The Ontario Securities Commission

OSC Bulletin

October 23, 2014

Volume 37, Issue 43

(2014), 37 OSCB

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

The Ontario Securities Commission
Cadillac Fairview Tower
22nd Floor, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

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

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

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

Contact Centre - Inquiries, Complaints:
Fax: 416-593-8122
TTY: 1-866-827-1295

Office of the Secretary:
Fax: 416-593-2318

THOMSON REUTERS

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

Subscriptions are available from Carswell at the price of $773 per year.

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

U.S.	$175
Outside North America	$400

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

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

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

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

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

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

ISSN 0226-9325

THOMSON REUTERS

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

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

Table of Contents

Chapter 1 Notices / News Releases 9529
1.1 Notices 9529
1.1.1 OSC Staff Notice 11-737 (Revised) – Securities Advisory Committee – Vacancies 9529
1.2 Notices of Hearing ..... (nil)
1.3 News Releases ..... (nil)
1.4 Notices from the Office of the Secretary 9531
1.4.1 MountainStar Gold Inc. 9531
1.4.2 Quadrexx Hedge Capital Management Ltd. et al 9531

Chapter 2 Decisions, Orders and Rulings 9533
2.1 Decisions 9533
2.1.1 Granite Real Estate Inc. – s. 1(10)(a)(ii) 9533
2.1.2 Pattern Energy Group Inc. 9534
2.1.3 Granite Europe Limited Partnership – s. 1(10)(a)(ii) 9536
2.1.4 FortisBC Holdings Inc. – s. 1(10)(a)(ii) 9537
2.1.5 Pimco Canada Corp. 9538
2.2 Orders 9547
2.2.1 Nodal Exchange, LLC – s. 147 of the Act and ss. 38 and 80 of the CFA 9547
2.2.2 MountainStar Gold Inc. – s. 127(1) 9559
2.2.3 Quadrexx Hedge Capital Management Ltd. et al. – Rule 6.7 of the OSC Rules of Procedure 9560
2.2.4 Tantalex Resources Corporation – s. 144 9561
2.3 Rulings ..... (nil)

Chapter 3 Reasons: Decisions, Orders and Rulings 9565
3.1 OSC Decisions, Orders and Rulings 9565
3.1.1 Gold Investment Management Ltd. 9565
3.2 Court Decisions, Order and Rulings ..... (nil)

Chapter 4 Cease Trading Orders 9577
4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders 9577
4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders 9577
4.2.2 Outstanding Management & Insider Cease Trading Orders 9577

Chapter 5 Rules and Policies 9579
5.1.1 CSA Notice of Approval – Amendments to NI 21-101 Marketplace Operation 9579

Chapter 6 Request for Comments ..... (nil)

Chapter 7 Insider Reporting 9587

Chapter 8 Notice of Exempt Financings 9639
Reports of Trades Submitted on Forms 45-106F1 and 45-501F1 9639

Chapter 9 Legislation ..... (nil)

Chapter 11 IPOs, New Issues and Secondary Financings 9641

Chapter 12 Registrations 9645
12.1.1 Registrants 9645

Chapter 13 SROs, Marketplaces, Clearing Agencies and Trade Repositories 9647
13.1 SROs ..... (nil)
13.2 Marketplaces 9647
13.2.1 Nodal Exchange, LLC. – Notice of Commission Order – Application for Exemptive Relief 9647
13.2.2 Liquidnet Canada, Inc. – Notice of Proposed Changes and Request for Comment – Changes to the Liquidnet Canada Trading System 9648
13.2.3 Canadian Securities Exchange – Notice of Approval of Proposed Change 9655
13.2.4 Omega ATS – Notice of Proposed Change and Request for Comment 9657
13.2.5 Lynx ATS – Notice of Proposed Change and Request for Comment 9660
13.3 Clearing Agencies 9663
13.3.1 CDS Clearing and Depository Services Inc. – Material Amendments to CDS Rules – Emergency Authority – Request for Comments 9663
13.4 Trade Repositories ..... (nil)

Chapter 25 Other Information ..... (nil)

Index 9669

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 OSC Staff Notice 11-737 (Revised) – Securities Advisory Committee – Vacancies

REVISED OSC STAFF NOTICE 11-737

SECURITIES ADVISORY COMMITTEE – VACANCIES

The Commission formally established the Securities Advisory Committee to the Commission ("SAC") many years ago. SAC meets on a regular basis, generally monthly, and provides advice to the Commission and staff on a variety of matters including policy initiatives and capital markets trends. SAC also provides advice and comments on legal, regulatory and market implications of any aspect of Commission rules, policies, operations, and administration. In addition, SAC is expected to provide general advisory services to the Commission and staff on an informal basis relating to emerging trends in the marketplace.

The Commission is now looking for four prospective candidates to serve on SAC beginning in January 2015 for a three-year term ending December 2017. There is a one-third turnover of SAC membership each calendar year.

Those who make a commitment to serve on SAC must be in a position to devote the time necessary to attend meetings, be an active participant, and undertake the work involved, which occasionally must be dealt with on an urgent basis. SAC members are expected to have excellent technical abilities and a strong interest in the development of securities regulatory policy. SAC members must have in-depth knowledge of the legislation and policies for which the Commission is responsible, and have significant practice experience in the securities area. Expertise in an area of special interest to the Commission at the time an appointment is made will also be a factor in selection. Diversification of membership on SAC continues to be a Commission priority in order to promote a broad perspective on the development of securities regulatory policy. In addition to candidates engaged in private practice, we continue to welcome the submission of applications from in-house counsel practicing in the securities area at an exchange, institutional investor or dealer.

Qualified individuals who have the support of their firms/employers for the commitment required to effectively participate on SAC, are invited to apply in writing for membership on SAC to the General Counsel's Office of the Commission, indicating areas of practice and relevant experience. Prospective candidates are encouraged to review OSC Policy 11-601 for further information about SAC.

SAC members whose terms continue past December 2014 are:

• Julie Shin	Toronto Stock Exchange
• Judy Cotte	RBC Global Asset Management Inc.
• Diana Wisner	Bank of Montreal
• Ian Michael	McCarthy Tétrault LLP
• Douglas Bryce	Osler Hoskin & Harcourt LLP
• Carol E. Derk	Borden Ladner Gervais LLP
• Shahen A. Mirakian	McMillan LLP
• Sean Vanderpol	Stikeman Elliott LLP

The Commission wishes to thank the following members whose terms will expire at the end of December 2014:

- Brad Brasser — Jones Day
- Jeff Davis — Ontario Teachers' Pension Plan
- Christopher Hewat — Blake, Cassels & Graydon LLP
- Leslie McCallum — Torys LLP

The Commission is very grateful to outgoing members for their able assistance and valuable input.

Applications for SAC membership will be considered if received on or before November 28, 2014. Applications should be submitted by email to:

Krista Martin Gorelle
Acting General Counsel
Ontario Securities Commission
20 Queen Street West, 22th Floor,
Toronto, Ontario M5H 3S8
Tel: (416) 593-3689
kgorelle@osc.gov.on.ca

October 23, 2014

1.4 Notices from the Office of the Secretary

1.4.1 MountainStar Gold Inc.

FOR IMMEDIATE RELEASE
October 17, 2014

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

AND

IN THE MATTER OF
MOUNTAINSTAR GOLD INC.

TORONTO – The Commission issued an Order in the above named matter which provides that, pursuant to paragraph 2 of subsection 127(1) of the Act, effective immediately, all trading in the securities of the Reporting Issuer, whether direct or indirect, shall cease unless this order is varied or revoked pursuant to section 144 of the Act, on application of a person or company affected by the decision.

A copy of the Order dated October 15, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
ACTING SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.2 Quadrexx Hedge Capital Management Ltd. et al.

FOR IMMEDIATE RELEASE
October 17, 2014

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

AND

IN THE MATTER OF
QUADREXX HEDGE CAPITAL MANAGEMENT LTD.,
QUADREXX SECURED ASSETS INC.,
MIKLOS NAGY and TONY SANFELICE

TORONTO – The Commission issued an Order in the above named matter which provides that this matter be adjourned to a further confidential pre-hearing conference to be held on February 26, 2015 at 10:00 a.m.; and the hearing on the merits in this matter shall commence on April 20, 2015 at 10:00 a.m. and shall continue on April 22, 23, 24, 27, 28, 29, 30 and May 1, 4, 6, 7, 8, 11, 12, 13, 14 and 15, 2015 each day commencing at 10:00 a.m.

A copy of the Order dated October 15, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
ACTING SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

This page intentionally left blank

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Granite Real Estate Inc. – s. 1(10)(a)(ii)

Headnote

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

Applicable Legislative Provisions

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

October 15, 2014

Granite Real Estate Inc.
77 King Street West, Suite 4010
P.O. Box 159
Toronto-Dominion Centre
Toronto, Ontario M5K 1H1

Dear Sirs/Mesdames:

Re: Granite Real Estate Inc. (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, the Northwest Territories, Nunavut and the Yukon Territory (collectively, the Jurisdictions) that the Applicant is not a reporting issuer

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is not a reporting issuer.

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

2.1.2 Pattern Energy Group Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from the prospectus requirement for certain marketing activities not expressly permitted by National Instrument 71-101 The Multijurisdictional Disclosure System so that investment dealers acting as underwriters or selling group members of an issuer are permitted to use standard term sheets and marketing materials and conduct road shows (each as defined under National Instrument 41-101 General Prospectus Requirements) in connection with future offerings under an MJDS base shelf prospectus – NI 71-101 does not contain equivalent provisions to Part 9A of National Instrument 44-102 Shelf Distributions – relief granted, provided that any road shows, standard term sheets and marketing materials would comply with the approval, content, use and other conditions and requirements of Part 9A of NI 44-102, as applicable.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53, 74(1)2.
National Instrument 71-101 The Multijurisdictional Disclosure System, s. 11.3.

October 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
PATTERN ENERGY GROUP INC.
(THE FILER)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**), pursuant to paragraph 74(1)2 of the *Securities Act* (Ontario), for an exemption from the prospectus requirement for certain marketing activities not expressly permitted by National Instrument 71-101 *The Multijurisdictional Disclosure System* so that investment dealers acting as underwriters (as defined in the Legislation) or selling group members of (a) the Filer, or (b) a selling securityholder of the Filer are permitted to (i) use Standard Term Sheets (as defined below) and Marketing Materials (as defined below), and (ii) conduct Road Shows (as defined below) in connection with future offerings under a Final Canadian MJDS Shelf Prospectus (as defined below) to be filed by the Filer in each of the provinces and territories of Canada (the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the laws of Delaware.

2. The principal executive offices of the Filer are located at Pier 1, Bay 3, San Francisco, California 94111.

3. As of the date hereof, the Filer is a reporting issuer in each of the Jurisdictions and is a "SEC foreign issuer" as defined under National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*. The Filer is not in default of securities legislation in any of the Jurisdictions.

4. The Filer has filed a registration statement on Form S-3 with the U.S. Securities and Exchange Commission (the **Registration Statement**). The Registration Statement contains a shelf prospectus (the **U.S. Shelf Prospectus**) and will register for sale in the United States, from time to time, in one or more offerings and pursuant to one or more prospectus supplements, shares of the Filer's Class A common stock, shares of the Filer's preferred stock, debt securities and certain other types of permitted securities.

5. The Filer also has filed a preliminary MJDS prospectus, and intends to file a final MJDS prospectus, in the Jurisdictions pursuant to National Instrument 71-101 *The Multijurisdictional Disclosure System* (**NI 71-101**) which includes or will include, respectively, the U.S. Shelf Prospectus (the preliminary MJDS prospectus is referred to in this decision as the **Preliminary Canadian MJDS Shelf Prospectus** and the final MJDS prospectus is referred to in this decision as the **Final Canadian MJDS Shelf Prospectus**) and will qualify the distribution in the Jurisdictions, from time to time, in one or more offerings and pursuant to one or more prospectus supplements, of shares of the Filer's Class A common stock, shares of the Filer's preferred stock, debt securities and certain other types of permitted securities.

6. National Instrument 44-102 *Shelf Distributions* (**NI 44-102**) sets out the requirements for a distribution under a (non-MJDS) shelf prospectus in Canada, including requirements with respect to advertising and marketing activities. In particular, Part 9A of NI 44-102 permits the conduct of "road shows" and the use of "standard term sheets" and "marketing materials" (as such terms are defined in National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**)) following the issuance of a receipt for a final base shelf prospectus provided the approval, content, use and other applicable conditions and requirements of Part 9A are complied with. NI 71-101 does not contain provisions that are equivalent to those of Part 9A of NI 44-102.

7. In connection with marketing an offering in Canada under the Final Canadian MJDS Shelf Prospectus, investment dealers acting as underwriters or selling group members of (a) the Filer, or (b) a selling securityholder of the Filer may wish to conduct road shows (**Road Shows**) and utilize one or more standard term sheets (**Standard Term Sheets**) and marketing materials (**Marketing Materials**), as such terms are defined in NI 41-101. Any such Road Shows, Standard Term Sheets and Marketing Materials would comply with the approval, content, use and other conditions and requirements of Part 9A of NI 44-102, as applicable.

8. Canadian purchasers, if any, of securities offered under the Final Canadian MJDS Shelf Prospectus will only be able to purchase those securities through an investment dealer registered in the Jurisdiction of residence of the purchaser.

Decision

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

The decision of the principal regulator is that the Exemption Sought is granted, provided that the conditions and requirements set out in Part 9A of NI 44-102 for Standard Term Sheets, Marketing Materials and Road Shows are complied with for any future offering under the Final Canadian MJDS Shelf Prospectus in the manner in which those conditions and requirements would apply if the Final Canadian MJDS Shelf Prospectus were a final base shelf prospectus under NI 44-102.

"Deborah Leckman"
Ontario Securities Commission

"Judith Robertson"
Ontario Securities Commission

2.1.3 Granite Europe Limited Partnership – s. 1(10)(a)(ii)

Headnote

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

Applicable Legislative Provisions

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

October 15, 2014

Granite Europe Limited Partnership
77 King Street West, Suite 4010
P.O. Box 159
Toronto-Dominion Centre
Toronto, Ontario M5K 1H1

Dear Sirs/Mesdames:

Re: Granite Europe Limited Partnership (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, the Northwest Territories, Nunavut and the Yukon Territory (collectively, the Jurisdictions) that the Applicant is not a reporting issuer

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is not a reporting issuer.

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

2.1.4 FortisBC Holdings Inc. – s. 1(10)(a)(ii)

Headnote

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

Applicable Legislative Provisions

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

October 16, 2014

Farris, Vaughan, Wills & Murphy LLP
2500 - 700 West Georgia Street
Vancouver, B.C. V7Y 1B3

Attention: David J. Selley

Dear Sir:

Re: FortisBC Holdings Inc. (the Applicant) – Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut (collectively, the Jurisdictions) that the Applicant is not a reporting issuer

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

In this decision, "securityholder" means, for a security, the beneficial owner of the security.
The Applicant has represented to the Decision Makers that:

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

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

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

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

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is not a reporting issuer.

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

2.1.5 Pimco Canada Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from the self-dealing provision in s. 4.2(1) of NI 81-102 Investment Funds to permit inter-fund trades in debt securities between mutual funds, closed-end funds and pooled funds managed by the same manager – Inter-fund trades will comply with the conditions in subsection 6.1(2) of NI 81-107 Independent Review Committee for Investment Funds, including the requirement for independent review committee approval.

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from s.13.5(2)(b)(ii) and (iii) of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations to permit inter-fund trades and *in specie* transfers between mutual funds, closed-end funds, pooled funds and managed accounts managed by the same manager – Inter-fund trades subject to conditions, including IRC approval and pricing requirements – Trades involving exchange-traded securities permitted to occur at last sale price as defined in the Universal Market Integrity Rules – Relief permitting in specie subscriptions and redemptions by managed accounts and pooled funds in mutual funds, closed-end funds and pooled funds subject to certain conditions.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 4.2(1), 4.3(1), 4.3(2), 19.2.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 13.5(2)(b)(ii) and (iii), 15.1.
National Instrument 81-107 Independent Review Committee for Investment Funds, s. 6.1(2).

October 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
PIMCO CANADA CORP.
(the Filer)

DECISION

Background

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

a) for an exemption from the prohibition in section 4.2(1) of National Instrument 81-102 – *Investment Funds* (**NI 81-102**) to permit the Mutual Funds (as defined below) and Closed-End Funds (as defined below) to purchase debt securities from or sell debt securities to a Pooled Fund (as defined below) (the **Section 4.2(1) Relief**); and

b) for an exemption from the prohibitions in sections 13.5(2)(b)(ii) and (iii) of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) which prohibit a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase or sell a security from or to the investment portfolio of an associate of a responsible person, or from or to the investment portfolio of an investment fund for which a responsible person acts as an adviser, in order to permit:

(i) a Pooled Fund to purchase securities from or sell securities to a Fund (as defined below);

(ii) a Managed Account (as defined below) to purchase securities from or sell securities to a Fund;

(iii) a Closed-End Fund to purchase securities from or sell securities to a Fund;

(iv) a Mutual Fund to purchase securities from or sell securities to a Fund;

(v) the transactions listed in (i) to (iv) (each an "**Inter-Fund Trade**") to be executed at the last sale price, as defined in the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, prior to the execution of the trade (the "**Last Sale Price**") in lieu of the closing sale price (the "**Closing Sale Price**") contemplated by the definition of "current market price of the security" in section 6.1(1)(a)(i) of National Instrument 81-107 – *Independent Review Committee for Investment Funds* ("**NI 81-107**") on that trading day, where the securities involved in the Inter-Fund Trade are exchange-traded securities (which term shall include Canadian and foreign exchange-traded securities) ((i), (ii), (iii), (iv) and (v) are, collectively, the "**Inter-Fund Trading Relief**"); and

(vi) *In specie* subscriptions and redemptions by:

i. Managed Accounts in Funds; and

ii. Pooled Funds in Funds (together with i., the "***In Specie* Transfer Relief**")

(the Section 4.2(1) Relief, Inter-Fund Trading Relief and *In Specie* Transfer Relief are, collectively, the **Requested Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

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

Interpretation

Terms defined in MI 11-102, National Instrument 14-101 *Definitions*, NI 81-102 and NI 81-107 and MI 11-102 have the same meaning if used in this decision, unless otherwise defined. The following terms have the following meanings:

"**Closed-End Funds**" means collectively, the Existing Closed-End Funds and the Future Closed-End Funds;

"**Existing Mutual Funds**" means each existing mutual fund, as defined in the Legislation, that is a reporting issuer and subject to NI 81-102, of which the Filer or an affiliate of the Filer acts as manager and/or portfolio adviser;

"**Existing Closed-End Funds**" means each existing non-redeemable investment fund as defined in the Legislation that is a reporting issuer and subject to NI 81-102, of which the Filer or an affiliate of the Filer acts as manager and/or portfolio adviser;

"**Existing Pooled Funds**" means each existing investment fund that is not a reporting issuer, of which the Filer or an affiliate of the Filer acts as manager and/or portfolio adviser;

"**Funds**" means the Mutual Funds, the Closed-End Funds and the Pooled Funds;

"**Future Closed-End Funds**" means each non-redeemable investment fund, as defined in the Legislation, that is a reporting issuer and subject to NI 81-102, of which the Filer or an affiliate of the Filer may act as manager and/or portfolio adviser in the future;

"**Future Mutual Funds**" means each mutual fund, as defined in the Legislation, that is a reporting issuer and subject to NI 81-102, of which the Filer or an affiliate of the Filer may act as manager and/or portfolio adviser in the future;

"**Future Pooled Funds**" means each investment fund that is not a reporting issuer, of which the Filer or an affiliate of the Filer may act as manager and/or portfolio adviser in the future;

"***In Specie* Transfer**" means causing a Managed Account or a Pooled Fund to deliver securities to a Fund, in respect of the purchase of securities of the Fund by the Managed Account or Pooled Fund, or to receive securities from the investment portfolio of a Fund in respect of a redemption of securities of the Fund by the Managed Account or Pooled Fund;

"**Managed Account**" means an account managed by the Filer for a client that is not a responsible person and over which the Filer has discretionary authority;

"**Mutual Funds**" means collectively, the Existing Mutual Funds and the Future Mutual Funds; and

"**Pooled Funds**" means collectively, the Existing Pooled Funds and the Future Pooled Funds.

Representations

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

1. The head office of the Filer is located in Toronto, Ontario.

2. The Filer is registered as an investment fund manager in Ontario, Québec and Newfoundland and Labrador and is registered as a portfolio manager and exempt market dealer in Ontario, Alberta, British Columbia, Manitoba, Nova Scotia, Québec and Saskatchewan. The Filer is also registered as a commodity trading manager in Ontario, as a derivatives portfolio manager in Québec and as an adviser in Manitoba.

3. The Filer and each of the Funds are not in default of securities legislation in any of the Jurisdictions.

4. The Filer is, or will be, the manager, principal distributor and registrar of the Funds. The Filer and/or sub-advisors, including a related sub-advisor, may be the portfolio manager(s) of the Funds. The Filer may appoint sub-advisers to the Funds.

5. Each of the Mutual Funds is or will be established under the laws of Ontario or of Canada as an investment fund that is an open-ended mutual fund trust or an open-ended mutual fund corporation and is or will be a reporting issuer in each of the Jurisdictions.

6. The securities of each of the Mutual Funds are or will be qualified for distribution pursuant to simplified prospectuses and annual information forms that have been prepared or will be prepared and filed in accordance with NI 81-101 – *Mutual Fund Prospectus Disclosure*. Each of the Mutual Funds are or will be subject to the provisions of NI 81-102.

7. Each of the Pooled Funds is, or will be, an investment fund established as a trust under the laws of Ontario that is an open-ended mutual fund trust, open-ended mutual fund corporation or closed-ended trust and will not be a reporting issuer in any of the Jurisdictions.

8. The securities of the Pooled Funds are or will be distributed on a private placement basis pursuant to available prospectus exemptions. Each of the Pooled Funds are not subject to NI 81-102.

9. Each of the Closed-End Funds is or will be established under the laws of Ontario or of Canada as an investment fund and is or will be a reporting issuer in each of the Jurisdictions.

10. The securities of each of the Closed-End Funds are or will be qualified for distribution pursuant to long form prospectuses that have been prepared or will be prepared and filed in accordance with the securities legislation of each of the Jurisdictions. Each of the Closed-End Funds are or will be subject to NI 81-102.

11. The Filer also offers discretionary investment management services to institutional and individual investors through the Managed Accounts.

12. Each Managed Account client wishing to receive the discretionary investment management services of the Filer has entered into, or will enter into, a written agreement (an "**Investment Management Agreement**") whereby the client appoints the Filer to act as portfolio manager in connection with an investment portfolio of the client with full discretionary authority to trade in securities for the Managed Account without obtaining the specific consent of the client to execute the trade.

13. Investments in individual securities may not be appropriate in certain circumstances for a Managed Account client. Consequently, the Filer may, where authorized under the Investment Management Agreement, from time to time invest a Managed Account client's assets in securities of any one or more of the Funds in order to give such client the benefit of asset diversification and economies of scale regarding minimum commission charges on portfolio trades, and generally to facilitate portfolio management.

14. Each Investment Management Agreement or other documentation in respect of a Managed Account contains, or will contain, the authorization of the client for the Filer to engage in Inter-Fund Trades and *In Specie* Transfers.

15. The Filer wishes to be able to permit any Fund or Managed Account to engage in Inter-Fund Trades with a Fund. Different sections of NI 31-103, NI 81-102 and NI 81-107 impose different prohibitions and exceptions on different types of Funds with respect to Inter-Fund Trades.

16. An exception from the inter-fund trading prohibition in section 4.2(1) of NI 81-102 currently exists in section 4.3(1) of NI 81-102 which permits the Mutual Funds and Closed-End Funds to inter-fund trade listed equity securities with the Pooled Funds. The Mutual Funds and Closed-End Funds are however unable to rely on the exception in section 4.3(1) of NI 81-102 to inter-fund trade debt securities because debt securities are typically not subject to public quotations as required by section 4.3(1) of NI 81-102. The Mutual Funds and Closed-End Funds are further unable to rely on the exception in section 4.3(2) to inter-fund trade debt securities with the Pooled Funds because that exception only applies where funds on both sides of the inter-fund trade are investment funds governed by NI 81-107. The Pooled Funds are not subject to NI 81-107.

17. The Filer has submitted that because of the various investment objectives and investment strategies utilized by the Funds and Managed Accounts, it may be appropriate for different investment portfolios to acquire or dispose of the same securities through the same trading system. Authorizing the Inter-Fund Trades may result in such benefits as lower trading costs, reduced market disruption and quicker execution.

18. The Filer has determined that it would be in the best interests of the Funds and Managed Accounts to receive the Inter-Fund Trading Relief because making the Funds and the Managed Accounts subject to the same set of rules governing the execution of Inter-Fund Trades will result in:

    (i) cost and timing efficiencies in respect of the execution of Inter-Fund Trades; and

    (ii) simplified and more efficient monitoring thereof, for the Filer in connection with the execution of Inter-Fund Trades.

19. Inter-Fund Trades will be consistent with the investment objective of the Fund or Managed Account, as applicable.

20. At the time of an Inter-Fund Trade, the Filer will have in place policies and procedures to enable the Funds and Managed Accounts to engage in Inter-Fund Trades.

21. The Filer has established or will establish an independent review committee (each, an "**IRC**") in respect of the Pooled Funds, Mutual Funds and Closed-End Funds.

22. The mandate of the IRCs, among other things, includes approving Inter-Fund Trades. The IRCs of the Funds were composed by the Filer in accordance with the requirements of section 3.7 of NI 81-107 and are expected to comply with the standard of care set out in section 3.9 of NI 81-107. Further, the IRCs will not approve Inter-Fund Trades unless the IRCs have made the determination set out in section 5.2(2) of NI 81-107.

23. Purchases and sales of securities involving Mutual Funds will be referred to and approved by the IRC of the Mutual Funds under sections 5.2(1) and 5.4 of NI 81-107 and will be subject to the requirements of section 5.2(2) of NI 81-107.

24. Inter-Fund Trades involving only Mutual Funds and Closed-End Funds will be conducted in accordance with the exemption codified under section 6.1(4) of NI 81-107. An exemption for Inter-Fund Trades involving Pooled Funds and Managed Accounts is not provided for in section 6.1(4) of NI 81-107.

25. When the Filer engages in an Inter-Fund Trade which involves the purchase and sale of securities between Funds, or between Managed Accounts and Funds, it will follow the following procedures:

    (a) the portfolio manager will deliver the trade instructions in respect of a purchase or sale of a security by a Fund or Managed Account, as applicable, to a trade associate on the trading desk of the Filer;

    (b) the trade associate will enter certain details regarding the trade into an inter-fund trading spreadsheet;

    (c) the macro from the spreadsheet will run a search to identify any portfolios that would like to enter into the opposite side of the proposed trade;

    (d) once trades have been matched for an Inter-Fund Trade, a specialist portfolio manager (who is unconnected to the trades) must review and provide approval for the proposed Inter-Fund Trade;

    (e) once the specialist portfolio manager approvals are provided, the selling and purchasing portfolio managers must provide their approval of the Inter-Fund Trade;

(f) once all approvals have been granted, the order will be executed on a timely basis; and

(g) all Inter-fund Trades will be executed in accordance with the requirements of paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that for exchange-traded securities the Inter-Fund Trade may be executed at the Last Sale Price of the security in lieu of the Closing Sale Price.

26. The Filer considers that it would be in the best interests of the Funds if an Inter-Fund Trade could be made at the Last Sale Price prior to execution of the trade in lieu of the Closing Sale Price since this will result in the trade being done at the price which is closest to the price at the time the decision to make the trade is made.

27. If the IRC of a Fund becomes aware of an instance where the Filer did not comply with the terms of any decision document issued in connection with the Inter-Fund Trading Relief, or a condition imposed by securities legislation or the IRC in its approval, the IRC of the Fund will, as soon as practicable, notify in writing the securities regulatory authority or regulator in the jurisdiction under which the Fund is organized.

28. The Filer may wish to or otherwise be required to deliver securities held in a Managed Account or Pooled Fund to a Fund in respect of a purchase of units or shares of the Fund ("**Fund Securities**"), and may wish to or otherwise be required to receive securities from a Fund in respect of a redemption of Fund Securities by a Managed Account or Pooled Fund.

29. As the Filer may in the future be the trustee of a Fund which is organized as a trust, each such Fund could be an 'associate' of the Filer and accordingly, absent the grant of the *In Specie* Transfer Relief, the Filer would in the future be precluded by the provisions of section 13.5(2)(b)(ii) of NI 31-103 from effecting the *In-Specie* Transfers in such circumstances. As the Filer is a registered adviser which is or will be the manager and portfolio manager of the Funds and is or will be the portfolio manager of the Managed Accounts, absent the grant of the *In Specie* Transfer Relief, the Filer would be precluded by the provisions of section 13.5(2)(b)(iii) of NI 31-103 from effecting the *In Specie* Transfers.

30. Effecting *In Specie* Transfers of securities as described above will allow the Filer to manage each asset class more effectively and reduce transaction costs for the Managed Accounts and the Funds. For example, *In Specie* Transfers reduce market impact costs, which can be detrimental to the Managed Accounts and the Funds. *In Specie* Transfers also allow a portfolio manager to retain within its control institutional-size blocks of securities that otherwise would need to be broken and re-assembled.

31. The only cost which will be incurred by a Managed Account or a Fund for an *In Specie* Transfer is a nominal administrative charge levied by the custodian of the relevant Fund in recording the trades and any commission charged by the dealer executing the trade.

32. The Filer has obtained or will obtain the prior specific written consent of the relevant Managed Account client before it engages in any *In Specie* Transfers in connection with the purchase or redemption of securities of the Funds for the Managed Account.

33. The Filer, as manager of the Funds, will value the securities transferred under an *In Specie* Transfer on the same valuation day on which the purchase price or redemption price of the Fund Securities of a Fund is determined. With respect to the purchase of Fund Securities of a Fund, the securities transferred to a Fund under an *In Specie* Transfer in satisfaction of the purchase price of those Fund Securities will be valued as if the securities were portfolio assets of the Fund, as contemplated by section 9.4(2)(b)(iii) of NI 81-102. With respect to the redemption of Fund Securities of a Fund, the securities transferred to a Managed Account in satisfaction of the redemption price of those Fund Securities will have a value equal to the amount at which those securities were valued in calculating the net asset value per security used to establish the redemption price of the Fund Securities of the Fund, as contemplated by section 10.4(3)(b) of NI 81-102.

34. *In Specie* Transfers will be subject to (i) compliance with the written policies and procedures of the Filer respecting *In Specie* Transfers that are consistent with applicable securities legislation, and (ii) the oversight of the Filer's Compliance Department, to ensure that the transaction represents the business judgment of the Filer acting in its discretionary capacity with respect to the Fund and the Managed Account, uninfluenced by considerations other than the best interests of the Fund and Managed Account.

35. The Filer does not receive any compensation in respect of any sale or redemption of units of a Fund and, in respect of any delivery of securities further to an *In-Specie* Transfer, the only charge paid by the Fund is the commission charged by the dealer executing the trade.

36. The Filer has determined that it will be in the best interests of the Funds and the Managed Accounts to receive the Requested Relief.

37. The Filer has submitted that, absent receipt of the *In Specie* Transfer Relief, neither the Funds and Managed Accounts, nor the Filer on their behalf, will be permitted to engage in Inter-Fund Trades or *In Specie* Transfers on the basis described in this Application.

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:

a) the Section 4.2(1) Relief is granted provided that the following conditions are satisfied:

(i) the transaction is consistent with the investment objective of each of the Funds involved in the trade;

(ii) the IRC of each Fund involved in the trade has approved the transaction in respect of that Fund in accordance with the terms of section 5.2 of NI 81-107; and

(iii) the transaction complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107.

b) the Inter-Fund Trading Relief is granted provided that the following conditions are satisfied:

(i) the Inter-Fund Trade is consistent with the investment objective of the Fund or the Managed Account, as applicable;

(ii) the Filer refers the Inter-Fund Trade to the IRC in the manner contemplated by section 5.1 of NI 81-107 and the Filer and the IRC of the Fund comply with section 5.4 of NI 81-107 in respect of any standing instructions an IRC provides in connection with the Inter-Fund Trade; and

(iii) in the case of an Inter-Fund Trade between Funds:

a. the IRC of each Fund has approved the Inter-Fund Trade in respect of the Fund in accordance with the terms of section 5.2(2) of NI 81-107;

b. the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107 except that for purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price; and

(iv) in the case of an Inter-Fund Trade between a Managed Account and a Fund:

a. the IRC of the Fund approved the Inter-Fund Trade in respect of such Fund in accordance with the terms of section 5.2(2) of NI 81-107;

b. the investment management agreement or other documentation in respect of the Managed Account authorizes the transaction; and

c. the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107 except that for purposes of paragraph (e) of subsection 6.1(2) in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price.

c) the *In-Specie* Transfer Relief is granted provided that:

(i) if the transaction is the purchase of Fund Securities of a Fund by a Managed Account:

a. in respect of the *In-Specie* Transfer Relief as it applies to purchases of a Mutual Fund or Closed-End Fund,

I. the Filer, as manager of the Mutual Fund or Closed-End Fund, obtains the approval of the applicable IRC of the Mutual Fund or Closed-End Fund in respect of an *In-Specie* Transfer in accordance with the terms of s.5.2 of NI 81-107; and

II. the Filer, as manager of the Mutual Fund or Closed-End Fund, and the applicable IRC, comply with the requirements of section 5.4 of NI 81-107 for any standing instructions the IRC provides in respect of an *In-Specie* Transfer;

b. the Filer obtains the prior written consent of the client of the relevant Managed Account before it engages in any *In Specie* Transfers in connection with the purchase of Fund Securities of the Fund;

c. the Fund would at the time of payment be permitted to purchase the securities of the Managed Account;

d. the securities are acceptable to the Filer as portfolio manager of the Fund and consistent with the Fund's investment objectives;

e. the value of the securities sold to the Fund is at least equal to the issue price of the Fund Securities of the Fund for which they are payment, valued as if the securities were portfolio assets of that Fund;

f. the account statement next prepared for the Managed Account will include a note describing the securities delivered to the Fund and the value assigned to such securities; and

g. the Fund keeps written records of all *In Specie* Transfers during the financial year of the Fund, reflecting details of the securities delivered to the Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place;

(ii) if the transaction is the redemption of Fund Securities of a Fund by a Managed Account:

a. in respect of the *In Specie* Transfer Relief as it applies to redemptions of a Mutual Fund or Closed-End Fund,

I. the Filer, as manager of the Mutual Fund or Closed-End Fund obtains the approval of the applicable IRC of the Mutual Fund or Closed-End Fund in respect of an *In-Specie* Transfer in accordance with the terms of s.5.2 of NI 81-107; and

II. the Filer, as manager of the Mutual Fund or Closed-End Fund, and the applicable IRC, comply with the requirements of section 5.4 of NI 81-107 for any standing instructions the IRC provides in respect of an *In-Specie* Transfer;

b. the Filer obtains the prior written consent of the client of the relevant Managed Account to the payment of redemption proceeds in the form of an *In-Specie* Transfer;

c. the securities are acceptable to the Filer as portfolio manager of the Managed Account and consistent with the Managed Account's investment objectives;

d. the value of the securities is equal to the amount at which those securities were valued in calculating the net asset value per Fund Security of the Fund used to establish the redemption price;

e. the holder of the Managed Account has not provided notice to terminate its Managed Account Agreement with the Filer;

f. the account statement next prepared for the Managed Account will include a note describing the securities delivered to the Managed Account and the value assigned to such securities;

g. the Fund keeps written records of all *In Specie* Transfers during the financial year of the Fund, reflecting details of the securities delivered by the Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place; and

h. the Filer does not receive any compensation in respect of any sale or redemption of Fund Securities of a Fund and, in respect of any delivery of securities further to an *In Specie*

Transfer, the only charge paid by the Managed Account, if any, is the commission charged by the dealer executing the trade;

(iii) if the transaction is the purchase of Fund Securities of a Mutual Fund or Closed-End Fund by a Pooled Fund:

a. the Filer, as manager of the Mutual Fund or Closed-End Fund, obtains the approval of the IRC of the Mutual Fund or Closed-End Fund in respect of an *In Specie* Transfer in accordance with the terms of subsection 5.2 of NI 81-107;

b. the Filer, as manager of the Mutual Fund or Closed-End Fund, and the applicable IRC, comply with the requirements of section 5.4 of NI 81-107 for any standing instructions the IRC provides in respect of an *In Specie* Transfer;

c. the Mutual Fund or Closed-End Fund would at the time of payment be permitted to purchase those securities;

d. the securities are acceptable to the Filer as portfolio manager of the Mutual Fund or Closed-End Fund, and consistent with the Mutual Fund's or Closed-End Fund's investment objectives;

e. the value of the securities is at least equal to the issue price of the Fund Securities of the Mutual Fund or Closed-End Fund for which they are payment, valued as if the securities were portfolio assets of that Mutual Fund or Closed-End Fund; and

f. each of the Funds will keep written records of an *In Specie* Transfer in a financial year of a Fund, reflecting details of the securities delivered by the Pooled Fund to the Mutual Fund or Closed-End Fund, and the value assigned to such securities, for five years after the end of their financial year, the most recent two years in a reasonably accessible place;

(iv) if the transaction is the redemption of Fund Securities of a Mutual Fund or Closed-End Fund by a Pooled Fund:

a. the Filer, as manager of the Mutual Fund or Closed-End Fund, obtains the approval of the IRC of the Mutual Fund or Closed-End Fund in respect of the *In Specie* Transfer in accordance with the terms of subsection 5.2 of NI 81-107;

b. the Filer, as manager of the Mutual Fund or Closed-End Fund, and the applicable IRC, comply with the requirements of section 5.4 of NI 81-107 for any standing instructions the IRC provides in respect of an *In Specie* Transfer;

c. the securities are acceptable to the portfolio adviser of the Pooled Fund, and consistent with the investment objective of the Pooled Fund;

d. the value of the securities is equal to the amount at which those securities were valued in calculating the net asset value per Fund Securities used to establish the redemption price of the Mutual Fund or Closed-End Fund; and

e. each of the Funds will keep written records of an *In Specie* Transfer in a financial year of a Fund, reflecting details of the securities delivered by the Mutual Fund or Closed-End Fund to the Pooled Fund, and the value assigned to such securities, for five years after the end of their financial year, the most recent two years in a reasonably accessible place;

(v) if the transaction is the purchase of Fund Securities of a Pooled Fund by a Pooled Fund:

a. the Pooled Fund would at the time of payment be permitted to purchase those securities;

b. the securities are acceptable to the Filer as portfolio manager of the Pooled Fund, and consistent with the Pooled Fund's investment objectives;

c. the value of the securities is at least equal to the issue price of the Fund Securities of the Pooled Fund for which they are payment, valued as if the securities were portfolio assets of that Pooled Fund; and

d. each Pooled Fund will keep written records of an *In Specie* Transfer in a financial year of a Pooled Fund, reflecting details of the securities delivered to the Pooled Fund, and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place;

(vi) if the transaction is the redemption of Fund Securities of a Pooled Fund by a Pooled Fund:

a. the securities are acceptable to the portfolio adviser of the Pooled Fund, and consistent with the investment objective of the Pooled Fund;

b. the value of the securities is equal to the amount at which those securities were valued in calculating the net asset value per Fund Securities used to establish the redemption price of the Pooled Fund; and

c. each Pooled Fund will keep written records of an *In Specie* Transfer in a financial year of the Pooled Fund, reflecting details of the securities delivered by the Pooled Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place; and

(vii) the Filer does not receive any compensation in respect of any sale or redemption of units of a Fund and, in respect of any delivery of securities further to an *In Specie* Transfer, the only charge paid by the Fund is the commission charged by the dealer executing the trade.

"Vera Nunes"
Manager, Investment Funds and Structured Products Branch
Ontario Securities Commission

2.2 Orders

2.2.1 Nodal Exchange, LLC – s. 147 of the Act and ss. 38 and 80 of the CFA

Headnote

Section 147 of the Securities Act (OSA) and sections 38 and 80 of the Commodity Futures Act (CFA) – exemption from: (1) the requirement for Nodal Exchange, LLC. to be recognized as an exchange under section 21 of the OSA; (2) the requirement for Nodal Exchange, LLC. to be registered as a commodity futures exchange under section 15 of the CFA; and (3) the registration requirement under section 22 of the CFA with respect to trades in contracts on Nodal Exchange, LLC. by "hedgers", as defined in the CFA.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.
Commodity Futures Act, R.S.O. 1990, as am., ss. 15, 22, 38, 80.

Rules Cited

Ontario Securities Commission Rule 91-503 Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situate Outside of Ontario (1997) 20 OSCB 1739

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

AND

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

AND

IN THE MATTER OF
NODAL EXCHANGE, LLC

ORDER
(Section 147 of the OSA and sections 38 and 80 of the CFA)

WHEREAS Nodal Exchange, LLC (**Nodal Exchange**) has filed an application (**Application**) with the Ontario Securities Commission (**Commission**) requesting:

a. an order pursuant to section 147 of the OSA exempting Nodal Exchange from the requirement to be recognized as an exchange under subsection 21(1) of the OSA;

b. an order pursuant to section 80 of the CFA exempting Nodal Exchange from the requirement to be registered as a commodity futures exchange under subsection 15(1) of the CFA (together with the requested order above, **Exchange Relief**); and

c. an order pursuant to section 38 of the CFA exempting trades in contracts on Nodal Exchange by a “hedger”, as defined in subsection 1(1) of the CFA (**Hedger**), from the registration requirement under section 22 of the CFA (**Hedger Relief**);

AND WHEREAS OSC Rule 91-503 *Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situate Outside of Ontario* (**Rule 91-503**) exempts trades of commodity futures contracts or commodity futures options made on commodity futures exchanges not registered with or recognized by the Commission under the CFA from sections 25 and 53 of the OSA;

AND WHEREAS the deemed rule titled *In the Matter of Trading in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges in the United States of America* provides that section 33 of the

CFA does not apply to trades entered into a commodity futures exchange designated by the United States (**U.S.**) Commodity Futures Trading Commission (**CFTC**) under the U.S. Commodity Exchange Act (**CEA**);

AND WHEREAS Nodal Exchange has represented to the Commission that:

1. Nodal Exchange is a limited liability company organized under the laws of the State of Delaware in the U.S. and is a wholly owned subsidiary of Nodal Exchange Holdings, LLC, a privately held limited liability company organized under the laws of the State of Delaware;

2. Nodal Exchange receives a majority of its revenue from transaction fees, which include electronic trading fees, surcharges for privately-negotiated transactions and other volume-related charges for contracts executed through the Nodal Exchange trading venue;

3. Nodal Exchange Holdings, LLC, as the holding company for Nodal Exchange, does not have operations of its own, does not have employees, relies upon the profits paid by its subsidiary and has limited contractual arrangements. Nodal Exchange is the primary employer and retains operational control;

4. Nodal Exchange is a designated contract market (**DCM**) by the CFTC, within the meaning of that term under the CEA. Nodal Exchange is subject to regulatory supervision by the CFTC, a U.S. federal regulatory agency. Nodal Exchange is obligated under the CEA to give the CFTC access to all records unless prohibited by law or such records are subject to solicitor-client privilege. The CFTC reviews, assesses and enforces Nodal Exchange's adherence to the CEA and regulations thereunder on an ongoing basis, including DCM core principles (**DCM Core Principles**) relating to the operation and oversight of Nodal Exchange's markets, including financial resources, systems and controls, maintenance of an orderly market, execution and settlement of transactions, rule-making and investor protection;

5. The CFTC's Division of Market Oversight, Market Compliance Section conducts regular in-depth reviews of each DCM's ongoing compliance with CFTC regulations in order to enforce its rules, prevent market manipulation and customer and market abuses, and to ensure the recording and safe storage of trade information. The results of these rule enforcement reviews are in most cases summarized in reports by the CFTC which are made available to the public and posted on the CFTC's website;

6. Nodal Exchange provides trading services for sophisticated commercial entities transacting in cash settled commodity futures contracts offered by Nodal Exchange that are based on electric power and natural gas (**Nodal Contracts**). Nodal Exchange offers over 1,000 power contracts settling to monthly peak or off-peak hours for hub, zone, or node locations within the organized power markets in the U.S. Nodal Exchange's commercial customers are comprised of both buy and sell side investors, including commercial and investment banks, corporations, money managers, proprietary trading firms, hedge funds, and other institutional customers. All Nodal Contracts are cleared through LCH.Clearnet Ltd. (**LCH.Clearnet**), which is recognized by the Commission as a clearing agency under Section 21.2 of the OSA, by LCH.Clearnet clearing members (**LCH.Clearnet Clearing Member**);

7. Nodal Exchange maintains and operates an electronic trading system known as Nodal LiveTrade, that functions as the electronic central limit order book (**Trading System**) where entities trade Nodal Contracts on a principal-to-principal basis for their proprietary accounts without the capability to trade through an intermediary in a fiduciary capacity such as a dealer or futures commission merchant (**FCM**);

8. Nodal Exchange also performs clearing support services for LCH.Clearnet that are administrative processes that enable participants to access LCH.Clearnet in order to clear Nodal Contracts that were executed off-exchange (**Block Trades**) and on the Trading System. These clearing support services are administrative roles that consist of two primary functions: 1) verifying that each account holder's trading activity does not cause their account to exceed the trade risk limit (**TRL**) provided by the LCH.Clearnet Clearing Member and 2) systems support for position keeping and clearinghouse administration;

9. Nodal Exchange does not have any offices or maintain other physical installations in Ontario or any other Canadian province or territory;

10. Nodal Exchange proposes to offer direct access in Ontario to its Trading System and facilities to prospective participants in Ontario (**Ontario Participants**). To obtain direct access to the Trading System and facilities of Nodal Exchange, an Ontario Participant must execute (i) a participant agreement with Nodal Exchange that requires, among other things, compliance with the rules of Nodal Exchange and all applicable laws relating to the use of Nodal Exchange, and (ii) a clearing agreement with a LCH.Clearnet Clearing Member unless the Ontario Participant is a LCH.Clearnet Clearing Member clearing for their own proprietary account (such participants on Nodal Exchange shall herein be referred to as **Nodal Exchange Participants**). Nodal Exchange Participants can transmit orders and trades directly into Nodal Exchange with the guarantee of a LCH.Clearnet Clearing Member;

11. Nodal Exchange expects that Ontario Participants will be certain Canadian financial institutions (within the meaning of such term in subsection 1.1(3) of National Instrument 14-101 *Definitions*) and certain other market participants that have a head office or principal place of business in Ontario, such as (i) dealers that are engaged in the business of trading commodity futures contracts in Ontario; (ii) utilities and other commercial enterprises that are exposed to risks attendant upon fluctuations in the price of a commodity; and (iii) institutional investors and proprietary trading firms. In each case, Nodal Exchange expects that Ontario Participants will be (i) dealers that are engaged in the business of trading commodity futures contracts and commodity futures options in Ontario for their proprietary accounts, or (ii) Hedgers;

12. Nodal Contracts fall within the definition of "commodity futures contract" as defined in section 1 of the CFA. As a result, Nodal Exchange is considered a "commodity futures exchange" as defined in section 1 of the CFA. Therefore, Nodal Exchange is prohibited from carrying on business in Ontario unless it is registered or exempt from registration as a commodity futures exchange under subsection 15(1) of the CFA;

13. As Nodal Exchange intends to provide Ontario Participants with access in Ontario to its Trading System and facilities to trade Nodal Contracts, Nodal Exchange is considered to be "carrying on business as a commodity futures exchange in Ontario";

14. Nodal Exchange is not registered with or recognized by the Commission as a commodity futures exchange under the CFA and none of the Nodal Contracts have been accepted by the Director (as defined in the OSA) under the CFA. As a result, Nodal Contracts are also considered "securities" under paragraph (p) of the definition of "security" in section 1 of the OSA and Nodal Exchange is considered to be an "exchange" under the OSA. Therefore, Nodal Exchange is prohibited from carrying on business in Ontario unless it is recognized or exempt from recognition under subsection 21(1) of the OSA;

15. Further, while Nodal Contracts are also considered "securities" under paragraph (p) of the definition of "security" in section 1 of the OSA for the reasons outlined in the preceding paragraph, Nodal Contracts would not be considered "securities" under any other paragraph contained in that definition, nor would any Nodal Contract be considered a "derivative" as defined in section 1(1) of the OSA;

16. Similar to paragraph 12 above, since Nodal Exchange seeks to provide Ontario Participants with access in Ontario to trade Nodal Contracts, Nodal Exchange is considered to be "carrying on business as an exchange in Ontario";

17. Additionally, the exemption from registration in subsection 32(a) of the CFA applies for trades "by a hedger through a dealer". This exemption will not be available for trades in Nodal Contracts by Ontario resident Hedgers that become Nodal Exchange Participants since they will have direct access to Nodal Exchange but will not be considered to be executing "through a dealer". For this reason, Nodal Exchange is seeking Commission approval for the Hedger Relief;

18. Nodal Exchange ensures that all applicants to become Nodal Exchange Participants must satisfy certain criteria, including, among other things: validly organized and in good standing, good reputation, business integrity and adequate financial resources to assume the responsibilities and privileges of being a Nodal Exchange Participant;

19. All LCH.Clearnet Clearing Members holding customer accounts to guarantee the trades of Nodal Exchange Participants under paragraph 10 will be registered FCMs with the CFTC. Such LCH.Clearnet Clearing Members are subject to the compliance requirements of the CEA, the CFTC, and the National Futures Association as they relate to customer accounts, including various know-your-client, suitability, risk disclosure, anti-money laundering and anti-fraud requirements. These requirements, in conjunction with the margin requirements for Nodal Contracts applicable to LCH.Clearnet Clearing Members, and subsequently to their clients whose trades they guarantee, ensure that Ontario Participants seeking to become Nodal Exchange Participants that are not also LCH.Clearnet Clearing Members are subjected to appropriate due diligence procedures and fitness criteria. In addition, Nodal Exchange Participants are responsible for, among other things, compliance with the rules of Nodal Exchange, as those rules relate to the entering and executing of transactions, and to comply with all applicable laws pertaining to the use of Nodal Exchange;

20. Based on the facts set out in the Application, Nodal Exchange satisfies the criteria for exemption set out in Appendix 1 of Schedule A to this order;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and Nodal Exchange's activities on an ongoing basis to determine whether it is appropriate for the Commission to continue to grant the Exchange Relief or Hedger Relief and, if so, whether it is appropriate for the Exchange Relief and Hedger Relief to continue to be granted subject to the terms and conditions set out in Schedule A to this order;

AND WHEREAS Nodal Exchange has acknowledged to the Commission that the scope of the Exchange Relief or Hedger Relief and the terms and conditions imposed by the Commission set out in Schedule A to this order may change as a

result of its monitoring of developments in international and domestic capital markets or Nodal Exchange's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives, commodity futures contracts, commodity futures options or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of Nodal Exchange to the Commission, the Commission has determined that:

a. Nodal Exchange satisfies the criteria for exemption set out in Appendix 1 of Schedule A;

b. The granting of the Exchange Relief would not be prejudicial to the public interest; and

c. The granting of the Hedger Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that:

a. Pursuant to section 147 of the OSA, Nodal Exchange is exempt from recognition as an exchange under subsection 21(1) of the OSA;

b. Pursuant to section 80 of the CFA, Nodal Exchange is exempt from registration as a commodity futures exchange under subsection 15(1) of the CFA; and

c. Pursuant to section 38 of the CFA, trades in Nodal Contracts by Hedgers who are Ontario Participants are exempt from the registration requirement under section 22 of the CFA;

PROVIDED THAT Nodal Exchange complies with the terms and conditions attached hereto as Schedule A.

DATED October 7, 2014.

"Edward P. Kerwin"

"James D. Carnwath"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. Nodal Exchange will continue to meet the criteria for exemption included in Appendix 1 to this schedule.

Regulation and Oversight of Nodal Exchange

2. Nodal Exchange will maintain its registration as a DCM with the CFTC and will continue to be subject to the regulatory oversight of the CFTC.

3. Nodal Exchange will continue to comply with the ongoing requirements applicable to it as a DCM registered with the CFTC.

4. Nodal Exchange must do everything within its control, which would include cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the OSA, as a commodity futures exchange exempted from registration under subsection 15(1) of the CFA, and in compliance with Ontario securities law and Ontario commodity futures law.

Access

5. Nodal Exchange will maintain and operate a Trading System where Nodal Exchange Participants trade on a principal-to-principal basis for their own proprietary accounts without the capability to trade through an intermediary in a fiduciary capacity such as a dealer or FCM.

6. Nodal Exchange will not provide direct access to an Ontario Participant unless the Ontario Participant is appropriately registered to trade in Nodal Contracts or is a Hedger; in making this determination, Nodal Exchange may reasonably rely on a written representation from the Ontario Participant that specifies either that it is appropriately registered to trade in Nodal Contracts or that it is a Hedger, and Nodal Exchange will notify such Ontario Participant that this representation is deemed to be repeated each time it enters an order for a Nodal Contract.

7. Each Ontario Participant that intends to rely on the Hedger Relief will be required to, as part of its application documentation or continued access to trading in Nodal Contracts:

   (a) represent that it is a Hedger;

   (b) acknowledge that Nodal Exchange deems the Hedger representation to be repeated by the Ontario Participant each time it enters an order for a Nodal Contract and that the Ontario Participant must be a Hedger for the purposes of each trade resulting from such an order;

   (c) agree to notify Nodal Exchange if it ceases to be a Hedger;

   (d) represent that it will only enter orders for its own account;

   (e) acknowledge that it is a market participant under the CFA and is subject to applicable requirements; and

   (f) acknowledge that its ability to continue to rely on the Hedger Relief in accessing trading on Nodal Exchange will be dependent on the Commission continuing to grant the relief and may be affected by changes to the terms and conditions imposed in connection with the Hedger Relief or by changes to Ontario securities laws or Ontario commodity futures laws pertaining to derivatives, commodity futures contracts, commodity futures options or securities.

8. Nodal Exchange will require Ontario Participants to notify Nodal Exchange if their applicable registration has been revoked, suspended or amended by the Commission or if they have ceased to be a Hedger and, following notice from the Ontario Participant or the Commission and subject to applicable laws, Nodal Exchange will promptly restrict the Ontario Participant's access to Nodal Exchange if the Ontario Participant is no longer appropriately registered with the Commission, or is no longer a Hedger.

9. Nodal Exchange must make available to Ontario Participants appropriate training for each person who has access to trade in Nodal Contracts.

Trading by Ontario Participants

10. Nodal Exchange will not provide access to an Ontario Participant to trading in exchange-traded products of an exchange other than those of Nodal Exchange, unless such other exchange has sought and received appropriate regulatory standing in Ontario.

11. Nodal Exchange will not provide access to an Ontario Participant to trading in Nodal Contracts other than those that meet the definition of "commodity futures contract" or "commodity futures option" as defined in subsection 1(1) of the CFA, and which also fall under paragraph (p) of the definition of "security" in subsection 1(1) of the OSA, without prior Commission approval.

Submission to Jurisdiction and Agent for Service

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

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

Disclosure

14. Nodal Exchange will provide to its Ontario Participants disclosure that states that:

    (a) rights and remedies against Nodal Exchange may only be governed by the laws of the U.S., rather than the laws of Ontario, and may be required to be pursued in the U.S. rather than in Ontario;

    (b) the rules applicable to trading on Nodal Exchange may be governed by the laws of the U.S., rather than the laws of Ontario; and

    (c) Nodal Exchange is regulated by the CFTC, rather than the Commission.

Filings with the CFTC

15. Nodal Exchange will promptly provide staff of the Commission copies of all material rules of Nodal Exchange, and material amendments to those rules, that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

16. Nodal Exchange will promptly provide staff of the Commission copies of all material contract specifications and material amended contract specifications that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. Nodal Exchange will promptly provide staff of the Commission the following information to the extent it is required to file such information with the CFTC:

    (a) the annual Board of Directors' report regarding the activities of the Board and its committees;

    (b) the annual financial statements of Nodal Exchange;

    (c) details of any material legal proceeding instituted against Nodal Exchange;

    (d) notification that Nodal Exchange has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate Nodal Exchange or has a proceeding for any such petition instituted against it; and

    (e) the appointment of a receiver or the making of any voluntary arrangement with creditors.

Prompt Notice or Filing

18. Nodal Exchange will promptly notify staff of the Commission of any of the following:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of Nodal Exchange;

        (iii) the access model, including eligibility criteria, for Ontario Participants;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for Nodal Exchange;

    (b) any change in Nodal Exchange's regulations or the laws, rules and regulations in the U.S. relevant to futures and options where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this schedule;

    (c) any condition or change in circumstances whereby Nodal Exchange is unable or anticipates it will not be able to continue to meet the DCM Core Principles or any applicable requirements of the CEA or CFTC regulations;

    (d) any revocation or suspension of, or amendment to, Nodal Exchange's registration as a DCM by the CFTC or if the basis on which Nodal Exchange's registration as a DCM was granted has significantly changed;

    (e) any known investigations of, or disciplinary action against, Nodal Exchange by the CFTC or any other regulatory authority to which it is subject;

    (f) any matter known to Nodal Exchange that may affect its financial or operational viability, including, but not limited to, any significant system failure or interruption; and

    (g) any default, insolvency, or bankruptcy of any Nodal Exchange Participant known to Nodal Exchange or its representatives that may have a material, adverse impact upon Nodal Exchange or any Ontario Participant.

19. Nodal Exchange will promptly file with staff of the Commission copies of any Rule Enforcement Review report regarding Nodal Exchange once issued as final by the CFTC.

Quarterly Reporting

20. Nodal Exchange will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Participants, specifically identifying for each Ontario Participant:

        (i) its status as a Nodal Exchange Participant or as an LCH.Clearnet Clearing Member for Nodal Exchange, and

        (ii) the basis upon which it represented to Nodal Exchange that it could be provided with direct access (i.e., that it is appropriately registered to trade in Nodal Contracts or is a Hedger);

    (b) a list of all Ontario Participants against whom disciplinary action has been taken in the last quarter by Nodal Exchange or, to the best of Nodal Exchange's knowledge, by the CFTC with respect to such Ontario Participants' activities on Nodal Exchange;

    (c) a list of all referrals to the Nodal Exchange Chief Regulatory Officer by the Nodal Exchange Surveillance Team concerning Ontario Participants;

    (d) a list of all Ontario applicants for status as an Ontario Participant who were denied such status or access to Nodal Exchange during the quarter;

(e) a list of all new by-laws, rules, and contract specifications, and changes to by-laws, rules and contract specifications, not already reported under sections 15 and 16 of this schedule;

(f) a list of all Nodal Contracts available for trading during the quarter, identifying any additions, deletions or changes since the prior quarter;

(g) for each Nodal Contract,

(i) the total trading volume and value originating from Ontario Participants, presented on a per Ontario Participant basis, and

(ii) the proportion of worldwide trading volume and value on Nodal Exchange conducted by Ontario Participants, presented in the aggregate for such Ontario Participants; and

(h) a list outlining each incident of a significant system outage that occurred at any time during the quarter for any system impacting Ontario Participants' trading activity, including trading, routing or data, specifically identifying the date, duration and reason for the outage, and noting any corrective action taken.

Annual Reporting

21. Nodal Exchange will arrange to have the annual audited financial statements of Nodal Exchange filed with the Commission promptly after their issuance.

Reporting

22. If an IT Service Auditor's Report (Report) is prepared for Nodal Exchange, Nodal Exchange will promptly file with the Commission the Report after the Report is issued as final by its independent auditor.

Information Sharing

23. Nodal Exchange will provide information (including additional periodic reporting) as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

APPENDIX 1

CRITERIA FOR EXEMPTION

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (Foreign Regulator).

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange,

(b) that business and regulatory decisions are in keeping with its public interest mandate,

(c) fair, meaningful and diverse representation on the board of directors (Board) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person.

PART 3 REGULATION OF PRODUCTS

3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are reviewed by the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange including, but not limited to, margin requirements, intra-day margin calls, daily trading limits, price limits, position limits, and internal controls.

PART 4 ACCESS

4.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure

(i) participants are appropriately registered as applicable under Ontario securities laws or Ontario commodity futures laws, or exempted from these requirements,

(ii) the competence, integrity and authority of systems users, and

(iii) systems users are adequately supervised.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

(c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.

(d) The exchange does not

(i) permit unreasonable discrimination among participants, or

(ii) impose any burden on competition that is not reasonably necessary and appropriate.

PART 5 REGULATION OF PARTICIPANTS ON THE EXCHANGE

5.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 6 RULEMAKING

6.1 Purpose of Rules

(a) The exchange has rules, policies and other similar instruments (Rules) that are designed to appropriately govern the operations and activities of participants.

(b) The Rules are not contrary to the public interest and are designed to

(i) ensure compliance with applicable legislation,

(ii) prevent fraudulent and manipulative acts and practices,

(iii) promote just and equitable principles of trade,

(iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,

(v) provide a framework for disciplinary and enforcement actions, and

(vi) ensure a fair and orderly market.

PART 7 DUE PROCESS

7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

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

PART 8 CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has appropriate arrangements for the clearing and settlement of transactions through a clearing house.

8.2 Regulation of the Clearing House

The clearing house is subject to acceptable regulation.

8.3 Authority of Regulator

A foreign regulator has the appropriate authority and procedures for oversight of the clearing house. This includes regular, periodic regulatory examinations of the clearing house by the foreign regulator.

8.4 Access to the Clearing House

(a) The clearing house has established appropriate written standards for access to its services.

(b) The access standards for clearing members and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

8.5 Sophistication of Technology of Clearing House

The exchange has assured itself that the information technology used by the clearing house has been adequately reviewed and tested and provides at least the same level of safeguards as required of the exchange.

8.6 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and circuit breakers.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 11 TRANSPARENCY

11.1 Transparency

The exchange has adequate arrangements to record and publish accurate and timely trade and order information. This information is provided to all participants on an equitable basis.

PART 12 RECORD KEEPING

12.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 13 OUTSOURCING

13.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 14 FEES

14.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 15 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

15.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

15.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Ontario Securities Commission and the Foreign Regulator.

PART 16 IOSCO PRINCIPLES

16.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (IOSCO) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivative Markets” (2011).

2.2.2 MountainStar Gold 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
MOUNTAINSTAR GOLD INC.

ORDER
(Subsection 127(1))

WHEREAS the British Columbia Securities Commission (the "BCSC") issued a Cease Trade Order on September 8, 2014, ordering that all the trading in the securities of MountainStar Gold Inc. (the "Reporting Issuer"), cease due to a failure to file the following continuous disclosure documents:

I) comparative financial statement for its financial year ended April 30, 2014;

II) the management discussion and analysis for the period ended April 30, 2014; and

III) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;

AND WHEREAS the order of the BCSC remains in effect until the Executive Director of the BCSC revokes the order or the Reporting Issuer completes the required filings;

AND WHEREAS the Director of the Corporate Finance Branch of the Ontario Securities Commission (the "Commission"), issued a Notice of Hearing and a Temporary Cease Trade Order (the "TCTO") on September 11, 2014, pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), ordering that, effective immediately, all trading in the securities of the Reporting Issuer, whether direct or indirect, shall cease for a period of 15 days from the date of the TCTO;

AND WHEREAS a hearing was held on September 23, 2014, at 4:00 pm to consider whether the TCTO should be extended, at which the Commission considered the submissions of Staff and of counsel to the Reporting Issuer;

AND WHEREAS the Commission issued an order pursuant to subsection 127(7) extending the TCTO until October 17, 2014 and ordering the hearing in this matter be adjourned until October 15, 2014, at 9:30 a.m.;

AND WHEREAS on September 29, 2014, the Reporting Issuer failed to file the following additional continuous disclosure materials as required by Ontario securities law:

I) interim financial statements for the three-month period ended July 31, 2014;

II) management's discussion and analysis relating to the interim financial statements for the three-month period ended July 31, 2014; and

III) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;

AND WHEREAS counsel to the Reporting Issuer notified Staff of the Commission, in writing, on October 14, 2014, that he did not intend to attend the hearing and that the Reporting Issuer does not oppose the imposition of the proposed Cease Trade Order;

AND WHEREAS the Commission held a hearing on October 15, 2014, to consider the submissions of Staff and the written submission of counsel to the Reporting Issuer;

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

IT IS ORDERED pursuant to paragraph 2 of subsection 127(1) of the Act that, effective immediately, all trading in the securities of the Reporting Issuer, whether direct or indirect, shall cease unless this order is varied or revoked pursuant to section 144 of the Act, on application of a person or company affected by the decision.

DATED at Toronto this 15th day of October, 2014.

"Mary Condon"

2.2.3 Quadrexx Hedge Capital Management Ltd. et al. – Rule 6.7 of the OSC Rules of Procedure

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

AND

IN THE MATTER OF
QUADREXX HEDGE CAPITAL MANAGEMENT LTD.,
QUADREXX SECURED ASSETS INC.,
MIKLOS NAGY and TONY SANFELICE

ORDER
(Pre-hearing conference – Rule 6.7
of the Commission's Rules of Procedure)

WHEREAS on January 31, 2014, 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") accompanied by a Statement of Allegations dated January 30, 2014 with respect to Quadrexx Hedge Capital Management Ltd. ("QHCM"), Quadrexx Secured Assets Inc. ("QSA"), Miklos Nagy ("Nagy") and Tony Sanfelice ("Sanfelice") (collectively, the "Respondents");

AND WHEREAS on February 20, 2014, Staff of the Commission ("Staff") filed an affidavit of Sharon Nicolaides sworn February 19, 2014 setting out Staff's service of the Notice of Hearing dated January 31, 2014 and Staff's Statement of Allegations dated January 30, 2014 on counsel for the Respondents;

AND WHEREAS on February 20, 2014, Staff advised that Staff sent out the initial electronic disclosure of approximately 14,000 documents to counsel for the Respondents;

AND WHEREAS on February 20, 2014, the Commission ordered the hearing be adjourned to April 17, 2014 at 9:30 a.m. for the purpose of scheduling a date for a confidential pre-hearing conference as may be appropriate;

AND WHEREAS on April 17, 2014, Staff, counsel for QHCM, QSA and Nagy and counsel for Sanfelice attended before the Commission;

AND WHEREAS on April 17, 2014, Staff advised the Commission of a correction to be made regarding the initial electronic disclosure made on February 20, 2014, in that disclosure was made of approximately 14,000 pages of documents rather than of approximately 14,000 documents;

AND WHEREAS on April 17, 2014, Staff further advised the Commission that it had recently sent out electronic disclosure of a further 6,800 pages of documents and advised that disclosure by Staff is not yet complete;

AND WHEREAS on April 17, 2014, the Commission ordered that the hearing be adjourned to a confidential pre-hearing conference to be held on September 5, 2014 at 10:00 a.m;

AND WHEREAS on August 20, 2014, Nagy's counsel advised the Commission that Nagy was no longer available to attend the pre-hearing conference scheduled for September 5, 2014 as he would be out of the country until September 19, 2014 because of the ailing health of a family member living abroad and that Nagy's counsel was not available thereafter until the week of October 13, 2014;

AND WHEREAS on August 20, 2014, on the consent of the Respondents and Staff, the Commission ordered that the confidential pre-hearing conference scheduled for September 5, 2014 be adjourned to October 15, 2014 at 9:00 a.m;

AND WHEREAS on October 15, 2014, the parties attended a confidential pre-hearing conference in this matter;

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

IT IS ORDERED that this matter be adjourned to a further confidential pre-hearing conference to be held on February 26, 2015 at 10:00 a.m.;

IT IS FURTHER ORDERED that the hearing on the merits in this matter shall commence on April 20, 2015 at 10:00 a.m. and shall continue on April 22, 23, 24, 27, 28, 29, 30 and May 1, 4, 6, 7, 8, 11, 12, 13, 14 and 15, 2015 each day commencing at 10:00 a.m.

DATED at Toronto this 15th day of October, 2014.

"Christopher Portner"

2.2.4 Tantalex Resources Corporation – s. 144

Headnote

Section 144 of the Securities Act (Ontario) – application for a partial revocation of a cease trade order issued by the Commission – issuer cease traded due to failure to file certain continuous disclosure documents required by Ontario securities law – issuer has applied for a partial revocation of the cease trade order to permit the issuer to proceed with a private placement with accredited investors (as such term is defined in National Instrument 45-106 Prospectus and Registration Requirements) resident in Ontario – issuer will use proceeds from private placement to prepare and file continuous disclosure documents and pay related fees – partial revocation granted subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127, 144.

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

AND

IN THE MATTER OF
TANTALEX RESOURCES CORPORATION

ORDER
(Section 144)

WHEREAS the securities of Tantalex Resources Corporation (the "**Applicant**") are subject to a temporary cease trade order made by the Director of the Ontario Securities Commission dated July 11, 2014 pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act and a further cease trade order issued by the Director on July 23, 2014 pursuant to paragraph 2 of subsection 127(1) of the Act (together, the "**Cease Trade Order**") directing that trading in securities of the Applicant cease until further order by the Director;

AND WHEREAS an additional cease trade order was issued by the British Columbia Securities Commission on July 8, 2014 (the "**B.C. Cease Trade Order**");

AND WHEREAS notwithstanding the B.C. Cease Trade Order, the Applicant has applied only to the Ontario Securities Commission (the "**Commission**") pursuant to section 144 of the Act for a partial revocation of the Cease Trade Order;

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant is a British Columbia corporation, incorporated under the *Business Corporations Act* (British Columbia) on September 28, 2009.

2. The Applicant's registered office is located at Royal Centre, 1055 West Georgia Street, Suite 1500, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7.

3. The Applicant is a reporting issuer under the securities legislation (the "**Legislation**") of the provinces of Ontario, British Columbia and Alberta.

4. The Cease Trade Order and the B.C. Cease Trade Order were issued due to the failure of the Applicant to file its financial statements, management's discussion and analysis and certifications of the foregoing filings for the year ended February 28, 2014.

5. The Applicant is not currently subject to a cease trade order from the Alberta Securities Commission, however, the Applicant is currently in default in Alberta for failure to file the following:

    (a) audited annual financial statements for the year ended February 28, 2014;

    (b) management's discussion and analysis for the year ended February 28, 2014;

    (c) certifications of the foregoing filings for the year ended February 28, 2014;

(d) interim financial statements for the period ended May 31, 2014;

(e) management's discussion and analysis for the period ended May 31, 2014; and

(f) certifications of the interim filings for the period ended May 31, 2014.

6. The Applicant is not, to its knowledge, in default of any of the requirements of the Act, or the rules and regulations made pursuant thereto, other than the following:

(a) The Applicant failed to file audited annual financial statements for the year ended February 28, 2014;

(b) The Applicant failed to file management's discussion and analysis for the year ended February 28, 2014;

(c) The Applicant failed to file certifications of the foregoing filings for the year ended February 28, 2014;

(d) The Applicant failed to file interim financial statements for the period ended May 31, 2014;

(e) The Applicant failed to file management's discussion and analysis for the period ended May 31, 2014;

(f) The Applicant failed to file certifications of the interim filings for the period ended May 31, 2014; and

(g) The Applicant failed to pay annual participation fees.

7. The Applicant has not previously been subject to a cease trade order of the Commission or in any other jurisdiction, other than the Cease Trade Order and the B.C. Cease Trade Order.

8. The Applicant's authorized capital consists of an unlimited number of common shares (the "**Common Shares**"), of which 40,714,996 Common Shares are issued and outstanding.

9. Other than (i) outstanding incentive stock options exercisable for an aggregate of 2,405,198 Common Shares, (ii) outstanding warrants to purchase an aggregate of 9,848,963 Common Shares, outstanding convertible debentures convertible into an aggregate of 4,500,000 Common Shares, (iii) 2,140,341 common shares pursuant to contractual arrangements, no Common Shares are reserved for issuance pursuant to outstanding convertible securities.

10. Prior to the date hereof, the Applicant has not remedied the deficiencies described in the Cease Trade Order as it does not have sufficient funds to do so.

11. The Applicant proposes to raise up to $85,000 by way of a limited private placement financing (the "**Proposed Financing**") in order to (i) raise sufficient funds to prepare and file the outstanding continuous disclosure documents and related filing fees to bring it into compliance with its obligations as a reporting issuer, and the associated fees of professional advisors; and (ii) pay outstanding accounts and fund continuing operations, as described more fully in representation 13 below. The Proposed Financing will be conducted on a prospectus exempt basis and will be limited to subscribers who are accredited investors (as such term is defined in National Instrument 45-106 *Prospectus and Registration Exemptions*).

12. The Applicant has undertaken to bring itself back into compliance with its continuous disclosure obligations by filing all outstanding continuous disclosure documents that are required to be filed in all jurisdictions and to pay all outstanding filing fees and participation fees owing within three (3) business days of the date of closing of the Proposed Financing.

13. Following closing of the Proposed Financing, the Applicant intends to use the proceeds from the Proposed Financing solely to permit the Applicant to satisfy certain outstanding debts, filing fees and other expenses as described below:

Description		**Cost**
(a)	the settlement of certain debt with its auditors to facilitate the release of the audit for the year ended February 28, 2014	$30,000
(b)	the services of legal counsel with regard to the Proposed Financing, the application for this Order and the final full revocation order and other miscellaneous costs and expenses of the foregoing	$20,000
(c)	payment of application fees for a full revocation application to the applicable regulators, including the Commission	$8,500

Description		Cost
(d)	the settlement of certain debt with its transfer agent	$6,000
(e)	the payment of outstanding fees and participation fees owing to regulators, including the Commission	$16,000
(f)	miscellaneous working capital	$4,500
Total Financing Required		**$85,000**

14. Prior to the completion of the Proposed Financing, the Applicant will:

    (a) provide each potential purchaser with a copy of the Cease Trade Order;

    (b) provide each potential purchaser with a copy of the Order herein sought; and

    (c) obtain and, upon receipt, provide to the Commission signed and dated acknowledgements from all investors in the Proposed Financing, which clearly states that the issuance of a partial revocation order does not guarantee the issuance of a full revocation order in the future and that all of the Applicant's securities, including the securities to be issued in connection with the Proposed Financing, will remain subject to the Cease Trade Order until it is revoked.

15. The Applicant believes that the proceeds from the Proposed Financing will be sufficient to bring its continuous disclosure obligations up to date and to pay all related outstanding fees. The Applicant will use the proceeds of the Proposed Financing first to pay for the costs associated with bringing its continuous disclosure record up to date. Any remaining amounts will be used to pay for other costs as outlined in representation 13 above.

16. The Applicant has applied for a partial revocation of the Cease Trade Order so as to permit the Applicant to proceed with the Proposed Financing as described in this Order. As the Proposed Financing will involve trades in securities of the Applicant (including, for greater certainty, acts in furtherance of trades in securities of the Applicant), the Proposed Financing cannot be completed without a variation of the Cease Trade Order.

17. The Applicant has also applied for a partial revocation of the B.C. Cease Trade Order so as to permit the Applicant to proceed with the Proposed Financing as described in this Order.

18. The Applicant is not considering, nor is it involved in any discussion relating to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.

19. Following the filing of all outstanding continuous disclosure documents and the payment of all outstanding filing fees owing, the Applicant intends to make a further application to the Commission for a full revocation of the Cease Trade Order and also intends to make an application to the British Columbia Securities Commission for a full revocation of the B.C. Cease Trade Order.

20. The Common Shares of the Applicant are listed and posted for trading on the Canadian Securities Exchange ("**CSE**"), however, trading in such shares was halted on July 9, 2014 because of the Cease Trade Order and B.C. Cease Trade Order against the Applicant.

21. Other than on the CSE, the securities of the Applicant are not currently listed or quoted on any exchange or market in Canada or elsewhere.

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

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

IT IS ORDERED, pursuant to section 144 of the Act, that the Cease Trade Order be and is hereby partially revoked solely to permit the trades and acts in furtherance of trades that are necessary for and are in connection with the Proposed Financing and all other acts in furtherance of the Proposed Financing that may be considered to fall within the definition of "trade" within the meaning of the Act, provided that:

(a) prior to the completion of the Proposed Financing, investors in the Proposed Financing:

    (i) receive a copy of the Cease Trade Order;

(ii) receive a copy of this Order; and

(iii) receive a written notice from the Applicant, and provide a signed and dated acknowledgement to the Applicant, clearly stating that all of the Applicant's securities, including the securities to be issued in connection with the Proposed Financing, will remain subject to the Cease Trade Order until it is revoked, and that the granting of this Order does not guarantee the issuance of a full revocation order in the future;

(b) the Applicant will provide the signed and dated written acknowledgments referred to in paragraph (a)(iii) above to staff of the Commission; and

(c) the Order will terminate on the earlier of the closing of the Proposed Financing and 60 days from the date hereof.

DATED at Toronto, Ontario on this 20th day of October, 2014.

"Sonny Randhawa"
Manager, Corporate Finance
Ontario Securities Commission

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Gold Investment Management Ltd.

DECISION OF THE DIRECTOR

Having reviewed and considered the agreed statement of facts, the admissions by Gold Investment Management Ltd. (the **Firm**), and the joint recommendation to the Director by the Firm and by staff of the Ontario Securities Commission (**Staff**) contained in the settlement agreement signed by the Firm on October 8, 2014 and by Staff on October 9, 2014, a copy of which is attached as Appendix A to this Decision, and on the basis of those agreed facts and those admissions, I, Debra Foubert, in my capacity as Director under the *Securities Act* (Ontario) (the **Act**), accept the joint recommendation of the parties, and make the following decision:

1. The terms and conditions imposed on the registration of the Firm on May 3, 2013, and on December 19, 2013 (as continued with the consent of the Firm), are hereby removed.

2. The Firm's registration under the Act is subject to the following terms and conditions effective October 15, 2014:

    1. The Firm shall retain the Compliance Consultant (as that term is defined in the settlement agreement between the Firm and Staff), or another compliance consultant as may be approved by Staff for a period of no less than 9 months (the **First Period**) to monitor the Firm's compliance with its know-your-client and suitability obligations as set out in sections 13.2 and 13.3 of National Instrument 31-103 *Registration Requirements, Exemptions, and Ongoing Registration Obligations*.

    2. During the First Period, the Compliance Consultant shall deliver monthly reports to Staff reporting on the following:

        (a) For clients of the Firm as of the effective date of these terms and conditions (**Existing Clients**):

            (i) the number of Existing Clients for whom the Firm has conducted a know-your-client (**KYC**) and suitability information update during the reporting period (a **Client Update**); and

            (ii) on a year-to-date basis, the total number of clients for whom the Firm has conducted a Client Update.

        (b) For clients who become clients of the Firm on or after the effective date of these terms and conditions (**New Clients**):

            (i) the number of New Clients added during the reporting period;

            (ii) confirmation that the Firm has conducted a KYC and suitability analysis for each New Client added during the reporting period; and

            (iii) the number of New Clients added since the start of the First Period.

        (c) For Existing Clients and New Clients:

            (i) the Compliance Consultant's review and conclusions as to the adequacy of the Firm's KYC information and suitability analysis for a sample of Existing Clients and New Clients selected by the Compliance Consultant based on the reasonable exercise of its professional judgment; and

        (d) Such other information as Staff may request.

    3. For a minimum period of three years commencing on the expiry of the First Period (the **Second Period**), the Firm shall:

(a) submit to an annual review (an **Annual Review**) by the Compliance Consultant (or another suitable compliance consultant approved by Staff) to assess the Firm's compliance with Ontario securities law;

(b) submit quarterly reports to Staff identifying:

(i) the number of New Clients added during the reporting period and the name of the individual responsible for referring the client to the Firm (if any); and

(ii) the number of New Clients added since the commencement of the Second Period

unless the Firm adds 50 or more clients during a reporting period, in which case the report referred to in this paragraph 3(b) shall be delivered to Staff as soon as reasonably practicable and in any event no later than two business days after the addition of the 50th client.

4. The first Annual Review shall assess the Firm's compliance with Ontario securities law for the entirety of the calendar year in which the First Period expires, and the second and third Annual Reviews shall assess the Firm's compliance with Ontario securities law for the entirety of each of the following two calendar years, respectively.

5. Upon the completion of each Annual Review, the Compliance Consultant shall submit to Staff a report of its findings from the Annual Review.

6. After a New Client has undergone a KYC and suitability analysis by the Firm, they shall be considered an Existing Client for the purposes of performing Client Updates.

7. The Firm shall immediately submit to Staff a direction from the Firm giving consent to unrestricted access by Staff to communicate with the Compliance Consultant regarding all matters in relation to these terms and conditions.

8. The Firm will implement and enforce its amended referral agreement, which provides for the following:

(a) the performance of annual in-person visits with each party who enters into a referral agreement with the Firm (a **Referral Agent**) during which the terms of the referral agreement will be reviewed and discussed with the Referral Agent, and the Referral Agent will be asked to sign an annual attestation form confirming that it has not contravened any of the Firm's policies and procedures in relation to client referrals; and

(b) a requirement for each Referral Agent to provide the Firm with prior written notice of the launch of any new website referring, directly or indirectly, to the Firm or its services, and any proposed amendments to an existing website maintained by or on behalf of a Referral Agent.

October 15, 2014
Date

"Debra Foubert"
Debra Foubert
Director

Appendix A

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

AND

IN THE MATTER OF
THE REGISTRATION OF
GOLD INVESTMENT MANAGEMENT LTD.

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. This settlement agreement (the **Settlement Agreement**) relates to an opportunity to be heard (an **OTBH**) pursuant to section 31 of the *Securities Act* (Ontario) (the **Act**) requested by Gold Investment Management Ltd. (**Gold**) regarding a recommendation to the Director by staff of the Ontario Securities Commission (**Staff**) made on December 11, 2013 that certain terms and conditions be imposed on Gold's registration (the **Proposed Terms and Conditions**). A copy of the Proposed Terms and Conditions is attached as Schedule "A" to this Settlement Agreement.

2. Gold is registered under the Act as a portfolio manager, and it manages client accounts on a discretionary basis.

3. As more particularly described herein, Gold has established a business model that is primarily reliant on third parties, most of whom are not registered under the Act and who hold themselves out as "financial planners", to refer clients to Gold (the **Referral Agents**).

4. When Gold began its Referral Agent model, the firm relied on its Referral Agents to communicate directly with the referred clients for the purpose of completing Gold's investment management agreement, conducting a know-your-client (**KYC**) process and suitability analysis, and obtaining regular updates to KYC information. This arrangement constituted an improper delegation of Gold's KYC and suitability obligations under National Instrument 31-103 *Registration Requirements, Exemptions, and Ongoing Registrant Obligations* (**NI 31-103**) and as such was not in compliance with Ontario securities law.

5. The Proposed Terms and Conditions were recommended by Staff to the Director in response to Gold's non-compliance with Ontario securities law. Since December 20, 2013, the Proposed Terms and Conditions have been imposed on Gold's registration on an interim basis with the consent of Gold.

6. Gold has demonstrated improved compliance with its obligations under Ontario securities law. As a result, Staff and Gold have agreed to settle the OTBH on the basis that the Proposed Terms and Conditions currently in place on an interim basis will be removed, the Proposed Terms and Conditions will not be imposed further, and instead agreed upon terms and conditions will be imposed (the **Agreed Terms and Conditions**). A copy of the Agreed Terms and Conditions is attached as Schedule "B" to this Settlement Agreement.

II. AGREED STATEMENT OF FACTS

7. Staff of the Ontario Securities Commission (the **OSC**) and Gold agree to the facts as stated herein.

A. Gold's Registration

8. Gold is registered under the Act as a portfolio manager. Gold became registered as an investment counsel and portfolio manager on April 18, 2008, and its registration was transitioned to portfolio manager effective September 28, 2009 with the introduction of NI 31-103.

9. Gold is also registered as a portfolio manager under the securities laws of Alberta, British Columbia, Manitoba, Quebec, and Saskatchewan. In Alberta, Gold is also registered as an investment fund manager.

10. Gold's head office is located in Edmonton, Alberta, and its principal regulator for the purposes of securities law is the Alberta Securities Commission (the **ASC**).

11. Jonathan Goldenstein (**Goldenstein**) is the founder and president of Gold. Goldenstein is Gold's ultimate designated person (**UDP**), and from the firm's inception until January 2, 2013, he was also its chief compliance officer (**CCO**). Goldenstein is registered as an advising representative with Gold.

12. Since January 2, 2013, George Wu (**Wu**) has been registered as Gold's CCO and as an advising representative with the firm.

13. Until Wu became registered with Gold, the only other person at the firm registered under the Act was Goldenstein. Prior to Wu's arrival, Gold briefly had had two advising representatives registered under the securities laws of Alberta and British Columbia.

14. At present, Gold has three registered advising representatives and two registered associate advising representatives.

B. Gold's Business

15. In carrying on business as a portfolio manager, Gold manages its clients' assets on a discretionary basis.

16. Gold's client base generally consists of "retail" investors with a low to moderate level of assets.

17. Gold's business seeks to deliver discretionary account management services to clients whose modest level of assets could otherwise make such services uneconomical. To achieve this objective, Gold delivers its discretionary account management services through the use of model portfolios, which generally invest in exchange-traded funds.

18. Gold attracts its clients by entering into agreements with Referral Agents. These Referral Agents refer their clients to Gold in exchange for a percentage of the management fee Gold charges its clients, which is based on the value of the client's assets managed by Gold.

19. When Gold first established its Referral Agent-based business model, it relied on the Referral Agents to meet with the referred clients for the purposes of signing a Gold investment management agreement, completing a Gold KYC form, updating KYC information on an ongoing basis, and communicating with the client generally about their investment portfolios.

20. As more particularly described below, Gold's initial improper reliance on Referral Agents to discharge the firm's own KYC obligations contributed significantly to the regulatory issues the firm has experienced, and the resulting regulatory action that has been taken against it by both the OSC and the ASC.

C. ASC Imposes Terms and Conditions

21. In 2011, staff of the ASC (**ASC Staff**) conducted a review of Gold to assess the firm's compliance with Alberta securities law.

22. In February 2012, ASC Staff delivered to Gold a report setting out the findings of its compliance review. This report identified, among other things, that Gold had been improperly relying on its Referral Agents to perform registerable activities such as meeting with clients for the purpose of obtaining KYC information.

23. In March 2012, Gold consented to the ASC imposing terms and conditions on the firm's registration that required the firm to retain a compliance monitor (the **2012 Terms and Conditions**). The 2012 Terms and Conditions were effective in all jurisdictions other than Ontario in which Gold was registered.

D. OSC Imposes Terms and Conditions

24. In October 2012, Staff initiated a compliance review of Gold pursuant to section 20 of the Act.

25. On May 2, 2013, Staff sent Gold a report setting out the findings from its compliance review (the **Report**). The Report identified the following deficiencies in Gold's compliance with Ontario securities law:

    (a) Gold had an inadequate compliance system, and its UDP and CCO were not adequately performing their responsibilities;

    (b) Gold had improperly delegated its advisory obligations to the Referral Agents;

    (c) Gold had not adequately collected and documented KYC information;

(d) Gold did not have an adequate process in place to monitor and review the suitability of trades made for clients and to ensure that clients' portfolio holdings complied with the clients' investment mandate;

(e) investment management agreements were missing information;

(f) the investment management agreement improperly included a clause purporting to allow Gold to assign the agreement without the client's written consent;

(g) Gold's marketing material made inaccurate claims regarding the firm's services, skills, and performance;

(h) Gold did not deliver adequate relationship disclosure information to each of its clients; and

(i) Gold had an incomplete policies and procedures manual.

26. As a result of the findings in the Report, Staff informed Gold that it was recommending that terms and conditions be imposed on its registration requiring the firm to retain a compliance consultant, and these terms and conditions were accepted by Gold on May 3, 2013 (the **May 2013 Terms and Conditions**).

27. Terms and conditions substantially in the form of the May 2013 Terms and Conditions were also imposed in the other jurisdictions in which Gold was registered, which had the effect of replacing the 2012 Terms and Conditions.

28. Pursuant to the May 2013 Terms and Conditions, the compliance consultant was to develop a plan (the **Plan**) to assist Gold in rectifying the compliance deficiencies that had been identified in the Report. These terms and conditions also required the compliance consultant to deliver monthly reports (the **Monthly Reports**) to Staff describing Gold's process towards implementing the Plan.

29. Pursuant to the May 2013 Terms and Conditions, Gold retained a firm acceptable to Staff to act as the compliance consultant (the "**Compliance Consultant"**).

E. The Proposed Terms and Conditions are Imposed on an Interim Basis

30. On July 31, 2013, the Compliance Consultant delivered a Plan to Staff for approval. Staff reviewed the Plan and approved of the Plan in due course.

31. The Plan set out specific measures that Gold would implement to address each deficiency identified in the Report. With respect to Gold's delegation of its advisory obligations to the Referral Agents, the Plan stated that: "Gold will contact each of its referred clients and directly collect and/or update KYC information and assess or reassess the suitability of investments by December 2013."

32. Each remedial measure set out in the Plan has now been implemented. However, prior to November 2013, Gold's progress in contacting its referred clients directly to collect KYC information did not meet Staff's expectations, and Staff became concerned that Gold would not complete the process by the end of December 2013 as required by the Plan.

33. As a result of its concerns, on December 11, 2013, Staff informed Gold that a recommendation had been made to the Director that the Proposed Terms and Conditions be imposed on the firm's registration.

34. The Proposed Terms and Conditions were to be in addition to the May 2013 Terms and Conditions, and would prohibit Gold from doing the following:

(a) accepting any new clients or opening any new client accounts;

(b) accepting any new funds into a client's account if the client had not been initially contacted by Gold and adequate KYC documentation had not been completed; and

(c) accepting any new funds into a client's account until such time as the proposed deposit of funds had been reviewed by the Compliance Consultant for compliance with condition (b) above.

35. On December 12, 2013, Gold requested an OTBH in relation to Staff's recommendation that the Proposed Terms and Conditions be imposed.

36. On December 20, 2013, Gold consented to the Proposed Terms and Conditions being imposed until February 5, 2014 to allow Staff and Gold an opportunity to seek a negotiated resolution to the OTBH.

37. On January 13, 2014, Gold consented to a further extension of the Proposed Terms and Conditions to March 13, 2014, as Staff and Gold continued discussions in furtherance of a negotiated resolution of the OTBH.

38. On March 10, 2014, Gold consented to a further extension of the Proposed Terms and Conditions to the fifth day after the OTBH was held, as Staff and Gold continued discussions in furtherance of a negotiated resolution of the OTBH.

F. Gold Demonstrates Improvements in its Compliance with Ontario Securities Law

39. Following the imposition of the Proposed Terms and Conditions on an interim basis the Compliance Consultant continued to deliver Monthly Reports, and also delivered shorter reports on a more frequent basis (the **Additional Reports**).

40. The Monthly Reports and the Additional Reports showed that Gold eventually completed initial KYC and suitability reviews for substantially all of the clients with whom it had not previously met, and that it was making reasonable progress towards contacting its clients for an annual KYC and suitability update review for the year 2014.

41. Pursuant to the Proposed Terms and Conditions that had been imposed on an interim basis, Gold stopped accepting funds from clients where the Compliance Consultant determined that Gold had not collected adequate KYC information from the clients, and Gold did not resume accepting funds from the clients until the Compliance Consultant determined that adequate KYC information had been obtained.

42. In addition to the measures called for by the Plan, Gold has confirmed to Staff that it has made, or will make, the following changes to its policies and practices:

    (a) only individuals registered with Gold as an associate advising representative or an advising representative will speak with clients for the purpose of completing an investment management agreement or KYC form;

    (b) a client's KYC information will be updated as soon as reasonably practicable under three circumstances: (i) when the firm is advised by a client that there has been a material change to the client's KYC information (ii) whenever the client makes a relatively significant contribution to, or withdrawal from, their account, and (iii) when Gold otherwise becomes aware of a material change to the client's KYC information. Absent the update of a client's KYC information under these circumstances, every client's KYC information would be updated no less frequently than annually;

    (c) each KYC information update will be conducted by way of a comprehensive face-to-face meeting or telephone conversation by a registered individual using a KYC information form;

    (d) Gold has increased its number of individual registrants from two to five (three advising representatives and two associate advising representatives);

    (e) Gold has clearly identified in its policies and procedures manual that Referral Agents are prohibited from engaging in the following activities:

        (i) forwarding an investment management agreement or an investment policy statement to a client or providing advice in relation to those documents;

        (ii) advising the client on the suitability of model portfolios;

        (iii) advising the client on the effect of lifestyle and financial changes to a client's investment objectives or risk tolerance; and

        (iv) holding themselves out as guiding or influencing investment-related decisions;

    (f) Gold's agreement with its Referral Agents complies with Division 3 of Part 13 of NI 31-103, and also states that a Referral Agent that advises or deals in securities with Gold's clients shall be deemed to be in breach of the agreement, and Gold shall have the right to terminate the agreement. Gold will enhance the oversight of its Referral Agents by taking the following steps:

        (i) conducting a monthly review of Referral Agent websites to ensure that the Referral Agent is not advertising or engaging in services that require registration;

        (ii) conducting annual in-person visits with each Referral Agent during which the terms of the Referral Agent's agreement with Gold will be reviewed and discussed with the Referral Agent, and the

Referral Agent will be asked to sign an annual attestation form confirming that it has not contravened any of Gold's policies and procedures in relation to Referral Agents; and

(iii) requiring each Referral Agent to provide Gold with prior written notice of the launch of any new website and any proposed amendments to an existing website.

(g) Gold has amended its referral agreements to provide for the activities described in paragraphs 42(f)(ii) and 42(f)(iii), above. These amendments have been made in a form acceptable to Staff, and Gold will deliver these amended referral agreements to its Referral Agents for execution.

III. ADMISSIONS BY GOLD

43. On the basis of the Agreed Statement of Facts, Gold admits as follows:

(a) the firm did not establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to provide reasonable assurance that the firm and each individual acting on its behalf complied with securities legislation, and to manage the risks associated with its business in accordance with prudent business practices, contrary to section 11.1 of NI 31-103;

(b) the firm did not discharge all of its obligations in subsection 13.2(2) of NI 31-103 (KYC); and

(c) the firm did not discharge all of its obligations in subsection 13.3(1) of NI 31-103 (suitability).

IV. JOINT RECOMMENDATION TO THE DIRECTOR

44. In order to resolve the OTBH that has been requested by Gold, and on the basis of the Agreed Statement of Facts and the Admissions by Gold set out in this Settlement Agreement, Staff and Gold make the following joint recommendation to the Director:

(a) all terms and conditions to which the registration of Gold is currently subject be removed; and

(b) the Agreed Terms and Conditions be imposed on the registration of Gold pursuant to section 28 of the Act.

45. The Parties submit that their joint recommendation is reasonable, having regard to the following factors:

(a) Gold has now fully implemented the Plan and rectified all deficiencies contained in the Report;

(b) Gold has demonstrated good progress towards completing its annual KYC review of all of its clients for 2014;

(c) Gold acknowledges that its partnership with Referral Agents is a regulatory risk for the firm and it has implemented, or will implement, specific measures to manage this risk, as described above;

(d) Gold has made written submissions dated February 28, 2014, April 25, 2014, and June 11, 2014 describing the steps it had taken, and would take, to rectify the regulatory concerns identified by Staff, and has incurred substantial legal and consulting costs to satisfy the terms and conditions on its registration and to take additional measures to improve its compliance with Ontario securities law, as described above;

(e) the Agreed Terms and Conditions will facilitate Staff's monitoring of the growth of Gold's client base to assess whether it risks exceeding the firm's compliance resources again;

(f) the Compliance Consultant's role under the Agreed Terms and Conditions will be converted to a transitional role to provide continued oversight of Gold's compliance with Ontario securities law as the firm resumes its ability to take on new clients;

(g) Gold has been co-operative with Staff; and

(h) by agreeing to this Settlement Agreement, Gold has saved the Director the time and resources that would have been required for an OTBH.

46. Staff and Gold acknowledge that if the Director does not accept this joint recommendation:

(a) this joint recommendation and all discussions and negotiations between Staff and Gold in relation to this matter shall be without prejudice to the parties; and

(b) Gold will be entitled to an OTBH in accordance with section 31 of the Act in respect of any recommendation that may be made by Staff regarding their registration status.

47. The parties agree that this Settlement Agreement, and any Director's decision approving of it, will be published on the OSC's website and in the OSC Bulletin.

"Mark Skuce"
Mark Skuce
Legal Counsel
Compliance and Registrant Regulation

October 9, 2014
Date

"Jonathan Goldenstein"
Jonathan Goldenstein
for Gold Investment Management Ltd.
"*I have authority to bind the corporation*"

October 8, 2014
Date

Schedule "A"

Proposed Terms and Conditions

The registration of Gold Investment Management Ltd. (the Firm) under the *Securities Act* (Ontario) is subject to the following terms and conditions, which are in addition to the terms and conditions imposed on May 3, 2013.

As of the effective date of these terms and conditions, the Firm shall not:

a. accept any new clients or open any new client accounts;

b. accept any new funds into a client's account if the client has not been initially contacted by the Firm and adequate know-your-client documentation has been completed ; and

c. accept any new funds into a client's account until such time as the proposed deposit has been reviewed by the Trinity Compliance Partners (the Consultant) for compliance with clause (b) of these terms and conditions, and the Consultant has confirmed in writing to the Firm that the proposed deposit complies with clause (b).

Schedule "B"

Agreed Terms and Conditions

The registration of Gold Investment Management Ltd. (the **Firm**) under the *Securities Act* (Ontario) is subject to the following terms and conditions effective [date of Director approval of joint recommendation]:

1. The Firm shall retain the Compliance Consultant (as that term is defined in the settlement agreement between the Firm and staff of the Ontario Securities Commission (**Staff**)), or another compliance consultant as may be approved by Staff for a period of no less than 9 months (the **First Period**) to monitor the Firm's compliance with its know-your-client and suitability obligations as set out in sections 13.2 and 13.3 of National Instrument 31-103 *Registration Requirements, Exemptions, and Ongoing Registration Obligations*.

2. During the First Period, the Compliance Consultant shall deliver monthly reports to Staff reporting on the following:

   (a) For clients of the Firm as of the effective date of these terms and conditions (**Existing Clients**):

      (i) the number of Existing Clients for whom the Firm has conducted a know-your-client (**KYC**) and suitability information update during the reporting period (a **Client Update**); and

      (ii) on a year-to-date basis, the total number of clients for whom the Firm has conducted a Client Update.

   (b) For clients who become clients of the Firm on or after the effective date of these terms and conditions (**New Clients**):

      (i) the number of New Clients added during the reporting period;

      (ii) confirmation that the Firm has conducted a KYC and suitability analysis for each New Client added during the reporting period; and

      (iii) the number of New Clients added since the start of the First Period.

   (c) For Existing Clients and New Clients:

      (i) the Compliance Consultant's review and conclusions as to the adequacy of the Firm's KYC information and suitability analysis for a sample of Existing Clients and New Clients selected by the Compliance Consultant based on the reasonable exercise of its professional judgment; and

   (d) Such other information as Staff may request.

3. For a minimum period of three years commencing on the expiry of the First Period (the **Second Period**), the Firm shall:

   (a) submit to an annual review (an **Annual Review**) by the Compliance Consultant (or another suitable compliance consultant approved by Staff) to assess the Firm's compliance with Ontario securities law;

   (b) submit quarterly reports to Staff identifying:

      (i) the number of New Clients added during the reporting period and the name of the individual responsible for referring the client to the Firm (if any); and

      (ii) the number of New Clients added since the commencement of the Second Period

      unless the Firm adds 50 or more clients during a reporting period, in which case the report referred to in this paragraph 3(b) shall be delivered to Staff as soon as reasonably practicable and in any event no later than two business days after the addition of the 50th client.

4. The first Annual Review shall assess the Firm's compliance with Ontario securities law for the entirety of the calendar year in which the First Period expires, and the second and third Annual Reviews shall assess the Firm's compliance with Ontario securities law for the entirety of each of the following two calendar years, respectively.

5. Upon the completion of each Annual Review, the Compliance Consultant shall submit to Staff a report of its findings from the Annual Review.

6. After a New Client has undergone a KYC and suitability analysis by the Firm, they shall be considered an Existing Client for the purposes of performing Client Updates.

7. The Firm shall immediately submit to Staff a direction from the Firm giving consent to unrestricted access by Staff to communicate with the Compliance Consultant regarding all matters in relation to these terms and conditions.

8. The Firm will implement and enforce its amended referral agreement, which provides for the following:

   (a) the performance of annual in-person visits with each party who enters into a referral agreement with the Firm (a **Referral Agent**) during which the terms of the referral agreement will be reviewed and discussed with the Referral Agent, and the Referral Agent will be asked to sign an annual attestation form confirming that it has not contravened any of the Firm's policies and procedures in relation to client referrals; and

   (b) a requirement for each Referral Agent to provide the Firm with prior written notice of the launch of any new website referring, directly or indirectly, to the Firm or its services, and any proposed amendments to an existing website maintained by or on behalf of a Referral Agent.

This page intentionally left blank

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
MountainStar Gold Inc.	11 September 14	23 September 14*	15 October 14	

*The temporary order issued on September 11, 2014 was extended by the Commission on September 23, 2014 to October 17, 2014. A hearing was held by the Commission on October 15, 2014 and the temporary order dated September 23, 2014 was replaced by a permanent order date October 15, 2014.

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

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
Besra Gold Inc.	10 October 14	22 October 14			
ZoomMed Inc.	03 October 14	15 October 14	15 October 14	22 October 14	

This page intentionally left blank

5.1.1 CSA Notice of Approval – Amendments to NI 21-101 Marketplace Operation

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Notice of Approval

Amendments to National Instrument 21-101 *Marketplace Operation*

October 23, 2014

I. Introduction

The Canadian Securities Administrators (CSA or we) have made amendments to National Instrument 21-101 *Marketplace Operation* (NI 21-101) and its related Companion Policy 21-101CP (21-101 CP) with respect to the transparency requirements of the trading of government debt securities.

Provided all necessary ministerial approvals are obtained, the amendments to NI 21-101 and 21-101CP (the Amendments) will come into force on December 31, 2014.

II. Substance and Purpose

Currently, section 8.6 of NI 21-101 provides for an exemption from transparency requirements for government debt securities until January 1, 2015. The Amendments will extend this exemption until January 1, 2018. The purpose of the Amendments is to maintain the regulatory framework for government debt transparency but delay imposing regulatory requirements until such time they are appropriate.

III. Background

Part 8 of NI 21-101 sets out transparency requirements for marketplaces dealing in debt securities, inter-dealer bond brokers and dealers trading unlisted debt securities. Section 8.1 sets out specific pre-trade and post-trade transparency requirements for government debt securities. Section 8.6 contains an exemption from section 8.1 until January 1, 2015. This exemption was last extended in 2011.

The Amendments were published for comment along with other proposed amendments on April 24, 2014 (2014 Proposed Amendments). The CSA are now finalizing the proposed change applicable to the extension of the exemption from government debt transparency, and intend to review and proceed with the other proposed amendments included in the 2014 Proposed Amendments on a separate timetable.

Domestic Developments

Since the exemption was last extended, the CSA has continued to review regulatory developments with respect to fixed income, including government debt transparency, and the appropriateness of the exemption in section 8.6 of NI 21-101 and the alternatives for transparency of government fixed income securities.

In Canada, some regulatory developments have occurred. For example, IIROC has implemented Dealer Member Rule 3300 – *Fair Pricing of Over-The-Counter Securities* (the Fair Pricing Rule) whose purpose is to ensure that dealers' clients, in particular retail clients, are given prices for over-the-counter securities that are fair and reasonable in relation to prevailing market conditions. Furthermore, amendments to IIROC Dealer Member Rules 29 *Business Conduct*, 200 *Minimum Records* and 3500 *Relationship Disclosure* and Dealer Member Form 1 came into force on July 15, 2014. These include requirements that dealers disclose to their retail clients, on the debt security trade confirmations, the total compensation or the gross commission taken on a trade, with additional disclosure required where gross commission is disclosed.[1]

[1] New sub-clause 200.2(I)(v)(C) of IIROC Dealer Member Rule 200 *Minimum Records*.

In addition, proposed IIROC Rule 2800C – *Transaction Reporting for Debt Securities* will require dealers to report, on a post-trade basis, all debt market transactions executed by a dealer member, including those executed on a marketplace or through an inter-dealer bond broker. This proposed rule is expected to facilitate the creation of a database of transaction information that would enable IIROC to carry out its responsibilities with respect to the surveillance and oversight of over-the-counter debt market trading.

International Developments

A number of noteworthy regulatory developments have recently occurred in Europe. Specifically, the final legislative texts of the new Markets in Financial Instruments Directive (MiFID II) and the Markets in Financial Instruments Regulation (MiFIR) were approved by the European Parliament on April 15, 2014 and by the European Council on May 13, 2014, and entered into force on June 12, 2014. When implemented, MiFIR will establish a new transparency regime which extends to bonds, structured products, emission allowances and derivatives (collectively, non-equity financial instruments).

This regime will include requirements for pre-trade transparency for non-equity financial instruments and will apply to market operators and investment firms operating a trading venue.[2] Waivers from these requirements would apply, including for large orders.[3] There will also be post-trade transparency requirements for non-equity financial instruments, which will also apply to market operators and investment firms operating a trading venue.[4] The information to be made public will be the price, volume and time of the transactions, and it may be delayed in certain instances, for example, when executing large transactions or transactions in less liquid products.[5]

The European Securities and Markets Authority (ESMA) was tasked with drafting the regulatory technical standards (RTS) that will specify the precise content of the pre and post-trade information to be made transparent, including the conditions under which waivers from the pre-trade transparency requirements would be granted. ESMA was also required to develop RTS for the implementation of the post-trade transparency regime, which would include conditions for the deferred publication of transactions, and the content of the information to be made public. ESMA is required to submit the draft RTSs to the European Commission by July 3, 2015, and implementation would follow at a later date.

Final Amendments

We note that no other jurisdiction has mandated transparency requirements for government debt securities, and we believe it would be appropriate to extend the existing exemption as we continue to monitor international developments, including those described above.

Therefore, the Amendments will further defer the introduction of the transparency requirements in section 8.1 until January 1, 2018, in order to allow the CSA an opportunity to consider international and domestic regulatory and industry developments and to determine what, if any, mandatory requirements are needed in this area.

IV. Summary of Written Comments Received by the CSA

We received eight comment letters in response to the 2014 Proposed Amendments and two commenters specifically responded to the proposed amendment relating to the extension of the government debt transparency exemption. Both commenters were in favour of the proposed extension of the exemption. A list of those who submitted comments, as well as a summary of the comments pertaining to the extension of the government debt transparency exemption and our responses to them are contained in Annex D of this notice. Copies of the comment letters are posted at www.osc.gov.on.ca and www.lautorite.qc.ca.

V. Contents of Annexes

Annex A – Amending Instrument for NI 21-101
Annex B – Blackline of Part 8 of NI 21-101 indicating the Amendments
Annex C – Blackline of Part 10 of 21-101CP indicating the Amendments
Annex D – Comment Summary and CSA Responses

VI. Local Matters

In Ontario, the Amendments to NI 21-101 and other required materials were delivered to the Minister of Finance on October 17, 2014. The Minister may approve or reject the Amendments or return them for further consideration. If the Minister approves the

[2] MiFIR Article 8 *Pre-Trade transparency requirements for trading venues in respect of bonds, structured finance products, emission allowances and derivatives*.
[3] MiFIR Article 9 *Waivers for non-equity instruments*.
[4] MiFIR Article 10 *Post-trade transparency requirements for trading venues in respect of bonds, structured finance products, emission allowances and derivatives*.
[5] MiFIR Article 11 *Authorisation of deferred publication*.

Amendments or does not take any further action by December 17, 2014, the Amendments will come into force on December 31, 2014.

In Québec, the Amendments will be delivered to the Minister of Finance for approval. The Amendments will come into force on December 31, 2014.

Questions

The Amendments are available on certain websites of CSA members, including:

www.lautorite.qc.ca
www.albertasecurities.ca
www.bcsc.ca
www.osc.gov.on.ca

Please refer your questions to any of the following:

Ruxandra Smith
Senior Accountant
Ontario Securities Commission
416-593-8322
ruxsmith@osc.gov.on.ca

Alex Petro
Oversight Analyst
Ontario Securities Commission
416-263-3796
apetro@osc.gov.on.ca

Serge Boisvert
Senior Policy Advisor
Autorité des marchés financiers
514-395-0337 ext. 4358
serge.boisvert@lautorite.qc.ca

Maxime Lévesque
SRO Analyst
Autorité des marches financiers
514-395-0337 ext. 4324
maxime.levesque@lautorite.qc.ca

Bonnie Kuhn
Manager, Legal
Alberta Securities Commission
403-355-3890
bonnie.kuhn@asc.ca

Meg Tassie
Senior Advisor
British Columbia Securities Commission
604-899-6819
mtassie@bcsc.bc.ca

ANNEX A

AMENDMENTS TO NATIONAL INSTRUMENT 21-101 *MARKETPLACE OPERATION*

1. National Instrument 21-101 Marketplace Operation is amended by this Instrument.

2. Section 8.6 is amended by replacing "2015***" with "***2018***".***

3. This Instrument comes into force on December 31, 2014.

ANNEX A

SCHEDULE

1. The changes to Companion Policy 21-101CP to National Instrument 21-101 Marketplace Operation are set out in this Schedule.

2. Subsection 10.1(1) is amended by replacing "2015***" with "***2018***".***

3. These changes become effective on December 31, 2014.

ANNEX B

NATIONAL INSTRUMENT 21-101 *MARKETPLACE OPERATION*

PART 8 INFORMATION TRANSPARENCY REQUIREMENTS FOR MARKETPLACES DEALING IN UNLISTED DEBT SECURITIES, INTER-DEALER BOND BROKERS AND DEALERS

8.6 Exemption for Government Debt Securities – Section 8.1 does not apply until January 1, 201~~5~~8.

ANNEX C

COMPANION POLICY 21-101 TO NATIONAL INSTRUMENT 21-101 *MARKETPLACE OPERATION*

PART 10 INFORMATION TRANSPARENCY REQUIREMENTS FOR UNLISTED DEBT SECURITIES

10.1 Information Transparency Requirements for Unlisted Debt Securities

(1) The requirement to provide transparency of information regarding orders and trades of government debt securities in section 8.1 of the Instrument does not apply until January 1, 2015~~8~~. The Canadian securities regulatory authorities will continue to review the transparency requirements, in order to determine if the transparency requirements summarized in subsections (2) and (3) below should be amended.

ANNEX D

COMMENT SUMMARY AND CSA RESPONSES

Commenters:

Scotia Capital Inc.
Investment Industry Association of Canada

Topic	Summary of Comments	Response to Comments
Extension of exemption for the transparency requirements applicable to government debt securities in section 8.6 of NI 21-101 to January 1, 2018.	Both commenters supported the proposal to extend the exemption for the transparency requirements applicable to government debt securities in section 8.6 to January 1, 2018. One commenter cited that as no other international jurisdictions have mandated transparency for government debt trading, it would not be appropriate to do so in Canada at this time. Another commenter stated that there have been significant advances in debt market transparency delivered by the marketplace since the original government debt transparency exemption was put in place and the prevalence of electronic trading in government debt securities in Canada today has contributed favourably to price discovery. This commenter also noted that CanPx, the designated information processor for Canadian corporate debt markets, continues to voluntarily provide transparency on government debt transactions.	We note the support for the extension of the exemption for government debt transparency.

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

REPORT OF TRADES ON FORM 45-106F1 AND 45-501F1

There are no Reports of Exempt Distribution on Forms 45-106F1 or 45-501F1 (Reports) in this Bulletin.

Reports filed on or after February 19, 2014 must be filed electronically.

As a result of the transition to mandated electronic filings, the OSC is considering the most effective manner to make data about filed Reports available to the public, including whether and how this information should be reflected in the Bulletin. In the meantime, Reports filed with the Commission continue to be available for public inspection during normal business hours.

This page intentionally left blank

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Carlaw Capital V Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated October 20, 2014
NP 11-202 Receipt dated October 20, 2014
Offering Price and Description:
MINIMUM OFFERING: $300,000 - 1,500,000 Common Shares
MAXIMUM OFFERING: $400,000 - 2,000,000 Common Shares
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Amar Bhalla
Project #2268985

Issuer Name:
Diversified Royalty Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated October 20, 2014
NP 11-202 Receipt dated October 20, 2014
Offering Price and Description:
$30,000,000 - 12,500,000 Common Shares
Price: $2.40 per Offered Share
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
GMP SECURITIES L.P.
LAURENTIAN BANK SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
PI FINANCIAL CORP.
Promoter(s):
-
Project #2268042

Issuer Name:
Fidelity Income Focused Private Pool
Fidelity U.S. Bond Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated October 15, 2014
NP 11-202 Receipt dated October 15, 2014
Offering Price and Description:
Series B, Series S5, Series S8, Series I, Series I5, Series I8, Series F, Series F5, Series F8 and Series O Untis
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Promoter(s):
FIDELITY INVESTMENTS CANADA ULC
Project #2267943

Issuer Name:
RBC Conservative Growth & Income Fund
RBC Emerging Markets Foreign Exchange Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated October 14, 2014
NP 11-202 Receipt dated October 15, 2014
Offering Price and Description:
Series A, Advisor Series, Advisor T5 Series, Series T5, Series H, Series D, Series F, Series FT5, Series I and Series O Units
Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
RBC Global Asset Management Inc.
Royal Mutual Funds Inc.
Promoter(s):
RBC Global Asset Management Inc.
Project #2267741

Issuer Name:
Roxgold Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 17, 2014
NP 11-202 Receipt dated October 17, 2014
Offering Price and Description:
$30,030,000 - 46,200,000 Units
Price: $0.65 per Unit
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
BMO NESBITT BURNS INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
GMP SECURITIES L.P.
RBC DOMINION SECURITIES INC.
HAYWOOD SECURITIES INC.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #2268530

Issuer Name:
Star Gold Corp.
Type and Date:
Preliminary Long Form Non-Offering Prospectus dated October 9, 2014
Receipted on October 16, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2267007

Issuer Name:
BMO High Yield Bond Fund
(series F, I and Advisor Series)
BMO European Fund
(series A, F, D, I and Advisor Series)
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated October 6, 2014 to the Simplified Prospectus and Annual Information Form dated April 3, 2014
NP 11-202 Receipt dated October 15, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
BMO Investments Inc.
Guardian Group of Funds Ltd.
Promoter(s):
BMO Investments Inc.
Project #2166827

Issuer Name:
Brookfield Office Properties Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 16, 2014
NP 11-202 Receipt dated October 16, 2014
Offering Price and Description:
C$300,000,000.00
12,000,000 Class AAA Preference Shares, Series AA
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
HSBC SECURITIES (CANADA) INC.
RAYMOND JAMES LTD.
BROOKFIELD FINANCIAL CORP.
DESJARDINS SECURITIES INC.
Promoter(s):
-
Project #2266148

Issuer Name:
First Trust AlphaDEX U.S. Consumer Discretionary Sector Index ETF
First Trust AlphaDEX U.S. Consumer Staples Sector Index ETF
First Trust AlphaDEX U.S. Energy Sector Index ETF
First Trust AlphaDEX U.S. Financial Sector Index ETF
First Trust AlphaDEX U.S. Health Care Sector Index ETF
First Trust AlphaDEX U.S. Industrials Sector Index ETF
First Trust AlphaDEX U.S. Materials Sector Index ETF
First Trust AlphaDEX U.S. Technology Sector Index ETF
First Trust AlphaDEX U.S. Utilities Sector Index ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 17, 2014
NP 11-202 Receipt dated October 20, 2014
Offering Price and Description:
Hedged units @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
FT Portfolios Canada Co.
Project #2259983

Issuer Name:
Great Panther Silver Limited
Principal Regulator - British Columbia
Type and Date:
Final Base Shelf Prospectus dated October 14, 2014
NP 11-202 Receipt dated October 15, 2014
Offering Price and Description:
$80,000,000
Common Shares
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2265056

Issuer Name:
Lundin Mining Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 17, 2014
NP 11-202 Receipt dated October 17, 2014
Offering Price and Description:
$674,000,700
132,157,000 Subscription Receipts
each representing the right to receive one common share
Price: $5.10 per Subscription Receipt
Underwriter(s) or Distributor(s):
GMP Securities L.P.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Merrill Lynch Canada Inc.
TD Securities Inc.
CIBC World Markets Inc.
Dundee Securities Ltd.
RBC Dominion Securities Inc.
Haywood Securities Inc.
Promoter(s):
-
Project #2265983

Issuer Name:
Purpose High Interest Savings ETF
(ETF units and Class I units)
Purpose Short Duration Emerging Markets Bond Fund
(ETF units, Class A units, Class F units, Class I units and Class D units)
Purpose Short Duration Global Bond Fund
(ETF units, Class A units, Class F units, Class I units and Class D units)
Purpose US Dividend Fund
(ETF units, ETF non-currency hedged units, Class A units, Class A non-currency hedged units,
Class F units, Class F non-currency hedged units, Class I units, Class I non-currency hedged
units, Class D units and Class D non-currency hedged units)
Purpose International Dividend Fund
(ETF units, Class A units, Class F units, Class I units and Class D units)
Purpose International Tactical Hedged Equity Fund (ETF shares, Series A shares, Series F
shares, Series I shares, Series D shares, Series XA shares and Series XF shares)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated October 15, 2014
NP 11-202 Receipt dated October 20, 2014
Offering Price and Description:
ETF units, ETF non-currency hedged units, Class A units, Class A non-currency hedged units, Class F units, Class F non-currency hedged units, Class I units, Class I non-currency hedged units, Class D units and Class D non-currency hedged units; and ETF shares, Series A shares, Series F shares, Series I shares, Series D shares, Series XA shares and Series XF shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Purpose Investments Inc.
Project #2258245

Issuer Name:
Sears Canada Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 15, 2014
NP 11-202 Receipt dated October 16, 2014
Offering Price and Description:
Up to 40,000,000.00 Outstanding Common Shares
Deliverable Upon Exercise of the
Subscription Rights Distributed by Sears Holdings Corporation
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2266284

This page intentionally left blank

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Headsail Wealth Management Incorporated	Portfolio Manager	October 15, 2014
New Registration	Adaptive Asset Management Ltd.	Portfolio Manager	October 16, 2014
New Registration	Open Avenue Inc.	Exempt Market Dealer	October 16, 2014
Voluntary Surrender	Selective Asset Management Inc.	Portfolio Manager	October 17, 2014
Consent to Suspension (Pending Surrender)	TD Sponsored Companies Inc.	Investment Fund Manager	October 17, 2014

This page intentionally left blank

Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 Nodal Exchange, LLC. – Notice of Commission Order – Application for Exemptive Relief

NODAL EXCHANGE, LLC

APPLICATION FOR EXEMPTIVE RELIEF

NOTICE OF COMMISSION ORDER

On October 7, 2014, the Commission issued an order (**Order**) to Nodal Exchange, LLC. (**Nodal Exchange**) whereby the following relief has been provided:

(a) pursuant to section 147 of the *Securities Act* (Ontario) (**OSA**) Nodal Exchange is exempt from the requirement to be recognized as an exchange under section 21 of the OSA;

(b) pursuant to section 80 of the *Commodity Futures Act* (Ontario) (**CFA**) Nodal Exchange is exempt from the requirement to be registered as a commodity futures exchange under subsection 15(1) of the CFA; and

(c) pursuant to section 38 of the CFA, trades in Nodal Contracts by Hedgers who are Ontario Participants (as those terms are defined in issued order) are exempt from the registration requirement under section 22 of the CFA..

A copy of the Order is published in Chapter 2 of this Bulletin. In issuing the Order, no substantive amendments were made to the draft exemption order published for comment.

The Commission published Nodal Exchange's application and draft exemption order for comment on August 7, 2014 on the OSC website at www.osc.gov.on.ca and in the OSC Bulletin. A comment letter was received from TMX Group Limited which is also available on the OSC website. We summarize below the main comments and Staff's responses.

Comment	Response
The Commenter believes that the Order should be amended to require approval or self-certification of new products similar to the review process performed by the Commodity Futures Trading Commission (**CFTC**) in the United States with respect to Foreign Boards of Trades (**FBOTs**). Exchanges for commodity futures contracts that are appropriately regulated in a foreign jurisdiction such as Canada must be registered with the CFTC as a FBOT.	As noted in *OSC Staff Notice 21-702 Regulatory Approach for Foreign-Based Stock Exchanges,* staff have been prepared to recommend that the Commission exempt an exchange if it is subject to an appropriate regulatory and oversight regime in another jurisdiction by its home regulator, subject to any terms and conditions necessary to protect Ontario investors, and subject to terms and conditions allowing the Commission to have access to information on the operations of the foreign-based securities exchange and the trading activity of Ontario participants.
The Commenter notes that in the interest of maintaining a level playing field among domestic exchanges and their U.S. competitors, the Commission should not place greater reliance upon CFTC oversight than the CFTC places on Canadian regulatory oversight. This puts Canadian exchanges at a disadvantage and provides Canadian investors with less protection.	The Commission has issued orders exempting the Natural Gas Exchange Inc., Bourse de Montreal Inc. and ICE Futures Canada, Inc., three Canadian exchanges, from the requirement to be recognised as exchanges. The exemptions are based in part on our reliance on their primary regulators, the Albert Securities Commission, Autorité des marchés financiers and Manitoba Securities Commission, respectively and the Commission does not approve contract specifications or amended contract specifications offered by these exchanges. The approach that is applied to Canadian exchanges is consistent with our approach to Nodal Exchange and to other foreign exchanges.

13.2.2 Liquidnet Canada, Inc. – Notice of Proposed Changes and Request for Comment – Changes to the Liquidnet Canada Trading System

Liquidnet Canada, Inc.
200 Bay Street – Suite 3400
Toronto, ON M5J2J4
P: 877 660 6553
F: 416 504 8923

LIQUIDNET CANADA

NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT

CHANGES TO THE LIQUIDNET CANADA TRADING SYSTEM

Liquidnet Canada has announced plans to implement the changes described below within 30 days after approval. Liquidnet Canada is publishing this Notice of Proposed Changes in accordance with the "Process for the Review and Approval of Rules and the Information Contained in Form 21-101F2 and the Exhibits Thereto." Market participants are invited to provide the Commission with comment on the proposed changes.

Comment on the proposed changes should be in writing and submitted by November 24, 2014 to

Market Regulation Branch
Ontario Securities Commission
22nd Floor, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Fax: (416) 595-8940
marketregulation@osc.gov.on.ca

and

Thomas Scully
General Counsel
Liquidnet Canada Inc.
498 Seventh Avenue
New York, NY 10018
tscully@liquidnet.com.

Comments received will be made public on the OSC website. Upon completion of the Review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended implementation date of the changes.

Liquidnet Canada has announced plans to implement the changes described below within 30 days after approval.

Any questions regarding the information below should be addressed to:

Robert Young
Chief Executive Officer
Liquidnet Canada Inc.
200 Bay Street Suite 3400
Toronto, ON M5J2J4
ryoung@liquidnet.com.

Liquidnet Canada proposes to introduce the following five (5) changes to the Liquidnet Canada trading system:

1. Indications manually added to the pool will default to "active" status

A. Description of change

In current versions of the Liquidnet software, including Liquidnet 3X and the current version of Liquidnet 5, a trader can manually change the status of an indication from "outside" status, i.e., ineligible for matching, to "passive" status or from "outside" status to "active" status. In the proposed new version of Liquidnet 5, a trader will be able to manually change the status of an indication from outside to active, but will no longer be able to change the status of an indication from outside directly to passive. In other words, indications manually added to the pool will default to "active" status because the trader's affirmative action indicates a willingness to trade and signals that active, as opposed to passive, status is appropriate.

Transmission of indications

Members can interact with Liquidnet Canada by transmitting non-binding indications. Indications are non-binding, which means that a further affirmative action must be taken by the trader before an executed trade can occur.

Members transmit indications from their order management system (OMS) to Liquidnet and manage those indications through the Liquidnet desktop application, which is installed at one or more trader desktops at the Member firm. Indications can be transmitted through a periodic sweep, FIX transmission or other method agreed among Liquidnet, the Member and the Member's OMS vendor, as applicable.

Matching of indications

Negotiation functionality for Canadian equities is provided through the Liquidnet Canada ATS. For Members that elect to participate in Liquidnet's negotiation functionality, Liquidnet the broker transmits indications received from the Member to Liquidnet's indication matching engine. When a trader at a Member firm (a "trader") has an indication in Liquidnet that is transmitted to Liquidnet's indication matching engine, and there is at least one other trader with a matching indication on the opposite side (a "contra-party" or "contra"), Liquidnet notifies the first trader and any contra. A matching indication (or "match") is one that is in the same equity and instrument type and where both the trader and the contra are within each other's minimum tolerance quantities.

Starting a negotiation; sending an invitation

When Liquidnet notifies a trader of one or more active contras for a security (see discussion below), the trader can start a negotiation for that security by selecting a contra, specifying a price and negotiation quantity, and submitting a bid or offer. This is also known as "sending an invitation." When a trader sends an invitation in response to an active indication, he is making a firm bid or offer. A trader can only send an invitation on any match to one contra at a time. If a trader sends an invitation when the status of his or her indication is passive, the status of the trader's indication is converted to active. A trader can only send an invitation to a contra that is active.

Negotiation process

Liquidnet negotiations are anonymous one-to-one negotiations through which traders submit bids and offers to each other. The first bid or offer in a negotiation is submitted when one trader opens the negotiation room and sends an invitation. Subsequent bids and offers may be submitted as counter-bids or counter-offers in the negotiation. "Bids and offers" are sometimes referred to as "proposals". An invitation is a type of proposal. An execution occurs when one trader's proposal is accepted by the contra.

Active, passive and outside status

A trader may set an indication to "outside," which makes the indication ineligible for Liquidnet's indication matching engine. Indications that are eligible for Liquidnet's indication matching engine are considered "in the pool."

An indication that is in the pool can have a status of passive or active. Unless otherwise configured for a trader, all indications have an initial default status of passive. A trader can indicate that he is ready to receive an invitation to negotiate by changing the status of his indication from passive to active. This is also known as "going active." The indication that is made active is known as an "active indication." The active status is displayed to the contras on a match. Going active is not a binding bid or offer.

In current versions of the Liquidnet software, including Liquidnet 3X and the current version of Liquidnet 5, a trader can manually change the status of an indication from outside to passive or from outside to active. Should the proposed change be implemented, in Liquidnet 5, a trader will be able to manually change the status of an indication from outside (not eligible for matching) to active (eligible for matching), but will no longer be able to change the status of an indication directly from outside to passive. A trader will still be able to change the status of an indication from active to passive.

B. Expected date of implementation

Liquidnet Canada plans to implement the proposed change within 30 days after receipt of regulatory approval.

C. Rationale for the proposed change

Liquidnet Canada is implementing the proposed change to promote matching situations where both parties have an intention to trade. A trader who manually changes the status of an indication (previously "outside") to add it to the pool and make the indication eligible for matching with a contra is indicating a willingness to trade, so active status, as opposed to passive status, is appropriate.

D. Expected impact of the proposed change on market structure, subscribers, investors and capital markets

We foresee no adverse impact on market structure, subscribers, investors or the capital markets because the proposed change should only promote matching situations where both parties have an intention to trade.

E. Expected impact of the proposed change on Liquidnet Canada's compliance with Ontario securities law and the requirements for fair access and maintenance of a fair and orderly market

We foresee no adverse impact on Liquidnet Canada's compliance with market structure, Ontario securities laws or to requirements of fair access and the maintenance of a fair and orderly market.

F. Whether the proposed change will require subscribers and vendors to modify their own systems

The proposed change will not require subscribers or vendors to modify their own systems.

G. Whether the proposed change would introduce a fee model or feature that currently exists in other markets or jurisdictions

The proposed change will likely be implemented by Liquidnet in other non-Canadian jurisdictions prior to the expected implementation of this feature in Canada.

2. Indications ineligible to trade default to "outside" status

A. Description of change

Liquidnet Canada proposes to make available to Members various configuration rules that default specific types of indications to "outside" status, i.e., ineligible for matching. These rules can include, for example, defaulting to outside:

- indications with market-on-open instructions;
- indications with market-on-close instructions; or
- indications that are part of a portfolio or program list.
- Transmission of indications

Members can interact with Liquidnet Canada by transmitting non-binding indications. Indications are non-binding, which means that a further affirmative action must be taken by the trader before an executed trade can occur.

Members transmit indications from their order management system (OMS) to Liquidnet and manage those indications through the Liquidnet desktop application, which is installed at one or more trader desktops at the Member firm. Indications can be transmitted through a periodic sweep, FIX transmission or other method agreed among Liquidnet, the Member and the Member's OMS vendor, as applicable.

Matching of indications

Negotiation functionality for Canadian equities is provided through the Liquidnet Canada ATS. For Members that elect to participate in Liquidnet's negotiation functionality, Liquidnet the broker transmits indications received from the Member to Liquidnet's indication matching engine. When a trader at a Member firm (a "trader") has an indication in Liquidnet that is transmitted to Liquidnet's indication matching engine, and there is at least one other trader with a matching indication on the opposite side (a "contra-party" or "contra"), Liquidnet notifies the first trader and any contra. A matching indication (or "match") is one that is in the same equity and instrument type and where both the trader and the contra are within each other's minimum tolerance quantities.

Active, passive and outside status

A trader may set an indication to "outside," which makes the indication ineligible for Liquidnet's indication matching engine. Indications that are eligible for Liquidnet's indication matching engine are considered "in the pool."

An indication that is in the pool can have a status of passive or active. Unless otherwise configured for a trader, all indications have an initial default status of passive. A trader can indicate that he is ready to receive an invitation to negotiate by changing the status of his indication from passive to active. This is also known as "going active." The indication that is made active is known as an "active indication." The active status is displayed to the contras on a match. Going active is not a binding bid or offer.

Should the proposed change be implemented, Liquidnet Canada will make available to Members various configuration rules that default specific types of indications to "outside" status, i.e., ineligible for matching. These rules can include, for example, defaulting to outside indications with market-on-open instructions; indications with market-on-close instructions; or indications that are part of a portfolio or program list.

B. Expected date of implementation

Liquidnet Canada plans to implement the proposed change within 30 days after receipt of regulatory approval.

C. Rationale for the proposed change

Liquidnet Canada is implementing the proposed change to promote matching situations where both parties have an intention to trade by allowing Members to default to outside status indications that they do not intend to trade through Liquidnet.

D. Expected impact of the proposed change on market structure, subscribers, investors and capital markets

We foresee no adverse impact on market structure, subscribers, investors or the capital markets because the proposed change should only promote matching situations where both parties have an intention to trade.

E. Expected impact of the proposed change on Liquidnet Canada's compliance with Ontario securities law and the requirements for fair access and maintenance of a fair and orderly market

We foresee no adverse impact on Liquidnet Canada's compliance with market structure, Ontario securities laws or to requirements of fair access and the maintenance of a fair and orderly market.

F. Whether the proposed change will require subscribers and vendors to modify their own systems

The proposed change will not require subscribers or vendors to modify their own systems.

G. Whether the proposed change would introduce a fee model or feature that currently exists in other markets or jurisdictions

The proposed change will likely be implemented by Liquidnet in other non-Canadian jurisdictions prior to the expected implementation of this feature in Canada.

3. Automatic conversion of indications to "outside" status

A. Description of change

Liquidnet Canada proposes to automatically convert the status of a trader's indication from passive to outside, if a trader with a match does not take a positive action within five minutes after being alerted through the System that the contra on the match has gone active. Positive action, for this purpose, means sending an invitation to negotiate or creating an algo order.

Transmission of indications

Members can interact with Liquidnet Canada by transmitting non-binding indications. Indications are non-binding, which means that a further affirmative action must be taken by the trader before an executed trade can occur.

Members transmit indications from their order management system (OMS) to Liquidnet and manage those indications through the Liquidnet desktop application, which is installed at one or more trader desktops at the Member firm. Indications can be transmitted through a periodic sweep, FIX transmission or other method agreed among Liquidnet, the Member and the Member's OMS vendor, as applicable.

Matching of indications

Negotiation functionality for Canadian equities is provided through the Liquidnet Canada ATS. For Members that elect to participate in Liquidnet's negotiation functionality, Liquidnet the broker transmits indications received from the Member to Liquidnet's indication matching engine. When a trader at a Member firm (a "trader") has an indication in Liquidnet that is transmitted to Liquidnet's indication matching engine, and there is at least one other trader with a matching indication on the opposite side (a "contra-party" or "contra"), Liquidnet notifies the first trader and any contra. A matching indication (or "match") is one that is in the same equity and instrument type and where both the trader and the contra are within each other's minimum tolerance quantities.

Active, passive and outside status

A trader may set an indication to "outside," which makes the indication ineligible for Liquidnet's indication matching engine. Indications that are eligible for Liquidnet's indication matching engine are considered "in the pool."

An indication that is in the pool can have a status of passive or active. Unless otherwise configured for a trader, all indications have an initial default status of passive. A trader can indicate that he is ready to receive an invitation to negotiate by changing the status of his indication from passive to active. This is also known as "going active." The indication that is made active is known as an "active indication." The active status is displayed to the contras on a match. Going active is not a binding bid or offer.

Should the proposed change be implemented, Liquidnet Canada will automatically convert the status of a trader's indication from passive to outside, if a trader with a match does not take a positive action within five minutes after being alerted through the System that the contra on the match has gone active. Positive action, for this purpose, means sending an invitation to negotiate or creating an algo order.

B. Expected date of implementation

Liquidnet Canada plans to implement the proposed change within 30 days after receipt of regulatory approval.

C. Rationale for the proposed change

Liquidnet Canada is implementing the proposed change to promote matching situations where both parties have an intention to trade. If a trader does not take a positive action within five minutes after being alerted that the contra on the other side has gone active, it makes sense to automatically move the indication outside because it is likely that the trader is not interested or available to move forward with a trade at that time.

D. Expected impact of the proposed change on market structure, subscribers, investors and capital markets

We foresee no adverse impact on market structure, subscribers, investors or the capital markets because the proposed change should only enhance the trading experience and reduce frustration for traders at Member firms.

E. Expected impact of the proposed change on Liquidnet Canada's compliance with Ontario securities law and the requirements for fair access and maintenance of a fair and orderly market

We foresee no adverse impact on market structure, subscribers, investors or the capital markets because the proposed change should promote matching situations where both parties have an intention to trade.

F. Whether the proposed change will require subscribers and vendors to modify their own systems

The proposed change will not require subscribers or vendors to modify their own systems.

G. Whether the proposed change would introduce a fee model or feature that currently exists in other markets or jurisdictions

The proposed change will likely be implemented by Liquidnet in other non-Canadian jurisdictions prior to the expected implementation of this feature in Canada.

4. Removing restriction to allow liquidity partners (LPs) to submit directed orders

A. Description of change

"Liquidity partners" (LPs) are brokers that transmit immediate-or-cancel (IOC) orders to Liquidnet's H2O functionality for execution. Liquidnet H2O is functionality that is part of the Liquidnet Canada ATS. Liquidnet H2O provides for the automated execution of non-displayed orders at the mid-point of the CBBO. One category of participant in Liquidnet H2O is liquidity partners (also referred to as "LPs"). LPs do not have access to the Liquidnet desktop application and do not interact with the Liquidnet negotiation functionality.

Liquidnet Canada plans to remove the following conditions for LP orders:

- LP orders must access Liquidnet H2O through a smart order router; and
- Customers of Liquidnet's LPs are not permitted to preference or designate Liquidnet as the execution venue for an order.

Once these restrictions are removed, LPs without smart order routers will be able to send IOC orders to Liquidnet H2O for execution.

B. Expected date of implementation

Liquidnet Canada plans to implement the proposed change within 30 days after receipt of regulatory approval.

C. Rationale for the proposed change

Liquidnet Canada is implementing the proposed change in an effort to facilitate interaction with brokers who do not employ smart order router technology, while also providing additional liquidity for Member firms.

D. Expected impact of the proposed change on market structure, subscribers, investors and capital markets

We foresee no adverse impact on market structure, subscribers, investors or the capital markets because the proposed change should only enhance the trading experience for traders at Member firms and provide additional opportunities for new brokers to participate as liquidity partners.

E. Expected impact of the proposed change on Liquidnet Canada's compliance with Ontario securities law and the requirements for fair access and maintenance of a fair and orderly market

We foresee no adverse impact on Liquidnet Canada's compliance with market structure, Ontario securities laws or to requirements of fair access and the maintenance of a fair and orderly market.

F. Whether the proposed change will require subscribers and vendors to modify their own systems

The proposed change will not require subscribers or vendors to modify their own systems.

G. Whether the proposed change would introduce a fee model or feature that currently exists in other markets or jurisdictions

The proposed change to remove certain conditions for LP orders has previously been implemented by Liquidnet in other non-Canadian jurisdictions.

5. Addition of closing price negotiation proposals

A. Description of change

Liquidnet Canada plans to introduce a third type of negotiation proposal: closing price.

Liquidnet Canada currently permits two types of negotiation proposals: priced and mid-peg. A priced proposal has an associated price displayed to the contra and can only be executed at the indicated price. A mid-peg proposal does not have an associated price. A mid-peg proposal, if accepted, is executed at the mid-price at the time of execution.

The proposed closing price proposal, if accepted, will be executed at the closing price for the stock. The closing price for a stock is determined by reference to the applicable market data feed sourced by Liquidnet Canada, the TMX-IP. A closing price proposal cannot be executed if the execution price is more than 1.5% away from the mid-point as of the time of execution or if the closing price is outside the CBBO as of the time of execution.

Prior to the open of trading in a country, and during the regular trading session in the primary market of the country, only priced and mid-peg proposals can be submitted during a negotiation. After the close of the regular trading session in the primary market of the country, only closing price proposals can be submitted.

B. Expected date of implementation

Liquidnet Canada plans to implement the proposed change within 30 days after receipt of regulatory approval.

C. Rationale for the proposed change

Liquidnet Canada is implementing the proposed change in an effort to provide enhanced trading functionality for traders at Member firms.

D. Expected impact of the proposed change on market structure, subscribers, investors and capital markets

We foresee no adverse impact on market structure, subscribers, investors or the capital markets because the proposed change will only add additional trading functionality for traders at Member firms.

E. Expected impact of the proposed change on Liquidnet Canada's compliance with Ontario securities law and the requirements for fair access and maintenance of a fair and orderly markets

We foresee no adverse impact on Liquidnet Canada's compliance with market structure, Ontario securities laws or to requirements of fair access and the maintenance of a fair and orderly market.

F. Whether the proposed change will require subscribers and vendors to modify their own systems

The proposed change will not require subscribers or vendors to modify their own systems.

G. Whether the proposed change would introduce a fee model or feature that currently exists in other markets or jurisdictions

The proposed change to add closing price negotiation proposals has previously been implemented by Liquidnet in other non-Canadian jurisdictions.

13.2.3 Canadian Securities Exchange – Notice of Approval of Proposed Change

CANADIAN SECURITIES EXCHANGE

NOTICE OF APPROVAL OF PROPOSED CHANGE

On October 17, 2014, the Ontario Securities Commission (OSC) approved amendments proposed by the Canadian Securities Exchange (CSE) to Exhibit E of Form 21-101F1 (F1) to the matching algorithm for orders less than a standard trading unit (odd lots) that would allow trading of odd lots on an "any-part" basis rather than the current all-or-none manner.

In accordance with the OSC's "Process for the Review and Approval of the Information Contained in Form 21-101F1 and Exhibits Thereto", a notice outlining and requesting feedback on this proposed change was published in the OSC Bulletin on September 4, 2014 at (2014), 37 OSCB 8225. One comment was received and the summary of comment and the CSE's response is published at Appendix A to this notice.

CSE will publish a notice indicating the date of implementation of the approved change.

APPENDIX A

SUMMARY OF COMMENT AND RESPONSE PREPARED BY CANADIAN SECURITIES EXCHANGE

List of Commenters:

Montana Gold Mining Company Inc.

Summary of Comments Received	CSE Response
Commenter emphasizes the importance of immediate execution and fairness of price, citing experience with deep discounts and premiums for oddlot fills.	The amendments to Rule 4 and the changes to oddlot matching were proposed to address these issues.
Commenter offers suggestion of distinguishing between oddlot dealers and Market Makers, perhaps with Market Makers becoming the responsibility of the issuer. Generally, the commenter is supportive of the changes to improve fill quality, fairness, and the perception of equal treatment for investors.	By definition, Market Makers must be CNSX Dealers. Designated Market Makers will be required to take on the responsibility for filling oddlots. An issuer that wishes to engage the services of a third party that may or may not be a CNSX Dealer may do so in accordance with the Policies of the Exchange and the Universal Market Integrity Rules.

13.2.4 Omega ATS – Notice of Proposed Change and Request for Comment

OMEGA SECURITIES INC. (OSI)

NOTICE OF PROPOSED CHANGE AND REQUEST FOR COMMENT

Omega Securities Inc. the operator of Omega ATS (Omega) has announced its plans to implement the changes described below in Q1 2015. Omega Securities Inc, is filing a significant change for Omega ATS in compliance with the Process for review protocol for Form 21-101F2, appendix A. This notice consists of a description of the change and responses to the questions provided in section 5(a) (i) of the protocol.

Staff Request for Specific Comment

The Commission has recently received a number of proposals (Proposed Amendments) to expand upon marketplace service offerings relating to the management of "wash trades", or trade executions which involve no change in beneficial or economic ownership. Currently approved functionality allows for a marketplace, with respect to orders from the same dealer, to either prevent the orders from executing in such circumstances, or to supress any such executions from market data feeds.

Proposed Amendments seek to expand the functionality to apply to orders or trades from different dealers. OSC staff request comments on the both the Notice of Proposed Changes of Omega ATS as well as similar proposed changes from Triact Canada Marketplace LP, published at: http://www.osc.gov.on.ca/en/Marketplaces_triact_20140925_npc-rfc-changes.htm.

Staff are seeking comment on two specific issues which will help to inform policy discussions related to the proposals noted above, and any future proposals of a similar nature:

1) Whether it is appropriate to expand the role of the marketplace in the manner proposed, which would result in a marketplace managing compliance with regulatory obligations belonging to dealers' clients, with whom they have limited or no relationship other than indirectly through various dealers.

2) Whether it is appropriate for a marketplace to manage the regulatory responsibilities of a dealer, in situations where marketplace service offerings would result in a dealer having limited or no ability to independently do so.

Comment on the proposed changes should be in writing and submitted by Nov 24, 2014 to:

Market Regulation Branch
Ontario Securities Commission
22nd Floor, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Fax 416 595 8940
marketregulation@osc.gov.ca

And

Richard J Millar
Chief Compliance Officer
Omega Securities Inc.
133 Richmond St. West
Toronto, ON M5H 2L3
Richard.millar@omegaats.com

Comments received will be made public on the OSC website. Upon completion of the Review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended implementation date of the changes.

Omega has announced plans to implement the change described below Q1 2015 unless otherwise noted.

If you have any questions concerning the information below please contact Richard J Millar CCO for Omega ATS, at 416 646 2764.

Omega intends to introduce the following change:

1. Change in Self trade prevention:

A. Description:

Omega ATS will (pending approval) be modifying our Self Trade Prevention feature (OSISTP). It is our intent to bring STP in conformity with the industry initiative calling for standardized fix tags. Moreover we intend to provide several new STP driven functionalities; the ability to suppress self-trades from the consolidated tape, the ability to decrement orders allowing for self-trades to match, the ability to cancel newest or oldest, and extending STP to allow participants to prevent self-trades between brokers.

- Suppress self-trades from the consolidated tape:

  Wash trades would be suppressed from the consolidated tape, removing the possible misleading trade from price discovery. This has been proposed by regulators as a way to allow for self-trades without negative consequence.

- Enable decrement of orders:

  When two orders for the same stock, from the same firm, governed by the same self-trade prevention key “meet”. The larger of the two trades will be decreased by the amount of the smaller and posted. The resulting self-trade would be suppressed from the consolidated tape.

- Cancel newest or oldest:

  When two orders for the same stock, from the same firm, governed by the same self-trade prevention key “meet”. A broker will be able to instruct Omega ATS to cancel the newest or oldest of the orders.

- Prevent self-trades between brokers:

  With the application of standard fixed tags as part of the STP functionality, self-trades would be prevented between orders posted with several different brokers.

The logic for the existing self trade prevention feature will be changed. With the standardization of all FIX tags and behavior will match the industry initiative, thereby changing our STP tag and adding additional tags. Matching engine logic will be changed to accommodate new STP logic. Database changes will be made to remove the STP columns that were initially added in the Customer Table.

Features

Two new FIX tags will be introduced to New Order messages. When the proper tags are sent, the instructions in the STP tags should be read and processed. This feature will not need to be enabled by operations staff.

B. Expected Implementation Date:

This is an optional change to be undertaken by those firms desirous of using Omega Securities Inc. Self-Trade functionality (OSISTP). We intend to provide subscribers with no less than 60 day notice FOLLOWING approval to program and test the changes.

C. The rationale for the proposal, and analysis:

OSISTP has been embraced by our subscribers offering an easy and inexpensive means of fulfilling their wash trade obligations. The proposed changes are in order to bring OSISTP into conformity with the street wide initiative for uniform fix tags. The additional changes are in order to provide functionality that will help in maintenance a clean trading record.

D. The expected Impact of the proposed Significant Change on Market structure for Subscribers, Investors and capital markets :

The change will have little effect on market structure. By standardizing fixed tags across all marketplaces it will encourage standard and consistent behavior, improve development and suppress the negative consequences of self-trading.

E. The proposed Significant Change's effect on the systemic risk in the Canadian financial system:

None

F. Expected impact of the Change on Omega ATS compliance with Ontario securities law and the requirements of fair access and the maintenance of a fair and orderly market:

None

G. Consultation Details:

We have discussed this model with participants and received positive responses, the standardized fix tags are the result of discussions between brokers, marketplaces and the IIAC.

H. Estimated time for Subscriber and Vendor system modifications for implementation of the proposed Significant Change:

System modification by the subscriber is voluntary. Omega will provide at least 60 day notice following approval. We are certain that this is more than enough time, and see changes and testing to require no more than 40 hours.

I. A discussion of any alternatives considered;

N/A

J. Whether the proposed Change would introduce a model that currently exists in other markets and other jurisdictions.

The functions described are not yet available, but are the logical product of the inter-broker and IIAC discussions seeking standardized fix tags and treatment of self-trades.

13.2.5 Lynx ATS – Notice of Proposed Change and Request for Comment

OMEGA SECURITIES INC. (OSI), PARENT OF LYNX ATS

NOTICE OF PROPOSED CHANGE AND REQUEST FOR COMMENT

Omega Securities Inc. the operator of Lynx ATS (Lynx) has announced its plans to implement the changes described below in Q1 2015. Omega Securities Inc, is filing a significant change for Lynx ATS in compliance with the Process for review protocol for Form 21-101F2, appendix A. This notice consists of a description of the change and responses to the questions provided in section 5(a) (i) of the protocol.

Staff Request for Specific Comment

The Commission has recently received a number of proposals (Proposed Amendments) to expand upon marketplace service offerings relating to the management of "wash trades", or trade executions which involve no change in beneficial or economic ownership. Currently approved functionality allows for a marketplace, with respect to orders from the same dealer, to either prevent the orders from executing in such circumstances, or to supress any such executions from market data feeds.

Proposed Amendments seek to expand the functionality to apply to orders or trades from different dealers. OSC staff request comments on the both the Notice of Proposed Changes of Omega ATS as well as similar proposed changes from Triact Canada Marketplace LP, published at: http://www.osc.gov.on.ca/en/Marketplaces_triact_20140925_npc-rfc-changes.htm.

Staff are seeking comment on two specific issues which will help to inform policy discussions related to the proposals noted above, and any future proposals of a similar nature:

1) Whether it is appropriate to expand the role of the marketplace in the manner proposed, which would result in a marketplace managing compliance with regulatory obligations belonging to dealers' clients, with whom they have limited or no relationship other than indirectly through various dealers.

2) Whether it is appropriate for a marketplace to manage the regulatory responsibilities of a dealer, in situations where marketplace service offerings would result in a dealer having limited or no ability to independently do so.

Comment on the proposed changes should be in writing and submitted by Nov 24, 2014 to:

Market Regulation Branch
Ontario Securities Commission
22nd Floor, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Fax 416 595 8940
marketregulation@osc.gov.ca

And

Richard J Millar
Chief Compliance Officer
Omega Securities Inc.
133 Richmond St. West
Toronto, ON M5H 2L3
Richard.millar@omegaats.com

Comments received will be made public on the OSC website. Upon completion of the Review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended implementation date of the changes.

Omega has announced plans to implement the change described below Q1 2015 unless otherwise noted.

If you have any questions concerning the information below please contact Richard J Millar CCO for Omega ATS, at 416 646 2764.

Omega intends to introduce the following change:

1. Change in Self trade prevention:

A. Description:

Lynx ATS will (pending approval) be modifying our Self Trade Prevention feature (OSISTP). It is our intent to bring STP in conformity with the industry initiative calling for standardized fix tags. Moreover we intend to provide several new STP driven functionalities; the ability to suppress self-trades from the consolidated tape, the ability to decrement orders allowing for self-trades to match, the ability to cancel newest or oldest, and extending STP to allow participants to prevent self-trades between brokers.

- Suppress self-trades from the consolidated tape:

  Wash trades would be suppressed from the consolidated tape, removing the possible misleading trade from price discovery. This has been proposed by regulators as a way to allow for self-trades without negative consequence.

- Enable decrement of orders:

  When two orders for the same stock, from the same firm, governed by the same self-trade prevention key “meet”. The larger of the two trades will be decreased by the amount of the smaller and posted. The resulting self-trade would be suppressed from the consolidated tape.

- Cancel newest or oldest:

  When two orders for the same stock, from the same firm, governed by the same self-trade prevention key “meet”. A broker will be able to instruct Omega ATS to cxl the newest or oldest of the orders.

- Prevent self-trades between brokers:

  With the application of standard fixed tags as part of the STP functionality, self-trades would be prevented between orders posted with several different brokers.

The logic for the existing self trade prevention feature will be changed. With the standardization, all FIX tags and behavior will match the industry initiative, thereby changing our STP tag and adding additional tags. ThymeX logic will be changed to accommodate the new STP logic. Database changes will be made to remove the STP columns that were initially added in the Customer Table.

Features

Two new FIX tags will be introduced to New Order messages. When the proper tags are sent, the instructions in the STP tags should be read and processed. This feature will not need to be enabled by operations staff.

B. Expected Implementation Date:

This is an optional change to be undertaken by those firms desirous of using Omega Securities Inc. Self-Trade functionality (OSISTP). We intend to provide subscribers with no less than 60 day notice FOLLOWING approval to program and test the changes.

C. The rationale for the proposal, and analysis:

OSISTP has been embraced by our subscribers offering an easy and inexpensive means of fulfilling their wash trade obligations. The proposed changes are in order to bring OSISTP into conformity with the street wide initiative for uniform fix tags. The additional changes are in order to provide functionality that will help in maintenance a clean trading record.

D. The expected Impact of the proposed Significant Change on Market structure for Subscribers, Investors and capital markets :

The change will have little effect on market structure. By standardizing fixed tags across all marketplaces it will encourage standard and consistent behavior, improve development and suppress the negative consequences of self-trading.

E. The proposed Significant Change's effect on the systemic risk in the Canadian financial system:

None

F. Expected impact of the Change on Lynx ATS compliance with Ontario securities law and the requirements of fair access and the maintenance of a fair and orderly market:

None

G. Consultation Details:

We have discussed this model with participants and received positive responses, the standardized fix tags are the result of discussions between brokers, marketplaces and the IIAC.

H. Estimated time for Subscriber and Vendor system modifications for implementation of the proposed Significant Change:

System modification by the subscriber is voluntary. Omega will provide at least 60 day notice following approval. We are certain that this is more than enough time, and see changes and testing to require no more than 40 hours.

I. A discussion of any alternatives considered;

N/A

J. Whether the proposed Change would introduce a model that currently exists in other markets and other jurisdictions.

The functions described are not yet available, but are the logical product of the inter-broker and IIAC discussions seeking standardized fix tags and treatment of self-trades.

13.3 Clearing Agencies

13.3.1 CDS Clearing and Depository Services Inc. – Material Amendments to CDS Rules – Emergency Authority – Request for Comments

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

MATERIAL AMENDMENTS TO CDS RULES

EMERGENCY AUTHORITY

REQUEST FOR COMMENTS

A. DESCRIPTION OF THE PROPOSED CDS RULE AMENDMENTS

The proposed rule amendment provides that where unforeseen circumstances occur that could risk the integrity of CDS or its systems or pose significant harm to Canadian capital markets ("Emergency"), CDS management may take such action as may be necessary to ensure the safe, fair and efficient operation of its systemically important clearing operations and adhere to its regulatory obligations in a manner that is consistent with the public interest. The proposed rule amendment also responds to CDS's recognition order requirements to observe, as soon as possible, CPSS-IOSCO *Principles of Financial Market Infrastructure* ("PFMI") requirements.

B. NATURE AND PURPOSE OF THE PROPOSED CDS RULE AMENDMENTS

In Emergencies, time is of the essence and often may require urgent immediate action by the Chief Executive Officer, in consultation with the Chief Legal Officer and Chief Risk Officer, or any of their respective delegates, as the case may be. This proposed rule amendment provides CDS with the necessary flexibility to make, and act upon, decisions expeditiously, prudently and in a manner that is consistent with the public interest to avoid or mitigate harm to CDS, its Participants or Canadian capital markets.

Under its recognition order requirements, CDS is required to observe PFMI requirements as soon as possible. The PFMIs are internationally accepted guiding principles for financial market infrastructures. As a central securities depository and central counterparty clearing house, CDS is a financial market infrastructure. Principle 2 of the PFMI requirements establishes standards for sound governance. Key Consideration 6 of Principle 2 requires FMIs to have effective decision-making in crises and Emergencies. The proposed rule amendment would address a gap identified under Key Consideration 6.

The proposed rule amendment will insert a new section into the CDS Participant Rules entitled "Emergency Authority" as section 1.5.3, and a new defined term, "General Suspension", in s. 1.2.1. CDS considers the approach in this rule amendment to emergency authority as an appropriate balance between broad and prescriptive discretionary power.

C. IMPACT OF THE PROPOSED CDS RULE AMENDMENTS

(a) CDS Clearing – This rule amendment provides important protection to CDS, its Participants and Canadian capital markets, and helps ensure CDS's ability to deliver systemically important services. The proposed rule amendment will enhance the speed with which CDS management can respond to Emergencies.

(b) CDS Participants – The proposed rule amendment will help ensure that Participants and key stakeholders of CDS have the ability to protect the integrity of CDS or its Systems.

(c) & (d) Other Market Participants and *Securities and Financial Markets in General* – The proposed rule amendment provides CDS management with flexibility to respond to disruption or possible disruption to the Canadian capital markets expeditiously, prudently and in a manner that is consistent with the public interest.

C.1 Competition

The proposed rule amendment will have a net positive impact on the competitive landscape of the Canadian capital markets and CDS Participants by ensuring that CDS' ability to respond to Emergencies is aligned to that of its industry peers.

C.2 Risks and Compliance Costs

In an Emergency, CDS may need to respond expeditiously and prudently to circumstances beyond its control. The proposed rule amendment strikes an appropriate balance between prudent principles of governance and the ability to adapt to emergency or exigent circumstances.

The proposed rule amendment is not expected to result in any compliance costs for CDS, its Participants, or other market participants.

C.3 Comparison to International Standards – (a) Committee on Payment and Settlement Systems of the Bank for International Settlements, (b) Technical Committee of the International Organization of Securities Commissions, and (c) the Group of Thirty

The PFMIs are minimum international standards for enhancing the safety and efficiency of clearing, settlement and recording arrangements. The standards aim to limit systemic risk and foster transparency and financial stability. They apply to central counterparty clearinghouses ("CCPs"), central securities depositories ("CSDs") and security settlement systems ("SSS"). According to the terms of CDS's recognition order requirements, CDS is required to observe PFMIs as soon as possible. Principle 2 of the PFMIs describes governance standards that FMIs should observe. Key Consideration 6 of Principle 2 requires FMIs to have effective decision-making in emergency situations. The proposed rule amendment would address a gap identified under that requirement.

D. DESCRIPTION OF THE RULE DRAFTING PROCESS

D.1 Development Context

CDS has had two recent experiences which have highlighted vulnerability in CDS's rules. In the process of reviewing those incidents, CDS looked at the emergency authority rules of other clearinghouses and discovered that comparable clearinghouses had rules ensuring management had the necessary discretion to respond immediately and prudently in crises or emergency circumstances. CDS also came to realize that the absence of this kind of emergency authority was a gap in its PFMI observance.

D.2 Rule Drafting Process

Each amendment to the CDS Participant Rules is reviewed by CDS's Legal Drafting Group ("LDG"). The LDG is a committee that includes members of Participants' legal and business groups.

D.3 Issues Considered

During an Emergency, CDS would make best efforts to adhere to established rules, procedures, communication practices, protocols and corporate governance practices, to the extent practicable, including without limitation providing prompt notification, to participants, regulators and the CDS Board. These established protocols would continue to be observed with the maximum level of diligence permitted under the circumstances.

Regarding communication, upon the occurrence of an Emergency, CDS anticipates, at a minimum, issuing to its Participants, with sufficient detail appropriate to the circumstances, notifying them of the Emergency and CDS's response, further to section 1.12 of the *CDSX Procedures and User Guide* and Rules 1.3.5 and 1.3.7 of the *CDS Participant Rules*. Immediately upon issuing a Bulletin, CDS would file it with its regulators pursuant to current requirements (s. 2.4, Appendix E OSC RO and s. 2.4. Appendix F AMF RD). CDS is mindful of the current requirement to notify its regulators of occurrences that have caused or could reasonably cause significant risk to, adverse material effect on or significant potential disruption to CDS, its services, its Participants or Canadian financial markets (s. 2.1. Appendix E OSC RO and s. 2.1. Appendix F AMF RD). In an Emergency, CDS would engage in prompt and regular communication with its regulators and adhere to the requirements above as soon as possible.

Notwithstanding its commitment to established rules and protocols for notification to Participants, regulators and the Board, CDS would, nevertheless, make every effort to immediately communicate with and provide frequent updates to affected participants, regulators and the Board by telephone, fax, email or any other method at its disposal to effect prompt and ongoing communication throughout the life of the Emergency, until it is resolved.

CDS also considered the industry practice of other clearinghouses around the world which showed that emergency authority decision making was a standard feature of comparator organizations. CDS considered CPSS-IOSCO PFMI requirements, specifically Principle 2, Key Consideration 6 on decision making in crises and emergencies as well as CDS's recognition order requirement to observe CPSS-IOSCO PFMI requirements as soon as possible.

D.4 Consultation

Due to the nature of the proposed amendment, CDS consulted directly with members of the CDS Board during the development of the proposed amendment. In addition, CDS management and employees as well as other clearinghouses within the TMX Group were consulted.

D.5 Alternatives Considered

CDS considered broad versus prescriptive approaches to emergency authority rule construction, looking at examples from other clearinghouses. CDS proposes, through this rule amendment, an approach that appropriately balances these considerations. For example, emergency is not presumptively defined but limited by who declares the emergency and CDS's public interest responsibility.

D.6 Implementation Plan

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Ontario *Securities Act, by* the British Columbia Securities Commission pursuant to Section 24(d) of the British Columbia *Securities Act* and by the *Autorité des marchés financiers* ("AMF") pursuant to section 169 of the Québec *Securities Act*. In addition CDS is deemed to be the clearing house for CDSX®, a clearing and settlement system designated by the Bank of Canada pursuant to section 4 of the *Payment Clearing and Settlement Act.* The Ontario Securities Commission, the British Columbia Securities Commission, the *Autorité des marchés financiers* and the Bank of Canada will hereafter be collectively referred to as the "Recognizing Regulators".

The amendments to CDS Participant Rules are expected to become effective upon approval of the amendments by the Recognizing Regulators following public notice and comment.

E. TECHNOLOGICAL SYSTEMS CHANGES (E.1, E.2, E.3)

The proposed rule amendment is not expected to have an impact on technological systems, or require changes to such systems for CDS, CDS Participants, or other market participants.

F. COMPARISON TO OTHER CLEARING AGENCIES

CDS conducted a detailed analysis of the emergency authority provisions of other Canadian clearinghouses as well as comparable clearing and depository institutions outside of Canada, a sample of which is discussed below. We observed that all comparators had some form of emergency authority power articulated in clearinghouse rules or by-laws. The rules of the Canadian Derivatives Clearing Corporation ("CDCC") define the term "Emergency" and allow CDCC to exercise broad discretion in the event of an Emergency or *force majeure* event. The rules of the Depository Trust Company ("DTC"), the National Securities Clearing Corporation ("NSCC") and the Fixed Income Clearing Corporation ("FICC") allow management to suspend, extend or waive any rules and procedures when, at its discretion, such action is necessary or expedient. The rules of the Natural Gas Exchange ("NGX") permit management to exercise discretionary power when NGX's management or its regulators determine that an emergency situation exists which threatens, among other things, orderly trading and the integrity of NGX.

G. PUBLIC INTEREST ASSESSMENT

CDS believes that the proposed amendments are not contrary to the public interest.

H. COMMENTS

Comments on the proposed amendments should be in writing and submitted within 30 calendar days following the date of publication of this notice in the Ontario Securities Commission Bulletin to:

Legal Department
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9
Fax: 416-365-1984
e-mail: attention@cds.ca

Copies should also be provided to the Autorité des marchés financiers, British Columbia Securities Commission and the Ontario Securities Commission by forwarding a copy to each of the following individuals:

M[e] Anne-Marie Beaudoin
Secrétaire générale
Autorité des marchés financiers
800, square Victoria, 22[e] étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Télécopieur: (514) 864-6381
Courrier électronique: consultation-en-cours@lautorite.qc.ca

Manager, Market Regulation
Market Regulation Branch
Ontario Securities Commission
22nd Floor, Box 55,
20 Queen Street West
Toronto, Ontario, M5H 3S8
Fax: 416-595-8940
e-mail: marketregulation@osc.gov.on.ca

Doug MacKay
Manager, Market and SRO Oversight
British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, B.C. V7Y 1L2

Fax: 604-899-6506
Email: dmackay@bcsc.bc.ca

Mark Wang
Manager, Legal Services
British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, B.C., V7Y 1L2

Fax: 604-899-6506
Email: mwang@bcsc.bc.ca

CDS will make available to the public, upon request, all comments received during the comment period.

I. PROPOSED CDS RULE AMENDMENTS

Appendix “A” contains text of current CDS Participant Rules marked to reflect proposed amendments as well as text of these rules reflecting the adoption of the proposed amendments.

APPENDIX "A"
PROPOSED CDS RULE AMENDMENTS

Text of CDS Participant Rules marked to reflect proposed amendments	Text of CDS Participant Rules reflecting the adoption of proposed amendments
[marked text of rules – additions are underlined; deletions are strikethrough text]	
1.2.1 Definitions	1.2.1 Definitions
"General Suspension" means the termination of access to CDSX for all Participants in relation to some or all Services, whether on a temporary or longer basis.	"General Suspension" means the termination of access to CDSX for all Participants in relation to some or all Services, whether on a temporary or longer basis.
1.5.3 Emergency Authority	1.5.3 Emergency Authority
In the event that (i) the Chief Executive Officer, in consultation with the Chief Legal Officer and Chief Risk Officer, or any of their respective delegates, as the case may be, determines, that an emergency situation exists, or (ii) any of CDS' regulators determine that an emergency situation exists, and in each case in which fair and orderly clearing, settlement or depository activities or the liquidation of, or delivery pursuant to, any Transaction, is likely to be disrupted, or the financial integrity of CDS or CDSX or the Services is threatened, or the normal functioning of CDS or CDSX or the Services has been or is likely to be disrupted, CDS may take such action as may in CDS' sole discretion appear necessary to prevent, correct or alleviate such emergency situation, including but not limited to (i) declining to enter into any Transactions; (ii) causing a Participant's suspension; (iii) causing a General Suspension; (iv) effecting close-out; (v) effecting liquidation processes; vi) taking reasonable action to preserve the integrity of capital markets or the public interest; and/or (vii) taking any other reasonable actions to preserve the integrity and security of CDS or CDSX or the Services.	In the event that (i) the Chief Executive Officer, in consultation with the Chief Legal Officer and Chief Risk Officer, or any of their respective delegates, as the case may be, determines, that an emergency situation exists, or (ii) any of CDS' regulators determine that an emergency situation exists, and in each case in which fair and orderly clearing, settlement or depository activities or the liquidation of, or delivery pursuant to, any Transaction, is likely to be disrupted, or the financial integrity of CDS or CDSX or the Services is threatened, or the normal functioning of CDS or CDSX or the Services has been or is likely to be disrupted, CDS may take such action as may in CDS' sole discretion appear necessary to prevent, correct or alleviate such emergency situation, including but not limited to (i) declining to enter into any Transactions; (ii) causing a Participant's suspension; (iii) causing a General Suspension; (iv) effecting close-out; (v) effecting liquidation processes; vi) taking reasonable action to preserve the integrity of capital markets or the public interest; and/or (vii) taking any other reasonable actions to preserve the integrity and security of CDS or CDSX or the Services.

This page intentionally left blank

Index

Adaptive Asset Management Ltd.
New Registration....9645

Besra Gold Inc.
Cease Trading Order....9577

Canadian Securities Exchange
Marketplaces....9655

CDS Rules – Emergency Authority – Request for Comments
Clearing Agencies....9663

Companion Policy 21-101CP Marketplace Operation
Rules and Policies....9579

FortisBC Holdings Inc.
Decision – s. 1(10)(a)(ii)....9537

Gold Investment Management Ltd.
Settlement Agreement....9565

Granite Europe Limited Partnership
Decision – s. 1(10)(a)(ii)....9536

Granite Real Estate Inc.
Decision – s. 1(10)(a)(ii)....9533

Headsail Wealth Management Incorporated
New Registration....9645

Liquidnet Canada, Inc.
Marketplaces....9648

Lynx ATS
Marketplaces....9660

MountainStar Gold Inc.
Notice from the Office of the Secretary....9531
Order – s. 127(1)....9559
Cease Trading Order....9577

Nagy, Miklos
Notice from the Office of the Secretary....9531
Order – Rule 6.7 of the OSC Rules of Procedure....9560

NI 21-101 Marketplace Operation
Rules and Policies....9579

Nodal Exchange, LLC.
Order – s. 147 and ss. 38 and 80 of the CFA....9547
Marketplaces....9647

Omega ATS
Marketplaces....9657

Open Avenue Inc.
New Registration....9645

OSC Staff Notice 11-737 (Revised) – Securities Advisory Committee – Vacancies
Notices....9529

Pattern Energy Group Inc.
Decision....9534

Pimco Canada Corp.
Decision....9538

Quadrexx Hedge Capital Management Ltd.
Notice from the Office of the Secretary....9531
Order – Rule 6.7 of the OSC Rules of Procedure....9560

Quadrexx Secured Assets Inc.
Notice from the Office of the Secretary....9531
Order – Rule 6.7 of the OSC Rules of Procedure....9560

Sanfelice, Tony
Notice from the Office of the Secretary....9531
Order – Rule 6.7 of the OSC Rules of Procedure....9560

Selective Asset Management Inc.
Voluntary Surrender....9645

Tantalex Resources Corporation
Order – s. 144....9561

TD Sponsored Companies Inc.
Consent to Suspension (Pending Surrender)....9645

ZoomMed Inc.
Cease Trading Order....9577

This page intentionally left blank