster investor confidence in the integrity of our capital markets.

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APPENDIX A

[Editor's Note: Appendix A follows on separately numbered pages. Bulletin pagination resumes at the end of the Appendix.]

[4] Regulation SCI would require certain market participants to have comprehensive policies and procedures in place for their technological systems.

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Ontario Securities Commission

Electronic Trading System Risk Report

Delivered July 2, 2013

Prepared by: Fionnuala Martin

Fionnuala Martin and Associates

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1 Electronic Trading System Risk Report

The market technology risks exposed through events such as the Facebook and BATS IPO challenges, the impact of high frequency trading on the markets, Knight Capital Group losses, ongoing fat finger losses and continued marketplace interruptions have highlighted the level of risk associated with electronic trading. These high profile events continue to elevate the importance of industry awareness of, and adherence to, risk management and controls with respect to electronic trading.

The OSC wanted to ensure that there were no electronic trading risks that were missed during the drafting of NI 23-103 Electronic Trading Rules (ETR) and so it engaged the services of Fionnuala Martin (the Consultant) to assess whether there were any gaps in ETR.

1.1 Methodology

A number of factors were considered before deciding on who should be invited to participate in this review. The Consultant recommended that a cross section of stakeholders be interviewed to ensure that a variety of views, including those of the major financial institutions, were heard. These stakeholders included representatives of independent brokers; brokers with a domestic as well as global presence; DEA clients including High Frequency Traders (HFT); the buy side; the vendor community as well as Canadian exchanges; selected ATSs and IIROC.

It was considered important that a confidential forum be provided to allow interviewees the opportunity to speak candidly without concern that their competitors would hear about their proprietary business models or "secret sauce". In the Consultant's opinion, the benefits of a confidential forum were greater than the limitations. For example, a public forum limits the level of detail a firm is willing to reveal. The SEC Technology Roundtable on October 2, 2012[1] offered a public forum for a number of U.S. firms to communicate their views on electronic trading risk and mitigation strategies. The Consultant felt that the information presented during the Roundtable applied in many respects to the Canadian context. The Consultant took the view that a confidential interview process would better yield information specific to Canadian risks that would not surface otherwise.

In the Consultant's opinion, the firms who did participate in this analysis represented a cross section of stakeholders.

The Consultant prepared and circulated a number of questionnaires targeted at the various stakeholder groups to provide them with a sense of the topics to be covered during the interviews. The questionnaires included, but were not limited to, understanding the industry participant's electronic trading risk controls, testing practices and criteria that must be met prior to approving the release of

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[1] The SEC Technology Roundtable hearing is available at http://www.sec.gov/news/otherwebcasts/2012/ttr100212.shtml

code into production, error prevention and error correction strategies, and electronic trading failure scenarios and mitigation strategies. Firms were asked to provide a high-level overview of their electronic trading systems and where their risk and supervisory controls fit in prior to the interviews. The OSC and the Consultant discussed their responses as well as gathered their views and ideas on how these risks could be mitigated.

The Consultant watched the SEC Technology Roundtable Webcast and reviewed participant submissions to the SEC on this topic.

The Consultant reviewed the relevant rules on ETR, NI 21-101 on Marketplace Operation and its Companion Policies. The Consultant also reviewed a cross section of audited Independent Service Reviews submitted to the regulators for a number of exchanges and ATSs. This included marketplace testing requirements and implementation controls for marketplaces and dealer access to their systems.

In addition to the efforts described above, the Consultant performed her own independent research on the topic.

Most of the interviewees who participated in the review expressed appreciation for the approach used by the OSC. Some commented on the constraints of speaking in public forum, such as the SEC Technology Roundtable which was considered "politicized". Most interviewees appreciated the OSC's willingness to offer a forum for expressing candid views in an informal and confidential environment.

The following report reflects the findings of this process and the Consultant's observations and recommendations. This report was not reviewed in advance by any of the firms that participated in the process.

1.2 NI 23-103 ETR

There were no gaps in ETR or its companion policies identified throughout the interview process.

Overall, participants believed they would be ready to implement ETR on March 1, 2013 although as the interviews moved closer to the implementation date there were more questions about the scope of asset classes covered by ETR. It was noted that regulatory guidance on the asset classes pertaining to ETR was published in an FAQ and now that the implementation date has passed this may no longer be a concern.

The language in the ETR rules was considered clear providing a good electronic trading risk management framework for the industry. The principles-based approach of ETR was considered appropriate for CSA-level regulation and, for some, ETR represents a best practices framework for the industry.

1.3 Risks Due To Industry Complexity and Pace of Change

Most interviewees felt that the pace of change in the industry represents the most significant risk to participants and marketplaces, both domestically and internationally. Competing regulatory and

marketplace demands to meet, in some cases, short timelines in such a complex environment can result in less comprehensive testing of changes than is desirable, or prudent.

It was acknowledged that there will always be software and system outages and that this is to be expected. It was also noted that the human element is a critical factor in creating and resolving electronic trading risk. If the user does not design, test or interpret trading system messages correctly then negative consequences can occur. What is equally important is the way a service interruption is handled. Effective risk management is predicated on understanding the risks and accurately assessing the probability and impact. The more consistency and clarity in understanding regulatory and marketplace reaction to events, the better the likelihood that risk mitigation strategies can be developed and issues resolved faster.

There is a considerable cost to a participant to access a marketplace when connectivity costs, testing, trading fees, market data fees and vendor fees are taken into account. Complete trading systems[2] are built from many complex elements and run on critical infrastructure components - hardware, software and networks - all of which must interoperate with each other. Each participant has its own business model, trading platforms and technology infrastructure meaning there is no "one size fits all" with respect to the level of analysis, system changes, development, testing and implementation activities. An upstream change at a marketplace or market data vendor may have significant downstream impact since it may affect mid and back office systems and risk management platforms. As such, it was felt that the more documentation provided, the better. This increases the likelihood the change made is correct and reduces the dependency on knowledge that staff have in their heads. In an environment where staff turnover is high, the more information on how marketplaces work, that is published proactively, the less risk there is.

The Canadian brokerage industry relies heavily on third party vendors to provide trading and trading related services. Since vendors are not regulated, it is left to the participants to negotiate development effort for the necessary regulatory changes. Canadian changes, whether marketplace or regulatory, may compete with the vendor's global development plan for product enhancements and result in resource and scheduling conflicts. Ultimately, it is up to the client of the vendor to ensure the platform meets their business and regulatory needs.

Participants noted that they, and their vendors, are often challenged with justifying the resource investment to their executive and lack the necessary information to support the costs associated with the

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[2] A complete trading system at a participant involves a variety of trading and trading related systems, which could include, but not limited to: order gathering from clients, order management and trade execution platforms, post trade processing back office service providers, risk management systems amongst others all using different market data products. Depending on the size of the firm, there could be multiple trading platforms, including legacy systems, supporting different asset classes and lines of businesses as well as a number of smart order routers to support equities trading. Any change upstream may have a significant downstream impact on one or more of these systems.

changes. If regulatory and marketplace changes are not funded adequately then risks to the firm, and potentially the street, increases.

Many commented that changes and innovations being introduced by marketplaces often target niche customers benefiting a small population while the cost and potential risk is borne by the industry overall.

Individual changes by a marketplace, or regulator, on their own may not represent a significant amount of effort, however, it is the interaction of multiple changes and their interaction with trading technologies, business process changes and testing where risks are compounded. The complexity of a change may not be apparent upon the initial announcement and there may be unexpected and potentially complex implications to the changes.

Participants and vendors schedule many non-marketplace and non-regulatory changes to manage their business growth, and as such, the concerns may not be identified for some time. This lag in reaction to planned changes may be perceived by a regulator as not taking the changes seriously but is more likely a reflection of the natural conflicts that businesses face when trying to maintain or grow their business. If marketplaces do not co-ordinate changes with other marketplaces then the ability of the participants and vendors to prepare for the changes is even more challenging.

There were many best practices identified and in use by various interviewees that helped mitigate risk such as effective on-boarding processes with clients to set appropriate risk limits, use of drop copies for reconciliation and cancel on disconnect features offered by marketplaces.

It was acknowledged that there is substantial information in the public domain covering the software development life cycle and that the regulators should not get involved in this area. FIX.org is an important industry resource for documentation and best practices, which should be leveraged by the industry. The Consultant is supportive of requiring marketplaces to provide standardized services for connectivity and UAT services, amongst other areas, which will have a significant benefit to the industry facilitating a reduction in electronic trading risks and testing costs.

Anything regulators and marketplaces can do to increase transparency of information associated with a change, and demonstrates that they have considered the implications on the industry, will be well received and help the industry manage the changes more effectively.

1.3.1 Transparency of marketplace functionality and changes

Many interviewees felt there is insufficient transparency offered by marketplaces for planned changes, such as new order types[3], their interaction with other order types and other functionality, such as a trading engine. In some cases, a firm may not intend to use the order type but still needs to prepare for

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[3] It was noted that while the number of Canadian order types in place is small when compared to other jurisdictions, there still needs to be a clear understanding of how new order types interact with existing functionality.

its interaction within its own environment which may cause unexpected behavior detrimental to the participant's systems or market integrity.

It was suggested that marketplaces provide more detailed information on the benefit and impact of changes and innovations so participants can better understand and justify the necessary investment.

1.3.2 Insufficient notice to make the changes

The nature of trading electronically is inherently complex and fast-paced. The pace of change in the industry at the regulatory[4], marketplace, and technological level is considered a serious technology and financial risk since many organizations feel they do not have sufficient time or resources to fully understand and/or prepare for the changes.

There was a general consensus that more time needs to be provided to the industry by regulators and marketplaces to allow sufficient time for participants and vendors to analyze the proposed changes, make the system changes and test and implement them. IIROC acknowledged that the traditional 90 day notice period might not be sufficient for participants to prepare for marketplace or regulatory change and that there is a conflict when implementation dates for different marketplace changes are scheduled too closely.

A number of suggestions were made by the interviewees to address these risks including more industry consultation to ensure regulators and marketplaces understand the impact at the individual firm and industry level, as well as within the context of other regulatory initiatives. It was suggested that marketplaces be required to provide more information and notice before implementing major changes such as a new trading engine or major upgrade.

Participants and vendors are generally reactive to changes made by marketplaces and regulators and while specific work will not start until the changes are finalized, participants could do more to communicate pending changes internally. Regulatory websites could be an effective mechanism to highlight upcoming changes and a valuable resource for market participants to monitor.

1.3.3 Ability to test new functionality in a marketplace test environment

The complexity and interconnectedness of electronic trading with various counterparties, exchanges, vendors and internal systems has made the ability to test internal and external changes both daunting and expensive.

There was a common view expressed that the Canadian industry does not have sufficient minimum standards defined for marketplaces with respect to user acceptance test (UAT) environments or

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[4] For example, depending upon the type of trading a broker engages in, it needs to monitor regulatory changes at CDIC, OSFI, CSA, the provincial/territorial regulator it operates under, IIROC, M-X and the MFDA. In addition, it needs to monitor marketplace, vendor, clearing, trade reporting, depository changes as well as the CRA. While this is a cost to doing business, the risk of missing something carries additional risk.

standardized test symbols across all marketplaces for all asset classes traded. The more standards there are around these foundational technical elements, the easier it is for the participant or access vendor to connect to and deal with multiple marketplaces.

Many felt that marketplace UAT environments do not sufficiently mirror production trading environments for connectivity or the behaviour of system features and functions. The marketplaces interviewed were of a different view and felt that generally their UAT environments did reflect production. This is not an easily reconcilable conflict.

It was also noted that it is important that participant personnel, and their vendors, understand the trading technology they are testing, what the test scripts are trying to accomplish, as well as the business and regulatory context in which the testing is performed. There was a general perception that some smaller industry participants are not investing in comprehensive testing which could result in electronic trading risks at the marketplace and by extension, at the counterparty participant level. It was also noted that technical and trading staff must invest in understanding the standardized FIX messages and more importantly the custom tags in use to ensure the resultant behavior is well understood and interpreted correctly[5]. Inadequate testing could be due to a lack of funding for resources to perform the testing or an assumption that other firms will test the vendor changes and they do not need to.

Larger firms reported that they addressed these constraints by recreating shadow marketplace test environments. While this is an expensive and complex process that requires significant investment in maintaining the shadow environments viability, for some firms it is the cost of doing business. It was considered unrealistic to expect that smaller firms would be able to support the cost of creating their own test environments or afford the cost of accessing vendor test environments to connect to all marketplaces.

Many interviewees felt the lack of minimum marketplace UAT environment standards increased electronic trading risk because marketplace participants and or their DEA clients “test” code changes and new Algorithms (Algos) in production environments or do not test for the changes at all.

Participants and marketplaces acknowledged that the lack of realistic market data in marketplace UAT environments makes testing very difficult to execute test scripts and/or simulate conditions that would be experienced in production. A number of parties suggested that participants with a defined percentage of market share be required to provide UAT market making services to simulate production trading. This suggestion was well received and a number of firms stated they were willing to perform this service.

It was considered impossible to anticipate and model the universe for all conditions, whether it is another 9/11 or a Hurricane Sandy event. A best practice is to ensure the technology at backup sites is

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[5] This point applies to any communication protocol in use.

operational by periodically performing production trading from these sites versus relying on an annual check of business continuity planning and disaster recovery (BCP/DR) systems.

It was also considered a best practice for firms to perform comprehensive end-to-end testing from entry of orders right through to clearing and settlement. Many firms reported that they use drop copies to perform intraday or real-time reconciliation of trading positions and that this is very helpful in understanding and mitigating their electronic trading risks. Drop copies from an independent source, other than the trade execution platform, was also considered a best practice. It was noted that performing intraday or real-time reconciliation of trading positions is an expensive undertaking that may not be affordable or practical for smaller firms.

A number of marketplaces raised concerns about having production test (ProdTest) symbols available in their production environments. They were concerned that some parties might abuse the purpose and conduct performance-testing activities that could negatively affect the production environment compromising market integrity. A number of suggestions were made to mitigate this risk either through throttling the ProdTest connectivity to limit the number of messages or by having a separate ProdTest server. There was general agreement by the marketplaces interviewed that providing standardized UAT services would be beneficial and that a number of options were available to address this risk. If standardized ProdTest services are pursued, then it was considered important to educate the industry on the enhanced UAT services and limitations.

In addition, it was pointed out that marketplaces perform their own internal testing on weekends and have different upgrade cycles. Availability of weekends for participant testing is limited. It was noted that when weekend testing is coordinated, some marketplaces do not provide the same connectivity or trading engines as used in production. These differences create additional risk and effort associated with reestablishing connectivity for production trading.

A number of suggestions were made to address these challenges including, but not limited to, establishing minimum marketplace standards to ensure UAT environments mirror production; creating standardized production test symbols; ensuring UAT market data is realistic; and a requirement that all marketplaces participate in at least one weekend test annually[6] using production connectivity and their production trading engines.

It was recognized that the challenges noted above might not be resolved without regulatory assistance and that regulation may be necessary to implement best practices[7] in this critical area. Thorough testing

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[6] It is recommended that this weekend test date should not be the same date as the annual BCP/DR test, which should focus on those activities.

[7] Nancy G. Levesson was a guest speaker at the SEC Market Technology Roundtable on October 2, 2012. She commented on the challenges of operating in a complex digital world where the drive for innovation and change conflicts with “safety” in whatever form. She commented there is no such thing as perfect software and that problems will happen. Successful industries who effectively manage risk have effective government oversight

of all system changes is considered a best practice but the conditions need to be in place to support it. While it may be expensive for the marketplaces to make these changes to either provide production test systems or coordinate mirrored UAT environments, it was generally felt that the benefits to the industry in reducing electronic trading risk and controlling industry costs are worth the investment.

It is worthwhile to note that IIROC has recently introduced improved standards for transmission of marketplace regulatory feeds, which represents a good example of standardization benefiting the SRO. In many areas of marketplace operation[8], participants and vendors would like to see this level of standardization and specification for the marketplaces to which they must connect.

1.3.4 Ability to test operational procedures in a test environment

Many participants felt it is difficult to validate compliance for rules when marketplace UAT environments are different from production environments or a UAT environment is just not available.

Without standardized ProdTest symbols, it was considered difficult for participants or vendors to effectively test the different smart order routers to ensure best execution obligations are met or test other trading functionality end-to-end. As noted above, many felt that standardized ProdTest symbols would allow participants to test some of their ETR risk controls for single securities and have evidence that these controls are in place for when the SROs perform trade desk reviews. If standardized ProdTest symbols are implemented then there may not be a need for additional weekend testing dates.

A number of interviewees noted that they are unable to perform effective testing of their smart order routers for the reasons outlined above. Unless marketplace UATs support standardized ProdTest symbols, then testing for best execution is difficult, if not impossible. Most access vendors have their own smart order routers which increases the complexity and effort of testing. In many cases, the vendor is expected to perform the testing on behalf of the client and while they know their technology and functionality, they may not have the expertise that a firm’s trader would. Without trader expertise, some trading scenarios might be missed by a vendor increasing the likelihood of an unexpected interaction at a marketplace.

Many of the interviewees stated they would leverage standardized marketplace production test or mirrored UAT environments to perform testing of their ETR financial and system risk controls for single securities.

There was strong support for regulators assessing that participant financial and supervisory risk controls are documented, attested and proof of validation in an environment that mirrors production.

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where public confidence is critical, limit software functionality and complexity to achieve the goals of the system component; and apply systems thinking and system engineering so that software errors do not cause mayhem when they do occur. She suggests that the financial sector could benefit from applying these best practices.

[8] A summary of suggested marketplace operation changes and recommendations are contained in section 1.4 of this report.

1.4 Risks of Inconsistent Handling of Marketplace Interruptions

Many interviewees commented on the financial risks associated with system errors or outages and security freezes or halts.

1.4.1 System Outages and Errors

A number of interviewees felt that marketplace or regulatory reactions to system outages or errors are sometimes inconsistent. While there was an appreciation that there may be different root causes, they felt when the symptom of a system outage is similar, there should be better predictability as to how the issue will be addressed.

It was acknowledged that identifying and assessing duplicative or anomalous trading activity from valid trading strategies may be difficult and that experienced, knowledgeable staff is essential to speedy resolution whether at the participant, regulatory or a marketplace level.

It was noted that even with the introduction of multiple marketplaces in Canada, if the primary market has a significant outage preventing access to its order book, the street usually waits until service has been restored on the primary market to resume trading rather than moving its orders to another marketplace. Marketplaces that offer cancel on disconnect services has been beneficial to many participants although this is not a feature generally used by retail firms given the size of their order book.

It is anticipated that through full implementation of ETR, the frequency and impact of events such as runaway Algos, will be reduced.

There was general consensus among interviewees that marketplaces should have the ability to terminate a participant's access but not without contacting the trading desk to consult on the situation first. In the event the marketplace cannot reach someone or if the issue is injurious to the trading engine and/or market quality, then terminating access is reasonable. The general consensus was that marketplaces should not terminate access by a participant without contacting the trading desk to consult on the situation. In the event the marketplace cannot reach someone or if the issue is considered injurious to the trading engine and/or market quality, then a marketplace should be able to terminate access. Marketplaces interviewed reported that they have not had any issue contacting someone at a trading desk to discuss a situation. All participants interviewed were appreciative of a call from a marketplace and take them very seriously.

The marketplaces interviewed acknowledged they have different handling for risk controls from other marketplaces. Many marketplaces plan to offer, if they do not do so already, additional financial and system risk management tools to participants and believe that clients will pay for tailored message thresholds and trading limits on an opt-in fee for service basis.

It was noted by some that while an event, like the one Knight Securities experienced, is unlikely to occur in Canada, it could occur and the impact would be significant. Participants feel there is financial risk with system outages and would like to see clear and predictable responses from IIROC so they can

confidently determine if they need to hedge their positions in another market. It was acknowledged that recent IIROC Guidance on Regulatory Intervention for the Variation or Cancellation of Trades has resulted in improved consistency, however, some were of the view that more improvements could be made.

1.4.2 Security freezes and halts on a marketplace

There was general consensus that if a security is frozen or halted in one marketplace and is allowed to trade in another, then this can have a negative impact on market quality and represent financial risk to participants and potentially their clients.

It was pointed out that freezes are often the result of trading anomalies and are triggered when the stock is correcting itself from a run up or down in price, and as such, consistent handling by all marketplaces is desirable. Standardization of volatility controls would reduce market quality issues that might necessitate the cancelation or amendment of trades by IIROC.

It was also noted that market orders, on-stop market orders and pegged orders could represent a different type of risk than a runaway Algo would because these order types are properly formulated for consumption by a trading engine and resultant volatility may not be as easily detectable as a runaway Algo.

As noted above, participants would like to anticipate what might happen during an outage or freeze so they can mitigate any financial exposure that might result. Increased transparency of marketplace volatility controls is considered an essential tool in mitigating trading risk.

Some participants feel the different risk controls amongst marketplaces makes it more challenging to anticipate behaviour during anomalous trading. Understanding how marketplace help desk personnel will react to an issue is important so they can better plan for what action they might need to take. In some cases it was pointed out that the financial exposure of an outage could be, and has been for some, significant. Participants need to know whether to hedge their position in another marketplace during the analysis and decision making process of an interruption. There was general consensus that all marketplaces should have effective volatility controls but it was not expected that these controls should behave the same way.

It was noted that coordinating halts in inter-listed securities carries risk since different regulators are involved in the decision making. Any delay in invoking a halt across all markets carries additional electronic trading and financial risks for participants and their clients.

The ETR requires marketplaces as well as participants engaged in electronic trading to have policies and procedures for managing risks and supervisory controls in place. IIROC is currently addressing freezes, halts and marketplace volatility controls as well as single stock and market-wide circuit breakers. Eventually, industry concerns are likely to be addressed, however, issues can still arise during the interim. IIROC intends to publish additional guidance and an implementation date for when all controls will be in place.

Predictability is considered key to effective electronic trading risk management and increased transparency on how issues will be addressed by marketplaces or regulators is important. How volatility controls work at a marketplace plays a significant role in firms understanding and anticipating marketplace behaviour not only for regular trading and smart order routing handling but for runaway Algos as well.

It is difficult and costly for participants and vendors to customize documentation based on the unique handling by a marketplace and develop testing scripts, prepare trading desk procedures and risk management strategies when marketplaces all behave differently in this most important area.

1.5 NI 21-101and CP - Marketplace Operation Review

The Consultant reviewed the Amendments to NI 21-101 *Marketplace Operation* and its Companion Policy as well as the confidential Independent Service Reviews (ISR) of a number of marketplaces. Some of the objectives of these amendments were to update and streamline the regulatory and reporting requirements and to align the requirements applicable to all marketplaces, increase transparency of marketplace operations, and address certain issues with conflicts of interest, outsourcing and business continuity plans, etc.

These amendments were published prior to the OSC Electronic Trading System Risk Review initiative and did not have the benefit of the findings from this project. A number of insights on improving the delivery of services by marketplaces and the benefits of enhanced minimum standards for marketplaces were raised that would be beneficial to pursue. Additional suggestions have been made to reflect the Consultant's observations and recommendations for changes based on experience, consultations with colleagues, and general research.

As noted above, there is a considerable cost to a participant to connect to a marketplace when connectivity costs, testing, trading fees and market data fees are taken into account. It is desirable that marketplaces deliver non-functional requirements[9] in a standard way. This reduces the cost and complexity of delivering trading services to their client base and vendors. These non-functional requirements should operate in a reliable, available, testable, manageable way and performed in a secure, scalable and extensible fashion. This is not to suggest that all marketplaces have to be exactly the same just that in technical and governance areas, defined minimum standards should be met prior to approval to operate if participants are expected to connect to them to fulfill their Order Protection Rule

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[9] A non-functional requirement is a requirement that specifies criteria that can be used to judge the operation of a system, rather than specific behaviours of that system. For example, non-functional requirements might be processing in real-time, availability, business continuity, etc. This is contrasted with a functional requirement that defines specific behaviours of functions. For example, the way an order types works or the way a trading engine works would be considered a functional requirement.

(OPR) obligations. The Consultant's view is that the implementation of a set of enhanced minimum standards will not hamper marketplace's ability to be competitively different.

The Consultant identified what she felt were a number of areas where Marketplace Operation could be enhanced to the benefit of the industry as a whole. As noted above, these standards could be developed through a consultative process, possibly facilitated and led by the OSC.

The OSC could consider approaching FIX Protocol Limited (FPL) to act as a coordinating body for industry participation since it is already performing this role in developing industry standards[10]. Over a number of years, FIX has become the de facto standard for electronic communication in the brokerage industry. According to FPL, the success of the FIX Protocol is primarily due to the voluntary efforts of its member firms from the buy-side, sell-side, vendor and exchange communities who work together to help achieve the FPL mission statement: "To improve the global trading process by defining, managing and promoting an open protocol for real-time, electronic communication between industry participants, while complementing industry standards."

Currently the FIX Protocol Organization has regulatory participation by IIROC[11], the SEC, and other regulators, through the FPL/FIF Regulatory Reporting Working Group. FPL already plays an important role in connectivity standards and is now engaged in the development of industry reporting standards. In the Consultant's opinion, it would be a natural extension of FPL's industry role to participate in the development of enhanced minimum marketplace standards.

The Consultant recognizes that marketplaces are regulated under CSA through NI 21-101 with ATSs also regulated by IIROC. Depending on the type of minimum standards defined the regulators would determine the best mechanism for formalizing and publishing any agreed changes.

1.5.1 Auditors and Independent System Reviews (ISR)

A review of the ISR reports indicated, at least on the surface, that there isn't a consistent approach to the criteria used by the CICA auditors in evaluating marketplaces. It may be that the auditors selected their own criteria for the ISR report and that they all use a common CICA library of controls against which the evaluation was conducted or the auditor selected.

While it is reasonable to expect that a senior marketplace would be delivering a higher, more sophisticated set of services to its client base, all marketplaces should be evaluated against the same minimum standards, with the same rating systems. This also ensures that the results of a marketplace review can be easily tracked for emerging or concerning trends with respect to compliance.

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[10] The Consultant spoke with a number of FPL members who were supportive of its involvement in setting such standards.

[11] IIROC has adopted FIX 5.0 to support its FIX-based market regulation feed specification for market surveillance and transaction reporting.

The OSC should consider a requirement for marketplaces to have a baseline ISR audit conducted prior to operation. It is also suggested that the marketplace auditor retain, if they do not do so already, the expertise of an IT professional with brokerage or marketplace expertise to probe more deeply during the audit process.

The Order Protection Rule should not apply to marketplaces if a critical control is not in place. This would allow new marketplaces to get up and running quickly but would provide some protection to participants by not requiring them to connect until the defined minimum standards are met. The audit review should also require actual testing of critical controls vs. confirming that documentation is in place and checked off.

1.5.2 Suggested Areas for Enhanced Standards for Marketplaces

Through the review of the ISRs, the Consultant identified a number of gaps and deficiencies where the OSC should consider if enhanced standards should be introduced. This list is not intended to be exhaustive. There are a host of other areas where enhanced minimum standards could be developed.

a) *A requirement that marketplaces have critical internal policies and procedures, roles and responsibilities and escalation documentation finalized prior to approval to operate*[12].
b) *Minimum service level standards (SLA) for marketplaces should include a service desk, incident management, escalation and reporting requirements*[13].
c) *Require marketplaces to have standardized business recovery processing.*
d) *Require marketplaces to have equivalent BCP/DR to that of participants.*
e) *Require marketplaces to provide market data in a machine-readable format.*
f) *Require marketplaces to publish access requirements and connectivity certification standards for all supported protocols.*
g) *Require marketplaces to publish information about their testing systems such as hours of operation and a description of any differences from the production environment.*
h) *Require industry-wide production test symbols for all asset classes, reporting of these test trades on the broadcast feeds and drop copies of these test trades.*
i) *Require a minimum number of weekend industry wide testing dates with mandatory participation by all marketplaces*[14].

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[12] For example, marketplaces should have controls in place to ensure only authorized users have access to production systems either for trading or coding/releases/upgrades, etc.

[13] Effective incident management and record keeping is one way to ensure the marketplace and their participants understand what the outstanding defects are and the differences between the production and test environments.

[14] Additional weekend production test might not be necessary if a requirement for industry wide production test symbols is implemented.

j) Require marketplaces to support standardized start of day[15] *and end of day processes for vendor and participant access.*

k) Require marketplaces to ensure that no single point of failure should exist in which marketplace files are integrated with dealer systems.

l) Require an explicit service level agreement (SLA) for outsourcing arrangements with some minimum elements defined such as penetration testing for security breaches, technology testing, patch testing for vendor software upgrades with an annual review.

m) Consider requiring centralized management of trader ids and their approved markets for trading[16].

It is the Consultant's opinion that there is an important role the regulators can play in ensuring the conditions exist for participants to balance maintaining the pace of change in the industry at the regulatory and marketplace level against their financial, system and human resource constraints. The OSC is well positioned to be the lead facilitator in developing enhanced minimum marketplace standards for the industry.

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[15] For example, symbol uploads from a marketplace should be standardized to ensure participant systems can consume them without issues.

[16] This could be a commercial opportunity for a vendor to manage this process.

2 Recommendations and Closing Comments

The following summarizes the Consultant's recommendations and suggested priority.

2.1 Consultant's Recommendations

1. *The OSC should consider requesting that IIROC and the Montreal Exchange highlight ETR as a separate link on their websites making access to all relevant rules and guidance information easier to access.*
2. *The OSC should encourage IIROC to make implementation of volatility controls a priority and try to shorten the implementation timeframe if possible.*
3. *The OSC should encourage IIROC and equity marketplaces to be more transparent in the behaviour of marketplace volatility controls through detailed information on their websites, including use of scenarios to illustrate the way the control will work in production.*
4. *The OSC should consider whether marketplaces should be required to supply additional information on order types, including expected behaviour scenarios and trading engine functionality than is currently required of the marketplaces under NI 21-101. Refer to section 1.4.2 for further detail on the suggested marketplace standards.*
5. *The OSC should consider the creation of a centralized marketplace order type library with an appendix covering trading engine functionality and expected behaviours.*
6. *The OSC should consider posting this library on the OSC website and also suggesting to IIROC that this library be posted on its website as an enhancement to the "Summary Comparison Of Current Equity Marketplaces" document.*
7. *The OSC should assess current ISR criteria to determine if it is sufficient to effectively audit a marketplace.*
8. *The OSC should consider inviting other Canadian regulators to consider whether the industry would benefit from enhanced minimum marketplace standards than currently outlined in NI 21-101.*
9. *If the recommendation to enhance marketplace standards is pursued, then the OSC could consider inviting Canadian regulators to participate in an industry committee with representation from marketplace participants, vendors and all marketplaces to introduce minimum standards for delivery and availability of testing services by marketplaces. The regulators would determine the most appropriate way of formalizing and communicating these changes to the industry.*
10. *The OSC should consider FPL as a coordinating body to develop enhanced minimum marketplace standards with OSC participation as the lead facilitator in the process.*

2.2 Consultant's Closing Comments

The OSC has completed an important consultative process with the industry on whether there is electronic trading risk that was not covered in ETR. It is a testament to the thorough and consultative approach that the CSA took when it developed these rules that no gaps were identified.

The industry now has electronic trading rules and guidance on effective risk management through financial and supervisory controls for marketplace participants, regardless of the types of electronic trading they support.

Through the flexible and open approach to gathering concerns and opinions of those interviewed, the Consultant feels that the OSC now has a better understanding of the complexity and interconnectedness that electronic trading in a multiple marketplace environment entails.

It was noted by some interviewees that there appears to be a tolerance of the unknown by many industry participants as to the behaviour and interaction of different order types and system changes, which increases electronic trading risk. Changing the culture of risk is probably the most challenging of all undertakings and not something regulators can mandate or control. Firms can buy technology and intellectual talent but they cannot buy culture. Culture is that uniquely human product that is complex, ambiguous, slow to develop, difficult to change and hard to analyze. It is the “tone from the top” that sets and maintains a culture of effective risk management and without it a firm is less likely to be as careful as they should be.

It has been over 10 years since the rules promoting competition in the Canadian marketplaces were implemented. Initially there was considerable resistance by the participant community to welcome marketplace competition. In the Consultant’s opinion, that resistance paved the way for many unexpected challenges, costs and complexities that were of the industry’s own making. This resulted in a more reactive approach to the evolution of new marketplaces than would have been desirable.

When the ATS and Marketplace Operation rules were being drafted, it is unlikely that anyone could have anticipated the challenges and complexity that ensued, let alone the evolution of electronic trading by participants, buy side clients, DEA and High Frequency Traders.

The electronic trading risk review project has identified many risks that can be addressed or mitigated through standardization of marketplace processing, UAT services and improved communication. This time, the resistance might come from the marketplaces to make the necessary investment to address these risks.

It is possible that if increased standardization amongst marketplaces can be defined and implemented, participants may be less resistant to the introduction of new offerings if they can reduce the costs associated with connecting to a new market and the ongoing costs of maintaining connectivity to existing marketplaces.

Regulators expect the industry to be compliant with the rules it implements. We learned through this process that the conditions currently in place sometimes makes this difficult. It is the Consultant’s opinion that there is an important role the regulators can play in ensuring the conditions exist for participants to balance maintaining pace with changes in the industry at the regulatory and marketplace level against their financial, system and human resource constraints. Participants need the ability to effectively test changes in functionality but also confirm that they are compliant with their obligations under the rules and regulations.

It is important to note that even when rules, regulations, policies, procedures and risk management controls are in place, we all operate in an environment where the wild card is being human and humans make mistakes. Humans are increasingly sharing control of systems with automation and moving into positions of higher-level decision making with automation implementing the decisions. All human behavior is influenced by the context in which it occurs. There is an opportunity for the industry to approach some of the known issues and move to correct them when they can.

The Consultant believes that the OSC can play an important role in leading these changes through leadership, facilitation and/or regulation.

The Consultant appreciates the opportunity to have worked with the OSC on this project.

END OF REPORT

1.1.3 OSC Staff Notice 52-722 – Report on Staff's Review of Non-GAAP Financial Measures and Additional GAAP Measures

OSC Staff Notice 52-722 – *Report on Staff's Review of Non-GAAP Financial Measures and Additional GAAP Measures* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

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ONTARIO SECURITIES COMMISSION

OSC Staff Notice 52-722

Report on Staff's Review of Non-GAAP Financial Measures and Additional GAAP Measures

Publication date: December 12, 2013

OSC Staff Notice 52-722

Report on Staff's Review of Non-GAAP Financial Measures and Additional GAAP Measures

1. Background and Purpose

CSA Staff Notice 52-306 *Non-GAAP Financial Measures and Additional GAAP Measures* (CSA Staff Notice 52-306) provides guidance to issuers that choose to disclose non-GAAP financial measures and additional GAAP measures. It was most recently updated on February 17, 2012 to provide guidance on the disclosure of additional GAAP measures presented under International Financial Reporting Standards (IFRS). Non-GAAP financial measures are not presented in the financial statements, however, with the adoption of IFRS, additional GAAP measures can be found within the financial statements when such presentation is relevant to an understanding of an entity's financial position, financial performance and cash flow.[1]

Non-GAAP financial measures are often found in public documents, such as Management Discussion & Analysis (MD&A), press releases, prospectus filings, websites and marketing materials. Additional GAAP measures presented in the financial statements under IFRS are also often found in the above mentioned documents. Issuers choose to present these measures as they believe they provide additional insight into an entity's overall performance, financial position, or cash flow.

Issuers in almost all industries use some type of a non-GAAP financial measure or an additional GAAP measure considered common to that particular industry. However, there is often no standard method to calculate the industry measure.

Staff of the Ontario Securities Commission (we or staff) recognise that non-GAAP financial measures may provide investors with supplemental information which helps them understand an issuer's financial performance. Nevertheless, investors must have a sufficient understanding of what these measures are and their relevance for decision making. Following the adoption of IFRS, staff have observed an increase in both the use of non-GAAP financial measures and additional GAAP measures.

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[1] See CSA Staff Notice 52-306 for a complete discussion of the presentation of additional GAAP measures

To assess compliance with CSA Staff Notice 52-306 we reviewed the disclosure for 50 Ontario head office reporting issuers. Our reviews focused on the following:

- Where non-GAAP financial measures or additional GAAP measures were reported;
- Calculations of non-GAAP financial measures or additional GAAP measures;
- Presentations of non-GAAP financial measures or additional GAAP measures, and
- Disclosure of non-GAAP financial measures or additional GAAP measures.

Summary of findings:

The results of our review were disappointing. Many issuers need to improve the quality of their disclosure related to non-GAAP financial measures or additional GAAP measures. Eighty-two percent of issuers reviewed committed to enhance the disclosure in their future filings including changes to address missing or inadequate quantitative reconciliations to the most directly comparable GAAP measure, disclosures explaining why the measures are meaningful to investors and the additional purposes, if any, for why management uses these measures and providing meaningful names when additional GAAP measures are presented in the financial statements. We are concerned that absent improvements in these areas, investors may be confused or potentially misled when non-GAAP financial measures or additional GAAP measures are not presented appropriately.

Specific findings and common areas of concern are discussed later in this notice as well as examples of deficient and entity-specific disclosure. We will continue to monitor and review disclosure of non-GAAP financial measures and additional GAAP measures as part of our normal course continuous disclosure review program.

2. Staff Expectations

What is a non-GAAP financial measure?

A non-GAAP financial measure is a numerical measure of an issuer's historical or future financial performance, financial position or cash flow, that does not meet one or more of the criteria of an issuer's GAAP for presentation in financial statements, and either:

(i) excludes amounts that are included in the most directly comparable measure calculated and presented in accordance with the issuer's GAAP, or

(ii) includes amounts that are excluded from the most directly comparable measure calculated and presented in accordance with the issuer's GAAP.

Many non-GAAP financial measures are derived from profit or loss determined in accordance with an issuer's GAAP and, by omission or inclusion of selected items, present a more positive picture of financial performance. Staff understand that non-GAAP financial measures may provide investors with additional information to assist them in understanding key components of an issuer's financial performance. However, issuers should not present a non-GAAP financial measure in a way that confuses or obscures the most directly comparable measure calculated in accordance with the issuer's GAAP and presented in the financial statements.

What is an additional GAAP measure?

An additional GAAP measure presented in financial statements under IFRS is:

(i) a line item, heading or subtotal that is relevant to an understanding of the financial statements and is not a minimum line item mandated by IFRS[2] , or

(ii) a financial measure in the notes to financial statements that is relevant to an understanding of the financial statements and is a measure not presented elsewhere in the financial statements[3] .

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[2] IAS 1 paragraphs 55 and 85
[3] IAS 1 paragraph 112(c)

IFRS requires certain minimum line items for financial statements and also requires presentation of additional line items, headings and subtotals when such presentation is relevant to an understanding of an entity's financial position and performance. IFRS also requires the notes to financial statements to provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of them. Because IFRS requires such additional measures, they are not considered non-GAAP financial measures. Judgement is required to determine whether a measure qualifies as an additional GAAP measure.

The key distinction is that a non-GAAP financial measure is not presented in the financial statements, whereas, an additional GAAP measure is presented in the financial statements.

We understand certain measures may sometimes be presented as additional GAAP measures within the financial statements, or sometimes presented as non-GAAP financial measures outside of the financial statements. For example, EBITDA is generally a non-GAAP measure presented outside the financial statements, however, in some cases it may be possible for an issuer to present EBITDA as a subtotal in its statement of comprehensive income, as an additional GAAP measure. Similarly, it may be possible to present EBIT as a subtotal in the statement of comprehensive income. Presenting EBITDA or EBIT as a subtotal would only be appropriate if the amounts for interest, taxes, depreciation and amortization, as applicable, are clearly identified on the statement of comprehensive income and presented below the subtotal. EBITDA or EBIT should only be presented as separate line items in an issuer's financial statements if they are relevant to understanding an issuer's financial performance.[4]

[4] See CSA Staff Notice 52-306 for a complete discussion of the use of EBITDA and EBIT as an additional GAAP measure

Disclosure expectations (CSA Staff Notice 52-306)

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Non-GAAP Financial Measure

- Define measure
- Explain relevance
- State no standardized meaning and not comparable to other issuers
- Present with equal or greater prominence the most directly comparable GAAP measure
- Explain why useful to investors and, the additional purposes, if any, for which management uses it
- Quantitative reconciliation to most comparable GAAP measure
- Explain any changes

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Additional GAAP Measure

- Meaningful name for line item to distinguish it from minimum line item mandated by IFRS
- Avoid using IFRS terms for additional GAAP measures unless IFRS meaning applies
- Does not confuse, obscure or exceed prominence of minimum disclosure items required by IFRS on face of financial statement or in notes
- Explain why useful to investors and, the additional purposes, if any, for which management uses it
- How is measure calculated in relation to minimum disclosure items required by IFRS
- Explain any changes

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Examples may include:

- EBITDA
- EBIT
- Net operating income
- Free cash flow
- Net debt
- Funds from operations
- Adjusted funds from operations
- Cash cost / ounce

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Examples may include:

- EBITDA
- EBIT
- Operating income (loss)
- Profit before tax

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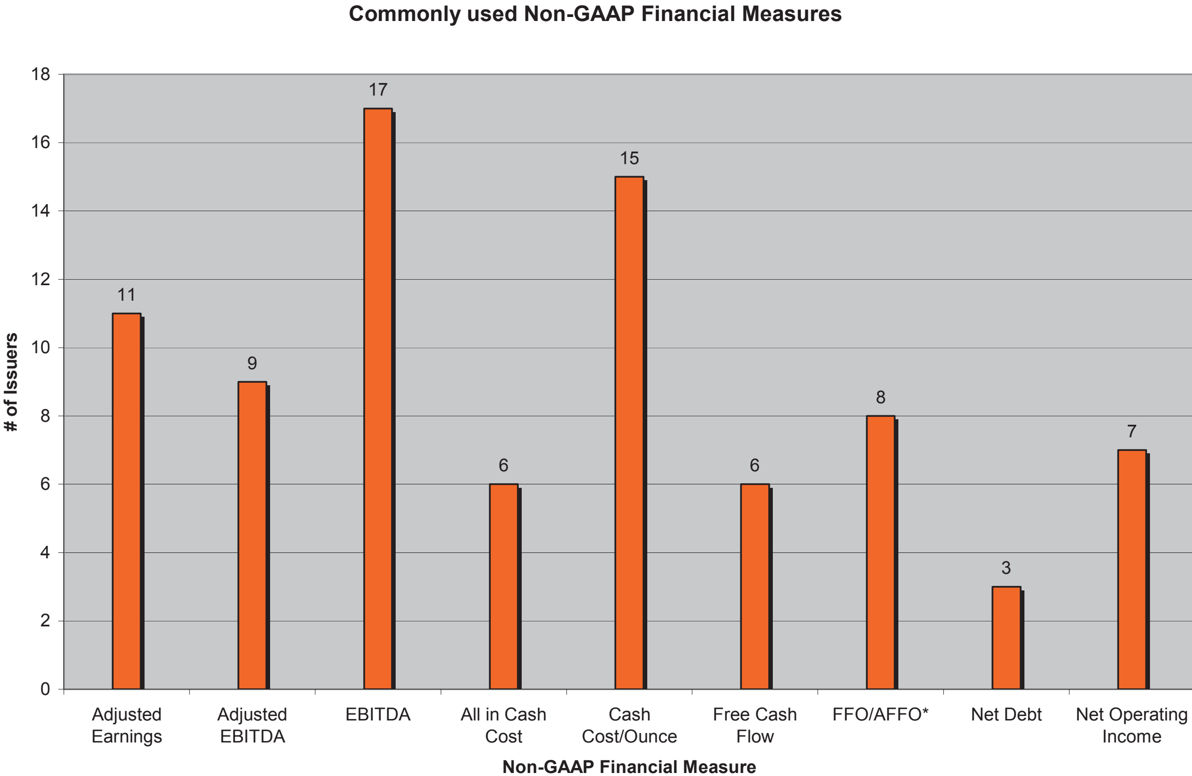
3. What we found

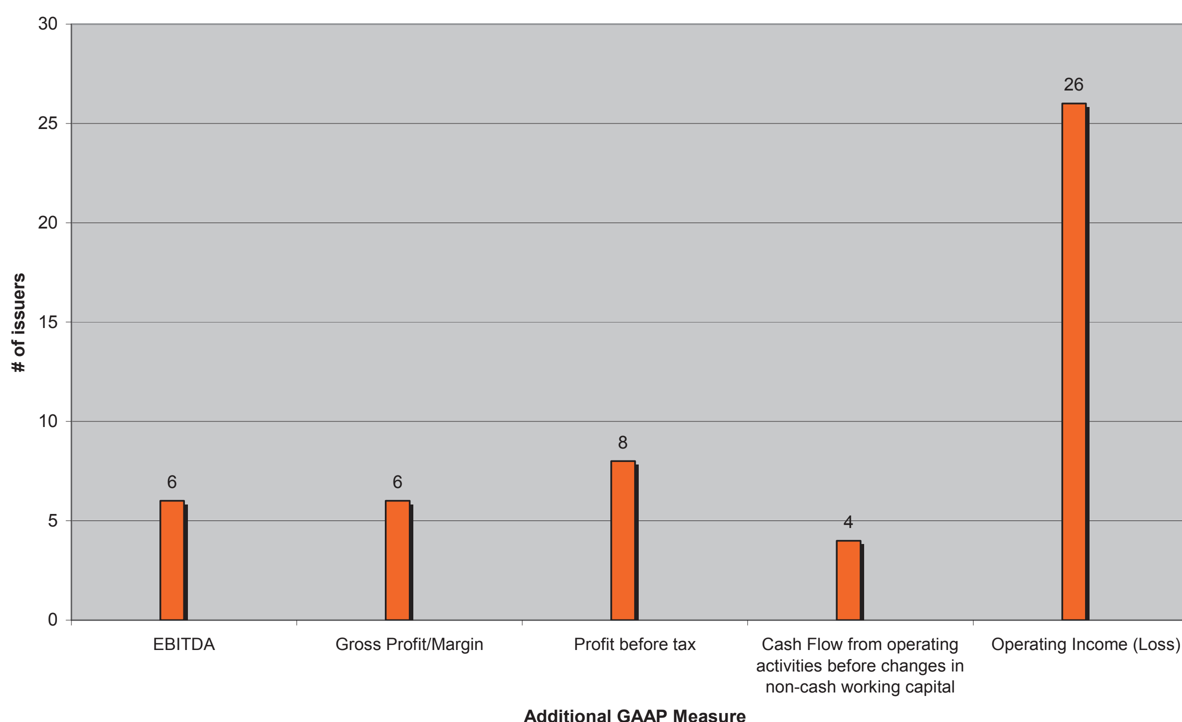
Staff reviewed 50 Ontario head office reporting issuers, all who had disclosure of non-GAAP financial measures, and some which had disclosure of additional GAAP measures. Staff identified concerns in the disclosure of 86% of the issuers reviewed, and followed up on these concerns through comment letters.

Our review of the remaining 14% of issuers did not raise any substantive concerns relating to their presentation of non-GAAP financial measures or additional GAAP measures. Non-GAAP financial measures were generally found in the MD&A, press releases and investor presentations on issuers' websites, while additional GAAP measures were found in the financial statements. The issuers reviewed were across seven different industry groups (real estate, retail, manufacturing, financial services, mining, technology and communications), and issuers consisted of both TSX and TSXV issuers, though we observed that TSX issuers use non-GAAP measures more often than venture issuers.

The charts below summarize the more common non-GAAP financial measures and additional GAAP measures used by issuers. Some issuers used multiple non-GAAP financial measures and/or additional GAAP measures.



*Funds from operations/ Adjusted funds from operations



In some instances, issuers presented "income before the undernoted" on the face of the statement of comprehensive income as an additional GAAP measure. Staff believe that this name is not meaningful nor relevant as this term does not sufficiently describe the measure as it does not tell users which elements are missing from the IFRS measure of income. In our view, a subtotal of "income before the undernoted" or similar measure does not have meaning or relevance and should not be presented in the financial statements.

Some issuers presented gross profit or gross margin on the face of the statement of comprehensive income. Although this is a widely recognized measure used to represent revenue less cost of sales, staff noted some issuers excluded items from the cost of sales line item that were in fact representative of the cost of sales, such as an inventory write-down for a manufacturing entity. Some issuers also included items which were not representative of cost of sales in the subtotal that are normally not regarded as cost of sales. If an issuer adjusts costs of sales by including or excluding additional items, this should be clearly disclosed. It would also no longer be appropriate to label the line item as cost of sales or the resulting subtotal as gross profit or gross margin, as this may confuse or mislead investors.

4. Overall Findings

Based on our reviews, we identified the following areas where improvements are needed:

- explain the objectives for using the non-GAAP financial measures or the additional GAAP measure, including why the measures are meaningful for investors and the additional purposes, if any, for why management uses the measures;
- provide a clear quantitative reconciliation between the non-GAAP financial measure and its most directly comparable GAAP measure;
- provide meaningful names for additional GAAP measures that are not confusing; and
- disclose how the additional GAAP measures are calculated in relation to minimum disclosure items required by IFRS.

Some of the common occurring concerns as well as the frequency of deficiencies noted in each area of our review are outlined below.

Generally – Non-GAAP financial measures

- Issuers generally provide an explanation for their use of non-GAAP financial measures, which contain boilerplate language that is not meaningful. For example, the explanations often consist of assertions that these measures better communicate performance, management thinks shareholders or analysts prefer these measures or that it is industry practice to use these measures. Approximately 10% of issuers provided boilerplate disclosures in their MD&A or press releases. We expect issuers to fully discuss the meanings of these measures and the reasons why management believes these measures are useful to investors. Enhanced disclosure in this area will allow investors to understand how these measures are used to evaluate the issuer's financial performance.

- 15% of issuers gave greater prominence to non-GAAP measures rather than the most directly comparable GAAP measure by highlighting or bolding the non-GAAP financial measure or presenting the non-GAAP financial measure prior to the most directly comparable GAAP measure.

- 20% of issuers did not clearly reconcile the non-GAAP financial measure to the most directly comparable GAAP measure, or did not disclose a reconciliation at all.

- Non-GAAP financial measures are sometimes used to exclude or include non-recurring, infrequent or unusual items. Even when adequately disclosed, such use of non-GAAP financial measures can still be inherently misleading as it may confuse readers into believing an issuer's financial performance has been more positive than actual. In staff's view, non-GAAP financial measures generally should not describe adjustments as non-recurring, infrequent or unusual, when a similar loss or gain is reasonably likely to occur within the next two years or occurred during the prior two years. Staff found that 15% of issuers identified adjustments as being non-recurring, unusual or infrequent when a similar adjustment occurred during the prior two years.

Generally - Additional GAAP measures

- Approximately 20% of issuers included additional line items on the face of the financial statements that were not considered meaningful in light of the name given to the measure, such as "income before the undernoted" or "income before operating expenses."

- Of the issuers that disclosed additional GAAP measures, 75% of them did not adequately explain why the additional GAAP measure provides relevant information to investors, and how it facilitates the investor to better understand the issuers financial position and performance.

- 15% of issuers did not adequately disclose how the additional GAAP measure was calculated in relation to the minimum disclosure items required by IFRS on the face of the financial statements.

- 77% of issuers included a subtotal for operating income as an additional GAAP measure on the statement of comprehensive income; however, 15% of these issuers excluded expenses that were operating in nature from this subtotal.

5. Press Releases / Website Materials

Approximately 30% of issuers reviewed failed to identify non-GAAP financial measures used in their earnings releases, marketing materials or investor presentations as non-GAAP financial measures. These disclosure documents did not contain the disclosure items set out in CSA Staff Notice 52-306. Measures like EBITDA and EBIT are common, however, they are not considered to be measures that are defined by GAAP and therefore have no standardized definition for these measures. For example, some issuers adjust from EBITDA non-recurring charges and minority interests, while others do not. 33% of issuers did not explain why non-GAAP financial measure provide useful information to investors and the additional purposes, if any, for which management uses the non-GAAP financial measures.

6. Management Discussion & Analysis

Overall, staff found that issuers were generally in compliance with CSA Staff Notice 52-306 as it relates to non-GAAP financial measures in their MD&A filings.

Staff noted instances where issuers presented additional GAAP measures on the face of the financial statements, but did not discuss the additional GAAP measure in the MD&A. Additional GAAP measures are presented if they are relevant to understanding the financial position, financial performance or cash flow of the issuer. MD&A is an explanation, through the eyes of management, of how an issuer performed during the period covered by the financial statements and of the issuer's financial condition. MD&A supplements the financial statements and is used to improve the financial disclosure by providing a balanced discussion of the issuer's financial performance. If an issuer presents additional GAAP measures in its financial statements, the MD&A should generally discuss and analyze these measures and explain why they are relevant to a user of the financial statements.

7. Key Performance Indicators (KPIs)

Staff noted a number of issuers present KPIs such as adjusted earnings, net debt, debt to gross book value, sales per square foot and interest coverage ratios. In instances where KPIs contained financial information sourced from the financial statements, we observed a number of issuers did not identify these KPIs as non-GAAP financial measures. In our view, these KPIs are the same as ratios used by an

issuer. CSA Staff Notice 52-306 states that ratios such as return on assets that uses an amount for assets, profit or loss that differs from the amounts presented in the financial statements are non-GAAP financial measures. Even though a ratio may not have a directly comparable GAAP measure required under IFRS, this does not automatically exclude the ratio from being a non-GAAP financial measure. Similar to disclosure expectations for non-GAAP financial measures, ratios should be clearly defined, the issuer should disclose how the ratio provides useful information to investors, why management uses the ratio and a reconciliation of how the ratio has been calculated in relation to line items in the financial statements.

We understand KPIs may be used by management to assess the financial performance of the issuer and the KPIs may also be requested by sophisticated investors to assess the financial performance of the issuer year over year. KPIs generally do not have standardized meanings, so it is important to ensure that they are defined clearly and used consistently from period to period. Issuers should carefully consider whether KPIs are a non-GAAP financial measure and, if so, they should include the disclosures outlined in CSA Staff Notice 52-306. By providing the disclosures of CSA Staff Notice 52-306 for KPIs, issuers would provide greater clarity and transparency regarding the actual components used for calculating the KPI.

Further, additional GAAP measures such as debt to equity ratios or free cash flow are disclosed in the notes to the financial statements to illustrate that the issuer is in compliance with debt covenants or credit agreements. While this disclosure provides relevant information to investors, if a reader cannot easily determine how a measure is calculated in relation to the minimum disclosure items required by IFRS in the financial statements, the issuer should discuss and disclose how the measure is calculated.

8. Examples

The following section provides examples of boilerplate and entity-specific disclosures as well as numerical examples which illustrate the use of non-GAAP financial measures and additional GAAP measures.

Example 1

During our reviews, we noted a number of issuers provided boilerplate type disclosure about non-GAAP financial measures, which does not provide meaningful information to investors. The issuer in this boilerplate example did not explain why the non-GAAP financial measure provides useful information to investors and the additional purposes, if any, for which management uses the non-GAAP financial measure.

> *Example of boilerplate disclosure:*
>
> *EBITDA is a non-GAAP financial measure, which is defined as earnings before income tax expense, financing costs, depreciation and amortization, and impairment charges. EBITDA is used to provide additional useful information to investors and analysts. Other issuers may calculate EBITDA differently.*

A better example of disclosure for non-GAAP financial measures would be as follows, as the issuer disclosed why the non-GAAP financial measure provides useful information to investors and why management uses the non-GAAP financial measure.

> *Example of entity-specific disclosure:*
>
> *Adjusted EBITDA is a non-GAAP financial measure, which is defined as earnings before income tax expense, financing costs, depreciation and amortization, and impairment charges.*
>
> *Management believes that Adjusted EBITDA is an important indicator of the issuers ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt, and fund future capital expenditures and uses the metric for this purpose. The exclusion of impairment charges eliminates the non-cash impact. Adjusted EBITDA is also used by investors and analysts for the purpose of valuing an issuer. The intent of Adjusted EBITDA is to provide additional useful information to investors and analysts and the measure does not have any standardized meaning under IFRS. Adjusted EBITDA should therefore not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate Adjusted EBITDA differently.*

Example 2

This is an example of boilerplate type disclosure for non-GAAP financial measures, as the issuer did not explicitly state that operating income before impairment items was a non-GAAP financial measure. Once again this disclosure does not provide meaningful information to investors.

> *Example of boilerplate disclosure:*
>
> *Our operating income before impairment items rose 31%, reaching a new peak of $101 million.*

A better example of disclosure for non-GAAP financial measures would be as follows, as the issuer clearly disclosed the non-GAAP financial measure does not have a standardised meaning and is unlikely to be comparable to similar measures presented by other issuers.

> *Example of entity-specific disclosure*
>
> *Our profit for the fiscal year was $50 million compared to $31 million in the previous fiscal year. Operating income before impairment (OIBI) rose 31%, reaching a new peak of $101 million. OIBI of the previous fiscal year was $77 million.*
>
> *OIBI is a non-GAAP measure and is mainly derived from the consolidated financial statements but does not have any standardized meaning prescribed by IFRS. Therefore it is unlikely to be comparable to similar measures presented by other issuers.*
>
> *OIBI is used by management to evaluate the performance of its operations based on a comparable basis which excludes impairment items because they are non-recurring. When an impairment item occurs in more than two consecutive fiscal years, it is no longer considered to be non-recurring by management.*

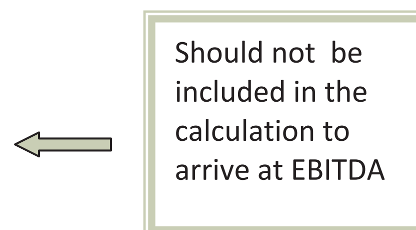
Example 3

This example illustrates an adjustment to EBITDA for an impairment charge which can be seen as potentially misleading. EBITDA is a commonly understood acronym that means “earnings before interest, taxes, depreciation and amortization”. However, in this example we note the reported EBITDA contains “other” items in addition to the commonly understood adjustments. Staff are of the view that when additional adjustments such as restructuring or impairment charges are included in the EBITDA calculation, then the measure could be seen as potentially misleading or confusing to investors. We observed additional adjustments are often made to EBITDA to make the metric look more positive to

investors. If the components of calculating EBITDA differ from the understood meaning of the acronym, then investors can be easily misled. Based on our reviews, staff noted that EBITDA often included items that are inconsistent with the understood meaning. For this reason, issuers should clearly disclose that the non-GAAP financial measure is unlikely to be comparable to similar measures presented by other issuers.

Example of potentially misleading EBITDA:

	2012 $	2011 $
Net earnings	3,453	2,768
Interest expense	335	326
Current and deferred taxes	522	468
Depreciation and amortization	45	48
Impairment charge[5]	-	520
EBITDA	4,355	4,130



In the example above, when calculating EBITDA, an impairment charge was included for the 2011 year, however, in 2012 there was a reversal of the impairment of $350 that was not included in the calculation. By not including the reversal of the impairment charge in 2012, this issuer is not presenting EBITDA on a consistent basis year over year as the issuer is including the positive adjustments but excluding the negative adjustments. The reversal would have resulted in a lower EBITDA for 2012 than the 2011 EBITDA. This is confusing and potentially misleading to investors. EBITDA should be presented on a consistent basis year over year.

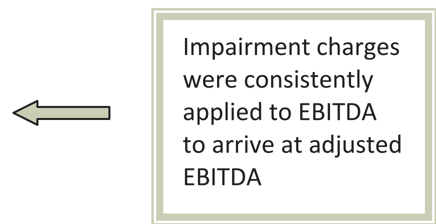
---

[5] The issuer did not include the reversal of $350 in 2012.

The following table illustrates better and more transparent disclosure as the impairment charges have been applied consistently year over year. As well, as explained earlier, the impairment charges are no longer part of the EBITDA calculation and have been applied to EBITDA to arrive at Adjusted EBITDA.

Revised to better reflect EBITDA/Adjusted EBITDA:

	2012 **$**	**2011** **$**
Net earnings	3,453	2,768
Interest expense	335	326
Current and deferred taxes	522	468
Depreciation and amortization	45	48
EBITDA	4,355	3,610
Impairment charge	(350)	520
Adjusted EBITDA	4,005	4,130



Example 4

In the following example, an issuer reported a subtotal for net operating income as an additional GAAP measure on the face of the consolidated statement of operations. We noted this line item was not representative of activities that would normally be viewed as operating in nature. For example, the issuer excluded depreciation and amortization expenses and inventory write down from the net operating income subtotal on the basis that these items do not involve cash or because they occur infrequently. However, if an issuer chooses to present a subtotal for net operating income, it should be representative of the activities that would normally be regarded as operating in nature.[6] We believe these line items are operating in nature and excluding them would be misleading and would impair the comparability of the financial statements.

	2012 **$**	**2011** **$**
Revenue	15,000	12,500
Operating expenses	7,800	6,200
Net Operating Income	7,200	6,300
Depreciation and amortization	1,800	1,400
Inventory write down	990	-
Income before income taxes	4,410	4,900

These are considered operating expenses and should be part of net operating income

[6] IAS 1, Basis for Conclusions paragraph 56

Example 5

This example highlights where an issuer reported a number of subtotals on the statement of comprehensive income, however, the subtotals were not labelled and did not provide additional information to investors. Subtotals should be provided if they are relevant to an understanding of the issuer's financial performance. Moreover, additional GAAP measures such as subtotals should generally be discussed by the issuer in the MD&A, as the MD&A should help investors understand what the financial statements show and do not show. In this case, there was no corresponding MD&A discussion to subtotals noted, providing no clarity on the relevance of these measures.

	2012 **$**	**2011** **$**
Interest income	7,300	6,500
Interest expenses	1,800	1,950
	5,500	4,550
Fees and miscellaneous income	1,350	1,200
	6,850	5,750
Provision for credit losses	550	350
	6,300	5,400
Operating expenses	1,100	1,900
Income before taxes	5,200	3,500

Unlabelled subtotals do not provide meaningful information to investors

Example 6

The example below illustrates how an issuer uses KPIs, but does not identify these KPIs as non-GAAP financial measures.

> *Example of boilerplate disclosure:*
>
> *Management uses key performance indicators such as interest coverage ratios and debt to gross assets to assess our ability to meet our financing obligations.*

The issuer in the entity-specific example identified KPIs as a non-GAAP financial measure which provides meaningful information to investors.

> *Example of entity-specific disclosure:*
>
> *Management uses key performance indicators such as interest coverage ratios and debt to gross assets to assess our financing needs and our ability to meet short term and long term obligations. Interest coverage ratio is defined as EBITDA/interest expense and is used to measure how the company can pay interest on outstanding debt. Debt to gross assets is defined as short term debt plus long term debt plus debt in a joint venture that is equity accounted for, divided by total assets (tangible and intangible) plus assets of the joint venture that is equity accounted, and is used to measure debt within the company including joint venture operations. Although these KPIs are expressed as ratios, they are non-GAAP financial measures that do not have a standardized meaning and may not be comparable to similar measures used by other issuers. These measures are not recognized by IFRS, however, they are meaningful as they indicate the issuer's ability to meet their obligations on an on-going basis. These measures are useful to investors as they indicate whether the company is more/less leveraged than the prior year. Below is a reconciliation of debt to gross assets expressed as a ratio from the line items in the IFRS financial statements.*

	Debt to gross book value
Debt per F/S	2,580
Debt per JV	955
Total debt	3,535
Total assets per F/S	9,777
Assets per JV	1,850
Total assets	11,627
Debt to total assets	30.4%

9. Conclusions

There is still room for significant improvement for issuers disclosing non-GAAP financial measures or additional GAAP measures. Investors may find non-GAAP financial measures and additional GAAP measures useful, however, it is critical to ensure there is complete transparency such that these measures are easily understood and are relevant.

Staff remind issuers of their responsibility to ensure that non-GAAP financial measures and additional GAAP measures publicly disclosed are not misleading. Staff also remind certifying officers of their obligations under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* to make certifications regarding misrepresentations, fair presentation, and disclosure controls and procedures.

We remind issuers that regulatory action may be taken against issuers that disclose information in a manner considered misleading and therefore potentially harmful to the public interest. In these cases, staff may request a restatement of the non-compliant filing and/or potential enforcement action.

This Notice supplements CSA Staff Notice 52-306 and we encourage issuers to refer to it when presenting non-GAAP financial measures or additional GAAP measures.

10. Questions

If you have any additional questions, please feel free to contact any of the following:

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Email: nvarma@osc.gov.on.ca

Ritika Rohailla, Accountant, Office of the Chief Accountant
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Sonny Randhawa, Manager, Corporate Finance Branch
Tel: 416.204.4959
Email: srandhawa@osc.gov.on.ca

1.1.4 OSC Staff Notice 11–742 (Revised) – Securities Advisory Committee

REVISED ONTARIO SECURITIES COMMISSION STAFF NOTICE 11–742

SECURITIES ADVISORY COMMITTEE

In a Notice published in the OSC Bulletin on October 24, 2013, the Commission invited applications for positions on the Securities Advisory Committee ("SAC"). SAC provides advice to the Commission and staff on a variety of matters including legislative and policy initiatives and important capital markets trends and brings various issues to the attention of the Commission and staff.

The Notice specified that the Commission is seeking to diversify membership on SAC and solicited applications from in–house counsel at an exchange, institutional investor or dealer. The Commission was very impressed with the number of highly qualified practitioners who applied for positions on SAC. Unfortunately, there were far more applicants than there were positions available and selection from among the group was very difficult. The Commission would like to thank everyone who applied, for their interest in serving on SAC.

The Commission is pleased to publish the names of the four new members who will be participating on SAC for the next three years.

– Julie Shin	Toronto Stock Exchange
– Judy Cotte	RBC Global Asset Management
– Diana Wisner	Bank of Montreal
– Ian Michael	McCarthy Tétrault LLP

The members of SAC have staggered terms. The continuing members of SAC are:

– Douglas Bryce	Osler Hoskin & Harcourt LLP
– Carol Derk	Borden Ladner Gervais LLP
– Shahen Mirakian	McMillan LLP
– Sean Vanderpol	Stikeman Elliott LLP
– Brad Brasser	Jones Day, USA
– Jeff Davis	Ontario Teachers' Pension Plan
– Christopher Hewat	Blake, Cassels & Graydon LLP
– Leslie McCallum	Torys LLP

The Commission would like to take this opportunity to thank the four members of SAC, listed below, who completed their term in December 2013, having served on the Committee with great dedication over the last three years. Their advice and guidance on a range of issues has been very valuable to the Commission.

– Tina Woodside	Gowling Lafleur Henderson LLP
– Robert Wortzman	Wildeboer Dellelce LLP
– Heather Zordel	Cassels Brock & Blackwell LLP
– Grant McGlaughlin	Goodmans LLP

The Commission will publish a notice in Fall 2014 inviting applications for the next group of new SAC members, who will commence their terms in January 2015.

Reference: Monica Kowal
General Counsel
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mkowal@osc.gov.on.ca

December 12, 2013

1.3 News Releases

1.3.1 OSC INVESTOR ALERT: Glendale Growth & Trust and Leonard (Lennie) Goldman

FOR IMMEDIATE RELEASE
December 4, 2013

OSC INVESTOR ALERT:
GLENDALE GROWTH & TRUST AND LEONARD (LENNIE) GOLDMAN

TORONTO – The Ontario Securities Commission (OSC) is warning investors not to invest with Leonard (Lennie) Goldman and Glendale Growth & Trust ("Glendale"), which purport to be located in Zurich, Switzerland. An Ontario investor was recently solicited to invest with Glendale. Mr. Goldman and Glendale are not registered to sell securities in Ontario.

On November 25, 2013 the Government of Newfoundland and Labrador, Financial Services Regulation Division issued a similar warning after some of its residents were contacted by Glendale.

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

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

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1.3.2 OSC Announces Details for Seminar On Derivatives Trade Repositories and Data Reporting Rule

FOR IMMEDIATE RELEASE
December 9, 2013

OSC ANNOUNCES DETAILS FOR SEMINAR ON DERIVATIVES TRADE REPOSITORIES AND DATA REPORTING RULE

Toronto – The Ontario Securities Commission (OSC) announced today the details for an information seminar taking place on January 15, 2014, during which OSC staff will guide market participants through the reporting requirements for the new Derivatives Trade Repositories and Data Reporting rule.

On November 14, 2013, the OSC published OSC Rule 91-506 *Derivatives: Product Determination* and OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting*, which is the first set of harmonized derivatives rules for Ontario and one of the most important elements of global OTC derivatives reform. The reporting obligations for the OSC rule begin July 2, 2014 and the OSC wants to help market participants navigate these requirements and ensure preparedness.

The seminar will cover four key areas: how to report transactions, end user obligations, tips for ensuring dealer compliance and reporting fields.

The seminar provides an opportunity for market participants to learn more about these new requirements and for the OSC to engage directly with market participants on this important rule and implementation process.

Attendees will have the opportunity to ask questions of the rule drafters and hear from other participants about their experience and best practices in responding to the changes.

The seminar will take place Wednesday, January 15, 2014 from 9:00 a.m. to 11:00 a.m. on the 22nd floor of the OSC's offices, located at 20 Queen Street West, Toronto, Ontario. Interested participants are asked to RSVP to Marie Martinez at mmartinez@osc.gov.on.ca by January 10, 2014.

Seminar details can also be found on the OSC's website at www.osc.gov.on.ca.

The OSC is meeting its G20 commitments and reinforcing Canada's financial stability framework through the implementation of Over-the-Counter derivatives reforms. The OSC is developing internationally and Canadian harmonized legislative and regulatory proposals to strengthen oversight of Ontario's OTC derivatives market.

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1.3.3 Naida Allarde-Giangrosso and Bernardo Giangrosso Charged Quasi Criminally with Unregistered Trading and Breaching OSC Cease Trade Order

FOR IMMEDIATE RELEASE
December 9, 2013

NAIDA ALLARDE-GIANGROSSO AND BERNARDO GIANGROSSO CHARGED QUASI CRIMINALLY WITH UNREGISTERED TRADING AND BREACHING OSC CEASE TRADE ORDER

TORONTO – The Ontario Securities Commission (OSC) announced today that Naida Allarde-Giangrosso and Bernardo Giangrosso of Vaughan, Ontario, were charged with alleged breaches of s. 122(1)(c) of the *Securities Act* (Ontario) following an investigation by the OSC's Joint Serious Offences Team (JSOT).

Allarde-Giangrosso and Giangrosso were both charged with one count of trading without registration and one count of trading in securities when they were prohibited from trading by an order of the Commission dated January 9, 2013. The charges relate to their alleged roles in promoting the sale of syndicated mortgages to investors through a company known as Starboard View Homes.

"Our Joint Serious Offences Team is sending a strong message that the OSC has elevated its efforts to prosecute allegations of quasi-criminal behaviour, including violations of cease trade orders," said Tom Atkinson, Director of Enforcement at the OSC.

The first court appearance for Allarde-Giangrosso and Giangrosso in this matter is scheduled to take place January 15, 2014, at 11:00 a.m. in Courtroom number 111 at Old City Hall – Ontario Court of Justice, 60 Queen Street West, Toronto, Ontario. Allarde-Giangrosso and Giangrosso continue to be subject to a cease trade order prohibiting them from trading in securities.

JSOT was established in May 2013 by the OSC as an enforcement partnership between the OSC and the Royal Canadian Mounted Police Financial Crime program. The primary objective of JSOT is to protect investors and further enhance confidence in the Canadian capital markets through effective enforcement. This will be accomplished through collaborative investigations of serious violations of the law using the provisions of the *Securities Act* (Ontario) and/or the *Criminal Code* of Canada.

Investors are urged to check the registration of any person or company offering an investment opportunity and to review the OSC investor materials available at www.osc.gov.on.ca.

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1.3.4 OSC Offers Additional Educational Seminars for Registrants

FOR IMMEDIATE RELEASE
December 11, 2013

OSC OFFERS ADDITIONAL EDUCATIONAL SEMINARS FOR REGISTRANTS

TORONTO – The Ontario Securities Commission (OSC) announced today the addition of four new sessions to its Registrant Outreach program intended to assist Ontario registrants with strengthening their compliance practices.

The new seminar topics include an overview of the registration process and targeted seminars for exempt market dealers, portfolio managers and investment fund managers, respectively, on relevant compliance issues. Additional seminar topics will be added to the seminar calendar at a later date.

The feedback from participants who attended the 2013 seminars has been positive. In 2013, over 1,000 individuals attended the Registrant Outreach sessions, either in-person or via webinar. The program continues to provide Ontario registrants with practical knowledge on compliance-related matters and gives them the opportunity to hear first-hand from OSC Staff on the latest issues impacting them.

Interested registrants can go to the Calendar of Events section of the Registrant Outreach page of the OSC website, for seminar descriptions and registration.

To keep up to date on compliance related matters, join the OSC's Registrant Outreach community. Community members will receive regular information and updates on OSC initiatives. To join, go to the Registrant Outreach page on the OSC's website at www.osc.gov.on.ca.

For questions, please contact RegistrantOutreach@osc.gov.on.ca.

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

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1.3.5 David Borg Charged Quasi Criminally with Unregistered Trading

FOR IMMEDIATE RELEASE
December 11, 2013

DAVID BORG CHARGED QUASI CRIMINALLY WITH UNREGISTERED TRADING

TORONTO – The Ontario Securities Commission (OSC) announced today that David Borg of Toronto was charged with an alleged breach of s. 122(1)(c) of the *Securities Act* (Ontario) following an investigation by the OSC's Joint Serious Offences Team (JSOT).

Borg has been charged with one count of trading without registration. The charges relate to his alleged role in selling shares of Enriching Pictures Inc. to investors. It is alleged that approximately $700,000 was received from investors.

"Our Joint Serious Offences Team has been very active since it was established and is focussed on protecting investors from individuals who are not registered," said Tom Atkinson, Director of Enforcement at the OSC.

The first court appearance for Borg in this matter is scheduled to take place January 14, 2014, at 11:00 a.m. in Courtroom 111 at Old City Hall in Ontario Court of Justice, 60 Queen Street West, Toronto, Ontario.

JSOT was established in May 2013 by the OSC as an enforcement partnership between the OSC and the Royal Canadian Mounted Police Financial Crime program. The primary objective of JSOT is to protect investors and further enhance confidence in the Canadian capital markets through effective enforcement. This is accomplished through collaborative investigations of serious violations of the law using the provisions of the *Securities Act* (Ontario) and/or the *Criminal Code* of Canada.

Investors are urged to check the registration of any person or company offering an investment opportunity and to review the OSC investor materials available at www.osc.gov.on.ca.

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1.3.6 OSC Releases Results of Non-GAAP Financial Measures and Additional GAAP Measures Disclosure Review

FOR IMMEDIATE RELEASE
December 11, 2013

OSC RELEASES RESULTS OF NON-GAAP FINANCIAL MEASURES AND ADDITIONAL GAAP MEASURES DISCLOSURE REVIEW

TORONTO – The Ontario Securities Commission (OSC) today published OSC Staff Notice 52-722 *Report on Staff's Review of Non-GAAP Financial Measures and Additional GAAP Measures*, which sets out the results of the OSC's recent disclosure review. The Notice provides further guidance on complying with staff's expectations as outlined in CSA Staff Notice 52-306 *Non-GAAP Financial Measures and Additional GAAP Measures*.

With the adoption of IFRS, staff have observed that issuers are increasingly using both Non-GAAP Financial Measures (NGM) and Additional GAAP Measures (AGM).

A NGM is a numerical measure generally derived from an entity's profit or loss determined in accordance with GAAP, which includes or excludes certain items to present supplemental information on an entity's financial performance. NGMs are typically disclosed in public documents, including news releases, MD&A, prospectus filings, websites and marketing materials. An AGM is a financial measure that is presented in an issuer's financial statements in the form of a line item, heading or subtotal. AGMs should only be presented if they are relevant to an understanding of an issuer's financial statements.

In conducting the review, the OSC assessed the disclosure of 50 Ontario-based reporting issuers against how well they met staff expectations (from CSA Staff Notice 52-306). The results of the review were disappointing. Many issuers needed to improve the quality of their disclosure related to NGM and AGM; 82 per cent of issuers in the review committed to disclosure enhancements in a future filing. The absence of needed improvements in these areas may potentially be misleading and cause investor confusion.

"Investors are entitled to clear and transparent information when Non-GAAP financial measures and Additional GAAP measures are presented. These measures must be easy to understand and be relevant," said Huston Loke, Director of Corporate Finance. "We encourage issuers and their advisers to refer to the guidance in this Notice as they prepare their annual and interim filings."

OSC Staff Notice 52-722 can be found on the OSC's website at www.osc.gov.on.ca.

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1.4 Notices from the Office of the Secretary

1.4.1 Quadrexx Asset Management Inc. et al.

FOR IMMEDIATE RELEASE
December 4, 2013

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

AND

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

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

1. pursuant to subsection 127(8) of the Act, the portion of the Temporary Order issued under paragraph 2 of subsection 127(1) that ordered all trading to cease in the securities of Quadrexx and Quadrexx Related Securities is extended to February 24, 2014, other than as may be required to facilitate the dissolutions or wind ups of Quadrexx, QSA, OOVSS, QIF and QOF;

2. the hearing to consider: (i) the need to further extend the Temporary Order; and (ii) for the Commission to receive an update on the wind ups or dissolutions of Quadrexx, QSA, OOVSS, QIF, QOF, CHWIP and HFI, will proceed on February 20, 2014 at 10:00 a.m.; and

3. the hearing date of December 5, 2013 at 10:00 a.m. is vacated.

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

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JOHN P. STEVENSON
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1.4.2 Conrad M. Black et al.

FOR IMMEDIATE RELEASE
December 5, 2013

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

AND

IN THE MATTER OF
CONRAD M. BLACK, JOHN A. BOULTBEE
AND PETER Y. ATKINSON

TORONTO – The Commission issued an Order in the above named matter which provides that this matter is adjourned to a confidential pre-hearing conference to be held on Thursday, January 9, 2014 at 10:00 a.m.

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

A copy of the Order dated December 2, 2013 is available at www.osc.gov.on.ca.

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1.4.3 Sino-Forest Corporation et al.

FOR IMMEDIATE RELEASE
December 5, 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:

1. the hearing dates scheduled for 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 are vacated;

2. the Merits Hearing shall commence on September 2, 2014 and continue on the dates previously agreed to by the parties and ordered by the Commission;

3. the parties shall discuss their availability for further hearing dates in advance of the next pre-hearing conference and further dates for the Merits Hearing shall be set at the next pre-hearing conference;

4. the September 10 Order is varied such that Staff shall serve its hearing briefs in connection with the Merits Hearing on the Respondents on or before April 1, 2014;

5. the Translation Motion shall be held on January 31, 2014 commencing at 10:00 a.m., or such other date and time as ordered by the Commission; and

6. the pre-hearing conference in this matter shall be continued on January 31, 2014 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.

A copy of the Order dated December 2, 2013 is available at www.osc.gov.on.ca.

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1.4.4 MRS Sciences Inc. (formerly Morningside Capital Corp.) et al.

FOR IMMEDIATE RELEASE
December 6, 2013

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

AND

IN THE MATTER OF
MRS SCIENCES INC.
(FORMERLY MORNINGSIDE CAPITAL CORP.),
AMERICO DEROSA, RONALD SHERMAN,
EDWARD EMMONS, IVAN CAVRIC AND
PRIMEQUEST CAPITAL CORPORATION

TORONTO – The Commission issued an Order in the above named matter with certain provisions. The Sanctions and Costs Hearing shall continue on December 18, 2013 at 10:00 a.m.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.5 Imtiaz Hashmani

FOR IMMEDIATE RELEASE
December 10, 2013

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

AND

IN THE MATTER OF
IMTIAZ HASHMANI

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
IMTIAZ HASHMANI

TORONTO – Following a hearing held on December 9, 2013, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Imtiaz Hashmani.

A copy of the Order dated December 9, 2013 and Settlement Agreement dated November 29, 2013 are available at www.osc.gov.on.ca.

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1.4.6 International Strategic Investments et al.

FOR IMMEDIATE RELEASE
December 10, 2013

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that the confidential pre-hearing conference will continue on December 12, 2013 at 10:00 a.m.

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

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

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Arrow Capital Management Inc. and Blumont Capital Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval granted for change of manager of mutual funds for the purpose of 5.5(1)(a) – change of manager is not detrimental to investors or the public.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(1)(a), 5.3, 5.7,19.1.

November 28, 2013

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO**

AND

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

AND

**IN THE MATTER OF
ARROW CAPITAL MANAGEMENT INC.
(Arrow Capital)**

AND

**IN THE MATTER OF
BLUMONT CAPITAL CORPORATION
(the Manager, together with Arrow Capital, the Filers)**

AND

**IN THE MATTER OF
the Conventional Mutual Funds and Commodity Pools managed
by the Manager listed at Exhibit "A" (collectively, the Funds)**

<u>DECISION</u>

Background

The Principal Regulator has received an application from the Filers for a decision under the securities legislation of Ontario (the **Legislation**) approving the change of manager of the Funds from the Manager to the Amalgamated Company as further described below in accordance with section 5.5(1)(a) of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) (the **Approval Sought**).

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

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

(b) the Filers have 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, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, and Yukon (together with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

The Manager

1. The Manager is a privately-owned corporation existing under the *Business Corporations Act* (Ontario) (the **OBCA**). The sole shareholder of the Manager is BluMont Capital Inc. (the **Seller**), a wholly-owned subsidiary of Integrated Asset Management Corp. (the **Parent**), a public company based in Toronto and listed on the Toronto Stock Exchange.

2. The Manager is registered in the following categories in certain of the Jurisdictions, as indicated below:

   (a) Ontario: Investment Fund Manager (sometimes referred to as **IFM**), Portfolio Manager, Mutual Fund Dealer and Exempt Market Dealer;

   (b) Alberta: Exempt Market Dealer;

   (c) British Columbia: Exempt Market Dealer;

(d) Quebec: Investment Fund Manager; and

(e) Newfoundland and Labrador: Investment Fund Manager.

3. The Manager's head office is located at 70 University Avenue – Suite 1200, Toronto, Ontario M5J 2M4.

4. The Manager is not in default of securities legislation in any Jurisdiction.

5. The Manager is the IFM of the Funds.

The Funds

6. Securities of the Conventional Mutual Funds are distributed in each of the Jurisdictions under a simplified prospectus and annual information form prepared in accordance with the requirements of National Instrument 81-101 – *Mutual Fund Prospectus Disclosure*.

7. Securities of the Commodity Pools are distributed in each of the Jurisdictions under a long form prospectus prepared in accordance with the requirements of National Instrument 41-101 – *General Prospectus Requirements*.

8. The Funds are reporting issuers under the applicable securities legislation of the Jurisdictions and governed by NI 81-102, or in the case of the Commodity Pools, NI 81-102 and National Instrument 81-104 – *Commodity Pools*.

9. The Funds are not in default of applicable securities legislation in any Jurisdiction.

Arrow Capital

10. Arrow Capital was founded in 1999 and is a corporation existing under the OBCA.

11. Arrow Capital is registered in certain of the Jurisdictions, as indicated below:

(a) Ontario: Investment Fund Manager, Portfolio Manager, Exempt Market Dealer and Commodity Trading Manager;

(b) Alberta: Exempt Market Dealer;

(c) British Columbia: Exempt Market Dealer;

(d) Quebec: Investment Fund Manager and Exempt Market Dealer; and

(e) Newfoundland and Labrador: Investment Fund Manager.

12. Arrow Capital's head office is located at 36 Toronto Street – Suite 750, Toronto, Ontario M5C 2C5.

13. Arrow Capital is a privately-owned corporation existing under the OBCA. At the time of completion of the Proposed Acquisition (as described below), the principals of Arrow Capital and other employees of Arrow Capital will collectively own, directly or indirectly, together with their spouses, approximately 97.6% of all the issued and outstanding shares of Arrow Capital. The remaining 2.4% of the issued and outstanding shares of Arrow Capital are held indirectly by a passive investor that is not involved in the management or operations of Arrow Capital.

14. Arrow Capital was founded in 1999 by James McGovern. Arrow Capital believes its expertise in active portfolio management and portfolio manager selection is evident in its strong, diverse platform, which provides its clients with access to a global selection of investment funds, which currently includes alternative investment products and public closed-end investment funds. Together with its foreign affiliates and with its extensive network of global resources, Arrow Capital manages over $1 billion of assets. Prior to founding Arrow Capital, Mr. McGovern was the Chief Executive Officer of BPI Capital Management Corporation (**BPI**), a company that managed public mutual funds for many years before being purchased by CI Financial in 1999. At the time of the acquisition, BPI had assets under management of approximately $6 billion. Many of the directors and officers of Arrow Capital, along with other employees at Arrow Capital, were also with BPI for many years.

15. Arrow Capital and the Manager are not related parties. Except pursuant to the Purchase Agreement (defined below), there are currently no relationships between Arrow Capital and the Manager or its affiliates.

16. Arrow Capital is not in default of securities legislation in any Jurisdiction.

The Proposed Acquisition and the Proposed Amalgamation

17. On September 18, 2013, Arrow Capital, the Manager, the Seller and the Parent entered into a definitive share purchase agreement (the **Purchase Agreement**) pursuant to which Arrow Capital will acquire all of the issued and outstanding shares of the Manager (the **Proposed Acquisition**).

18. Completion of the Proposed Acquisition, which is subject to obtaining all necessary securityholder and regulatory approvals is anticipated to occur on or about December 2, 2013, will result in a change of control of the Manager (the **Change of Control**).

19. Following completion of the Proposed Acquisition, Arrow Capital will seek to amalgamate the

Manager with Arrow Capital (the **Proposed Amalgamation**), with the amalgamated company continuing under the name "Arrow Capital Management Inc." (the **Amalgamated Company**). It is anticipated that the Proposed Amalgamation will take place within six months following the completion of the Proposed Acquisition and it is proposed that the Amalgamated Company will become the investment fund manager of the Funds (the Proposed Acquisition together with Proposed Amalgamation, collectively the **Change of Manager)**.

20. In respect of the impact of the Proposed Acquisition and Change of Control on the management and administration of the Funds:

    (a) the Change of Control is not expected to have any material impact on the business, operations or affairs of the Funds or the securityholders of the Funds;

    (b) except that most of the directors and senior officers of the Manager will be replaced by directors and senior officers of Arrow Capital, it is not otherwise expected that there will be any change in the management of the Funds, including the portfolio managers or sub-advisors, the investment objectives and strategies of the Funds, or the expenses that are charged to the Funds as a result of the Change of Control;

    (c) Arrow Capital has confirmed that there is no current intention to make any substantive changes as to how the Manager operates or manages the Funds;

    (d) it is not expected that there will be any change in the custodian, auditor or trustee of any of the Funds;

    (e) until completion of the Proposed Amalgamation, Arrow Capital intends to maintain the Funds as a separately managed fund family with the Manager as their IFM;

    (f) there is no current intention to change the names of the Funds as a result of the Change of Control;

    (g) the Change of Control will not adversely affect the Manager's financial position or its ability to fulfill its regulatory obligations; and

    (h) upon the Change of Control, the current members of the Manager's Independent Review Committee (**IRC**) will cease to be IRC members by operation of section 3.10(1)(c) of National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107**). Immediately following the Change of Control, the IRC will be reconstituted such that the current members will cease to act as members and new members will be appointed effective on that date. Such new members will be the same individuals that currently comprise the IRC of East Coast Investment Grade Income Fund and Raven Rock Strategic Income Fund, Canadian public non-redeemable investment funds managed by Arrow Capital.

21. Prior to completing the Proposed Acquisition, the Manager sought securityholder approval of the Change of Manager at special meetings of securityholders of the Funds (the **Special Meetings**). A notice of meeting dated October 28, 2013 and an information circular (the **Information Circular**) were sent to securityholders of the Funds in connection with the Special Meetings containing the information, and within the timing, contemplated by section 5.4 of NI 81-102. At Special Meetings held on November 27, 2013, securityholders of the Funds approved the Change of Manager.

22. In respect of the impact of the Proposed Amalgamation on the management and administration of the Funds:

    (a) the Proposed Amalgamation is not expected to have any material impact on the business, operations or affairs of the Funds or the securityholders of the Funds;

    (b) it is expected that the directors and senior officers of the Amalgamated Company after the Proposed Amalgamation will be the same as the current directors and senior officers of Arrow Capital. It is not expected that there will otherwise be any change in the management of the Funds, including the portfolio managers or sub-advisors, the investment objectives and strategies of the Funds, or the expenses that are charged to the Funds as a result of the Proposed Amalgamation. Furthermore, it is expected that Veronika Hirsch, the current Chief Investment Officer of the Manager, will remain an employee, portfolio manager and registered advising and dealing representative of the Amalgamated Company;

    (c) it is not expected that there will be any change in the custodian, auditor or

trustee of any of the Funds as a result of the Proposed Amalgamation;

(d) Arrow Capital intends to maintain the Funds as a separately managed fund family with the Amalgamated Company as their IFM;

(e) there is no current intention to change the names of the Funds as a result of the Proposed Amalgamation;

(f) the Proposed Amalgamation will not adversely affect the Amalgamated Company's financial position or its ability to fulfill its regulatory obligations; and

(g) upon the Proposed Amalgamation, the members of the Manager's IRC will cease to be IRC members by operation of section 3.10(1)(b) of NI 81-107. Immediately following the Proposed Amalgamation, it is expected that the IRC will be reconstituted with the same members.

23. Arrow Capital believes the Change of Manager will benefit the Funds and securityholders of the Funds because Arrow Capital is an investment manager with significant resources to grow the Funds, which growth may lead to economies of scale that would benefit securityholders of the Funds. It is expected that the Proposed Amalgamation will reduce the operational, regulatory and administrative costs of maintaining two separately registered companies which may also lead to economies of scale that would benefit securityholders of the Funds. The combined platforms of the Manager and Arrow Capital will provide investors with greater investment choices and an improved level of service.

The New Management Team

24. Arrow Capital has and, at the time of the Proposed Amalgamation, the Amalgamated Company will have, all the necessary registrations under applicable securities legislation in the Jurisdictions, including National Instrument 31-103 – *Registration Requirements and Exemptions and Ongoing Registrant Obligations* (**NI 31-103**), and the integrity and experience contemplated by section 5.7(1)(a)(v) of NI 81-102, to manage the Conventional Mutual Funds and Commodity Pools.

25. At the time of completion of the Proposed Acquisition, the permitted individuals (as defined in National Instrument 33-109 – *Registration Information*) of Arrow Capital will be James McGovern, Mark Purdy, Frederick Dalley, Robert Maxwell and Robert Parsons (the **Permitted Individuals**). Upon completion of the Proposed Acquisition, it is expected that James McGovern and Robert Maxwell will replace certain directors and senior officers of the Manager. Upon completion of the Proposed Amalgamation, the directors and senior officers of the Amalgamated Company will be the current directors and senior officers of Arrow Capital, including the Permitted Individuals.

26. The experience of the Permitted Individuals relevant to managing the Funds was described in the Information Circular.

27. Regarding the continuity of operations and administration personnel, it is Arrow Capital's intention to retain all relevant operational employees of the Manager. This would include the operations and back-office personnel that not only have experience managing conventional mutual funds, but have the institutional knowledge and experience with the particular Conventional Mutual Funds and Commodity Pools managed by the Manager.

Notices and Amendments

28. Notice of the Change of Control with respect to the Proposed Acquisition was provided by mail to securityholders of the Funds on September 23, 2013, in accordance with section 5.8(1) of NI 81-102.

29. On September 26, 2013, an amendment to the simplified prospectus and annual information form of the Mutual Funds and an amendment to the prospectus of the Commodity Pools describing the Change of Control were filed with each of the Jurisdictions, and the Commission issued a receipt in respect of the same on October 9, 2013.

30. On November 22, 2013, the Registration Branch of the Ontario Securities Commission issued a letter of non-objection in respect of the notice of the Proposed Acquisition previously submitted to the Ontario Securities Commission by Arrow Capital pursuant to section 11.9 of National Instrument 31-103 – *Registration Requirements and Exemptions and Ongoing Registrant Obligations*.

31. Within 10 days of the completion of the Change of Control, it is the intention of the Manager and Arrow Capital to file amendments to the applicable offering documents of the Funds to disclose: (i) the closing of the Proposed Acquisition; (ii) certain operational changes in connection with the closing of the Proposed Acquisition, principally the changes to the directors and officers of the Manager and the reconstitution of the IRC; and (iii) the Proposed Amalgamation.

32. The Funds will not bear any of the costs and expenses associated with the Change of

Manager. Such costs will be borne by the Manager. These costs may include legal and accounting fees, proxy solicitation, printing and mailing costs and regulatory fees.

33. The Manager has determined that the Change of Manager is not a conflict of interest matter pursuant to section 5.1 of NI 81-107 and that, as a result, the Change of Manager will not require the approval or recommendation of the Funds' IRC. The Manager, has, however, provided information relating to the Change of Manager to the IRC.

Decision

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

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

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

Exhibit "A"

The Conventional Mutual Funds:

Exemplar Leaders Fund
Exemplar Global Infrastructure Fund
Exemplar Timber Fund
Exemplar Yield Fund
Exemplar Global Agriculture Fund (collectively, the **Conventional Mutual Funds**)

The Commodity Pools:

Exemplar Canadian Focus Portfolio
Exemplar Diversified Portfolio (collectively, the **Commodity Pools**)

2.1.2 Barclays Capital Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions (NP 11-203) – Applicants are dealers that regularly participate in offerings of foreign securities into Canada on a private placement basis to permitted clients – when a foreign offering document is provided to prospective Canadian investors certain items of disclosure must be included in the foreign offering document – Canadian specific disclosure items are commonly included in a foreign offering document by adding a "wrapper" to the foreign offering document which contains any required Canadian disclosure – Applicants were previously granted relief from certain disclosure requirements in the context of offerings of securities made under a prospectus exemption to Canadian investors that are permitted clients – under terms of original decision the relief did not apply to investment fund securities – other dealers subsequently obtained similar relief that did not carve out investment fund securities – Applicants applied for new decision that would provide for the same relief but also with respect to offerings of investment fund securities – under the terms of the relief the securities must be offered primarily in a foreign jurisdiction – the securities must be issued by an issuer that qualifies as a "foreign issuer" as defined in the decision – Applicants granted relief from the requirement in National Instrument 33-105 Underwriting Conflicts (NI 33-105) to provide disclosure on conflicts of interest between dealers and issuers provided that disclosure required for U.S. registered offerings is provided instead – Applicants granted relief from the requirement in NI 33-105 to provide disclosure of a connected issuer relationship where the issuer is a foreign government on certain conditions – Applicants granted relief from the requirement in OSC Rule 45-501 Ontario Prospectus and Registration Exemptions to include in an offering memorandum disclosure of the statutory right of action for damages and right of rescission provided to purchasers under the legislation on certain conditions – Applicants provided with a separate permission from the Director pursuant to s. 38(3) of the Securities Act (Ontario) for the making of a listing representation in an offering memorandum – Applicants were previously provided with a separate letter from the Director confirming that the requirement in Form 45-106F1 Report of Exempt Distribution in Ontario to notify purchasers of the collection of their personal information only applies where such purchasers are individuals.

Applicable Legislative Provisions

National Instrument 33-105 Underwriting Conflicts, s. 2.1.
OSC Rule 45-501 Ontario Prospectus and Registration Exemptions, s. 5.3.
Securities Act, R.S.O. 1990, c. S.5, as am.

October 22, 2013

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

AND

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

AND

**IN THE MATTER OF
BARCLAYS CAPITAL INC., BARCLAYS CAPITAL CANADA INC., CITIGROUP GLOBAL MARKETS INC.,
CITIGROUP GLOBAL MARKETS CANADA INC., DEUTSCHE BANK SECURITIES INC.,
DEUTSCHE BANK SECURITIES LIMITED, HSBC SECURITIES (USA) INC., HSBC SECURITIES (CANADA) INC.,
J.P. MORGAN SECURITIES LLC, J.P. MORGAN SECURITIES CANADA INC.,
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, MERRILL LYNCH CANADA INC.,
RBC CAPITAL MARKETS, LLC, RBC DOMINION SECURITIES INC., SCOTIA CAPITAL (USA) INC.,
SCOTIA CAPITAL INC., UBS SECURITIES LLC AND UBS SECURITIES CANADA INC.
(collectively, the Applicants)**

DECISION

Background

Previous Decision

The Applicants obtained a decision dated April 23, 2013, effective June 22, 2013, from the regulator in Ontario and from the Coordinated Exemptive Relief Decision Makers (as defined below) (the **Previous Decision**), providing conditional exemptive relief from the following requirements in the Legislation:

(i) the requirement to include the disclosure (the **Connected Issuer Disclosure and Related Issuer Disclosure**) required by subsection 2.1(1) of National Instrument 33-105 *Underwriting Conflicts* (**NI 33-105**) as specified in Appendix C of NI 33-105 in an offering memorandum as defined in the Legislation (**Offering Memorandum**) with respect to distributions of securities that meet all of the following criteria:

(a) a distribution under an exemption from the prospectus requirement (**Accredited Investor Prospectus Exemption**) set out in section 2.3 of National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**),

(b) of a security offered primarily in a “foreign jurisdiction” (as defined in National Instrument 14-101 *Definitions*) (**Foreign** J**urisdiction**),

(c) by an Applicant or an affiliate of an Applicant named in Schedule A attached hereto (**Affiliate**) as underwriter,

(d) to Canadian investors each of which is a “permitted client” as defined in NI 31-103 (**Permitted Client**), and

(e) of a security issued by an issuer incorporated, formed or created under the laws of a Foreign Jurisdiction, that is not a reporting issuer in any jurisdiction of Canada and that has its head office or principal executive office outside of Canada and that also is not an investment fund as defined in the Legislation (**Investment Fund**);

(ii) the requirement to include the Connected Issuer Disclosure and Related Issuer Disclosure in an Offering Memorandum for a distribution of a security issued or guaranteed by the government of a Foreign Jurisdiction (Foreign Government) and that meets all of the criteria described in (i) above other than (e) (together, items (i) and (ii) referred to as the **Previous Passport Relief**); and

(iii) the requirement to include in an Offering Memorandum with respect to a distribution of a security that meets all of the criteria described in (i) or (ii) above a description of the statutory right of action available to purchasers for a misrepresentation in the Offering Memorandum (the **Right of Action Disclosure**) (the **Previous Coordinated Relief**).

The Applicants have applied to the regulator in Ontario and to the Coordinated Exemptive Relief Decision Makers for a revocation of the Previous Decision and for a new decision to be granted on substantially the same terms.

The purpose of requesting a new decision is to change the definition of “foreign issuer” so that Investment Fund securities are not excluded from the class of securities that can be distributed in reliance on the exemptive relief. This change is consistent with exemptive relief decisions that have been granted to other dealers on substantially the same terms in subsequent decisions (the **Subsequent Decisions**).

Connected and Related Issuer Disclosure

The regulator in Ontario has received an application from the Applicants for a decision under the Legislation of the jurisdiction of the principal regulator for the following exemptions (the **Passport Exemptions**):

(i) an exemption from the Connected Issuer Disclosure and Related Issuer Disclosure in an Offering Memorandum with respect to distributions of securities that meet all of the following criteria (a **Specified Exempt Distribution**):

(a) a distribution under the Accredited Investor Prospectus Exemption,

(b) of a security offered primarily in a Foreign Jurisdiction,

(c) by an Applicant or an Affiliate as underwriter,

(d) to Canadian investors each of which is a Permitted Client, and

(e) of a security issued by an issuer incorporated, formed or created under the laws of a Foreign Jurisdiction, that is not a reporting issuer in any jurisdiction of Canada and that has its head office or principal executive office outside of Canada (**Foreign Issuer**); and

(ii) an exemption from the requirement to include Connected Issuer Disclosure and Related Issuer Disclosure in an Offering Memorandum for a Specified Exempt Distribution of a security issued or guaranteed by a Foreign Government and that meets all of the criteria described in (i) above other than (e).

Right of Action Disclosure

The securities regulatory authority or regulator in each of Ontario, New Brunswick, Nova Scotia and Saskatchewan (the **Coordinated Exemptive Relief Decision Makers**) has received an application (the **Coordinated Exemptive Relief**) from the Applicants for a decision under the securities legislation of those jurisdictions for an exemption from the requirement to include the Right of Action Disclosure in an Offering Memorandum with respect to a Specified Exempt Distribution.

Process for Exemptive Relief Applications in Multiple Jurisdictions

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

(a) the OSC is the principal regulator for this application;

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

(c) the decision is the decision of the principal regulator; and

(d) the decision evidences the decision of each Coordinated Exemptive Relief Decision Maker.

Interpretation

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

"Legislation" means, for the local jurisdiction, its securities legislation.

Representations

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

1. Each Applicant is either an investment dealer or a dealer with the registration of "restricted dealer" or "exempt market dealer" and/or has filed Form 31-103F2 *Submission to Jurisdiction and Appointment of Agent for Service* (**Form 31-103F2**) in order to qualify for the international dealer exemption. Attached hereto as Schedule A is a list of the Applicants and Affiliates registered as an investment dealer, restricted dealer or exempt market dealer and/or which have filed Form 31-103F2 in order to qualify for the international dealer exemption under section 8.18 of NI 31-103.

2. Each of Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC, Scotia Capital (USA) Inc. and UBS Securities LLC is registered as a broker-dealer with the U.S. Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority, a self-regulatory organization.

3. Each Applicant, together with its Affiliates, is actively involved in underwriting public offerings and private placements in the United States and elsewhere by U.S. and other foreign issuers.

4. The Applicants and their Affiliates regularly consider extending offerings of Foreign Issuers or Foreign Governments to Canadian investors that are Permitted Clients under the Accredited Investor Prospectus Exemption.

5. If a prospectus or private placement memorandum (a **foreign offering document**) is provided to investors outside Canada, it is common practice where these offerings are extended to Canadian investors to provide the foreign offering document to Canadian investors. The foreign offering document when used in the jurisdiction constitutes an Offering Memorandum.

6. Subject to the exemptive relief provided by the Previous Decision and the Subsequent Decisions, if an Offering Memorandum is provided to Canadian investors, it is required to include, depending on the jurisdiction, one or both of (i) the Connected Issuer Disclosure and Related Issuer Disclosure; and (ii) Right of Action Disclosure.

7. The Connected Issuer Disclosure and Related Issuer Disclosure prescribes summary disclosure to be included on the cover page of an Offering Memorandum, together with a cross-reference, and more detailed disclosure to be included in the body of an Offering Memorandum concerning the nature of any relationship that the issuer or any selling securityholder may have with an underwriter of the distribution or any affiliate of an underwriter, either through a significant security holding (related issuer) (**Related Issuer Disclosure**) or such that a reasonable prospective purchaser of the offered securities may be led to question if the underwriter or affiliate and the issuer or selling securityholder are independent of each other in respect of the distribution (connected issuer) (**Connected Issuer Disclosure**) and the effect the distribution may have on the underwriter or affiliate.

8. The Right of Action Disclosure provides a description of the statutory right of action for rescission or damages available to purchasers in the event of misrepresentation in the Offering Memorandum.

9. In order to have the prescribed Canadian disclosure included in the foreign offering document, that foreign offering document may either be amended to include the prescribed Canadian disclosure, or, more commonly, a "wrapper" with the prescribed Canadian disclosure and other optional disclosure (a **Canadian wrapper**) is prepared by one or more underwriters making a Specified Exempt Distribution and attached to the face of the foreign offering document, so that the Canadian wrapper together with the foreign offering document form one document constituting a Canadian Offering Memorandum for the purposes of that offering. The underwriters making the Exempt Distribution or their affiliates provide the Canadian Offering Memorandum to purchasers in Canada.

10. An offering document for an offering registered under U.S. federal securities laws (**U.S. Registered Offering**) by a U.S. domestic issuer or foreign private issuer must include disclosure, pursuant to section 229.508 of Regulation S-K under the U.S. Securities Act of 1933, as amended (**1933 Act**) and FINRA Rule 5121 regarding underwriter conflicts of interest, that is substantially similar to that required by the Connected Issuer Disclosure and Related Issuer Disclosure, except that cover page disclosure is not required.

11. An offering document for a U.S. Registered Offering must identify each underwriter having a material relationship with the issuer and state the nature of the relationship. Pursuant to FINRA Rule 5121, no underwriter that has a conflict of interest may participate in a U.S. Registered Offering unless the offering document includes prominent disclosure of the nature of the conflict of interest.

12. Certain unregistered offerings (such as bank debt offerings exempt from registration under section 3(a)2 of the 1933 Act, offerings by foreign governments and securities exchange offerings exempt from registration under section 3(a)9 of the 1933 Act) are also subject to FINRA Rule 5121.

13. Right of Action Disclosure is only required in the provinces of Saskatchewan, Nova Scotia, New Brunswick and Ontario. The securities legislation of Manitoba, Prince Edward Island, Newfoundland and Labrador, Yukon, the Northwest Territories and Nunavut provide for statutory rights of rescission or damages in the event of misrepresentation in an offering memorandum, but do not mandate disclosure of the rights in the offering memorandum. The securities legislation of Alberta, British Columbia and Quebec provides for statutory rights of rescission or damages in the event of misrepresentation in an offering memorandum when the exemption in section 2.9 of NI 45-106 is relied upon.

14. The added complexity, delays and enhanced costs associated with ensuring compliance with Canadian Offering Memorandum requirements are frequently factors that issuers and underwriters take into consideration when deciding whether to include Canadian investor participation in an offering.

15. Non-Canadian issuers and underwriters will often extend the offering to Canadian institutional investors, provided that the timing requirements and incremental compliance costs do not outweigh the benefits of doing so.

16. In many cases, an offering proceeds on such an accelerated timetable that even a one-day turn-around to prepare a Canadian wrapper can make it impracticable to include participation by Canadian investors.

17. Each Applicant will advise in writing each prospective purchaser of Investment Fund securities under Specified Exempt Distributions from whom an acknowledgement and consent was received pursuant to the Previous Decision, prior to the first distribution of such securities to such prospective purchaser in reliance on this Decision, that the exemptive relief provided by the Previous Decision has been made available for sales of securities of Investment Funds.

Decision

Each of the principal regulator and the Coordinated Exemptive Relief Decision Makers is satisfied that the decision meets the test set out in the Legislation for the relevant regulator or securities regulatory authority to make the decision.

The decision of the principal regulator under the Legislation is that the Previous Decision with respect to the Previous Passport Relief is revoked and the Passport Exemptions are granted, provided that:

(a) unless previously delivered in accordance with the Previous Decision, each Applicant and Affiliate shall deliver to each prospective purchaser of securities under a Specified Exempt Distribution a notice, substantially in the form of Schedule B attached hereto, prior to the first reliance on this Decision for distributions of securities to such prospective purchaser and the purchaser provides in return a written acknowledgement and consent to reliance by the Applicant or Affiliate upon this Decision;

(b) for a Specified Exempt Distribution by a Foreign Issuer, any Offering Memorandum provided by an Applicant or Affiliate complies with the disclosure requirements applicable to a U.S. Registered Offering with respect to disclosure of underwriter conflicts of interest between the Applicant or Affiliate and the issuer or selling securityholder, whether or not the offering is a U.S. Registered Offering;

(c) if Related Issuer Disclosure would have been required for a Specified Exempt Distribution of securities issued or guaranteed by a Foreign Government, any Offering Memorandum provided by an Applicant or Affiliate:

(i) complies with the disclosure requirements applicable to a U.S. Registered Offering with respect to disclosure of underwriter conflicts of interest between the Applicant or Affiliate and the issuer or selling securityholder, whether or not the offering is a U.S. Registered Offering; or

(ii) contains the disclosure specified in Appendix C of NI 33-105 to be included in the body of a prospectus or other document;

(d) on a monthly basis (unless and until otherwise notified in writing by the Director of the Corporate Finance Branch of the principal regulator), each Applicant will deliver to the Director of the Corporate Finance Branch of the principal regulator (within ten days of the last day of the previous month) a list of the Specified Exempt Distributions it or an Affiliate has made in reliance on this Decision stating the name of the issuer, the security distributed, the total value of the offering in Canadian dollars, the value in Canadian dollars of the securities distributed in Canada by the Applicant and its Affiliates, the date of the Form 45-106F1 *Report of Exempt Distribution* (Form 45-106F6 *British Columbia Report of Exempt Distribution* in British Columbia) filed with applicable regulators and the jurisdictions in which it was filed;

(e) each Form 45-106F1 filed with the principal regulator by an Applicant or an Affiliate in connection with a Specified Exempt Distribution shall be filed using the electronic version of Form 45-106F1 available on the website of the principal regulator; and

(f) the Passport Exemptions shall terminate on the earlier of: (i) the date that is three years after the date of this Decision and (ii) the date that amendments to the Legislation become effective in each jurisdiction of Canada that provide for substantially the same relief as the Passport Exemptions.

"Jo-Anne Matear"
Manager, Corporate Finance

AND

The decision of the Coordinated Review Decision Makers under the Legislation is that the Previous Decision with respect to the Previous Coordinated Relief is revoked and the Coordinated Exemptive Relief is granted, provided that:

(a) unless previously delivered in accordance with the Previous Decision, each Applicant and Affiliate shall deliver to each prospective purchaser of securities under a Specified Exempt Distribution a notice, substantially in the form of Schedule B attached hereto, prior to the first reliance on this Decision for distributions of securities to such prospective purchaser and the purchaser provides in return a written acknowledgement and consent to reliance by the Applicant or Affiliate upon this Decision; and

(b) the Coordinated Exemptive Relief shall terminate in a particular jurisdiction on the earlier of: (i) the date that is three years after the date of this Decision and (ii) the date that amendments to the Legislation become effective in the jurisdiction that provide for substantially the same relief as the Coordinated Exemptive Relief.

"Vern Krishna"
Commissioner
Ontario Securities Commission

"Anne Marie Ryan"
Commissioner
Ontario Securities Commission

SCHEDULE A

The Applicants and Their Affiliates Registered as an Investment Dealer, Restricted Dealer or Exempt Market Dealer and/or Which Have Filed Form 31-103F2 in Order to Qualify for the International Dealer Exemption

Applicant and affiliates	Registration status	Exempt International Dealer	Exempt Market Dealer	Restricted Dealer	Investment Dealer
BARCLAYS					
BARCLAYS CAPITAL INC.	Relying on International Dealer Exemption.	(ON, AB, BC, MB, NB, NS, QC, SK)			
BARCLAYS CAPITAL SECURITIES LIMITED	Relying on International Dealer Exemption.	(ON, AB, BC, MB, NB, NS, QC, SK)			
BARCLAYS CAPITAL CANADA INC.	Registered as an Investment Dealer.				(ON, BC, AB, SK, MB, QC, NS, NB)
CITIGROUP					
CITIGROUP GLOBAL MARKETS INC.	Relying on International Dealer Exemption.	(ON, AB, BC, MB, NB, NL, NT, NS, PE, QC, SK, YT)			
CITIGROUP GLOBAL MARKETS LIMITED	Relying on International Dealer Exemption.	(ON)			
CITIGROUP GLOBAL MARKETS CANADA INC.	Registered as an Investment Dealer.				(ON, AB, NB, BC, MB, NL, NS, PE, QC, SK, NT, NU, YK)
DEUTSCHE BANK					
DEUTSCHE BANK SECURITIES INC.	Relying on International Dealer Exemption.	(ON, AB, BC, MB, NB, NL, NS, PE, QC, SK)			
DEUTSCHE ASSET MANAGEMENT CANADA LIMITED	Registered as an Exempt Market Dealer.		(ON, AB, BC, MB, NB, NL, NT, NS, NU, PE, QC, SK, YT)		
DEUTSCHE BANK AG	Relying on International Dealer Exemption.	(ON)			
DEUTSCHE BANK SECURITIES LIMITED	Registered as an Investment Dealer.				(ON, BC, AB, SK, MB, QC)

Applicant and affiliates	Registration status	Exempt International Dealer	Exempt Market Dealer	Restricted Dealer	Investment Dealer
HSBC					
HSBC SECURITIES (USA) INC.	Relying on International Dealer Exemption.	(ON, AB, BC, QC)			
HSBC GLOBAL ASSET MANAGEMENT (CANADA) LIMITED.	Registered as an Exempt Market Dealer.		(ON, AB, BC, MB, NB, NL, NT, NS, QC, SK)		
HSBC SECURITIES (CANADA) INC.	Registered as an Investment Dealer.				(ON, AB, NB, BC, MB, NL, NS, PE, QC, SK, NT, NU, YK)
J.P. MORGAN					
J.P. MORGAN SECURITIES LLC	Relying on International Dealer exemption; registered as a Restricted Dealer.	(ON, AB, BC, MB, NB, NL, NS, NT, NU, PE, QC, SK, YT)		(ON, AB, NB, NL, NT, NS, NU, PE, QC, SK, YT)	
J.P. MORGAN CLEARING CORP.	Relying on International Dealer Exemption; registered as a Restricted Dealer.	(ON, AB, BC, MB, NB, NL, NS, PE, QC, SK)		(ON, NB, NL, NS, PE, QC, SK)	
JPMORGAN ASSET MANAGEMENT (CANADA) INC.	Registered as an Exempt Market Dealer.		(ON, AB, BC, MB, NB, NL, NT, NS, NU, PE, QC, SK)		
J.P. MORGAN SECURITIES PLC	Relying on International Dealer Exemption.	(ON, AB, BC, MB, NB, NL, NS, PE, QC, SK)			
J.P. MORGAN SECURITIES CANADA INC.	Registered as an Investment Dealer.				(ON, AB, QC)
MERRILL LYNCH					
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	Relying on International Dealer Exemption; registered as an Exempt Market Dealer and Restricted Dealer.	(ON, AB, MB, NB, NL, NT, NS, PE, QC, SK)	(ON, AB, BC, QC [Foreign Dealer Restriction for ON])	(QC)	

Applicant and affiliates	Registration status	Exempt International Dealer	Exempt Market Dealer	Restricted Dealer	Investment Dealer
MERRILL LYNCH PROFESSIONAL CLEARING CORP.	Relying on International Dealer Exemption; registered as a Restricted Dealer.	(ON, QC)		(ON, AB, BC, QC)	
MERRILL LYNCH COMMODITIES (EUROPE) LTD.	Relying on International Dealer Exemption.	(ON, AB, BC, MB, QC)			
MERRILL LYNCH INTERNATIONAL	Relying on International Dealer Exemption.	(ON, AB, BC, MB, QC)			
MERRILL LYNCH INTERNATIONAL BANK LIMITED	Relying on International Dealer Exemption.	(ON, AB, BC, MB, QC)			
MERRILL LYNCH CANADA INC.	Registered as an Investment Dealer.				(ON, BC, AB, SK, MB, QC, NS, NB, PE, NL, NT, YK)
RBC					
RBC CAPITAL MARKETS, LLC	Relying on International Dealer Exemption.	(ON, AB, BC, MB, NB, NL, NT, NS, PE, QC, SK, YT)			
RBC GLOBAL ASSET MANAGEMENT INC.	Registered as an Exempt Market Dealer.		(ON, AB, BC, MB, NB, NL, NT, NS, NU, PE, QC, SK, YT)		
RBC EUROPE LIMITED	Relying on International Dealer Exemption.	(ON, AB, BC, QC)			
RBC SECURITIES AUSTRALIA PTY LIMITED	Relying on International Dealer Exemption.	(ON)			
RBC DOMINION SECURITIES INC.	Registered as an Investment Dealer.				(ON, AB, NB, BC, MB, NL, NS, PE, QC, SK, NT, NU, YK)
SCOTIA					
SCOTIA CAPITAL (USA) INC.	Relying on International Dealer Exemption.	(ON)			

Applicant and affiliates	Registration status	Exempt International Dealer	Exempt Market Dealer	Restricted Dealer	Investment Dealer
SCOTIA ASSET MANAGEMENT L.P.	Registered as an Exempt Market Dealer.		(ON, AB, BC, MB, NB, NL, NS, QC)		
SCOTIA CAPITAL INC.	Registered as an Investment Dealer.				(ON, BC, AB, SK, MB, QC, NS, NB, PE, NL, NU, NT, YK)
UBS					
UBS SECURITIES LLC	Relying on International Dealer Exemption; registered as an Exempt Market Dealer.	(ON, AB, BC, MB, NB, NL, NS, QC, SK)	(ON, AB, BC, MB, NB, NL, NS, QC, SK)		
UBS GLOBAL ASSET MANAGEMENT (CANADA) INC.	Registered as an Exempt Market Dealer.		(ON, AB, BC, MB, NB, NL, NT, NS, NU, PE, QC, SK, YT)		
UBS INVESTMENT MANAGEMENT CANADA INC.	Registered as an Exempt Market Dealer.		(ON, AB, BC, MB, NB, NL, NS, QC, SK)		
UBS (BAHAMAS) LTD	Relying on International Dealer Exemption.	(ON, AB, BC, MB, NB, NL, NS, PE, QC, SK)			
UBS AG	Relying on International Dealer Exemption.	(ON, AB, BC, MB, NB, NL, NS, PE, QC, SK)			
UBS FINANCIAL SERVICES INC.	Relying on International Dealer Exemption.	(ON, AB, BC, MB, NB, NL, NS, PE, QC, SK)			
UBS LIMITED	Relying on International Dealer Exemption.	(ON, AB, BC, MB, NB, NL, NS, PE, QC, SK)			
UBS SECURITIES AUSTRALIA LTD.	Relying on International Dealer Exemption.	(ON, AB, BC, MB, NB, NL, NS, PE, QC, SK)			
UBS (LUXEMBOURG) S.A	Relying on International Dealer Exemption.	(ON)			
UBS SECURITIES CANADA INC.	Registered as an Investment Dealer.				(ON, AB, NB, BC, MB, NS, QC, SK)

SCHEDULE B

FOREIGN SECURITY PRIVATE PLACEMENTS

NOTICE TO CLIENTS

We may from time to time sell to you as principal or agent securities of Foreign Issuers or securities of or guaranteed by Foreign Governments sold into Canada on a prospectus exempt basis ("Foreign Security Private Placements"). On ●, 2013, the Canadian Securities Administrators issued a decision (the "Decision") exempting us and our affiliates from certain disclosure obligations applicable to Foreign Security Private Placements including those made by investment funds on the basis that you are a permitted client as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Requirements*. The Decision is available at www.osc.gov.on.ca and terminates on the earlier of three years after the date of the Decision and the date amendments to the Legislation come into effect in each jurisdiction in Canada that provide for substantially the same relief as the Decision. Capitalized terms used but not otherwise defined in this notice have the meanings ascribed to such terms in the Decision.

It is a requirement of the Decision that we notify you of the following two matters set forth in this notice.

1. Statutory Rights of Action

If, in connection with a Foreign Security Private Placement, we deliver to you an offering document that constitutes an offering memorandum under applicable securities laws in Canada, you may have, depending on the province or territory of Canada in which the trade was made to you, remedies for rescission or damages if the offering memorandum and any amendment thereto contains a misrepresentation, provided that the remedies for rescission or damages are exercised by you within the time limit prescribed by the securities legislation of your province or territory. You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal advisor.

2. Relationship Between the Issuer or Selling Securityholder and the Underwriters

We or our affiliates in respect of a Foreign Security Private Placement may have an ownership, lending or other relationship with the issuer of such securities or a selling securityholder that may cause the issuer or selling securityholder to be a "related issuer" or "connected issuer" to us or such affiliate under Canadian securities law (as those terms are defined in National Instrument 33-105 *Underwriting Conflicts*). Under the terms of the Decision, the offering document for a private placement by a Foreign Issuer will disclose underwriter conflicts of interest in accordance with the requirements of U.S. federal securities laws and of the Financial Industry Regulatory Authority, a self-regulatory organization in the United States, applicable to an offering registered under the 1933 Act. The Decision grants an exemption from the requirement to include connected issuer disclosure or cover page related issuer disclosure in an offering document for a private placement of securities of or guaranteed by a Foreign Government.

Please note the following for your information.

Canadian Federal Income Tax Considerations

The offering document in respect of the Foreign Security Private Placement may not contain a discussion of the Canadian tax consequences of the purchase, holding or disposition of the securities offered. You are advised to consult your own tax advisor regarding the Canadian federal income tax considerations relevant to the purchase of securities offered in a Foreign Security Private Placement having regard to your particular circumstances. The Canadian federal income tax considerations relevant to you may differ from the income tax considerations described in the offering document and such differences may be material and adverse.

Dated ●, 2013

CLIENT ACKNOWLEDGEMENT, CONSENT AND REPRESENTATION

I, ________________________, on behalf of _________________________, acknowledge receipt of the Notice to Clients dated ____________, 2013 and consent to Foreign Security Private Placements made to us by way of offering documents prepared and delivered in reliance on an exemption from the disclosure requirements described in the decision of the Canadian Securities Administrators dated ●, 2013, and represent that _________________________ is a "permitted client" as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Requirements*.

Per: __________________________ Date: __________________________
Authorized Signatory

I have authority to bind the company

Name: _________________________

Title: __________________________

2.1.3 Man Investments Canada Corp. and Man Canada AHL DP Investment Fund

Headnote

NP 11-203 – Process for Exemptive Relief Application in Multiple Jurisdictions – Relief granted to a commodity pool from subsections 2.1(1), 2.2(1) and paragraphs 2.5(2)(a) and (b) of National Instrument 81-102 Mutual Funds to permit the commodity pool to gain exposure to, and purchase and hold, another investment fund in a two-tier structure, subject to certain conditions. The bottom fund will comply with NI 81-102, except as permitted by NI 81-104 and in accordance with exemptive relief obtained by the top fund.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.1(1), 2.2(1), 2.5(2)(a), 2.5(2)(c), 9.3,19.1.

November 22, 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
MAN INVESTMENTS CANADA CORP.
(the Filer) AND
MAN CANADA AHL DP INVESTMENT FUND
(the Top Fund)**

DECISION

Background

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

(i) to revoke and replace the Previous Decision (as defined below); and

(ii) to grant exemptive relief pursuant to Part 19 of National Instrument 81-102 *Mutual Funds* (**NI 81-102**), from subsections 2.1(1), 2.2(1) and 2.5(2)(a) and (c) of NI 81-102 to permit the Top Fund to purchase and hold securities of Man AHL DP Limited (the **Bottom Fund**), which has adopted the investment restrictions contained in NI 81-102 and is managed in accordance with these restrictions, except as otherwise permitted by National Instrument 81-104 *Commodity Pools* (**NI 81-104**), and in accordance with any exemptions therefrom obtained by the Top Fund,

(collectively, 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 (collectively, with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

The Filer

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

2. The Filer is registered as an investment fund manager in Ontario, Québec and Newfoundland and Labrador, as an adviser in the category of portfolio manager in Ontario and Alberta and as a dealer in the category of exempt market dealer in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick and Nova Scotia.

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

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

The Top Fund and the Previous Decision

5. The Top Fund is a mutual fund to which NI 81-102 applies. The Top Fund is also a commodity pool as such term is defined in NI 81-104, in that the Top Fund has adopted fundamental investment objectives that permit the Top Fund to gain exposure to or use or invest in specified derivatives in a manner that is not permitted under NI 81-102.

6. The Top Fund is a reporting issuer in each of the Jurisdictions and units of the Top Fund (the **Units**) are currently qualified for distribution in each of the Jurisdictions under the current prospectus of the Top Fund dated November 9, 2012 (the **Current Prospectus**).

7. The Top Fund's investment objectives are: (i) to provide holders of Units (the **Unitholders**) with the opportunity to realize capital appreciation through investment returns that have a low correlation to traditional forms of stock and bond securities; and (ii) to pay to holders of Class O Units, Class P Units, Class Q Units, Class R Units, Class S Units, Class T Units and Class U Units (not offered under the Preliminary Prospectus) quarterly cash distributions in a calendar year equal to 6% of the net asset value (**NAV**) of such Units calculated as at the last valuation date of the preceding year. The Top Fund is intended to provide added diversification and enhance the risk/reward profile of conventional investment portfolios.

8. The Top Fund has been created to obtain exposure to the returns of a diversified portfolio of financial instruments across a range of global markets including, without limitation, stocks, bonds, currencies, short-term interest rates, energy, metals and agricultural commodities (the **Underlying Assets**) managed by AHL Partners LLP (the **Investment Manager**) using a predominantly trend-following trading program (the **AHL Diversified Programme**). The AHL Diversified Programme is implemented and managed by AHL, a division of the Investment Manager.

9. The Bottom Fund will acquire and maintain the Underlying Assets. The return to the Top Fund will be based on the performance of the Bottom Fund, which, in turn, will be based on the performance of the Underlying Assets.

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

11. The Filer obtained a previous decision dated November 9, 2009 (the **Previous Decision)** exempting the Top Fund from subsections 2.5(2)(a) and (c) of NI 81-102 to permit the Top Fund to obtain exposure to the Class D Man AHL Diversified 2 CAD Notes (**AHL SPC - Class D**) through one or more specified derivatives.

12. The Previous Decision provided that the Top Fund will obtain exposure to the economic returns of the AHL SPC - Class D through one or more forward sale agreements (each, a **Forward Agreement**) entered into with one or more Canadian chartered banks and/or their affiliates (the **Counterparty**). The character conversion measure announced in the Federal Government's Economic Action Plan 2013 prevents investment funds, including the Top Fund, from increasing the notional amount of existing derivative forward agreements, including the Forward Agreement, after March 20, 2013, which would be required if additional units of the Top Fund were issued.

13. The Requested Relief is required to permit the Top Fund to purchase and hold securities of the Bottom Fund in order to obtain exposure to the Underlying Assets. The Top Fund will purchase and hold securities of the Bottom Fund and will not obtain exposure to the securities of the Bottom Fund or the AHL SPC – Class D through a Forward Agreement or other specified derivative.

The Bottom Fund and the Underlying Assets

14. The Bottom Fund is an exempted company with limited liability incorporated in the Cayman Islands on September 5, 2013 that will acquire and maintain the Underlying Assets.

15. Man Fund Management (Guernsey) Limited (the **AHL DP Manager**) is the manager and services manager of the Bottom Fund. The Underlying Assets will be actively managed by the Investment Manager. The Investment Manager is authorized and regulated in the United Kingdom by the Financial Conduct Authority and is a member of Man Group plc (Man Group).

16. In managing the Underlying Assets, the Investment Manager will employ the AHL Diversified Programme. The Bottom Fund has adopted and is subject to the investment restrictions contained in NI 81-102. The Underlying Assets are managed in accordance with these restrictions, except as otherwise permitted by NI 81-104 and subject to receipt of any exemptions therefrom obtained by the Bottom Fund or the Top Fund.

17. The Bottom Fund is a reporting issuer under the *Securities Act* (Ontario) and the *Securities Act* (Québec) and subject to the continuous disclosure requirements of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**). Accordingly, the financial statements and other reports required to be filed by the Bottom Fund will be available through SEDAR.

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

19. Though not subject to NI 81-104, the Bottom Fund will be a commodity pool as such term is defined

in NI 81-104 in that the Bottom Fund has adopted fundamental investment objectives that permit it to use specified derivatives in a manner that is not permitted under NI 81-102.

20. The Bottom Fund has adopted the investment restrictions contained in NI 81-102 and the Underlying Assets are managed in accordance with these restrictions, except as otherwise permitted by NI 81-104, and in accordance with any exemptions therefrom obtained by the Top Fund.

21. The Investment Manager will monitor the Bottom Fund's compliance with its investment restrictions for the Underlying Assets.

22. The investment by the Top Fund in securities of the Bottom Fund will constitute more than 10% of the NAV of the Top Fund.

23. The Top Fund complies, and will comply, with the requirements under NI 81-106 relating to the top 25 positions portfolio holdings disclosure in its management reports of fund performance as if the Top Fund were investing directly in the Underlying Assets.

24. The prospectus of the Top Fund discloses that fees and expenses payable by the Top Fund or holders of Units in respect for the same service will not be duplicated as a result of the investment by the Top Fund in securities of the Bottom Fund.

25. The investment by the Top Fund in securities of the Bottom Fund will comply with the requirements of section 2.5 of NI 81-102, except that, contrary to subsections 2.5(2)(a) and (c) of NI 81-102, the Bottom Fund is a mutual fund that:

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

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

26. The investment by the Top Fund in securities of the Bottom Fund represents the business judgement of responsible persons uninfluenced by considerations other than the best interest of the Top Fund and the Unitholders, respectively.

27. As of the date that the Requested Relief is granted, the Filer will no longer rely on the Previous Decision.

Decision

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

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

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

(b) the Bottom Fund is an investment fund that complies with the investment restrictions contained in NI 81-102 and the Underlying Assets are managed in accordance with these restrictions, except as otherwise permitted by NI 81-104 and in accordance with any exemptions therefrom obtained by the Top Fund;

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

(d) the prospectus of the Top Fund discloses, and any annual information form filed will disclose, that the Top Fund will invest in securities of the Bottom Fund and the risks associated with such an investment;

(e) the Bottom Fund is a reporting issuer subject to National Instrument 81-106 – I*nvestment Fund Continuous Disclosure*;

(f) no securities of the Bottom Fund are distributed in Canada other than to the Top Fund; and

(g) the investment by the Top Fund in securities of the Bottom Fund is made in compliance with each provision of paragraph 2.5 of NI 81-102, except paragraph 2.5(a) and (c) of NI 81-102.

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

2.1.4 Churchill VI Debenture Corp. – s. 1(10)(a)(ii)

Headnote

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

Applicable Legislative Provisions

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

November 25, 2013

McCullough O'Connor Irwin LLP
Suite 2600, Oceanic Plaza
1066 West Hastings Street
Vancouver, BC V6E 3X1

Attention: Lesley Hobden

Dear Madam:

Re: Churchill VI Debenture Corp. (the Applicant) – Application for a decision under the securities legislation of Alberta, Saskatchewan and Ontario (the Jurisdictions) that the Applicant is not a reporting issuer

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting issuer.

"Denise Weeres"
Manager, Legal
Corporate Finance

2.1.5 Raymond James (USA) Ltd.

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Trades by a U.S. registered broker-dealer exempted from the requirements of paragraph 25(1) of the Act, subject to certain conditions, for trades made to persons or entities who are resident in the United States (U.S. Clients) – Discretionary and non-discretionary investment advice by a U.S. registered investment adviser exempted from the requirements of paragraph 25(3) of the Act, subject to certain conditions, for investment advice provided to U.S. Clients – Filer is an affiliate of a Canadian registered investment dealer whose shared premises are located in British Columbia – Individuals must be appropriately registered in respect of trades with, or on behalf of, U.S. Clients – Individuals must be appropriately registered in respect of discretionary and non-discretionary investment advice to U.S. Clients – Filer acknowledged its activities did not comply with the registration requirements under applicable Canadian securities legislation – Exemptive relief granted is not retroactive.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 25(3).

December 3, 2013

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

AND

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

AND

IN THE MATTER OF
RAYMOND JAMES (USA) LTD.
(the Filer)

DECISION

Background

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

(a) the dealer registration requirement does not apply to the Filer and its Cross Registered Representatives (as defined below) in respect of trades with, or on behalf of, persons or entities who are resident in the United States (U.S. Clients) while the Cross Registered Representatives are located in Canada (U.S. Client Trading Activities);

(b) the adviser registration requirement does not apply to the Filer and the Cross Registered Representatives in respect of advising activities that are incidental to U.S. Client Trading Activities; and

(c) the adviser registration requirement does not apply to the Filer and the Cross Registered Representatives in respect of discretionary and non-discretionary investment advice provided to U.S. Clients while the Cross Registered Representatives are located in Canada (U.S. Client Advising Activities)

(such activities collectively, the U.S. Client Trading and Advising Activities, and such exemptions collectively, the Exemptions Sought).

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

(a) the British Columbia Securities Commission is the principal regulator for this application;

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

(c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

2 Terms defined in National Instrument 14-101 *Definitions*, National Instrument 33-109 *Registration Information* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined. The term "Cross Registered Representatives" shall mean agents of the Filer who are registered under applicable securities legislation of the United States in categories or otherwise in a manner that permits such agents to engage in the applicable U.S. Client Trading and Advising Activities on behalf of the Filer, and who are also registered to trade with, or on behalf of, or advise Canadian clients under applicable securities legislation in Canada as registered individuals of Raymond James Ltd. (defined below as RJL).

Representations

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

1. The Filer is registered as a broker-dealer under the United States *Securities Exchange Act of 1934*, as amended (the 1934 Act), as an investment adviser under the United States *Investment Advisers Act of 1940*, as amended (the 1940 Act), and is a member of the Financial Industry Regulatory Authority (FINRA). The Filer is not a registered dealer or adviser in Canada.

2. The Filer is a company continued under the laws of Canada and has its head office in British Columbia.

3. The Filer is a wholly-owned subsidiary of Raymond James Ltd. (RJL), which is registered as a dealer under the Legislation in the category of investment dealer and is a member of the Investment Industry Regulatory Organization of Canada (IIROC).

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

5. The Filer is in default of securities legislation in the Jurisdictions and certain Passport Jurisdictions in respect of the following activities carried out from locations in Canada that did not comply with the registration requirements under applicable Canadian securities legislation. The Filer understands that the Exemptions Sought are only in effect from the date of this decision:

   (a) Since 1989, the Filer (and its predecessor company) and certain of its Cross Registered Representatives executed trades for, and provided incidental investment advice to, "institutional clients" (as defined by FINRA) located in the United States, including banks, savings and loan associations, insurance companies or registered investment companies, registered investment advisers and other entities with total assets of at least U.S.$50 million (U.S. Institutional Clients). Trades for U.S. Institutional Clients are conducted through the Filer on an agency delivery versus payment and receipt versus payment basis. The Filer has an execution and clearing arrangement through RJL. Although the Filer is not able to specify the exact number of U.S. Institutional Clients it serviced during this period, the Filer estimates that the Filer and its predecessor company have had approximately 950 U.S. Institutional Clients during this period. The Filer currently has approximately 265 U.S. Institutional Clients, of which 100 are active. Given the period of time covered, the nature of the records maintained and systems used by the Filer and its predecessor company, and the changes in laws over this period, the Filer is not able to confirm the revenues earned from the above activities that were not in compliance with the registration requirements under applicable Canadian securities legislation.

   (b) Since February 2012, the Filer and certain of its Cross Registered Representatives have executed trades for, and provided discretionary and non-discretionary investment advice to, individual, corporate and other clients resident in the United States (U.S. Retail Clients). The Filer currently has approximately 400 accounts for U.S. Retail Clients composed of approvimately 250 households. During this period (to August 31, 2013), the gross revenues of the Filer from these activities was approximately $1,074,120.

(c) Although the above activities of the Filer and the Cross Registered Representatives were conducted in compliance with applicable licensing and registration requirements under applicable securities legislation of the United States, the activities did not comply with the registration requirements under applicable Canadian securities legislation because the Filer and the Cross Registered Representatives conducted the activitites from locations in the Jurisdictions and the Passport Jurisdictions and were not registered in such jurisdictions to conduct such activities on behalf of the Filer and had not obtained exemptive relief in such jurisdictions to conduct such activitiies.

6. As of the date of this decision, the Filer and RJL operate their head offices out of the same premises in British Columbia. The Filer does not have an office located in the United States. Wherever the Filer has an office in Canada, it operates out of the same premises as RJL.

7. Each of the Cross Registered Representatives is employed in one of the Filer's offices located in a jurisdiction of Canada. Each Cross Registered Representative is registered under applicable securities legislation of the United States in categories or otherwise in a manner that permits such agents to engage in the applicable U.S. Client Trading and Advising Activities on behalf of the Filer, and who are also registered to trade with, or on behalf of, or advise Canadian clients under applicable securities legislation in Canada as registered individuals of RJL.

8. Each of the Cross Registered Representatives will act in the Jurisdictions or the Passport Jurisdictions on behalf of the Filer in respect of providing trading services (i) to U.S. Clients, and (ii) to individuals referred to in section 2.1 and section 3.1 of National Instrument 35-101 *Conditional Exemption from Registration for United States Broker-Dealers and Agents* (such individuals, NI 35-101 Clients) in accordance with a decision dated October 19, 2012 pursuant to which the Filer was granted an exemption from the dealer registration requirement, the adviser registration requirement and the prospectus requirement contained in the legislation in the Jurisdictions and in the Passport Jurisdictions of Canada in relation to trades with NI 35-101 Clients.

9. In addition to the activities described in paragraph 8, Cross Registered Representatives who are appropriately registered or exempt from registration in both Canada (with RJL) and the U.S. (with the Filer) to provide discretionary and non-discretionary investment advice will act in the Jurisdictions or the Passport Jurisdictions on behalf of the Filer in respect of discretionary and non-discretionary investment advice provided to U.S. Clients while the Cross Registered Representatives are located in Canada.

10. The Filer is subject to the full oversight and compliance requirements of FINRA and the United States Securities and Exchange Commission (SEC), despite the Filer's location and operations in Canada.

11. The Filer does not expect that the revenue derived from U.S. Clients will exceed more than 10% of the gross annual revenue generated from Canadian clients of RJL (determined based on the Filer's annual financial statements). If the revenue derived from U.S. Clients exceeds 10% of the gross annual revenue generated from Canadian clients of RJL, the Filer will forthwith file a letter to the Decision Makers advising of the same. The letter will refer to this decision document, the percentage of the gross annual revenue derived from U.S. Clients, and the date on which the revenue exceeded 10% of the gross revenue generated from Canadian clients and the date on which the Filer identified that gross revenues exceeded such threshold.

12. The Filer will not trade or advise in securities with or on behalf of persons who are resident in Canada, other than NI 35-101 Clients.

13. Cross Registered Representatives will not, on behalf of the Filer, solicit or contact clients that are resident or located in Canada, other than NI 35-101 Clients.

14. Where the Filer and the Cross Registered Representatives trade with or on behalf of U.S. Clients, they will comply with all applicable United States securities laws in respect of those trades.

15. The Filer will file with the securities regulators in the Jurisdictions and the Passport Jurisdictions such reports as to any or all of its trading activities as the securities regulators may require from time to time. The Filer will maintain such books, records and other documents as are necessary for the proper recording of its business transactions and financial affairs, and the transactions it executes on behalf of others.

16. All U.S. Clients of the Filer will enter into a customer agreement and associated account opening documentation with the Filer. All communications with U.S. Clients will be through the Filer and be clearly identified as communications of the Filer.

17. At the time of account opening and annually thereafter, all U.S. Clients will receive disclosure that:

    (a) if they should reside in Canada at a future date, their accounts (other than accounts for their United States' individual tax-advantaged retirement savings plans) must be transferred to RJL or any other investment dealer registered under the Legislation or securities legislation in a Passport Jurisdiction;

    (b) explains the relationship between the Filer and RJL; and

    (c) explains how U.S. Clients may enforce any legal rights, arising out of, related to, or concerning the Filer's activities. The disclosure must also include a statement that although the Filer is registered in the United States as a broker-dealer under the 1934 Act and as an investment adviser under the 1940 Act, is a member of FINRA and has appointed an agent for service in and attorned to the jurisdiction of the United States for the purposes of being served with legal process, the Filer is a Canadian company with a head office located in Canada and is not registered as a dealer or adviser under applicable securities legislation in Canada, and accordingly, the protection available to clients of a dealer or adviser registered under securities legislation in Canada will not be available to U.S. Clients.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemptions Sought are granted, provided that the dealer and adviser registration requirements do not apply to the Filer or the Cross Registered Representatives in respect of U.S. Client Trading and Advising Activities, if

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

(b) the Filer and each of the Cross Registered Representatives are in compliance with any applicable licensing and registration requirements under applicable securities legislation of the United States,

(c) the Filer and the Cross Registered Representatives are permitted to engage in such activities with U.S. Clients under applicable securities legislation of the United States,

(d) the Filer is subject to full FINRA and SEC oversight and compliance, and

(e) the Filer does not trade or advise in securities with or on behalf of persons who are resident of Canada, other than NI 35-101 Clients.

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

2.1.6 Global Resources Investment Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption granted from the prospectus requirement in connection with an initial distribution of the issuer's shares – the issuer is a foreign issuer – the issuer obtained relief from the prospectus requirement with respect to the initial distribution of its securities to certain Canadian listed companies as consideration for the issuance of securities of the Canadian listed companies – the issuer's business is to invest in listed companies and hold these securities – the issuer intends to file a prospectus in the U.K. to qualify the distribution of its securities in the U.K. and will list its securities on the London Stock Exchange – the issuer's only distributions in Canada will be to listed companies in connection with negotiated financing transactions – the issuer will pay for its investments in the Canadian listed companies with its own securities – the Canadian listed companies are expected to sell the issuer's securities on the London Stock Exchange for cash to finance their operations – the issuer has no connection to Canada apart from its investments in the Canadian listed companies – the issuer's securities will trade only on a market outside of Canada – the issuer will take measures to reduce the likelihood of a market for its securities developing in Canada.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 53.

November 13, 2013

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

AND

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

AND

IN THE MATTER OF
GLOBAL RESOURCES INVESTMENT LIMITED
(the Filer)

DECISION

Background

1 The securities regulatory authorities or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the prospectus requirement in the Legislation will not apply to the distribution of the ordinary shares of the Filer to certain Canadian listed companies under a prospectus filed in the United Kingdom in connection with an initial public offering and listing of the ordinary shares of the Filer (the Exemption Sought).

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

(a) the British Columbia Securities Commission is the principal regulator for this application,

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta and Nova Scotia, and

(c) he decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

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

Representations

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

1. the Filer was incorporated under the laws of England and Wales on October 16, 2012;

2. the Filer's head office is located at 6 New Street Square, New Fetter Lane, London, United Kingdom (UK), EC4A 3AQ;

3. the principals of the Filer, and its management, are located in London, UK; apart from its investments in the Canadian Pubcos (as defined below), the Filer has no other connection to Canada;

4. the Filer will be re-registered as a public company with the name "Global Resources Investment Trust plc" on or before filing its final prospectus with the UK Listing Authority;

5. the Filer is authorized to issue ordinary shares with a par value of £0.01;

6. the Filer is not a reporting issuer in any jurisdiction of Canada and has no present intention of becoming a reporting issuer in any jurisdiction of Canada;

7. no securities of the Filer have ever been traded on a marketplace in Canada as defined in National Instrument 21-101 *Marketplace Operation*; the Filer has no present intention of trading securities on any marketplace in Canada;

8. the Filer is not in default of any of the requirements of the applicable securities legislation of any jurisdiction in Canada or the UK;

9. the Filer will be constituted as an investment trust under UK law; its business is to generate capital growth through investing in a portfolio of securities of small and mid-capitalized natural resource and mining companies, and holding this portfolio of securities as long-term investments; securities of the Filer will not be redeemable at the net asset value per security more than once annually;

10. the Filer may invest in producing companies, development companies, or companies with exploration potential, which may include seed capital companies; the Filer will seek to ensure, through active shareholder involvement, that investee companies act to maximize long-term shareholder value, and may seek representation on the boards of some investee companies if it is deemed necessary;

11. the Filer proposes to acquire securities of Canadian companies as part of its portfolio; the Filer has negotiated terms and conditions of private placements in 35 Canadian companies listed on the TSX Venture Exchange, the Toronto Stock Exchange or the Canadian National Stock Exchange (Canadian Pubcos); the private placements will occur by the Filer acquiring common shares or convertible securities of each Canadian Pubco (Pubco Securities) in exchange for the distribution of ordinary shares of the Filer (GRIT Shares), having equivalent value, to each Canadian Pubco (the Distribution);

12. the minimum dollar value equivalent of the Pubco Securities to be issued to the Filer, and of the GRIT Shares to be issued to each Canadian Pubco, is $150,000; the Filer cannot rely on the minimum amount exemption in section 2.10 of National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106) because the Canadian Pubcos are not paying for their GRIT Shares in cash; the Filer cannot rely on the asset acquisition exemption in section 2.12 of NI 45-106 because the Canadian Pubcos are not paying for their GRIT Shares with assets;

13. the Canadian Pubcos are all resident in Canada as follows: 26 are located in British Columbia, five are located in Ontario, three are located in Alberta, and one is located in Nova Scotia;

14. each Canadian Pubco is listed on a recognized exchange and is a reporting issuer in one or more jurisdictions in Canada; the sole purpose of the Canadian Pubcos in acquiring GRIT Shares is to promptly resell such shares on the London Stock Exchange (LSE) to realize cash proceeds to finance their respective businesses and operations; each Canadian Pubco is entering into an agreement with the Filer as an indirect means of undertaking a private placement, and is aware of the business risk associated with receiving GRIT Shares as opposed to directly receiving cash consideration;

15. the Filer has advised the Canadian Pubcos of the risks associated with acquiring and reselling GRIT Shares; each Canadian Pubco has had the opportunity to receive independent financial and legal advice regarding the financing transaction the Filer has proposed;

16. the Filer's sole purpose in acquiring Pubco Securities is to hold these securities as investments for capital appreciation; the Filer will not sell, trade, short-sell, lend, or otherwise dispose of the Pubco Securities during its anticipated life of four to five years, unless to realize gains, limit losses, or to maintain compliance with applicable UK regulations governing investment trusts; the Filer is not proposing to enter into an equity line financing agreement or similar arrangement with any Canadian Pubco;

17. the Filer is making an application to list its ordinary shares on the LSE; the Distribution, and the concurrent distribution of the Pubco Securities to the Filer, are conditional on the Filer attaining that listing;

18. the Filer is in the process of filing a prospectus with the UK Listing Authority for the issuance of its ordinary shares at £1.00 per share; distribution will be effected under the public offering procedures of the UK Listing Authority and the LSE, as applicable to UK investment trusts, which include:

    (a) a requirement that GRIT's prospectus follows prescribed content requirements that obligate an issuer to present all relevant information about the issuer and the offering at a level of detail equivalent to full, true and plain disclosure of all material facts, as required by a prospectus filed in Canada; the Filer's prospectus will disclose the Filer's portfolio of securities, including the Pubco Securities it holds;

    (b) due diligence of the Filer conducted by a qualified sponsor in the UK, which is subject to liability and sanction from UK regulatory authorities for failure to suitably conduct its review and undertake the offering;

    (c) a verification process regarding the disclosure in the GRIT prospectus by its duly qualified legal advisor and sponsor;

    (d) a review and comment process on GRIT's prospectus imposed by the UK Listing Authority in accordance with rules promulgated under the *Financial Services & Markets Act 2000* of the UK; and

    (e) a requirement to distribute the GRIT prospectus to investors in connection with their subscription for GRIT Shares

    (collectively, the UK Prospectus Procedure);

19. the only distribution of GRIT Shares in Canada will be to the Canadian Pubcos; the Filer has not conducted any other offerings of its securities in Canada nor does the Filer intend to conduct any offerings of its securities in Canada;

20. as a consequence of the transactions, it is anticipated that there will be 26,738,509 GRIT Shares held by the Canadian Pubcos;

21. the Canadian Pubcos will represent approximately 81% of the number of shareholders of the Filer, and the GRIT Shares will represent approximately 68% of the Filer's issued and outstanding ordinary shares;

22. any resale of the GRIT Shares by the Canadian Pubcos is expected to be effected through the facilities of the LSE as there is no market for the GRIT Shares in Canada and none is expected to develop;

23. because of the financing purpose underlying the Distribution, the Filer anticipates all Canadian Pubcos will seek to dispose of their GRIT Shares and realize cash proceeds as quickly as possible; after the Filer obtains an LSE listing, the Filer anticipates there will be a liquid market for the GRIT Shares, based on the trading volumes of other similar investment trusts and the aggregate size and general liquidity of the investment trust sector of the LSE;

24. the Filer has undertaken that it will deliver to holders of GRIT Shares who are residents of Canada all disclosure materials required to be delivered to holders of GRIT Shares resident in the UK, in the manner required by UK securities law and the requirements of the LSE;

25. the material filed by the Filer under its UK securities law reporting obligations will also be available on the Filer's website at www.globalresourcesinvestments.com; information concerning the Filer will also be available through the LSE website at www.londonstockexchange.com;

26. each Canadian Pubco has agreed that the Filer's UK sponsor and broker, Nplus1 Singer Advisory LLP (N+1 Singer), will coordinate any resale of the GRIT Shares on the LSE on behalf of the Canadian Pubcos during the first six months following the Distribution; N+1 Singer anticipates primarily marketing and selling the GRIT Shares to its UK institutional clients; except in relation to negotiating terms of the Filer's investments in the Canadian Pubcos, neither the Filer nor N+1 Singer have marketed the GRIT Shares in Canada or will conduct any marketing of GRIT Shares in Canada;

27. N+1 Singer will seek to sell such quantities of GRIT Shares as requested by each Canadian Pubco during the first six months following the Distribution; the Canadian Pubcos will be responsible for selling any GRIT Shares that remain unsold after this six-month period;

28. the Filer has put in place certain safeguards to ensure that no market for GRIT Shares develops in Canada (Safeguards):

    (a) the Filer's prospectus will contain a prominent disclaimer to the effect that the GRIT Shares are not available for distribution in Canada other than under available prospectus exemptions;

    (b) all marketing materials to be used by the Filer and N+1 Singer will contain language to the effect that the GRIT Shares being resold by Canadian Pubcos may not be acquired by Canadian residents, or person controlled, directly or indirectly, by Canadian residents, and may not be acquired for the purposes of resale to Canadian residents; and

    (c) N+1 Singer will market the GRIT Shares only to its institutional clients, none of whom are Canadian residents or controlled by Canadian residents;

29. the Filer is precluded under its investment policy from taking legal or management control of any Canadian Pubco, and as such will not acquire or hold more than 19.9% of the outstanding voting securities of any Canadian Pubco; and

30. the Filer is aware of and will comply with all applicable Canadian securities obligations pertaining to "insiders" including:

    (a) filing an insider profile on SEDI, and filing all necessary insider reports; and

    (b) filing early warning reports and disseminating corresponding news releases.

Decision

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

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

(a) the Filer is not a reporting issuer in any jurisdiction of Canada at the date of the Distribution;

(b) the Filer complies with the UK Prospectus Procedure;

(c) the Filer completes its listing on the LSE;

(d) the Filer advises each Canadian Pubco of the terms of this relief;

(e) the Filer complies with the Safeguards;

(f) the first trade of any GRIT Shares acquired under the Distribution will be deemed to be a distribution unless the trade is made:

    (i) through the LSE or another exchange or market outside of Canada, or

    (ii) to a person or company outside of Canada; and

(g) the Filer provides a report to the Decision Makers detailing the number of GRIT Shares then held by Canadian Pubcos, and to its knowledge, all Canadian residents, on the earlier of:

(i) the disposition of all GRIT Shares by the Canadian Pubcos, and

(ii) six months following the date of the Distribution.

"Brent W. Aitken"
Vice Chair
British Columbia Securities Commission

2.2 Orders

2.2.1 Quadrexx Asset Management Inc. et al. – ss. 127(1) and (8)

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

AND

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

ORDER
(Subsections 127(1) and (8) of the Act)

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

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

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

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

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

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

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

   (a) Quadrexx’s activities as a portfolio manager and investment fund manager shall be applied exclusively to the Managed Accounts and to the Quadrexx Funds, as both are defined in the Temporary Order; and

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

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

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

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

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

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

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

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

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

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

AND WHEREAS on March 7, 2013, the Commission ordered:

1. the portion of the Temporary Order attaching terms and conditions to the registration of Quadrexx as a PM and as an IFM be extended to March 29, 2013;

2. the portion of the Temporary Order ordering all trading in the securities of Quadrexx and Quadrexx Related Securities be extended to March 29, 2013;

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

4. the hearing be adjourned to March 28, 2013 at 2:00 p.m.;

AND WHEREAS on March 28, 2013, Staff filed: (i) Quadrexx's proposal to appoint a Receiver for Quadrexx and QSA; (ii) Quadrexx's plans to wind up QSA and OOVSS; (iii) Quadrexx's plan to transfer the Managed Accounts, QIF and QOF to Matco Financial Inc. ("Matco"); and (iv) Quadrexx's plan to appoint Robson Capital Management Inc. as the new PM and IFM of Diversified Assets LP and Property Values Income Fund Common Shares LP;

AND WHEREAS on March 28, 2013, the Commission ordered:

1. the portion of the Temporary Order issued under paragraph 1 of subsection 127(1) attaching terms and conditions to the registration of Quadrexx as a PM and as an IFM be extended to May 16, 2013;

2. the portion of the Temporary Order issued under paragraph 2 of subsection 127(1) that ordered all trading to cease in the securities of Quadrexx and Quadrexx Related Securities be extended to May 16, 2013; and

3. the hearing to consider whether to vary any of the terms of the Temporary Order proceed on May 15, 2013 at 10:00 a.m.;

AND WHEREAS it appeared to the Commission that Quadrexx had a capital deficiency contrary to subsection 12.1(2) of NI 31-103 and may have engaged in conduct that is contrary to the Act;

AND WHEREAS on May 15, 2013, Staff filed the affidavit of Michael Ho sworn May 14, 2013 which sets out the steps taken by the Respondents to transfer the Managed Accounts to Matco and wind down Quadrexx, QSA, OOVSS, Canadian Hedge Watch Index Plus LP ("CHWIP") and HFI Limited Partnership ("HFI");

AND WHEREAS on May 15, 2013, the Commission ordered:

1. the registration of Quadrexx as a PM and as an IFM be suspended immediately;

2. the portion of the Temporary Order that ordered all trading to cease in the securities of Quadrexx and Quadrexx Related Securities be extended to August 15, 2013, other than as may be required to facilitate the dissolutions of Quadrexx and/or Quadrexx Related Securities; and

3. the hearing be adjourned to August 14, 2013 at 10:00 a.m.;

AND WHEREAS Staff has been advised that the Managed Accounts were transferred to Matco on May 16, 2013;

AND WHEREAS on June 18, 2013, Quadrexx filed an assignment under section 49 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.3, as amended, and Schonfeld Inc. was appointed as trustee;

AND WHEREAS on August 12, 2013, the Commission ordered:

1. the portion of the Temporary Order that ordered all trading to cease in the securities of Quadrexx and Quadrexx Related Securities be extended to September 23, 2013, other than as may be required to facilitate the dissolutions or wind ups of Quadrexx, QSA, OOVSS, QIF and QOF; and

2. the hearing be adjourned to September 19, 2013 at 10:00 a.m.;

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

1. the portion of the Temporary Order that ordered all trading to cease in the securities of Quadrexx and Quadrexx Related Securities is extended to February, 2014, other than as may be required to facilitate the dissolutions or wind-ups of Quadrexx, QSA, OOVSS, QIF and QOF; and

2. the hearing is adjourned to December 5, 2013 at 10:00 a.m.;

AND WHEREAS Staff has advised that the Respondents consent to the terms of this Order;

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

IT IS HEREBY ORDERED that:

1. pursuant to subsection 127(8) of the Act, the portion of the Temporary Order issued under paragraph 2 of subsection 127(1) that ordered all trading to cease in the securities of Quadrexx and Quadrexx Related Securities is extended to February 24, 2014, other than as may be required to facilitate the dissolutions or wind ups of Quadrexx, QSA, OOVSS, QIF and QOF;

2. the hearing to consider: (i) the need to further extend the Temporary Order; and (ii) for the Commission to receive an update on the wind ups or dissolutions of Quadrexx, QSA, OOVSS, QIF, QOF, CHWIP and HFI, will proceed on February 20, 2014 at 10:00 a.m.; and

3. the hearing date of December 5, 2013 at 10:00 a.m. is vacated.

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

“James E. A. Turner”

2.2.2 Conrad M. Black et al.

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

AND

IN THE MATTER OF
CONRAD M. BLACK, JOHN A. BOULTBEE
AND PETER Y. ATKINSON

ORDER

WHEREAS on March 18, 2005 the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "**Notice of Hearing**") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") in relation to a Statement of Allegations (the "**Original Proceeding**") filed by Staff of the Commission ("**Staff**") with respect to Hollinger Inc., Conrad M. Black ("**Black**"), F. David Radler ("**Radler**"), John A. Boultbee ("**Boultbee**") and Peter Y. Atkinson ("**Atkinson**") (collectively, the "**Original Respondents**");

AND WHEREAS the Commission held a contested hearing on October 11 and November 16, 2005, to determine the appropriate date for a hearing on the merits of the Original Proceeding;

AND WHEREAS on January 24, 2006, the Commission issued its Reasons and Order setting down the matter for a hearing on the merits commencing June 2007, subject to each of the individual Original Respondents agreeing to execute an undertaking to the Commission to abide by interim terms of a protective nature within 30 days of that decision;

AND WHEREAS following the Reasons and Order dated January 24, 2006, each of the individual Original Respondents provided an undertaking in a form satisfactory to the Commission;

AND WHEREAS on March 30, 2006, the Commission issued an Order with attached undertakings provided by the individual Original Respondents and ordered, among other things, that the hearing on the merits commence on Friday, June 1, 2007, or as soon thereafter as may be fixed by the Secretary to the Commission and agreed to by the parties;

AND WHEREAS the individual Original Respondents further provided to the Commission amended undertakings, in a form satisfactory to the Commission, stating that each of the Original Respondents agreed to abide by interim terms of a protective nature (the "**Amended Undertakings**"), pending the Commission's final decision regarding liability and sanctions in the proceeding commenced by the Notice of Hearing;

AND WHEREAS on April 4, 2007, the Commission issued an Order which attached the Amended Undertakings, and ordered that the hearing on the merits be scheduled to commence on November 12 through to December 14, 2007, and January 7 to February 15, 2008 or such other dates as may be fixed by the Secretary to the Commission and agreed to by the parties;

AND WHEREAS Black and Boultbee brought motions and requests to adjourn the Original Proceeding pending the outcome of a criminal proceeding in the United States and Staff consented to the adjournment requests;

AND WHEREAS on September 11, 2007, the Commission issued an Order which adjourned the hearing on the merits of this matter and scheduled a hearing on December 11, 2007 for the purpose of addressing the scheduling of the Original Proceeding;

AND WHEREAS Black and Boultbee brought a series of additional motions and requests to adjourn the Original Proceeding, pending the outcome of criminal proceedings in the United States, and Staff consented to the adjournment requests;

AND WHEREAS the Commission issued orders on December 10, 2007, January 7, March 27, and September 25, 2008, February 12, May 20 and July 9, 2009, which granted Black and Boultbee's motions and adjourned the hearing of the matter;

AND WHEREAS by Order dated October 7, 2009, the Commission adjourned the hearing *sine die*, pending the release of a decision of the United States Supreme Court, in relation to an appeal brought by Boultbee, or until such further order as may be made by the Commission;

AND WHEREAS on November 12, 2012, Staff filed a new Statement of Allegations against Radler alone;

AND WHEREAS on November 13, 2012, Radler provided a new undertaking to the Commission;

AND WHEREAS on November 14, 2012, the Commission approved a settlement agreement reached between Staff and Radler and approved an Order resolving the new proceeding against Radler and releasing Radler from the Amended Undertakings;

AND WHEREAS on November 15, 2013, Staff withdrew its allegations in the Original Proceeding with respect to Radler;

AND WHEREAS on July 12, 2013, Staff withdrew its allegations in the Original Proceeding with respect to Hollinger;

AND WHEREAS on July 12, 2013, the Commission issued a new Notice of Hearing pursuant to sections 127 and 127.1 of the Act in relation to an Amended Statement of Allegations filed by Staff with respect to Black, Boultbee and Atkinson (together, the "Respondents");

AND WHEREAS the new Notice of Hearing stated that a hearing before the Commission would be held on August 16, 2013;

AND WHEREAS on August 16, 2013, the Commission heard submissions from counsel for Staff, counsel for Black, and from Atkinson and Boultbee on their own behalf;

AND WHEREAS on August 16, 2013, Staff requested that the matter be adjourned to a pre-hearing conference and the Respondents consented to this request;

AND WHEREAS on August 16, 2013, the Commission ordered that the matter be adjourned to a confidential pre-hearing conference to be held on Monday, October 21, 2013;

AND WHEREAS on September 23, 2013, the Commission approved a settlement agreement reached between Staff and Atkinson and approved an Order releasing Atkinson from the Amended Undertakings and requiring Atkinson to comply with a new undertaking;

AND WHEREAS counsel for Black filed a signed consent of all parties to reschedule the confidential pre-hearing conference of October 21, 2013 to Wednesday, October 23, 2013;

AND WHEREAS a confidential pre-hearing conference was held on October 23, 2013 and the Commission heard submissions from counsel for Staff, counsel for Black, and from Boultbee on his own behalf;

AND WHEREAS all parties agreed to adjourn the matter to a further confidential pre-hearing conference to be held on December 2, 2013;

AND WHEREAS a confidential pre-hearing conference was held on December 2, 2013 and the Commission heard submissions from counsel for Staff, counsel for Black, and from Boultbee on his own behalf;

AND WHEREAS all parties agreed to adjourn the matter to a further confidential pre-hearing conference to be held on January 9, 2014;

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

IT IS HEREBY ORDERED THAT this matter is adjourned to a confidential pre-hearing conference to be held on Thursday, January 9, 2014 at 10:00 a.m.

DATED at Toronto this 2nd day of December, 2013.

"Mary G. Condon"

2.2.3 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;

AND WHEREAS on September 10, 2013 the Commission ordered 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. (the "September 10 Order");

AND WHEREAS on October 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 October 10, 2013 counsel for Ip, Hung, Ho and Yeung requested that the hearing date scheduled for the Particulars Motion be vacated;

AND WHEREAS on October 10, 2013 counsel for Ip, Hung, Ho and Yeung further requested that the Commission vacate the dates scheduled for the Merits Hearing on October 20 and 22 to 24, 2014 to accommodate a scheduling conflict;

AND WHEREAS on October 10, 2013 the Commission ordered that:

1. the hearing date scheduled for the Particulars Motion, namely October 16, 2013, is vacated;

2. the hearing dates scheduled for October 20 and 22 to 24, 2014 for the Respondents' case in the Merits Hearing are vacated and further hearing dates are hereby scheduled for February 17 to 20, 2015; and

3. the pre-hearing conference in this matter be continued on November 21, 2013 at 11:00 a.m. or such other date and time as agreed to by the parties and set by the Office of the Secretary.

AND WHEREAS on November 21, 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 November 21, 2013, the Commission ordered that the pre-hearing conference in this matter be continued on December 2, 2013 at 10:00 a.m.;

AND WHEREAS on December 2, 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 December 2, 2013, counsel for Chan requested that a motion in connection with certain translated documents be scheduled (the "Translation Motion");

AND WHEREAS on December 2, 2013 counsel for Ip, Hung, Ho and Yeung requested that certain dates scheduled for the Merits Hearing be vacated and counsel for Chan and counsel for Horsley joined in the request;

AND WHEREAS Staff opposed the request to vacate the hearing dates;

IT IS HEREBY ORDERED that:

1. the hearing dates scheduled for 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 are vacated;

2. the Merits Hearing shall commence on September 2, 2014 and continue on the dates previously agreed to by the parties and ordered by the Commission;

3. the parties shall discuss their availability for further hearing dates in advance of the next pre-hearing conference and further dates for the Merits Hearing shall be set at the next pre-hearing conference;

4. the September 10 Order is varied such that Staff shall serve its hearing briefs in connection with the Merits Hearing on the Respondents on or before April 1, 2014;

5. the Translation Motion shall be held on January 31, 2014 commencing at 10:00 a.m., or such other date and time as ordered by the Commission; and

6. the pre-hearing conference in this matter shall be continued on January 31, 2014 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 2nd day of December, 2013.

"Mary G. Condon"

2.2.4 MRS Sciences Inc. (formerly Morningside Capital Corp.) et al.

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

AND

**IN THE MATTER OF
MRS SCIENCES INC.
(FORMERLY MORNINGSIDE CAPITAL CORP.),
AMERICO DEROSA, RONALD SHERMAN,
EDWARD EMMONS, IVAN CAVRIC AND
PRIMEQUEST CAPITAL CORPORATION**

ORDER

WHEREAS on November 30, 2007, a Notice of Hearing was issued by the Ontario Securities Commission (the "Commission") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") with respect to a Statement of Allegations issued by Staff of the Ontario Securities Commission ('Staff") on November 29, 2007, to consider whether MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons, Ivan Cavric and Primequest Capital Corporation (collectively, the "Respondents") breached the Act and acted contrary to the public interest;

AND WHEREAS on March 25, 2006 an Amended Statement of Allegations was issued by Staff, and on April 14, 2009 an Amended Amended Statement of Allegations was issued by Staff;

AND WHEREAS the Commission conducted the hearing on the merits in this matter with respect to the Respondents on May 7, 8, 11, 13, June 10, 11, 12, 22, 26, September 3, 4, and October 7, 2009 (the "Merits Hearing");

AND WHEREAS the Commission issued its Reasons and Decision on the merits in this matter on February 2, 2011 (the "Merits Decision");

AND WHEREAS the Commission conducted a motion hearing on November 2, 2011 addressing the issue of the composition of the Sanctions and Costs Hearing Panel (the "Motion");

AND WHEREAS the Commission issued its Reasons and Decision on the Motion on December 6, 2011 (the "Motion Decision");

AND WHEREAS on January 3, 2012, the Respondents filed a Notice of Appeal with respect to the Motion Decision, and on February 24, 2012, the Respondents filed an Application to the Divisional Court for a Judicial Review of the Motion Decision;

AND WHEREAS on December 17, 2012, the Divisional Court heard the Application for Judicial Review and rendered its decision that the Application for Judicial Review was premature;

AND WHEREAS on September 5 and 13, 2013, October 17, 2013, and November 7 and 20, 2013, confidential pre-hearing conferences were held before the Commission;

AND WHEREAS on September 24, 2013, the Commission ordered that the Sanctions and Costs Hearing in this matter would commence on November 28, 2013 at 10:00 a.m. and, if necessary, continue on November 29, 2013 at 10:00 a.m.;

AND WHEREAS on November 28 and 29, 2013, the Sanctions and Costs Hearing commenced and the parties led evidence regarding sanctions and costs;

AND WHEREAS during the Sanctions and Costs Hearing, the parties requested that the Panel make a determination as to the admissibility of the transcripts of the Merits Hearing and counsel for Staff and the Respondents each provided oral submissions and case law on the issue;

AND WHEREAS the Panel has considered the submissions of the parties and the case law;

AND WHEREAS the Commission considers it in the public interest to make this order with reasons to follow;

IT IS ORDERED that:

1. Volume 5, containing the transcripts of the evidence portion of the Merits Hearing is admissible;

2. Volume 5 in its entirety is marked as Exhibit 30;

3. Each of the parties shall provide a document indicating the portions of the transcripts, relevant to the determination of sanctions and/or costs, on which they intend to rely, and such documents shall be filed by noon on December 16, 2013;

4. The Sanctions and Costs Hearing shall continue on December 18, 2013 at 10:00 a.m.

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

"Mary G. Condon"

"Christopher Portner"

2.2.5 TW SEF LLC – s. 144

Headnote

Amendment to interim order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to register as an exchange in Ontario, to correct a typographical error.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 144.

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

AND

IN THE MATTER OF
TW SEF LLC

ORDER
(Section 144 of the Act)

WHEREAS the Ontario Securities Commission (the "**Commission"**) on October 1, 2013 issued an interim order exempting TW SEF LLC ("**TW SEF**") from the requirement to be recognized as an exchange under subsection 21(1) of the Act (the **"Interim Order**"); and

WHEREAS the Interim Order contained a typographical error requiring TW SEF to file an application for a subsequent order recognizing TW SEF as an exchange or exempting TW SEF from the recognition requirement ("**Subsequent Order**") by January 1, 2014;

WHEREAS it was intended that TW SEF be required to file an application for a Subsequent Order no later than January 31, 2014;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 144 of the Act, the Interim Order is varied by replacing the reference to "January 1, 2014" with "January 31, 2014."

DATED: December 3**,** 2013.

"C. Wesley M. Scott"

"James D. Carnwath"

2.2.6 Aegon USA Investment Management, LLC – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – foreign adviser exempted from the adviser registration requirement in paragraph 22(1)(b) of the CFA where such adviser acts as an adviser in respect of commodity futures contracts or commodity futures options (commodities) for institutional investors in Ontario who meet the definition of "permitted client" in NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – commodities are primarily traded on commodity futures exchanges outside of Canada and primarily cleared outside of Canada – foreign adviser also exempted from the adviser registration requirement in paragraph 22(1)(b) of the CFA with respect to commodities generally when providing advice to an affiliated insurance company in Ontario only so long as that affiliate remains an affiliate of the foreign adviser – conditions on exemption correspond to the relevant conditions on the comparable exemption from the adviser registration requirement available to international advisers in respect of securities set out in section 8.26 of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – exemption also subject to a "sunset clause" condition.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20. as am., ss.s 1(1), 22(1)(b), 80.

Instruments Cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 1.1, 8.26.
OSC Rule 13-502 Fees.

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

AND

**IN THE MATTER OF
AEGON USA INVESTMENT MANAGEMENT, LLC**

**ORDER
(Section 80 of the CFA)**

UPON the application (the **Application**) of AEGON USA Investment Management, LLC (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to section 80 of the CFA that the Applicant and any individuals engaging in, or holding themselves out as engaging in, advisory services on behalf of the Applicant (the **Representatives**) be exempted, subject to the conditions and limitations contained herein, from the provisions of section 22(1)(b) of the CFA that prohibit a person or company from acting as an adviser unless the person or company satisfies the applicable provisions of section 22 of the CFA;

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

A**ND WHEREAS** for the purposes of this Order:

"CFA Adviser Registration Requirement" means the requirement in the CFA that prohibits a person or company from acting as an adviser unless the person or company in registered in the appropriate category registration under the CFA;

"CFTC" means the United States Commodity Futures Trading Commission;

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

"Existing Order" means the Order of the Ontario Securities Commission in favour of the Applicant providing relief from the CFA Adviser Registration Requirement dated December 16, 2008;

"Foreign Contract" means a Contract that is primarily traded on one or more organized exchanges that are located outside of Canada and primarily cleared through one or more clearing corporations that are located outside of Canada;

"International Adviser Exemption" means the exemption set out in section 8.26 of NI31-103 from the OSA Adviser Registration Requirement;

“NI 31-103” means National Instrument 31-103 *Registration Requirements, Exemption and Ongoing Registrant Obligations*;

“OSA” means the *Securities Act* (Ontario);

”OSA Adviser Registration Requirement” means the requirement in the OSA that prohibits a person or company from acting as an adviser unless the person or company is registered in the appropriate category of registration under the OSA;

“Permitted Client” means a client in Ontario that is a “permitted client”, as that term is defined in section 1.1 of NI31-103, except that for the purposes of the Order such definition shall exclude a person or company registered under the securities or commodities legislation of a jurisdiction of Canada as an adviser or dealer;

“SEC” means the United States Securities and Exchange Commission;

“specified affiliate” has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*; and

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

AND UPON the Applicant having represented to the Commission and the Director as follows:

1. The Applicant is a limited liability company existing under the laws of the State of Iowa and is registered as an investment adviser under the U.S. Investment Advisers Act. The Applicant is exempt from registration as a Commodity Trading Adviser (**CTA**) pursuant to section 4m(1) of the Commodity Exchange Act which provides an exemption from registration for a person who, in the preceding twelve months, has not furnished commodity trading advice to more than 15 persons and who does not hold himself out generally to the public as a CTA .

2. The Applicant is not ordinarily resident in Ontario and is not registered in any capacity under the CFA or the OSA.

3. The Applicant advises institutional clients and is part of a corporate group of financial companies headquartered in Europe known as AEGON N.V. (**AEGON**) The Applicant is a sister company of Transamerica Life Canada, a federally licensed and regulated life insurance company (TLC). Accordingly, TLC is an affiliate, as defined in the OSA, of the Applicant.

4. There is no requirement for a federally licensed life insurance company, nor employees of a federally licensed life insurance company, to be registered as advisers under the CFA if trading and advice is confined to the assets of such federally licensed life insurance company (CFA, s.31). TLC has outsourced some of its investment and advisory services with respect to its portfolio assets including futures. Outsourcing the investment management and advisory functions is expressly permitted under the Insurance Companies Act (Canada) and the Office of the Superintendent of Financial Institutions’ Guideline B-10 – Outsourcing of Business Functions, Activities and Processes.

5. The Applicant has been providing advisory services in commodity futures contracts and commodity futures options (**Advisory Services**) to TLC under the Existing Order since 2008. The Advisory Services have been in respect of two types. First, the Applicant has been providing Advisory Services with respect to Contracts to funds beneficially owned by TLC and for which there are no external stakeholders (such as, example, holders of variable annuity contracts or segregated funds/ separate accounts for policy holders) (the **Internal Services**). Second, the Applicant has been providing Advisory Services with respect to primarily Foreign Contracts to TLC in respect of segregated funds offered by TLC.

6. The Applicant desires to continue to provide Advisory Services on a basis consistent with past practice under the Existing Order, or as permitted by this order.

7. There is currently no exemption under the CFA Adviser Registration Requirement that is equivalent to the International Adviser Exemption. Consequently, except in respect of Internal Services, in order to advise Permitted Clients as to trading in Foreign Contracts, in the absence of this Order, the Applicant would be required to satisfy the CFA Adviser Registration Requirement and would have to apply for, and obtain, registration in Ontario as an adviser under the CFA in the category of commodity trading manager.

8. Section 80 of the CFA provides that an order may be issued subject to terms and conditions as the Commission may consider necessary.

AND UPON the Commission and Director being satisfied that it would not be prejudicial to the public interest to grant the order requested;

IT IS ORDERED pursuant to section 80 of the CFA that the Applicant and its Representatives are exempt, for a period of five years, from the adviser registration requirements of subsection 22(1)(b) of the CFA in respect of them acting as an adviser relating to the Advisory Services, provided that:

(a) the Applicant's head office or principal place of business remains in the United States;

(b) the Applicant is registered, or operates under an exemption from registration, under the applicable securities or commodity futures legislation in the United States in a category of registration that permits it to carry on the activities in the United States that registration under the CFA as an adviser in the category of commodity trading manager would permit it to carry on in Ontario;

(c) the Applicant continues to engage in the business of an adviser, as defined in the CFA, in the United States;

(d) as at the end of the Applicant's most recently completed financial year, not more than 10% of the aggregate consolidated gross revenue of the Applicant, its affiliates and its affiliated partnerships (excluding the gross revenue of an affiliate or affiliated partnership of the Applicant if the affiliate or affiliated partnership in registered under securities legislation, commodities legislation or derivative legislation in a jurisdiction of Canada) is derived from the portfolio management activities of the Applicant, its affiliates and its affiliated partnerships in Canada (which, for greater certainty, includes both securities-related and commodity-futures-related activities);

(e) before advising a Permitted Client that is not an affiliate of the Applicant within the meaning of the OSA with respect to Foreign Contracts, the Applicant notifies the Permitted Client of all of the following:

 (i) the Applicant is not registered in the local jurisdiction to provide the advice described under paragraph (a) of this Order;

 (ii) the foreign jurisdiction in which the Applicant's head office or principal place of business is located;

 (iii) all or substantially all of the Applicant's assets may be situated outside of Canada;

 (iv) there may be difficulty enforcing legal rights against the Applicant because of the above; and

 (v) the name and address of the Applicant's agent for service of process in Ontario;

(f) the Applicant has submitted to the Commission a completed submission to jurisdiction and appointment of agent for service in the form attached as Appendix A;

(g) the Applicant notifies the Commission of any regulatory action initiated after the date of this Order with respect to the Applicant or any predecessor or specified affiliates of the Applicant by completing and filing Appendix B within 10 days of the commencement of each such action; provided that this condition shall not be required to be satisfied for so long as either of Aegon Fund Management Inc. or Aegon Capital Management Inc. remains a registrant in good standing under Ontario securities law;

(h) the Applicant complies with the filing and fee payment requirements applicable to an unregistered exempt international firm under Ontario Securities Commission Rule 13-502 Fees.

(i) with respect to Internal Services:

 (i) the Applicant provides Advisory Services in Ontario only to its affiliate that is licensed or otherwise duly permitted or authorized to carry on business as an insurance company in Canada; and

 (ii) with respect to its affiliate, the investment advice and portfolio management services are provided only as long as that affiliate remains an "affiliate" of the Applicant, as defined in the OSA.

(j) with respect to Advisory Services other than the Internal Services:

 (i) the Applicant provides advice to Permitted Clients only as to trading in Foreign Contracts and does not advise any Permitted Client as to trading in Contracts that are not Foreign Contracts, unless providing such advice in incidental to its providing advice on Foreign Contracts.

Dated this 6th day of December, 2013

"Christopher Portner"
Commissioner
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

APPENDIX "A"

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE COMMODITY FUTURES ACT, ONTARIO

1. Name of person or company ("International Firm"):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:

   E-mail address:

   Phone:

   Fax:

6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "Relief Order"):

   [ ] Section 8.18 [*international dealer*]

   [ ] Section 8.26 [*international adviser*]

   [ ] Other [specify]:

7. Name of agent for service of process (the "Agent for Service"):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator:

    a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated; and

    b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service.

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: ____________________

By: ____________________
(Signature of the International Firm or authorized signatory)

____
(Name of signatory)

____
(Title of signatory)

By: ____
(Signature of the International Firm or authorized signatory)

____
(Name of signatory)

____
(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of [Insert name of International Firm] under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: ________________

____
(Signature of the Agent for Service or authorized signatory)

____
(Name of signatory)

____
(Title of signatory)

This form is to be submitted to the following address:

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8
Attention: Registration Supervisor, Portfolio Manager Team
Telephone: (416) 593-8164
email: amcbain@osc.gov.on.ca

APPENDIX B
NOTICE OF REGULATORY ACTION

1. Has the firm, or any predecessors or specified affiliates[1] of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

Yes _____ No _____

If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator, securities or derivatives exchange, SRO or similar organization:

	Yes	No
(a) Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?		
(b) Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?		
(c) Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?		
(d) Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?		
(e) Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?		
(f) Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?		
(g) Issued an order (other than en exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?		

If yes, provide the following information for each action:

Name of Entity
Type of Action

[1] In this Appendix, the term "specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 – *Registration Information*.

Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliate is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction

Name of firm
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature

Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

This form is to be submitted to the following address:

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8
Attention: Registration Supervisor, Portfolio Manager Team
Telephone: (416) 593-8164
email: amcbain@osc.gov.on.ca

2.2.7 Imtiaz Hashmani – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
IMTIAZ HASHMANI

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND IMTIAZ HASHMANI

ORDER
(Subsection 127(1) and Section 127.1 of the Securities Act)

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") on November 29, 2013, 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 that was filed by Staff of the Commission ("Staff") on the same day, to consider whether it is in the public interest to approve a settlement agreement dated November 29, 2013 entered into between Staff and Imtiaz Hashmani ("Hashmani" or the "Respondent");

AND WHEREAS Hashmani entered into a settlement agreement with Staff dated November 29, 2013 (the "Settlement Agreement") in which Hashmani agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement, the Notice of Hearing and the Statement of Allegations, and upon hearing submissions from Staff and from Hashmani through his counsel;

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

IT IS HEREBY ORDERED that:

(a) the Settlement Agreement is approved;

(b) pursuant to paragraph 1 of subsection 127(1) of the Act, Hashmani shall resign any position he holds as an "ultimate designated person" ("UDP"), as defined in the Act, of a registrant and he shall be restricted from becoming or acting as a UDP of a registrant permanently;

(c) pursuant to paragraph 1 of subsection 127(1) of the Act, Hashmani shall be prohibited from becoming or acting as a registrant or a "permitted individual" within the meaning of section 1.1 of National Instrument 33-109, for a period of two years from the date of the approval of the Settlement Agreement and until Hashmani successfully completes, in addition to any applicable proficiency requirements, the Partners, Directors and Senior Officers Course and the Conduct and Practices Handbook Course and, upon such registration, the Respondent will be subject to strict supervision for a period of one year;

(d) pursuant to paragraph 7 of subsection 127(1) of the Act, Hashmani shall resign any position he holds as a director or Chief Compliance Officer of a registrant;

(e) pursuant to paragraph 8.2 of subsection 127(1) of the Act, Hashmani shall be prohibited from becoming or acting as a director of a registrant permanently;

(f) pursuant to paragraph 8.2 of subsection 127(1) of the Act, Hashmani shall be prohibited from becoming or acting as a Chief Compliance Officer of a registrant for a period of six years commencing on the date of approval of the Settlement Agreement;

(g) pursuant to paragraph 6 of subsection 127(1) of the Act, Hashmani is reprimanded;

(h) pursuant to paragraph 9 of 127(1) of the Act, Hashmani shall pay an administrative penalty of $34,000 to the Commission for his failure to comply with Ontario securities law, which shall be designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act;

(i) pursuant to section 127.1 of the Act, Hashmani shall pay the costs of the Commission's investigation in the amount of $6,000;

(j) in the event that Hashmani refuses or fails to pay the monetary orders in clauses (h) and (i) of this Order (the "Monetary Orders"), then the six year period referred to in clause (f) is extended until the Monetary Orders are paid in full;

(k) with respect to clauses (h) and (i) of this Order, the Respondent agrees to personally make a payment of $6,666.66 by certified cheque or bank draft payable to the Ontario Securities Commission

within one year of the date when the Commission approves the Settlement Agreement and agrees to pay a further $6,666.66 by certified cheque or bank draft payable to the Ontario Securities Commission within one year of each preceding payment of $6,666.66 until the sum of the administrative penalty of $34,000 and the costs order of $6,000 has been paid in full; and

(l) in the event that the Respondent fails to make any of the payments in compliance with the payment schedule set out in clause (k) of this Order, then the remaining unpaid balance becomes due and owing immediately.

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

"James D. Carnwath"

2.2.8 International Strategic Investments et al.

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

AND

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

ORDER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AND WHEREAS on December 3, 2012, a confidential pre-hearing conference was held and Staff, counsel for Gillani and International Strategic Investments Inc. and counsel for Driscoll appeared and made submissions and no one appeared on behalf of Somin or International Strategic Investments;

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

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

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

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

AND WHEREAS on March 5, 2013, the Commission ordered that the confidential pre-hearing conference be adjourned to November 27, 2013;

AND WHEREAS on November 27, 2013, the confidential pre-hearing conference continued and Staff, counsel for Gillani and ISI, and Driscoll appearing on his own behalf made submissions and no one appeared on behalf of Somin;

AND WHEREAS on November 27, 2013, the Commission ordered that the hearing on the merits shall commence on January 13, 2014 and shall continue on January 15th for half a day, January 16, 20, 21, 27, 29, 30, and 31, February 3-7 inclusive, February 10, 12-14 inclusive, February 18 and 19, or on such further or other dates as may be agreed to by the parties and set by the Office of the Secretary and that the confidential pre-hearing conference be adjourned to December 5, 2013;

AND WHEREAS on December 5, 2013, the confidential pre-hearing conference continued and Staff, counsel for Gillani and ISI, and Driscoll appearing on his own behalf made submissions and no one appeared on behalf of Somin;

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

IT IS ORDERED that the confidential pre-hearing conference will continue on December 12, 2013 at 10:00 a.m.

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

"James D. Carnwath"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Imtiaz Hashmani

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

AND

**IN THE MATTER OF
IMTIAZ HASHMANI**

**SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
and IMTIAZ HASHMANI**

PART I – INTRODUCTION

1. The Ontario Securities Commission (the “Commission”) will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to section 127 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement between Staff and Imtiaz Hashmani (“Hashmani”) (the “Settlement Agreement”), and to make certain orders in respect of Hashmani.

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing against Hashmani in accordance with the terms and conditions set out below. Hashmani consents to the making of an order against him in the form attached as Schedule “A” on the basis of the facts set out below.

PART III – AGREED FACTS

A. Background

3. During the period between March 2005 and October 12, 2012, Hashmani was the Chief Financial Officer (“CFO”) of MineralFields Management Inc. (“MFMI”), Limited Market Dealer Inc. (“LMDI”) and Pathway Investment Counsel Inc. (“Pathway”) which comprised a group of companies (the “MineralFields Group”). Hashmani was also registered as the Chief Compliance Officer (“CCO”) and as a dealing representative with LMDI. However, he was not the directing mind of any of those companies and played no role in establishing the companies or their ownership structure.

4. The MineralFields Group was involved in the distribution and management of flow-through limited partnership products. These limited partnership products invested primarily in flow-through shares of junior Canadian resource issuers through private placement issues.

5. MFMI was registered in the category of investment fund manager. It acted as the investment fund manager for flow-through limited partnerships which were sold through prospectuses and offering memoranda under the branding of MineralFields, Pathway, and EnergyFields LPs (the “MineralFields LPs”).

6. LMDI was registered as a dealer in the category of exempt market dealer. LMDI sourced private placement issues of resource companies for the MineralFields LPs to invest in, and received a finder’s fee (in cash and/or warrants) from these resource issuers for its services as an agent/finder. LMDI was also involved in negotiating the terms of the private placement issues with management of the resource issuers in connection with the purchase of securities by the MineralFields LPs.

7. Pathway was registered as an adviser in the category of portfolio manager. It was retained to provide portfolio management services to the MineralFields LPs.

8. Between April 28, 2011 and August 31, 2011, Staff conducted reviews of MFMI, LMDI and Pathway (the “Compliance Reviews”) for the period between April 1, 2010 and March 31, 2011 (the “Review Period”). Significant concerns were identified. During the course of the Compliance Reviews, certain matters came to the attention of Staff respecting Hashmani.

9. The Compliance Reviews conducted by Staff revealed that Hashmani breached Ontario securities law and acted contrary to the public interest. In particular:

B. Untrue Statements and Misleading Omissions to the Commission

10. During the Compliance Reviews, it was revealed that the CCO of MFMI and Pathway and the Ultimate Designated Person of MFMI, LMDI and Pathway (the “UDP”) consistently disclosed in regulatory filings with the Commission that he was the 100% owner of the registered firms within the MineralFields Group. In fact, another person (the “Undisclosed Partner”) owned 49.99% of the non-voting shares MFMI and LMDI since inception of these firms until after the Compliance Reviews. The Undisclosed Partner was not registered under the Act in any capacity and was not designated as a “permitted individual” within the meaning of National Instrument 33-109 – *Registration Information*.

11. During the Compliance Reviews, Staff made a books and records request that included a request for “a copy of the Registrant’s current organization chart and employee list with telephone numbers.” In response to this request, Hashmani provided to Staff an organizational chart showing the UDP (directly and through his personal companies) as owning 100% of MFMI and LMDI. At the time, Hashmani was the CCO and CFO of LMDI.

12. At that time, Hashmani did not know that the Undisclosed Partner was part-owner of the non-voting shares of MFMI and LMDI. However, Hashmani acknowledges that he ought to have made additional inquiries concerning the ownership structure of the companies in the MineralFields Group prior to submitting the organizational chart.

13. In July 2011, Hashmani participated in making corrective disclosures to Staff.

C. Inadequate Supervision of Personal Trading and Inappropriate Personal Trading

14. In addition to his position as CCO of LMDI, Hashmani was delegated various compliance functions for the registered firms in the MineralFields Group reporting to the UDP. This included monitoring compliance with the MineralFields Group trade pre-clearance policy which required trades to be pre-approved by Hashmani or the UDP.

15. During Review Period, Hashmani failed to monitor and ensure that all trades by access persons to the MineralFields Group firms were pre-approved and complied with Ontario securities law including provisions respecting insider trading, self-dealing and other conflicts of interest. Hashmani was required to establish, maintain and apply policies and procedures that established a system of controls and supervision to ensure compliance with Ontario securities law which he failed to do.

16. During the Review Period, the UDP sold shares in an issuer ahead of MineralFields LPs at more favourable prices.

17. During the Review Period, Hashmani neglected to pre-clear with the UDP his sale of shares of an issuer at a price that was more favourable than the price at which the MineralFields LPs sold shares of the same issuer. Hashmani sold ahead of the Explorer Fund, one of the MineralFields LPs, by selling 7,500 shares of an issuer at a price of $2.57 per share on November 22, 2010, while the Explorer Fund sold 100,000 shares of that issuer at a price of $2.51 on November 24, 2010.

D. Inadequate Supervision of Compliance Activities

18. During the Compliance Reviews, Staff identified deficiencies respecting the inadequate compliance structures in the MineralFields Group. In particular, Hashmani failed to ensure that:

(a) individuals conducting registerable activities and acting on behalf of the MineralFields Group were properly registered, approved and/or disclosed to the Commission

(b) adequate portfolio management was performed for clients, including ensuring that a registered adviser was determining the investment terms of private placement transactions entered into by the MineralFields LPs and performing adequate due diligence for all investments;

(c) sufficient know your client (“KYC”) information was collected for all clients and that MineralFields Group properly discharged their suitability obligations;

(d) the net asset value (“NAV”) of the funds managed by MFMI were computed correctly;

(e) the impact of the NAV errors were assessed, documented and rectified in a timely manner;

(f) reliance on prospectus exemptions was appropriate for all clients;

(g) conflicts of interest among the MineralFields Group were identified and were adequately managed;

(h) claims and representations made to clients were accurate and could be substantiated;

(i) NRD was updated regarding the business locations and trade names used by the MineralFields Group;

(j) appropriate steps were taken to protect the confidentiality of clients' information;

(k) adequate insurance coverage was maintained by the MineralFields Group; and

(l) written policies and procedures were complete and adequately addressed key areas related to each of the MineralFields Group's obligations under Ontario securities law.

PART IV – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND CONTRARY TO THE PUBLIC INTEREST

19. By engaging in the conduct described above, Hashmani admits and acknowledges that he contravened Ontario securities law and acted contrary to the public interest.

PART V – TERMS OF SETTLEMENT

20. Hashmani agrees to the terms of settlement listed below.

21. The Commission will make an order, pursuant to subsection 127(1) and section 127.1 of the Act, that:

(a) the Settlement Agreement is approved;

(b) Hashmani resign any position he holds as a director, CCO or UDP of a registrant;

(c) Hashmani shall be prohibited from becoming or acting as a director or a UDP of a registrant permanently;

(d) Hashmani shall be prohibited from becoming or acting as a CCO of a registrant for a period of six years commencing on the date of approval of the Settlement Agreement;

(e) Hashmani shall be prohibited from becoming or acting as a registrant or a "permitted individual" within the meaning of section 1.1 of National Instrument 33-109, for a period of two years from the date of the approval of the Settlement Agreement and until Hashmani successfully completes, in addition to any applicable proficiency requirements, Partners, Directors and Senior Officers Course and the Conduct and Practices Handbook Course and, upon such registration, the Respondent will be subject to strict supervision for a period of one year;

(f) Hashmani is reprimanded;

(g) Hashmani shall pay an administrative penalty of $34,000 to the Commission which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act;

(h) Hashmani shall pay the costs of the Commission's investigation in the amount of $6,000; and

(i) in the event that Hashmani fails to pay the monetary orders in subparagraphs 21(g) and (h) (the "Monetary Orders"), then the six year period referred to in subparagraph 21(d) is extended until the Monetary Orders are paid in full.

22. With respect to sub-paragraphs 20(g) and (h), the Respondent agrees to personally make a payment of $6,666.66 by certified cheque or bank draft payable to the Ontario Securities Commission within one year of the date when the Commission approves this Settlement Agreement and agrees to pay a further $6,666.66 by certified cheque or bank draft payable to the Ontario Securities Commission within one year of each preceding payment of $6,666.66 until the sum of the administrative penalty of $34,000 and the costs of $6,000 has been paid in full.

23. In the event that the Respondent fails to make any of the payments in compliance with the payment schedule set out in paragraph 21 then the remaining unpaid balance becomes due and owing immediately.

24. Hashmani undertakes to consent to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all sanctions set out in subparagraphs 20(b) to (e) above.

PART VI – STAFF COMMITMENT

25. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Hashmani in relation to the facts set out in Part III herein, subject to the provisions of paragraph 25 below.

26. If this Settlement Agreement is approved by the Commission, and at any subsequent time Hashmani fails to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Hashmani based on, but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

27. Approval of this Settlement Agreement will be sought at a hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and Hashmani for the scheduling of the hearing to consider the Settlement Agreement.

28. Staff and Hashmani agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding their conduct, unless the parties agree that further facts should be submitted at the settlement hearing.

29. If this Settlement Agreement is approved by the Commission, Hashmani agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

30. If this Settlement Agreement is approved by the Commission, none of the parties shall make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

31. Whether or not this Settlement Agreement is approved by the Commission, Hashmani agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

32. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the order attached as Schedule "A" is not made by the Commission:

(a) this Settlement Agreement and its terms, including all settlement negotiations between Staff and Hashmani leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and Hashmani; and

(b) Staff and Hashmani shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations in the Notice of Hearing and the Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

33. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of Hashmani and Staff or as may be required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

34. This Settlement Agreement may be signed on one or more counterparts which together will constitute a binding agreement.

35. A facsimile copy of any signature will be as effective as an original signature.

Signed in the presence of:

"Tazim Hashmani"
Witness

"Imtiaz Hashmani"
Imtiaz Hashmani

"Tazim Hashmani"
(Print Name)

Dated this "27th" day of November, 2013

STAFF OF THE ONTARIO SECURITIES COMMISSION

"Tom Atkinson"
Tom Atkinson
Director, Enforcement Branch

Dated this "29th" day of November, 2013.

Schedule "A"

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

AND

IN THE MATTER OF
IMTIAZ HASHMANI

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
IMTIAZ HASHMANI

ORDER
(Subsection 127(1) and Section 127.1)

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "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") to consider whether it is in the public interest to make certain orders against Imtiaz Hashmani;

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

IT IS HEREBY ORDERED THAT:

(a) the Settlement Agreement is approved;

(b) pursuant to paragraph 7 of subsection 127(1) of the Act, Hashmani resign any position he holds as a director, Ultimate Designated Person, or Chief Compliance Officer of a registrant;

(c) pursuant to paragraph 8.2 of subsection 127(1), Hashmani shall be prohibited from acting or becoming a director or an Ultimate Designated Person of a registrant permanently;

(d) pursuant to paragraph 8.2 of subsection 127(1)of the Act, Hashmani shall be prohibited from becoming or acting as a Chief Compliance Officer of a registrant for a period of six years commencing on the date of approval of the Settlement Agreement;

(e) pursuant to paragraph 8.2 of subsection 127(1) of the Act, Hashmani shall be prohibited from becoming or acting as a registrant or a "permitted individual" within the meaning of section 1.1 of National Instrument 33-109, for a period of two years from the date of the approval of the Settlement Agreement and until Hashmani successfully completes, in addition to any applicable proficiency requirements, Partners, Directors and Senior Officers Course and the Conduct and Practices Handbook Course and, upon such registration, the Respondent will be subject to strict supervision for a period of one year;

(f) pursuant to paragraph 6 of subsection 127(1) of the Act, Hashmani is reprimanded;

(g) pursuant to paragraph 9 of subsection 127(1) of the act, Hashmani shall pay an administrative penalty of $34,000 to the Commission which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act;

(h) pursuant to section 127.1 of the Act, Hashmani shall pay the costs of the Commission's investigation in the amount of $6,000;

(i) in the event that Hashmani refuses or fails to pay the monetary orders in clauses (g) and (h) of this Order (the "Monetary Orders"), then the six year period referred to in clause (d) is extended until the Monetary Orders are paid in full;

(j) with respect to clauses (g) and (h) of this Order, the Respondent agrees to personally make a payment of $6,666.66 by certified cheque or bank draft payable to the Ontario Securities Commission within one year of the date when the Commission approves this Settlement Agreement and agrees to pay a further $6,666.66 by certified cheque or bank draft payable to the Ontario Securities Commission within one year of each preceding payment of $6,666.66 until the sum of the administrative penalty of $34,000 and the costs of $6,000 has been paid in full; and

(k) in the event that the Respondent fails to make any of the payments in compliance with the payment schedule set out in clause (j) of this Order then the remaining unpaid balance becomes due and owing immediately.

DATED AT TORONTO this _____ day of November, 2013.

____

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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
Blue Horizon Industries Inc.	09 Dec 13	20 Dec 13		
Platmin Limited	09 Dec 13	20 Dec 13		
ProSep Inc.	26 Nov 13	09 Dec 13	09 Dec 13	
Reef Resources Ltd.	10 Dec 13	23 Dec 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
Northland Resources S.A.	22 Nov 13	4 Dec 13		06 Dec 13	
Stans Energy Corp.	09 Dec 13	20 Dec 13			

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
Stans Energy Corp.	09 Dec 13	20 Dec 13			
Strike Minerals Inc.	19 Sept 13	01 Oct 13	01 Oct 13		
*Strike Minerals Inc.	18 Nov 13	29 Nov 13	29 Nov 13		

***NEW RESPONDENT WAS ADDED TO THE MCTO AGAINST STRIKE MINERALS INC.**

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Chapter 6

Request for Comments

6.1.1 CSA Notice 81-324 and Request for Comment – Proposed CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts

Canadian Securities Administrators

Autorités canadiennes en valeurs mobilières

CSA Notice 81-324
and Request for Comment
Proposed CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts

December 12, 2013

Introduction

The Canadian Securities Administrators (the CSA or we) are publishing for a 90 day comment period a CSA risk classification methodology (the Proposed Methodology) for use by mutual fund managers in the Fund Facts document (Fund Facts).

The text of the Proposed Methodology is contained in Annex A of this notice and is available on the websites of members of the CSA.

The CSA developed the Proposed Methodology in response to stakeholder feedback that the CSA has received throughout the implementation of the point of sale disclosure framework for mutual funds (the Framework), notably that a standardized risk classification methodology proposed by the CSA would be more useful to investors as it would provide a consistent and comparable basis for measuring the risk of different mutual funds.

We expect that the Proposed Methodology could be used in documents similar to the Fund Facts as we move forward with summary disclosure documents for other types of publicly offered investment funds, particularly exchange-traded funds (ETFs).

> We are seeking feedback on using the Proposed Methodology in the Fund Facts, in particular, whether the CSA should (i) mandate the Proposed Methodology or (ii) adopt it only as guidance for investment fund managers.

Background

Staged Implementation of the Framework

On June 18, 2010, the CSA published CSA Staff Notice 81-319 *Status Report on the Implementation of Point of Sale Disclosure for Mutual Funds*, which outlined the CSA's decision to implement the Framework in three stages.

The Fund Facts is central to the Framework. It is in plain language, no more than two pages double-sided and highlights key information important to investors, including past performance, risks and the costs of investing in a mutual fund.

The first two stages of the Framework are now completed. Currently, mutual funds subject to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (NI 81-101) must produce and file a Fund Facts and make it available on the mutual fund's or the fund manager's website. The Fund Facts must also be delivered or sent to investors free of charge upon request. Beginning on June 13, 2014, the Fund Facts will be required to be delivered instead of the prospectus to satisfy the prospectus delivery requirements under securities legislation.

The CSA is currently working on proposed requirements that would implement delivery of the Fund Facts at the point of sale for mutual funds. We are also proceeding with rule making and seeking legislative amendments, where necessary, to introduce a summary disclosure document for ETFs, similar to the Fund Facts, and the requirement to deliver the summary disclosure document within two days of an investor buying the ETF.

Throughout the development of the Framework, stakeholders commented on the lack of standardization in risk disclosure, and supported the development of a standardized risk classification methodology by the CSA that could to be applied by investment funds managers in assessing the mutual fund's risk on the scale prescribed in the Fund Facts. According to stakeholders, the lack of a standard methodology could result in an inconsistent evaluation of risk and make comparisons between mutual funds difficult. Based on this feedback, the CSA has developed the Proposed Methodology.

For further information on the staged approach to implementation of the Framework, and its progress, please refer to the CSA member websites.

Risk scale in the Fund Facts

Currently, the Fund Facts requires the fund manager of a mutual fund to provide a risk rating for the mutual fund based on a risk classification methodology chosen at the fund manager's discretion. The fund manager must then identify the mutual fund's risk level on the scale prescribed in the Fund Facts which is made up of five categories ranging from Low to High.

In response to stakeholder feedback, and informed by investor document testing of the Fund Facts, the CSA made a number of changes to the presentation of risk in the Fund Facts that will take effect on January 13, 2014. Specifically, recognizing that the majority of fund managers use volatility of past returns (Volatility Risk) in assessing the risk classification of their mutual funds, we have clarified the disclosure in the Fund Facts to state that the risk scale is meant to measure Volatility Risk. Volatility Risk is now explained in concise and understandable language in the Fund Facts and the risk-return linkage has also been highlighted (i.e., funds with higher Volatility Risk may have a greater chance of losing money and may have a greater chance of higher returns). The Fund Facts must also state that low risk mutual funds can still lose money. We also added disclosure in the Fund Facts to clearly indicate that the risk disclosure constitutes the manager's risk rating of the mutual fund.

You can find additional background information on the comments we have received relating to the risk scale in the Fund Facts, and the presentation of risk generally, on the CSA member websites.

Substance and Purpose of the Proposed Methodology

The Proposed Methodology would enable a fund to identify its risk level on the scale prescribed in the Fund Facts.

In addition to consistency, we think that the use of a standard methodology will enhance transparency in the market by enabling third parties to independently verify the risk rating disclosure of a mutual fund in the Fund Facts.

Steps to Constructing the Proposed Methodology

In considering the development of the Proposed Methodology, we reviewed the investment fund risk classification methodology developed by the Investment Funds Institute of Canada (IFIC) (IFIC Methodology) which is the predominant risk classification methodology used today by fund managers to disclose a mutual fund's risk classification for use in the Fund Facts.

We also undertook a review of how other global regulators including the Committee of European Securities Regulators (CESR)[1] have approached risk disclosure in their summary disclosure documents. CESR mandates the use of a methodology for measuring and disclosing risk (the CESR Methodology) in its summary disclosure documents. We compared and analyzed essential components of the IFIC and CESR methodologies and kept in our view the most effective components in mind as we developed the Proposed Methodology.

In order to inform our work on the Proposed Methodology, we undertook consultations with industry representatives, academics and investor advocates, among others, in Montreal and Toronto in Fall 2013.

The majority of stakeholders we spoke with supported the development of a standardized, mandatory risk classification methodology, and agreed with the use of standard deviation as the risk indicator. Stakeholders also generally noted that implementation of the Proposed Methodology could result in changes to the risk band classification for some funds. In particular, some queried whether such changes could affect suitability assessments conducted by dealers. These stakeholders remarked that we would need to work closely with the Self-Regulatory-Organizations and dealers when considering the implementation of the Proposed Methodology. Some industry participants pointed out that the fund managers should be allowed some discretion in order to override the quantitative calculation for risk classification purposes.

The consultations brought up some further reflections and led to additional questions in Annex B.

[1] Now the European Securities and Markets Authority (ESMA).

Although standard deviation[2] is used by both IFIC and CESR methodologies and seems to remain the most common risk indicator used by Canadian investment fund managers, we examined other risk indicators currently in use and those that could potentially be used to determine and measure risk. In total, 15 risk indicators were studied. They can typically be grouped into one of five categories: overall volatility risk measures, tail-related risk measures, relative volatility measures, risk adjusted return measures, and relative risk adjusted return measures. Following a thorough analysis of all these risk indicators, we have chosen standard deviation as the most suitable risk indicator for the Proposed Methodology.

Our reasons for choosing standard deviation are as follows:

- The risk scale in the Fund Facts is intended to measure Volatility Risk, and standard deviation is the most widely accepted measure of volatility;
- Its calculation methodology is well known and established;
- The calculation is simple and does not require sophisticated skills or software;
- It provides a consistent risk evaluation for a broad range of investment funds;
- It provides a relatively stable but still meaningful evaluation of risk when coupled with an appropriate historical period;
- It is already broadly used in the industry, and serves as the basis for the IFIC and CESR methodologies;
- It is available from third party data providers, thereby providing a simple and effective source of data for oversight purposes both by regulators and by market participants (including investors); and
- The implementation costs are expected to be minimal.

Overview of the Proposed Methodology

The Proposed Methodology features are:

<table>
<tr><td>Risk indicator:</td><td>10-year (annualized) standard deviation
Note: Calculated on a 10 year historical basis.</td></tr>
<tr><td>Data used:</td><td>Monthly total return calculated in accordance with Part 15 of National Instrument 81-102 Mutual Funds.
Note: The monthly total return of a reference index should be used as a proxy to impute missing return data of a fund that does not have a 10 year track record.</td></tr>
<tr><td>Risk categories and corresponding standard deviation bands:</td><td>
<table>
<tr><td>Low</td><td>0% - 2%</td></tr>
<tr><td>Low to medium</td><td>2% - 6%</td></tr>
<tr><td>Medium</td><td>6% - 12%</td></tr>
<tr><td>Medium to high</td><td>12% - 18%</td></tr>
<tr><td>High</td><td>18% - 28%</td></tr>
<tr><td>Very high</td><td>≥ 28%</td></tr>
</table>
</td></tr>
<tr><td>Frequency of the risk classification assessment:</td><td>Monthly

Note: Two tests are needed to assess the risk classification:
(1) Determine if the 10-year standard deviation calculated for the past month falls in a risk band that is at least two risk bands lower or higher than the risk band classification indicated in the most current Fund Facts. If yes, change the risk rating to the indicated band.</td></tr>
</table>

[2] Standard deviation measures how returns vary over time from the average return. It is a measure of the volatility of investments returns i.e., how spread out the returns are from their average, *on average*.

	(2) Determine if the 12 month average risk classification, calculated from the current and preceding 11 monthly risk classifications (rounded to the nearest integer) falls into a different risk band than its current risk disclosure in the most recent Fund Facts. If yes, change the risk rating to the average risk band.

The Proposed Methodology does not allow for qualitative factors or investment fund managers' discretion to impact the risk ranking process.

Use of a Reference Index

We propose to allow a reference index as a proxy for mutual funds that do not have sufficient performance history.
We have indicated in the Proposed Methodology that the reference index should meet the following criteria:

- have returns highly correlated to the returns of the mutual fund;
- contain a high proportion of the securities represented in the mutual fund's portfolio with similar portfolio allocations; and
- have a historical systemic risk profile highly similar to the mutual fund.

If a reference index is to be used as a proxy in calculating standard deviation, the Proposed Methodology contemplates specific prospectus disclosure and recordkeeping requirements, including written policies and procedures that would provide for a monthly monitoring of the appropriateness of the reference index.

Five to six category scale

The Proposed Methodology also contemplates moving from the five category scale currently prescribed in the Fund Facts to six categories, ranging from Low to Very High. Generally, money market funds as well as short term fixed income funds will be categorized as Low whereas the Very High category will tend to capture precious metal equity funds and commodity focused funds.

Changes to the Risk Scale

We recognize that the use of this Proposed Methodology could result in changes to the risk band categorization for some mutual funds between Fund Facts renewal dates. Consequently, we propose that the investment fund manager monitor the mutual fund's risk classification on a monthly basis, inform investors of risk band changes if they occur within certain prescribed quantitative boundaries and criteria, and update the Fund Facts accordingly.

Alternatives considered

An alternative to the Proposed Methodology is to continue to allow the fund manager to identify the mutual fund's risk level based on the risk classification methodology chosen by the manager. As most mutual fund managers use some type of return volatility measure to determine a mutual fund's risk level, comparability of the presentation of risk in Fund Facts may be achieved, up to a certain extent, without the need to develop the Proposed Methodology. However, we know that not all fund managers use risk classification methodologies based on volatility or variability of returns, and that many of the risk classification methodologies currently in use, including the IFIC Methodology, allow for a considerable degree of judgment and subjectivity, making meaningful risk disclosure comparisons by investors of the mutual fund's risk level difficult.

Anticipated Costs and Benefits

We think that the development of a standard methodology, whether mandated or adopted as guidance, would benefit both investors and the capital markets by providing consistency and transparency of disclosure and improved comparability of investment fund products. We further think that the costs of complying with the Proposed Methodology will be minimal, since most fund managers already use some type of return volatility measure which incorporates either standard deviation, or a close alternative to standard deviation, in order to determine, in whole or in part, a mutual fund's risk level on the scale prescribed in the Fund Facts. We recognize that there may be added costs if the Proposed Methodology causes risk disclosure changes to be made between Fund Facts renewal dates. However, based on our analysis of the Canadian fund universe, we expect these types of changes to occur infrequently and only when there has been a material change in the fund's Volatility Risk.

Overall, we think the potential benefits of improved comparability of the Fund Facts for investors, as well as enhanced transparency to the market, are proportionate to the costs of complying with the Proposed Methodology.

We seek feedback on whether you agree or disagree with our perspective of the cost burden of compliance with the Proposed Methodology.

Request for Comments and Feedback

We would like your input on the Proposed Methodology. Specifically, whether the CSA should (i) mandate the Proposed Methodology or (ii) adopt the Proposed Methodology only as guidance for investment fund managers. We seek suggestions of other means of achieving the same objective other than by mandating the Proposed Methodology, or by adopting it as guidance.

We also seek specific feedback on whether the Proposed Methodology could be used in similar documents to Fund Facts for other types of publicly-offered investment funds, particularly ETFs.

We have raised specific questions for comment in text boxes like this throughout **Annex A** to this Notice (the Proposed Methodology). You can also find a list of these questions in **Annex B**. We also welcome your comments on other aspects of the Proposed Methodology, including our general approach and any changes we should consider.

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period. All comments will be posted on the AMF website at www.lautorite.qc.ca and on the OSC website at www.osc.gov.ca.

Deadline for Comments

Please submit your comments in writing on or before March 12, 2014. If you are not sending your comments by email, please send a CD containing the submissions (in Microsoft Word format).

Where to Send Your Comments

Address your submission to all of the CSA as follows:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

Deliver your comments **only** to the addresses below. Your comments will be distributed to the other participating CSA.

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Fax: 514-864-6381
Email: consultation-en-cours@lautorite.qc.ca

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
Email: comments@osc.gov.on.ca

Contents of Annexes

Annex A – Proposed CSA Risk Classification Methodology
Annex B – Issues for Comment

Questions

Please refer your questions to any of the following CSA staff:

Bob Bouchard
Director and Chief Administration Officer
Manitoba Securities Commission
204-945-2555
Bob.Bouchard@gov.mb.ca

George Hungerford
Senior Legal Counsel, Legal Services, Corporate Finance
British Columbia Securities Commission
604-899-6690
ghungerford@bcsc.bc.ca

Chantal Leclerc, Project lead
Lawyer/Senior policy advisor, Investment Funds Branch
Autorité des marchés financiers
514-395-0337, ext. 4463
chantal.leclerc@lautorite.qc.ca

Viraf Nania
Senior Accountant, Investment Funds Branch
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416-593-8267
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Abid Zaman
Accountant, Investment Funds Branch
Ontario Securities Commission
416-204-4955
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Dennis Yanchus
Economist, Strategy and Operations – Economic Analysis
Ontario Securities Commission
416-593-8095
dyanchus@osc.gov.on.ca

ANNEX A

PROPOSED CSA RISK CLASSIFICATION METHODOLOGY

Introduction

This annex sets out the framework and details of the Proposed Methodology. As a starting point, the Proposed Methodology was constructed with the following criteria and objectives in mind:

- be a uniform methodology applicable to all investment funds;
- be easy to understand by all market participants;
- be meaningful and allow for easy comparison across investment funds;
- be difficult to manipulate for someone's benefit, i.e. should minimize subjectivity or any form of discretionary risk assessment;
- be relatively simple and cost-effective for fund managers to implement;
- enable easy and effective regulatory supervision; and
- as much as possible, be a stable indicator of risk while fairly reflecting market cycles and broad market fluctuations.

Methodology for the calculation of a fund's Volatility Risk

The CSA propose the following risk classification methodology for the purpose of disclosing a fund's Volatility Risk on the Fund Facts' risk scale as required under Form 81-101F3 *Contents of Fund Facts Document*.

1. ***Risk indicator –*** The risk indicator adopted for the Proposed Methodology is standard deviation, which measures the volatility of past returns of the fund.

> ***Explanatory Note***
>
> *The volatility of past returns essentially captures the effects of a large number of risk exposures, as many risk exposures would be reflected in the prices of the underlying assets and, ultimately, in the volatility of these prices. While we recognize that risks that have not materialized historically (certain types of liquidity risks and/or counterparty risks for example) would not be captured by standard deviation, or any other backward-looking risk indicator, we emphasize that standard deviation does not attribute more weight to a particular risk factor.*

> Questions
>
> 1. Keeping the criteria outlined in the introduction above in mind, would you recommend other risk indicators? If yes, please explain and supplement your recommendations with data/analysis wherever possible.
> 2. We believe that standard deviation can be applied to a range of fund types (asset class exposures, fund structures, manager strategies, etc.). Keeping the criteria outlined in the introduction above in mind, would you recommend a different Volatility Risk measure for any specific fund products? Please supplement your recommendations with data/analysis wherever possible.

2. ***Monthly total returns –*** Standard deviation must be calculated using the monthly total returns (i.e. reinvesting all income and capital gains distributions) of the fund.

> Question
>
> We understand that it is industry practice (for investment fund managers and third party data providers) to use monthly returns to calculate standard deviation. Keeping the criteria outlined in the introduction above in mind, would you suggest that an alternative frequency be used? Please specifically state how a different frequency would improve fund risk disclosure and be of benefit to investors. Please supplement your recommendations with data/analysis wherever possible.

3. ***10 year history –*** Fund managers must use monthly total returns over the past 10 years to calculate the standard deviation for the fund.

> ***Explanatory Note***
>
> *After reviewing fund data for the Canadian fund marketplace, we are of the view that the use of 10-year performance returns is preferable to both shorter (3, 5, 7 years) and longer time periods (15, 20, 25 years) as it strikes a reasonable balance between indicator stability and data availability. Over shorter periods, we found that risk indicators (including standard deviation) tended to fluctuate too much. Over shorter time periods, risk indicators also have a tendency to be misleading – showing relatively low levels of Volatility Risk just before a market downturn and relatively high levels of volatility just after a market downturn.*

> Question
>
> Keeping the criteria outlined in the introduction above in mind, should we consider a different time period than the proposed 10 year period as the basis for risk rating disclosure? Please explain your reasoning and supplement your recommendations with data/analysis wherever possible.

4. ***Fund series/class used –*** For each fund, fund managers must use the total returns of the oldest fund series/class of the securities of the fund as the basis for their Volatility Risk calculation across all fund series/ classes, unless an attribute of a particular fund series/class would result in a materially different level of Volatility Risk (e.g. currency hedging) in which case, the total returns of that particular fund series/class must be used.

> ***Explanatory Note***
>
> *After reviewing fund data for the Canadian fund marketplace, we are of the view that, in most cases, the variance of the standard deviation calculation is small across each fund's series/classes. In addition, data availability across fund series/classes is highly variable – many fund series/classes do not have the requisite performance history. In light of these two considerations, and keeping in mind our objectives of simplicity and cost-effectiveness, we are not requiring that calculations be made for each fund series/class of securities of a fund.*

> Question
>
> Keeping the criteria outlined in the introduction above in mind, should we consider an alternative approach to the calculation by series/class? Please supplement your recommendations with data/analysis wherever possible.

5. ***Standard deviation –*** Volatility Risk (standard deviation) shall be calculated, and then annualized, using the following formula:

Formula	$\sigma_A = \sqrt{12} \times \sqrt{\frac{1}{n-1}\sum_{i=1}^{n}(R_i - \overline{R})^2}$
Where	σ_A = annual standard deviation n = number of months R_i = return of investment in month *i* $\overline{R}$ = average monthly return of investment

> ***Explanatory Note***
>
> *Standard deviation, calculated and annualized using monthly returns, is one of the most common indicators of volatility and risk used in the industry. We are aware that return distributions may not always be symmetrical, thus standard deviation may either understate or overstate Volatility Risk in some cases. However, we are of the view that*

given the available alternatives and the known data obstacles, standard deviation is still the best general risk indicator and one that is useful as a first test to measure overall risk. Our analysis of data from the Canadian fund marketplace also revealed that there were relatively few cases where alternative risk indicators signaled a higher risk rating than that indicated by standard deviation. We also note that most risk indicators will tend to underestimate risk where the probability of event risk (i.e. unforeseen event) is high.

6. ***Use of reference index data –*** For new funds or funds that do not have the requisite 10 years of history, the fund manager must use the monthly returns of a reference index to impute missing data. Thus, for a fund without sufficient performance history, the investment fund manager will select a reference index and will add the monthly returns of this reference index to the available monthly returns of the fund, if any, in order to calculate its 10 year standard deviation.

It may be appropriate for a fund that invests in more than one type of security or asset class to build its own blended index as a reference index from a weighted combination of acceptable indices to fill out its return history. For instance, a balanced fund may wish to build its reference index by including data from acceptable bond and equity indices.

We are of the view that certain widely accepted principles and guidelines should be followed by investment fund managers in selecting a reference index for imputed data.

For an index to be acceptable as a reference index, it should:

- exist, be widely recognized and be available during the period the data will be used as proxy;
- for an index that did not exist for all or part of the contemplated period, be a widely recognized reconstruction or calculation of what the index would have been during that period, calculated on a basis consistent with its current basis of calculation;
- be administrated by an organization that is not affiliated with any of the fund, its fund manager, its portfolio manager and its principal distributor;
- have data and a published methodology that are accessible to the fund; and
- be publicly available.

Ideally, the reference index selected or constructed by a fund manager should comply with the following principles:

- whenever possible, have returns highly correlated to the returns of the fund;
- contain a high proportion of the securities represented in the fund's portfolio with similar portfolio allocations;
- have a historical systematic risk profile similar to the fund;
- share the same style characteristics and reflect the market sectors in which the fund is investing;
- have security allocations that represent investable position sizes on a pro rata basis to the fund's total assets;
- be denominated or converted to the same currency as the fund's reported net asset value (or the currency of the fund's oldest share class); and
- have its returns computed on the same basis (e.g., total return, net of withholding taxes, etc.) as the fund's returns.

When using a reference index, we expect a fund manager to:

- monitor on an annual basis, or more frequently should circumstances indicate, the appropriateness of the reference index;
- disclose in the fund's prospectus:

  (a) a brief description of the reference index, and

(b) if the reference index is changed, provide details of when and why the change was made;

- maintain adequate books and records, including

  (a) internal policies and procedures around monitoring appropriateness of the reference index;

  (b) details of the composition, risk and return profile of the reference index relative to the fund; and

  (c) any calculations or internal discussions supporting selection of the appropriate reference index.

Questions

Keeping the criteria outlined in the introduction above in mind, do you agree with the principles we have proposed for the use of a reference index for funds that do not have sufficient historical performance data? Are there any other factors we should take into account when selecting a reference index? Please supplement your recommendations with data/analysis wherever possible.

7. ***Six category scale and risk bands –*** We propose to change the Volatility Risk scale from a five band to a six band scale. The six bands will correspond to the following standard deviation ranges:

Risk Category	SD Bands
Low	0 – 2.0
Low to medium	2.0 –- 6.0
Medium	6.0 – 12.0
Medium to High	12.0 – 18.0
High	18.0 – 28.0
Very High	> 28.0

Explanatory Note

The risk band boundaries were studied in combination with a number of different options for the monitoring procedures. Our objectives were to:

- *find the risk band boundaries and monitoring procedure combination that minimized unnecessary band switching (such as when a fund's risk tended to straddle the boundary between bands);*
- *provide meaningful risk categorization distinctions between fund types;*
- *provide timely investor notification after consequential fund risk changes;*
- *minimize the implementation burden for managers, to the extent possible.*

To study the placement of the risk band boundaries and the various monitoring procedures, and their impact on the objectives detailed above, we used a survivorship bias-free dataset of 10 year standard deviations rolled monthly from 1965 to 2012 for the Canadian fund universe (about 2,200 fund series were included) from Morningstar Direct.

We found that the proposed risk bands coupled with the requirement to calculate the 12 month average risk band classification best fit the objectives identified above. In particular, the CSA think the inclusion of the sixth band could lead to more meaningful volatility clustering across the fund universe.

Based on our analysis, we expect the "Low" category to capture money market funds and short term fixed income funds, and the "Very High" category to capture precious metal equity funds and commodity focused funds.

The CSA recognize that moving to a 6 band risk scale, along with a change in band boundaries, will likely mean that a number of funds will end up being classified in a risk band that differs from what is currently disclosed in the Fund Facts. In our view, a clear distinction should be drawn between a change in classification that results from the initial

application of the Proposed Methodology and a change in classification that results from a material change in the underlying Volatility Risk of a fund. An initial risk band adjustment that results in a fund shifting to a higher risk band should not generally be interpreted as meaning that the fund has a greater degree of risk than was previously the case. The CSA will continue to work with Self-Regulatory Organizations on issues arising from the transition to 6 bands.

Questions

Keeping the criteria outlined in the introduction above in mind:

1. Do you agree with the proposed number of risk bands, the risk band break-points, and nomenclature used for risk band categories?

2. Do the proposed break points allow for sufficient distinction between funds with varying asset class exposures/risk factors?

   If not, please propose an alternative, and indicate why your proposal would be more meaningful to investors. Please supplement your recommendations with data/analysis wherever possible.

3. Please comment on any transition issues that you think might arise as a result of risk classification changes that are likely to occur upon the initial application of the Proposed Methodology. How would fund managers and dealers propose to minimize the impact of these issues?

8. ***Monitoring and changing of risk categorizations –*** The following sets out the calculation and process that must be followed by fund managers when monitoring the risk categorizations :

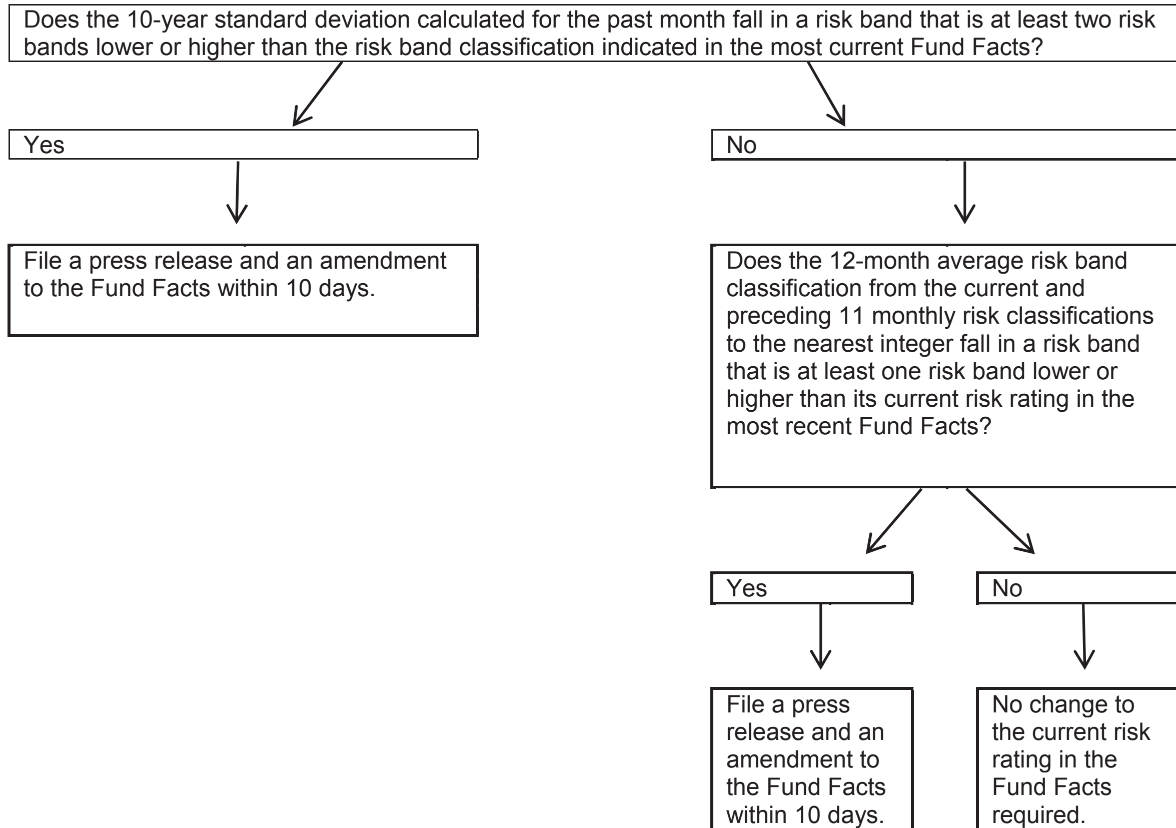
- Monitor the fund's 10-year standard deviation on a monthly basis and categorize the fund in a risk band, using a value of 1 for the lowest risk band, and 6 for the highest risk band;

- If the last monthly calculation of the fund's 10-year standard deviation results in a change of two risk bands (up or down) from the risk band classification indicated in the most current Fund Facts, the fund manager must issue a press release to indicate the change. The fund manager must also file with the securities regulatory authority an amended Fund Facts that reflects the change. Both the press release and the amended Fund Facts must be filed within ten (10) days of their last monthly calculation of the fund's standard deviation;

- If the last monthly calculation of the fund's 10-year standard deviation does not indicate the need to change two risk bands from the most recent risk classification, the fund manager must nevertheless calculate the 12-month average risk classification from the current and preceding 11 monthly risk classifications to the nearest integer. For example, if the last 12 monthly risk band classifications were 3, 2, 3, 2, 2, 2, 2, 3, 3, 3, 3, 3, the average to the nearest integer would be 3;

  From the results of this calculation, if a change of at least one (1) risk band up or down from its current risk rating in the most recent Fund Facts is indicated, the fund manager must issue a press release to indicate the change. The fund manager must also file with the securities regulatory authority an amended Fund Facts. Both the press release and the amended Fund Facts must be filed within ten (10) days of their last monthly calculation of the fund's average standard deviation for the last 12 months.

The following chart illustrates the process for the monthly monitoring, and changing of risk categorizations:



Question

Do you agree with the proposed process of risk rating monitoring? Keeping the criteria outlined in the introduction above in mind, would you propose a different set of parameters or different frequency of monitoring risk rating changes? If yes, please explain your reasoning. Please supplement your recommendations with data/analysis wherever possible.

9. ***Records of standard deviation calculation –*** The calculation of standard deviation of a fund must be adequately documented. Fund managers must keep appropriate records of these calculations for at least 10 years.

Question

Is a 10 year record retention period too long? If yes, what period would you suggest instead and why?

ANNEX B

ISSUES FOR COMMENT

Issues for Comment on the Notice and Request for Comment

1. As a threshold question, should the CSA proceed with (i) mandating the Proposed Methodology or (ii) adopting the Proposed Methodology only as guidance for fund managers to identify the mutual fund's risk level on the prescribed scale in the Fund Facts? Are there other means of achieving the same objective than by mandating the Proposed Methodology, or by adopting it only as guidance? We request feedback from investment fund managers and dealers on what a reasonable transition period would be for this.

2. We seek feedback on whether the Proposed Methodology could be used in similar documents to Fund Facts for other types of publicly-offered investment funds, particularly ETFs. For ETFs, what, if any, adjustments would we need to make to the Proposed Methodology? For instance should standard deviation be calculated with returns based on market price or net asset value per unit?

3. We seek feedback on whether you agree or disagree with our perspective of the benefits of having a standard methodology, as well as whether you agree or disagree with our perspective on the cost of implementing the Proposed Methodology.

4. We do not currently propose to allow fund managers discretion to override the quantitative calculation for risk classification purposes. Do you agree with this approach? Should we allow discretion for fund managers to move their risk classification higher only?

Issues for Comment on the Proposed Methodology

5. Keeping the criteria outlined in the introduction above in mind, would you recommend other risk indicators? If yes, please explain and supplement your recommendations with data/analysis wherever possible.

6. We believe that standard deviation can be applied to a range of fund types (asset class exposures, fund structures, manager strategies, etc.). Keeping the criteria outlined in the introduction above in mind, would you recommend a different Volatility Risk measure for any specific fund products? Please supplement your recommendations with data/analysis wherever possible.

7. We understand that it is industry practice (for investment fund managers and third party data providers) to use monthly returns to calculate standard deviation. Keeping the criteria outlined in the introduction above in mind, would you suggest that an alternative frequency be used? Please specifically state how a different frequency would improve fund risk disclosure and be of benefit to investors. Please supplement your recommendations with data/analysis wherever possible.

8. Keeping the criteria outlined in the introduction above in mind, should we consider a different time period than the proposed 10 year period as the basis for risk rating disclosure? Please explain your reasoning and supplement your recommendations with data/analysis wherever possible.

9. Keeping the criteria outlined in the introduction above in mind, should we consider an alternative approach to the calculation by series/class? Please supplement your recommendations with data/analysis wherever possible.

10. Keeping the criteria outlined in the introduction above in mind, do you agree with the criteria we have proposed for the use of a reference index for funds that do not have sufficient historical performance data? Are there any other factors we should take into account when selecting a reference index? Please supplement your recommendations with data/analysis wherever possible.

11. Keeping the criteria outlined in the introduction above in mind,

    i. Do you agree with the proposed number of risk bands, the risk band break-points, and nomenclature used for risk band categories?

    ii. Do the proposed break points allow for sufficient distinction between funds with varying asset class exposures/risk factors?

    If not, please propose an alternative, and indicate why your proposal would be more meaningful to investors. Please supplement your recommendations with data/analysis wherever possible.

12. Do you agree with the proposed process for monitoring risk ratings? Keeping the criteria outlined in the introduction above in mind, would you propose a different set of parameters or different frequency for monitoring risk rating changes? If yes, please explain your reasoning. Please supplement your recommendations with data/analysis wherever possible.

13. Is a 10 year record retention period too long? If yes, what period would you suggest instead and why?

14. Please comment on any transition issues that you think might arise as a result of risk classification changes that are likely to occur upon the initial application of the Proposed Methodology. How would fund managers and dealers propose to minimize the impact of these issues?

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-16F1 AND 45-501F1

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
10/23/2013	56	AGCAPITA FARMLAND FUND IV - Units	821,505.00	164,301.00
11/12/2013	3	American Axle & Manufacturing, Inc. - Notes	4,200,800.00	4,000.00
07/17/2013	2	American Solar Direct Holdings Inc. - Units	206,740.00	100,000.00
11/12/2013	38	Auriga Gold Corp. - Special Warrants	570,094.00	57,009,400.00
11/13/2013	19	Avivagen Inc. - Common Shares	1,239,452.97	17,706,471.00
11/18/2013	14	Bankers Hall LP - Bonds	300,000,000.00	300,000.00
10/25/2013	29	Bentall Kennedy Prime Canadian Property Fund Ltd. - Common Shares	242,901,588.44	31,022,980.00
11/15/2013	3	Beverage Packaging Holdings (Luxembourg) II S.A. and Beverage Packaging Holdings II Issuer Inc. - Notes	787,500.00	750.00
11/21/2013 to 11/28/2013	2	BNY Trust Company of Canada, as trustee of MOVE Trust - Notes	13,881,191.65	-1.00
11/22/2013	2	BTI Systems Inc. - Preferred Shares	20,016,499.44	51,196,653.00
11/21/2013	3	Canadian Continental Exploration Corp. - Common Shares	700,000.00	2,800,000.00
11/14/2013	11	ConleyMax Inc. - Common Shares	2,970,000.00	2,970,000.00
11/12/2013	8	DealNet Capital Corp. - Debentures	258,000.00	258.00
11/19/2013	8	Demeure Operating Company Ltd. - Common Shares	731,445.87	186,593.00
11/18/2013	33	Deventa Land Corp. - Common Shares	3,868,995.20	656,772.00
11/18/2013	1	Dynagas LNG Partners LP - Units	5,616,000.00	300,000.00
11/18/2013	3	enGene Inc. - Preferred Shares	3,000,000.00	27,464,982.00
11/07/2013	16	Erdene Resource Development Corporation - Units	685,825.08	9,797,514.00
11/07/2013	16	Erdene Resource Development Corporation - Units	685,825.08	9,797,514.00
11/15/2013	19	Grafoid Inc. - Common Shares	1,248,416.50	2,390,000.00
01/01/2006 to 12/31/2006	47	Greystone Balanced Fund - Units	153,843,221.66	8,322,086.25
01/01/2006 to 12/31/2006	51	Greystone Canadian Equity Fund - Units	360,802,075.74	12,237,311.80
01/01/2005 to 12/31/2005	44	Greystone Canadian Equity Fund - Units	327,260,935.90	13,154,208.07
01/01/2011 to 12/31/2011	15	Greystone Canadian Equity Income & Growth Fund - Units	18,585,211.75	748,717.27

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
01/01/2009 to 12/31/2009	20	Greystone Canadian Equity Income & Growth Fund - Units	9,320,842.66	555,941.72
01/01/2008 to 12/31/2008	26	Greystone Canadian Equity Income & Growth Fund - Units	11,947,409.50	562,458.79
01/01/2006 to 12/31/2006	50	Greystone Canadian Equity Income & Growth Fund - Units	11,007,779.65	400,931.49
01/01/2007 to 12/31/2007	55	Greystone EAFE Plus Fund - Units	279,673,840.38	22,859,892.97
01/01/2006 to 12/31/2006	49	Greystone EAFE Plus Fund - Units	204,309,151.86	18,887,612.03
01/01/2006 to 12/31/2006	56	Greystone Fixed Income Fund - Units	210,091,568.22	20,735,872.53
01/01/2005 to 12/31/2005	46	Greystone Fixed Income Fund - Units	66,574,599.50	6,291,812.29
01/01/2008 to 12/31/2008	49	Greystone Fixed Income Fund (Amended) - Units	99,367,400.18	9,668,410.98
01/01/2007 to 12/31/2007	51	Greystone Fixed Income Fund (Amended) - Units	83,669,170.11	8,132,133.58
01/01/2005 to 12/31/2005	3	Greystone Socially Responsible Fixed Income Fund - Units	7,884,800.21	751,038.97
01/01/2005 to 12/31/2005	4	Greystone Socially Responsible US Equity Fund - Units	1,806,237.13	236,700.05
11/12/2013	1	Hermes Microvision, Inc. - Common Shares	369,776.74	110,000.00
11/18/2013	3	Jourdan Resources Inc. - Units	250,000.00	5,000,000.00
11/12/2013	12	MAG Copper Limited - Units	248,500.00	4,970,000.00
11/22/2013	10	Meadow Bay Gold Corporation - Units	228,600.00	1,143,000.00
11/13/2013	5	Orezone Gold Corporation - Common Shares	3,050,000.00	10,000,000.00
11/20/2013	55	Pacific Calgary Opportunity Trust - Units	2,200,000.00	880.00
11/07/2013	2	Peruvian Precious Metals Corp. - Common Shares	75,000.00	750,000.00
11/07/2013	1	ROI Capital - Limited Partnership Units	800,000.00	800,000.00
11/22/2013	2	ROI Capital - Limited Partnership Units	216,000.00	216,000.00
11/13/2013	7	SENSIO Technologies Inc. - Units	630,000.00	6,300,000.00
10/29/2013 to 10/30/2013	42	SIF Solar Energy Income & Growth Fund - Units	927,600.00	9,276.00
11/15/2013	3	Skyline Retail Real Estate Investment Trust - Units	300,000.00	30,000.00
11/07/2013	18	Timbercreek Four Quadrant Global Real Estate Partners - Units	1,816,380.85	150,737.00
11/12/2013	6	Tornado Medical Systems, Inc. - Common Shares	970,907.00	247,276.00
11/12/2013 to 11/18/2013	3	U-Go Brands Nutritional Products Inc. - Common Shares	15,000.00	150,000.00
11/20/2013	1	UBS AG, Zurich - Certificates	128,162.23	1.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
11/08/2013	4	United Continental Holdings, Inc. - Notes	6,776,699.40	6,462.00
10/31/2013	6	Vertex Arbitrage Fund - Trust Units	6,608,303.21	N/A
10/31/2013	74	Vertex Fund - Trust Units	7,344,799.30	N/A
10/31/2013	11	Vertex Managed Value Portfolio - Trust Units	4,658,146.74	N/A
11/14/2013	11	Walton CA Highland Ridge Investment Corporation - Common Shares	377,900.00	37,790.00
11/14/2013	8	Walton CA Highland Ridge LP - Limited Partnership Units	606,836.53	57,827.00
11/14/2013	27	Walton CA Tuscan Hills Corporation - Common Shares	548,540.00	54,854.00
11/14/2013	10	Walton CA Tuscan Hills LP - Limited Partnership Units	1,424,287.66	0.00
11/14/2013	24	Walton Income 8 Investment Corporation - Common Shares	1,198,500.00	2,400.00
11/20/2013 to 11/22/2013	11	West Red lake Gold Mines Inc. - Common Shares	330,000.00	3,630,000.00
11/21/2013	2	Zadar Ventures Ltd. - Common Shares	82,500.00	330,000.00
11/15/2013	22	Zymeworks Inc. - Common Shares	5,563,339.20	1,144,720.00

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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 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Ag Growth International Inc.
Principal Regulator - Manitoba
Type and Date:
Preliminary Short Form Prospectus dated December 3, 2013
NP 11-202 Receipt dated December 3, 2013
Offering Price and Description:
$75,000,000.00 - 5.25% Convertible Unsecured Subordinated Debentures
Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
TD Securities Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Cormark Securities Inc.
Altacorp Capital Inc.
Cantor Fitzgerald Canada Corporation
Laurentian Bank Securities Inc.
Paradigm Capital Inc.
Promoter(s):
-
Project #2139217

Issuer Name:
BIOTEQ ENVIRONMENTAL TECHNOLOGIES INC.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 2, 2013
NP 11-202 Receipt dated December 3, 2013
Offering Price and Description:
$* - * Rights to purchase * Common Shares at a purchase price of $* per Common Share
Price: $* Per Rights Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2143651

Issuer Name:
Bri-Chem Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 4, 2013
NP 11-202 Receipt dated December 4, 2013
Offering Price and Description:
$10,000,500.00 - 6,667,000 Common Shares
Price: $1.50 per Offered Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Beacon Securities Limited
Paradigm Capital Inc.
Promoter(s):
-
Project #2144262

Issuer Name:
DiaMedica Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 3, 2013
NP 11-202 Receipt dated December 4, 2013
Offering Price and Description:
$* - * Units
Price: $* per Unit
Underwriter(s) or Distributor(s):
Jordan Capital Markets Inc.
Promoter(s):
-
Project #2143932

Issuer Name:
Empire Life Emblem Diversified Income Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 29, 2013
NP 11-202 Receipt dated December 3, 2013
Offering Price and Description:
Series A, Seires T6, Series F and Series I Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Empire Life Investments Inc.
Project #2142478

Issuer Name:
Enterprise Group, Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 3, 2013
NP 11-202 Receipt dated December 4, 2013
Offering Price and Description:
$* - * Subscription Receipts
Price: $* per Subscription Receipt
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
GMP Securities L.P.
M Partners Inc.
PI Financial Corp.
Promoter(s):
-
Project #2143913

Issuer Name:
Enterprise Group, Inc.
Principal Regulator - Alberta
Type and Date:
Amended Restated Preliminary Short Form Prospectus dated December 5, 2013
NP 11-202 Receipt dated December 5, 2013
Offering Price and Description:
$15,001,200.00 - 20,835,000 Subscription Receipts
Price: $0.72 per Subscription Receipt
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
GMP Securities L.P.
M Partners Inc.
PI Financial Corp.
Promoter(s):
-
Project #2143913

Issuer Name:
EXPLOR RESOURCES INC.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated December 6, 2013
NP 11-202 Receipt dated December 6, 2013
Offering Price and Description:
$8,193,298.00 - Offering of Rights to Subscribe for up to 81,932,980 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2143455

Issuer Name:
Gazit-Globe Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated December 9, 2013
NP 11-202 Receipt dated December 9, 2013
Offering Price and Description:
Gazit-Globe Ltd.
$500,000,000.00
Ordinary Shares
Preferred Shares
Warrants
Subscription Receipts
Units
Debt Securities and
Gazit Canada Financial Inc.
$1,000,000,000.00
Debt Securities, Fully and Unconditionally Guaranteed by Gazit-Globe Ltd.
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2145253;2145252

Issuer Name:
IA Clarington Canadian Mid Cap Dividend Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectus dated December 2, 2013
NP 11-202 Receipt dated December 5, 2013
Offering Price and Description:
Series A, Series F, Series I, Series O and Series T6 Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
IA Clarington Investments Inc.
Project #2144486

Issuer Name:
Northern Frontier Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 3, 2013
NP 11-202 Receipt dated December 3, 2013
Offering Price and Description:
$10,759,000.00 - 3,074,000 Units
Price: $3.50 per Unit
Underwriter(s) or Distributor(s):
Acumen Capital Finance Partners Limited
GMP Securities L.P.
Promoter(s):
-
Project #2143921

Issuer Name:
Platinum Group Metals Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 9, 2013
NP 11-202 Receipt dated December 9, 2013
Offering Price and Description:
CAN$* - * Common Shares
Price: CAN$* per Offered Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
GMP Securities L.P.
Promoter(s):
-
Project #2145281

Issuer Name:
PNI Digital Media Inc.
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated December 3, 2013
NP 11-202 Receipt dated December 3, 2013
Offering Price and Description:
$6,500,550.00 - 6,191,000 Common Shares
Price: 1.05 per Offered Share
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #2143514

Issuer Name:
The Lonsdale Tactical Balanced Portfolio
The Lonsdale Tactical Growth Portfolio
The Lonsdale Tactical Yield Portfolio
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Simplified Prospectuses dated December 6, 2013
NP 11-202 Receipt dated December 6, 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:
The Manufacturers Life Insurance Company
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated December 5, 2013
NP 11-202 Receipt dated December 5, 2013
Offering Price and Description:
$2,000,000,000.00 - Deb Securities Fully and unconditionally guaranteed by Manulife Financial Corporation
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2144552

Issuer Name:
True North Commercial Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated December 6, 2013
NP 11-202 Receipt dated December 6, 2013
Offering Price and Description:
$200,000,000.00
Trust Units
Debt Securities
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Starlight Investment Ltd.
Project #2144849

Issuer Name:
UrtheCast Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 3, 2013
NP 11-202 Receipt dated December 3, 2013
Offering Price and Description:
$10,000,100.00 - 4,545,500 Common Shares
Price: $2.20 per Common Share
Underwriter(s) or Distributor(s):
Clarus Securities Inc.
Cormark Securities Inc.
Canaccord Genuity Corp.
Promoter(s):
Scott Larson
Wade Larson
Project #2143927

Issuer Name:
U.S. Housing Recovery Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 4, 2013
NP 11-202 Receipt dated December 4, 2013
Offering Price and Description:
Maximum: $* - * Class A and/or Class F Units
Price: $ * per Class A Unit and $ * per Class F Unit
Minimum Purchase: 100 Units
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Raymond James Ltd.
Desjardens Securities Inc.
Mackie Research Capital Corporation
Promoter(s):
BMO Nesbitt Burns Inc.
Project #2144148

Issuer Name:
WesternOne Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 5, 2013
NP 11-202 Receipt dated December 5, 2013
Offering Price and Description:
$45,004,800.00 - 5,860,000 Common Shares
Price: $7.68 per Offered Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Canaccord Genuity Corp.
Raymond James Ltd.
Scotia Capital Inc.
Dundee Securities Ltd.
GMP Securities L.P.
HSBC Securities (Canada) Inc.
BMO Nesbitt Burns Inc.
Burgeonvest Bick Securities Limited
Promoter(s):
-
Project #2144609

Issuer Name:
BMO Bond Fund
(series A, F, I, NBA, NBF and Advisor Series)
BMO Global Diversified Fund
(series T5, F and Advisor Series)
BMO Asset Allocation Fund
(series A, T5, F, I, NBA, NBF and Advisor Series)
BMO U.S. Equity Fund
(series A, F, I, NBA, NBF and Advisor Series)
BMO Global Dividend Fund
(series A, F, I and Advisor Series)
BMO FundSelect Balanced Portfolio
(series A, I, NBA and NBF)
BMO FundSelect Growth Portfolio
(series A, I, NBA and NBF)
BMO FundSelect Equity Growth Portfolio
(series A, I, NBA and NBF)
Principal Regulator - Ontario
Type and Date:
Amendment #6 dated November 21, 2013 to the Simplified Prospectuses dated March 28, 2013
NP 11-202 Receipt dated December 6, 2013
Offering Price and Description:
Series A, F, I, NBA, NBF, Advisor Series and T5 @ Net Asset Value
Underwriter(s) or Distributor(s):
BMO Investments Inc.
BMO Investments Inc.
Guardian Group of Funds Ltd.
Promoter(s):
BMO Investments Inc.
Project #2007623

Issuer Name:
Brookfield Asset Management Inc.
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated November 29, 2013 to the Base Shelf Prospectus dated June 26, 2013
NP 11-202 Receipt dated December 3, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2074953

Issuer Name:
Canadian National Railway Company
Principal Regulator - Quebec
Type and Date:
Final Base Shelf Prospectus dated December 3, 2013
NP 11-202 Receipt dated December 3, 2013
Offering Price and Description:
$3,000,000,000.00
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2136811

Issuer Name:
Canadian Utilities Limited
Principal Regulator - Alberta
Type and Date:
Final Base Shelf Prospectus dated December 4, 2013
NP 11-202 Receipt dated December 4, 2013
Offering Price and Description:
$2,000,000,000.00
Preferred Shares
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2137576

Issuer Name:
Dynamic Blue Chip Balanced Fund (Series A, F, FT, G, I, O and T units)
Dynamic Blue Chip Equity Fund (Series A, E, F, FI, G, I and O units)
Dynamic Dividend Fund (Series A, F, G, I, IT, O and T units)
Dynamic Dividend Income Fund (Series A, F, G, I, O and T units)
Dynamic Equity Income Fund (Series A, E, F, FI, G, I, O and T units)
Dynamic Small Business Fund (Series A, F, FI, G, I, IP, O and OP units)
Dynamic Strategic Yield Fund (Series A, E, F, FH, FI, G, H, I and O units)
Dynamic Advantage Bond Fund (Series A, E, F, FH, FI, G, H, I and O units)
Dynamic Canadian Bond Fund (Series A, F, FI, G, I and O units)
Dynamic Corporate Bond Strategies Fund (Series A, E, F, FH, FI, H, I and O units)
Dynamic Credit Spectrum Fund (Series A, E, F, FH, FI, H, I and O units)
Dynamic High Yield Bond Fund (Series A, F, FH, FI, FP, G, H, I, O, OP and P units)
Dynamic Investment Grade Floating Rate Fund (Series A, E, F, FH, FI, I and O units)
Dynamic Money Market Fund (Series A and F units)
Dynamic Real Return Bond Fund (Series A, F, I and O units)
Dynamic Short Term Bond Fund (Series A, F, FH, FI, H, I and O units)
Dynamic Strategic Bond Fund (formerly Dynamic Strategic Global Bond Fund) (Series A, F, FH,
H, I, IP, O and OP units)
Dynamic Power American Currency Neutral Fund (Series A, F, FI, I and O units)
Dynamic Power American Growth Fund (Series A, F, I, IP, O, OP and T units)
Dynamic Power Balanced Fund (Series A, E, F, FT, G, I, IP, O, OP and T units)
Dynamic Power Canadian Growth Fund (Series A, F, FI, G, I, IP, O, OP and T units)
Dynamic Power Global Growth Fund (Series O and OP units)
Dynamic Power Small Cap Fund (Series A, F, FI, G, I and O units)
Dynamic Alternative Yield Fund (Series A, E, F, FH, FI, H, I, IP, O and OP units)
Dynamic Diversified Real Asset Fund (Series A, F, G, I, O and T units)
Dynamic Dollar-Cost Averaging Fund (Series A and F units)
Dynamic Energy Income Fund (Series A, F, FI, G, I, IP, O, OP and T units)
Dynamic Financial Services Fund (Series A, F, G, I, O and T units)
Dynamic Focus+ Resource Fund (Series A, E, F, FI, G, I, IP, O and OP units)
Dynamic Global Infrastructure Fund (Series A, E, F, FI, I, O and T units)
Dynamic Global Real Estate Fund (Series A, E, F, I, IP, O, OP and T units)

Dynamic Precious Metals Fund (Series A, F, G, I and O units)
Dynamic Strategic Growth Portfolio (Series A, F, G and I units)
Dynamic Strategic Income Portfolio (Series A, E, F and I units)
Dynamic American Value Fund (Series A, F, FH, FI, G, H, I, O and T units)
Dynamic Canadian Dividend Fund (Series A, F, G, I and O units)
Dynamic Dividend Advantage Fund (Series A, E, F, FI, FT, I, IT, O and T units)
Dynamic European Value Fund (Series A, F, I and O units)
Dynamic Far East Value Fund (Series A, F, I, IP, O and OP units)
Dynamic Global Asset Allocation Fund (Series A, E, F, FT, I, O and T units)
Dynamic Global Discovery Fund (Series A, F, FI, G, I, O and T units)
Dynamic Global Dividend Fund (Series A, E, F, FI, FT, G, I, IT, O and T units)
Dynamic Global Value Fund (Series A, F, FI, G, I, IT, O and T units)
Dynamic U.S. Dividend Advantage Fund (Series A, E, F, FH, FI, H, I, O and T units)
Dynamic Value Balanced Fund (Series A, E, F, FT, G, I, O and T units)
Dynamic Value Fund of Canada (Series A, F, FI, G, I, O and T units)
DynamicEdge Balanced Portfolio (Series A, F, FT, G, I, IT, O and T units)
DynamicEdge Balanced Growth Portfolio (Series A, F, FT, G, I, IT, O, and T units)
DynamicEdge Defensive Portfolio (Series A, E, F, I and O units)
DynamicEdge Equity Portfolio (Series A, F, FT, G, I, IT, O and T units)
DynamicEdge Growth Portfolio (Series A, F, FT, G, I, IT, O and T units)
DynamicEdge 2020 Portfolio (Series A, F, I, O and T units)
DynamicEdge 2025 Portfolio (Series A, F, I, O and T units)
DynamicEdge 2030 Portfolio (Series A, F, I, O and T units)
Dynamic Aurion Total Return Bond Fund (Series A, E, F, FH, FI, G, H, I and O units)
Dynamic Blue Chip U.S. Balanced Class* (Series A, E, F, FH, FI, H, I, O and T shares)
Dynamic Dividend Income Class* (Series A, E, F, I, O and T shares)
Dynamic Preferred Yield Class* (Series A, E, F, FH, FI, H and I shares)
Dynamic Strategic Yield Class* (Series A, E, F, FH, FI, FT, G, H, I, IT and T shares)
Dynamic Advantage Bond Class* (Series A, E, F, FH, FI, FT, H, I, IT and T shares)
Dynamic Corporate Bond Strategies Class* (Series A, E, F, FH, H, I and T shares)
Dynamic Money Market Class* (Series C and F shares)
Dynamic Power American Growth Class* (Series A, E, F, IP, O, OP and T shares)
Dynamic Power Balanced Class* (Series A, E, F, FT, G, I, IP, IT, O, OP and T shares)
Dynamic Power Canadian Growth Class* (Series A, E, F, G, I, IP, O, OP and T shares)
Dynamic Power Global Balanced Class* (Series A, F, IP, O, OP and T shares)
Dynamic Power Global Growth Class* (Series A, F, G, I, IP, O, OP and T shares)
Dynamic Power Global Navigator Class* (Series A, E, F, FI, I, IP, O, OP and T shares)
Dynamic Power Managed Growth Class* (Series A, F, I, IP, O, OP and T shares)
Dynamic American Value Class* (Series A, E, F, I, O and T shares)
Dynamic Canadian Value Class* (Series A, E, F, G, I, IP, O, OP and T shares)
Dynamic Dividend Advantage Class* (Series A, E, F, FH, FI, H, I, O and T shares)
Dynamic EAFE Value Class* (Series A, F, I, O and T shares)
Dynamic Global Asset Allocation Class* (Series A, E, F, I, O and T shares)
Dynamic Global Discovery Class* (Series A, E, F, I, O and T shares)
Dynamic Global Dividend Class* (Series A, E, F, FT, I, O and T shares)
Dynamic Global Value Class* (Series A, E, F, I, IP, O, OP and T shares)
Dynamic Income Growth Opportunities Class* (Series A, E, F, I, O and T shares)
Dynamic Value Balanced Class* (Series A, E, F, FT, G, I, IT, O and T shares)
Dynamic Alternative Yield Class* (Series A, E, F, FH, H, IP and T shares)
Dynamic Emerging Markets Class* (Series A, F, I, IP and OP shares)
Dynamic Strategic Energy Class* (Series A, F, I, IP, O, OP and T shares)
Dynamic Strategic Gold Class* (Series A, E, F, FI, G, I and O shares)
Dynamic Strategic Resource Class* (Series A, F, I, IP and OP shares)
DynamicEdge Balanced Class Portfolio* (Series A, E, F, FT, G, I, IT, O and T shares)
DynamicEdge Balanced Growth Class Portfolio* (Series A, E, F, FT, G, I, IT, O and T shares)
DynamicEdge Conservative Class Portfolio* (Series A, E, F, I, O and T shares)
DynamicEdge Equity Class Portfolio* (Series A, F, FT, I, IT, O and T shares)
DynamicEdge Growth Class Portfolio* (Series A, F, FT, I, IT, O and T shares)
DynamicEdge 2020 Class Portfolio* (Series A, F and T shares)
DynamicEdge 2025 Class Portfolio* (Series A, F and T shares)
DynamicEdge 2030 Class Portfolio* (Series A, F and T shares)
Dynamic Aurion Canadian Equity Class* (Series A, F, I, O and T shares)
Dynamic Aurion Tactical Balanced Class* (Series A, E, F, FT, I, O and T shares)
Dynamic Aurion Total Return Bond Class* (Series A, E, F, FH, FI, FT, H, I, IT and T shares)
DMP Canadian Dividend Class** (Series A and F shares)
DMP Canadian Value Class** (Series A and F shares)
DMP Global Value Class** (Series A and F shares)

DMP Power Canadian Growth Class** (Series A and F shares)
DMP Power Global Growth Class** (Series A and F shares)
DMP Resource Class** (Series A and F shares)
DMP Value Balanced Class** (Series A and F shares)
(*Each is a class of Dynamic Global Fund Corporation)
(**Each is a class of Dynamic Managed Portfolios Ltd.)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated November 29, 2013
NP 11-202 Receipt dated December 6, 2013
Offering Price and Description:
Series A, E, F, FH, FI, FP, G, H, I , IP, O, OP,T, IT Units @ Net Asset Value
Underwriter(s) or Distributor(s):
1832 Asset Management L.P.
GCIC Ltd.
1832 Asset Management L. P.
Promoter(s):
1832 Asset Management L.P.
Project #2113472

Issuer Name:
Element Financial Corporation
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated December 6, 2013
NP 11-202 Receipt dated December 6, 2013
Offering Price and Description:
$1,250,000,000.00
Debt Securities
Preferred Shares
Common Shares
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2143378

Issuer Name:
Hemisphere Energy Corporation
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated December 3, 2013
NP 11-202 Receipt dated December 3, 2013
Offering Price and Description:
$4,000,400.00
3,637,000 UNITS
AND
3,077,000 FLOW THROUGH SHARES
Price:
$0.55 per Unit
$0.65 per Flow Through Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Integral Wealth Securities Limited
MGI Securities Inc.
Promoter(s):
-
Project #2136768

Issuer Name:
Lorus Therapeutics Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 5, 2013
NP 11-202 Receipt dated December 5, 2013
Offering Price and Description:
$7,001,500.00
12,730,000 Common Shares
Price: $0.55 per Offered Share
Underwriter(s) or Distributor(s):
Clarus Securities Inc.
Canaccord Genuity Corp.
Jennings Capital Inc.
D&D Securities Inc.
Promoter(s):
-
Project #2135664

Issuer Name:
Man AHL DP Limited
Principal Regulator - Ontario
Type and Date:
Final Long Form Non-Offering Prospectus dated December 3, 2013
NP 11-202 Receipt dated December 6, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2121300

Issuer Name:
Man Canada AHL DP Investment Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated December 3, 2013
NP 11-202 Receipt dated December 6, 2013
Offering Price and Description:
Class A Units, Class B Units, Class F Units, Class H Units, Class L Units and Class M Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
MAN INVESTMENTS CANADA CORP.
Project #2112774

Issuer Name:
Maudore Minerals Ltd
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated December 6, 2013
NP 11-202 Receipt dated December 6, 2013
Offering Price and Description:
Cdn$4,724,152.00
Offering of Rights to Subscribe for up to 47,241,522 Common Shares
at a Price of Cdn$0.10 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2133910

Issuer Name:
MEG Energy Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 6, 2013
NP 11-202 Receipt dated December 6, 2013
Offering Price and Description:
$157,000,000.00
5,000,000 Common Shares
Price: $31.40 per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Promoter(s):
-
Project #2137466

Issuer Name:
Orbite Aluminae Inc.
Principal Regulator - Quebec
Type and Date:
Amended and Restated Short Form Prospectus dated December 6, 2013
NP 11-202 Receipt dated December 9, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Euro Pacific Canada Inc.
Promoter(s):
-
Project #2129805

Issuer Name:
Mackenzie Canadian Money Market Fund (Series LB and LP securities)
Mackenzie Sentinel Cash Management Fund (Series LB securities)
Mackenzie Canadian Bond Fund (Series LB securities)
Mackenzie Canadian Short Term Income Fund (Series LB securities)
Mackenzie Corporate Bond Fund (Series LB securities)
Mackenzie Real Return Bond Fund (Series LB securities)
Mackenzie Income Fund (Series LB securities)
Mackenzie Strategic Income Fund (Series LB and LX securities)
Mackenzie Ivy Canadian Fund (Series LB securities)
Mackenzie Cundill Recovery Fund (Series LB securities)
Mackenzie Canadian Resource Fund (Series LB securities)
Symmetry Fixed Income Portfolio (Series LB, LM and LX securities)
Symmetry Conservative Income Portfolio (Series LB, LM and LX securities)
Symmetry Conservative Portfolio (Series LB, LM and LX securities)
Symmetry Balanced Portfolio (Series LB, LM and LX securities)
Symmetry Moderate Growth Portfolio (Series LB, LM and LX securities)
Symmetry Growth Portfolio (Series LB, LM and LX securities)
Mackenzie Canadian Short Term Yield Class* (Series LB securities)
Mackenzie Canadian All Cap Balanced Class* (Series LB and LX securities)
Mackenzie Strategic Income Class* (Series LB and LX securities)
Mackenzie Canadian All Cap Dividend Class* (Series LB and LX securities)
Mackenzie Canadian All Cap Value Class* (Series LB securities)
Mackenzie Canadian Small Cap Value Class* (Series LB securities)
Mackenzie US Mid Cap Growth Class* (Series LB securities)
Mackenzie Global Diversified Equity Class* (Series LB securities)
Mackenzie Global Growth Class* (Series LB securities)
Symmetry Fixed Income Portfolio Class* (Series LB and LM securities)
Symmetry Conservative Income Portfolio Class* (Series LB, LM and LX securities)
Symmetry Conservative Portfolio Class* (Series LB, LM and LX securities)
Symmetry Balanced Portfolio Class* (Series LB, LM and LX securities)
Symmetry Moderate Growth Portfolio Class* (Series LB and LM securities)
Symmetry Growth Portfolio Class* (Series LB and LM securities)
Symmetry Equity Portfolio Class* (Series LB, LM and LX securities)
(*A class of Mackenzie Financial Capital Corporation)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated November 28, 2013
NP 11-202 Receipt dated December 4, 2013
Offering Price and Description:
Series LB, LM, LP and LX securities
Underwriter(s) or Distributor(s):
LBC Financial Services Inc.
Promoter(s):
-
Project #2122654

Issuer Name:
Series D Securities of the following Funds (except for the Symmetry Portfolio Classes)
Mackenzie Canadian Bond Fund (also B-Series, Investor Series, Series A, Series AR, Series F, Series G, Series I, Series O, Series PW, Series PWF,
Series PWF8, Series PWT8, Series PWX, Series PWX8 and Series SC)
Mackenzie Canadian Short Term Income Fund (also Series A, Series F, Series G, Series I,
Series O,
Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8 and Series SC)
Mackenzie Corporate Bond Fund (also Series A, Series AR, Series F, Series G, Series I,
Series O, Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX and Series PWX8)
Mackenzie Floating Rate Income Fund (also Series A, Series AR, Series F, Series F6, Series O,
Series O6, Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8,
Series SC, Series S6 and Series T6)
Mackenzie Global Bond Fund (also Series A, Series F, Series O, Series PW, Series PWF,
Series PWF8, Series PWT8, Series PWX, Series PWX8 and Series U)
Mackenzie North American Corporate Bond Fund (also Series A, Series F, Series F6, Series O,
Series O6, Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8 and
Series T6)
Mackenzie Real Return Bond Fund (also Series A, Series F, Series G, Series I, Series O, Series
PW,
Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8 and Series U)
Mackenzie Strategic Bond Fund (also Series A, Series AR, Series F, Series F6, Series O, Series
O6,
Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series SC,
Series S6 and Series T6)
Mackenzie Canadian All Cap Balanced Fund (also B-Series, Investor Series, Series A, Series
AR,
Series F, Series F8, Series I, Series O, Series O6, Series PW, Series PWF, Series PWX, Series T6
and Series T8)
Mackenzie Canadian Growth Balanced Fund (also Series A, Series F, Series G, Series I, Series
O,
Series O6, Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8,
Series T6 and Series T8)
Mackenzie Canadian Large Cap Balanced Fund (also Series A, Series F, Series O, Series PW,
Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
Mackenzie Cundill Canadian Balanced Fund (also Series AR, Series C, Series F, Series F8,
Series G, Series I, Series O, Series O6, Series PW, Series PWF, Series PWF8, Series PWT8,
Series PWX, Series PWX8, Series T6 and Series T8)
Mackenzie Global Diversified Balanced Fund (also Series A, Series AR, Series F, Series F8,
Series G, Series O, Series O6, Series PW, Series PWF, Series PWF8, Series PWT8,
Series PWX, Series PWX8, Series T5, Series T6 and Series T8)
Mackenzie Global Diversified Income Fund (also Series A, Series F, Series O, Series O6,
Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8 and Series T5)
Mackenzie Income Fund (also Series A, Series AR, Series B, Series C, Series F, Series G,
Series O, Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX and Series PWX8)
Mackenzie Ivy Canadian Balanced Fund (also Series A, Series F, Series F8, Series G, Series I,
Series O, Series O6, Series PW, Series PWF, Series PWF8, Series PWT8,
Series PWX, Series PWX8, Series T6 and Series T8)
Mackenzie Ivy Global Balanced Fund (also Series A, Series F, Series F8, Series I, Series O,
Series
PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series
T8)
Mackenzie Strategic Income Fund (also Series A, Series AR, Series B, Series F, Series F8,
Series O, Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8 and
Series T8)
Mackenzie Canadian All Cap Dividend Fund (also B-Series, Investor Series, Series A, Series
AR,
Series F, Series F6, Series O, Series O6, Series PW, Series PWF, Series PWX and Series T6)
Mackenzie Canadian All Cap Value Fund (also B-Series, Investor Series,
Series A, Series F, Series I, Series O, Series PW, Series PWF and Series PWX)
Mackenzie Canadian Concentrated Equity Fund (also Series A, Series F, Series O, Series PW,
Series PWF and Series PWX)
Mackenzie Canadian Growth Fund (also Series A, Series F, Series G, Series I, Series O, Series
PW, Series PWF and Series PWX)
Mackenzie Canadian Large Cap Dividend & Growth Fund (also Series A, Series F,
Series G, Series I, Series O, Series PW, Series PWF, Series PWX and Series T5)
Mackenzie Canadian Large Cap Dividend Fund (also Series A, Series F, Series F8, Series G,
Series O, Series O6, Series PW, Series PWF, Series PWX, Series T6 and Series T8)
Mackenzie Canadian Large Cap Growth Fund (also Series A, Series F,
Series G, Series I, Series O, Series PW, Series PWF and Series PWX)
Mackenzie Canadian Small Cap Value Fund (also B-Series, Investor Series,
Series A, Series F, Series O, Series PW, Series PWF and Series PWX)
Mackenzie Cundill Canadian Security Fund (also Series AR, Series C, Series F, Series F8,

Series G, Series I, Series O, Series PW, Series PWF, Series PWX, Series T6 and Series T8)
Mackenzie Growth Fund (also Series A, Series F, Series G, Series O, Series PW, Series PWF
and Series PWX)
Mackenzie Ivy Canadian Fund (also Series A, Series F, Series F8, Series G, Series I,
Series O, Series PW, Series PWF, Series PWX, Series T6 and Series T8)
Mackenzie US Large Cap Growth Fund (also Series A, Series F, Series O, Series PW, Series
PWF and Series PWX)
Mackenzie Cundill Recovery Fund (also Series AR, Series C, Series F,
Series G, Series O, Series PW, Series PWF and Series PWX)
Mackenzie Cundill Value Fund (also Series C, Series F, Series F8, Series G, Series I,
Series O, Series O6, Series PW, Series PWF, Series PWX, Series T6 and Series T8)
Mackenzie Diversified Equity Fund (also Series A, Series AR, Series F, Series F8,
Series G, Series O, Series O6, Series PW, Series PWF, Series PWF8, Series
PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
Mackenzie Global Asset Strategy Fund (also Series A, Series F, Series O, Series PW, Series PWF and Series PWX)
Mackenzie Global Concentrated Equity Fund (also Series A,
Series F, Series I, Series O, Series PW, Series PWF and Series PWX)
Mackenzie Global Dividend Fund (also Series A, Series AR, Series F, Series F8, Series I,
Series O, Series O6, Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX,
Series PWX8, Series T5, Series T6, Series T8, Series U and Series U5)
Mackenzie Global Small Cap Growth Fund (also Series A, Series F, Series G, Series O, Series PW, Series PWF and Series PWX)
Mackenzie International Growth Fund (also Series A, Series F,
Series I, Series O, Series PW, Series PWF and Series PWX)
Mackenzie Ivy Foreign Equity Fund (also Series A, Series AR, Series F, Series F8, Series G,
Series I, Series O, Series O6, Series PW, Series PWF, Series PWX, Series T6 and Series T8)
Mackenzie Canadian Resource Fund (also Series A, Series F, Series G,
Series O, Series PW, Series PWF and Series PWX)
Symmetry Balanced Portfolio (also Series A, Series AR, Series F, Series F6, Series F8,
Series G, Series O, Series PW, Series PWF, Series PWX, Series T6 and Series T8)
Symmetry Conservative Income Portfolio (also Series A, Series AR, Series F, Series F6,
Series F8, Series G, Series O, Series PW, Series PWF, Series PWX, Series T6 and Series T8)
Symmetry Conservative Portfolio (also Series A, Series AR, Series F, Series F6, Series F8,
Series G, Series O, Series PW, Series PWF, Series PWX, Series T6 and Series T8)
Symmetry Fixed Income Portfolio (also Series A, Series AR, Series F, Series F6, Series O,
Series
PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series
W)
Symmetry Growth Portfolio (also Series A, Series AR, Series F, Series F6, Series F8,
Series G, Series O, Series PW, Series PWF, Series PWX, Series T6 and Series T8)
Symmetry Moderate Growth Portfolio (also Series A, Series AR, Series F, Series F6,
Series F8, Series G, Series O, Series PW, Series PWF, Series PWX, Series T6 and Series T8)
Mackenzie Canadian All Cap Balanced Class (also Series A, Series F, Series F8,
Series O, Series O6, Series PW, Series PWF, Series PWF8, Series PWT8,
Series PWX, Series PWX8, Series T6 and Series T8)
Mackenzie All Cap Dividend Class (also Series A, Series F, Series F6, Series F8, Series O,
Series
PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series
T8)
Mackenzie Canadian All Cap Dividend Class (also Series A, Series F, Series F6, Series O,
Series O6, Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8 and
Series T6)
Mackenzie Canadian All Cap Value Class (also Series A, Series F, Series O, Series PW, Series PWF, Series PWX and Series T8)
Mackenzie Canadian Large Cap Dividend Class (also Series A, Series F, Series O, Series O6,
Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and
Series T8)
Mackenzie Canadian Small Cap Value Class (also Series A, Series F,
Series O, Series PW, Series PWF and Series PWX)
Mackenzie Cundill Canadian Security Class (also Series A, Series F, Series O, Series PW,
Series
PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
Mackenzie Cundill US Class (also Series A, Series F, Series F8, Series O, Series PW,
Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
Mackenzie US Growth Class (also Series A, Series F, Series G, Series O, Series PW, Series
PWF, Series PWX and Series T8)
Mackenzie US Large Cap Class (also Series A, Series F, Series F8, Series I, Series O,
Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and
Series T8)
Mackenzie US Mid Cap Growth Class (also Series A, Series AR, Series F, Series I, Series O,

Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
Mackenzie US Mid Cap Growth Currency Neutral Class (also Series A, Series AR, Series F, Series I,
Series O, Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
Mackenzie Cundill Emerging Markets Class (also Series A, Series F, Series O, Series PW, Series PWF and Series PWX)
Mackenzie Cundill Recovery Class (also Series A, Series F, Series O, Series PW, Series PWF and Series PWX)
Mackenzie Cundill Value Class (also Series A, Series AR, Series F, Series F8, Series O, Series O6,
Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
Mackenzie Emerging Markets Class (also Series A, Series F, Series O, Series U, Series PW, Series PWF and Series PWX)
Mackenzie Global Concentrated Equity Class (also Series A, Series F, Series O, Series PW,
Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
Mackenzie Global Diversified Equity Class (also Series A, Series AR, Series F, Series O, Series O6,
Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
Mackenzie Global Growth Class (also Series A, Series F, Series G, Series O,
Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8 and Series T8)
Mackenzie Global Small Cap Growth Class (also Series A, Series F, Series O,
Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8 and Series T8)
Mackenzie International Growth Class (also Series A, Series F, Series O, Series PW,
Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
Mackenzie Ivy European Class (also Series A, Series F, Series O,
Series PW, Series PWF, Series PWX, Series T6 and Series T8)
Mackenzie Ivy Foreign Equity Class (also Series A, Series F, Series F8, Series O, Series O6, Series
PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
Mackenzie Ivy Foreign Equity Currency Neutral Class (also Series A, Series AR, Series F, Series O,
Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
Mackenzie Global Resource Class (also Series A, Series F, Series O, Series PW, Series PWF, Series PWX and Series U)
Mackenzie Gold Bullion Class (also Series A, Series F, Series O, Series PW, Series PWF and Series PWX)
Mackenzie Precious Metals Class (also Series A, Series F, Series O, Series PW, Series PWF and Series PWX)
Symmetry Equity Portfolio Class (also Series A, Series AR, Series F, Series F6, Series F8, Series G,
Series O, Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6, Series T8 and Series W)
(the "Funds")
Symmetry Balanced Portfolio Class (also Series A, Series F, Series F8, Series O, Series O6, Series
PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
Symmetry Conservative Income Portfolio Class (also Series A, Series F, Series F8, Series O, Series
O6, Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
Symmetry Conservative Portfolio Class (also Series A, Series F, Series F8, Series O, Series PW,
Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
Symmetry Growth Portfolio Class (also Series A, Series F, Series F8, Series O, Series PW, Series
PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
Symmetry Moderate Growth Portfolio Class (also Series A, Series F, Series F8, Series O,
Series O6, Series PW, Series PWF, Series PWF8, Series PWT8, Series PWX, Series PWX8, Series T6 and Series T8)
("Symmetry Portfolio Classes")
Principal Regulator - Ontario

Type and Date:
Amendment #1 dated November 27, 2013 to the Simplified Prospectuses and Annual Information Form September 27, 2013
NP 11-202 Receipt dated December 4, 2013

Offering Price and Description:
Series A, F, O, B, C, F6, F8, G, GP, I, SC, SP, SP, T5, T6, T8, U, U5, W, B-Series, Investor Series, Series O6, Series AR, Series DA, Series S6, Series PW, PWF, PWF, PWT8, PWX and PWX8 @ Net Asset Value

Underwriter(s) or Distributor(s):
Quadrus Investment Services Ltd.
LBC Financial Services Inc.

Promoter(s):
Mackenzie Financial Corporation
Mackenzie Financial Capital Corporation

Project #2103259

Issuer Name:
Series A shares or units of all funds (except for Trimark Interest Fund, Trimark U.S. Money
Market
Fund, Trimark Canadian Bond Class and Invesco Canadian Equity Growth Class), and Series
B,
Series D, Series DCA, Series DCA Heritage, Series DSC, Series F, Series FH, Series F4, Series
F6,
Series F8, Series H, Series I, Series M, Series P, Series PF, Series PF4, Series PF6, Series PH,
Series PT4, Series PT6, Series PT8, Series T4, Series T6, Series T8 and Series SC shares or
units, as indicated, of
Trimark Interest Fund (Series SC and Series DSC only)
Trimark U.S. Money Market Fund (Series SC and Series DSC only)
Trimark Advantage Bond Fund (also Series F and Series I)
Trimark Canadian Bond Fund (also Series D, Series F, Series I, Series P and Series PF)
Trimark Canadian Bond Class* (Series P, Series PF, Series PF4 and Series PT4 only)
Trimark Floating Rate Income Fund (also Series D, Series F, Series I, Series P and Series PF)
Trimark Global High Yield Bond Fund (also Series D, Series F and Series I)
Trimark Government Plus Income Fund (also Series F and Series I)
Trimark Diversified Income Class** (also Series D, Series F, Series F8, Series T4, Series T6 and
Series T8)
Trimark Diversified Yield Class* (also Series F, Series P, Series PF, Series PF6,
Series PT4, Series PT6, Series PT8, Series T4, Series T6 and Series T8)
Trimark Global Balanced Fund (also Series D, Series F, Series H, Series I, Series M5, Series T4,
Series T6 and Series T8)
Trimark Global Balanced Class* (also Series F, Series FH, Series H, Series P,
Series PF, Series PH, Series PT4, Series PT6, Series T4, Series T6 and Series T8)
Trimark Income Growth Fund (also Series SC, Series D, Series F, Series I, Series T4, Series T6
and Series T8)
Trimark Select Balanced Fund (also Series D, Series F, Series I, Series T4, Series T6 and Series
T8)
Trimark Canadian Endeavour Fund (also Series D, Series F, Series I, Series P and Series PF)
Trimark Canadian Fund (also Series SC, Series D, Series F and Series I)
Trimark Canadian Class** (also Series F, Series I, Series T4, Series T6 and Series T8)
Trimark Canadian Opportunity Class** (also Series D, Series F and Series I)
Trimark Canadian Plus Dividend Class* (also Series D, Series F, Series I, Series P,
Series PF, Series PT4, Series PT6, Series T4, Series T6 and Series T8)
Trimark Canadian Small Companies Fund (also Series D, Series F, Series I, Series P and Series
PF)
Trimark North American Endeavour Class* (also Series F)
Trimark U.S. Companies Fund (also Series D, Series F and Series I)
Trimark U.S. Companies Class* (also Series F, Series FH, Series H, Series P, Series PF and
Series PH)
Trimark U.S. Small Companies Class* (also Series D, Series F, Series I, Series P and Series PF)
Trimark Emerging Markets Class* (also Series D, Series F and Series I)
Trimark Europlus Fund (also Series D, Series F, Series I, Series P and Series PF)
Trimark Fund (also Series SC, Series D, Series F, Series H, Series I, Series P,
Series PF, Series T4, Series T6 and Series T8)
Trimark Global Dividend Class* (also Series D, Series F, Series P, Series PF, Series
PF4, Series PF6, Series PT4, Series PT6, Series T4, Series T6 and Series T8)
Trimark Global Endeavour Fund (also Series D, Series F, Series H, Series I and Series M)
Trimark Global Endeavour Class* (also Series F, Series H, Series P and Series PF)
Trimark Global Fundamental Equity Fund (also Series D, Series F, Series H,
Series I, Series T4, Series T6 and Series T8)
Trimark Global Fundamental Equity Class* (also Series F, Series FH, Series H,
Series I, Series P, Series PF, Series PH, Series T4, Series T6 and Series T8)
Trimark Global Small Companies Class* (also Series D, Series F, Series I, Series P and Series
PF)
Trimark International Companies Fund (also Series F and Series I)
Trimark International Companies Class* (also Series F, Series P and Series PF)
Trimark Energy Class* (also Series F)
Trimark Resources Fund (also Series D, Series F and Series I)
Invesco Allocation Fund (also Series SC and Series F)
Invesco Canada Money Market Fund (also Series DCA and Series DCA Heritage)
Invesco Short-Term Income Class* (also Series B and Series F)
Invesco Emerging Markets Debt Fund (also Series D, Series F, Series I, Series P and Series PF)
Invesco Canadian Balanced Fund (also Series D, Series F, Series I, Series T4, Series T6 and
Series T8)
Invesco Core Canadian Balanced Class** (also Series F, Series I, Series T4, Series T6 and
Series T8)
Invesco Canadian Equity Growth Class* (Series P and Series PF only)
Invesco Canadian Premier Growth Fund (also Series D, Series F and Series I)
Invesco Canadian Premier Growth Class** (also Series F, Series I, Series T4, Series T6 and
Series T8)
Invesco Pure Canadian Equity Fund (also Series F and Series I)

Invesco Pure Canadian Equity Class* (also Series F and Series I)
Invesco Select Canadian Equity Fund (also Series F, Series I, Series T4, Series T6 and Series T8)
Invesco Select Canadian Equity Class* (also Series F, Series P and Series PF)
Invesco European Growth Class* (also Series F and Series I)
Invesco Global Growth Class* (also Series D, Series F and Series I)
Invesco International Growth Fund (also Series D, Series F and Series I)
Invesco International Growth Class* (also Series F, Series I, Series P and Series PF)
Invesco Indo-Pacific Fund (also Series F)
Invesco Global Real Estate Fund (also Series F, Series I and Series T8)
PowerShares Tactical Canadian Asset Allocation Fund (also Series D, Series F, Series T6 and Series T8)
PowerShares 1-5 Year Laddered Corporate Bond Index Fund (also Series F and Series I)
PowerShares High Yield Corporate Bond Index Fund (also Series F and Series I)
PowerShares Real Return Bond Index Fund (also Series D, Series F and Series I)
PowerShares Tactical Bond Fund (also Series F, Series F4, Series F6, Series I, Series T4 and Series T6)
PowerShares Canadian Dividend Index Class* (also Series F and Series I)
PowerShares Canadian Preferred Share Index Class* (also Series F and Series I)
PowerShares Diversified Yield Fund (also Series D, Series F, Series T6 and Series T8)
PowerShares Global Dividend Achievers Fund (also Series D and Series F)
PowerShares Canadian Low Volatility Index Class* (also Series F)
PowerShares U.S. Low Volatility Index Fund (also Series F)
PowerShares FTSE RAFI® Canadian Fundamental Index Class* (also Series F and Series I)
PowerShares FTSE RAFI® Emerging Markets Fundamental Class* (also Series D and Series F)
PowerShares FTSE RAFI® Global+ Fundamental Fund (also Series D and Series F)
PowerShares FTSE RAFI® U.S. Fundamental Fund (also Series F)
PowerShares Global Agriculture Class* (also Series F)
Invesco Intactive Diversified Income Portfolio (also Series D, Series F, Series I, Series P, Series PF, Series T4 and Series T6)
Invesco Intactive Diversified Income Portfolio Class* (also Series F, Series P, Series PF, Series PT4, Series PT6, Series T4 and Series T6)
Invesco Intactive Balanced Income Portfolio (also Series D, Series F, Series I, Series P, Series PF, Series T4 and Series T6)
Invesco Intactive Balanced Income Portfolio Class* (also Series F, Series P, Series PF, Series PT4, Series PT6, Series T4 and Series T6)
Invesco Intactive Balanced Growth Portfolio (also Series D, Series F, Series I, Series P, Series PF, Series T4, Series T6 and Series T8)
Invesco Intactive Balanced Growth Portfolio Class* (also Series F, Series P, Series PF, Series PT6, Series T4, Series T6 and Series T8)
Invesco Intactive Growth Portfolio (also Series D, Series F, Series I, Series P, Series PF, Series T4, Series T6 and Series T8)
Invesco Intactive Growth Portfolio Class* (also Series F, Series P, Series PF, Series PT6, Series T4, Series T6 and Series T8)
Invesco Intactive Maximum Growth Portfolio (also Series D, Series F, Series I, Series P, Series PF, Series T6 and Series T8)
Invesco Intactive Maximum Growth Portfolio Class* (also Series F, Series P, Series PF, Series PT6, Series T6 and Series T8)
Invesco Intactive Strategic Yield Portfolio (also Series D, Series F, Series F4, Series, F6, Series I, Series P, Series PF, Series PT4, Series PT6, Series T4 and Series T6)
Invesco Intactive 2023 Portfolio (also Series F, Series I and Series P)
Invesco Intactive 2028 Portfolio (also Series F, Series I and Series P)
Invesco Intactive 2033 Portfolio (also Series F, Series I and Series P)
Invesco Intactive 2038 Portfolio (also Series F, Series I and Series P)
(*Part of Invesco Corporate Class Inc.)
(**Part of Invesco Canada Fund Inc.)
Principal Regulator - Ontario

Type and Date:

Amended and Restated Simplified Prospectuses and Annual Information Form dated November 27, 2013 (the amended prospectus) amending and restating the Simplified Prospectuses and Annual Information Form dated July 30, 2013.
NP 11-202 Receipt dated December 4, 2013

Offering Price and Description:

Series A, Series B, Series D, Series DCA, Series DCA Heritage, Series DSC, Series F, Series FH, Series, F4, Series F6, Series F8, Series H, Series I, Series M, Series P, Series PF, Series PF4, Series PF6, Series PH, Series PT4, Series PT6, Series PT8, Series T4, Series T6, Series T8 and Series SC shares or units @ Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

Invesco Canada Ltd.

Project #2073675

Issuer Name:
Trapeze Value Class* (Series A and F securities)
Redwood Energy Growth Class** (Series A and F securities)
Redwood Emerging Markets Dividend Fund (Series A, F and I securities)
Redwood Unconstrained Bond Fund (Series A, F and I securities)
Redwood Pension Class* (formerly Redwood Energy Income Class) (Series A, F, A USD, F USD and PHP securities)
Redwood Income Strategies Class* (Series A, F, AA and FF securities)
(*A class of shares of Ark Mutual Funds Ltd.
** A class of shares of Ark Resource Corp.)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated November 27, 2013
NP 11-202 Receipt dated December 6, 2013
Offering Price and Description:
A, F, I, AA, FF, A USD, F USD and PHP securities
Underwriter(s) or Distributor(s):
Redwood Asset Management Inc.
Promoter(s):
Redwood Asset Management Inc.
Project #2122406

Issuer Name:
Secure Energy Services Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 3, 2013
NP 11-202 Receipt dated December 3, 2013
Offering Price and Description:
$95,652,174.20
6,231,412 Common Shares
Price: $15.35 per Offered Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
FirstEnergy Capital Corp.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
Peters & Co. Limited
Promoter(s):
-
Project #2138012

Issuer Name:
Twin Butte Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 6, 2013
NP 11-202 Receipt dated December 6, 2013
Offering Price and Description:
$85,000,000.00
6.25% Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Peters & Co. Limited
Canaccord Genuity Corp.
GMP Securities L.P.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #2138064

Issuer Name:
Yangarra Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 6, 2013
NP 11-202 Receipt dated December 6, 2013
Offering Price and Description:
$13,510,975.00
12,048,148 Offered Common Shares
3,394,915 CDE Flow-through Shares
7,755,000 CEE Flow-through Shares
$0.540 per Offered Common Share
$0.590 per CDE Flow-through Share
$0.645 per CEE Flow-through Share
Underwriter(s) or Distributor(s):
ALTACORP CAPITAL INC.
DUNDEE SECURITIES LTD.
PARADIGM CAPITAL INC.
ACUMEN CAPITAL FINANCE PARTNERS LIMITED
MGI SECURITIES INC.
Promoter(s):
-
Project #2138003

Issuer Name:
GLG Income Opportunities Fund
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 4, 2013
Withdrawn on December 6, 2013
Offering Price and Description:
Class A Units, Class F Units, Class O Units and Class R Units
Price: Initially at $10.00 per Unit and subsequently at the Net Asset Value per Unit
Minimum Purchase: $5,000
Underwriter(s) or Distributor(s):
-
Promoter(s):
MAN Investments Canada Corp.
Project #2118860

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Consent to Suspension (Pending Surrender)	Legacy Investment Management Inc.	Mutual Fund Dealer and Exempt Market Dealer	December 4, 2013
New Registration	Collins Barrow Toronto Corporate Finance Inc.	Exempt Market Dealer	December 4, 2013
Change of Registration	Stuart Investment Management Limited	From: Investment Dealer Futures Commission Merchant To: Investment Dealer	December 4, 2013
New Registration	KES 7 Capital Inc.	Exempt Market Dealer	December 3, 2013

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 IIROC – OSC Staff Notice of Request for Comment – Amendments to Dealer Member Rules 29, 200 and 3500 and to Dealer Member Form 1

OSC STAFF NOTICE OF REQUEST FOR COMMENT

THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

AMENDMENTS TO DEALER MEMBER RULES 29, 200 AND 3500 AND TO DEALER MEMBER FORM 1

IIROC is publishing for public comment proposed amendments to Dealer Member Rules 29, 200 and 3500 and to Dealer Member Form 1 (collectively the "IIROC CRM2 Amendments"). The primary objective of the proposed IIROC CRM2 Amendments is to adopt IIROC rule requirements that are substantially the same as rule requirements recently adopted by the Canadian Securities Administrators with respect to the second set of regulatory objectives (annual account performance reporting, pre-trade and trade confirmation disclosures and annual account fee / charge reporting) identified under the Client Relationship Model project. To align with the requirements established under National Instrument 31-103, the proposed implementation dates will be July 15, 2014, July 15, 2015 and July 15, 2016. A copy of the IIROC Notice including the amended documents was also published on our website at http://www.osc.gov.on.ca.

13.2 Marketplaces

13.2.1 Omega Securities Inc. – Notice of Proposed Fee Model Change and Request for Comment

OMEGA SECURITIES INC. (OSI) PARENT OF LYNX ATS

NOTICE OF PROPOSED FEE MODEL CHANGE AND REQUEST FOR COMMENT

OSI is publishing a Notice of Proposed Changes relating to a proposed fee model change (Fee Model Proposal) for Lynx ATS as requested by OSC staff. Market participants are invited to provide the Commission with comments on the Fee Model Proposal.

Staff request for specific comment

OSC staff request comments on the Fee Model Proposal. Specifically, we request feedback in relation to the costs and complexity to subscribers of Lynx ATS and other market participants that may result from the Fee Model Proposal that involves a changing fee structure that would be applied to individual securities. We are also seeking comment on any potential impact of the Fee Model Proposal on the Canadian market structure. In addition, under OSC Staff Notice 21-706 *Marketplaces' Initial Operations and Material System Changes*, a marketplace is expected to conduct an assessment of the amount of time required to accommodate a material system change so that marketplace participants and their service providers have a reasonable amount of time to complete the necessary work and testing following the approval of the change. Currently, this period has been set for 30 days. Please provide feedback as to whether this represents a reasonable amount of time to complete all necessary work and testing to accommodate the Fee Model Proposal.

This request for comment is not intended to establish a precedent for publishing fees for comment. However, OSC staff believe that the Fee Model Proposal could potentially have broader impacts on Canadian market structure, and that it is important to solicit stakeholder input.

Submissions of comments

Comments on the Fee Model Proposal should be in writing and submitted by January 17, 2014 to:

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West
Toronto, Ontario
M5H 3S8
Fax (416) 595-8940
Email: marketregulation@osc.gov.on.ca

And to:

Richard J Millar
Chief Compliance Officer
Omega Securities Inc
133 Richmond St. Suite 302
Toronto, Ontario
M5H 2L3
416-646-2764
Email: Richard.millar@omegaats.com

Comments received will be made public on the OSC website. Upon completion of the review by OSC staff, and in the absence of any regulatory concerns, a notice will be published to confirm the completion of Commission staff's review and, if applicable, to outline the intended implementation date of the Fee Model Proposal.

OMEGA Securities Inc. (OSI)

Lynx Dynamic Pricing by Monthly Average Daily Volume:

A. Description of the Proposed Fee Model:

Lynx ATS is proposing an innovative Maker/Taker fee model. We at Lynx ATS have found that there is an issue in the maker/taker pricing structure that has become so popular in Canada. Highly liquid securities that require little or no incentive to provide price discovery are treated the same as illiquid securities that need the maker/taker incentives.

There is no need for an excessive liquidity incentive to be provided for highly liquid securities, this is in fact an unneeded fee placed upon the active side. Excessive liquidity incentives are incentives for traders to execute a market order on a highly liquid stock to either execute in the dark or cross border.

SUPER DOLLAR

Lynx ATS intends to deploy a dynamic pricing model for all **SUPER DOLLAR (trading at or above ONE DOLLAR)** equity trades, creating several pricing tiers based on the average daily trading volume of a given security during the previous month.
Average daily volumes across all Canadian marketplaces will be calculated by Lynx ATS on the 15th day of each calendar month. Lynx ATS will gather the total volume of all shares traded across all Canadian marketplaces for the period spanning the close at 5:00 PM on the 16th of the previous month to the close at 5:00PM on the 15th of the present month, using the IRESS Technologies data base. Lynx will derive the average trading volume using the number of active trading days in that period.

Once calculated, a list of all securities eligible for Lynx's lower passive/active tiers will be distributed to all subscribers, vendors, and trading participants. This list will contain the symbol, the Calculated Average Daily trading volume, and the price tier. The list will be provided as a CSV file to be emailed, posted to our website and will also be available on a secure FTP site. Lynx ATS has designed the pricing model to make it easy for participants and vendors to maintain the pricing changes. Our vision is for our users to maintain two tables, one table with the list of symbols with a tier level (A, B, C, D, E) and a second table with the tier level and the corresponding price. This will allow for the least amount of updates and can be an automated process. Lynx ATS is encouraging this to be automated so that there should be little to no costs to maintain these changes.

The proposed tiers and volumes are as follows:

	Lynx Super Dollar ATS Pricing Tiers		
	Volume	Passive	Active
A	6.5mm+	-0.0006	0.001
B	2.5mm - 6.49mm	-0.0011	0.0015
C	0.5mm - 2.49mm	-0.0021	0.0025
D	0 - 0.49mm	-0.0031	0.0035

Every tier, save the highest, would be at a discount to the rate already approved by the OSC. Less liquid securities are more likely to have wider pricing increments, securities that trade in higher numbers of shares a day trend to both tighter spreads and more diverse trading venues at each price level.

SUB-DOLLAR

	Lynx Sub-Dollar ATS Pricing Tiers		
	Price	Passive	Active
E	Trading < $1.00	-0.0001	0.0004

Trades in equities trading sub-dollar will be charged at **Tier E (-0.0001/0.0004)**, Lynx ATS is aware of the large number of sub dollar equities trading at average daily volumes of less than 500 000 shares, and is concerned that the volume based tiers would have a disproportionate impact on thinly traded "penny" stocks.

The Tier E level would be in line with many of the sub-dollar structures found in other Canadian marketplaces.

Like all other Sub-Dollar/Super Dollar pricing structures, participants will have to be concerned with only 2 possible trading fees for an equity every month. Every equity whose price falls to less than one dollar REGARDLESS of the trading tier established by volume in the previous month, will trade at the Tier E level. Should the price return to one dollar or more, the shares will resume trading at the tier established by the previous months volume.

B. Expected Implementation Date:

OSI will implement Lynx Dynamic Pricing (pending approval) on the first billing day of the month following the end of a 30 day testing period. The 30 day testing period would commence upon publication of OSC approval of the proposed Fee Model Change.

C. The rationale for the proposal, and analysis:

We at OSI have found that there is an issue in the maker/taker pricing structure that has become so popular in Canada. Highly liquid securities that require little or no incentive to provide price discovery are treated the same as illiquid securities that need the maker/taker incentives.

There is no need for excessive liquidity incentives to be provided for highly liquid securities, this is in fact an unneeded fee placed upon the active side.

D. The expected Impact of the proposed Fee Change on Market structure for Subscribers, Investors and capital markets:

We believe that the fee structure would remove the unnecessary charge applied to the active trading of highly liquid stocks. This would encourage the trading of domestic liquid names, while not removing the rebate that brings liquidity providers to less liquid names.

E. The proposed Fee Change's effect on the systemic risk in the Canadian financial system:

None

F. Expected impact of the Fee Change on Omega Securities compliance with Ontario securities law and the requirements of fair access and the maintenance of a fair and orderly market:

All participants will be treated equally. We believe that this form of tiered pricing is superior to the conventional tiered pricing structure. All participants without regard to their size or volume traded can take advantage of lower fees for liquid stocks. It promises participants rates discounted from Lynx ATS' already approved highest rate.

G. Consultation Details:

In the last few years we have heard from market participants that to pay a liquidity provider a large rebate to purchase or sell a highly liquid stock is unfair. There is no need to incent liquidity where liquidity is apparently endless. The high liquidity incentive has a negative effect on the trading of major Canadian corporations.

We have discussed this proposal with several participants and have had a positive response.

Smaller less sophisticated participants have stated their intention of using the highest possible Super Dollar/Sub Dollar rate as a baseline for calculation and router arrangement. Treating discounts achieved on Super Dollar equities as rebates for the purpose of reconciliation.

Participants with more sophisticated systems will embrace the ability to route individual equities in order to enjoy the tailored fees.

OSI intends to prepare and provide a monthly invoice, blotter and statement. The monthly information package will allow all Participants to reconcile activity on all shares traded at all levels. All billing information will be routed to participants and can be broken down by firm as a whole, individual trading ID, by tier, by share at each tier, and by active versus passive.

H. Estimated time for Subscriber and Vendor system modifications for implementation of the proposed Significant Change:

It is difficult to address the internal costs for any individual Subscriber or Vendor. The management of data based information has been a part of the industry for decades. Margin eligibility, new listings, corporate actions, delisting, and dividends, are managed on a daily basis.

Omega ATS already has a multilevel tiered price system based on the volume of shares traded by the individual participant in a particular month. Lynx ATS' Dynamic Pricing is a variant on such a structure with the tiers applied to individual stocks. The Monthly Daily Average pricing table will be available to all participants two weeks prior to the beginning of each month.

Although this pricing model is slightly more complex than what is currently offered by other Canadian marketplaces, the model does not interfere with current routing structures.

Any participant who has programmed their system to account for the rebates available in Omega ATS Break Point will be able to account for Lynx ATS' Dynamic Pricing as rebates from the highest possible fee, and set their router accordingly.

Participants with more sophisticated systems will be able to route individual equities for individual fees.

OSI will communicate monthly with our subscribers using three methods to disseminate the Calculated Monthly Daily Average report. Lynx ATS will prepare the report on the 15th evening of each month. Once the report with the symbols, average daily volume and tier level is generated, it will be emailed to all participants. On the same evening, or the next morning, Lynx ATS will place a copy on our website, as well as providing a copy of the report to an FTP site. Participants and Vendors will then be able to automate access to the report.

Our intention is to generate this report in a program readable comma separated value format. Participants and Vendors would have sufficient time to generate the report, and to run this into any system able to populate a table of symbols with the correct pricing.

Lynx ATS has designed the pricing model to allow participants and vendors to easily update the pricing changes. Our vision is for our users to maintain two tables, one table with the list of symbols with tier level (A, B, C, D, E) and a second table with what the tier level and the corresponding price. OSI is encouraging this to be automated, there should be little to no costs to maintain these changes.

In order to simplify reconciliation and billing, Lynx ATS intends to prepare and provide a monthly invoice, blotter and statement. The monthly information package will allow all Participants to reconcile activity on all shares traded at all levels. All billing information will be routed to participants and can be broken down by firm as a whole, by individual trading ID, by tier, by share at each tier, and by active verses passive.

I. A discussion of any alternatives considered;

Omega Securities Inc. has discussed several pricing models for Lynx ATS and have already been approved for a maker/taker model. We have heard the complaints that surround the conventional maker/taker model and are seeking to provide a system that will provide the maker/taker incentive only where needed.

While out of the ordinary this surgical approach will free Lynx ATS of many of the flaws that are found in Canadian marketplaces, and provide participants with lower pricing.

J. Whether the proposed Fee Change would introduce a fee model that currently exists in other markets and other jurisdictions.

No we do not believe that this model exists elsewhere, but NYSE ARCA and BATS have much more complex volume based fee structures that use percentages over and under a benchmark month to establish multiple tiers. Omega ATS already has a multilevel tiered price system based on the volume of shares traded by the individual participant.

Lynx ATS' Dynamic Pricing is a variant on such a structure with the tiers applied to individual stocks but based on Calculated Monthly Daily Average, discounts will be available every month. All active participants will be able to enjoy lower costs on liquid stocks regardless of trading one hundred or one hundred million.

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