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

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1.3 News Releases

1.3.1 OSC Announces Agenda for Roundtable to Discuss Canada's Proxy Voting Infrastructure

FOR IMMEDIATE RELEASE
January 8, 2014

OSC ANNOUNCES AGENDA FOR ROUNDTABLE
TO DISCUSS CANADA'S PROXY VOTING INFRASTRUCTURE

TORONTO – The Ontario Securities Commission (OSC) announced today the final agenda, discussion topics and list of panellists for its roundtable on Wednesday, January 29, 2014, which will further explore the issues identified in CSA Consultation Paper and Request for Comment 54-401 *Review of the Proxy Voting Infrastructure*.

The roundtable will feature topics that reflect the major themes that emerged from the comment letters received and will help inform next steps on this initiative.

Announced on November 5, 2013, the roundtable will take place from 9:00 a.m. to 12:00 p.m. on the 22nd floor of the OSC's offices, located at 20 Queen Street West in Toronto, Ontario.

The roundtable will feature two panels representing the perspectives of issuers, investors and other financial industry stakeholders. Panellists have been selected based on comment letters submitted and to reflect the diversity of views on the subject.

Panel topics include:

1. Understanding and improving vote reconciliation

2. Designing and implementing end-to-end vote confirmation

Panellists will have an opportunity to provide brief remarks, which will then be followed by general discussion and questions from OSC Commissioners.

Interested parties wishing to attend the roundtable are asked to send an email with full contact details to Laura Lam at llam@osc.gov.on.ca. Space is limited. It is expected that a transcript will be posted to the OSC website following completion of the roundtable.

The agenda and schedule of panel participants is as follows:

Agenda

Time	Topic	Moderators
8:30 a.m. – 9:00 a.m.	**Arrival/Check-in**	
9:00 a.m. – 9:10 a.m.	**Introduction and Opening Remarks**	Mary G. Condon *(Vice-Chair)* James E. A. Turner *(Vice-Chair)* Deborah Leckman (*OSC Commissioner*)
9:10 a.m. – 10:40 a.m.	**Topic 1: Understanding and improving vote reconciliation**	

10:40 a.m. – 11:00 a.m.	**Break**
11:00 a.m. – 11:55 a.m.	**Topic 2: Designing and implementing end-to-end vote confirmation**
11:55 a.m. – 12:00 p.m.	**Closing**

Confirmed panellists include:

Lara Donaldson
(*STAC*)

Stéphanie Lachance
(*Public Sector Pension Investment Board*)

David Masse
(*Canadian Society of Corporate Secretaries*)

Eric Miller
(*Agrium Inc.*)

Zach Oleksiuk
(*BlackRock*)

Jeri Trotter and Chip Pasfield
(*Broadridge*)

Penny Rice
(*Shorecrest Group Ltd.*)

Narry Teemal
(*Canadian Imperial Bank of Commerce*)

Hooman Tabesh
(*Kingsdale Shareholder Services Inc.*)

Curtis Wennberg
(*TMX Group, CDS Clearing and Depository Services Inc.*)

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1.3.2 CSA Publishes Guidance for Know-Your-Client, Know-Your-Product and Suitability Obligations

FOR IMMEDIATE RELEASE
January 9, 2014

CSA PUBLISHES GUIDANCE FOR KNOW-YOUR-CLIENT, KNOW-YOUR-PRODUCT AND SUITABILITY OBLIGATIONS

TORONTO – The Canadian Securities Administrators (CSA) today published CSA Staff Notice 31-336 *Guidance for Portfolio Managers, Exempt Market Dealers and Other Registrants on the Know-Your-Client, Know-Your-Product and Suitability Obligations (Notice)*.

Today's Notice is in response to a number of compliance oversight reviews where CSA staff concluded that additional guidance for registrants, such as Portfolio Managers (PMs), Exempt Market Dealers (EMDs), and other registrants who are not members of a self-regulatory organization (SRO) is required to enhance overall compliance with these important regulatory obligations.

"The know-your-client (KYC), know-your-product (KYP) and suitability obligations are among the most fundamental obligations owed by registrants to their clients and are cornerstones of the Canadian investor protection regime," said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. "We strongly encourage registrants to conduct a thorough review of their current practices in the context of the guidance published today in order to ensure compliance with these obligations."

The CSA recommends that registrants use the Notice as a self-assessment tool to improve their system of internal controls and supervision, and as a means to promote compliance and manage risk. Going forward, CSA staff will continue to closely monitor registrants' compliance in these areas and will take appropriate regulatory action if necessary to ensure such compliance.

CSA Staff Notice 31-336 is available on various CSA member websites.

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

For more information:

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Janice Callbeck
PEI Securities Office
Office of the Attorney General
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Don Boyles
Newfoundland and Labrador
709-729-5401

Helena Hrubesova
Yukon Securities Registry
867-667-5466

Louis Arki
Nunavut Securities Office
867-975-6587

Donn MacDougall
Northwest Territories
Securities Office
867-920-8984

1.3.3 CSA Announces Successful Transition of CSA National Systems Operations and Support to CGI

FOR IMMEDIATE RELEASE
January 15, 2014

CSA ANNOUNCES SUCCESSFUL TRANSITION OF
CSA NATIONAL SYSTEMS OPERATIONS AND SUPPORT TO CGI

TORONTO – The Canadian Securities Administrators (CSA) previously announced the transition of the hosting, operation and maintenance of the existing CSA National Systems, the System for Electronic Documents Analysis and Retrieval (SEDAR), the System for Electronic Disclosure by Insiders (SEDI) and the National Registration Database (NRD) to CGI Information Systems and Management Consultants Inc. The transition was completed successfully on January 13, 2014.

The bilingual CSA service desk is now the single point of contact for all CSA National Systems, data distribution, and user and system fees billing related enquiries and issues. The CSA service desk can be contacted by:

- telephone: 1-800-219-5381,
- TTY/TDD: 1-866-620-4123,
- Fax: 1-866-729-8011, and
- email: sedar@csa-acvm.ca, sedi@csa-acvm.ca, nrd@csa-acvm.ca and data-distribution-services@csa-acvm.ca (e-mail addresses are application specific).

The CSA service desk is available 24 hours a day, 7 days a week. System, billing and technical support primary hours of operation are from 7 a.m. to 11 p.m. ET, Monday through Friday. Please note that enquiries of a regulatory nature should continue to be directed to the appropriate regulatory authority.

Current SEDAR clients have been provided with a software update, which was available for download on January 13. Both old and new versions of this software will operate until January 24, 2014 at which time the old version will be decommissioned and, if not already done so, SEDAR clients must install the new version in order to access the SEDAR system going forward. Additional information on this procedure has been provided in a separate news release and is posted on the SEDAR website.

Users of the SEDI and NRD systems do not need to do anything as a result of the transition.

Questions concerning the information provided in this notice or relating to the transition in general may be directed to CSAsystransition@csa-acvm.ca.

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

For more information:

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Richard Gilhooley
British Columbia Securities Commission
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1.4 Notices from the Office of the Secretary

1.4.1 Global RESP Corporation and Global Growth Assets Inc.

FOR IMMEDIATE RELEASE
January 10, 2014

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

AND

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

TORONTO – The Commission issued an Order in the above named matter pursuant to section 127 of the Act that hearing is adjourned to January 29, 2014 at 2:00 p.m., or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

A copy of the Order dated January 9, 2014 is available at www.osc.gov.on.ca.

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JOSÉE TURCOTTE
ACTING SECRETARY

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1.4.2 Portfolio Capital Inc et al.

FOR IMMEDIATE RELEASE
January 13, 2014

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

AND

IN THE MATTER OF
PORTFOLIO CAPITAL INC., DAVID ROGERSON
AND AMY HANNA-ROGERSON

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

(a) an agreed statement of facts shall be submitted by the parties in this matter by January 17, 2014, and, in the event that an agreed statement of facts is not reached, the parties will communicate with the Registrar of the Office of the Secretary to schedule a further appearance in this matter; and

(b) Staff shall provide to the Respondents the particulars of its allegations in relation to subsection 126.1(b) of the Act by January 29, 2014.

A copy of the Order dated January 10, 2014 is available at www.osc.gov.on.ca.

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1.4.3 Conrad M. Black et al.

FOR IMMEDIATE RELEASE
January 14, 2014

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:

1. A motion requested by Black to stay proceedings or, alternatively, for directions regarding the scope of issues to be determined at the hearing will be heard on March 26 and March 27, 2014, commencing at 10:00 a.m., and written materials will be filed according to the following schedule:

    a. Black shall serve and file a final motion record, including any affidavits to be relied upon, and any additional submissions, by February 7, 2014; and

    b. Staff shall serve and file any responding materials by March 13, 2014; and

    c. Black shall serve and file any reply materials by March 21, 2014.

2. A further confidential pre-hearing conference shall take place on February 26, 2014 at 10:00 a.m., or such other date as is agreed to by the parties and set by the Office of the Secretary.

The pre-hearing conference will be in camera.

A copy of the Order dated January 9, 2014 is available at www.osc.gov.on.ca.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 CT Real Estate Investment Trust

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions – issuer holds all of its properties through limited partnership – entity holds units in limited partnership which are exchangeable into and in all material respects the economic equivalent to the issuer's publicly traded units – issuer may include entity's indirect interest in issuer when calculating market capitalization for the purposes of using the 25% market capitalization exemption for certain related party transactions – relief granted subject to conditions.

Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 5.5(a), 5.7(1)(a), 9.1.

January 7, 2014

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
CT REAL ESTATE INVESTMENT TRUST
(THE "FILER")

DECISION

Background

The securities regulatory authority or regulator in the Jurisdiction (the "**Decision Maker**") has received an application (the "**Application**") from the Filer for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") that the Filer be granted an exemption pursuant to section 9.1 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") from the minority approval and formal valuation requirements under Part 5 of MI 61-101 relating to any related party transaction of the Filer entered into indirectly through CT REIT Limited Partnership (the "**Partnership**") or any other subsidiary entity (as such term is defined in MI 61-101) of the Partnership, if that transaction would qualify for the transaction size exemptions set out in sections 5.5(a) and 5.7(1)(a) of MI 61-101 if the indirect equity interest in the Filer, which is held by Canadian Tire Corporation, Limited and its subsidiaries (collectively, "**CTC**") or any of its permitted transferees (as set out in the Partnership Agreement (as defined below)), in the form of exchangeable Class B limited partnership units of the Partnership, were included in the calculation of the Filer's market capitalization (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 the Application; and

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* ("**MI 11-102**") is intended to be relied upon in Quebec.

Interpretation

Terms defined in National Instrument 14-101 – *Definitions*, MI 11-102 and MI 61-101 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is an unincorporated, closed-end real estate investment trust established under the laws of the Province of Ontario. The Filer was established pursuant to a declaration of trust dated July 15, 2013, which was subsequently amended and restated on October 22, 2013 (the "**Declaration of Trust**").

2. The Filer's head office is located at 2180 Yonge Street, P.O. Box 770, Station K, Toronto, Ontario M4P 2V8.

3. The Filer is a reporting issuer (or the equivalent thereof) in each province and territory of Canada and is currently not in default of any applicable requirements of the securities legislation thereunder.

4. The Filer is authorized to issue an unlimited number of trust units ("**Units**") and an unlimited number of special voting units ("**Special Voting Units**"). As at the date hereof, the Filer has 90,026,773 Units and 89,559,871 Special Voting Units issued and outstanding. The number of Special Voting Units outstanding at any point in time is equivalent to, and accompanies, the number of Exchangeable LP Units (defined below) issued and outstanding.

5. The Units are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the trading symbol "CRT.UN".

6. The Partnership is a limited partnership formed under the laws of the Province of Ontario and is governed by an amended and restated limited partnership agreement dated as of October 23, 2013 (the "**Partnership Agreement**"). The Partnership's head office is located at 2180 Yonge Street, Toronto, Ontario M4P 2V8.

7. The Partnership is not a reporting issuer (or the equivalent thereof) in any jurisdiction and none of its securities are listed or posted for trading on any stock exchange or other market.

8. The Partnership is authorized to issue (i) an unlimited number of Class A limited partnership units ("**Class A LP Units**"), of which 90,026,773 Class A LP Units are issued and outstanding as at the date hereof and are held by the Filer, (ii) an unlimited number of exchangeable Class B limited partnership units ("**Exchangeable LP Units**"), of which 89,559,871 Exchangeable LP Units are issued and outstanding as at the date hereof and are held by CTC, and (iii) an unlimited number of Class C limited partnership units ("**Class C LP Units**"), of which 1,800,000 Class C LP Units are issued and outstanding as at the date hereof and are held by CTC. The Exchangeable LP Units and Class C LP Units were issued to CTC in connection with the Filer's indirect acquisition of 256 properties (the "**Transaction**") from CTC in connection with the closing of the Filer's initial public offering on October 23, 2013.

9. The Exchangeable LP Units are, in all material respects, the economic equivalent of the Units on a per unit basis. Holders of Exchangeable LP Units are entitled to receive distributions equal to those paid by the Filer to holders of Units. The Exchangeable LP Units are exchangeable into Units on a one-for-one basis subject to customary anti-dilution adjustments and each is accompanied by a Special Voting Unit that entitles the holder to receive notice of, attend and vote together with the holders of Units at all meetings of voting unitholders of the Filer. The Exchangeable LP Units are transferable, subject to the satisfaction of the applicable conditions set forth in the Partnership Agreement. The Exchangeable Units are not exchangeable for securities other than Units nor are they redeemable for cash.

10. The operating business of the Filer is carried on by the Partnership. The principal activity of the Partnership is to own income-producing real estate assets. CT REIT GP Corp., the general partner of the Partnership and a wholly owned subsidiary of the Filer, manages and controls the operations and affairs of the Partnership and makes all decisions regarding the business and activities of the Partnership.

11. The Filer currently holds 100% of the Class A LP Units of the Partnership, whereas CTC currently holds 100% of the Exchangeable LP Units and the Class C LP Units. As at the date thereof, CTC holds an approximate 83% effective interest in the Filer on a fully-diluted basis through ownership of 59,711,094 Units and all of the 89,559,871 issued and outstanding Exchangeable LP Units.

12. It is anticipated that the Filer may from time to time enter into transactions with certain related parties, including CTC or any of its subsidiaries, indirectly through the Partnership or its subsidiaries.

13. If Part 5 of MI 61-101 applies to a related party transaction by an issuer and the transaction is not otherwise exempt:

    (a) the issuer must obtain a formal valuation of the transaction in a form satisfying the requirements of MI 61-101 by an independent valuator; and

    (b) the issuer must obtain approval of the transaction by disinterested holders of the affected securities of the issuer (requirements (a) and (b) are collectively referred to as the "**Minority Protections**").

14. A related party transaction that is subject to MI 61-101 may be exempt from the Minority Protections if, at the time the transaction is agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, exceeds 25% of the issuer's market capitalization (the "**Transaction Size Exemption**").

15. The Filer may not be entitled to rely on the Transaction Size Exemption available under the Legislation from the requirements relating to related party transactions in the Legislation because the definition of "market capitalization" in the Legislation does not contemplate securities of another entity that are exchangeable into equity securities of the issuer.

16. The Exchangeable LP Units represent part of the equity value of the Filer and provide the holder of the Exchangeable LP Units with economic rights which are, in all material respects, equivalent to the Units. The effect of CTC's exchange right is that CTC will receive Units upon the exchange of the Exchangeable LP Units. Moreover, the economic interests that underlie the Exchangeable LP Units are identical to those underlying the Units; namely, the assets held directly or indirectly by the Partnership.

17. If the Exchangeable LP Units are not included in the market capitalization of the Filer, the equity value of the Filer will be understated by the value of the interest in the Partnership represented by CTC's Exchangeable LP Units (approximately 49.9%). As a result, related party transactions by the Filer may be subject to the Minority Protections in circumstances where the fair market value of the transactions is effectively less than 25% of the fully-diluted market capitalization of the Filer.

18. Section 1.4 of MI 61-101 treats an operating entity of an "income trust", as such term is defined in National Policy 41-201 – *Income Trusts and Other Indirect Offerings* ("**NP 41-201**"), on a consolidated basis with its parent trust entity for the purpose of determining which entities are related parties of the issuer and which transaction MI 61-101 should apply to. Section 1.2 of NP 41-201 provides that references to an "income trust" refer to a trust or other entity (including corporate and non-corporate entities) that issues securities which provide for participation by the holder in net cash flows generated by an underlying business owned by the trust or other entity. Therefore, it is consistent with MI 61-101 that securities of the operating entity, such as the Exchangeable LP Units, be treated on a consolidated basis for the purposes of the Transaction Size Exemption.

19. The inclusion of the Exchangeable LP Units when determining the Filer's market capitalization pursuant to MI 61-101 is consistent with the logic of including unlisted equity securities of the issuer which are convertible into listed securities of the issuer in determining an issuer's market capitalization in that both are securities that are considered part of the equity value of the issuer whose value is measured on the basis of the listed securities into which they are convertible or exchangeable.

Decision

The Decision Maker is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Maker under the Legislation is that the Requested Relief be granted provided that:

(a) the applicable transaction would qualify for the Transaction Size Exemption contained in MI 61-101 if the Exchangeable LP Units were considered an outstanding class of equity securities of the Filer that were convertible into Units;

(b) there be no material change to the terms of the Exchangeable LP Units and the Special Voting Units, including the exchange rights associated therewith, as described above and in the Declaration of Trust, the Partnership Agreement and the Exchange Agreement, dated October 22, 2013, whether by amendment to such documents, contractual agreement or otherwise; and

(c) the applicable transaction is made in compliance with the rules and policies of the TSX or such other exchange upon which the Filer's securities trade;

(d) any annual information form or equivalent of the Filer that is required to be filed in accordance with applicable Canadian securities law contain the following disclosure, with any immaterial modifications as the context may require;

> "Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. An exemption from such requirements is available when the fair market value of the transaction does not exceed 25% of the market capitalization of the issuer. CT Real Estate Investment Trust has been granted exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, permits it to be exempt from the minority approval and valuation requirements for transactions that would have a value of less than 25% of CT Real Estate Investment Trust's market capitalization, if exchangeable Class B limited partnership units of CT REIT Limited Partnership held by Canadian Tire Corporation, Limited, including its subsidiaries, are included in the calculation of CT Real Estate Investment Trust's market capitalization. As a result, the 25% threshold, above which the minority approval and valuation requirements would apply, is increased to include the approximately 49.9% indirect exchangeable equity interest in CT Real Estate Investment Trust held by Canadian Tire Corporation, Limited, including its subsidiaries, in the form of exchangeable Class B limited partnership units of CT REIT Limited Partnership."

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

2.1.2 Choice Properties Real Estate Investment Trust

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted from requirement to file a BAR for an acquisition that is not significant to the Filer from a practical, commercial, business, or financial perspective.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, ss. 8.2, 13.1.

December 5, 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
CHOICE PROPERTIES REAL ESTATE INVESTMENT TRUST
(THE "FILER"")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision (the "**Exemption Sought**") under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for relief from the requirement in Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") to file a business acquisition report (a "**BAR**") in respect of each of the Filer's recent business acquisitions (each, a "**Business Acquisition**" and, collectively, the "**Business Acquisitions**") of a portfolio of certain properties located across Canada on October 22, 2013 (the "**Loblaw Business Acquisition**") and October 28, 2013 (the "**Third-Party Business Acquisition**"). The properties that the Filer acquired as part of the Loblaw Business Acquisition and the Third-Party Business Acquisition are collectively referred to herein as the "**Portfolio**".

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 British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut.

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 in this decision.

Representations

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

The Filer

1. The Filer is an unincorporated open-ended real estate investment trust established under the laws of the Province of Ontario by a declaration of trust and its head office is located in Toronto, Ontario.

2. The Filer is a reporting issuer under the securities legislation of each of the provinces and territories of Canada and is not in default of securities legislation in any jurisdiction.

3. The trust units of the Filer are listed and posted for trading on the Toronto Stock Exchange under the symbol "CHP.UN".

4. The Filer completed its initial public offering of trust units (the "**IPO**") on July 5, 2013 pursuant to a long form prospectus in respect thereof dated June 26, 2013.

The Business Acquisitions

5. On October 22, 2013, the Filer acquired the properties in the Portfolio relating to the Loblaw Business Acquisition for an aggregate purchase price to the Filer of approximately $10.74 million (including closing costs of approximately $0.22 million).

6. On October 28, 2013, the Filer acquired the property in the Portfolio relating to the Third-Party Business Acquisition for a purchase price to the Filer of approximately $1.80 million (including closing costs of approximately $0.04 million).

7. Each of the Loblaw Business Acquisition and the Third-Party Business Acquisition constitutes a "significant acquisition" of the Filer for the purposes of Part 8 of NI 51-102, requiring the Filer to file a BAR within 75 days of each such Business Acquisition pursuant to subsection 8.2(1) of NI 51-102.

Significance Test for the BAR

8. Under Part 8 of NI 51-102, the Filer is required to file a BAR for any completed business acquisition that is determined to be significant based on the acquisition satisfying any of the three significance tests set out in subsections 8.3(2) or 8.3(4) of NI 51-102.

9. Each of the Business Acquisitions is a significant acquisition under each of the asset test, the investment test and the profit or loss test in subsection 8.3(2) of NI 51-102.

10. The use of the optional profit or loss test in subsection 8.3(4) of NI 51-102 is unavailable to the Filer since the Filer does not yet have 12 months of historical operations.

11. For the purposes of completing its quantitative analysis of the asset test, the investment test and the profit or loss test pursuant to subsection 8.3(2) of NI 51-102 (the "**Required Significance Tests**"), the Filer is required to utilize its most recent audited financial statements. Such audited historical financial statements of the Filer were created following the creation of the Filer for purposes of the Filer's IPO prospectus. Accordingly, the applicable audited historical financial statements of the Filer only reflect assets of $10.00, unitholders' equity of $10.00 and financing activities of $10.00 as a result of the issuance of the initial trust unit of the Filer upon its creation and prior to the completion of the Filer's IPO. As a result, the application of the asset test, the investment test and the profit or loss test utilizing the Required Significance Tests each produces an anomalous result for the Filer in comparison to the results of such tests when re-applying them using the current financial metrics of the Filer.

12. If an acquisition is significant based on the Required Significance Tests, a reporting issuer is generally permitted to re-calculate the significance of the acquisition utilizing the optional significance tests set forth in subsection 8.3(4) of NI 51-102 (the "**Optional Significance Tests**"). For the purposes of completing its quantitative analysis of the asset test and the investment test pursuant to the Optional Significance Tests, the Filer may utilize its most recent interim financial statements, which, in this particular case, are the Filer's unaudited interim financial statements for the period ended September 30, 2013 (the "**Q3 Financial Statements**"). When utilizing the Q3 Financial Statements to calculate the asset test and the investment test with respect to each of the Business Acquisitions, the results indicate that the Business Acquisitions represented, on a collective basis, only 0.17% of the Filer's consolidated assets and 0.17% of the Filer's consolidated investments. However, since the Filer only has approximately three months of historical operations, it is unable to utilize the profit or loss test under the Optional Significance Tests as this Optional Significance Test requires the Filer to compare the Business Acquisitions against its consolidated specified profit or loss for a 12 month period ended September 30, 2013. Notwithstanding the foregoing, when using the Q3 Financial Statements of the Filer to calculate the profit or loss test with respect to each of the Business Acquisitions, the results

indicate that the Business Acquisitions represented, on a collective basis, only 0.97% of the Filer's net operating income.

13. The application of the asset test, investment test and profit or loss test using the Q3 Financial Statements more accurately reflect the true significance of the Business Acquisitions from a business and commercial perspective.

De Minimis Acquisitions

14. The Filer does not believe (nor did it believe at the time that it completed each of the Business Acquisitions) that the Business Acquisitions are significant to it from a practical, commercial, business or financial perspective.

15. The Filer has provided the principal regulator with an additional measure which demonstrates the insignificance of each of the Business Acquisitions to the Filer. This additional measure reflects that (i) the total gross leasable area ("GLA") of the properties in the Portfolio relating to the Loblaw Business Acquisition represented just 0.2% to the total GLA of the Filer's entire real estate portfolio immediately following the Loblaw Business Acquisition, and (ii) the total GLA of the property in the Portfolio relating to the Third-Party Business Acquisition represented just 0.01% to the total GLA of the Filer's entire real estate portfolio immediately following the Third-Party Business Acquisition.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted.

"Sonny Randhawa"
Manager, Corporate Finance
Ontario Securities Commission

2.1.3 Capstone Mining Corp.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

National Instrument 51-102, s. 13.1 Continuous Disclosure Obligations – BAR – An issuer requires relief from the requirement to include certain financial statements in a business acquisition report – The issuer is a mining company that acquired a mining property that is a significant acquisition; despite making every reasonable effort, the issuer is unable to obtain the information needed to prepare the required financial statements; the BAR will contain sufficient alternative information about the significant acquisition.

December 20, 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
CAPSTONE MINING CORP.
(THE FILER)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting the Filer from the requirements in section 8.4 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) to include certain financial statements in a business acquisition report (BAR) (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, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, and

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

Interpretation

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

Representations

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

1. the Filer is a company existing under the Business Corporations Act (British Columbia) and has its head office in Vancouver, British Columbia;

2. the Filer is a reporting issuer in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador and is not in default of its obligations under the securities legislation of any of these jurisdictions;

3. the common shares of the Filer are listed and posted for trading on the Toronto Stock Exchange;

4. the financial year end of the Filer is December 31;

5. the Filer's auditors are Deloitte LLP (Deloitte);

6. in December 2012, the Filer entered into an auction process and bid to acquire from BHP Copper Inc. (BHP Copper), a subsidiary of BHP Billiton Ltd. (BHP Billiton), the assets and liabilities associated with BHP Copper's wholly owned Pinto Valley copper mining operation and the shares of the associated San Manuel Arizona Railroad Company in Arizona, USA (the Acquired Assets);

7. the financial year end of BHP Copper is June 30;

8. the Filer completed the acquisition of the Acquired Assets on October 11, 2013 (the Acquisition);

9. the total cash consideration for the Acquired Assets was approximately $653 million;

10. the Filer filed on December 11, 2013 a revised technical report (the PV Technical Report) respecting the Acquired Assets in connection with the acquisition;

11. the Acquisition constitutes a "significant acquisition" by the Filer under section 8.3 of NI 51-102, which triggered the requirement for the Filer to file a BAR;

12. under section 8.4 of NI 51-102, the Filer's BAR must include:

    (a) financial statements of the Acquired Assets for the years ended June 30, 2013 and June 30, 2012 and the interim periods ended September 30, 2013 and 2012; and

    (b) unaudited pro forma financial statements of the Filer as of September 30, 2013, the year ended December 31, 2012 and the nine months ended September 30, 2013

    (together, the Acquisition Statements);

13. under subsection 8.4(2) of NI 51-102, the financial statements of the Acquired Assets for the year ended June 30, 2013 must be audited;

14. the Filer, being aware of the requirements under NI 51-102 to include certain financial statements in the BAR, ensured that the purchase agreement included a covenant of BHP Copper to provide access to the books and records, premises and employees necessary to conduct an audit of prior periods related to the Acquired Assets; the Filer also held discussions with BHP Copper regarding the requirements of NI 51-102 and the type of financial disclosure required in the BAR during negotiations relating to the Acquisition;

15. the Filer retained KPMG LLP to assist the Filer in the preparation of the Acquisition Statements; Deloitte was retained to conduct an audit with respect to the Acquisition Statements;

16. BHP Billiton has reporting requirements and prepares financial statements because its securities are publicly listed; however, it has not historically prepared stand-alone financial statements (and has not had significant audit work done) with respect to the Acquired Assets or BHP Copper in the context of the audit of BHP Billiton; BHP Copper contains other substantial assets, liabilities and activities beyond the Pinto Valley mining operation;

17. despite making every reasonable effort to obtain access to, or copies of, requisite financial information for the Acquired Assets in order to provide the required audited Acquisition Statements, the Filer was not able to obtain all of the required financial information;

18. the acquired business does not constitute a material portion of BHP Billiton's business; as a result, the required information does not appear to be readily available to BHP Copper or BHP Billiton;

19. in addition to the missing audit evidence, during the course of the audit of the acquired business financial statements, Deloitte attempted unsuccessfully to reconcile material differences of opinion between itself and BHP Copper with

respect to the carrying amount of certain property, plant and equipment; even if the difference of opinion could be reconciled, Deloitte informed the Filer that the historical financial information necessary to audit the completeness and historical cost of mineral property and property, plant and equipment is not available;

20. the Filer faces two issues with respect to the preparation of the financial statements for the Acquired Assets under section 8.4 of 51-102:

    (a) the Filer has been unable to obtain the specific financial information necessary to provide audit evidence for Deloitte to audit the acquired business financial statements for the year ended June 30, 2013; and

    (b) the valuation of the opening property, plant and equipment as at July 1, 2012 and July 1, 2013 for the balance sheet in the Acquisition Statements remains unresolved and, even if resolved, lacks the necessary information to support an audit;

21. the Filer believes, and is informed by Deloitte that it also believes, that this difference of opinion is unlikely to be resolved and access to the required information is not forthcoming;

22. the Filer proposes to include the following alternative information in the BAR (the Alternate Disclosure):

    (a) an audited statement of the assets acquired and liabilities assumed by the Filer as at October 11, 2013 (the Statement of Assets Acquired and Liabilities Assumed) that:

        (i) includes all the assets and liabilities acquired;

        (ii) includes a statement that the Statement of Assets Acquired and Liabilities Assumed is prepared using the measurement and recognition principles of IFRS 3, Business Combinations; and

        (iii) includes an auditor's report that expresses an unmodified opinion and reflects the fact that the Statement of Assets Acquired and Liabilities Assumed was prepared in accordance with the basis of presentation disclosed in the notes to the Statement of Assets Acquired and Liabilities Assumed;

    (b) a pro forma balance sheet as at the date of the Filer's most recent balance sheet filed that includes the assets acquired and liabilities assumed; and

    (c) technical information related to the Acquired Assets in the form of the PV Technical Report which will be incorporated by reference into the BAR;

23. the PV Technical Report provides investors with a current estimate of the mineral resource that forms part of the Acquired Assets; additionally, the PV Technical Report contains disclosure on the reliability of that estimate of the mineral resource and the information and methodology that was used to determine that estimate; because the Acquisition was of a mine whose value largely consisted of the value of the assets acquired, the information in the PV Technical Report will assist investors in evaluating the Acquisition; and

24. apart from the requirement to include the financial statements required under section 8.4 of NI 51-102 for the acquisition of the Acquired Assets, the Filer is otherwise able to prepare and file the BAR in accordance with NI 51-102, which will include the Alternate Disclosure.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted with respect to the BAR for the Acquired Assets, provided that the Filer includes in the BAR the Alternate Disclosure and otherwise complies with applicable BAR requirements.

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

2.1.4 Brazilian Gold Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to no longer be a reporting issuer under securities legislation.

Applicable Legislative Provisions

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

January 9, 2014

Sangra Moller LLP
1000 Cathedral Place
925 West Georgia Street
Vancouver, BC V6C 3L2

Attention: Evan Griffith

Dear Sir:

Re: Brazilian Gold Corporation (the Applicant) – Application for a decision under the securities legislation of Alberta and Ontario (the Juris-dictions) 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 Appli-cant, including debt securities, are bene-ficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total world-wide;

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

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

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

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

“Denise Weeres”
Manager, Legal
Corporate Finance

2.1.5 Energy Leaders Income Fund and Harvest Portfolios Group Inc.

Headnote

Pursuant to National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions, the fund and their manager are exempted from the dealer registration requirement for certain limited trading activities to be carried out by these parties in connection with warrant offerings by the fund, as the limited trading activities involve: i) the forwarding of short form prospectuses and the distribution of warrants to acquire units to existing holders of units and ii) the subsequent distribution of units to existing holders of warrants, upon their exercise of the warrants, through an appropriately registered dealer.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1) and 74(1).
Multilateral Instrument 11-102 Passport System, s. 4.7(1).
National Instrument 45-106 Prospectus and Registration Exemptions, ss. 2.1, 3.1, 3.42 and 8.5.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.5.

January 10, 2014

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
ENERGY LEADERS INCOME FUND
(the Fund)

AND

HARVEST PORTFOLIOS GROUP INC.
(the Manager) (collectively with the Fund, the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the Filers from the dealer registration requirement in the Legislation in respect of certain trades (the **Warrant Offering Activities**) to be carried out by the Manager, on behalf of the Fund, in connection with a proposed offering (the **Warrant Offering**) of warrants (the **Warrants**) to acquire trust units (the **Trust Units**) of the Fund, to be made pursuant to a short form (final) prospectus (the **Warrant Prospectus**).

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

1. the Ontario Securities Commission is the principal regulator for this application; and

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

Interpretation

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

Representations

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

1. The Fund is a trust established by declaration of trust under the laws of the province of Ontario.

2. The Manager is the manager, trustee and promoter of the Fund.

3. The Manager was appointed as manager of the Fund and performs management, portfolio management and administrative services for the Funds pursuant to the declaration of trust of the Fund.

4. The Fund is a reporting issuer in each of the provinces and territories of Canada and is not in default of securities legislation in any jurisdiction.

5. The Fund is not a mutual fund under securities legislation of the provinces and territories of Canada.

6. The head office of each of the Filers is located in Oakville, Ontario.

7. The authorized capital of the Fund consists of an unlimited number of Trust Units. The Trust Units are listed and posted for trading on the Toronto Stock Exchange (the **TSX**).

8. The Fund is subject to certain investment restrictions that, among other things, limit the securities that may be acquired for the investment portfolio which the Fund owns.

9. The investment objectives of the Fund are to provide holders of Trust Units with (i) monthly cash distributions; (ii) the opportunity for capital appreciation; and (iii) lower overall volatility of the portfolio returns than would otherwise be experienced by owning the equity securities held by the Fund directly; by investing in the portfolio securities and writing covered call options on up to 33% of the equity securities of energy issuers held in the portfolio.

10. The Fund's portfolio consists of equity securities of energy issuers.

11. The Fund filed a final long form prospectus dated April 27, 2012, under the securities legislation of Ontario and each of the Passport Jurisdictions for the initial issuance of units of the Fund (**Units**), each Unit consisted of one transferable Trust Unit and one purchase warrant to subscribe for additional Trust Units. There are no Units or warrants currently outstanding.

12. The Fund does not engage in the continuous distribution of securities.

13. In connection with the Warrant Offering, the Fund has filed a preliminary short form prospectus (**Warrant Prospectus**), under the securities legislation of Ontario and each of the Passport Jurisdictions. Under the Warrant Offering, each holder of Trust Units, as at a specified record date, will be entitled to receive, for no consideration, one Warrant for each Trust Unit held by such holder.

14. Holders of Warrants will be entitled, upon the exercise of such Warrants, to subscribe for Trust Units, pursuant to subscription privileges provided for in the Warrants, at a subscription price to be specified in the Warrant Prospectus. Two Warrants will entitle the holder to subscribe for one Trust Unit under a basic subscription privilege. Holders of Warrants who exercise Warrants under the basic subscription privilege may also subscribe, *pro rata*, for additional Trust Units that are not subscribed for by other holders under the basic subscription privilege, pursuant to the terms of an additional subscription privilege. The term for the exercise of Warrants (including both the basic subscription privilege and the additional subscription privilege) will not exceed six months.

15. The Fund intends to apply to list the Warrants on the TSX.

16. The Warrant Offering Activities will consist of:

    (a) the distribution of the Warrant Prospectus and the issuance of Warrants to the holders of Trust Units (as at the record date specified in the Warrant Prospectus), after the Warrant Prospectus has been filed, and receipts obtained, under the securities legislation of Ontario and each of the Passport Jurisdictions; and

(b) the distribution of Trust Units to holders of Warrants, upon the exercise of such Warrants by the holder, through a registered dealer that is registered in a category that permits the registered dealer to make such distribution.

17. The Fund is in the business of trading by virtue of its portfolio investing and trading activities. As a result, its capital raising activities, including the Warrant Offering Activities, would require each of the Filers to register as a dealer in the absence of this decision (or another available exemption from the dealer registration requirement).

18. Section 8.5 of National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**) provides that the exemptions from the dealer registration requirements set out in section 3.1 [*Rights offering*] and section 3.42 [*Conversion, exchange, or exercise*] of NI 45-106 no longer apply.

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 Fund, and the Manager acting on behalf of the Fund, are not subject to the dealer registration requirement in respect of the Warrant Offering Activities.

"Anne Marie Ryan"
Commissioner
Ontario Securities Commission

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

2.1.6 Credential Securities Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from dealer registration and prospectus requirements for situation other than a corporate acquisition or reorganization; trades to business associates; debt settlements; or trades involving employee investment plans and consultants – An issuer wants to offer foreign exchange contracts without a prospectus – the issuer is a registered dealer that is a member of IIROC; the prospectus regime was not designed for an offer of over-the-counter foreign exchange contracts; investors will receive a plain language risk disclosure document and will be required to positively acknowledge that they have read and understood the risk disclosure document; investors are entering into foreign exchange contracts to hedge commercial risks.

Applicable Legislative Provisions

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

December 4, 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
CREDENTIAL SECURITIES INC.
(THE FILER)

DECISION

Background

1 The securities regulatory authority or regulator (Decision Maker) in each of the Jurisdictions has received an application (the Application) from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer and its respective officers, directors and representatives be exempt from the prospectus requirement in respect of the distribution of over-the-counter (OTC) foreign exchange contracts to investors resident in Canada (the Requested Relief) subject to the terms and conditions below.

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, New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island (together with the Jurisdictions, the Applicable 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* 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:

The Filer

1. the Filer is a corporation existing under the *Canada Business Corporations Act,* with offices in Vancouver, British Columbia;

2. the Filer is registered as a dealer in the category of investment dealer in each of the provinces of Canada, a derivatives dealer in Québec and is a member of the Investment Industry Regulatory Organization of Canada (IIROC);

3. the Filer does not have any securities listed on a marketplace as defined in National Instrument 21-101 *Marketplace Operation;*

4. the Filer is not in default of any requirements of securities legislation in Canada or IIROC Rules or IIROC Acceptable Practices (as defined below);

5. the Filer currently offers and may offer in the future OTC derivatives in which the underlying interests consist entirely of currencies (OTC foreign exchange contracts or OTC FX) including Spot FX Contracts and FX Forwards to "accredited investors" (as defined in National Instrument 45-106 Prospectus and Registration Exemptions) (NI 45-106) in certain of the Applicable Jurisdictions;

6. OTC FX includes the following types of instruments and contracts:

   (a) a contract or instrument for the purchase and sale of currency that:

      (i) except where all or part of the delivery of the currency referenced in the contract or instrument is rendered impossible or commercially unreasonable by an intervening event or occurrence not reasonably within the control of the parties, their affiliates or their agents, requires settlement by the delivery of the currency referenced in the contract or instrument (A) within two business days, or (B) after two business days provided that the contract or instrument was entered into contemporaneously with a related security trade and the contract or instrument requires settlement on or before the relevant security trade settlement deadline, and

      (ii) is intended by the counterparties, at the time of the execution of the transaction, to be settled by the delivery of the currency referenced in the contract within the time periods set out in (i) above, and (iii) does not allow for the contract or instrument to be rolled over (Spot FX Contract);

   (b) a contract or instrument for the purchase and sale of currency at a specified price for settlement at a predetermined future date, or within a predetermined window of time (which may allow for the contract to be rolled over, otherwise known as rolling spot) that permits the cash settlement or physical delivery of the currency (FX Forward); and

   (c) other similar types of OTC foreign exchange contracts;

7. the Filer wishes to offer OTC FX to clients in the Applicable Jurisdictions who are commercial hedgers or commercial users (Hedgers), on the terms and conditions described in this Decision; a Hedger is a person who, because of the person's activities,

   (a) is exposed to one or more risks attendant upon those activities, including supply, credit, exchange and environmental risks and the risk related to fluctuations in the price of an underlying interest (in the case of the Filer, the underlying interest being currency); and

   (b) seeks to hedge that risk by engaging in a derivatives transaction, or a series of derivatives transactions, where the underlying interest is directly associated with that risk or a related underlying interest;

8. as a member of IIROC, the Filer is only permitted to enter into OTC FX upon approval of IIROC (IIROC Approval) and under the rules and regulations of IIROC (the IIROC Rules); the Filer received IIROC Approval

for the Commercial FX Division on October 30, 2013; before granting the IIROC Approval, IIROC conducted a comprehensive review of the adequacy of the Filer's

(a) books and records,

(b) account opening process, know-your-client and suitability assessment,

(c) service providers, liquidity providers and counterparty risk management,

(d) clearing and settlement processes;

(e) client margining process;

(f) capital risk management, and

(g) compliance and supervisory structures;

9. in addition, IIROC has communicated to its members certain additional expectations as to acceptable business practices (IIROC Acceptable Practices) as articulated in IIROC's "Regulatory Analysis of Contracts for Differences (CFDs)" published by IIROC on June 6, 2007, as amended on September 12, 2007 (the IIROC CFD Paper), for any IIROC member proposing to offer OTC FX to investors; the Filer will offer OTC FX in accordance with IIROC Acceptable Practices as may be established from time to time;

10. the Filer is required by IIROC to maintain a certain level of capital to address the business risks associated with its activities and has strict segregation requirements for client monies; the capital reporting required by IIROC (as per the calculation in the Joint Regulatory Financial Questionnaire (the JRFQ) and the Monthly Financial Reports to IIROC) is based predominantly on the generation of financial statements and calculations as to ensure capital adequacy; the Filer, as an IIROC member, is required to have a specified minimum capital which includes having any additional capital required with regards to margin requirements and other risks; this risk calculation is summarized as a risk adjusted capital calculation which is submitted in the firm's JRFQ and required to be kept positive at all times;

Commercial FX Division

11. in addition to its existing full service offering, the Filer intends to establish a division (Commercial FX Division) serviced by registered representatives of the Filer to offer Spot FX and FX Forwards to Hedgers;

12. a Hedger enters into OTC FX contracts for the purpose of mitigating a risk related to the operation of its business; a Hedger client of the Filer may or may not qualify as an "accredited investor";

13. in connection with investors' self-directed trading activities, the Filer does not provide trading advice or recommendations regarding Spot FX and FX Forward transactions to its Hedger clients; however, as part of its full service offering, the Filer does offer all clients the ability to seek advice from the Filer's representatives, which is why the Filer's representatives are registered with IIROC as registered representatives rather than investment representatives;

14. the Commercial FX Division will offer its services to clients in two ways:

(a) by way of telephone trading and manual processing (the Manual Trading service); and

(b) by way of an online trading platform where certain clients can conduct self-directed trading activities;

15. for the Manual Trading service, clients will phone in OTC FX orders to the Filer's registered trading desk, the client order will be voice recorded, buy and sell trade tickets will be immediately time-stamped; the Filer's representative will document the client instructions on a trade ticket with details of the trade, settlement terms and markup;

16. the online trading platforms utilized by both the Filer and the clients of the Commercial FX Division are similar to those developed for on-line brokerages in that the client trades without other communication with, or advice from, the dealer; the trading platforms are not "marketplaces" as defined in NI 21-101 Marketplace Operation since a marketplace is any facility that brings together multiple buyers and sellers by matching orders in fungible contracts in a nondiscretionary manner;

17. the Filer will be the counterparty to its clients' OTC FX trades; it will not act as an intermediary, broker or trustee in respect of the OTC FX transactions;

18. the Filer may manage the risk in its client positions by placing an identical off-setting OTC FX transaction, on a back-to-back basis, with an "acceptable counterparty" or a "regulated entity" (as those terms are defined in the JRFQ);

19. the Filer does not have an inherent conflict of interest with its clients, since it does not profit on a position if the client losses on that position, and vice versa; the Filer is compensated by the "spread" between the bid and ask prices it offers; any additional charges will be fully disclosed to the client prior to trading;

20. OTC FX contracts are not transferable;

21. the ability to gain leverage is one of the principal features of OTC FX contracts; leverage allows clients to magnify returns (or losses) by reducing the initial capital outlay required to achieve the same market exposure that would be obtained by trading directly in the underlying currency;

22. IIROC Rules and IIROC Acceptable Practices set out detailed requirements and expectations relating to leverage and margin for offerings of foreign exchange contracts; the degree of leverage may be amended in accordance with IIROC Rules and IIROC Acceptable Practices as may be established from time to time;

23. under section 13.12 Restriction on lending to clients of National Instrument 31-103 *Registration Requirements,* Exemptions and Ongoing Registrant Obligations, only those firms that are registered as investment dealers (a condition of which is to be a member of IIROC) may lend money, extend credit or provide margin to a client;

OTC FX Distributed in the Applicable Jurisdictions

24. certain types of OTC FX may be considered to be "securities" or "OTC derivatives" under the securities legislation of the Applicable Jurisdictions;

25. investors wishing to enter into OTC FX transactions must open an account with the Filer;

26. prior to a client's first OTC FX transaction and as part of the account opening process, the Filer will provide the client with a separate risk disclosure document that clearly explains, in plain language, the transaction and the risks associated with the transaction (the risk disclosure document); the risk disclosure document includes the required risk disclosure set forth in Schedule A to the Regulations to the Québec Derivatives Act (QDA) and leverage risk disclosure required under IIROC Rules; the risk disclosure document contains disclosure that is substantially similar to the risk disclosure statement required for recognized options in OSC Rule 91-502 Trades in Recognized Options (which provides both registration and prospectus exemptions) (OSC Rule 91-502) and the regime for OTC derivatives contemplated by OSC SN 91-702 (as defined below) and proposed OSC Rule 91-504 OTC Derivatives (which was not adopted) (Proposed Rule 91-504);

27. the Filer will ensure that, prior to a client's first trade in an OTC FX transaction, a complete copy of the risk disclosure document provided to that client has been delivered, or has previously been delivered, to the Principal Regulator;

28. prior to the client's first OTC FX transaction and as part of the account opening process, the Filer will obtain a written or electronic acknowledgement from the client confirming that the client has received, read and understood the risk disclosure document; such acknowledgement will be separate and prominent from other acknowledgements provided by the client as part of the account opening process;

29. as customary in the industry, and due to the fact that this information is subject to factors beyond the control of the Filer (such as changes in IIROC Rules), information such as the associated margin rates would not be disclosed in the risk disclosure document but will be available on the trading platforms; for those Commercial FX Division clients who use the Manual Trading service, the margin required will be communicated to the client by a representative of the Filer prior to the execution of any Spot FX or FX Forwards transactions;

Satisfaction of the Registration Requirement

30. the role of the Filer as it relates to the OTC FX business line will be to act as counterparty and dealer on the transaction; in this role, the Filer will, among other things, be responsible to approve all marketing, hold clients funds, and for client approval (including the review of know-your-client (KYC) due diligence and account opening, and ongoing trade by trade, suitability assessments);

31. IIROC has exercised its discretion to impose additional requirements on members proposing to trade in OTC FX and requires, among other things, that:

    (a) applicable risk disclosure documents and client suitability waivers provided to clients be in a form acceptable to IIROC;

    (b) the firm's policies and procedures, among other things, require the Filer to assess whether OTC FX trading is appropriate for a client before an account is approved to be opened; this account opening suitability process includes an assessment of the client's investment knowledge and trading experience;

    (c) the Filer's registered salespeople who will conduct the KYC and initial product suitability analysis, as well as their supervisory trading officer will meet proficiency requirements for futures trading, and will be registered with IIROC as either Registered Representatives (Retail) or Investment Representative (Retail) depending on the services being provided; and

    (d) stated risk capital limits for each client's account be established, and cumulative profit and losses be monitored (this is a measure normally used by IIROC in connection with futures trading accounts);

32. the OTC FX offered in Canada are offered in compliance with applicable IIROC Rules and other IIROC Acceptable Practices;

33. the Requested Relief, if granted, would substantially harmonize the position of the regulators in the Applicable Jurisdictions (together, the Commissions) on the offering of OTC FX to investors in the Applicable Jurisdictions with how those products are offered to investors in Québec; the QDA provides a legislative framework to govern derivatives activities in Québec; among other things, the QDA requires such products to be offered to investors through an IIROC member and the distribution of a standardized risk disclosure document rather than a prospectus;

34. in British Columbia, Blanket Order 91-501 Over-The-Counter Derivatives provides a prospectus exemption for trading in OTC derivatives between "Qualified Parties", which includes persons who enter into OTC derivatives for commercial hedging purposes;

35. the Requested Relief, if granted, would be consistent with the guidelines articulated in Ontario Securities Commission Staff Notice 91-702 Offerings of Contracts for Difference and Foreign Exchange Contracts to Investors (OSC SN 91-702); OSC SN 91-702 provides guidance with regards to the distributions of foreign exchange contracts and similar OTC derivative products to investors in Ontario;

36. the Filer is of the view that requiring compliance with the prospectus requirement in order to enter into OTC FX with clients would not be appropriate since the disclosure of a great deal of the information required under a prospectus and under the reporting issuer regime is not material to a client seeking to enter into an OTC FX transaction; the information to be given to such a client should principally focus on enhancing the client's appreciation of product risk including counterparty risk; in addition, most OTC FX transactions are of short duration (positions are generally opened and closed on the same day and are in any event marked to market and cash settled daily);

37. the Filer is regulated by IIROC, which has a robust compliance regime including specific requirements to address market, capital and operational risks;

38. the Filer has submitted that the regulatory regime developed by IIROC for OTC FX adequately addresses issues relating to the potential risk to the clients of the Filer acting as counterparty; in view of this regulatory regime, clients would receive little or no additional benefit from requiring the Filer to also comply with the prospectus requirement; and

39. the Requested Relief in respect of each Applicable Jurisdiction is conditional on the Filer being registered as an investment dealer with the Commission in such Applicable Jurisdiction and maintaining its membership with IIROC.

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 Requested Relief is granted provided that:

(a) all OTC FX traded with residents in the Applicable Jurisdictions are traded with persons entering into OTC FX for commercial hedging purposes and executed through the Filer;

(b) with respect to residents of an Applicable Jurisdiction, the Filer remains registered as a dealer in the category of investment dealer with the Principal Regulator and the Commission in such Applicable Jurisdiction and a member of IIROC;

(c) all OTC FX transactions with clients resident in the Applicable Jurisdictions will be conducted under IIROC Rules imposed on members seeking to trade in OTC FX and in accordance with IIROC Acceptable Practices, as amended from time to time;

(d) all OTC FX transactions with clients resident in the Applicable Jurisdictions will be conducted under the requirements of the securities laws of the Applicable Jurisdictions;

(e) prior to a client first entering into an OTC FX transaction, the Filer has provided to the client the risk disclosure document described in paragraph 27 and has delivered, or has previously delivered, a copy of the risk disclosure document provided to that client to the Principal Regulator;

(f) prior to the client's first OTC FX transaction and as part of the account opening process, the Filer has obtained a written or electronic acknowledgement from the client, as described in paragraph 28, confirming that the client has received, read and understood the risk disclosure document;

(g) the Filer has furnished to the Principal Regulator the name and principal occupation of its officers or directors, together with either the personal information form and authorization of indirect collection, use and disclosure of personal information provided for in National Instrument 41-101 General Prospectus Requirements or the registration information form for an individual provided for in Form 33-109F4 of National Instrument 33-109 Registration Information Requirements completed by any officer or director;

(h) the Filer will promptly inform the Principal Regulator in writing of any material change affecting the Filer, being any change in the business, activities, operations or financial results or condition of the Filer that may reasonably be perceived by a counterparty or the client to an OTC FX transaction to be material;

(i) the Filer will promptly inform the Principal Regulator in writing if a self-regulatory organization or any other regulatory authority or organization initiates proceedings or renders a judgment related to disciplinary matters against the Filer concerning the conduct of activities with respect to OTC FX;

(j) within 90 days following the end of its financial year, the Filer will submit to the Principal Regulator or IIROC the audited annual financial statements of the Filer; and

(k) the Requested Relief will immediately expire upon the earliest of:

  (i) four years from the date that this Decision is issued;

  (ii) in respect of a subject Applicable Jurisdiction, the issuance of an order or decision by a court, the Commission in such Applicable Jurisdiction or other similar regulatory body that suspends or terminates the ability of the Filer to offer OTC FX to clients in such Applicable Jurisdiction; and

  (iii) with respect to an Applicable Jurisdiction, the coming into force of legislation or a rule by its Commission regarding the distribution of OTC derivatives to investors in such Applicable Jurisdiction.

"Peter Brady"
Director, Corporate Finance
British Columbia Securities Commission

2.2 Orders

2.2.1 Global RESP Corporation and Global Growth Assets Inc. – s. 127(1)

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

AND

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

ORDER
(Subsection 127(1))

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

AND WHEREAS on August 10, 2012, the Commission extended the Temporary Order against Global RESP and GGAI until such further Order of the Commission and adjourned the hearing until November 8, 2012;

AND WHEREAS the Terms and Conditions required Global RESP and GGAI to retain a consultant (the "Consultant") to prepare and assist them in implementing plans to strengthen their compliance systems and require Global RESP to retain a monitor (the "Monitor") to contact all new clients as defined and set out in the Terms and Conditions ("New Clients');

AND WHEREAS Global RESP retained Sutton Boyce Gilkes Regulatory Consulting Group Inc. as its Consultant and Monitor;

AND WHEREAS on November 2, 2013, the Commission heard Global RESP's motion to vary the Terms and Conditions imposed on Global RESP on July 26, 2012;

AND WHEREAS on November 7, 2012, the Commission ordered: (i) paragraphs 5, 6 and 7 of the Terms and Conditions deleted and replaced with new terms; (ii) the hearing be adjourned to December 13, 2012 at 10:00 a.m.; and (iii) the appearance date on November 8, 2012 be vacated;

AND WHEREAS on December 13, 2012, Staff filed the affidavit of Lina Creta sworn December 13, 2012 and counsel for the Respondents filed the affidavit of Clarke Tedesco sworn December 12, 2012 and the Commission adjourned the hearing to January 14, 2013 at 9:00 a.m.;

AND WHEREAS on January 14, 2013, Staff filed the affidavit of Lina Creta sworn January 11, 2013 and counsel for the Respondents filed the affidavits of Clarke Tedesco sworn January 11 and 14, 2013;

AND WHEREAS on January 22, 2013, the Commission ordered that the hearing be adjourned to February 6, 2013;

AND WHEREAS on February 6, 2013, Staff filed the affidavit of Lina Creta sworn February 6, 2013 and counsel for the Respondents filed the affidavits of Clarke Tedesco sworn February 4 and 6, 2013;

AND WHEREAS on February 13, 2013, the Commission ordered that the hearing be adjourned to February 25, 2013 for the purpose of allowing the parties to make submissions on: (i) whether it is appropriate for the Commission to approve the plan submitted by the Consultant; and (ii) if it is appropriate, for the Commission to approve any terms of the plan not agreed to by Staff and the Commission ordered that the hearing on February 25, 2013 only proceed if the plan to be submitted by the Consultant had not been approved by Staff;

AND WHEREAS on February 22, 2013, Staff of the Commission approved the plans submitted by the Consultant for Global RESP and GGAI subject to an amendment being made to the Global RESP plan, which amendment was subsequently made on February 22, 2013;

AND WHEREAS on October 22, 2013, the Respondents brought a motion seeking to remove the Terms and Conditions and filed the affidavits of Natalia Vandervoort sworn October 22, 2013 and November 8, 2013 and Staff filed the

affidavit of Lina Creta sworn November 19, 2013 updating the Commission on Staff's dealings with the Monitor and the Consultant;

AND WHEREAS the Consultant provided a letter to Staff stating that the Consultant saw no reason for continuing the role of the Monitor;

AND WHEREAS on November 20, 2013, the Commission ordered that:

1. For all New Clients who invested on or before November 20, 2013, paragraphs 4, 5.1, 5.2, 5.3, 6.1, 6.2, 7 and 8 of the Terms and Conditions, as amended by the Commission Order dated November 7, 2012 continue to apply;

2. For all New Clients who invest after November 20, 2013, the role and activities of the Monitor as set out in paragraphs 4, 5.2, 5.3, 6.2 and 8 of the Terms and Conditions, as amended by Commission order dated November 7, 2012, and the activity of Global RESP as set out in paragraph 7 of the Terms and Conditions, as amended by Commission order dated November 7, 2012 are suspended;

3. Further to paragraph 9 of the Terms and Conditions, the resumption of any future monitoring or any subsequent changes to that monitoring in furtherance of the implementation of the Global RESP Plan, if any, shall take place on the recommendation of the Consultant and with the agreement of the OSC Manager and the parties may seek the direction from the Commission in the event that the parties are unable to agree on any future possible monitoring; and

4. The hearing be adjourned to December 13, 2013 at 2:00 p.m.;

AND WHEREAS on December 13, 2013, counsel for the Respondents and Staff updated the Commission on the status of Staff's dealings with the Consultant and the Commission ordered the hearing adjourned to January 9, 2014 at 10:30 a.m.;

AND WHEREAS on January 9, 2014, counsel for the Respondents and Staff updated the Commission on the status of Staff's dealings with the Consultant in relation to the ongoing implementation of the Plan;

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

IT IS HEREBY ORDERED pursuant to section 127 of the Act that the hearing is adjourned to January 29, 2014 at 2:00 p.m., or to such other date or time as set by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 9th day of January, 2014.

"James E. A. Turner"

2.2.2 Pivot Technology Solutions, Inc. – s. 1(11)(b)

Headnote

Subsection 1(11)(b) – Order that the issuer is a reporting issuer for the purposes of Ontario securities law – Issuer already a reporting issuer in Alberta and British Columbia – Issuer's securities listed for trading on the TSX Venture Exchange – Continuous disclosure requirements in Alberta and British Columbia substantially the same as those in Ontario – Issuer has a significant connection to Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(11)(b).

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED
(the "Act")

AND

IN THE MATTER OF
PIVOT TECHNOLOGY SOLUTIONS, INC.

ORDER
(Clause 1(11)(b))

UPON the application of Pivot Technology Solutions, Inc. (the **"Applicant"**) to the Ontario Securities Commission (the **"Commission"**) pursuant to clause 1(11)(b) of the *Securities Act* (Ontario) (the **"Act"**) for a designation order that the Applicant is a reporting issuer for the purposes of Ontario securities law;

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

AND UPON the Applicant having represented to the Commission as follows:

1. The Applicant is a corporation first incorporated on January 25, 2011 under the *Business Corporations Act* (Alberta) under the name Acme Capital Corporation and subsequently continued under the *Business Corporations Act* (Ontario) on March 22, 2013. The Applicant changed its name from Acme Capital Corporation to Pivot Technology Solutions, Inc. on March 21, 2013.

2. The Applicant has been a reporting issuer under the *Securities Act* (British Columbia) (the **"BC Act"**) since April 14, 2011 and under the *Securities Act* (Alberta) (the **"Alberta Act"**) since April 14, 2011. The Applicant is not currently a reporting issuer in any jurisdiction in Canada other than Alberta and British Columbia.

3. The Applicant's registered office is at 40 King Street West, Suite 4400, Toronto, Ontario, Canada, M5H 3Y4. The Applicant's minute books and related corporate records are maintained in Toronto, Ontario.

4. The authorized share capital of the Applicant consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series, of which 80,439,625 common shares and 87,482,001 Series A preferred shares were issued and outstanding as at December 3, 2013.

5. The Applicant's common shares are listed on the TSX Venture Exchange (the **"Exchange"**) under the trading symbol "PTG". The Series A preferred shares are not listed on any exchange.

6. The Applicant is not in default of any of the rules, regulations or policies of the Exchange.

7. The Applicant does not appear on the lists of defaulting reporting issuers maintained pursuant to the BC Act or the Alberta Act and is not in default of any requirement of either the BC Act or the Alberta Act.

8. The materials filed by the Applicant under the BC Act and Alberta Ac are available on the System for Electronic Document Analysis and Retrieval (SEDAR).

9. The continuous disclosure requirements of the BC Act and the Alberta Act are substantially the same as the continuous disclosure requirements under the Act.

10. Pursuant to the policies of the Exchange, a listed issuer, which is not otherwise a reporting issuer in Ontario, must assess whether it has a "Significant Connection to Ontario" (as defined in Policy 1.1 of the TSX Venture Exchange Corporate Finance Manual) and, upon becoming aware that it has a Significant Connection to Ontario, promptly make a bona fide application to the Commission to be designated a reporting issuer in Ontario.

11. The Applicant has determined that it has a Significant Connection to Ontario in that over 20% of the Applicant's total number of equity securities are beneficially owned by persons resident in Ontario.

12. There have been no penalties or sanctions imposed against the Applicant by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority and the Applicant has not entered into a settlement agreement with a Canadian securities regulatory authority.

13. No director or officer of the Applicant, nor, to the knowledge of the Applicant and its directors and officers, any shareholder of the Applicant holding sufficient securities of the Applicant to materially affect the control of the Applicant has:

    (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

    (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

14. No director or officer of the Applicant, not the Applicant, nor, to the knowledge of the Applicant and its directors and officers, any shareholder of the Applicant holding sufficient securities of the Applicant to materially affect the control of the Applicant is or has:

    (a) been the subject of any known ongoing or concluded investigation by: (i) a Canadian securities regulatory authority; or (ii) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or

    (b) been the subject of any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

15. Except as noted below, no directors or officers of the Applicant, nor, to the knowledge of the Applicant and its directors and officers, any shareholder of the Applicant holding sufficient securities of the Applicant to materially affect the control of the Applicant, has been at the time of such event, a director or officer of any other issuer which is or has:

    (a) been subject to any cease trade order or similar order, or order that denied access to any exemptions under Ontario securities laws, for a period of more than 30 consecutive days, within the preceding 10 years; or

    (b) been subject to any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

Mr. Stephen T. Moore, a director of the Applicant was a trustee of Impax Energy Services Income Trust (**"Impax"**) from June 2006 to January 2010. Mr. John R. Anderson, a director of the Applicant was the Chief Financial Officer of Impax from June 2006 to May 2009. Impax filed for creditor protection in December 2009.

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

IT IS HEREBY ORDERED pursuant to clause 1(11)(b) of the Act that the Applicant is a reporting issuer for the purposes of Ontario securities law.

DATED at Toronto on this 10th day of January, 2014.

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

2.2.3 Portfolio Capital Inc. et al – ss. 127 and 127.1

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

AND

IN THE MATTER OF
PORTFOLIO CAPITAL INC., DAVID ROGERSON
AND AMY HANNA-ROGERSON

ORDER
(Sections 127 and 127.1 of the Securities Act)

WHEREAS on March 25, 2013, the Ontario Securities Commission ("the Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 25, 2013 with respect to Portfolio Capital Inc. ("Portfolio Capital"), David Rogerson ("Rogerson") and Amy Hanna-Rogerson ("Hanna-Rogerson") (collectively, the "Respondents");

AND WHEREAS the Notice of Hearing set a hearing in this matter for April 17, 2013;

AND WHEREAS on April 17, 2013, Staff and counsel to Rogerson appeared before the Commission and no one appeared on behalf of Hanna-Rogerson or Portfolio Capital;

AND WHEREAS on April 17, 2013, the Commission ordered that a pre-hearing conference take place on May 27, 2013 at 9:00 a.m.;

AND WHEREAS on May 27, 2013, Staff and counsel to the Respondents appeared and made submissions before the Commission;

AND WHEREAS on May 27, 2013, the Commission ordered that a pre-hearing conference take place on June 24, 2013 at 9:00 a.m.;

AND WHEREAS on May 27, 2013, the parties agreed that at the pre-hearing conference scheduled for June 24, 2013 at 9:00 a.m., the parties would be prepared to set the following dates:

(a) a date in September 2013 for a pre-hearing conference, by which time the Respondents and Staff will have provided witness lists and disclosure to the other parties;

(b) a date in October 2013 for a further pre-hearing conference to prepare for the hearing on the merits; and

(c) dates in November 2013 for the hearing on the merits;

AND WHEREAS on June 4, 2013, Staff filed an Amended Statement of Allegations with respect to the Respondents;

AND WHEREAS on June 24, 2013, Staff appeared and made submissions and counsel to Rogerson appeared and made submissions on behalf of his client and on behalf of counsel to Hanna-Rogerson and Portfolio Capital;

AND WHEREAS on June 24, 2013, the Commission ordered that:

(a) Staff shall provide any additional disclosure to the Respondents by July 12, 2013;

(b) Staff shall provide its witness list and hearing briefs to the Respondents by September 12, 2013;

(c) the Respondents shall provide their witness lists and hearing briefs to Staff by September 25, 2013;

(d) the hearing be adjourned to a further pre-hearing conference to be held on September 27, 2013 at 10:00 a.m. to prepare for the hearing on the merits; and

(e) the hearing on the merits in this matter shall commence on November 4, 2013 at 10:00 a.m. and shall continue on November 6, 7, 8 and 11, 2013;

AND WHEREAS on June 26, 2013, Staff filed an Amended Amended Statement of Allegations with respect to the Respondents;

AND WHEREAS on September 27, 2013, Staff appeared and made submissions and counsel to Rogerson and Portfolio Capital appeared and made submissions on behalf of his clients and on behalf of counsel to Hanna-Rogerson;

AND WHEREAS on September 27, 2013, the Commission ordered that the hearing be adjourned to a further pre-hearing conference to be held on October 9, 2013 at 2:00 p.m.;

AND WHEREAS on October 9, 2013, Staff and counsel to the Respondents appeared and made submissions before the Commission;

AND WHEREAS on October 9, 2013, the Commission ordered that:

(a) the hearing dates of November 4, 6, 7 and 8, 2013 be vacated;

(b) the hearing on the merits in this matter shall commence on November 11, 2013 at 10:00 a.m. and shall continue on November 13, 14 and 15, 2013;

(c) the hearing be adjourned to a further pre-hearing conference to be held on October 17, 2013 at 2:00 p.m.;

(d) the motion brought by counsel to Rogerson and Portfolio Capital to adjourn the commencement date of November 11, 2013 for the hearing on the merits (the "Motion") would be heard immediately following the pre-hearing conference scheduled for October 17, 2013; and

(e) the Respondents shall be granted one last indulgence and shall provide their hearing briefs, will-say statements and witness list to Staff by October 29, 2013;

AND WHEREAS counsel to Rogerson and Portfolio Capital filed a Notice of Motion, dated October 15, 2013, and Staff filed the Affidavit of Stephanie Collins, sworn October 16, 2013, in relation to the Motion;

AND WHEREAS on October 17, 2013, Staff and counsel to the Respondents appeared and made submissions for a pre-hearing conference;

AND WHEREAS on October 17, 2013, following the pre-hearing conference, the Commission held a hearing with respect to the Motion, which Staff opposed and counsel to Hanna-Rogerson supported;

AND WHEREAS the Commission considered the factors to grant an adjournment set out in Rule 9.2 of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071, along with the motion materials and submissions of the parties, and ordered that:

(a) the hearing on the merits scheduled to commence on November 11, 2013 will commence on February 10, 2014 and shall continue on February 12, 13, 14 and 18, 2014; and

(b) the hearing be adjourned to a further pre-hearing conference to be held on December 18, 2013 at 10:00 a.m.;

AND WHEREAS the Respondents failed to provide their hearing briefs, will-say statements and witness list to Staff by October 29, 2013, as ordered by the Commission on October 9, 2013;

AND WHEREAS on November 29, 2013, Staff and counsel to Rogerson, who also appeared as a representative for Hanna-Rogerson and Portfolio Capital, appeared and made submissions before the Commission at a confidential pre-hearing conference;

AND WHEREAS the Panel informed the parties that any documents that the Respondents wish to rely on at the hearing on the merits must be submitted by January 3, 2014, and that the Respondents would be precluded from submitting any further documents for the hearing on the merits after that date;

AND WHEREAS on November 29, 2013, the Commission ordered that:

(a) the Respondents shall provide their hearing briefs, will-say statements and witness list to Staff by 4:30 p.m. on January 3, 2014;

(b) the pre-hearing conference scheduled for December 18, 2013 at 10:00 a.m. be vacated; and

(c) the hearing be adjourned to a further pre-hearing conference to be held on January 10, 2014 at 10:00 a.m.;

AND WHEREAS on January 10, 2014, Staff and counsel to the Respondents appeared and made submissions before the Commission;

AND WHEREAS Staff and counsel to the Respondents consented to submit an agreed statement of facts by January 17, 2014, and the parties agreed that Staff would provide the Respondents with the particulars of its allegations in relation to subsection 126.1(b) of the Act by January 29, 2014;

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) an agreed statement of facts shall be submitted by the parties in this matter by January 17, 2014, and, in the event that an agreed statement of facts is not reached, the parties will communicate with the Registrar of the Office of the Secretary to schedule a further appearance in this matter; and

(b) Staff shall provide to the Respondents the particulars of its allegations in relation to subsection 126.1(b) of the Act by January 29, 2014.

DATED at Toronto this 10th day of January, 2014.

"Alan J. Lenczner"

2.2.4 Preston Capital LLC and Preston Capital Management LLC – s. 80 of the CFA

Headnote

Application to the Commission, pursuant to section 80 of the Commodity Futures Act (CFA), for a ruling that the Applicants be exempted from the adviser registration requirement in paragraph 22(1)(b) – US firm with head office in Ontario and individuals resident in Ontario provide advice exclusively in Foreign Contracts and exclusively to clients who are United States residents – exempted firms and their advising individuals must maintain appropriate registration or licensing in the U.S. – exempted firms and their advising individuals must provide the Commission with notice of any regulatory action – supervisory memorandum of understanding between the Ontario Securities Commission and the Applicants' principal regulator.

Applicable Legislative Provisions

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22 and 80.
OSC Rule 31-505 Conditions of Registration, s. 2.1.

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

AND

IN THE MATTER OF
PRESTON CAPITAL LLC AND PRESTON CAPITAL MANAGEMENT LLC

ORDER
(Section 80 of the CFA)

UPON the application (the Application) of Preston Capital LLC and Preston Capital Management LLC (together the Applicants) to the Ontario Securities Commission (the Commission) for an order pursuant to section 80 of the CFA that the Applicants and any individuals engaging in, or holding themselves out as engaging in, the business of advising others on the Applicants' behalf (the Representatives) be exempt, for a period of five years, from the adviser registration requirements in paragraph 22(1)(b) of the CFA, subject to certain terms and conditions;

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

AND UPON the Applicants having represented to the Commission that:

1. Preston Capital LLC is a limited liability company formed pursuant to the laws of Illinois. The head office of Preston Capital LLC is located in Chicago, Illinois.

2. Preston Capital Management LLC is a limited liability company formed pursuant to the laws of Florida, USA. The head office of Preston Capital Management LLC is located in Port Elgin, Ontario where the principal of the Applicants resides.

3. Preston Capital LLC has an office in Chicago, Illinois where certain operational components of Preston Capital LLC including corporate management, marketing, information technology and risk management occurs.

4. Preston Capital LLC is registered with the United States Commodity Futures Trading Commission (CFTC) as a commodity trading advisor and is an approved member of the United States National Futures Association (NFA).

5. Preston Capital Management LLC is registered with the CFTC as a commodity pool operator and exempt commodity trading advisor and is an approved member of the NFA.

6. The Commission has a supervisory memorandum of understanding in place with the CFTC for mutual cooperation and information sharing.

7. The Applicants are not registered in any capacity under the CFA.

8. The Applicants and their Representatives provide advice ("Commodities Advice") to clients resident in the United States ("U.S. Clients") on commodity futures contracts and any commodity futures options (as those terms are defined in subsection 1(1) of the CFA) ("Contracts") that are primarily traded on one or more organized exchanges located

outside of Canada and primarily cleared through one or more clearing corporations located outside of Canada (hereinafter referred to as "Foreign Contracts").

9. The Applicants and their Representatives will comply with all registration and other requirements of applicable United States laws in respect of advising U.S. Clients.

10. The Applicants and their Representatives shall not provide any Commodities Advice to residents of Canada.

11. The executing and clearance of the Foreign Contracts is done by a registered futures commission merchant located in the United States.

12. The Applicants do not have any affiliated companies registered with any securities regulatory authorities in Canada and therefore there is no potential for client confusion as to which entity provides the Commodities Advice.

13. Before advising a U.S. Client, the Applicants and their Representatives will notify the U.S. Client of the location of the Applicants' head office or principal place of business and that there may be difficulty enforcing legal rights against the Applicant because of this.

14. U.S. Clients will be advised at the time they enter into an investment management agreement or similar documentation with the Applicants, and periodically thereafter, that if they relocate to a Canadian jurisdiction, their accounts will have to be transferred to another adviser that is appropriately registered or relying on an exemption from registration in the Canadian jurisdiction.

15. The CFA requires that a person or company acting as an adviser in Ontario on Contracts be registered in Ontario as an adviser in the appropriate category under the CFA. Even though the business operations are primarily located in the United States and all clients of the Applicants are not resident in Ontario, the fact that one or more of its Representatives are resident in Ontario triggers the requirement to be registered as an adviser in the category of Commodity Trading Manager under the CFA.

16. The Applicants submit that it would not be prejudicial to the public interest for the Commission to grant the requested relief because:

    (a) the Applicants will only advise U.S. Clients as to trading in Foreign Contracts;

    (b) the U.S. Clients seek to access certain specialized portfolio management services provided by the Applicants, including advice as to trading in Foreign Contracts;

    (c) the Applicants and each of its Representatives is appropriately registered to act as an adviser to the U.S. Clients under applicable laws of the United States.

17. The Applicants will become a "market participant" as defined under subsection 1(1) of the CFA as a consequence of this decision. As a market participant, amongst other requirements, each of the Applicants is required to comply with the record keeping and provision of information provisions in Part V of the CFA.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemption requested on the basis of the terms and conditions proposed,

IT IS ORDERED pursuant to section 80 of the CFA that the Applicants and their Representatives are exempt, for a period of five years, from the adviser registration requirements of paragraph 22(1)(b) of the CFA in respect of the provision of advice to U.S. Clients as to the trading of Foreign Contracts, provided that:

1. the Applicants provide advice to U.S. Clients only as to trading in Foreign Contracts;

2. the Applicants and each of their Representatives are appropriately registered under applicable laws of the United States to act as an adviser to the U.S. Clients;

3. the Applicants and each of their Representatives notifies the Commission of any regulatory action initiated with respect to the Applicants by completing and filing Appendix "A" or Appendix "B", as applicable, within 10 days of the commencement of such action; and

4. the Applicants and their Representatives comply with the requirements under OSC Rule 31-505 Conditions of Registration, as amended from time to time, namely, to deal fairly, honestly and in good faith with its, his, or her clients.

Dated this 10th of January, 2014

"AnneMarie Ryan"
Commissioner
Ontario Securities Commission

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

APPENDIX A

NOTICE OF REGULATORY ACTION – FIRM

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
Suite 1903, Box 55
20 Queen Street West
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 – INDIVIDUAL

Name of Individual

Last name	First name	Second name (N/A ☐)	Third name (N/A ☐)

1. Securities and derivatives regulation

Are you now, or have you ever been subject to any disciplinary proceedings or any order resulting from disciplinary proceedings under any securities legislation or derivatives legislation or both in any province, territory, state or country?

Yes ☐ No ☐

If "Yes", complete the following:

For each order or disciplinary proceeding, state below (1) the name of the firm, (2) the securities or derivatives regulator that issued the order or is conducting or conducted the proceeding, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), (6) whether you are or were a partner, director, officer or major shareholder of the firm and named individually in the order or disciplinary proceeding, and (7) any other relevant details.

2. SRO regulation

Are you now, or have you ever been, subject to any disciplinary proceedings conducted by any SRO or similar organization in any province, territory, state or country?

Yes ☐ No ☐

If "Yes", complete the following:

For each order or disciplinary proceeding, state below (1) the name of the firm, (2) the SRO that issued the order or that is, or was, conducting the proceeding, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), (6) whether you are or were a partner, director, officer or major shareholder of the firm and named individually in the order or disciplinary proceeding, and (7) any other information that you think is relevant or that the regulator or, in Québec, the securities regulatory authority may request.

3. Non-securities regulation

Are you now, or have you ever been, a subject of any disciplinary actions conducted under any legislation relating to your professional activities unrelated to securities or derivatives in any province, territory, state or country?

Yes ☐ No ☐

If "Yes", complete the following:

For each order or disciplinary proceeding, indicate below (1) the party against whom the order was made or the proceeding taken (if insurance licensed, indicate the name of the insurance agency), (2) the regulatory authority that made the order or that is, or was, conducting the proceeding, or under what legislation the order was made or the proceeding is being, or was conducted, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), (6) whether you are or were a partner, director, officer or major shareholder of the firm and named individually in the order or disciplinary proceeding and (7) any other information that you think is relevant or that the regulatory authority may request.

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)

This form is to be submitted to the following address:
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Registration Supervisor, Portfolio Manager Team
Telephone: (416) 593-8164
email: amcbain@osc.gov.on.ca

2.2.5 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 a confidential pre-hearing conference was held on January 9, 2014 and the Commission heard submissions from counsel for Staff, counsel for Black, and from Boultbee on his own behalf;

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

IT IS HEREBY ORDERED THAT:

1. A motion requested by Black to stay proceedings or, alternatively, for directions regarding the scope of issues to be determined at the hearing will be heard on March 26 and March 27, 2014, commencing at 10:00 a.m., and written materials will be filed according to the following schedule:

   a. Black shall serve and file a final motion record, including any affidavits to be relied upon, and any additional submissions, by February 7, 2014; and

   b. Staff shall serve and file any responding materials by March 13, 2014; and

   c. Black shall serve and file any reply materials by March 21, 2014.

2. A further confidential pre-hearing conference shall take place on February 26, 2014 at 10:00 a.m., or such other date as is agreed to by the parties and set by the Office of the Secretary.

DATED at Toronto this 9th day of January, 2014.

"Mary G. Condon"

2.3 Rulings

2.3.1 CI Private Counsel LP

Headnote

Subsection 74(1) of the Securities Act (Ontario) – relief from the requirement to register as a mutual fund dealer under sections 25(1) and 26(2) of the Act – relief granted to a firm already registered as an exempt market dealer and portfolio manager – exemption is limited to the sale of investment funds to managed accounts where the clients are not accredited investors.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 26(2) and 74(1).

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

AND

IN THE MATTER OF
CI PRIVATE COUNSEL LP
(THE FILER)

RULING

Background

The Ontario Securities Commission (the **Commission**) has received an application from the Filer for a ruling pursuant to subsection 74(1) of the Act that the Filer be exempt from the requirements in section 25(1) and 26(2) of the Act (the **Ontario Registration Requirement**) that would otherwise require the Filer to be registered as a dealer in the category of mutual fund dealer in order to trade in United Funds (as defined below) on behalf of fully managed accounts that it manages where its clients are not accredited investors(the **Requested Relief**).

Interpretation

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

Representations

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

1. The Filer is a limited partnership subsisting under the laws of the Province of Manitoba. The Filer is registered as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer under the Ontario Act and holds equivalent registrations under the securities legislation of each other Jurisdiction.

2. The general partner of the Filer is a wholly-owned subsidiary of CI Investments Inc. (**CII**). CII is registered as an investment fund manager and a portfolio manager under the Act and holds equivalent registrations under the securities legislation of each other province and territory of Canada.

3. The United Funds are 'mutual funds', as defined in section 1 of the Act, that are qualified by simplified prospectus pursuant to the requirements of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* and are subject to National Instrument 81-102 *Mutual Funds* (**NI 81-102**).

4. CII is the investment fund manager and portfolio manager of the United Funds.

5. The Filer offers discretionary portfolio management services to high net worth clients who are accredited investors and whose portfolios are invested mostly, but not entirely, in United Funds (**Accredited Investor Managed Accounts**). The Filer conducts its discretionary management activity and trading in securities under its adviser and exempt market dealer registration.

6. The Filer also has a small number of clients which it inherited following the amalgamation of United Financial Corporation (**UFC**) and CII, on January 1, 2010. Prior to the amalgamation with CII, UFC was registered as a limited market dealer in Ontario and acted as both the investment fund manager and adviser to the United Funds. After the amalgamation, in order to take advantage of economies of scale and reduce duplicative services, CII took on the role of investment fund manager and adviser of the United Funds, while UFC's discretionary account management division was transferred to the Filer (**Legacy Clients**). Some of these Legacy Clients are not accredited investors but wish for the Filer to continue managing their accounts.

7. In addition, from time to time, the Filer may accept certain clients for managed accounts who are not accredited investors due to their relationship with clients who are accredited investors. (together with Legacy Clients, **Non-Accredited Investor Managed Accounts**).

8. The Non-Accredited Investor Managed Accounts only invest in United Funds.

9. Subject to the activities described in paragraphs 6, 7 and 8 above which the Filer has engaged in since 2010, to the best of its knowledge, the Filer is not in default of the securities legislation in Ontario.

10. The Filer is seeking an exemption from mutual fund dealer registration that would allow it to purchase mutual funds on behalf of its Non-Accredited Investor Managed Account clients. The Filer is unable to rely on its exempt market dealer registration because these clients are not accredited investors.

11. In the absence of obtaining the Requested Relief, the Filer would be required to register as a mutual fund dealer solely for the purpose of trading in the United Funds on behalf of Non-Accredited Investor Managed Accounts in Ontario. Registration as a mutual fund dealer would also require the Filer to join the Mutual Fund Dealer's Association (**MFDA**), which is not desirable or feasible since the Filer's business is the management of accounts on a discretionary basis, which is prohibited by the MFDA under Rule 2.3.1 (a) and therefore the Filer would require an exemption from being a member of the MFDA.

12. Unless the Requested Relief is granted, the Filer will be prohibited from trading in securities of investment funds on behalf of its Non-Accredited Investor Managed Account clients in Ontario in the circumstances described above unless the Non-Accredited Investor Managed Account client invests a minimum of $150,000 in the United Fund. This is because:

    (a) National Instrument 45-106 *Prospectus and Registration Exemptions* excludes from the definition of "accredited investor" a managed account if it is acquiring in Ontario a security of an investment fund; and

    (b) Section 8.6 of National Instrument 31-103 *Registration Requirements and Exemptions* provides an exemption from the Ontario Registration Requirement only if:

        (i) the Filer is both the fund's adviser and investment fund manager; and

        (ii) the purchase is in the managed account of a client of the Filer that manages the fund.

13. In obtaining the Requested Relief, the Filer still desires to maintain its exempt market dealer registration. The purpose for maintaining its exempt market dealer registration is so that the Filer can continue to offer customization of portfolios to its Accredited Investor Managed Account clients. A customized portfolio means that the Filer may include outside securities and investment funds managed by non-affiliated advisers in portfolios of Accredited Investor Managed Account clients if or when appropriate in meeting the client's objective and to execute monthly rebalancing trades in managed accounts.

Decision

The Commission is satisfied that the decision would not be prejudicial to the public interest.

The decision of the Commission is that the Requested Relief is granted.

Dated this 10th day of January, 2014

"AnneMarie Ryan"
Commissioner
Ontario Securities Commission

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

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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
Caribbean Diversified Investment, Inc.	13 Jan 14	27 Jan 14		
Golden Moor Inc.	10 Jan 14	22 Jan 14		

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

THERE ARE NO NEW ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Strike Minerals Inc.	19 Sept 13	01 Oct 13	01 Oct 13		
Strike Minerals Inc.[1]	18 Nov 13	29 Nov 13	29 Nov 13		
Stans Energy Corp.	09 Dec 13	20 Dec 13	20 Dec 13		

Note:
[1] New respondent was added to the MCTO against Strike Minerals Inc.

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Chapter 6

Request for Comments

6.1.1 CSA Staff Notice 91-304 – Model Provincial Rule – Derivatives: Customer Clearing and Protection of Customer Collateral and Positions

CSA STAFF NOTICE 91-304

MODEL PROVINCIAL RULE – DERIVATIVES: CUSTOMER CLEARING AND PROTECTION OF CUSTOMER COLLATERAL AND POSITIONS

1. Introduction

We, the Canadian Securities Administrators OTC Derivatives Committee (the "Committee") are publishing for comment period expiring on March 19, 2014:

- Model Provincial Rule on Derivatives: Customer Clearing and Protection of Customer Collateral and Positions (the "Customer Clearing Rule" or "Rule"), and
- Model Explanatory Guidance to Model Provincial Rule on Derivatives: Customer Clearing and Protection of Customer Collateral and Positions (the "Customer Clearing EG").

Collectively the Customer Clearing Rule and the Customer Clearing EG will be referred to as the "Model Rule".

We are issuing this notice to provide interim guidance and solicit comments on the Model Rule. Once we have considered comments received on the Model Rule and made appropriate changes, each jurisdiction will publish its own rule, explanatory guidance and forms, with necessary local modifications.[1]

The Committee would also like to draw your attention to a recent publication by certain members of the Canadian Securities Administrators of proposed rules for clearing agencies requirements[2] and CSA Staff Notice 91-303 - Model Provincial Rule on Mandatory Central Counterparty Clearing of Derivatives. These publications, including the Model Rule, all relate to central counterparty clearing and we therefore invite the public to consider these comprehensively.

2. Background

In order to implement the G-20 commitments[3] that relate to the regulation of the trading of derivatives in Canada, the Committee has been working on recommendations both independently and in collaboration with the Canadian OTC Derivatives Working Group.[4] Since November 2010, the Committee has published a series of derivatives consultation papers outlining policy recommendations for the regulation of derivatives in Canada.[5] In formulating these recommendations, the Committee has sought to strike a balance between proposing regulation that does not unduly burden participants in the derivatives market, while at the same time addressing the need to introduce effective regulatory oversight of derivatives and derivatives market activities.

The regulatory framework will be implemented through provincial rules that are intended to impose specific regulatory requirements tailored to address the unique characteristics of derivatives products, how they are marketed and traded, the sophistication of the counterparties and existing regulation in other areas (such as the regulation of financial institutions). To the

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1 In some cases, jurisdictions with substantively similar securities legislation may consider developing and publishing multi-lateral instruments.

2 See OSC Rule 24-503 Clearing Agency Requirements available at www.osc.gov.on.ca

3 The G-20 commitments include requirements that all standardized over-the-counter derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties by end-2012 at the latest. Moreover, over-the-counter derivative contracts should be reported to trade repositories. Also, non-centrally cleared contracts should be subject to higher capital requirements.

4 The Canadian OTC Derivatives Working Group consists of the Bank of Canada, the federal Department of Finance, the Office of the Superintendent of Financial Institutions, the Alberta Securities Commission, the Autorité des marchés financiers, the British Columbia Securities Commission and the Ontario Securities Commission.

5 91-401 *Over-the-Counter Derivatives Regulation in Canada*, 91-402 *Derivatives: Trade Repositories*, 91-403 *Derivatives: Surveillance and Enforcement*, 91-404 *Segregation and Portability in OTC Derivatives Clearing*, 91-405 *Derivatives: End User Exemption*, 91-406 *Derivatives: OTC Central Counterparty Clearing* and 91-407 *Derivatives: Registration.*

greatest extent appropriate, the derivatives rules will be harmonized with international standards and be consistent across Canada.

3. Rule-making process

Continuing the process initiated for Rule 91-506 *Derivatives: Product Determination* and Rule 91-507 *Trade Repositories and Derivatives Data Reporting*, the Committee's rule-making process involves the publication for comment of "model" rules covering a variety of areas of regulation that together will create a regime for the regulation of derivatives markets. The "model" rules will reflect the public commentary on the consultation papers and are the Committee's recommendations for specific proposals to regulate the derivatives market in Canada. Due to variations in provincial securities legislation, the final provincial rules will contain differences. However, it is the intention of the Committee that the substance of the rules will be the same across jurisdictions, and market participants and derivative products will receive the same treatment across Canada.

Each of the "model" rules will be published for a consultation period after which the Committee will evaluate comments received and recommend appropriate amendments to the model rule. Once this process is completed, each province will publish province-specific proposed rules for comment in accordance with the legislative requirements of the province. In a number of provinces legislative amendments will need to be implemented before province-specific rules can be published for consultation. Because of this, publication dates of province-specific rules may vary. Once each province's comment period has been completed, final rules will be implemented by that province.

4. Substance and purpose of the Customer Clearing Rule

Canadian and international initiatives promoting the clearing of over-the-counter ("OTC") derivative transactions will cause certain market participants, who are not clearing members at a derivatives clearing agency, to clear their OTC derivatives transactions indirectly through market participants that are clearing members or otherwise provide clearing services. The purpose of the Customer Clearing Rule is to ensure that customer clearing is done in a manner that protects customer collateral and positions and improves derivatives clearing agencies' resilience to a clearing member default. For a more detailed explanation of customer clearing please see CSA Consultation Paper 91-404 *Derivatives: Segregation and Portability in OTC Derivatives Clearing*.[6]

The Customer Clearing Rule contains requirements for the treatment of customer collateral by clearing members, clearing intermediaries and derivatives clearing agencies including requirements relating to the segregation and use of customer collateral. These requirements are intended to ensure that customer collateral is protected particularly in the case of financial difficulties of a clearing member or clearing intermediary. The Rule includes detailed record-keeping, reporting and disclosure requirements intended to ensure that each customer's collateral and positions are readily identifiable. The Rule also contains requirements relating to the transfer or porting of customer collateral and positions intended to ensure that, in the event of a clearing member default or insolvency, customer collateral and positions can be transferred to one or more non-defaulting clearing members without having to liquidate and re-establish the positions.

5. Application of Rule 91-506 *Derivatives: Product Determination*

We intend that Rule 91-506 *Derivatives: Product Determination* will be applicable to the Customer Clearing Rule. Therefore, any product which falls within the scope of Rule 91-506 and is cleared on behalf of a customer would be subject to the Customer Clearing Rule.

6. Comments

We request your comments on all aspects of the Model Rule. The Committee also seeks specific feedback on the following questions:

1. Should excess customer collateral be permitted to be held by clearing members and clearing intermediaries? Some jurisdictions believe that all collateral including excess collateral should flow directly to and be held at a derivatives clearing agency.

2. If all customer collateral was required to be held at a derivatives clearing agency should additional requirements for the holding of excess customer collateral be applied to derivatives clearing agencies?

3. What specific role is it anticipated that a clearing intermediary will play in the context of clearing OTC derivatives and are the obligations on clearing intermediaries appropriate?

[6] Available at www.osc.gov.on.ca.

4. Should a customer's cleared derivatives collateral held at the clearing member or clearing intermediary level be permitted to be commingled with other collateral of that customer such as collateral for futures transactions?

You may provide written comments in hard copy or electronic form. The comment period expires March 19, 2014.

The Committee will publish all responses received on the websites of the Autorité des marchés financiers (www.lautorite.qc.ca) and the Ontario Securities Commission (www.osc.gov.on.ca).

Please address your comments to each of the following:

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Manitoba Securities Commission
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Ontario Securities Commission

Please send your comments only to the following addresses. Your comments will be forwarded to the remaining jurisdictions:

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario
M5H 3S8
Fax: 416-593-2318
comments@osc.gov.on.ca

Anne-Marie Beaudoin,
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec
H4Z 1G3
Fax : 514-864-6381
consultation-en-cours@lautorite.qc.ca

Questions

Please refer your questions to any of:

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January 16, 2014

MODEL PROVINCIAL RULE
DERIVATIVES: CUSTOMER CLEARING AND PROTECTION OF CUSTOMER COLLATERAL AND POSITIONS

PART 1
DEFINITIONS

Definitions

1. (1) In this Rule

"cleared derivative" means a transaction that is cleared by a derivatives clearing agency;

"clearing intermediary" means a person or company that provides clearing services to a customer in respect of a cleared derivative by intermediating the relationship between the customer and a clearing member;

"clearing member" means a person or company that has entered into a membership agreement with, and thereby agrees to be bound by the rules and procedures of, a derivatives clearing agency;

"customer" means a party to a cleared derivative from whom or on whose behalf a derivatives clearing agency, clearing member or clearing intermediary has received or holds property with respect to the cleared derivative if, at the time of the transaction, the party, the derivatives clearing agency, the clearing member or the clearing intermediary is:

(i) a person or company organized under the laws of [Province X];

(ii) a person or company that has its head office or principal place of business in [Province X]; or

(iii) an individual that resides in [Province X].

"customer account" means an account maintained by a clearing member, a clearing intermediary or derivatives clearing agency for or on behalf of one or more customers that records customer positions in cleared derivatives and holds the related customer collateral;

"customer collateral" means all property received or held by a clearing member, clearing intermediary or derivatives clearing agency from or on behalf of a customer, that is intended to or does margin, guarantee, secure, settle or adjust a cleared derivative, and includes initial margin, variation margin and excess margin;

"derivatives clearing agency" means a person or company described in paragraph (b) of the definition of "clearing agency" in **[subsection 1(1)[1] of the Act]** and recognized under **[section 21.2 of the Act]** or exempt from the recognition requirement under **[section 147 of the Act]**;

"excess margin" means the customer collateral required by a clearing member or clearing intermediary in excess of the amount required by the derivatives clearing agency for the cleared derivatives of a customer;

"initial margin" in relation to a derivatives clearing agency's margin system to manage credit exposures to its participants, means collateral that is required by the derivatives clearing agency to cover potential changes in the value of each customer's position (that is, potential future exposure) over an appropriate close-out period in the event of default;

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[1] Ontario *Securities Act*, s.1(1) "clearing agency" means, (b) with respect to derivatives, a person or company that provides centralized facilities for the clearing and settlement of trades in derivatives that, with respect to a contract, instrument or transaction,

(i) enables each party to the contract, instrument or transaction to substitute, through novation or otherwise, the credit of the clearing agency for the credit of the parties,

(ii) arranges or provides, on a multilateral basis, for the settlement or netting of obligations resulting from such contracts, instruments or transactions executed by participants in the clearing agency, or

(iii) otherwise provides clearing services or arrangements that mutualize or transfer among participants in the clearing agency the credit risk arising from such contracts, instruments or transactions executed by the participants,

but does not include a person or company solely because the person or company arranges or provides for,

(iv) settlement, netting or novation of obligations resulting from agreements, contracts or transactions on a bilateral basis and without a central counterparty,

(v) settlement or netting of cash payments through the Automated Clearing Settlement System or the Large Value Transfer System, or

(vi) settlement, netting or novation of obligations resulting from a sale of a commodity in a transaction in the spot market.

"permitted depository" means any of the following:

(a) a bank listed in Schedule I, II or III to the *Bank Act* (Canada);

(b) a company to which the *Trust and Loan Companies Act* (Canada) applies;

(c) a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act* (Ontario) or a similar statute of a jurisdiction of Canada (other than Ontario);

(d) a financial services cooperative within the meaning of the *Act respecting financial services cooperatives* (Quebec);

(e) a clearing agency recognized under **[section 21.2 of the Act]** or exempt from the recognition requirement under **[section 147 of the Act]**;

(f) a foreign entity that carries on business similar to the entities listed in paragraph (a), (b) or (c), provided that the foreign entity is regulated in the foreign entity's home jurisdiction in a similar manner to the entities listed in paragraph (a), (b) or (c);

"permitted investment" means cash or highly liquid financial instruments with minimal market and credit risk that are capable of being liquidated rapidly with minimal adverse price effect;

"transaction" means entering into, assigning, selling or otherwise acquiring or disposing of a derivative or the novation of a derivative, other than a novation resulting from the submission of a derivative to a derivatives clearing agency;

"variation margin" in relation to a derivatives clearing agency's margin system to manage credit exposures for all products it clears, means funds that are collected and paid out on a regular and *ad hoc* basis to reflect current exposures resulting from actual changes in market prices.

(2) Ontario Securities Commission Rule 91-506 *Derivatives: Product Determination* applies to this Rule.

PART 2
TREATMENT OF CUSTOMER COLLATERAL

Collection of initial margin

2. (1) A derivatives clearing agency must collect initial margin for each customer of its clearing members on a gross basis.

(2) A clearing member must collect initial margin for each cleared derivative of a customer, including each customer of a clearing intermediary, in an amount that is no less than the initial margin requirement imposed by the relevant derivatives clearing agency.

Segregation of customer collateral

3. (1) A derivatives clearing agency, clearing member and clearing intermediary must keep customer collateral segregated from its own property.

(2) Subject to the requirements in Part 3, a derivatives clearing agency, clearing member and clearing intermediary may commingle customer collateral received from or on behalf of multiple customers but must not otherwise commingle customer collateral with the property of any other person or company.

(3) A derivatives clearing agency must not commingle customer collateral of a particular customer with any other property of that customer that is not customer collateral.

Holding of customer collateral

4. (1) A derivatives clearing agency, clearing member and clearing intermediary must hold customer collateral either directly or through one or more customer accounts at a permitted depository.

(2) If a derivatives clearing agency, clearing member or clearing intermediary holds customer collateral directly, it must provide reasonable protection for the customer collateral.

(3) If a derivatives clearing agency, clearing member or clearing intermediary holds customer collateral at a permitted depository, it must

(a) maintain one or more customer accounts with the permitted depository;

(b) ensure that the customer account clearly identifies the name of each customer or otherwise shows that the customer account is segregated for and on behalf of one or more customers and indicates that the property in the account is customer collateral; and

(c) ensure that the permitted depository treats all property in the customer account as customer collateral.

Excess margin

5. A derivatives clearing agency, clearing member and clearing intermediary must have rules, policies and procedures in place to record and identify, at least each business day, for each customer, the excess margin held by the derivatives clearing agency, clearing member and clearing intermediary.

Clearing member maintenance of customer account balance

6. A clearing member must at all times maintain property in one or more customer accounts at the derivatives clearing agency that is at least equal to the total amount of collateral required by the derivatives clearing agency for the cleared derivatives of its customer(s).

Clearing member and clearing intermediary deposits in customer accounts

7. (1) A clearing member or clearing intermediary may deposit its own property in a customer account.

(2) Property deposited in a customer account under subsection (1) is deemed, for the purposes of this Rule, to be customer collateral.

(3) A clearing member or clearing intermediary may withdraw property deposited by it under subsection (1) from a customer account only if it has reflected in its accounts and records immediately prior to the withdrawal the excess values set out in subsection 18(1) or subsection 19(1).

Use of customer collateral

8. (1) A derivatives clearing agency, clearing member and clearing intermediary must not use or permit the use of customer collateral of a customer to:

(a) margin, guarantee, secure, settle or adjust cleared derivatives of a person or company other than the customer; or

(b) secure or extend the credit of a person or company other than the customer.

(2) A derivatives clearing agency, clearing member and clearing intermediary must not use or permit the use of customer collateral to margin, guarantee, secure, settle or adjust a trade of the customer that is not a cleared derivative.

(3) A derivatives clearing agency, clearing member and clearing intermediary must not otherwise use or permit the use of customer collateral except in accordance with section 9.

(4) A derivatives clearing agency, clearing member or clearing intermediary must not impose or permit the imposition of a lien or claim on a customer's positions or customer collateral, except a claim resulting from a cleared derivative in the customer account in favour of:

(a) the customer; or

(b) the clearing member, clearing intermediary or derivatives clearing agency responsible for clearing the cleared derivatives of the customer.

Investment of customer collateral

9. (1) A derivatives clearing agency, clearing member and clearing intermediary may invest customer collateral only in a permitted investment.

(2) A loss resulting from an investment made under subsection (1) must be borne solely by the investing derivatives clearing agency, clearing member or clearing intermediary.

Acting as a clearing intermediary

10. (1) A clearing member may not provide clearing services to a clearing intermediary unless the clearing member and the derivatives clearing agency determine that the arrangement does not expose the derivatives clearing agency and the clearing member to material additional risk.

(2) A clearing intermediary must open a segregated account with each clearing member for which it is an intermediary for the exclusive purpose of holding and recording the positions and customer collateral of its customers.

(3) A clearing intermediary must provide each clearing member for which it is an intermediary with sufficient information to identify, monitor and manage any material risks arising from its clearing intermediary activity.

Risk management

11. A derivatives clearing agency must identify, monitor and manage any material risks attributable to clearing members or clearing intermediaries which could affect the risk exposure of the derivatives clearing agency.

Same

12. A clearing member that permits a person or company to act as a clearing intermediary must identify, monitor and manage material risks arising from permitting the person or company to act as a clearing intermediary.

Same

13. No person or company may provide clearing services to a customer as a clearing member or clearing intermediary unless the person or company is prudentially regulated by an appropriate regulatory authority.

Clearing member default

14. (1) A derivatives clearing agency must not apply customer collateral to satisfy the obligations of a clearing member of the derivatives clearing agency that arise as a consequence of the clearing member's default.

(2) Despite subsection (1), a derivatives clearing agency may apply the customer collateral of a customer in full or partial satisfaction of a clearing member's obligations that arise as a consequence of the clearing member's default, to the extent that those obligations are attributable to the customer's obligations.

Clearing intermediary default

15. (1) A clearing member that permits a person or company to act as a clearing intermediary must establish policies and procedures to manage the default of the clearing intermediary.

(2) Customer collateral must not be applied by a clearing member to satisfy the clearing intermediary's obligations.

PART 3
RECORD-KEEPING

Retention of records

16. A derivatives clearing agency, clearing member and clearing intermediary must keep the records required under Part 3 and Part 4, and all supporting documentation in a readily accessible location, for the life of the cleared derivative and for a further 7 years after the date on which the cleared derivative expires or terminates.

Books and records

17. (1) A derivatives clearing agency, clearing member and clearing intermediary receiving customer collateral must, at least once each business day, calculate and record:

(a) the amount of customer collateral it requires from each customer; and

(b) the total amount of customer collateral it requires from all customers.

(2) A clearing member must separately calculate and record the collateral amounts referenced in subsection (1) with respect to the customers of each of its clearing intermediaries.

(3) A clearing member and clearing intermediary must calculate and record as of the close of each business day the total market value of all customer collateral in its customer accounts.

(4) A derivatives clearing agency, clearing member and clearing intermediary must reflect in the books and records it maintains for a customer the market value of any customer collateral that it receives from the customer, adjusted on a daily basis for:

(a) any accruals on the customer collateral creditable to the customer;

(b) any gains or losses in respect of the customer collateral;

(c) any charges lawfully accruing to the customer;

(d) any authorized distributions or transfers of the customer collateral; and

(e) the name of each person or company holding the customer collateral.

Same

18. (1) For each customer, a clearing member must reflect in its books and records

(a) the total amount of customer collateral required for the cleared derivatives of the customer by each derivatives clearing agency; and

(b) the total sum of the required customer collateral amounts, including any excess or deficit.

Same

19. (1) For each customer, a clearing intermediary must reflect in its books and records

(a) the total amount of collateral required for the cleared derivatives of the customer by each clearing member through which the clearing intermediary clears; and

(b) the total sum of the required collateral amounts, including any excess or deficit.

Separate records – Derivatives Clearing Agency

20. A derivatives clearing agency shall keep separate books and records that, at any time and without delay, enable the derivatives clearing agency and each clearing member to distinguish in the accounts held with the derivatives clearing agency the positions and property held for the account of the clearing member and the positions and customer collateral held for the account of each customer, including each customer of a clearing intermediary.

Separate records – clearing members and clearing intermediaries

21. (1) A clearing member shall keep separate books and records that enable it to distinguish in its own accounts and in accounts held with the derivatives clearing agency the positions and property of the clearing member and the positions and customer collateral held for the account of each of its customers.

(2) A clearing member that permits a person or company to act as a clearing intermediary must keep separate books and records that, at any time and without delay, enable:

(a) the clearing member to distinguish in its own accounts and in accounts held with the derivatives clearing agency the positions and customer collateral held for the account of each customer of the clearing member and the positions and customer collateral held for the account of each customer who clears through a clearing intermediary; and

(b) each clearing intermediary to distinguish in accounts held with the clearing member and with the derivatives clearing agency the positions and property of the clearing intermediary and the positions and customer collateral held for the account of each customer of the clearing intermediary.

(3) A clearing intermediary must keep separate books and records that enable it to distinguish in its own accounts and in accounts held with each clearing member through which it provides clearing intermediary services its positions and property and the positions and customer collateral held for the account of each of its customers.

Records of customer collateral

22. (1) A derivatives clearing agency, clearing member and clearing intermediary that holds customer collateral itself must keep records that

(a) identify each location where it holds the customer collateral,

(b) describe the customer collateral held at each such location,

(c) identify the protections provided by each such location relevant to the customer collateral held at such location, and

(d) confirm compliance with all applicable policies and procedures relating to holding of customer collateral.

(2) A derivatives clearing agency, clearing member and clearing intermediary that holds customer collateral in a permitted depository must

(a) prior to depositing customer collateral in a permitted depository, obtain and retain a written acknowledgement from the relevant permitted depository that the deposited property will be treated as customer collateral, and

(b) keep records identifying each permitted depository at which it holds customer collateral and the amount of customer collateral held by the permitted depository, reflected on a daily basis.

Records of investment of customer collateral

23. (1) A derivatives clearing agency, clearing member and clearing intermediary that invests customer collateral must keep the following records:

(a) the dates of the investments;

(b) the names of the persons and companies through which the investments were made;

(c) daily market valuations of the investments and related supporting documentation;

(d) the descriptions of the instruments in which the investments were made;

(e) the identities of the depositories or other places where the instruments are segregated;

(f) the dates on which the investments are liquidated or otherwise disposed of; and

(g) the names of the persons and companies liquidating or disposing of the investments.

Records of currency conversion

24. A derivatives clearing agency, clearing member and clearing intermediary must keep a record of each conversion of customer collateral from one currency to another.

PART 4
REPORTING AND DISCLOSURE

Disclosure to clearing members and customers

25. (1) The following prior written disclosure must be provided by a derivatives clearing agency to all of its clearing members:

(a) the derivatives clearing agency's rules, policies, and procedures that govern the segregation and use of customer collateral and the transfer or liquidation of a cleared derivative of a customer in the event of a default by the clearing member, and any changes to the rules, policies and procedures;

(b) the impact of laws, including bankruptcy and insolvency laws, on the derivatives clearing agency's ability to fully segregate or transfer customer collateral; and

(c) the circumstances under which the interest or ownership rights in the customer collateral may be enforced by the derivatives clearing agency or customer.

(2) A clearing member must provide the written disclosure required under subsection (1) to all clearing intermediaries and customers with respect to each derivatives clearing agency through which the clearing member will clear derivatives for the customers.

(3) A clearing member and clearing intermediary must provide written disclosure to all customers outlining the treatment of excess margin in the event of a default by the clearing member or clearing intermediary.

(4) A derivatives clearing agency, clearing member and clearing intermediary must receive confirmation that a customer has acknowledged in writing the receipt of disclosure made under subsections (1), (2) and (3) prior to accepting a cleared derivative from or for that customer.

Disclosure to customers of a clearing intermediary

26. (1) A clearing intermediary must provide prior written disclosure to its customers regarding:

(a) the risks associated with clearing indirectly through a clearing intermediary; and

(b) details of arrangements for transferring positions and customer collateral, in the event of the clearing intermediary's default, to a clearing member or to another clearing intermediary.

(2) Prior to accepting a cleared derivative for a customer from a clearing intermediary, a clearing member must receive confirmation that the customer has acknowledged in writing the receipt of the disclosure described in subsection (1).

Customer information

27. (1) A clearing member must:

(a) at or prior to the first time that the clearing member submits a cleared derivative to the derivatives clearing agency for its customer, provide information to the derivatives clearing agency identifying the customer and the customer's positions and customer collateral; and

(b) at least once each business day thereafter, provide sufficient information to the derivatives clearing agency for it to identify the positions and customer collateral of each customer.

(2) A derivatives clearing agency must confirm that the information it receives from a clearing member in accordance with subsection (1) from a clearing member is complete and received in a timely manner.

Customer collateral report

28. (1) A clearing member that receives customer collateral must electronically submit to the **[applicable local securities regulator]**, within two business days of the end of each calendar month, a completed Form F1(A) *Customer Collateral Report: Clearing Member*.

(2) A clearing intermediary that receives customer collateral must electronically submit to the **[applicable local securities regulator]**, within two business days of the end of each calendar month, a completed Form F1(B) *Customer Collateral Report: Clearing Intermediary*.

(3) A derivatives clearing agency that receives customer collateral must electronically submit to the **[applicable local securities regulator]**, within two business days of the end of each calendar month, a completed Form F1(C) *Customer Collateral Report: Derivatives Clearing Agency*.

(4) A derivatives clearing agency that receives customer collateral must make available to each of its clearing members a report, calculated on a daily basis, setting out

(a) the mark-to-market value of each customer's cleared derivative positions;

(b) the total market value of customer collateral received from the clearing member for the account of each customer of the clearing member; and

(c) the total market value of customer collateral received from the clearing member that is held by the derivatives clearing agency, and the location or permitted depository where the customer collateral is held.

(5) A clearing member and clearing intermediary that receives customer collateral must make available to each of its customers a report, calculated on a daily basis, setting out

(a) the mark-to-market value of the customer's cleared derivative positions;

(b) the market value of customer collateral received from that customer;

(c) the market value of the customer collateral that is held by the clearing member or clearing intermediary, and the location or permitted depository where the customer collateral is held; and

(d) the market value of the customer collateral that is posted

(i) by the clearing member with a derivatives clearing agency, or

(ii) by the clearing intermediary with a clearing member.

Disclosure of customer collateral investment

29. (1) A derivatives clearing agency, clearing member and clearing intermediary that invests customer collateral must publicly disclose its investment guidelines and policy on its website, in a freely accessible form.

(2) A derivatives clearing agency, clearing member and clearing intermediary must receive confirmation that a customer has acknowledged in writing the receipt of the information under subsection (1) prior to investing customer collateral of that customer.

(3) A derivatives clearing agency, clearing member and clearing intermediary that invests customer collateral must electronically submit a report to the **[applicable local securities regulator]**, in a usable form, as of each calendar quarter end, of the records required to be kept pursuant to section 23.

PART 5
TRANSFER OF POSITIONS

Transfer of customer collateral and positions

30. (1) Subject to subsection (3) a derivatives clearing agency must facilitate the transfer of customer positions and customer collateral from a defaulting clearing member to one or more non-defaulting clearing members.

(2) At the request of a customer, subject to subsection (3), a derivatives clearing agency must facilitate the transfer of the customer's positions and customer collateral from a non-defaulting clearing member to one or more non-defaulting clearing members.

(3) A derivatives clearing agency must facilitate the transfer of positions and customer collateral under subsection (1) or (2), in respect of a customer only if:

(a) the customer has consented to the transfer;

(b) the customer is not currently in default;

(c) the transferred position will have appropriate margin at the receiving clearing member;

(d) any remaining positions will have appropriate margin at the transferring clearing member; and

(e) the receiving clearing member has consented to the transfer(s).

Clearing intermediaries

31. A clearing member that permits a person or company to act as a clearing intermediary must establish policies and procedures that include a credible mechanism for transferring the positions and customer collateral of a clearing intermediary's customers, upon a default by the clearing member or clearing intermediary or at the request of a clearing intermediary's customer, to one or more non-defaulting clearing members or one or more non-defaulting clearing intermediaries.

PART 6
EXEMPTIONS

32. A Director may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 7
EFFECTIVE DATE

Effective date

33. This Rule comes into force on **[•]**.

MODEL PROVINCIAL RULE –
DERIVATIVES: CUSTOMER CLEARING AND PROTECTION OF CUSTOMER COLLATERAL AND POSITIONS

FORM F1A – CUSTOMER COLLATERAL REPORT: CLEARING MEMBER

This Form F1A is to be completed by each clearing member in satisfying its reporting obligations to the [applicable local securities regulator] under subsection 28(1) of Model Provincial Rule – *Derivatives: Customer Clearing and Protection of Customer Collateral and Positions* (the "Rule").

Reporting Date	DD/MM/YY
Reporting Period[1]	DD/MM/YY – DD/MM/YY

Reporting clearing member	
LEI and Name	Location

Table A is to be completed by each clearing member that receives customer collateral from a customer or from a clearing intermediary in accordance with the Rule. In Section 1, complete a separate line for each customer that has posted customer collateral to the reporting clearing member. In Section 2, complete a separate line for each customer of a clearing intermediary for whom the clearing intermediary has posted customer collateral to the reporting clearing member. Where an LEI is not available please provide an Interim LEI or, if not available, the complete legal name of the customer.

Table A

A.	LEI of customer	Customer collateral			
		Total market value of non-cash customer collateral posted to the clearing member as of the last business day of the Reporting Period	Total market value of customer collateral posted to the clearing member as of the last business day of the Reporting Period	Maximum market value of customer collateral posted to the clearing member during the Reporting Period	Average market value of customer collateral posted to the clearing member over the Reporting Period
Section 1.	[Any customer that has posted customer collateral to the reporting clearing member]				
Section 2.	[Any customer for whom a clearing intermediary has posted customer collateral to the reporting clearing member]				
	Aggregate total				

Table B is to be completed by each clearing member that receives customer collateral from a customer or from a clearing intermediary in accordance with the Rule. Complete a separate line for each location at which customer collateral is held by or for the reporting clearing member. Where an LEI is not available please provide an Interim LEI or, if not available, the complete legal and operating name(s) of the permitted depository.

[1] The Reporting Period is the calendar month preceding the Reporting Date

Table B

B.	LEI of permitted depository or reporting clearing member	Customer collateral			
		Total market value of non-cash customer collateral held by or for the clearing member as of the last business day of the Reporting Period	Total market value of customer collateral held by or for the clearing member as of the last business day of the Reporting Period	Maximum market value of customer collateral held by or for the clearing member during the Reporting Period	Average market value of customer collateral held by or for the clearing member over the Reporting Period
1.	[Reporting clearing member, if holding customer collateral itself]				
2.	[Any permitted depository holding customer collateral for reporting clearing member]				
	Aggregate total				

Table C is to be completed by each clearing member that has deposited customer collateral with a derivatives clearing agency in accordance with the Rule. Complete a separate line for each derivatives clearing agency with which the reporting clearing member has deposited customer collateral. Where an LEI is not available, please provide an Interim LEI or, if not available, the complete legal and operating name(s) of the derivatives clearing agency.

Table C

C.	LEI of derivatives clearing agency	Customer collateral			
		Total market value of non-cash customer collateral deposited with a derivatives clearing agency as of the last business day of the Reporting Period	Total market value of customer collateral deposited with a derivatives clearing agency as of the last business day of the Reporting Period	Maximum market value of customer collateral deposited with a derivatives clearing agency during the Reporting Period	Average market value of customer collateral deposited with a derivatives clearing agency over the Reporting Period
1.	[Any derivatives clearing agency with which the clearing member has deposited customer collateral]				
	Aggregate total:				

MODEL PROVINCIAL RULE –
DERIVATIVES: CUSTOMER CLEARING AND PROTECTION OF CUSTOMER COLLATERAL AND POSITIONS

FORM F1B – CUSTOMER COLLATERAL REPORT: CLEARING INTERMEDIARY

This Form F1B is to be completed by each person or company that acts as clearing intermediary in satisfying its reporting obligations to the [applicable local securities regulator] under subsection 28(2) of Model Provincial Rule – *Derivatives: Customer Clearing and Protection of Customer Collateral and Positions* (the "Rule").

Reporting Date	DD/MM/YY
Reporting Period[1]	DD/MM/YY – DD/MM/YY

Reporting clearing intermediary	
LEI and Name	Location

Table A is to be completed by each clearing intermediary that receives customer collateral from a customer in accordance with the Rule. Complete a separate line for each customer that has posted customer collateral to the reporting clearing intermediary. Where an LEI is not available please provide an Interim LEI or, if not available, the complete legal name of the customer.

Table A

A.	LEI of customer	Customer collateral			
		Total market value of non-cash customer collateral posted to the clearing intermediary as of the last business day of the Reporting Period	Total market value of customer collateral posted to the clearing intermediary as of the last business day of the Reporting Period	Maximum market value of customer collateral posted to the clearing intermediary during the Reporting Period	Average market value of customer collateral posted to the clearing intermediary over the Reporting Period
1.	[Any customer that has posted customer collateral to the reporting clearing intermediary]				
	Aggregate total				

Table B is to be completed by each clearing intermediary that receives customer collateral from a customer in accordance with the Rule. Complete a separate line for each location at which customer collateral is held by or for the reporting clearing intermediary. Where an LEI is not available, please provide an Interim LEI or, if not available, the complete legal and operating name(s) of the permitted depository.

[1] The Reporting Period is the calendar month preceding the Reporting Date.

Table B

B.	LEI of permitted depository or reporting clearing intermediary	Customer collateral			
		Total market value of non-cash customer collateral held by or for the clearing intermediary as of the last business day of the Reporting Period	Total market value of customer collateral held by or for the clearing intermediary as of the last business day of the Reporting Period	Maximum market value of customer collateral held by or for the clearing intermediary during the Reporting Period	Average market value of customer collateral held by or for the clearing intermediary over the Reporting Period
1.	[Reporting clearing intermediary, if holding customer collateral itself]				
2.	[Any permitted depository holding customer collateral for reporting clearing intermediary]				
	Aggregate total:				

Table C is to be completed by each clearing intermediary that has posted customer collateral to a clearing member in accordance with the Rule. Complete a separate line for each clearing member with which the reporting clearing intermediary has deposited customer collateral. Where an LEI is not available, please provide an Interim LEI or, if not available, the complete legal and operating name(s) of the clearing member.

Table C

C.	LEI of clearing member	Customer collateral			
		Total market value of non-cash customer collateral posted to a clearing member as of the last business day of the Reporting Period	Total market value of customer collateral posted to a clearing member as of the last business day of the Reporting Period	Maximum market value of customer collateral posted to a clearing member during the Reporting Period	Average market value of customer collateral posted to a clearing member over the Reporting Period
1.	[Any clearing member with which the clearing intermediary has posted customer collateral]				
	Aggregate total:				

MODEL PROVINCIAL RULE –
DERIVATIVES: CUSTOMER CLEARING AND PROTECTION OF CUSTOMER COLLATERAL AND POSITIONS

FORM F1C – CUSTOMER COLLATERAL REPORT: DERIVATIVES CLEARING AGENCY

This Form F1C is to be completed by each derivatives clearing agency in satisfying its reporting obligations to the [applicable local securities regulator] under subsection 28(3) of Model Provincial Rule – *Derivatives: Customer Clearing and Protection of Customer Collateral and Positions* (the "Rule").

Reporting Date	DD/MM/YY
Reporting Period[1]	DD/MM/YY – DD/MM/YY

Reporting clearing derivatives clearing agency	
LEI and Name	Location

Table A is to be completed by each derivatives clearing agency that receives customer collateral from a clearing member in accordance with the Rule. Complete a separate line for each clearing member that has posted customer collateral with the reporting derivatives clearing agency. Where an LEI is not available please provide an Interim LEI or, if not available, the complete legal name of the clearing member.

Table A

A.	LEI of clearing member	Customer collateral			
		Total market value of non-cash customer collateral posted to the derivatives clearing agency as of the last business day of the Reporting Period	Total market value of customer collateral posted to the derivatives clearing agency as of the last business day of the Reporting Period	Maximum market value of customer collateral posted to the derivatives clearing agency during the Reporting Period	Average market value of customer collateral posted to the derivatives clearing agency over the Reporting Period
1.	[Any clearing member that has posted customer collateral with the reporting derivatives clearing agency]				
	Aggregate total:				

Table B is to be completed by each derivatives clearing agency that holds customer collateral in accordance with the Rule. Complete a separate line for each location at which customer collateral is held for the reporting derivatives clearing agency . Where an LEI is not available please provide an Interim LEI or, if not available, the complete legal and operating name(s) of the permitted depository.

[1] The Reporting Period is the calendar month preceding the Reporting Date.

Table B

B.	LEI of permitted depository or reporting derivatives clearing agency	Customer collateral			
		Total market value of non-cash customer collateral held by or for the derivatives clearing agency as of the last business day of the Reporting Period	Total market value of customer collateral held by or for the derivatives clearing agency as of the last business day of the Reporting Period	Maximum market value of customer collateral held by or for the derivatives clearing agency during the Reporting Period	Average market value of customer collateral held by or for the derivatives clearing agency over the Reporting Period
1.	[Reporting derivatives clearing agency, if holding customer collateral itself]				
2.	[Any permitted depository holding customer collateral for reporting derivatives clearing agency]				
	Aggregate total				

MODEL EXPLANATORY GUIDANCE
TO
MODEL PROVINCIAL RULE
DERIVATIVES: CUSTOMER CLEARING AND PROTECTION OF CUSTOMER COLLATERAL AND POSITIONS

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PART 1
GENERAL COMMENTS

Introduction

1. (1) This Model Explanatory Guidance (the "Guidance") sets out the views of the Canadian Securities Administrators (the "CSA") OTC Derivatives Committee (the "Committee" or "we") on various matters relating to Proposed CSA Model Provincial Rule – *Derivatives: Customer Clearing and Protection of Customer Collateral and Positions* (the "Rule") and related securities legislation.

(2) Except for Part 1, the numbering of Parts, sections and subsections in this Guidance generally correspond to the numbering in the Rule. Any general guidance for a Part appears immediately after the Part's name. Any specific guidance on a section or subsection in the Rule follows any general guidance. If there is no guidance for a Part, section or subsection, the numbering in this Guidance will skip to the next provision that does have guidance.

(3) Unless otherwise stated, any reference to a Part, section, subsection, paragraph or definition in this Guidance is a reference to the corresponding Part, section, subsection, paragraph or definition in the Rule.

Definitions and interpretation

2. (1) Unless defined in the Rule, terms used in the Rule and in this Guidance have the meaning given to them in securities legislation,[1] including, for greater certainty, National Instrument 14-101 *Definitions* and OSC Rule 14-501 *Definitions*.[2]

Interpretation of terms used in the Rule and in the Guidance

3. A number of key terms are used in the Rule,

(1) "clearing" refers to the process of establishing positions, through novation or otherwise, arising from cleared derivatives, substituting the credit of the parties with the credit of the derivatives clearing agency, and includes arranging or providing, on a multilateral basis, for the calculation, settlement or netting of obligations resulting from such positions, and ensuring that financial instruments, cash, or both, are available to secure the exposures arising from such positions.

(2) The term "lien" refers to a creditor's claim against property to secure repayment of a debt.

(3) The term "position" refers to the transacted financial asset that has been cleared by a derivatives clearing agency.

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1 As explained in the accompanying Notice, the Customer Clearing Rule has been drafted based on the *Securities Act* (Ontario). Certain conforming amendments will be necessary in other jurisdictions.

2 The reference to OSC Rule 14-501 *Definitions* is only relevant in Ontario. Other jurisdictions may have a similar local rule.

(4) The term "segregate" refers to a method of protecting customer collateral by accounting for or holding customer collateral separately from the property of other persons or companies.

(5) The term "commingle" refers to combining customer collateral of a customer with the customer collateral of another customer in a single account or transfer. A customer's collateral may be segregated at one level, for example, from a clearing member's proprietary property while being commingled at another level with the property of other customers.

Interpretation of terms defined in the Rule

4. (1) A "cleared derivative" is a derivative that is cleared by a customer, either voluntarily or in accordance with the clearing requirement set out in Proposed CSA Model Provincial Rule – *Mandatory Central Counterparty Clearing of Derivatives* (the "Clearing Rule") and as recommended in *CSA Consultation Paper 91-406 – Derivatives OTC Central Counterparty Clearing* (the "Clearing Paper").

(2) A "clearing intermediary" is a person or company that is not a clearing member of the derivatives clearing agency but does facilitate clearing on behalf of a customer. In order to clear its customer's transaction, the clearing intermediary would enter into an agreement with a clearing member who would submit the transaction to the derivatives clearing agency to be cleared. This clearing relationship is often referred to as "indirect customer clearing". It is possible that a person or company that is a clearing member at one derivatives clearing agency could also act as a clearing intermediary in order to access another derivatives clearing agency, of which it is not a member. A person or company providing clearing intermediary services in respect of a cleared derivative would be considered a party to that transaction for the purposes of this Rule. A clearing intermediary may also be a customer if it clears its proprietary transactions through a clearing member.

The Committee expects that, subject to any available exemption, a clearing intermediary offering clearing services to a customer will be required to register as a derivatives dealer. CSA Consultation Paper 91-407 – *Derivatives: Registration* outlines the recommended business trigger for determining whether a person is in the business of trading derivatives.[3] These factors include intermediating trades and providing clearing services to third parties. Please refer to the consultation paper for further details.

(3) There are two situations in which a party to a cleared derivatives transaction is considered to be a "customer" for the purposes of this Rule. The first situation is where the customer is located in [the applicable province].

The second situation is where the derivatives clearing agency or party providing clearing services to a foreign party is located in the [applicable province]. For example, if a derivatives dealer located in Ontario is providing clearing services to a foreign party it would be required to treat the foreign party as a customer.

A clearing member is not considered to be a customer where it transacts with its derivatives clearing agency.

The Committee expects that, subject to any available exemption, a clearing member offering clearing services to a customer will be required to register as a derivatives dealer. CSA Consultation Paper 91-407 – *Derivatives: Registration* outlines the recommended business trigger for determining whether a person is in the business of trading derivatives.[4] These factors include intermediating trades and providing clearing services to third parties. Please refer to the consultation paper for further details.

(4) The definition of "customer account" applies to customer accounts at each level of the clearing chain. For example, to the extent that a customer transaction is initiated with a clearing intermediary, it is possible that a portion of customer collateral for that transaction could be held directly or at a permitted depository by each of the clearing intermediary, clearing member and derivatives clearing agency. In such a case there would be three customer accounts associated with the transaction: one at each of the clearing intermediary, clearing member and derivatives clearing agency.

(5) The term "customer collateral" refers to property received or held by a clearing member, clearing intermediary or derivatives clearing agency from or on behalf of a customer. The Committee wishes to point out that although a customer may deliver certain collateral to a clearing member or clearing intermediary this specific collateral may not be the collateral delivered to the derivatives clearing agency to satisfy margin requirements. A clearing member or clearing intermediary may "upgrade" or "transform" the collateral delivered by the customer pursuant to an agreement between the parties. For example, a customer may deliver cash as collateral and pursuant to an agreement the clearing member may deliver securities of an equivalent value to the derivatives clearing agency. Any collateral delivered to the derivatives clearing agency on behalf of a customer would be considered customer collateral.

(6) The term "excess margin" refers to any customer collateral that is collected by a clearing member or clearing intermediary from a customer in excess of the amount of margin required by the derivatives clearing agency for the positions of such

[3] See Subsection 6.1(b) of CSA Consultation Paper 91-407 – Derivatives: Registration available at www.osc.gov.on.ca.

[4] See Subsection 6.1(b) of CSA Consultation Paper 91-407 – Derivatives: Registration available at www.osc.gov.on.ca.

customer. Excess margin may be held by the clearing member or clearing intermediary (or permitted depository) in accordance with subsection 4(1), or transferred to a derivatives clearing agency if the preconditions set out in section 5 are met.

(7) The term "initial margin" refers to collateral required by a derivatives clearing agency to cover potential future losses resulting from expected changes in the value of a cleared derivative over a pre-determined close-out period with a certain level of confidence.

Initial margin for a customer of a clearing member can be collected or credited to a customer account or on behalf of a customer either at the derivatives clearing agency, clearing member or clearing intermediary. This implies that all collateral, whether provided by the customer or not, sent or intended to be sent to the derivatives clearing agency to satisfy an initial margin requirement of the derivatives clearing agency for that customer is considered to be initial margin under this rule.

(8) A "permitted depository" is an acceptable organization for holding customer collateral deposited with a clearing member, clearing intermediary or derivatives clearing agency. In recognition of the international nature of the derivatives market, subsection (f) of the definition permits foreign banks, loan companies or trust companies to act as permitted depositories, and thus hold customer collateral, provided they are regulated in a similar manner as would be applicable to such entities if they were located in Canada. The Committee would interpret a "similar manner" to mean regulations and oversight that ensures such entities provide the necessary protection for customer collateral from a prudential and operational standpoint. A clearing agency located in a foreign jurisdiction would only be acceptable as a permitted depository if it is recognized or exempted in [the applicable province].

The Committee is also of the view that a clearing member, clearing intermediary or derivatives clearing agency that holds customer collateral at a permitted depository in accordance with this Rule should take reasonable commercial efforts to confirm that the permitted depository:

- has appropriate rules, procedures, and controls, including robust accounting practices, to help ensure the integrity of the customer collateral and minimise and manage the risks associated with the safekeeping and transfer of the collateral;
- maintains securities in an immobilised or dematerialised form for their transfer by book entry;
- protects customer collateral against custody risk through appropriate rules and procedures consistent with its legal framework;
- employs a robust system that ensures segregation between the permitted depository's own property and the property of its participants and segregation among the property of participants, and where supported by the legal framework, supports operationally the segregation of property belonging to a participant's customers on the participant's books and facilitates the transfer of customer collateral;
- identifies, measures, monitors, and manages its risks from other activities that it may perform; and
- facilitates prompt access to customer collateral, when required; and
- if applicable, the foreign entity qualifies as a permitted depository under paragraph (f).

(9) The term "permitted investment" sets out a principles-based approach to determining the types of instruments in which a clearing member, clearing intermediary or derivatives clearing agency may invest customer collateral, in accordance with the provisions of this Rule. The term is intended to cover an investment in an instrument that is secured by, or is a claim on, high-quality obligors, and which allows for quick liquidation with little, if any, adverse price effect, for the purpose of mitigating market, credit and liquidity risk.

The Committee is of the view that a clearing member, clearing intermediary or derivatives clearing agency that invests customer collateral in accordance with this Rule should ensure such investment is:

- consistent with its overall risk-management strategy;
- fully disclosed to its customers;
- limited to instruments that are secured by, or are claims on, high-quality obligors; and
- can be liquidated quickly with little, if any, adverse price effect.

The Committee is also of the view that a clearing member, clearing intermediary or derivatives clearing agency should not invest customer collateral in its own securities or those of its affiliates. Examples of instruments that would be considered permitted investments by the [applicable local securities regulator] include:

- debt securities issued by or guaranteed by the Government of Canada or the government of a province or territory of Canada;
- debt securities that are issued or guaranteed by a municipal corporation in Canada;
- certificates of deposit, that are not securities, issued by a bank listed in Schedule I, II or III to the Bank Act (Canada);
- commercial paper fully guaranteed as to principal and interest by the Government of Canada; and
- interests in money market mutual funds.

The Committee is of the view that foreign investments exhibiting the same conservative characteristics as the instruments listed above would also be acceptable.

(10) The term "variation margin" refers to collateral required by a derivatives clearing agency to cover losses resulting from changes in the current value of a cleared derivative with the derivatives clearing agency.

Variation margin for a customer of a clearing member can be collected or credited to a customer account or on behalf of a customer either at the derivatives clearing agency, clearing member or clearing intermediary. This implies that all collateral, whether provided by the customer or not, sent or intended to be sent to the derivatives clearing agency to satisfy a variation margin requirement of the derivatives clearing agency for that customer is considered to be variation margin under this rule.

PART 2
TREATMENT OF CUSTOMER COLLATERAL

Part 2 contains rules for the treatment of customer collateral by derivatives clearing agencies, clearing members, and clearing intermediaries.

Collection of initial margin

2. (1) The requirement that a derivatives clearing agency collect initial margin on a gross basis for each customer means that a derivatives clearing agency may not, and may not permit its clearing members to, offset initial margin positions of different customers against one another. However, the initial margin collected from an individual customer may be determined by netting across the various over-the-counter (OTC) derivative positions of that customer. Further, there is no prohibition on a derivatives clearing agency collecting variation margin for customer cleared derivatives on a net basis from its clearing members.

Margin requirements would be determined by the derivatives clearing agency in accordance with its rules, policies, and procedures. Please see proposed OSC Rule 24-503 *Clearing Agency Requirements* for requirements applicable to clearing agency margin calculation.

(2) Because a derivatives clearing agency is required under subsection 2(1) to collect initial margin on a gross basis, a clearing member must also collect initial margin on a gross basis in order to comply with subsection 2(2).

Segregation of customer collateral

3. Subsection 3(1) requires a derivatives clearing agency, clearing member and clearing intermediary to segregate customer collateral from its own property, including from collateral advanced for a proprietary position. For example, a clearing member's proprietary positions (house account) would be required to be held separately from customer positions. Similarly, a clearing intermediary would be required to set up a separate account for its customers with its clearing member, so that the clearing intermediary's proprietary positions are held separately from those of its customers. Records maintained by each of the derivatives clearing agency, clearing member and clearing intermediary must make it clear that customer accounts are held for the benefit of customers. The Committee recognizes that methods for holding customer collateral at the clearing member or clearing intermediary level may differ depending on collateral and entity type.

The Committee is of the view that parties should enjoy flexibility in their collateral arrangements. For example, notwithstanding the legal arrangement under which customer collateral is deposited with a clearing member, the clearing member must treat customer collateral posted with it as belonging to customers. This principle remains in effect in a title transfer collateral arrangement, where the title to the property posted as collateral is transferred to the entity collecting the collateral. Despite any

such transfer of legal title from the customer to the clearing member, a clearing member must treat any property transferred as collateral by or on behalf of a customer and relating to that customer's cleared derivatives, as customer collateral.

(2) Subsection 3(2) permits the customer collateral of multiple customers to be commingled in an omnibus customer account. However, the clearing member or clearing intermediary is responsible through its record keeping requirements in Part 3 to identify the positions and collateral held for each individual customer within the omnibus customer account. Further, subsection 8(1) prevents the use of customer collateral attributable to one customer to satisfy the obligations of another customer. As a result, although the customer collateral may be held in one omnibus account, such collateral is not available to satisfy customer obligations generally. Only customer collateral attributable to a customer may be used to satisfy the obligations of that customer. Customer collateral may not be commingled with the property of any person or company that is not a customer. For example the collateral of a futures customer may not be commingled with the collateral of a cleared derivatives customer.

(3) Subsection 3(3) also requires a derivatives clearing agency to segregate customer collateral relating to cleared derivatives from any other type of customer property, including any other property posted by a customer as collateral relating to another position, investment or financial instrument. For example, the customer collateral of a customer may not be commingled with collateral relating to a futures transaction, or any other property or collateral, of the same customer, or of any other customer.

Holding of customer collateral

4. (2) Subsection 4(2) requires a derivatives clearing agency, clearing member and clearing intermediary that holds customer collateral directly to provide reasonable protection to such collateral. Where collateral is in a physical form the Committee would interpret this requirement to mean a secure physical location with sufficient record keeping to identify the collateral as belonging to a customer. Where collateral is in an electronic form this would mean a secure electronic location with suitable back-up facilities and disaster recovery plans as well as sufficient record keeping to identify the collateral as belonging to a customer.

Excess margin

5. The Committee would interpret the requirement that a derivatives clearing agency, clearing member and clearing intermediary identify all excess margin held to only apply to the excess margin held by such entity. For example a derivatives clearing agency would not be required to keep records relating to excess margin held by a clearing intermediary.

Clearing member maintenance of customer account balance

6. Section 6 requires a clearing member to ensure sufficient collateral in customer accounts. To prevent a margin deficit a clearing member may deposit its own funds into the account pursuant to section 7.

Clearing member and clearing intermediary deposits in customer accounts

7. (1) Subsection 7(1) permits a clearing member or clearing intermediary to deposit its own property into a customer account in order to meet an intra-day margin call from a derivatives clearing agency. Such a deposit may be made, for example, in order to avoid making a follow-on intra-day margin call to the customer where the customer has agreed to meet margin on a once-daily basis.

(3) Subsection 7(3) requires that prior to any withdrawal of property deposited in accordance with subsection 7(1), the clearing member or clearing intermediary must reflect in its books and records the value of customer collateral required from each customer and the total sum of those amounts including any excess or deficit in customer collateral. Under section 6 the clearing member or clearing intermediary is prohibited from withdrawing property from the customer account if the customer account has less collateral than required by the derivatives clearing agency or would have less as a result of the withdrawal.

Use of customer collateral

8. (4) Subsection 8(4) is a general rule prohibiting a lien on customer collateral. The exception to the general rule is where the lien arises in connection with the cleared derivative. This exception recognizes that certain clearing arrangements involve the granting of security interests in customer collateral. Should an improper lien be imposed on customer collateral the relevant party must take all commercially reasonable steps to promptly address the improper lien.

Investment of customer collateral

9. Section 9 provides that a derivatives clearing agency, clearing member or clearing intermediary may invest customer collateral that is deposited with it, but only in a permitted investment as that term is defined in the Rule. The Committee is of the view that parties should be free to contract for the allocation of gains resulting from a derivatives clearing agencies, clearing member's or clearing intermediary's investment activities in accordance with this Rule. However, any loss resulting from a

permitted investment of customer collateral must be borne by the investing clearing member or clearing intermediary. No loss in the value of invested customer collateral shall be allocated to a customer(s) or customer account(s).

Risk management

11. Risk exposures that a derivatives clearing agency must identify attributable to interactions with clearing members, clearing intermediaries and their customers (the "Entities") include but are not limited to: market risk resulting from the cleared positions of the Entities including concentrations in positions and potential wrong-way risk exposures; credit risk of the Entities as it relates to the likelihood of default or a failure to make required margin payments on a timely basis; operational risks of connecting to the Entities insofar as these connections impair the ability of the derivatives clearing agency to operate efficiently; reputational risk of having business relationships with the Entities insofar as it damages the confidence that other clearing members, clearing intermediaries, customers and the [applicable local securities regulator] have in the derivatives clearing agency's ability to operate effectively.

These risks should be monitored by the derivatives clearing agency on a periodic basis, managed according to a defined process or policy and disclosed periodically as required by the [applicable local securities regulator].

Same

13. This provision prevents any person or company from providing customer clearing services unless it is prudentially regulated by an appropriate regulatory authority. Such prudential regulation should ensure that a clearing member or clearing intermediary is adequately capitalized and has sufficient liquidity such that it is financially sound and does not present a significant solvency risk to customers. In Canada prudential regulation of federally regulated financial institutions is undertaken by Office of the Superintendent of Financial Institutions (OSFI). Other regulators that perform prudential oversight include the Investment Industry Regulatory Organization of Canada (IIROC) and certain provincial prudential market regulators, such as the Autorité des marchés financiers in Québec or other local securities regulators when the proposed registration regime for OTC derivatives is implemented. An appropriate foreign regulatory authority would be one that applies a regulatory standard similar to that which applies to Canadian entities.

Clearing member default

14. Although this provision prevents a derivatives clearing agency from applying customer collateral to satisfy the obligations of a defaulting clearing member, it does not preclude the derivatives clearing agency from applying a defaulting customer's collateral to satisfy the obligations of that customer.

PART 3
RECORD-KEEPING

Part 3 outlines the minimum record-keeping requirements that apply to derivatives clearing agencies, clearing members, and clearing intermediaries. The effectiveness of the customer protections required under this Rule is predicated on accurate and thorough record-keeping by derivatives clearing agencies, clearing members and clearing intermediaries.

Retention of records

16. The records required to be prepared pursuant to this section must be retained for seven years, in accordance with record retention practice in Canada and the timing requirements under the [*Limitations Act 2002* (Ontario)].[5]

Books and records

17. (4) The Committee is of the view that accurate record-keeping requires, at minimum, daily valuations of customer collateral. With respect to records required to be kept under subsection (4) and to the assets of property included in the customer collateral of a customer,

(a) item (a) refers to any revenue generated by the customer collateral, including, for example, dividend pay-outs relating to securities and coupon payments relating to debt instruments;

(b) item (b) refers to any changes in the value of property forming part of the customer collateral, including, for example, an increase or decrease in the value of a security; and

(c) item (c) refers to charges that have accrued, or may accrue, against the customer and have been agreed to between the derivatives clearing agency, clearing member or clearing intermediary and the customer; such

[5] The *Limitations Act 2002* (Ontario) is only relevant in Ontario. Other jurisdictions may have similar provincial legislation.

charges may include, for example, transaction or currency exchange charges, or charges relating to the settlement or termination of a cleared derivative.

Separate records – clearing members and clearing intermediaries

21. Where a clearing member permits a person or company to act as a clearing intermediary, the clearing member assumes a record-keeping obligation relating to the customers of the clearing intermediary. The clearing member's books and records should separately identify the customer collateral and positions of each of the customers of its clearing intermediaries.

Records of investment of customer collateral

23. Paragraph 23(1)(d) refers to a description of the instrument(s) in which an investment has been made; the Committee is of the view that this item requirement would be fulfilled by providing a unique identifier from an industry-accepted identifying standard, such as an ISIN or CUSIP number.

Records of currency conversion

24. Section 24 requires a derivatives clearing agency, clearing member or clearing intermediary to make and keep records of each conversion of customer funds from one currency into another. The Committee is of the view that a currency exchange transaction records should include, at minimum, the following information:

- the identity of the customer as represented by their Legal Entity Identifier;
- the type or source of funds;
- the date of the currency exchange;
- the amount and original currency of the funds to be exchanged;
- the exchange rate at which the currency exchange is made;
- the amount and new currency resulting from the exchange; and
- the name of the institution which made the exchange and/or provided the exchange rate.

PART 4
REPORTING AND DISCLOSURE

Part 4 outlines certain disclosure and reporting required to be made by a clearing member, clearing intermediary or derivatives clearing agency to customers, and the [applicable local securities regulator]. The Committee acknowledges the confidential nature of the information that must be reported to the [applicable local securities regulator].

Disclosure to clearing members and customers

25. The disclosure provided under Section 25 should assist customers in evaluating the level of protection provided, the manner in which segregation and the transfer of assets is achieved (including the method for determining the value at which customer positions will be transferred), and any risks or uncertainties associated with such arrangements. Disclosure helps customers to assess the related risks and conduct due diligence when entering into transactions that are cleared through a clearing member at the derivatives clearing agency. The disclosure can be provided in electronic form by delivering copies of required materials or providing links to online information.

Examples of the information that the disclosure should provide include:

- How the application of bankruptcy and insolvency laws may impact the derivatives clearing agency's ability, in relation to its clearing members, clearing intermediaries and customers, to expeditiously terminate such relationships; transfer customer collateral; and enforce rights in relation to customer collateral.
- The interaction of laws applicable to customer collateral.

(3) Subsection 25(3) requires a clearing member or clearing intermediary to provide disclosure with respect to customer collateral that is held by them. Customer collateral held at the clearing member or clearing intermediary level may receive different treatment from customer collateral held at the derivatives clearing agency in the event of a clearing member or clearing intermediary bankruptcy or insolvency. In particular, there may be situations where customer collateral held in a customer

account would be combined with the property of other non-cleared derivatives customers. The disclosure required by this provision should provide customers with clear information on the treatment of their collateral in a default situation.

Disclosure to customers of a clearing intermediary

26. The clearing intermediary should disclose to a customer any information relating to additional risks to customer positions and customer collateral that arise as a result of the indirect clearing relationship.

Customer information

27. (1) In order to facilitate a timely transfer of collateral and positions in a default scenario, a derivatives clearing agency should have sufficient information to identify each customer of a clearing member or clearing intermediary, and the customer's positions and customer collateral. This identifying information shall be submitted by the responsible clearing member to each relevant derivatives clearing agency, and shall include the Legal Entity Identifier (assigned in accordance with standards set by the Global Legal Entity Identifier System) or name of the customer. On a regular basis thereafter, and at least once each business day, the responsible clearing member shall provide updated reports to the derivatives clearing agency, with sufficient information to accurately identify the collateral and positions of each customer.

Customer collateral report

28. The Committee is of the view that regular reporting on customer collateral deposits and holdings will assist the provincial securities regulatory authorities in monitoring customer collateral arrangements and developing and implementing rules to protect customer assets that are responsive to market practices. To that end, subsections 28(1), (2) and (3) set out reporting requirements for clearing members, clearing intermediaries, and derivatives clearing agencies respectively, regarding customer collateral. A completed Form F1A, Form 1B or Form F1C will provide the [applicable local securities regulator] with a snapshot of the value of collateral held by or deposited by the reporting clearing member, clearing intermediary or derivatives clearing agency.

Disclosure of customer collateral investment

29. (2) The Committee is of the view that the requirement to receive a written acknowledgement may be satisfied by directing a customer to the disclosure on the derivatives clearing agency's website and have online procedures in place for the customer to acknowledge that it has received such information.

PART 5
TRANSFER OF POSITIONS

Part 5 provides for the transfer of customer collateral and positions from one clearing member or clearing intermediary to another clearing member or clearing intermediary, either in a default scenario or by request of the customer. Part 5 also addresses, in part, the following recommendation included in *CSA Consultation Paper 91-404 – Derivatives: Segregation and Portability in OTC Derivatives Clearing*:

> "Each CCP shall have rules facilitating the termination of contractual relationships between a clearing member and its customers and the transfer of positions."

The efficient and complete transfer of customer collateral and related positions is important in both pre-default and post-default scenarios but is particularly critical when a clearing member or clearing intermediary defaults or is undergoing insolvency proceedings.

Transfer of customer collateral and positions

30. (1) The Committee is of the view that operations, policies and procedure of all parties offering clearing services should be structured to ensure, to the greatest extent possible, that a default by a clearing member does not affect the positions and collateral of the defaulting clearing member's customers. A clearing member default would generally occur when a clearing member does not, or is unable to, meet its obligations at a derivatives clearing agency.

To ensure that customer collateral and positions are insulated from a clearing member default, including any winding-up or restructuring proceeding of the defaulting clearing member, a derivatives clearing agency must have rules and procedures in place to effectively and promptly facilitate the transfer customer collateral and positions to another, non-defaulting clearing member. A "non-defaulting clearing member" is a clearing member that (i) has not defaulted, and is not reasonably expected to default on its obligations at a derivatives clearing agency as they come due, and (ii) is not in default, as that term is defined in the rules and procedures of the relevant derivatives clearing agency.

The Committee is of the view that customer collateral and positions should be transferred as seamlessly as possible from the perspective of the customer. This means that a customer's positions should be maintained on the identical economic terms as govern the position immediately before the transfer. The Committee is of the view that, in effecting such a transfer, a derivatives clearing agency shall be permitted to operationally close-out and re-book the positions, provided that the ultimate result is that the customer's positions are maintained on the identical economic terms as governed immediately before the transfer.

The derivatives clearing agency's ability to transfer customer collateral and related positions in a timely manner may depend on such factors as market conditions, sufficiency of information on the individual constituents, and the complexity or size of the customers' portfolio. The derivatives clearing agency should therefore structure its arrangements for the transfer of customer collateral and positions in a way that makes it highly likely that they will be effectively transferred to one or more other clearing members, taking into account all relevant circumstances. In order to achieve a high likelihood of transferability, the derivatives clearing agency will need to have the ability to identify positions that belong to customers, identify and assert the derivatives clearing agency's rights to related customer collateral held by or through the derivatives clearing agency, transfer positions and related customer collateral to one or more other clearing members, identify potential clearing members to accept the positions, disclose relevant information to such clearing members so that they can evaluate the counterparty credit and market risk associated with the customers and positions, respectively, and facilitate the derivatives clearing agency's ability to carry out its default management procedures in an orderly manner. The derivatives clearing agency's policies and procedures should provide for the proper handling of customer collateral and related positions of customers of a defaulting clearing member.

Although the Committee stresses the importance of the transfer of customer collateral and positions in a default scenario it acknowledges that there may be circumstances where the portability of all or a portion of a customer's position is not possible. Where a derivatives clearing agency is not able to transfer positions within a pre-defined transfer period specified in its operating rules, it may take all steps permitted by its rules to actively manage its risks in relation to those positions, including liquidating the customer collateral and positions of the defaulting clearing member's customers.

The Committee is of the view that a clearing member should also have policies and procedures in place to promptly transfer customer collateral that it holds to one or more non-defaulting clearing members in the event of its own default.

(2) A derivatives clearing agency must have rules and procedures in place to facilitate the transfer of the customer collateral and positions of a customer from one clearing member to another, non-defaulting clearing member at the request of the customer. This is also known as a "business-as-usual transfer".

A customer should be able to transfer its customer collateral and positions to another clearing member in the normal course of business. Subsection 30(2) requires a derivatives clearing agency to have rules and procedures that require clearing members to facilitate the transfer of customer collateral and related positions upon the customer's request, subject to any notice or other contractual requirements.

(3) Where a transfer of customer collateral and positions is facilitated under subsection (1) or (2), a derivatives clearing agency must promptly transfer the customer's positions and related customer collateral, as a single portfolio or in portions as requested by the customer, to one or more non-defaulting clearing members.

Subsection (3) sets out certain pre-conditions for the transfer of customer collateral and positions, in either a default or business-as-usual transfer. The derivatives clearing agency must obtain the consent of the customer with respect to the transfer of the customer collateral and positions of the customer to the particular transferee clearing member. The Committee is of the view that this consent may be best obtained at the outset of a clearing relationship, and by allowing a customer to identify clearing members to which they would consent, *a priori*, to such a transfer. If there are circumstances where this consent would not be obtained, or where the prior consent would not be followed, those circumstances should be set out in the rules, policies, or procedures of the derivatives clearing agency.

The derivatives clearing agency must also obtain the consent of the receiving clearing member as to which positions and customer collateral are to be transferred. If there are circumstances where this would not be the case, those circumstances should be set out in the rules, policies, or procedures of the derivatives clearing agency.

Clearing intermediaries

31. The Committee is of the view that customers of a clearing intermediary should benefit from the same protections and rights, with respect to the transfer of positions and collateral as are provided for customers of a clearing member. To that end, a clearing member that permits a customer to act as a clearing intermediary must have in place a credible mechanism to transfer the customer collateral and positions of a customer of that clearing intermediary, either in a default by the clearing intermediary or clearing member or on request of the customer. A clearing member must promptly facilitate such a transfer, as a single portfolio or in portions as requested by the customer, to one or more non-defaulting clearing members or one or more non-defaulting clearing intermediaries.

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Chapter 7

Insider Reporting

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

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

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/31/2013	42	ACM Commercial Mortgage Fund - Units	18,761,004.47	168,899.37
12/02/2013	1	ACOF IV to Co-Invest Onshore Feeder B L.P. - Limited Partnership Interest	26,584,432.16	25,000,000.00
12/17/2013	17	AirIQ Inc. - Common Shares	385,000.00	7,700,000.00
12/18/2013	1	Alpha Natural Resources, Inc. - Notes	8,516,000.00	8,000.00
12/11/2013	5	Alta Vista Centures Ltd. - Units	64,000.00	1,280,000.00
12/12/2013	1	AMR Mineral Metal Inc. - Units	499,998.60	277,777.00
11/26/2013	1	Apollo Co-Investors VIII (B) L.P. - Limited Partnership Interest	1,054,700.00	N/A
12/17/2013	3	Arch Coal Inc. - Notes	6,472,100.00	6,100.00
12/25/2013	81	Arianne Phosphate Inc. - Flow-Through Shares	2,936,755.80	1,631,531.00
12/19/2013	1	Atna Resources Ltd. - Common Shares	1,050,000.00	6,562,500.00
12/19/2013	36	Azincourt Uranium Inc. - Units	1,465,317.81	5,427,103.00
11/08/2013	45	BP Capital Markets p.l.c. - Notes	450,000,000.00	N/A
12/11/2013	6	Brant Park Phase 2 Inc. - Bonds	298,000.00	298.00
12/30/2013	1	Brixton Metals Corporation - Flow-Through Shares	139,999.97	1,272,727.00
11/30/2013	6	B.E.S.T. Active 365 Fund LP - Limited Partnership Units	1,078,000.00	N/A
12/20/2013 to 12/23/2013	4	Cadillac Ventures Inc. - Flow-Through Units	105,440.00	1,757,333.00
12/17/2013	17	Calgary Scientific Inc. - Common Shares	4,994,377.50	1,331,834.00
12/20/2013	31	Canadian Spirit Resources Inc. - Flow-Through Shares	3,119,850.20	6,176,030.00
12/02/2013	20	Capital Direct I Income Trust - Trust Units	647,135.00	64,713.50
12/13/2013	16	Carube Resources Inc. - Common Shares	463,930.00	2,319,650.00
12/20/2013	1	Clayton, Dubilier & Rice Fund IX, L.P. - Limited Partnership Interest	22,428,000.00	N/A
12/20/2013	3	Dee Three Exploration Ltd. - Common Shares	5,008,425.00	465,900.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/19/2013	15	Devon Energy Corporation - Notes	44,292,594.14	N/A
12/16/2013	1	Diamond Estates Wines & Spirits Inc. - Common Shares	7,080.00	28,230.00
10/31/2013	2	Digital Shelf Space Corp. - Units	360,000.00	4,500,000.00
12/16/2013	43	Donnycreek Energy Inc. - Common Shares	8,040,000.00	3,350,000.00
12/20/2013	13	Eagle Mountain Gold Corp. - Common Shares	265,752.50	4,088,500.00
12/17/2013	2	Ecuador Bancorp Inc. - Notes	10,000.00	100,000.00
12/12/2013	5	Enerdynamic Hybrid Technologies Inc. - Units	1,160,000.00	4,640,000.00
12/20/2013	12	ePals Corporation - Units	1,670,911.05	21,078,814.00
12/17/2013	46	Equicapita Income L.P. - Units	343.27	343,265.00
12/17/2013	46	Equicapita Income Trust - Units	686,530.00	686,530.00
12/20/2013	45	Exploration Pumpa Inc. - Units	992,249.79	1,250,000.00
12/20/2013	45	Exploration Pumpa Inc. - Units	470,610.00	2,241,000.00
11/14/2013 to 11/22/2013	77	Fisgard Capital Corporation - Common Shares	259,542.09	N/A
12/13/2013	2	Ford Auto Securitization Trust - Notes	445,000,000.00	N/A
12/17/2013	1	Formula XO, Inc. - Preferred Shares	53,050.12	163,239.00
12/16/2013	53	Fortress Proppants Ltd. - Common Shares	1,261,000.00	1,261,000.00
12/20/2013	45	Garmatex Technologies, Inc. - Common Shares	1,272,500.00	2,545,000.00
12/11/2013	1	Globex Mining Enterprises Inc. - Common Shares	49,997.50	102,550.00
12/19/2013	134	Goldstar Acquistionco Inc. - Receipts	61,120,000.00	10,922,500.00
12/05/2013	33	Greystone Real Estate Fund Inc. - Common Shares	37,448,000.00	376,134.99
01/01/2014	1	Grosvenor Institutional Partners Ltd. - Common Shares	345,561.87	324.99
12/19/2013	1	Halcon Resources Corporation - Note	2,669,000.00	1.00
12/13/2012 to 11/22/2013	20	Hillsdale Canadian Performance Equity Fund - Units	20,294,525.51	N/A
12/12/2012 to 10/21/2013	39	Hillsdale Enchanced Income Fund - Units	3,390,449.97	N/A
03/11/2013	1	Hillsdale Global Long/Short Equity Fund - Units	22,800.00	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/20/2012 to 11/22/2013	25	Hillsdale US Performance Equity Fund - Units	1,802,240.11	N/A
12/17/2013	6	Hilton Worldwide Holdings Inc. - Common Shares	38,853,820.00	1,831,000.00
12/13/2013	12	Largo Resources Ltd. - Common Shares	16,999,830.00	84,999,150.00
07/01/2013 to 12/02/2013	9	Legg Mason Batterymarch Canadian Core Equity Fund - Units	7,026,101.26	70,103.54
07/01/2013 to 12/02/2013	9	Legg Mason Batterymarch U.S. Equity Fund - Units	918,846.57	6,804.26
07/01/2013 to 12/02/2013	7	Legg Mason ClearBridge International Equity Fund - Units	7,482,134.44	377,080.49
07/01/2013 to 12/02/2013	6	Legg Mason Diversifund - Units	530,710.34	4,645.61
07/01/2013 to 12/02/2013	9	Legg Mason Western Asset Canadian Core Bond Fund - Units	2,440,748.92	10,651.68
07/01/2013 to 12/02/2013	6	Legg Mason Western Asset Canadian Core Plus Bond Fund - Units	2,257,038.64	23,202.61
07/01/2013 to 12/02/2013	3	Legg Mason Western Asset Canadian Income Fund - Units	1,391,020.22	8,616.47
07/01/2013 to 12/02/2013	27	Legg Mason Western Asset Canadian Money Market Fund - Units	379,313,909.77	N/A
12/17/2013	5	Mag Copper Limited - Units	230,000.00	600,000.00
11/29/2013	19	Maple Leaf Short Duration 2013-II Flow-Through Limited Partnership - Limited Partnership Units	1,055,000.00	N/A
12/20/2013	3	Maverick Oil & Gas (Flow Through Fund 1) Ltd. - Common Shares	425,000.00	425,000.00
11/24/2013 to 12/29/2013	7	MCF Securities Inc. - Common Shares	1,176,609.49	150,000.00
12/19/2013	3	MGM Resorts International - Notes	23,487,200.00	22,000.00
12/19/2013	48	Midland Exploration Inc. - Units	1,351,460.00	2,036,287.00
11/29/2013	16	Morrison Laurier Mortgage Corporation - Preferred Shares	1,570,000.00	N/A
12/18/2013	5	Network Media Group Inc. - Common Shares	359,100.00	5,129,997.00
12/16/2013	30	New World Lenders Corp. - Bonds	5,538,026.30	90.00
12/17/2013	2	Nightingale Informatix Corporation - Debentures	228,000.00	228.00
12/23/2013	22	Niko Resources Ltd. - Receipts	33,226,828.00	16,853,575.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/12/2013	4	Nordstrom, Inc. - Notes	3,170,943.51	3,000.00
12/23/2013	1	Northstar Gold Corp. - Flow-Through Units	25,000.00	500,000.00
12/16/2013	1	Obsidian Strategics Inc. - Unit	100,000.00	1.00
12/13/2013	1	Pantheon Global Infrastructure Fund II L.P. - Limited Partnership Interest	26,488,662.85	N/A
12/11/2013	3	Pasinex Resources Limited - Units	251,500.00	3,869,231.00
12/19/2013	7	Pond Biofuels Inc. - Common Shares	3,000,000.00	779,221.00
12/31/2013	6	Portland CVBI Holdings LP - Units	1,159,056.59	10,392.47
12/19/2013	24	Premium Exploration Inc. - Units	500,000.00	5,882,353.00
12/16/2013	4	Pulis Registered Capital I Inc. - Bonds	121,500.00	1,215.00
12/16/2013	4	Pulis Wealth Management LP 1 - Limited Partnership Units	372,000.00	372.00
12/20/2013	7	PyroGenesis Canada Inc. - Units	1,281,000.00	3,660,000.00
12/18/2013	1	Quantum Leap Mortgage Investments Fund - Units	15,228.43	1,500.00
12/16/2013	28	Real Matters Inc. - Common Shares	27,542,310.00	22,951,925.00
12/19/2013	5	Realstar Apartment Partnership II - Limited Partnership Units	190,000,000.00	190,000.00
12/17/2013	9	Redbourne Realty Fund III Inc. - Units	3,408,672.00	N/A
12/02/2013	33	Redstone Capital Corporation - Bonds	1,068,900.00	N/A
12/17/2013	28	Rockspring Capital Texas Real Estate Trust - Trust Units	513,349.00	513,349.00
12/11/2013	1	ROI IPP Limited Partnership - Limited Partnership Units	47,522,974.82	48,139,159.02
11/12/2013	12	Ross Smith Capital Investment Fund - Units	372,934.63	N/A
12/16/2013	4	Sennen Potash Corporation - Common Shares	2,000,000.00	20,000,000.00
11/29/2013 to 12/02/2013	2	Sinclair-Cockburn Mortgage Investment Corporation - Common Shares	826,144.10	826,144.00
12/12/2013 to 12/20/2013	3	Sinclair-Cockburn Mortgage Investment Corporation - Common Shares	1,055,000.00	1,055,000.00
12/15/2013	40	Skyline Apartment Real Estate Investment Trust - Units	5,141,940.75	388,071.00
12/15/2013	6	Skyline Retail Real Estate Investment Trust - Units	722,500.00	72,250.00
12/13/2013	1	Smart Skin Technologies Inc. - Common Shares	24,999.00	7,692.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
09/30/2008	61	Success Resources Ltd. - Units	3,565,000.00	3,565,000.00
12/17/2013	37	Sunora Foods Inc. - Units	938,100.00	6,254,332.00
12/16/2013	10	Tarsis Resources Ltd. - Units	362,749.95	4,836,666.00
02/08/2013	2	TELoIP Inc. - Common Shares	500,000.00	3,333,334.00
12/12/2013 to 12/19/2013	11	TELoIP Inc. - Debentures	4,000,000.00	11.00
10/01/2013	11	TELoIP Inc. - Debentures	2,000,000.00	11.00
04/27/2012	11	TELoIP Inc. - Debentures	2,000,000.00	11.00
02/08/2013	10	TELoIP Inc. - Debentures	2,021,694.00	10.00
05/27/2013	5	TELoIP Inc. - Debentures	2,024,421.00	5.00
07/08/2013	6	TELoIP Inc. - Debentures	1,218,661.00	6.00
05/06/2011	1	TELoIP Inc. - Units	25,000.00	100,000.00
05/10/2011 to 05/18/2011	4	TELoIP Inc. - Units	391,704.00	1,566,816.00
06/01/2011	3	TELoIP Inc. - Units	1,032,376.50	4,129,506.00
08/25/2011	2	TELoIP Inc. - Units	884,285.00	3,537,139.00
12/13/2013	23	Tosca Mining Corp. - Units	265,000.00	5,300,000.00
12/09/2013 to 12/17/2013	54	Traverse Energy Ltd. - Flow-Through Shares	3,360,000.00	2,883,050.00
12/20/2013	21	Treasury Metals Inc. - Flow-Through Shares	3,326,200.00	8,315,500.00
12/13/2013	1	Trident VI Parallel Fund L.P. - Limited Partnership Interest	450,287,500.00	N/A
11/30/2013	15	Vertex Arbitrage Fund - Trust Units	1,859,701.72	N/A
11/30/2013	60	Vertex Fund - Trust Units	5,914,267.84	N/A
11/30/2013	13	Vertex Managed Value Portfolio - Trust Units	2,581,127.28	N/A
12/19/2013	26	Walton CA Tuscan Hills Investment Corporation - Common Shares	635,100.00	63,510.00
12/19/2013	4	Walton CA Tuscan Hills LP - Limited Partnership Units	857,768.99	80,754.00
12/19/2013	50	Walton Georgia Land Acquisition Investment Corporation - Common Shares	1,197,040.00	119,704.00
12/19/2013	26	Walton Georgia Land Acquisition LP - Limited Partnership Units	2,241,518.17	211,026.00
12/19/2013	29	Walton Income 9 Investment Corporation - Common Shares	1,503,000.00	2,900.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/19/2013	17	Walton U.S. Land Acquisition LP - Limited Partnership Units	1,360,678.20	128,100.00
12/17/2013	25	Westbridge Energy Corporation - Receipts	2,069,570.00	34,492,833.00
11/29/2013	3	WF ACF CAD I L.P. - Limited Partnership Interest	200,120,000.00	N/A
11/29/2013	4	WF ACF CAD II L.P. - Limited Partnership Interest	50,030,000.00	50,030,000.00
12/17/2013	33	WIP (III) Investment Limited Partnership - Limited Partnership Units	4,044,000.00	404,400.00
12/11/2013	1	WV AIV II (AIT), LLC - Limited Partnership Interest	4,391,134.80	N/A

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Chemtrade Logistics Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated January 9, 2014
NP 11-202 Receipt dated January 9, 2014
Offering Price and Description:
$300,200,000.00 - 15,800,000 Subscription Receipts, each representing the right to receive one trust unit
Price: $19.00 per Subscription Receipt
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
TD Securities Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #2152929

Issuer Name:
Financial 15 Split Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated January 9, 2014
NP 11-202 Receipt dated January 9, 2014
Offering Price and Description:
$ * - * Preferred Shares and * Class A Shares
Prices: $ * per Preferred Share and $ * per Class A Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Promoter(s):
-
Project #2153299

Issuer Name:
Financial 15 Split Corp.
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated January 10, 2014
NP 11-202 Receipt dated January 10, 2014
Offering Price and Description:
$30,007,600.00 - 1,531,000 Preferred Shares and 1,531,000 Class A Shares
Prices: $10.00 per Preferred Share and $9.60 per Class A Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Promoter(s):
-
Project #2153299

Issuer Name:
Firm Capital Mortgage Investment Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated January 13, 2014
NP 11-202 Receipt dated January 13, 2014
Offering Price and Description:
$20,570,000.00 - 1,700,000 Common Shares
PRICE: $12.10 per Offered Share
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
Promoter(s):
-
Project #2152956

Issuer Name:
Marret High Yield Bond Fund
Marret Short Duration High Yield Fund
Marret Strategic Yield Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated January 9, 2014
NP 11-202 Receipt dated January 10, 2014
Offering Price and Description:
Class A, E, F, I and O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #2153691

Issuer Name:
O'Leary Global Monthly Income Fund
O'Leary Tactical Income Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectus dated January 10, 2014
NP 11-202 Receipt dated January 13, 2014
Offering Price and Description:
Seres A, A(unhedged), F, F (unhedged), H and I Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
O'Leary Funds Management L.P.
Project #2153781

Issuer Name:
UBS (Canada) American Equity Fund
UBS (Canada) Global Sustainable Equity Fund
UBS (Canada) Global Tactical ETF Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated January 6, 2014
NP 11-202 Receipt dated January 9, 2014
Offering Price and Description:
Series A, Series F and Series D Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
UBS Global Asset Management (Canada) Inc.
Project #2152814

Issuer Name:
Barometer Disciplined Leadership Equity Fund
Barometer Disciplined Leadership High Income Fund
(Formerly Income Advantage Fund)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated January 2, 2014
NP 11-202 Receipt dated January 8, 2014
Offering Price and Description:
Class A, F and I units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Barometer Capital Management Inc.
Project #2139215

Issuer Name:
Cambridge Canadian Dividend Fund (formerly CI Canadian Dividend Growth Fund)
Cambridge U.S. Dividend Fund (formerly CI U.S. Dividend Growth Fund)
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated November 28, 2013 to Final Simplified Prospectuses and Annual Information Form dated July 26, 2013
NP 11-202 Receipt dated January 7, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #2069145

Issuer Name:
Clearpoint Global Dividend Fund
Principal Regulator - Ontario
Type and Date:
Amended and Restated Final Simplified Prospectus and Annual Information Form dated December 11, 2013 amending and restating the Simplified Prospectus and Annual Information Form dated July 30, 2013
NP 11-202 Receipt dated January 8, 2014
Offering Price and Description:
Series A and F Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2084618

Issuer Name:
Dynamic Investment Grade Floating Rate Fund
Dynamic Strategic Bond Fund
Dynamic Value Balanced Fund
Dynamic Dividend Advantage Class
Dynamic Alternative Yield Class
DynamicEdge Equity Class Portfolio
DynamicEdge Growth Class Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 20, 2013 to Final Simplified Prospectuses and Annual Information Form dated November 29, 2013
NP 11-202 Receipt dated January 10, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
1832 Asset Management L.P.
1832 Asset Management L.P.
GCIC Ltd.
1832 Asset Management L. P.
1832 AssetManagement L.P.
Promoter(s):
1832 Asset Management L.P.
Project #2113472

Issuer Name:
First Asset DEX Provincial Bond Index ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 7, 2014
NP 11-202 Receipt dated January 8, 2014
Offering Price and Description:
Common units and Advisor units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2143822

Issuer Name:
Gazit-Globe Ltd.
Gazit Canada Financial Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Base Shelf Prospectus dated January 13, 2014
NP 11-202 Receipt dated January 13, 2014
Offering Price and Description:
Ordinary Shares
Preferred Shares
Warrants
Subscription Receipts
Units
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2145253/2145252

Issuer Name:
Scotia Canadian Corporate Bond Capital Yield Class
Scotia Canadian Dividend Class
Scotia Canadian Equity Blend Class
Scotia Conservative Government Bond Capital Yield Class
Scotia Fixed Income Blend Class
Scotia Global Dividend Class
Scotia INNOVA Balanced Growth Portfolio Class
Scotia INNOVA Balanced Income Portfolio Class
Scotia INNOVA Growth Portfolio Class
Scotia INNOVA Income Portfolio Class
Scotia INNOVA Maximum Growth Portfolio Class
Scotia International Equity Blend Class
Scotia Private Canadian Equity Class
Scotia Private U.S. Dividend Class
Scotia Private U.S. Equity Class
Scotia Short Term Yield Class
Scotia U.S. Equity Blend Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated November 29, 2013 to Final Simplified Prospectuses and Annual Information Form dated May 17, 2013
NP 11-202 Receipt dated January 8, 2014
Offering Price and Description:
Series A and M Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
Scotia Securities Inc. (Series A shares only)
Scotia Securities Inc.
Scotia Securities Inc. (Series A shares)
Promoter(s):
Scotia Asset Management LP
Project #2043730

Issuer Name:
Scotia Canadian Corporate Bond LP
Scotia Canadian Income LP
Scotia Conservative Government Bond LP
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated November 29, 2013 to Final Simplified Prospectuses and Annual Information Form dated May 17, 2013
NP 11-202 Receipt dated January 8, 2014
Offering Price and Description:
Series I units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Scotia Asset Management L.P.
Project #2043720

Issuer Name:
Terrace Energy Corp.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated January 8, 2014
NP 11-202 Receipt dated January 8, 2014
Offering Price and Description:
$10,610,250.00 - 4,935,000 Common Shares
Price of $2.15 per Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #2147048

Issuer Name:
Uranium Energy Corp.
Principal Regulator - British Columbia
Type and Date:
Final MJDS Prospectus dated January 10, 2014
NP 11-202 Receipt dated January 10, 2014
Offering Price and Description:
Common Shares
Debt Securities
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2150871

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	Douglas Capital Inc.	Exempt Market Dealer	January 9, 2014
New Registration	IPSol Capital Inc.	Exempt Market Dealer, Investment Fund Manager and Portfolio Manager	January 10, 2014

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 IIROC – Staff Notice and Request for Comment – Proposed Requirements for Debt Securities Transaction Reporting

OSC STAFF NOTICE OF REQUEST FOR COMMENT

THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROPOSED REQUIREMENTS FOR DEBT SECURITIES TRANSACTION REPORTING

IIROC has re-published for public comment Proposed Rule 2800C - Transaction Reporting for Debt Securities (the Proposed Rule). The Proposed Rule was originally published for comment on February 20, 2013. IIROC has made certain material revisions to the Proposed Rule in light of the comments received and has re-published them for comment.

A copy of the IIROC Notice including the amended Proposed Rule is published on our website at www.osc.gov.on.ca.

13.2 Marketplace

13.2.1 Aequitas Innovations Inc. – OSC Notice Regarding Proposed Structure of Trading Facilities for a New Exchange Proposed to be Established by Aequitas Innovations Inc.

OSC NOTICE REGARDING PROPOSED STRUCTURE OF TRADING FACILITIES FOR A NEW EXCHANGE PROPOSED TO BE ESTABLISHED BY AEQUITAS INNOVATIONS INC.

This Notice is intended to provide an update regarding the Notice and Request for Comments on the Aequitas Proposal, published on the website of the OSC on August 13, 2013. The OSC thanks those who responded to the Request for Comments. The public comments[1] have assisted Staff in gathering information and input from stakeholders for the review of the pre-filing and the comments will continue to inform Staff on important issues related to the structure of Ontario's capital markets.

The OSC reviewed the Aequitas pre-filing within the context of the current regulatory framework and more broadly, the OSC's statutory mandate to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets. After a thorough review of the proposal and related comments, the OSC informed Aequitas that it could not support the proposal as published. In particular, the proposal included restrictions on access to visible orders which do not conform to existing requirements of the regulatory framework, including fair access.

After being notified, Aequitas submitted an alternative proposal with amendments to address concerns raised. This alternative proposal will be published for comment in the context of a full exchange recognition application. Comments from stakeholders will be requested on the revised proposal at that time. More information on the exchange recognition process is available on the OSC website.

[1] http://www.osc.gov.on.ca/en/41782.htm

13.3 Clearing Agencies

13.3.1 CDS – Notice of Effective Date – Technical Amendments to CDS Procedures – New Depositary Agent Report: Daily Tender-Payment Tracking Report

NOTICE OF EFFECTIVE DATE – TECHNICAL AMENDMENTS TO CDS PROCEDURES

NEW DEPOSITARY AGENT REPORT:

DAILY TENDER-PAYMENT TRACKING REPORT

A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTS

The proposed amendment will introduce a new CDS report for use by depositary agents to monitor the tendering done by participants on daily voluntary corporate actions.

Background

Within the CDSX® entitlement function, one of the processing streams offered is for voluntary corporate actions. A voluntary corporate action is an event where the shareholders must take an action (i.e. they 'tender an instruction') to participate.

Voluntary corporate actions may be processed in one of the following ways:

- **Daily** – throughout the life of the event, the tenders submitted by the security holders each day are processed on the submission date. Payments are subsequently made to the tendering holders by the depositary agent (or paying agent) on the next business day. Daily payments are applicable only on ongoing events for securities that have a privilege that can be exercised throughout the life of the security (e.g. daily redemption of a Canada Savings Bond).

- **Bulk** – bulk payments are applicable to voluntary events where all the tenders are accumulated and payment is made once, at a specific time. Tenders made throughout the submitting timeframe are all processed on the expiry date of the event, and payments to all tendering security holders are made at the same time on the event payable date.

To monitor the tender instructions that have been made to a voluntary corporate action, the depositary agent can view each participant's tenders online in CDSX or receive email alerts when tenders are made, however each of these inquiry methods only gives the information about a single participant at one time. The existing Tender Breakdown Report available to agents only provides cumulative details of the tenders on bulk-type events.

Proposed Amendments

The proposed amendment will introduce a new CDS report, the "Daily Tender – Payment Tracking Report" (RMS000106), for use by depositary agents to monitor the instructions entered by participants on daily voluntary corporate actions. This report will provide the same information that is currently available online in CDSX or via email alerts, but will package the cumulative tenders by all participants into a single report, for ease of use by the agent during reconciliation of their daily payment obligation. The report will provide a breakdown of (i) the total quantities tendered each day to an event, (ii) which participants submitted the tender instructions, and (iii) the related payment obligations.

The report will have two sections:

- **Summary:** a list of all the daily payment events for the specified depositary agent for which tender instructions were submitted on the previous business day. The related total quantity tendered will be shown under each item of each option in an event.

- **Detail:** a breakdown of the participants who have submitted tender instructions under each option of an event, as well as the related total payment obligation.

CDS procedure amendments are reviewed and approved by CDS's strategic development review committee (SDRC). The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SDRC's membership includes representatives from the CDS participant community and it meets on a monthly basis.

These amendments were reviewed and approved by the SDRC on November 4, 2013.

The proposed procedure amendments are available for review and download on the User Documentation page on the CDS website at www.cds.ca/cdsclearinghome.nsf/Pages/-EN-UserDocumentation?Open.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendment proposed in this Notice involves matters of a technical nature in routine operating procedures and administrative practices relating to CDS services.

The "Daily Tender – Payment Tracking Report" will be created using the information currently provided to Depositary Agents via online CDSX screens and email alerts. As a result, there are no changes required to a Depositary Agents' system or processes in order to utilize the report. Additionally, there is no change to the manner in which the actual CDSX tendering functionality operates.

This report will be provided to Depositary Agents as part of the regular Report Management Service, and there will be no separate fee for the report levied at this time. Future changes to the current fee structure will be presented to the CDS Fee Committee, and subsequently submitted to the *Autorité des marchés financiers*, the Bank of Canada, the British Columbia Securities Commission and the Ontario Securities Commission for their review and approval per the Recognition Orders issued to CDS by those bodies.

C. EFFECTIVE DATE OF THE CDS PROCEDURE AMENDMENTS

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to Section 21.2 of the Ontario *Securities Act*, and by the British Columbia Securities Commission pursuant to Section 24(d) of the British Columbia *Securities Act*, and as a clearing house by the *Autorité des marchés financiers* pursuant to Section 169 of the Quebec *Securities Act*. In addition CDS is deemed to be the clearing house for CDSX®, a clearing and settlement system designated by the Bank of Canada pursuant to Section 4 of the *Payment Clearing and Settlement Act.* The *Autorité des marchés financiers*, the Bank of Canada, the British Columbia Securities Commission and the Ontario Securities Commission will hereafter be collectively referred to as the "Recognizing Regulators".

CDS has determined that these amendments will become effective on January 27, 2014.

D. QUESTIONS

Questions regarding this notice may be directed to:

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