

The Ontario Securities Commission

OSC Bulletin

January 8, 2015

Volume 38, Issue 1

(2015), 38 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

Contact Centre – Inquiries, Complaints:

Office of the Secretary:

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

Fax: 416-593-8122
TTY: 1-866-827-1295

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 *SecuritiesSource*[™], Canada's pre-eminent web-based securities resource. *SecuritiesSource*[™] also features comprehensive securities legislation, expert analysis, precedents and a weekly Newsletter. For more information on *SecuritiesSource*[™], as well as ordering information, please go to:

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

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

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

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

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

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

© Copyright 2015 Ontario Securities Commission
ISSN 0226-9325
Except Chapter 7 ©CDS INC.



THOMSON REUTERS

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

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

Table of Contents

<p>Chapter 1 Notices / News Releases 1</p> <p>1.1 Notices 1</p> <p>1.1.1 Notice of Redaction – James Barnett (also known as John David) 1</p> <p>1.2 Notices of Hearing 1</p> <p>1.2.1 Ground Wealth Inc. et al. – ss. 127, 127.1 1</p> <p>1.3 News Releases (nil)</p> <p>1.4 Notices from the Office of the Secretary 2</p> <p>1.4.1 Darren Spears and May Spears 2</p> <p>1.4.2 Eric Inspektor 3</p> <p>1.4.3 GITC Investments and Trading Canada Ltd. et al. 4</p> <p>1.4.4 Fawad UI Haq Khan and Khan Trading Associates Inc. carrying on business as Money Plus 4</p> <p>1.4.5 Bluestream Capital Corporation et al. 5</p> <p>1.4.6 Ground Wealth Inc. et al. 6</p> <p>Chapter 2 Decisions, Orders and Rulings 7</p> <p>2.1 Decisions 7</p> <p>2.1.1 RBC Global Asset Management Inc. 7</p> <p>2.1.2 Canoe Financial LP et al. 11</p> <p>2.1.3 Goldman Sachs & Co. et al. 15</p> <p>2.1.4 Pro-Financial Asset Management Inc. et al. 20</p> <p>2.1.5 Stephenson & Company Capital Management Inc. 25</p> <p>2.1.6 Manulife Asset Management Limited et al. 30</p> <p>2.1.7 IA Clarington Investments Inc. et al. 36</p> <p>2.1.8 FundEx Investments Inc. and Investment Financial Group Inc. 42</p> <p>2.2 Orders 45</p> <p>2.2.1 Darren Spears and May Spears – ss. 127(1), 127(5) 45</p> <p>2.2.2 Darren Spears and May Spears 46</p> <p>2.2.3 Eric Inspektor 47</p> <p>2.2.4 GITC Investments and Trading Canada Ltd. et al. – ss. 127(7), 127(8) 49</p> <p>2.2.5 1700480 Ontario Inc. and the Macerich Company 50</p> <p>2.2.6 Fawad UI Haq Khan and Khan Trading Associates Inc. carrying on business as Money Plus 54</p> <p>2.2.7 Bluestream Capital Corporation et al. – s. 127 55</p> <p>2.2.8 HPB Investments Inc. – s. 144 56</p> <p>2.2.9 Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. – s. 147 59</p> <p>2.3 Rulings (nil)</p>	<p>Chapter 3 Reasons: Decisions, Orders and Rulings 61</p> <p>3.1 OSC Decisions, Orders and Rulings 61</p> <p>3.1.1 Fawad UI Haq Khan and Khan Trading Associates Inc. carrying on business as Money Plus – ss. 22(1), 55(1) and 60(1) of the CFA 61</p> <p>3.1.2 James Barnett (also known as John David) 79</p> <p>3.1.3 Christopher Reaney – s. 31 86</p> <p>3.2 Court Decisions, Order and Rulings (nil)</p> <p>Chapter 4 Cease Trading Orders 91</p> <p>4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders 91</p> <p>4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders 91</p> <p>4.2.2 Outstanding Management & Insider Cease Trading Orders 91</p> <p>Chapter 5 Rules and Policies (nil)</p> <p>Chapter 6 Request for Comments (nil)</p> <p>Chapter 7 Insider Reporting 93</p> <p>Chapter 8 Notice of Exempt Financings 209</p> <p>Reports of Trades Submitted on Forms 45-106F1 and 45-501F1 209</p> <p>Chapter 9 Legislation (nil)</p> <p>Chapter 11 IPOs, New Issues and Secondary Financings 211</p> <p>Chapter 12 Registrations 219</p> <p>12.1.1 Registrants 219</p> <p>Chapter 13 SROs, Marketplaces, Clearing Agencies and Trade Repositories 221</p> <p>13.1 SROs (nil)</p> <p>13.2 Marketplaces 221</p> <p>13.3 Clearing Agencies 221</p> <p>13.3.1 Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. – Application for Exemption – Notice of Exemption Order 221</p> <p>13.3.2 CDS – Material Amendments to CDS Rules and Procedures – Mitigation of Procyclical Effects on Calculations of Equity Haircuts and the CNS Participant Fund Collateral Require- ments; Introduction of a CNS Participant Default Fund; Settlement Agent Category Credit Rings – Notice of Commission Approval 222</p> <p>13.4 Trade Repositories (nil)</p>
--	--

Table of Contents

Chapter 25 Other Information.....223
25.1 Approvals.....223
25.1.1 Stephenson & Company Capital
Management Inc.
– s. 213(3)(b) of the LTCA.....223
Index.....225

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Notice of Redaction – James Barnett (also known as John David)

NOTICE OF REDACTION

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

AND

**IN THE MATTER OF
JAMES BARNETT
(ALSO KNOWN AS JOHN DAVID)**

AND

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND JAMES BARNETT
(ALSO KNOWN AS JOHN DAVID)**

(2014), 37 O.S.C.B. 3663. The Settlement Agreement, dated March 21, 2014, and approved by Order dated April 1, 2014, was redacted by Order of the Panel.

Dated: December 31, 2014

1.2 Notices of Hearing

1.2.1 Ground Wealth Inc. et al. – ss. 127, 127.1

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

AND

**IN THE MATTER OF
GROUND WEALTH INC., MICHELLE DUNK,
ADRIAN SMITH, JOEL WEBSTER, DOUGLAS DEBOER,
ARMADILLO ENERGY INC.,
ARMADILLO ENERGY, INC., and
ARMADILLO ENERGY, LLC
(aka ARMADILLO ENERGY LLC)**

AND

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
and GROUND WEALTH INC., MICHELLE DUNK,
DOUGLAS DEBOER and JOEL WEBSTER**

**NOTICE OF HEARING
(Subsections 127 & 127.1 of the Securities Act)**

TAKE NOTICE that the Ontario Securities Commission (the “Commission”) will hold a hearing pursuant to section 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) at its offices at 20 Queen Street West, 17th Floor, Toronto, Ontario, commencing on January 6, 2015, at 11:00 a.m. or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve the Settlement Agreement dated January 5, 2015, between Staff of the Commission and Ground Wealth Inc., Michelle Dunk, Douglas DeBoer and Joel Webster;

BY REASON OF the allegations set out in the Amended Statement of Allegations of Staff of the Commission dated October 31, 2013, and such additional allegations as counsel may advise and the Commission may permit;

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

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place aforesaid, the

hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this 5th day of January, 2015.

“Josée Turcotte”
Secretary to the Commission

1.4 Notices from the Office of the Secretary

1.4.1 Darren Spears and May Spears

**FOR IMMEDIATE RELEASE
December 23, 2014**

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

AND

**IN THE MATTER OF
DARREN SPEARS and MAY SPEARS**

TORONTO – The Commission issued an Order dated December 18, 2014 in the above named matter with certain provisions. The Order provides that, pursuant to subsection 127(7) of the Act, the Cease Trade Order is extended until April 17, 2015 and the hearing is adjourned to Wednesday, April 15, 2015, at 10:00 a.m. or such other date as may be determined by the Office of Secretary.

The Commission also issued an Order dated December 19, 2014 in the above named matter which provides that (1) pursuant to Rule 1.6(2) of the Commission’s *Rules of Procedure*, the time for the service and filing of materials for this motion is hereby abridged; and (2) pursuant to Rule 5.2 of the Commission’s *Rules of Procedure* and subsection 9(1)(b) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, the Hearing Brief of Staff of the OSC (Hearing to Extend Temporary Cease Trade Order), save for the Notice of Hearing, shall be sealed until April 17, 2015 or such other date as may be ordered.

A copy of the Order dated December 18, 2014 and the Order dated December 19, 2014 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
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 Eric Inspektor

**FOR IMMEDIATE RELEASE
December 23, 2014**

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

AND

**IN THE MATTER OF
ERIC INSPEKTOR**

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
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)

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

1. The Respondent shall make initial disclosure to Staff of documents in the Respondent's possession that the Respondent intends to produce, enter as evidence or rely upon at the hearing by December 29, 2014;
2. The hearing date of January 15, 2015 be vacated;
3. A hearing shall be held on January 30, 2015 at 10:00 a.m. to consider a motion by Staff or the Respondent for additional disclosure ("Disclosure Motion"), if necessary;
4. A party making a Disclosure Motion (the "Moving Party") shall serve a notice of motion on the other party (the "Responding Party") and file it by January 12, 2015;
5. The Moving Party shall serve a memorandum of fact and law and any affidavits to be relied upon, on the Responding Party, and file them, by January 16, 2015;
6. The Responding Party shall serve a memorandum of fact and law and any affidavits to be relied upon, on the Moving Party, and file them, by January 20, 2015;
7. The Moving Party shall serve any memorandum of fact and law in reply on the Responding Party, and file it, by January 26, 2015;
8. A further confidential pre-hearing conference shall be held on March 4, 2015 at 10:00 a.m.;
9. Each party shall make best efforts to provide to the other party its hearing brief by March 9, 2015; and
10. The Respondent shall make best efforts to provide Staff a complete witness list and witness summary for each witness by March 19, 2015.

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

1.4.3 GITC Investments and Trading Canada Ltd. et al.

**FOR IMMEDIATE RELEASE
December 24, 2014**

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

AND

**IN THE MATTER OF
GITC INVESTMENTS AND TRADING CANADA LTD.
carrying on business as
GITC INVESTMENTS AND TRADING CANADA INC.
and GITC, GITC INC., and AMAL TAWFIQ ASFOUR**

TORONTO – The Commission issued an Order in the above named matter which provides that the Temporary Order is extended to June 25, 2015; and specifically:

1. that all trading in any securities by GITC, GITC Inc., and Asfour shall cease; and
2. that any exemptions contained in Ontario securities law do not apply to any of GITC, GITC Inc., and Asfour; and

The Hearing is adjourned to Thursday, June 18, 2015 at 10:00 a.m.

A copy of the Order dated December 24, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
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)

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

**FOR IMMEDIATE RELEASE
December 29, 2014**

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

AND

**IN THE MATTER OF
FAWAD UL HAQ KHAN AND
KHAN TRADING ASSOCIATES INC.
CARRYING ON BUSINESS AS MONEY PLUS**

TORONTO – Following the hearing on the merits in the above named matter, the Commission issued its Reasons and Decision.

The Commission also issued an Order in the above named matter which provides that the hearing to determine sanctions and costs will be held at the offices of the Commission at 20 Queen Street West, 17th floor, Toronto, ON, on April 13, 2015 at 10:00 a.m. or such further or other dates as agreed by the parties and set by the Office of the Secretary.

A copy of the Reasons and Decision dated December 29, 2014 and the Order dated December 29, 2014 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
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)

1.4.5 Bluestream Capital Corporation et al.

For investor inquiries:

**FOR IMMEDIATE RELEASE
December 30, 2014**

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

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

AND

**IN THE MATTER OF
BLUESTREAM CAPITAL CORPORATION,
BLUESTREAM INTERNATIONAL INVESTMENTS INC.,
KROWN CONSULTING CORP.,
1859585 ONTARIO LTD. (operating as
SOVEREIGN INTERNATIONAL INVESTMENTS)
and PETER BALAZS**

TORONTO – The Commission issued an Order in the above named matter which provides that, pursuant to Rule 11.5 of the Rules, the hearing on the merits shall proceed as a written hearing, in accordance with the following schedule:

1. Staff will file evidence in affidavit form along with written submissions on the relevant facts and law with the Secretary's Office no later than January 12, 2015;
2. The Respondents will file responding materials, including affidavit evidence and written submissions, no later than February 23, 2015;
3. Staff will file any reply submissions or evidence no later than February 27, 2015;
4. If necessary and requested by any of the parties to the proceeding or the Commission, Staff and the Respondents will attend on a date appointed by the panel after February 27, 2015 to answer questions, make submissions or make any necessary witnesses available for cross-examination.

A copy of the Order dated December 29, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

1.4.6 Ground Wealth Inc. et al.

FOR IMMEDIATE RELEASE
January 5, 2015

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

AND

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

AND

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
and GROUND WEALTH INC., MICHELLE DUNK,
DOUGLAS DEBOER and JOEL WEBSTER**

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Ground Wealth Inc., Michelle Dunk, Douglas DeBoer and Joel Webster in the above named matter.

The hearing will be held on January 6, 2015 at 11:00 a.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated January 5, 2015 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)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 RBC Global Asset Management Inc.

Headnote

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

Applicable Legislative Provisions

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

December 18, 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
RBC GLOBAL ASSET MANAGEMENT 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 of the principal regulator (the Legislation), pursuant to section 19.1 of National Instrument 81-102 *Investment Funds* (NI 81-102), exempting each Existing RBC GAM Fund (as defined below) and all current and future mutual funds, including exchange-traded funds, managed by the Filer that enter into Swaps (as defined below) in the future (each, a Future **RBC GAM Fund** and, together with the Existing RBC GAM Funds, each, a **RBC GAM Fund** and, collectively, the **RBC GAM Funds**):

- (i) from the requirement in subsection 2.7(1) of NI 81-102 that a mutual fund must not purchase an option or a debt-like security or enter into a swap or a forward contract unless, at the time of the transaction, the option, debt-like security, swap or contract has a designated rating or the equivalent debt of the counterparty, or of a person or company that has fully and unconditionally guaranteed the obligations of the counterparty in respect of the option, debt-like security, swap or contract, has a designated rating;
- (ii) from the limitation in subsection 2.7(4) of NI 81-102 that the mark-to-market value of the exposure of a mutual fund under its specified derivatives positions with any one counterparty other than an acceptable clearing corporation or a clearing corporation that clears and settles transactions made on a futures exchange listed in Appendix A to NI 81-102 shall not exceed, for a period of 30 days or more, 10 percent of the net asset value of the mutual fund; and

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

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

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

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 Passport System (MI 11-102) is intended to be relied upon in each of the other provinces and territories of Canada (the Other Jurisdictions).

Interpretation

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

“**CFTC**” means the U.S. Commodity Futures Trading Commission

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

“**Dodd-Frank**” means the Dodd-Frank Wall Street Reform and Consumer Protection Act

“**Existing RBC GAM Fund**” means each of RBC Bond Fund, RBC Global Bond Fund, RBC Global Corporate Bond Fund, RBC Balanced Fund, RBC Global Balanced Fund, RBC Jantzi Balanced Fund, BlueBay Global Monthly Income Bond Fund, BlueBay Emerging Markets Corporate Bond Fund and BlueBay Global Convertible Bond Fund (Canada)

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

“**OTC**” means over-the-counter

“**Sub-Advisors**” means each of the Filer, RBC Global Asset Management (UK) Limited, RBC Investment Management (Asia) Limited, RBC Global Asset Management (US) Inc., BlueBay Asset Management LLP and their affiliates, and each third party portfolio manager retained from time to time by the Filer to manage the investment portfolio of one or more RBC GAM Funds

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

“**U.S. Person**” has the meaning attributed thereto by the CFTC

Representations

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

1. The Filer is, or will be, the investment fund manager of each RBC GAM Fund. The Filer is registered as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer under the securities legislation of each of the Jurisdictions, is registered as an investment fund manager in each of British Columbia, Ontario, Québec and Newfoundland and Labrador and is also registered in Ontario as a commodity trading manager. The head office of the Filer is in Toronto, Ontario.
2. The Filer is, or will be, the portfolio manager to the RBC GAM Funds. One of the Sub-Advisors is, or will be, the sub-advisor to the RBC GAM Funds.

3. Each RBC GAM Fund is, or will be, a mutual fund created under the laws of the Province of Ontario and is, or will be, subject to the provisions of NI 81-102.
4. Neither the Filer nor the RBC GAM Funds are, or will be, in default of securities legislation in the Jurisdiction or any Other Jurisdiction.
5. The securities of each RBC GAM Fund are, or will be, qualified for distribution pursuant to a prospectus that was, or will be, prepared and filed in accordance with the securities legislation of the Jurisdiction and the Other Jurisdictions. Accordingly, each RBC GAM Fund is, or will be, a reporting issuer or the equivalent in the Jurisdiction and each Other Jurisdiction.
6. The investment objective and investment strategies of each RBC GAM Fund permit, or will permit, the RBC GAM Fund to enter into derivative transactions, including Swaps. Each Sub-Advisor of the Existing RBC GAM Funds considers Swaps to be an important investment tool that is available to it to properly manage each Existing RBC GAM Fund's portfolio. Each Existing RBC GAM Fund currently uses or intends to use interest rate swaps and/or credit default swaps in its portfolio.
7. Dodd-Frank requires that certain OTC derivatives be cleared through a Futures Commission Merchant at a clearing organization recognized by the CFTC. Generally, where one party to a Swap is a U.S. Person, that Swap must be cleared, absent an available exception.
8. Currently, the Existing RBC GAM Funds enter into Swaps on an OTC basis with a number of Canadian, U.S. and other international counterparties, which are entered into in compliance with the derivative provisions included in NI 81-102.
9. In order to benefit from both the pricing benefits and the reduced trading costs that can be achieved through common trade execution practices for all managed investment funds and other accounts and from the reduced costs associated with cleared OTC derivatives as compared to other OTC trades, the Filer wishes to have the RBC GAM Funds enter into cleared Swaps.
10. In the absence of the Requested Relief, each Sub-Advisor will need to structure the Swaps entered into by the applicable RBC GAM Funds so as to avoid the clearing requirements of the CFTC. The Filer respectfully submits that this would not be in the best interests of the RBC GAM Funds and their investors for a number of reasons, as set out below.
11. The Filer strongly believes that it is in the best interests of the RBC GAM Funds and their investors to be able to execute OTC derivatives with U.S. Persons, including U.S. swap dealers.
12. In its role as a fiduciary for the RBC GAM Funds, the Filer has determined that central clearing represents the best choice for the investors in the RBC GAM Funds to mitigate the legal, operational and back office risks faced by investors in the global swap markets.
13. A Sub-Advisor may use common trade execution practices for all of its accounts, including the RBC GAM Funds. If these practices involve the use of cleared Swaps and if the RBC GAM Funds are unable to employ these trade execution practices, then the Sub-Advisor would have to create separate trade execution practices only for the RBC GAM Funds and would have to execute trade for the RBC GAM Funds on a separate basis. This would increase the operational risk for the RBC GAM Funds and would prevent the RBC GAM Funds from benefitting from the pricing benefits and reduced trading costs that a Sub-Advisor may be able to achieve through common practices for its advised accounts. In the Filer's opinion, best execution and maximum certainty can best be achieved through common trade execution practices, which, in the case of OTC derivatives, involves the execution of cleared Swaps.
14. As a member of the G20 and a participant in the September 2009 commitment of G20 nations to improve transparency and mitigate risk in derivatives markets, Canada has expressly recognized the systemic benefits that clearing OTC derivatives offers to market participants, such as the RBC GAM Funds. The Filer respectfully submits that the RBC GAM Funds should be encouraged to comply with the robust clearing requirements established by the CFTC by granting them the Requested Relief.
15. The Requested Relief is analogous to the treatment currently afforded under NI 81-102 to other types of derivatives that are cleared, such as clearing corporation options, options on futures and standardized futures. This demonstrates that, from a policy perspective, the Requested Relief is consistent with the views of the Canadian securities authorities in respect of cleared derivative trades.
16. For the reasons provided above, the Filer submits that it would not be prejudicial to the public interest to grant the Requested Relief.

Decision

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

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

- (a) in Canada,
 - (i) the Futures Commission Merchant is a member of a SRO that is a participating member of CIPF; and
 - (ii) the amount of margin deposited and maintained with the Futures Commission Merchant does not, when aggregated with the amount of margin already held by the Futures Commission Merchant, exceed 10 percent of the net asset value of the RBC GAM Fund as at the time of deposit; and
- (b) outside of Canada,
 - (i) the Futures Commission Merchant is a member of a Clearing Corporation and, as a result, is subject to a regulatory audit;
 - (ii) the Futures Commission Merchant has a net worth, determined from its most recent audited financial statements that have been made public or from other publicly available financial information, in excess of the equivalent of \$50 million; and
 - (iii) the amount of margin deposited and maintained with the Futures Commission Merchant does not, when aggregated with the amount of margin already held by the Futures Commission Merchant, exceed 10 percent of the net asset value of the RBC GAM Fund as at the time of deposit.

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

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

2.1.2 Canoe Financial LP et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemptions granted to flow-through limited partnerships from the requirement in National Instrument 81-106 Investment Fund Continuous Disclosure to file an annual information form (except in Quebec which only provides relief from filing the first AIF). In all jurisdictions outside of Quebec, also granted relief from preparing and maintaining a proxy voting record – Flow-through limited partnerships have a short lifespan and do not have a readily available secondary market – Should not be used as a precedent.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 9.2, 10.3, 10.4, 17.1.

Citation: Re Canoe Financial LP, 2014 ABASC 436

November 4, 2014

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

AND

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

AND

IN THE MATTER OF
CANOE FINANCIAL LP (Canoe),
CANOE 2014 FLOW-THROUGH LP – CDE UNITS (the 2014 CDE Fund) AND
CANOE 2014 FLOW-THROUGH LP – CEE UNITS (the 2014 CEE Fund)
(collectively, the Filers)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filers on behalf of the 2014 CDE Fund and the 2014 CEE Fund (referred to collectively as **Canoe 2014 Flow-Through LP** or the **2014 Partnership**) and each future limited partnership that is identical to the 2014 Partnership in all material respects (the **Future Partnerships**, and together with the 2014 Partnership, the **Partnership Filers**) for a decision under the securities legislation of the Jurisdictions (the **Legislation**) granting an exemption from:

- (a) except in Québec, the requirement in Section 9.2 of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) to prepare and file an annual information form (**AIF**) (the **AIF Relief**);
- (b) in Québec only, for the first year an AIF would be required to be prepared and filed, the requirement in Section 9.2 of NI 81-106 to prepare and file an AIF (the **Modified AIF Relief**);
- (c) except in Québec, the requirement in Section 10.3 of NI 81-106 to maintain a proxy voting record (the **Proxy Voting Record**); and
- (d) except in Québec, the requirements in Section 10.4 of NI 81-106 to prepare a Proxy Voting Record on an annual basis for the period ending June 30 of each year, to post the Proxy Voting Record on Canoe's website no later than August 31 of each year, and to send the most recent copy of the proxy voting policies and procedures and Proxy Voting Record, without charge, to the limited partners of the Partnership Filers (the **Limited Partners**) upon request (paragraphs (c) and (d) are collectively, the **Proxy Voting Record Relief**).

(the AIF Relief, the Modified AIF Relief and the Proxy Voting Record Relief are collectively, the **Requested Relief**).

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

- (a) the Alberta Securities Commission is the principal regulator for this application;
- (b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon (i) in respect of the AIF Relief, in each of the provinces and territories of Canada other than Alberta, Ontario and Québec, (ii) in respect of the Modified AIF Relief, in the province of Québec, and (iii) in respect of the Proxy Voting Record Relief, in each of the provinces and territories of Canada other than Alberta, Ontario and Québec; and
- (c) this decision is the decision of the Principal Regulator and also evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Defined terms contained in MI 11-102 and National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined herein.

Representations

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

1. The principal office of the Filers is located at 3900, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9.
2. Canoe 2014 General Partner Corp. (the **General Partner**), a wholly-owned subsidiary of Canoe, is the general partner of the 2014 Partnership.
3. Canoe will act as the investment fund manager to the 2014 Partnership and will provide all administrative services required by the 2014 Partnership. Canoe has also been retained by the 2014 Partnership and the General Partner as the portfolio manager to the 2014 Partnership.
4. Canoe is registered as an exempt market dealer, investment fund manager and portfolio manager in all of the Provinces and Territories of Canada. Canoe provides a wide range of financial, operational, administrative and investor services to a variety of: (i) public mutual funds, closed-end investment funds and flow-through limited partnerships; and (ii) private investment funds. As of March 31, 2014, Canoe managed approximately \$2.3 billion in assets and, through its predecessor, has been in the investment management business for over 14 years.
5. The Filers are not currently in default of any requirements of applicable securities legislation.
6. The Partnership Filers were or will be formed to provide Limited Partners with the opportunity for capital appreciation by investing in securities of resource issuers, which issuers are involved in oil and natural gas and mineral exploration, development and/or production in Canada (**Resource Issuers**). Each Partnership Filer will seek to achieve its investment objectives by investing in certain flow-through securities (**Flow-Through Securities**) and other securities of Resource Issuers such that Limited Partners will be entitled to claim certain deductions from their taxable income. Each Partnership Filer will subscribe for Flow-Through Securities of the Resource Issuer and the Resource Issuer will agree to incur and renounce to such Partnership Filer expenditures in respect of resource development and exploration which qualify as Canadian development expense (**CDE**) or Canadian exploration expense (**CEE**).
7. The 2014 Partnership's investment objectives are to provide Limited Partners with exposure to either or both of its investment portfolios, one consisting primarily of CDE Flow-Through Securities, in the case of the 2014 CDE Fund, and one consisting primarily of CEE Flow-Through Securities, in the case of the 2014 CEE Fund, with: (a) potential capital appreciation in the assets of the 2014 Partnership; (b) potential liquidity through the transfer of the 2014 Partnership's assets to a mutual fund corporation in exchange for redeemable shares of the mutual fund corporation or another liquidity alternative; and (c) certain tax assistance in the form of deductions, which will be achieved through participation in the development and production of, and exploration for, oil and natural gas using the investment strategies described in the 2014 Partnership's (final) prospectus dated January 28, 2014. It is Canoe's current intention that any Future Partnership will have investment objectives identical to the 2014 Partnership in all material respects.
8. The 2014 Partnership is a limited partnership formed pursuant to the provisions of the *Partnership Act* (Alberta) on December 13, 2013. The 2014 CDE Fund and the 2014 CEE Fund are reporting issuers in each of the Provinces of Canada, other than Québec. The 2014 CDE Fund and the 2014 CEE Fund became reporting issuers in each of the Provinces of Canada, other than Québec, on January 29, 2014, the date of the receipts issued to the 2014 CDE Fund and the 2014 CEE Fund for the 2014 Partnership's (final) prospectus dated January 28, 2014 (the Prospectus), offering

for sale up to: (i) 1,600,000 CDE limited partnership units (**CDE Units**) of the 2014 CDE Fund; and (ii) 800,000 CEE limited partnership units (**CEE Units**) of the 2014 CEE Fund, at a price of \$25.00 per CDE Unit and \$25.00 per CEE Unit. On or before October 31, 2016, the 2014 Partnership will be dissolved and its Limited Partners will receive their pro rata share of the net assets of the 2014 Partnership.

9. It is the current intention of Canoe and the General Partner that the 2014 Partnership will transfer its assets to an existing mutual fund corporation or one to be created prior to June 30, 2016 (the **Mutual Fund Corporation**) in exchange for redeemable shares of the Mutual Fund Corporation (the **Rollover Transaction**). The Mutual Fund Corporation will be established and managed by Canoe and is also expected to be advised by Canoe. Within 60 days after such transfer, upon the dissolution of the 2014 Partnership, the shares of the Mutual Fund Corporation will be distributed to Limited Partners, pro rata, on a tax-deferred basis. The Rollover Transaction is subject, inter alia, to the necessary regulatory and other approvals, and in the event that it is not implemented on or prior to June 30, 2016, the 2014 Partnership may: (i) be dissolved on or before October 31, 2016 and its net assets distributed pro rata to the Limited Partners; or (ii) subject to approval by extraordinary resolution of the Limited Partners, the 2014 Partnership may choose to pursue a liquidity alternative that is proposed by the General Partner. It is Canoe's current intention that any Future Partnership will be terminated approximately two years after it was formed on the same basis as the 2014 Partnership.
10. The limited partnership units, including for clarity the CDE Units and the CEE Units, of the Partnership Filers (the **Units**) are not and will not be listed or quoted for trading on any stock exchange or market. The Units are not redeemable by the Limited Partners. Generally, Units are not transferred by Limited Partners since Limited Partners must be holders of the Units on the last day of each fiscal year of a Partnership Filer in order to obtain the desired tax deduction.
11. Since its formation, the 2014 Partnership's activities have been limited to (i) completing the issue of the Units under the Prospectus, (ii) investing its available funds in accordance with its investment objectives and (iii) incurring expenses as described in the Prospectus. Any Future Partnerships will be structured in a similar fashion.
12. By subscribing for Units offered by the 2014 Partnership under the Prospectus, each of the Limited Partners has agreed to the irrevocable power of attorney contained in Article 18 of the Limited Partnership Agreement of the 2014 Partnership dated January 28, 2014. The power of attorney authorizes the General Partner to apply for exemptions from reporting obligations under the Legislation.
13. All material information concerning the business and activities of a Partnership Filer will be contained in the Partnership Filer's publicly available documents filed on SEDAR. An AIF is intended to assist prospective and current investors in evaluating investment funds so that they may make an informed investment decision. In the case of the Partnership Filers, following a Partnership Filer's initial public offering, a prospective investor will generally not acquire a Partnership Filer's Units and Limited Partners will have access to the continuous disclosure documents of the Partnership Filer, such as its annual and interim financial statements and management reports of fund performance, in order to get information on their investment. In addition, upon the occurrence of any material change to the Partnership Filer, Limited Partners would receive all relevant information from the material change reports the Partnership Filer is required to file with the Decision Makers.
14. Given the limited range of business activities to be conducted by the Partnership Filers, the short duration of their existence and the nature of the investment of the Limited Partners, the preparation and filing of an AIF by the Partnership Filer will not be of any benefit to the Limited Partners and may impose a material financial burden on the Partnership Filer.
15. Pursuant to NI 81-106, investors purchasing Units of the Partnership Filer were provided with a prospectus containing written policies on how the Flow-Through Securities held by the Partnership Filer are voted (the **Proxy Voting Policies**), and had the opportunity to review the Proxy Voting Policies before deciding whether to invest in Units.
16. The Proxy Voting Policies prescribe that the Partnership Filer exercise its voting rights in respect of securities of Resource Issuers with a view to the best interests of the Partnership Filer and its Limited Partners.
17. Given the short lifespan of the Partnership Filer, the production of a Proxy Voting Record would provide Limited Partners with very little opportunity for recourse if they disagreed with the manner in which the Partnership Filer exercised or failed to exercise its proxy voting rights, as the Partnership Filer would likely be dissolved by the time any potential change could materialize.
18. Preparing and making available to Limited Partners a Proxy Voting Record will not be of any benefit to Limited Partners and may impose a material financial burden on the Partnership Filer.

Decisions, Orders and Rulings

19. The 2014 Partnership did not prepare a Proxy Voting Record for the period ending on June 30, 2014 because it was relying on future-oriented relief issued to partnerships with general partners that were subsidiaries of EnerVest Management Ltd. (a predecessor of Canoe).
20. The Filers are of the view that the Requested Relief is not against the public interest, is in the best interests of the Partnership Filers and their Limited Partners and represents the business judgment of responsible persons uninfluenced by considerations other than the best interest of the Partnership Filers and their Limited Partners.

Decision

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

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

“Denise Weeres”
Manager, Legal
Corporate Finance

2.1.3 Goldman Sachs & Co. et al.

Headnote

Order to vary previous orders granting filers certain relief from National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103) under section 15.1 of NI 31-103 – previous orders provided relief to permit filers who are exempt market dealers or restricted dealers and registered with the U.S. Securities Exchange Commission (SEC) and members of the Financial Regulatory Authority (FINRA) to provide margin, to file the US FOCUS Report in lieu of Form 31-103F1, and to file the annual audited financial statements that it files with the SEC and FINRA – previous order varied to extend the sunset clause to the earlier of the date on which amendments to NI 31-103 come into force limiting brokerage activities in which exempt market dealers or restricted dealers engage or July 31, 2015 – extension of sunset clause is in line with CSA Staff Notice 31-333 Follow-Up to Broker-Dealer Registration in the Exempt Market Dealer Category and the transition period provided for pursuant to the rule amendments to NI 31-103 published on October 16, 2014.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 12.1, 12.10, 12.12(1)(b), 12.13(b), 13.12, 15.1.
National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, s. 3.15(b).

December 19, 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
CERTAIN EXEMPT MARKET DEALER AND RESTRICTED DEALER FIRMS LISTED IN SCHEDULE A
(the FILERS)

DECISION

UPON the application (the **Application**) to the principal regulator in the Jurisdiction by the Director (the **Director**) for a decision, pursuant to section 15.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)*, to vary previous orders (the **Previous Orders**) of the principal regulator made under section 15.1 of NI 31-103 with respect to the Filers.

AND WHEREAS the Previous Orders provided that the Filers are exempt, subject to certain terms and conditions, from the following requirements contained in NI 31-103:

- (a) the requirement contained in section 13.12 of NI 31-103 that a registrant must not lend money, extend credit or provide margin to a client (the **Margin Relief**);
- (b) the requirement contained in section 12.1 of NI 31-103 to maintain and calculate excess working capital using Form 31-103F1 *Calculation of Excess Working Capital* and instead use United States Securities and Exchange Commission Form X-17a-5 (**FOCUS Report**);
- (c) the requirement contained in paragraphs 12.12(1)(b) and 12.13(b) of NI 31-103 to deliver Form 31-103F1 and instead to deliver the FOCUS Report (together with (b) above, the **FOCUS Relief**);
- (d) the requirement contained in subsection 3.15(b) *Acceptable Accounting Principles for Foreign Registrants of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards (NI 52-107)* that financial statements be prepared in accordance with U.S. GAAP, except that any investment in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in International Accounting Standard 27 *Consolidated and Separate Financial Statements (IAS 27)*; and

- (e) the requirement contained in section 12.10 *Annual financial statements* of NI 31-103 that the registrant prepare a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and a statement of financial position for the financial year immediately preceding the most recently completed financial year and that at least one director of the registrant sign the registrant's statement of financial position so long as the registrant delivers to the principal regulator the annual audited financial statements that it files with the Securities Exchange Commission (**SEC**) and the Financial Regulatory Authority (**FINRA**) (together with (d) above, the **Financial Statement Relief**).

AND WHEREAS a condition in the Previous Orders (except for the orders with respect to J.P. Morgan Clearing Corp., Merrill Lynch Professional Clearing Corp., and BNP Paribas Prime Brokerage, Inc.) is that the relief is subject to a sunset clause which expired on December 31, 2013.

AND WHEREAS the sunset clause of the Previous Orders (except for the orders with respect to J.P. Morgan Clearing Corp., Merrill Lynch Professional Clearing Corp., and BNP Paribas Prime Brokerage, Inc.) was extended pursuant to an order of the Director dated December 20, 2013 and will expire on December 31, 2014 (the **2013 Variation Order**).

AND WHEREAS a condition of the orders with respect to J.P. Morgan Clearing Corp., Merrill Lynch Professional Clearing Corp., and BNP Paribas Prime Brokerage, Inc. is that relief is subject to a sunset clause which expires on December 31, 2014.

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 Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 Passport System (**MI 11-102**) is being relied upon in the jurisdictions noted in Schedule A for each Filer.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* and the Previous Orders have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the same representations made by the Filers in the Previous Orders and which remain true and complete.

The Filers were granted Margin Relief, FOCUS Relief and Financial Statement Relief as noted in Schedule A for each Filer subject to certain terms and conditions including a sunset clause while the Canadian Securities Administrators (**CSA**) considered the regulatory issues arising from FINRA member firms seeking registration in the EMD category.

Subject to Ministerial approval of the amendments to NI 31-103 (the **Rule Amendments**), the Rule Amendments will come into effect on January 11, 2015 (or, six months later (i.e., July 11, 2015) in the case of the amendments adding new restrictions on trading activities by EMDs which will affect the Filers).

It would be appropriate to include a new sunset clause in the Previous Orders to extend the relief until such Rule Amendments become effective. The extension of the sunset clause in the Previous Orders is in line with

- (a) CSA Staff Notice 31-333 *Follow-Up to Broker-Dealer Registration in the Exempt Market Dealer Category* which was published on February 7, 2013 and which indicates that EMDs and restricted dealers may continue to conduct brokerage activities until rule amendments become effective;
- (b) the 2013 Variation Order; and
- (c) with the transition period provided for pursuant to the Rule Amendments.

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.

Decisions, Orders and Rulings

It is the decision of the principal regulator that, in line with CSA Staff Notice 31-333 *Follow-Up to Broker-Dealer Registration in the Exempt Market Dealer Category*, the 2013 Variation Order and the transition period provided for pursuant to the Rule Amendments, the Previous Orders shall expire on the date that is the earlier of:

- (a) The date on which amendments to NI 31-103 come into force limiting the brokerage activities in which EMDs or restricted dealers may engage; and
- (b) July 31, 2015.

“Debra Foubert”
Director, Compliance & Registrant Regulation
Ontario Securities Commission

Schedule A

	Filer	Date of Previous Order	Type of Relief	Jurisdictions
1.	Goldman Sachs & Co.	September 28, 2010, July 27, 2011, June 15, 2012, and December 20, 2013	Margin, FOCUS Report, Financial Statements	Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory
2.	Goldman Sachs Execution & Clearing, LP	September 28, 2010, July 27, 2011, June 15, 2012, and December 20, 2013	Margin, FOCUS Report, Financial Statements	Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory
3.	Morgan Stanley & Co. LLC	September 28, 2010, November 15, 2011 and July 11, 2012, and December 20, 2013	Margin, FOCUS Report, Financial Statements	Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, North West Territories, Nunavut
4.	Morgan Stanley Smith Barney LLC	September 28, 2010, November 15, 2011 and July 11, 2012, and December 20, 2013	Margin, FOCUS Report, Financial Statements	Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, North West Territories, Nunavut
5.	Merrill Lynch, Pierce, Fenner & Smith Incorporated	September 21, 2012, and December 20, 2013	FOCUS Report, Financial Statements	Ontario, British Columbia, Alberta, Quebec
6.	Piper Jaffray & Co.	October 29, 2010, November 4, 2011, October 9, 2012, and December 20, 2013	Margin, FOCUS Report, Financial Statements	Ontario, British Columbia, Manitoba, Quebec
7.	JP Morgan Securities LLC	November 11, 2011 and November 7, 2012, and December 20, 2013	Margin, FOCUS Report, Financial Statements	Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, North West Territories, Nunavut
8.	Credit Suisse Securities (USA) LLC	September 28, 2010, February 3, 2012 and November 16, 2012, and December 20, 2013	Margin, FOCUS Report, Financial Statements	Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, North West Territories, Nunavut
9.	J.P. Morgan Clearing Corp.	April 9, 2013	Margin	Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, North West Territories, Nunavut

Decisions, Orders and Rulings

	Filer	Date of Previous Order	Type of Relief	Jurisdictions
10.	Merrill Lynch Professional Clearing Corp.	October 21, 2011, March 27, 2013	Margin, FOCUS Report	Ontario, Alberta, British Columbia, Quebec
11.	BNP Paribas Prime Brokerage, Inc.	November 17, 2011, March 22, 2013	Margin	Ontario, British Columbia, Quebec, Alberta

2.1.4 Pro-Financial Asset Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval granted for change of manager of mutual funds under section 5.5(1)(a) of NI 81-102 on specified conditions – change of manager is not detrimental to investors.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.5(1)(a), 5.5(3), 5.7, 19.1.

December 8, 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
PRO-FINANCIAL ASSET MANAGEMENT INC.
(PFAM)**

AND

**PRO FTSE RAFI CANADIAN INDEX FUND, PRO FTSE RAFI US INDEX FUND,
PRO FTSE RAFI GLOBAL INDEX FUND, PRO FTSE RAFI HONG KONG CHINA INDEX FUND,
PRO MONEY MARKET FUND, PRO FTSE RAFI EMERGING MARKETS INDEX FUND,
PRO FTSE NA DIVIDEND INDEX FUND, PRO FUNDAMENTAL BALANCED INDEX FUND
AND PRO FUNDAMENTAL BOND INDEX FUND
(collectively, the Funds)**

AND

**IN THE MATTER OF
KINGSHIP CAPITAL CORPORATION
(KCC, and together with PFAM, the Filers)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for approval of a change of manager of the Funds from PFAM to KCC pursuant to section 5.5(1)(a) of National Instrument 81-102 *Investment Funds (NI 81-102)* (the **Approval Sought**).

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

- (a) the Ontario Securities Commission (the **OSC**) is the principal regulator for this application (the **Principal Regulator**); and
- (b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the **Non-Principal Jurisdictions**, and together with Ontario, the **Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined. Except as otherwise stated, all dollar amounts herein are expressed in Canadian dollars.

Representations

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

PFAM and the Funds

1. PFAM is:
 - (a) an Ontario corporation with its head office located at 5090 Orbitor Dr., Unit 3, Mississauga, Ontario L4B 5W5;
 - (b) registered with the OSC as a portfolio manager and has been operating as an investment fund manager under section 16.4(1) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)*;
 - (c) an investment management firm that has assets under management of approximately \$37.06 million (as of October 23, 2014).
 - (d) the manager of the Funds.
2. The Funds are mutual funds which PFAM and KCC seek to requalify for distribution in Ontario, British Columbia and Alberta pursuant to a simplified prospectus and annual information form that have been prepared and filed in accordance with applicable Canadian securities regulatory requirements. The Funds are currently not in continuous distribution. The Funds were formerly distributed by PFAM pursuant to a simplified prospectus and annual information form which lapsed on or about April 21, 2014.
3. The Funds account for approximately \$31.03 million (as of October 23, 2014) of the assets under management by PFAM. The remaining assets under management, approximately \$6.03 million, are attributable to discretionary managed accounts managed by PFAM.
4. Neither PFAM nor any of the Funds are in default of the securities legislation in any jurisdiction of Canada, except that PFAM has insufficient regulatory capital as further described in an OSC order dated October 17, 2013 (*In the Matter of Pro-Financial Asset Management Inc.*), and that PFAM, on behalf of the Funds, failed to file the Funds' interim financial statements and Management Reports of Fund Performance by August 29, 2014. The Funds have been noted in default on the OSC Reporting Issuers List.
5. KCC:
 - (a) is an Ontario business corporation registered with the OSC as a portfolio manager, investment fund manager and exempt market dealer with its head office located at 3215 Settlement Court, Burlington Ontario, L7M 0A9;
 - (b) was established on or about March 26, 2012;
 - (c) is not in default of the securities legislation in any jurisdiction of Canada.

The Change of Manager

6. Pursuant to an agreement dated September 30, 2013 (the **Agreement**), PFAM has agreed to sell all the investment management agreements (the **Fund Contracts**) in respect of the Funds to KCC (the **PFAM Transaction**), which will result in a change of investment fund manager for the Funds (the **Change of Manager Transaction**). At closing, (i) KCC will be wholly-owned by 2389401 Ontario Inc. (the **KCC Transaction**), an Ontario corporation whose sole shareholder, David Hopps, will be a passive investor in KCC and will not be an officer of KCC or play a day-to-day role in the management of KCC; and (ii) KCC will agree to be bound by and provide all services under the Fund Contracts. PFAM, 2389401 Ontario Inc. and KCC are not related parties and the Agreement was negotiated at arm's length.
7. For the purposes of section 5.5(1)(a) of NI 81-102, the Change of Manager Transaction will result in a change in the manager of the Funds.

8. PFAM referred the Change of Manager Transaction to the Independent Review Committee (**IRC**) of the Funds for its review, and the IRC provided its positive recommendation, after reasonable inquiry, that if approved by unitholders, the Change of Manager Transaction would achieve a fair and reasonable result for the Funds.
9. In accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*, PFAM issued a press release announcing the Change of Manager Transaction on October 25, 2013. PFAM also filed a material change report in respect of the Change of Manager Transaction on November 1, 2013. PFAM intends to file a further press release upon completion of the Change of Manager Transaction.
10. After the completion of the Change of Manager Transaction, the portfolio manager of the Funds will change from PFAM to KCC. In addition, several PFAM personnel are expected to join KCC following completion of the Change of Manager Transaction, thereby providing continuity and experience to the management of the Funds. These personnel are expected to include Samantha Pinto as a Vice President, Director and Chief Financial Officer; Paul Azzopardi as a Portfolio Manager, David Vasoff as a Trader, and Stuart McKinnon as a Business Development Manager. Other PFAM employees are also expected to assume other roles at KCC, including Jacinta Fernandes as a Corporate Accountant, Simon Kantor as a Senior Fund Accountant, and Patrick Ruiz as a Senior Fund Accountant.
11. KCC will have the appropriate personnel, policies and procedures and systems in place to assume the management of the Funds on closing of the Change of Manager Transaction.
12. In accordance with section 3.10(1)(b) of National Instrument 81-107 *Independent Review Committee for Investment Funds*, the members of the Funds' current IRC will cease to be IRC members on the completion of the Change of Manager Transaction. KCC intends to appoint the members of a new IRC for the Funds upon completion of the Change of Manager Transaction. Members of the Funds' new IRC are expected to be (i) David Knopf, a previous member of PFAM's IRC, (ii) Fred McCutcheon, also a previous member of PFAM's IRC, and (iii) Stephen Tapp.
13. KCC possesses all registrations under the *Securities Act* (Ontario) and National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)* to allow it to manage the Funds after closing of the Change of Manager Transaction.
14. KCC does not propose to change any of the Funds' current service providers following the closing of the Change of Manager Transaction except for the Funds' registrar, transfer agent and fund accountant which recently changed from the Investment Administration Solutions (**IAS**). Effective August 8, 2014, Prometa Fund Services Inc. has been acting as the new transfer agent and registrar for the Funds and is expected to continue in this role following the closing of the Change of Manager Transaction. KCC will perform fund accounting for the Funds in-house.
15. In addition to continued experienced investment fund management and portfolio management, other benefits of the Change of Manager Transaction to unitholders of the Funds are expected to include the following:
 - (a) the Funds would come under the management of a solvent investment fund manager, but with the benefit of the experience of the current PFAM management team;
 - (b) KCC will have the appropriate personnel, policies and procedures, and systems in place to assume the management of the Funds on the closing of the Change of Manager Transaction; and
 - (c) KCC will benefit from ongoing regulatory compliance assistance from North Star Regulatory Compliance Solutions Inc., or comparable services provided by another consultant acceptable to OSC staff, which is expected to ultimately benefit unitholders of the Funds.
16. KCC does not expect its acquisition of the Fund Contracts pursuant to the Change of Manager Transaction to adversely affect the operation and administration of the Funds.
17. KCC has no current intention to change the fundamental investment objectives of the Funds following closing of the Change of Manager Transaction. Notwithstanding the foregoing, KCC may implement changes to certain of the Funds following the completion of the Change of Manager Transaction. KCC will continue to use a fundamental indexation investment strategy for the funds, however, KCC may consider alternative index providers that offer similar fundamental based indexes which do not constitute a fundamental change to the investment objectives. KCC also intends to rename the Funds, to reduce the number of funds being offered for distribution from nine funds currently offered to six funds and to reduce the number of provinces in which the funds are currently distributed to three provinces only (British Columbia, Alberta and Ontario). Any such changes will be reflected in the prospectus disclosure of the Funds and in accordance with applicable securities laws.

Decisions, Orders and Rulings

18. The Change of Manager Transaction will not adversely affect KCC's financial position or its ability to fulfill its regulatory obligations.
19. The Funds will not bear any of the costs and expenses associated with the Change of Manager Transaction. Such costs will be borne by PFAM or KCC. These costs may include legal and accounting fees, proxy solicitation, printing and mailing costs and regulatory fees.
20. PFAM and KCC have provided notice to the securities administrators pursuant to Sections 11.9 and 11.10 of NI 31-103 requesting non-objections in respect of the PFAM Transaction and the KCC Transaction. These notices were approved by decision of the Commission on July 16, 2014 (the **Commission Decision**) on specified terms and conditions.
21. Among other terms and conditions, the Commission Decision specifies that:
 - (a) KCC shall enter into a consulting agreement under which North Star Compliance and Regulatory Solutions Inc. will agree to provide on-going regulatory compliance assistance to KCC, including assistance with respect to compliance with NI 31-103, substantially on the terms and conditions of the draft agreement submitted to the Commission, and those services, or comparable services provided by another consultant acceptable to OSC staff, shall be provided for a period of at least two years from the date of completion of the PFAM Transaction and the KCC Transaction;
 - (b) Stuart McKinnon may enter into a contractual relationship with KCC under which he will provide services to KCC that do not require registration under the Securities Act (Ontario) but, except with the prior written consent of the Commission, Stuart McKinnon will not be an officer, director or shareholder of KCC or play a similar role in KCC; and that,
 - (c) KCC shall, upon completion of the PFAM Transaction and the KCC Transaction, issue a news release publicly announcing the completion of the Transaction and summarizing four specified conditions of the Commission Decision, and shall send a copy of the Commission Decision to the then current unitholders of the Funds and to the then current managed account clients of PFAM.
22. The unitholders of each Fund considered and approved the Change of Manager Transaction at special meetings of unitholders of the Funds held on December 10, 2013. (the **Unitholder Approval**). The resolution passed by unitholders resolves that the ultimate form of the KCC/PFAM Transactions might differ from that approved by unitholders in December 2013 and provides specifically that any officer or director of PFAM is "*authorized to take all such steps as may be necessary or desirable to give effect to the Change of Manager Transaction*". The Management Information Circular distributed to unitholders of the Funds prior to the December 10, 2013 unitholder vote makes specific reference to this aspect of the resolution and notes that such steps may include those that are necessary to "*fulfill regulatory or other requirements to give effect to the Change of Manager Transaction*".
23. The Approval Sought will not be detrimental to the protection of investors in the Funds or prejudicial to the public interest.

Decision

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

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

- (a) as soon as reasonably practicable following completion of the Change of Manager, KCC shall enter into a consulting agreement under which North Star Compliance and Regulatory Solutions Inc. will agree to provide on-going regulatory compliance assistance to KCC, including assistance with respect to compliance with NI 31-103, substantially on the terms and conditions of the draft agreement submitted to the Commission, and those services, or comparable services provided by another consultant acceptable to OSC staff, shall be provided for a period of at least two years from the date of completion of the PFAM Transaction and the KCC Transaction;
- (b) Stuart McKinnon may enter into a contractual relationship with KCC under which he will provide services to KCC that do not require registration under the *Securities Act* (Ontario) but, except with the prior written consent of the Commission, Stuart McKinnon will not be an officer, director or shareholder of KCC or play a similar role in KCC; and that,

Decisions, Orders and Rulings

- (c) KCC shall, upon completion of the PFAM Transaction and the KCC Transaction, issue a news release publicly announcing the completion of the Transaction and summarizing four conditions of the Commission Decision, as specified in the Commission Decision, and shall send a copy of the Commission Decision to the then current unitholders of the Funds.

“Vera Nunes”
Manager,
Investment Funds & Structured Products Branch
Ontario Securities Commission

2.1.5 Stephenson & Company Capital Management Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from the investment fund self-dealing restrictions in the Securities Act (Ontario) to allow pooled funds to invest in securities of underlying funds under common management – relief subject to certain conditions.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., ss. 111(2)(b) and (c), 111(4), 113.

December 16, 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
STEPHENSON & COMPANY CAPITAL MANAGEMENT INC.
(the Filer)**

AND

**IN THE MATTER OF
THE TOP FUNDS
(as defined below)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of each of the Filer, Stephenson & Company North American Opportunity Trust Fund (the **Initial Top Fund**) and any other investment fund which is not a reporting issuer under the securities legislation of the principal regulator (the **Legislation**) that is established, advised or managed by the Filer, or its affiliate, after the date hereof (the **Future Top Funds** and together with the Initial Top Fund, the **Top Funds**), which invests its assets in Stephenson & Company North American Opportunity Fund LP (the **Initial Underlying Fund**) or any other investment fund which is not a reporting issuer and may be established, advised or managed by the Filer or its affiliate in the future (the **Future Underlying Funds** and together with the Initial Underlying Fund, the **Underlying Funds**), for a decision under section 113 of the Legislation exempting the Filer and the Top Funds from the restrictions contained in paragraphs 111(2)(b) and (c) and subsection 111(4) of the Legislation which prohibits:

- a) an investment fund from knowingly making an investment in a person or company in which the investment fund, alone or together with one or more related investment funds, is a substantial security holder;
- b) an investment fund from knowingly making an investment in an issuer in which any of the following has a significant interest:
 - (i) any officer or director of the investment fund, its management company or distribution company or an associate of any of them, or
 - (ii) any person or company who is a substantial security holder of the investment fund, its management company or its distribution company; and

- c) an investment fund, its management company or its distribution company from knowingly holding an investment described in paragraphs (i) and (ii) above

(collectively the **Requested Relief**).

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

- a) the Ontario Securities Commission is the principal regulator for this application; and
- b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in Alberta.

Interpretation

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

Representations

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

Filer

1. The Filer is a corporation incorporated under the laws of Canada and has its head office in Toronto, Ontario.
2. The Filer is registered in Ontario in the categories of investment fund manager, portfolio manager and exempt market dealer, and in Alberta and British Columbia in the category of exempt market dealer.
3. The Filer is, or will be, responsible for managing the assets of the Top Funds and the Underlying Funds (collectively, the **Funds**), has complete discretion to invest and reinvest the assets of the Funds, and is responsible for executing all portfolio transactions. Furthermore, the Filer, subject to compliance with applicable securities laws, may act as a distributor of securities of the Funds not otherwise sold through another registered dealer.
4. The Filer is not a reporting issuer in any jurisdiction and is not in default of securities legislation of any jurisdiction of Canada.

The Top Funds

5. The Top Funds will be formed as trusts under the laws of Ontario.
6. Securities of the Top Funds will be offered for sale in any jurisdiction in Canada pursuant to prospectus exemptions under National Instrument 45-106 – *Prospectus and Registration Exemptions (NI 45-106)*.
7. The Top Funds will be mutual funds for the purposes of the Legislation but no Top Fund will be a reporting issuer in any jurisdiction of Canada.
8. The Initial Top Fund intends to invest substantially all of its assets in the Initial Underlying Fund. A Future Top Fund may invest all of its assets in one or more Future Underlying Funds.

The Underlying Funds

9. The Initial Underlying Fund is a limited partnership formed under the *Limited Partnerships Act* (Ontario). Any Future Underlying Funds will also be structured as limited partnerships under the laws of Ontario or another jurisdiction of Canada.
10. The general partner of the Initial Underlying Fund is Stephenson & Company North American Opportunity GP Inc. (the **General Partner**). The General Partner is a corporation incorporated under the laws of Canada and is an affiliate of the Filer. The General Partner of any Future Underlying Fund that is structured as a limited partnership will also be an affiliate of the Filer.
11. Securities of the Underlying Funds are, or will be, offered for sale in any jurisdiction in Canada pursuant to prospectus exemptions under NI 45-106.

12. The Underlying Funds are, or will be, mutual funds for the purposes of the Legislation but no Underlying Fund is, or will be, a reporting issuer in any jurisdiction of Canada.
13. Each of the Underlying Funds has, or will have, separate investment objectives, strategies and/or restrictions.
14. The Initial Underlying Fund is not in default of securities legislation of any jurisdiction of Canada.

Fund-on-Fund Structure

15. The Top Funds allow its investors to obtain indirect exposure to the investment portfolio of the Underlying Funds and their respective investment strategies through, primarily direct investments by the Top Funds in securities of the Underlying Funds (the **Fund-on-Fund Structure**).
16. Unlike the Initial Underlying Fund, which is a limited partnership, the Initial Top Fund will be organized as a trust, to access a broader base of investors, including registered plans and tax-free savings accounts, and other investors that may not wish to invest directly in a limited partnership.
17. As a limited partnership, securities of the Initial Underlying Fund are not qualified investments under the *Income Tax Act* (Canada) for registered plans and tax-free savings accounts.
18. The limited partnership structure of the Initial Underlying Fund provides for distributions to the General Partner in respect of incentive allocations. An incentive allocation is common with limited partnership structures but cannot be replicated with a mutual fund trust structure on a tax-efficient basis.
19. The Fund-on-Fund Structures involving Future Top Funds and Future Underlying Funds will be similarly structured.
20. Any investment by a Top Fund in an Underlying Fund will be aligned with the investment objectives, investment strategy, risk profile and other principal terms of the Top Fund.
21. An investment in an Underlying Fund by a Top Fund will be effected at an objective price. The portfolio of each Underlying Fund consists primarily of publicly traded securities. Each Underlying Fund will not hold more than 10% of its net asset value (**NAV**) in illiquid assets (as defined in National Instrument 81-102 *Investment Funds* (**NI 81-102**)).
22. The Top Funds and the Underlying Funds have, or will have, matching valuation dates. The Initial Top Fund and the Initial Underlying Fund are valued monthly.
23. Securities of the Top Funds and the Underlying Funds have, or will have, matching redemption dates. The Initial Underlying Fund is redeemable monthly.
24. Each of the Top Funds will prepare annual audited financial statements and interim unaudited financial statements in accordance with National Instrument 81-106 – *Investment Fund Continuous Disclosure* (**NI 81-106**) and will otherwise comply with the requirements of NI 81-106 applicable to them. Each of the Underlying Funds, which is subject to NI 81-106, will prepare annual audited financial statements and interim unaudited financial statements. The holdings of securities of an Underlying Fund will be disclosed in the financial statements of the Top Fund.
25. No Underlying Fund will be a Top Fund.
26. The assets of the Top Funds and Underlying Funds are, or will be, held in the custody of a trust company incorporated, and licensed or registered, under the laws of Canada or a jurisdiction, or a bank listed in Schedule I, II or III of the *Bank Act* (Ontario) or a qualified affiliated of such bank or trust company.

Generally

27. The Top Funds are, or will be, related mutual funds (under applicable securities legislation) by virtue of the common management by the Filer. The amounts invested from time to time in an Underlying Fund by a Top Fund, either alone or together with other Top Funds, may exceed 20% of the outstanding voting securities of the Underlying Fund. As a result, each Top Fund could, either alone or together with other Top Funds, become a substantial security holder of an Underlying Fund.
28. In addition, the Fund-on-Fund Structure may result in a Top Fund investing in an Underlying Fund in which an officer or director of the Filer has a significant interest and/or a Top Fund investing in an Underlying Fund in which a person or company who is a substantial security holder of the Top Fund or the Filer has a significant interest.

29. In the absence of the Requested Relief, each Top Fund would be precluded from purchasing and holding securities of an Underlying Fund due to the investment restrictions contained in the Legislation.
30. A Top Fund's investments in an Underlying Fund represent the business judgment of a responsible person uninfluenced by considerations other than the best interests of the investment funds concerned.

Decision

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

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

- a) securities of the Top Funds are distributed in Canada solely pursuant to exemptions from the prospectus requirements in NI 45-106;
- b) the investment by a Top Fund in an Underlying Fund is compatible with the investment objectives of the Top Fund;
- c) at the time of the purchase of securities of an Underlying Fund, the Underlying Fund holds no more than 10% of its NAV in securities of other investment funds, unless the Underlying Fund:
 - (i) is a "clone fund" (as defined by NI 81-102),
 - (ii) purchases or holds securities of a "money market fund" (as defined by NI 81-102), or
 - (iii) purchases or holds securities that are "index participation units" (as defined by NI 81-102) issued by an investment fund;
- d) no management fees or incentive fees are payable by a Top Fund that, to a reasonable person, would duplicate a fee payable by an Underlying Fund for the same service;
- e) no sales fee or redemption fees are payable by a Top Fund in relation to its purchases or redemptions of securities of an Underlying Fund;
- f) the Filer will not vote the securities of the Underlying Fund held by the Top Funds at any meeting of holders of such securities, except that a Top Fund may arrange for the securities it holds of an Underlying Fund to be voted by the beneficial holders of securities of the Top Fund;
- g) the offering memorandum or other similar disclosure document of a Top Fund will be provided to investors in a Top Fund prior to the time of investment and will disclose:
 - (i) that the Top Fund may purchase securities of the Underlying Funds;
 - (ii) that the Filer is the investment fund manager of both the Top Funds and the Underlying Funds;
 - (iii) the approximate or maximum percentage of net assets of the Top Fund that is intended to be invested in securities of the Underlying Funds;
 - (iv) each officer, director or substantial security holder of the Filer or of a Top Fund that also has a significant interest in an Underlying Fund, the approximate amount of the significant interest they hold, on an aggregate basis, expressed as a percentage of the NAV of the Underlying Fund, and the potential conflicts of interest which may arise from such relationships;
 - (v) the fees and expenses payable by the Underlying Fund(s) that the Top Fund may invest in, including the incentive fees;
 - (vi) that the investor may receive from the Filer, on request and free of charge, a copy of the offering memorandum or other similar disclosure document of the Underlying Fund; and
 - (vii) that the investor may receive from the Filer, on request and free of charge, the annual or semi-annual financial statements relating to each Underlying Fund in which the Top Fund may invest its assets.

Decisions, Orders and Rulings

“Sarah B. Kavanagh”
Commissioner
Ontario Securities Commission

“Catherine E. Bateman”
Commissioner
Ontario Securities Commission

2.1.6 Manulife Asset Management Limited et al.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund mergers – approval required because mergers do not meet the criteria for per-approval – mergers are not a “qualifying exchange” or a tax-deferred transaction under the Income Tax Act – securityholders provided with timely and adequate disclosure regarding the Merger.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(1)(b), 5.5(3), 5.6, 5.7, 19.1.

October 23, 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
MANULIFE ASSET MANAGEMENT LIMITED
(the “Filer”)**

AND

**IN THE MATTER OF
MANULIFE STRATEGIC INCOME CLASS, MANULIFE YIELD OPPORTUNITIES CLASS,
MANULIFE FLOATING RATE INCOME CLASS, MANULIFE STRUCTURED BOND CLASS,
MANULIFE CORPORATE BOND CLASS, MANULIFE STRATEGIC BALANCED YIELD CLASS,
MANULIFE U.S. BALANCED PRIVATE POOL (formerly MANULIFE BALANCED PRIVATE POOL),
MANULIFE BALANCED INCOME PRIVATE POOL, MANULIFE GLOBAL FIXED INCOME PRIVATE POOL,
MANULIFE CANADIAN FIXED INCOME PRIVATE POOL, MANULIFE CORPORATE FIXED INCOME PRIVATE POOL,
MANULIFE INTERNATIONAL VALUE EQUITY CLASS AND MANULIFE PREFERRED INCOME FUND
(each a “Terminating Fund” and, collectively, the “Terminating Funds”)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer and the Terminating Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the “**Legislation**”) for approval of the mergers (the “**Mergers**”) of each Terminating Fund into the corresponding continuing fund set opposite such Terminating Fund’s name in Appendix A hereto (the “**Continuing Fund(s)**” and, together with the Terminating Funds, the “**Funds**”) under subsection 5.5(1)(b) of National Instrument 81-102 – *Investment Funds* (“**NI 81-102**”).

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

- (a) the Ontario Securities Commission (the “**OSC**”) 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 British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut.

Interpretation

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

Representations

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

1. The Filer is a corporation governed under the *Business Corporations Act* (Ontario) with its head office located in Toronto, Ontario.
2. The Filer is registered in the categories of commodity trading manager, mutual fund dealer, portfolio manager and investment fund manager, and is not in default of any of the requirements of the securities legislations of any of the provinces and territories of Canada.
3. The Filer is the manager of the Funds and is also the trustee of the Trust Funds (as hereinafter defined).
4. The Funds are reporting issuers as defined under the applicable securities legislation of each province and territory of Canada and are not in default of any of the requirements of the securities legislation of any of the provinces and territories of Canada.
5. Each Fund is subject to all of the requirements of NI 81-102, National Instrument 81-106 – *Investment Fund Continuous Disclosure* and National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“**NI 81-107**”), subject to any exemptions therefrom that may be available under applicable securities legislations or granted by the securities regulatory authorities.
6. Manulife Preferred Income Fund and each of the Continuing Funds other than Manulife Preferred Income Class (collectively, the “**Trust Funds**”) are open-ended mutual fund trusts established under the laws of Ontario by declarations of trust and, where applicable, separate regulations.
7. Manulife Preferred Income Class and each of the Terminating Funds other than Manulife Preferred Income Fund (collectively, the “**Corporate Funds**”) are classes of mutual fund shares of Manulife Investment Exchange Funds Corp. (the “**Corporation**”). The Corporation is a mutual fund corporation formed under the laws of Ontario by articles of amalgamation dated October 23, 2010, as amended.
8. Securities of each of the Terminating Funds have ceased distribution of new securities.
9. The Income Tax Act (Canada) (the “**Tax Act**”) was amended in December 2013 to implement proposals that were first announced in the March 21, 2013 federal budget regarding the income tax treatment of certain types of forward transactions (the “**Forward Rules**”). Under the Forward Rules, subject to time limited grandfathering rules, gains (and losses) realized by certain Terminating Funds under forward purchase and sale agreements previously entered into (the “**Forward Agreements**”) will now be treated as ordinary income (or loss) rather than a capital gain (or capital loss).
10. With the exception of the Mergers of Manulife International Value Equity Class into Manulife International Value Equity Fund and Manulife Preferred Income Fund into Manulife Preferred Income Class, the Mergers have been proposed by the Manager, in part, as a result of the Forward Rules.
11. In connection with each Merger impacted by the Forward Rules, the applicable Forward Agreements will be settled on or prior to the effective date of the Merger (as such effective dates are set out on Appendix A hereto).
12. With the exception of Manulife Structured Bond Class and Manulife U.S. Balanced Private Pool, the Terminating Funds which utilize Forward Agreements will be merging into their respective reference funds under such Forward Agreements.
13. The Filer is of the view that, with the exception of the use of Forward Agreements by certain Terminating Funds, the investment objective of each Terminating Fund is substantially similar to the investment objective of its respective Continuing Fund.
14. A Terminating Fund will transfer all of its assets and liabilities to its corresponding Continuing Fund for an amount equal to the net value of the assets transferred.

15. A Continuing Fund will issue securities of the Continuing Fund to its corresponding Terminating Fund having a net asset value equal to the net value of the assets transferred by the Terminating Fund.
16. Each Terminating Fund will redeem its outstanding securities and pay the redemption price for these securities by distributing securities of its corresponding Continuing Fund to the Terminating Fund's securityholders.
17. Any cash acquired by a Continuing Fund in connection with its Merger will be invested in accordance with the investment objectives, strategies, and restrictions of such Continuing Fund and NI 81-102.
18. Securities of a Continuing Fund received by the securityholders of its corresponding Terminating Fund (as described in the Circular (as defined below)) will have an aggregate net asset value equal to the aggregate net asset value of the securities of the Terminating Fund which are being redeemed.
19. As soon as reasonably practicable after the distribution of securities of a Continuing Fund by a Terminating Fund to its securityholders, such Terminating Fund will be terminated or wound-up.
20. No sales charges will be payable in connection with the acquisition by a Continuing Fund of the investment portfolio of its corresponding Terminating Fund.
21. The Filer will not receive any compensation in respect of the acquisition, sale or redemptions of the units of any Continuing Funds delivered upon terminations.
22. The Filer will waive any sales commissions, redemption fees or other fees associated with such mergers.
23. The Terminating Funds and the Continuing Funds have substantially similar valuation procedures.
24. The portfolios and other assets of a Terminating Fund to be acquired by its Continuing Fund as a result of a Merger are currently, or will be, acceptable to the portfolio advisors of the applicable Continuing Fund prior to the effective date of the Merger, and are or will also be consistent with the investment objectives of the applicable Continuing Fund.
25. Securityholders of each Terminating Fund will continue to have the right to redeem securities of each such Terminating Fund for cash at any time up to the close of business on the effective date of the Merger. The Circular (as hereinafter defined) disclosed that securities of a Continuing Fund acquired by securityholders upon the proposed Mergers are subject to the same redemption charges to which their securities of the Terminating Fund were subject prior to the Merger.
26. A press release was issued and filed on SEDAR on July 24, 2014 and a material change report was filed on SEDAR on July 29, 2014 with respect to the proposed Mergers.
27. Pursuant to subsection 5.1(f) of NI 81-102, securityholders of the Terminating Funds were asked to approve the Mergers at special meetings held on October 16, 2014. Pursuant to subsection 5.1(g) of NI 81-102, securityholders of certain Continuing Funds (namely, of Manulife Canadian Conservative Balanced Fund, Manulife Balanced Income Private Trust and Manulife Preferred Income Class) were also asked to approve their Mergers at special meetings held on October 16, 2014.
28. As quorum was not met at the special meetings held on October 16, 2014, nor at the adjourned special meetings held on October 21, 2014, for Manulife Balanced Income Private Pool, Manulife Global Fixed Income Private Pool, Manulife Canadian Fixed Income Private Pool and Manulife Corporate Fixed Income Private Pool, such special meetings have been adjourned to October 23, 2014.
29. A notice of meeting, a management information circular (the "**Circular**") and a form of proxy in connection with the special meetings of securityholders was mailed to securityholders of the Terminating Funds and certain Continuing Funds and filed on SEDAR on September 23, 2014.
30. All of the Mergers are intended to be completed on a taxable basis under the *Income Tax Act* (Canada). The majority of the Mergers are being proposed, in part, in response to the Forward Rules that have eliminated the use of forward purchase and sale agreements to re-characterize fully taxable income into capital gains and there is no method to implement a tax-deferred merger of a Corporate Fund into a Trust Fund. One positive result of a taxable merger is that any accumulated unused losses in the Continuing Funds and the Corporation can be carried forward to defer possible future gains within the Continuing Funds and the Corporation following the completion of the Mergers.
31. Pursuant to NI 81-107, the independent review committee of the Funds (the "**IRC**") has reviewed the proposed Merger of each Terminating Fund with its corresponding Continuing Fund and the process to be followed in connection with

each such Merger, and has advised the Filer that, in the opinion of the IRC, having reviewed each Merger as a potential “conflict of interest matter”, each Merger achieves a fair and reasonable result for the Terminating Funds and the Continuing Funds. Such opinion has been disclosed in the Circular.

32. No costs will be incurred by any securityholders of any Fund in connection with the Mergers and termination of the Terminating Funds.
33. The risk profile of each Continuing Fund is the same as that of its corresponding Terminating Fund, with the exception of the merger of Manulife Structured Bond Class into Manulife Canadian Conservative Balanced Fund, where securityholders will be moving from a “low” level of risk to a “low to medium” level of risk. The Filer believes that this increase in risk level is minimal and is not expected to have a negative impact on investors. Further, any additional risk and cost associated with the applicable Forward Agreement with respect to this Merger will not be borne by the Continuing Fund.
34. The Filer believes that the Mergers will benefit securityholders of the Funds because:
- (i) With the exception of Manulife International Value Equity Class and Manulife Preferred Income Fund, the Terminating Funds have been impacted by the Forward Rules. Without the Mergers, securityholders of such Terminating Funds will likely experience a negative tax impact.
 - (ii) As trust funds are not subject to certain corporate income taxes, securityholders of Terminating Funds (which are Corporate Funds) impacted by the Forward Rules may earn a better after-tax return by investing in the trust equivalent of a mutual fund (such as the Continuing Funds).
 - (iii) Each Merger has the potential to lower costs for securityholders as the operating costs and expenses of the Continuing Funds will be spread over a greater pool of assets, potentially reducing each Continuing Fund’s management expense ratio.
 - (iv) No securityholder of a Terminating Fund will be subject to an increase in management fees as a result of the Mergers and, in some cases, will potentially benefit from a decrease in management fees.
 - (v) Following each Merger, systematic withdrawal plans and any other active optional service, which had been established with respect to a Terminating Fund, will be re-established with respect to its corresponding Continuing Fund unless securityholders advise otherwise.
 - (vi) Securityholders of the Terminating Funds have received prior notice of the Mergers and may at any time redeem the securities of the Terminating Fund up to the close of business on the Effective Date of a Merger.
35. The foregoing reasons for the Mergers were set out in the circular along with certain prospectus-level disclosure concerning the Continuing Funds, including information regarding fees, expenses, investment objectives, valuation procedures, the manager, the portfolio advisor (or sub-advisor, as applicable), income tax considerations and net asset value. The Circular has provided sufficient information about each Merger to permit securityholders to make an informed decision about the Merger. The Circular also disclosed that securityholders can obtain the simplified prospectus, annual information form, fund facts, the most recent financial statements, and the most recent management report of fund performance of the Continuing Funds that have been made public, from the Filer upon request, on the Filer’s website or on SEDAR at www.sedar.com. Also accompanying the Circular delivered to securityholders will be a copy of the fund facts document for the relevant Continuing Fund.
36. Approval of the Mergers are required under section 5.7 of NI 81-102 because the Mergers do not satisfy one of the criteria for pre-approved reorganizations under section 5.6 of NI 81-102; namely, each Merger will not be a “qualifying exchange” within the meaning of section 132.2 of the Tax Act or a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the Tax Act. The Mergers may not be implemented on a tax-deferred rollover basis under the Tax Act and accordingly will occur on a taxable basis. The Circular provides a summary of certain Canadian federal tax considerations applicable to certain securityholders of the Terminating Funds.

Decision

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

The decision of the principal regulator under the Legislation is that the approval for the Mergers is granted provided that the Filer obtains the prior approval of the securityholders of the Funds of the Mergers, as applicable, at the special meetings held for that purpose, or any adjournments thereof.

“Raymond Chan”
Manager,
Investment Funds & Structured Products Branch
Ontario Securities Commission

APPENDIX A

TERMINATING FUND	CONTINUING FUND	EFFECTIVE DATE OF THE MERGER
Manulife Strategic Income Class	Manulife Strategic Income Fund	On or about November 7, 2014
Manulife Yield Opportunities Class	Manulife Yield Opportunities Fund	On or about November 7, 2014
Manulife Floating Rate Income Class	Manulife Floating Rate Income Fund	On or about November 7, 2014
Manulife Structured Bond Class	Manulife Canadian Conservative Balanced Fund	On or about November 7, 2014
Manulife Corporate Bond Class	Manulife Corporate Bond Fund	On or about November 7, 2014
Manulife Strategic Balanced Yield Class	Manulife Strategic Balanced Yield Fund	On or about November 7, 2014
Manulife U.S. Balanced Private Pool (formerly Manulife Balanced Private Pool)	Manulife U.S. Balanced Private Trust (formerly Manulife Balanced Private Trust)	On or about November 7, 2014
Manulife Balanced Income Private Pool	Manulife Balanced Income Private Trust	On or about November 7, 2014
Manulife Global Fixed Income Private Pool	Manulife Global Fixed Income Private Trust	On or about November 7, 2014
Manulife Canadian Fixed Income Private Pool	Manulife Canadian Fixed Income Private Trust	On or about November 7, 2014
Manulife Corporate Fixed Income Private Pool	Manulife Corporate Fixed Income Private Trust	On or about November 7, 2014
Manulife International Value Equity Class	Manulife International Value Equity Fund	On or about October 24, 2014
Manulife Preferred Income Fund	Manulife Preferred Income Class	On or about October 24, 2014

2.1.7 IA Clarington Investments Inc. et al.

Headnote

Policy Statement 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from paragraph 5.1(1)(c) of Regulation 81-102 respecting Investments Fund to obtain the approval of securityholders before changing the fundamental investment objectives of the funds – relief required as a result of changes to federal budget eliminating certain tax benefits associated with character conversion transaction.

Applicable Legislative Provisions

Regulation 81-102 respecting Investment Funds, s. 5.1(1)(c).

December 18, 2014

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

AND

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

AND

IN THE MATTER OF
IA CLARINGTON INVESTMENTS INC.
(THE FILER)

AND

IA CLARINGTON CANADIAN BALANCED CLASS, IA CLARINGTON DIVIDEND GROWTH CLASS,
IA CLARINGTON FOCUSED BALANCED CLASS, IA CLARINGTON GLOBAL TACTICAL INCOME CLASS,
IA CLARINGTON STRATEGIC CORPORATE BOND CLASS, IA CLARINGTON STRATEGIC INCOME CLASS,
IA CLARINGTON TACTICAL BOND CLASS AND IA CLARINGTON TACTICAL INCOME CLASS
(each, a Fund or collectively, the Funds)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption under section 19.1 of *Regulation 81-102 respecting Investment Funds* (c.V-1.1, r.39) (**Regulation 81-102**), exempting the Funds from the requirement in paragraph 5.1(1)(c) of Regulation 81-102 to obtain the approval of securityholders before changing the fundamental investment objectives of the Funds (the **Exemption Sought**).

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

- a) the Autorité des marchés financiers is the principal regulator for this application,
- b) the Filer has provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System* (c.V-1.1, r.1) (**Regulation 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Nunavut and Yukon (the **Other Jurisdictions**), and
- c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions* (c.V-1.1, r.3), Regulation 11-102 and Regulation 81-102 have the same meaning if used in this decision, unless otherwise defined. Capitalized terms used in this decision have the following meanings:

“**Reference Funds** or individually, a **Reference Fund**” means the mutual funds set out beside each of the Funds in the following table:

Funds	Reference Funds
IA Clarington Canadian Balanced Class	IA Clarington Canadian Balanced Fund
IA Clarington Dividend Growth Class	IA Clarington Canadian Dividend Fund
IA Clarington Focused Balanced Class	IA Clarington Strategic Corporate Bond Fund in respect of the fixed income portion of the portfolio of the Fund
IA Clarington Global Tactical Income Class	IA Clarington Global Tactical Income Fund
IA Clarington Strategic Corporate Bond Class	IA Clarington Strategic Corporate Bond Fund
IA Clarington Strategic Income Class	IA Clarington Strategic Income Fund
IA Clarington Tactical Bond Class	IA Clarington Tactical Bond Fund
IA Clarington Tactical Income Class	IA Clarington Tactical Income Fund

Representations

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

The Filer

1. The Filer is a corporation established under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44.
2. The Filer’s head office is located at 1080 Grande Allée West, Québec City, Québec, G1K 7M3.
3. The Filer is the investment fund manager of the Funds and of the Reference Funds. The Filer is the trustee of the Reference Funds.
4. The Filer is duly registered as an investment fund manager in Québec, Ontario and Newfoundland and Labrador and as a portfolio manager in the Jurisdictions and the Other Jurisdictions.
5. The Filer is not in default of its obligations under the securities legislation of the Jurisdictions and of the Other Jurisdictions.

The Funds and the Reference Funds

6. Each of the Funds is a separate class of shares of Clarington Sector Fund Inc. (**CSFI**), a mutual fund corporation incorporated under the laws of the Province of Ontario.
7. Each of the Reference Funds is an open-ended investment trust established under the laws of the Province of Ontario.
8. Each of the Funds and the Reference Funds are subject to the provisions of Regulation 81-102.
9. The securities of each of the Funds and the Reference Funds are currently qualified for distribution pursuant to a simplified prospectus dated June 17, 2014 (the **Current Simplified Prospectus**) that has been prepared and filed in accordance with *Regulation 81-101 respecting Mutual Funds* (c.V-1.1, r.38). Accordingly, the Funds and the Reference Funds are each reporting issuers or the equivalent in the Jurisdictions and the Other Jurisdictions.
10. Each of the Funds and the Reference Funds are not in default of its obligations under the securities legislation of the Jurisdictions and of the Other Jurisdictions.

11. Under its fundamental investment objectives and strategies, as stated in the Current Simplified Prospectus, each of the Funds, for all or for a part of its portfolio, does, or has the ability to, obtain a return similar to its corresponding Reference Fund by purchasing equity securities and entering into a forward contract or other permitted derivatives with a counterparty, under which it forward sells the equity securities, and in return receives the total return of an investment in units of its corresponding Reference Fund (a Character Conversion Transaction).
12. The current fundamental investment objectives, as stated in the Current Simplified Prospectus of each of the Funds are set out in the table below:

Funds	Investment Objectives
IA Clarington Canadian Balanced Class	The Fund's objective is to achieve capital appreciation and income with a focus on preserving the value of the original capital by investing primarily in a portfolio of Canadian equity and fixed income investments suitable for a Canadian balanced mutual fund, or it may invest all or a portion of its portfolio in Canadian equity securities and hedge its exposure to those securities by entering into forward contracts or other permitted derivatives in order to obtain a return determined by reference to the performance of a Canadian balanced fund managed by IA Clarington, or an affiliate or associate of IA Clarington (less transaction and hedging costs).
IA Clarington Dividend Growth Class	The Fund's objective is to provide a return that is similar to the return of a Canadian dividend mutual fund. The Fund invests primarily, directly or indirectly, in securities held by a Canadian dividend mutual fund managed by IA Clarington, or an affiliate or associate of IA Clarington, and may invest all or a portion of its portfolio in Canadian equity securities and hedge its equity risks by entering into forward contracts or other permitted derivatives in order to provide the Fund with a return determined by reference to the performance of the Reference Fund (less transaction and hedging costs).
IA Clarington Focused Balanced Class	The Fund achieves capital appreciation and moderate income by investing primarily, directly or indirectly, in a portfolio of Canadian equity and fixed income investments. With respect to the portion of the portfolio allocated to fixed income investments, the Fund may seek to obtain a return determined by reference to the performance of a Canadian bond fund that invests primarily in fixed income securities and is managed by IA Clarington or an affiliate or associate of IA Clarington (less transaction and hedging costs). The Fund will seek to achieve its objective by (i) investing in Securities of the Reference Fund, (ii) investing in Canadian equity and fixed income securities similar to those held by the Reference Fund, and/or (iii) obtaining exposure to the Reference Fund through the use of derivatives.
IA Clarington Global Tactical Income Class	The Fund's objective is to provide a return that is similar to the return of a global neutral balanced mutual fund. The Fund invests primarily, directly or indirectly, in securities held by a global neutral balanced mutual fund managed by IA Clarington, or an affiliate or associate of IA Clarington, and may invest all or a portion of its portfolio in Canadian equity securities and hedge its equity risks by entering into forward contracts or other permitted derivatives in order to provide the Fund with a return determined by reference to the performance of the Reference Fund (less transaction and hedging costs).
IA Clarington Strategic Corporate Bond Class	The Fund's objective is to provide a return that is similar to the return of a high yield fixed income mutual fund that invests primarily in corporate and other high yielding fixed income securities and is managed by IA Clarington, or an affiliate or associate of IA Clarington. The Fund will seek to achieve its objective by investing primarily, directly or indirectly, including through the use of derivatives, in securities held by the Reference Fund.

Funds	Investment Objectives
IA Clarington Strategic Income Class	The Fund's objective is to provide a return that is similar to the return of a diversified income mutual fund that invests primarily in Canadian equity and fixed income securities and is managed by IA Clarington, or an affiliate or associate of IA Clarington. The Fund will seek to achieve its objective by (i) investing in Securities of the Reference Fund, (ii) investing in Canadian equity and fixed income securities similar to those held by the Reference Fund, and/or (iii) obtaining exposure to the Reference Fund through the use of derivatives.
IA Clarington Tactical Bond Class	The Fund's objective is to provide a return that is similar to the return of a Canadian tactical fixed income mutual fund. The Fund invests primarily, directly or indirectly, in securities held by a Canadian tactical fixed income mutual fund managed by IA Clarington, or an affiliate or associate of IA Clarington, and may invest all or a portion of its portfolio in Canadian equity securities and hedge its equity risks by entering into forward contracts or other permitted derivatives in order to provide the Fund with a return determined by reference to the performance of the Reference Fund (less transaction and hedging costs).
IA Clarington Tactical Income Class	The Fund's objective is to provide a return that is similar to the return of a Canadian tactical balanced mutual fund. The Fund invests primarily, directly or indirectly, in securities held by a Canadian tactical balanced mutual fund managed by IA Clarington, or an affiliate or associate of IA Clarington, and may invest all or a portion of its portfolio in Canadian equity securities and hedge its equity risks by entering into forward contracts or other permitted derivatives in order to provide the Fund with a return determined by reference to the performance of the Reference Fund (less transaction and hedging costs).

Investment Objectives Changes

13. The ITA has been amended following the Federal Minister of Finance's budget proposal first introduced on March 21, 2013. The amendments to the ITA have eliminated the tax benefits associated with a Character Conversion Transaction. The changes apply to any Character Conversion Transaction entered into or amended after March 20, 2013 (the **Tax Changes**).
14. On March 28, 2013, the Filer issued a press release announcing the temporary closing of the following Funds: IA Clarington Focused Balanced Class, IA Clarington Global Tactical Income Class, IA Clarington Strategic Corporate Bond Class, IA Clarington Strategic Income Class, IA Clarington Tactical Bond Class and IA Clarington Tactical Income Class, to new investments, effective as of the close of business on April 4, 2013.
15. In response to the Tax Changes, the Filer wishes to amend the fundamental investment objectives of the Funds (collectively, the **Objectives Changes**) to:
 - (i) remove all references to the use of a Character Conversion Transaction; and
 - (ii) reflect the proposed new investment approach of the Funds pursuant to which:
 - a. each Fund will be permitted to invest substantially all of its net assets in securities of its corresponding Reference Fund, except for the IA Clarington Focused Balanced Class for which such investment is limited to the fixed income portion of the portfolio of the Fund; and
 - b. each Fund will retain its ability to invest in securities similar to those held by its Reference Fund, except for the IA Clarington Focused Balanced Class for which such investment is limited to the fixed income portion of the portfolio of the Fund.
16. On October 28, 2014, the Filer sent to each securityholder of the Funds a written notice that sets out the Objectives Changes, the reasons for such change and a statement that the Fund will no longer be able to provide tax-advantaged returns.
17. The current investment objectives of the Funds will continue to be in effect until December 29, 2014.

18. The new investment objectives of the Funds will take effect on December 30, 2014, and will be substantially as set out below:

Funds	Investment Objectives
IA Clarington Canadian Balanced Class	The Fund's objective is to achieve capital appreciation and income with a focus on preserving the value of the original capital by investing primarily in a portfolio of Canadian equity and fixed income investments suitable for a Canadian balanced mutual fund, and it may invest all or a portion of its portfolio in Securities of a Reference Fund managed by IA Clarington, or an affiliate or associate of IA Clarington.
IA Clarington Dividend Growth Class	The Fund's objective is to provide a return that is similar to the return of a Canadian dividend mutual fund. The Fund invests primarily, directly or indirectly, in securities held by a Canadian dividend mutual fund managed by IA Clarington, or an affiliate or associate of IA Clarington, and may invest all or a portion of its portfolio in Securities of the Reference Fund.
IA Clarington Focused Balanced Class	The Fund achieves capital appreciation and moderate income by investing primarily, directly or indirectly, in a portfolio of Canadian equity and fixed income investments. With respect to the portion of the portfolio allocated to fixed income investments, the Fund may seek to obtain a return determined by reference to the performance of a Canadian bond fund that invests primarily in fixed income securities and is managed by IA Clarington or an affiliate or associate of IA Clarington. The Fund will seek to achieve its objective by (i) investing in Securities of the Reference Fund and/or (ii) investing in Canadian equity and fixed income securities similar to those held by the Reference Fund.
IA Clarington Global Tactical Income Class	The Fund's objective is to provide a return that is similar to the return of a global neutral balanced mutual fund. The Fund invests primarily, directly or indirectly, in securities held by a global neutral balanced mutual fund managed by IA Clarington, or an affiliate or associate of IA Clarington, and may invest all or a portion of its portfolio in Securities of the Reference Fund.
IA Clarington Strategic Corporate Bond Class	The Fund's objective is to provide a return that is similar to the return of a high yield fixed income mutual fund that invests primarily in corporate and other high yielding fixed income securities and is managed by IA Clarington, or an affiliate or associate of IA Clarington. The Fund will seek to achieve its objective by investing primarily, directly or indirectly, in securities held by the Reference Fund and may invest all or a portion of its portfolio in Securities of the Reference Fund.
IA Clarington Strategic Income Class	The Fund's objective is to provide a return that is similar to the return of a diversified income mutual fund that invests primarily in Canadian equity and fixed income securities and is managed by IA Clarington, or an affiliate or associate of IA Clarington. The Fund will seek to achieve its objective by (i) investing in Securities of the Reference Fund, and/or by (ii) investing in Canadian equity and fixed income securities similar to those held by the Reference Fund.
IA Clarington Tactical Bond Class	The Fund's objective is to provide a return that is similar to the return of a Canadian tactical fixed income mutual fund. The Fund invests primarily, directly or indirectly, in securities held by a Canadian tactical fixed income mutual fund managed by IA Clarington, or an affiliate or associate of IA Clarington, and may invest all or a portion of its portfolio in Securities of the Reference Fund.
IA Clarington Tactical Income Class	The Fund's objective is to provide a return that is similar to the return of a Canadian tactical balanced mutual fund. The Fund invests primarily, directly or indirectly, in securities held by a Canadian tactical balanced mutual fund managed by IA Clarington, or an affiliate or associate of IA Clarington, and may invest all or a portion of its portfolio in Securities of the Reference Fund.

Decisions, Orders and Rulings

19. The Objectives Changes were announced in the Amendment no 3 to the Current Simplified Prospectus of the Funds filed on November 19, 2014. A press release and a material change report were filed.
20. Securityholders of the Funds may switch or redeem their securities prior to the effective date of the Objectives Changes.
21. The board of directors of CSFI and the board of directors of the Filer has each approved the Objectives Changes.
22. The independent review committee of the Funds has provided a positive recommendation with respect to the Objectives Changes.

The Reasons for the Exemption Sought

23. In the absence of the Exemption Sought, the Objectives Changes would require approval of securityholders of the Funds pursuant to paragraph 5.1(1)(c) of Regulation 81-102.
24. The Objectives Changes are changes made in response to the Tax Changes. The forward contracts that were in place before the Tax Changes are allowed to maintain their favorable tax treatment until they expire. The forward contracts will terminate on December 29, 2014.
25. In the opinion of the Filer, the Objectives Changes will not adversely affect securityholders of the Funds.
26. The Filer submits that it is not prejudicial, nor contrary to the public interest to grant the Requested Relief in the circumstances as represented above.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted, provided that, in respect of each Fund, securityholders of the Fund have been sent a written notice, at least 60 days before the effective date of the change to the investment objectives of the Fund, that sets out the change to the investment objectives, the reasons for such change and a statement that the Fund will no longer be able to distribute gains under forward contracts that are treated as capital gains for tax purposes.

“Josée Deslauriers”
Senior Director, Investment Funds and Continuous Disclosure
Autorité des marchés financiers

2.1.8 FundEx Investments Inc. and Investment Financial Group Inc.

Headnote

Paragraphs 4.1(1)(a) and 4.1(1)(b) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – a registered firm must not permit an individual to act as a dealing, advising or associate advising representative of the registered firm if the individual acts as an officer, partner or director of another registered firm that is not an affiliate of the first-mentioned firm or if the individual is registered as a dealing, advising or associate advising representative of another registered firm – firms are not affiliated entities – first mutual fund dealer acquiring second mutual fund dealer’s book of business – second mutual fund dealer intends to resign from MFDA and surrender registration – Filers have valid business reasons for individual to be registered with both dealers – individual has sufficient time to adequately serve both firms – as one firm winding down, conflicts of interest are unlikely to arise – policies in place to handle potential conflicts of interest – Filers exempted from the prohibition for a limited period of time.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 4.1, 15.1.

December 19, 2014

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)**

AND

**IN THE MATTER OF
FUNDEX INVESTMENTS INC.
(FundEX)**

AND

**INVESTMENT FINANCIAL GROUP INC.
(IFGI, and together with FundEX, the Filers)**

DECISION

Background

The regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for relief from the requirements in paragraphs 4.1(1)(a) and 4.1(1)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) to permit Mr. Donald Thomas McGrath to be registered as a dealing representative of FundEX and as a dealing representative, director, officer, ultimate designated person (**UDP**) and chief compliance officer (**CCO**) of IFGI for a limited period of time (the **Relief Sought**) for the purposes of maintaining the registration of IFGI to facilitate the transfer of IFGI’s client accounts (the **Accounts**), the resignation of IFGI’s membership in the Mutual Fund Dealers Association of Canada (**MFDA**) and the approval by the Ontario Securities Commission (**OSC**) of IFGI’s voluntary surrender of its registration and servicing the Accounts until their transfer out of IFGI is complete.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning in this decision unless otherwise defined.

Representations

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

1. IFGI is currently registered as a mutual fund dealer with the OSC. IFGI is a member of the MFDA. Its head office is in Keswick, Ontario.
2. FundEX is registered as a mutual fund dealer and exempt market dealer in all thirteen Canadian jurisdictions and is a member of the MFDA. The head office of FundEX is in Vaughan, Ontario.

3. FundEX and IFGI are each independently owned and are not affiliates of one another.
4. Mr. McGrath is registered as the UDP, CCO and sole dealing representative of IFGI and has been approved as an officer, director and shareholder of IFGI in Ontario. He is a resident of Ontario.
5. The application for the Relief Sought is made in relation to the transfer of IFGI's book of business to FundEX (the **Proposed Transaction**). As part of the Proposed Transaction, Mr. McGrath is seeking to become registered as a dealing representative with FundEX.
6. Pursuant to section 11.9 of NI 31-103, the Filers notified the OSC as principal regulator of the Proposed Transaction by letter dated November 11, 2014 (the **Notice**). Following further discussions with Staff of the OSC, the Notice was filed on December 17, 2014 with each of the other twelve securities regulatory authorities with whom FundEX is registered.
7. The MFDA approved the Proposed Transaction by letter on April 2, 2014.
8. A notice of the Proposed Transaction, which included information about the transfer of client accounts to FundEX, was mailed to IFGI's clients on May 1, 2014.
9. The transfer of the Accounts from IFGI to FundEX will be initiated on December 19, 2014 (the Transaction Date). A bulk transfer of client accounts from one mutual fund dealer to another mutual fund dealer can take approximately one month, or longer, to be completed.
10. On or after the Transaction Date, Mr. McGrath will register as a dealing representative of FundEX, and will also continue as a dealing representative, director, officer, UDP and CCO of IFGI for a limited period of time (the **Dual Registration**).
11. Upon registration as a dealing representative with FundEX, Mr. McGrath will limit his trading activities on behalf of IFGI to trades on behalf of existing IFGI clients pending transfer of their accounts from IFGI to FundEX or another registered firm.
12. Upon Mr. McGrath's registration as a dealing representative with FundEX, IFGI has agreed to the following terms and conditions being placed upon its registration:

IFGI, including its registered individual Mr. McGrath, will limit its trading activities to trades on behalf of existing IFGI clients pending transfer of their accounts from IFGI to FundEX or to another registered firm.
13. The Dual Registration will facilitate the completion of the Proposed Transaction, and will permit Mr. McGrath to:
 - a. facilitate the orderly wind-up of IFGI's business and operations, including the transferring out of the Accounts, the resignation of IFGI's MFDA membership and the voluntary surrender of IFGI's registration to the OSC; and
 - b. provide services to the IFGI client accounts that have not yet transferred out of IFGI that are similar to the services those accounts would have received (from FundEX or another receiving dealer) had they already been transferred out, until all Accounts have transferred out of IFGI (the **Account Transfer Completion Date**).
14. Effective as of the Account Transfer Completion Date, IFGI will cease its registrable activities and will not open any new client accounts. On or immediately after the Account Transfer Completion Date, IFGI will notify the MFDA and the OSC of the Account Transfer Completion Date and submit an application for voluntary surrender of its registration to the OSC, its principal regulator.
15. IFGI has agreed to certain terms and conditions being placed on its registration immediately on or after the Account Transfer Completion Date, including:
 - a. IFGI and its registered individual will not trade in securities under securities law and will not open any new client accounts, and
 - b. Mr. McGrath, as its sole director, officer, UDP and CCO, will act in such capacity only to comply with regulatory requirements including, as necessary, to resign the membership of IFGI with the MFDA, and has agreed to abide by, and ensure that IFGI adheres to the terms and conditions imposed on the registration of IFGI by the OSC.

Decisions, Orders and Rulings

16. The terms and conditions referred to in paragraph 12 of this decision will be removed from IFGI's registration when the terms and conditions referred to in paragraph 15 of this decision are placed on its registration.
17. A filing to add FundEX as an additional sponsoring firm for Mr. McGrath will be made via the National Registration Database as soon as the Relief Sought has been granted.
18. Mr. McGrath will have sufficient time and resources to adequately meet his obligations to both IFGI and FundEX.
19. The Filers have in place policies and procedures to address any conflicts of interest that may arise as a result of the Dual Registration. The limited activities of IFGI and Mr. McGrath will facilitate this, by largely or entirely avoiding any conflicts of interest.
20. Furthermore, FundEX has compliance and supervisory policies and procedures in place to monitor the conduct of its representatives, including Mr. McGrath, and to ensure that FundEX can deal appropriately with any conflicts of interest that may arise.
21. FundEX will supervise the activities that Mr. McGrath will conduct on behalf of IFGI, including by holding meetings regularly with him and by obtaining regular status reports from him.
22. In the absence of the Relief Sought, Mr. McGrath would be prohibited under paragraphs 4.1(1)(a) and 4.1(1)(b) of NI 31-103 from acting as a dealing representative of FundEX while also acting as a dealing representative, officer, director, UDP and CCO of IFGI.

Decision

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

The decision of the regulator under the Legislation is that the Relief Sought is granted provided that (1) the circumstances described above remain in place, and (2) the Relief Sought expires on the earlier of the following:

- i) one year from the date hereof;
- ii) the date on which the surrender of IFGI's registration is approved by the OSC.

"Marriane Bridge"
Deputy Director, Compliance and Registrant Regulation
Ontario Securities Commission

2.2 Orders

2.2.1 Darren Spears and May Spears – ss. 127(1), 127(5)

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

AND

IN THE MATTER OF
DARREN SPEARS and MAY SPEARS

ORDER
(Subsections 127(1) and 127(5))

WHEREAS it appears to the Ontario Securities Commission (the “Commission”) that:

1. May Spears is an employee of the Finance Group at Magna International Inc. (“Magna”);
2. Darren Spears is May Spears’ husband. He is a Director of Finance, Cosma Castings, which is an operating division of Magna;
3. Darren Spears and May Spears (the “Respondents”) may have purchased and sold securities of Magna, a reporting issuer, with knowledge of material facts that were not generally disclosed;
4. May Spears is a person in a special relationship with Magna as she is an employee of the Finance Group at Magna. May Spears had access to material, undisclosed information concerning Magna’s financial performance at the relevant times and was restricted from trading Magna securities during various blackout periods;
5. May Spears may have informed Darren Spears of material, undisclosed facts regarding Magna financial results and he may have made purchases and sales of Magna securities with knowledge of the material, undisclosed facts concerning Magna’s financial results and while in a special relationship with Magna;
6. Trading in Magna securities repeatedly took place in May Spears’ brokerage accounts while she was subject to blackout restrictions at Magna;
7. The Respondents may have breached subsections 76(1) and (2) of the *Securities Act*, R.S.O., c. S.5, 1990, as amended (the “Act”); and
8. Staff are continuing to investigate the conduct described above;

AND WHEREAS on December 12, 2014, the Commission, pursuant to clause 2 of subsections 127(1) and 127(6) of the Act ordered that all trading in securities of

Magna by the Respondents cease for a period of 15 days from the date of that Order (the “Cease Trade Order”);

AND WHEREAS Darren Spears has agreed to sell all of his holdings in Magna shares in his TD Waterhouse trading accounts and that the proceeds from such sale will remain in his trading account in the form of cash unless the Commission consents to the release of those proceeds or until otherwise ordered by the court;

AND WHEREAS Darren Spears has agreed to sell his option contracts for Magna shares that expire on December 20, 2014 and that the proceeds from such option sales will remain in his trading account in the form of cash unless the Commission consents to the release of those proceeds or until otherwise ordered by the court and has also agreed that he will allow his option contracts for Magna shares that expire on January 17, 2015 and March 20, 2015 to expire without any exercise of any right to purchase Magna shares;

AND WHEREAS Staff consents to Darren Spears selling all of his holdings in Magna shares and the options contracts expiring on December 20, 2014 in his TD Waterhouse trading accounts provided that the proceeds from such sale remain in his trading accounts in the form of cash;

AND WHEREAS the Respondents have consented to an extension of the Cease Trade Order to April 17, 2015;

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

IT IS ORDERED THAT:

1. Pursuant to Rule 1.6(2) of the Commission’s *Rules of Procedure*, the time for the service and filing of materials for this hearing is hereby abridged;
2. Darren Spears is permitted to sell all of his holdings in Magna shares in his TD Waterhouse trading accounts provided that the proceeds from such sale shall remain in his trading account in the form of cash unless the Commission consents to the release of the proceeds or until otherwise ordered by the court;
3. Darren Spears is permitted to sell his option contracts for Magna shares that expire on December 20, 2014, provided that the proceeds from such sale shall remain in his trading account in the form of cash unless the Commission consents to the release of the proceeds or until otherwise ordered by the court;
4. Darren Spears shall allow his option contracts for Magna shares that expire on January 17, 2015 and March 20, 2015, to expire without any exercise of any right to purchase Magna shares;

5. Pursuant to subsection 127(7) of the Act, the Cease Trade Order is extended until April 17, 2015; and

6. The hearing is adjourned to Wednesday, April 15, 2015, at 10:00 a.m. or such other date as may be determined by the Office of Secretary.

DATED at Toronto this 18th day of December, 2014.

“Christopher Portner”

2.2.2 Darren Spears and May Spears

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

AND

**IN THE MATTER OF
DARREN SPEARS and MAY SPEARS**

ORDER

WHEREAS it appears to the Ontario Securities Commission (the “Commission”) that:

1. May Spears is an employee of the Finance Group at Magna International Inc. (“Magna”);
2. Darren Spears is May Spears’ husband. He is a Director of Finance, Cosma Castings, which is an operating division of Magna;
3. Darren Spears and May Spears (the “Respondents”) may have purchased and sold securities of Magna, a reporting issuer, with knowledge of material facts that were not generally disclosed;
4. May Spears is a person in a special relationship with Magna as she is an employee of the Finance Group at Magna. May Spears had access to material, undisclosed information concerning Magna’s financial performance at the relevant times and was restricted from trading Magna securities during various blackout periods;
5. May Spears may have informed Darren Spears of material, undisclosed facts regarding Magna financial results and he may have made purchases and sales of Magna securities with knowledge of the material, undisclosed facts concerning Magna’s financial results and while in a special relationship with Magna;
6. Trading in Magna securities repeatedly took place in May Spears’ brokerage accounts while she was subject to blackout restrictions at Magna;
7. The Respondents may have breached subsections 76(1) and (2) of the *Securities Act*, R.S.O., c. S.5, 1990, as amended (the “Act”); and
8. Staff are continuing to investigate the conduct described above;

AND WHEREAS on December 12, 2014, the Commission, pursuant to clause 2 of subsections 127(1) and 127(6) of the Act ordered that all trading in securities of Magna by the Respondents cease for a period of 15 days from the date of that Order (the "Cease Trade Order");

AND WHEREAS on December 18, 2014, the Commission, pursuant to clause 2 of subsection 127(1) of the Act continued the Cease Trade Order referred to above, with modifications, until April 17, 2015;

AND WHEREAS the Respondents brought a motion seeking an Order sealing the evidentiary record filed by Staff in support of the request to extend the Cease Trade Order herein;

AND WHEREAS the Respondents rely upon the early stage investigation by Staff and the fact that the record contains intimate financial and personal information;

AND WHEREAS Staff do not object to an Order that the record be kept confidential until the return date for the Cease Trade Order in the circumstances of this case;

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

IT IS ORDERED THAT:

1. Pursuant to Rule 1.6(2) of the Commission's *Rules of Procedure*, the time for the service and filing of materials for this motion is hereby abridged;
2. Pursuant to Rule 5.2 of the Commission's *Rules of Procedure* and subsection 9(1)(b) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, the Hearing Brief of Staff of the OSC (Hearing to Extend Temporary Cease Trade Order), save for the Notice of Hearing, shall be sealed until April 17, 2015 or such other date as may be ordered.

DATED at Toronto this 19th day of December, 2014.

"Christopher Portner"

2.2.3 Eric Inspektor

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

AND

**IN THE MATTER OF
ERIC INSPEKTOR**

ORDER

WHEREAS on March 28, 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"), in relation to a Statement of Allegations filed by Staff of the Commission ("Staff") on March 28, 2014, to consider whether it is in the public interest to make certain orders against Eric Inspektor (the "Respondent");

AND WHEREAS the Notice of Hearing set a hearing in this matter for April 15, 2014 at 10:00 a.m.;

AND WHEREAS on April 8, 2014, the hearing was rescheduled by the Commission to commence on April 30, 2014 at 10:00 a.m.;

AND WHEREAS on April 30, 2014, Staff submitted *inter alia* that its disclosure to the Respondent would be substantially completed before the end of May 2014;

AND WHEREAS on April 30, 2014, the Commission ordered that the hearing be adjourned to June 18, 2014;

AND WHEREAS on June 18, 2014, Staff confirmed that disclosure to the Respondent was substantially complete, and counsel to the Respondent submitted that she would require some time to review Staff's disclosure and address any issues arising from such disclosure;

AND WHEREAS on June 20, 2014, the Commission ordered that the hearing be adjourned to September 17, 2014;

AND WHEREAS on September 2, 2014, counsel for the Respondent, Crawley MacKewn Brush LLP ("CMB"), filed a notice of motion, pursuant to Rule 1.7.4 of the Commission's *Rules of Procedure* (2014), 37 O.S.C.B. 4168 (the "Rules"), for leave to withdraw as representative for the Respondent and requesting that the motion be heard in writing (the "Withdrawal Motion");

AND WHEREAS the affidavit filed by CMB states that the Respondent intends to represent himself;

AND WHEREAS on September 15, 2014, the Commission ordered that the Withdrawal Motion be heard

in writing and granted CMB leave to withdraw as representative for the Respondent;

AND WHEREAS on September 17, 2014, the Respondent advised that he was seeking an order pursuant to section 17 of the Act authorizing disclosure of certain documents which the Respondent received from Staff pursuant to Staff's disclosure obligations (the "Section 17 Motion");

AND WHEREAS on September 17, 2014, the Commission adjourned the hearing to November 3, 2014;

AND WHEREAS on October 21, 2014, the Section 17 Motion was heard in camera and on December 10, 2014, the Commission delivered its Reasons and Decision on the Section 17 Motion (*Re Eric Inspektor* (2014), 37 O.S.C.B. 11271);

AND WHEREAS on November 3, 2014, Staff and the Respondent appeared and made submissions before the Commission;

AND WHEREAS the Respondent advised that he is seeking a summons authorizing disclosure of a legal opinion provided by a law firm to a bank regarding one or more companies named in the Statement of Allegations in this matter;

AND WHEREAS on November 3, 2014, the Commission ordered that: (a) the hearing on the merits begin on April 8, 2015 and continue on April 9, 13, 14, 15, 16, 17, 20, 22, 23, 24 and April 27, 2015; (b) a confidential pre-hearing conference be held on December 15, 2014; (c) the Respondent file a request for summons to the Office of the Secretary indicating the document that the Respondent seeks to be produced and the reasons for the request; and (d) if necessary, a hearing be held on January 15, 2015 to consider a motion by the Respondent for additional disclosure;

AND WHEREAS on December 15, 2014, a confidential pre-hearing conference was held at which the Commission considered submissions of Staff and the Respondent;

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

IT IS ORDERED that:

1. The Respondent shall make initial disclosure to Staff of documents in the Respondent's possession that the Respondent intends to produce, enter as evidence or rely upon at the hearing by December 29, 2014;
2. The hearing date of January 15, 2015 be vacated;
3. A hearing shall be held on January 30, 2015 at 10:00 a.m. to consider a motion

by Staff or the Respondent for additional disclosure ("Disclosure Motion"), if necessary;

4. A party making a Disclosure Motion (the "Moving Party") shall serve a notice of motion on the other party (the "Responding Party") and file it by January 12, 2015;
5. The Moving Party shall serve a memorandum of fact and law and any affidavits to be relied upon, on the Responding Party, and file them, by January 16, 2015;
6. The Responding Party shall serve a memorandum of fact and law and any affidavits to be relied upon, on the Moving Party, and file them, by January 20, 2015;
7. The Moving Party shall serve any memorandum of fact and law in reply on the Responding Party, and file it, by January 26, 2015;
8. A further confidential pre-hearing conference shall be held on March 4, 2015 at 10:00 a.m.;
9. Each party shall make best efforts to provide to the other party its hearing brief by March 9, 2015; and
10. The Respondent shall make best efforts to provide Staff a complete witness list and witness summary for each witness by March 19, 2015.

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

"Mary Condon"

2.2.4 GITC Investments and Trading Canada Ltd. et al. – ss. 127(7), 127(8)

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

AND

**IN THE MATTER OF
GITC INVESTMENTS AND TRADING CANADA LTD.
carrying on business as
GITC INVESTMENTS AND TRADING CANADA INC.
and GITC, GITC INC., and AMAL TAWFIQ ASFOUR**

**TEMPORARY ORDER
(Subsection 127(7) or 127(8))**

WHEREAS on December 11, 2014, the Ontario Securities Commission (the “Commission”) issued a temporary order (the “Temporary Order”), pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O., c. S.5., as amended (the “Act”), ordering the following:

- (a) that all trading in any securities by GITC Investments & Trading Canada Ltd. carrying on business as GITC Investments and Trading Canada Inc. and GITC (“GITC”), GITC Inc., and Amal Tawfiq Asfour (“Asfour”), (collectively, the “Respondents”) shall cease; and
- (b) that any exemptions contained in Ontario securities law do not apply to any of GITC, GITC Inc., and Asfour.

AND WHEREAS on December 11, 2014, pursuant to subsection 127(6) of the Act, Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on December 12, 2014, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on Thursday December 18, 2014 at 10:00 a.m. (the “Notice of Hearing”);

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

AND WHEREAS Staff of the Commission (“Staff”) served the Respondents with copies of the Temporary Order, the Notice of Hearing, the Hearing Brief, and Staff’s Written Submissions and Brief of Authorities as evidenced by the Affidavits of Service sworn by Raymond Daubney on December 12, 2014 and December 18, 2014, and filed with the Commission;

AND WHEREAS the Commission held a hearing on December 18, 2014 at which the Respondents did not attend although properly served;

AND WHEREAS the Commission heard submissions from counsel for Staff;

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

IT IS HEREBY ORDERED that the Temporary Order is extended to June 25, 2015; and specifically:

1. that all trading in any securities by GITC, GITC Inc., and Asfour shall cease; and
2. that any exemptions contained in Ontario securities law do not apply to any of GITC, GITC Inc., and Asfour; and

IT IS FURTHER ORDERED that the Hearing is adjourned to Thursday, June 18, 2015 at 10:00 a.m.

DATED at Toronto this 24th day of December, 2014.

“Alan J. Lenczner”

2.2.5 1700480 Ontario Inc. and the Macerich Company

Headnote

Subsection 74(1) – Application for exemption from prospectus requirement in connection with first trade of shares of issuer through exchange or market outside of Canada or to person or company outside of Canada – issuer not a reporting issuer in any jurisdiction in Canada – conditions of the exemption in section 2.14 of National Instrument 45-102 Resale of Securities not satisfied as residents of Canada own more than 10% of the total number of shares – relief granted subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53, 74(1).
National Instrument 45-102 Resale of Securities, s. 2.14.

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

AND

**IN THE MATTER OF
1700480 ONTARIO INC. AND THE MACERICH COMPANY**

ORDER

Background

The Ontario Securities Commission (the **Commission**) has received an application from 1700480 Ontario Inc. (the **Applicant**) for an order pursuant to subsection 74(1) of the Act for an exemption from the prospectus requirement contained in section 53 of the Act in connection with the first trades of the Subject Shares (as defined below) issued to the Applicant (the **Requested Relief**).

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This order is based on the following facts represented by the Applicant and The Macerich Company (**Macerich**):

1. The Applicant is a direct, wholly-owned subsidiary of the Ontario Teachers' Pension Plan Board (**OTPPB**) and was formed under the laws of the Province of Ontario. The Applicant's head office is located at 20 Queen Street West, Suite 500, Toronto, Ontario M5H 3R4.
2. The Applicant is not a reporting issuer in any province or territory of Canada and is not an "offering corporation" under the *Business Corporations Act* (Ontario). The Applicant's securities are not listed or quoted on any exchange or market in Canada or outside of Canada.
3. OTPPB is an independent corporation established on December 31, 1989 by the *Teachers' Pension Act* (Ontario) to administer and manage a pension plan established for the benefit of the Province of Ontario's primary and secondary school teachers and to pay members of the pension plan their respective benefits under the plan. OTPPB's head office is located at 5650 Yonge Street, Toronto, Ontario M2M 4H5.
4. Macerich was formed under the laws of the State of Maryland in September 1993 and is a self-administered and self-managed real estate investment trust involved in the acquisition, ownership, development, redevelopment, management and leasing of regional and community/power shopping centers located throughout the United States. Macerich's principal executive office is located at 401 Wilshire Boulevard, Suite 700, Santa Monica, California 90401.
5. Macerich's authorized share capital consists of an aggregate of 325,000,000 shares of capital stock, US\$0.01 par value per share, currently consisting of 250,000,000 shares of common stock (the **Common Shares**), 15,000,000 shares of preferred stock and 60,000,000 shares of excess stock, of which 157,971,594 Common Shares were outstanding as at

the close of business on December 11, 2014. Computershare Trust Company, N.A. (**Computershare**) is the transfer agent and registrar for the Common Shares.

6. The Common Shares are listed and posted for trading on the New York Stock Exchange (the **NYSE**) under the symbol "MAC". Other than the foregoing listing on the NYSE, none of Macerich's securities are listed or posted for trading on any exchange or market in Canada or outside of Canada.
7. Macerich is a registrant with the United States Securities and Exchange Commission (the **SEC**) and is subject to the requirements of the United States *Securities Exchange Act of 1934*, as amended (the **1934 Act**), and the rules and regulations of the NYSE. To the best of Macerich's knowledge, it is not in default of any of the requirements of the NYSE or the applicable securities laws of the United States or any jurisdiction of Canada.
8. Macerich is not a reporting issuer or its equivalent in any province or territory of Canada and has no present intention of becoming a reporting issuer in any province or territory of Canada or of becoming listed in Canada, and no market for the Common Shares exists in Canada and none is expected to develop.
9. Pursuant to a Master Agreement dated November 14, 2014 between the Applicant, Pacific Premier Retail LP (**PPRLP**), Queens JV LP (the **Queens JV**), Macerich and certain subsidiaries of Macerich (the **Agreement**), Macerich agreed to issue 17,140,845 Common Shares (the **Subject Shares**) to the Applicant as part of the consideration for the acquisition by certain Macerich subsidiaries of the entire equity interests of the Applicant in PPRLP and the Queens JV (the **Transaction**).
10. The Subject Shares were issued to the Applicant, and the Transaction closed, on November 14, 2014 (the **Distribution Date**). The Subject Shares were issued to the Applicant on a private placement basis in reliance on the accredited investor exemption from the prospectus requirement under section 2.3 of National Instrument 45-106 *Prospectus and Registration Exemptions (NI 45-106)*. The Subject Shares have been listed on the NYSE.
11. Pursuant to a Registration Rights Agreement dated November 14, 2014 between Macerich and the Applicant, Macerich agreed to file with the SEC no later than December 15, 2014 a registration statement under Rule 415 of the United States Securities Act of 1933, as amended (the **U.S. Securities Act**), or a prospectus under Rule 424(b) of the U.S. Securities Act registering the resale of the Subject Shares by the Applicant in the United States. On December 12, 2014, Macerich filed a prospectus supplement under Rule 424(b)(7) of the U.S. Securities Act registering the resale of the Subject Shares.
12. On the Distribution Date, after giving effect to the issuance of the Subject Shares pursuant to the Transaction, the Applicant and OTPPB (i) owned directly or indirectly 17,168,527 Common Shares, representing approximately 10.9% of the outstanding Common Shares, and (ii) represented in number less than 0.01% of the total number of owners directly or indirectly of the outstanding Common Shares. For greater certainty, the 27,682 Common Shares owned directly by OTPPB will not be subject to the Requested Relief.
13. Macerich has received through its advisor, Innisfree (M&A) Incorporated, a report prepared as at December 8, 2014 (the **Reference Date**) by Broadridge Financial Solutions, Inc. (**Broadridge**), who acts as an agent for broker-dealer firms with respect to the mailing of Macerich's proxy statements, setting out a list of beneficial holders of Common Shares with a Canadian address according to Broadridge's records (the **Canadian Beneficial Ownership Report**). The Reference Date is the date nearest to the Distribution Date for which Macerich was able to obtain complete information regarding the holdings and jurisdictions of residence of beneficial holders of Common Shares (the **Canadian Beneficial Shareholder Information**).
14. The Canadian Beneficial Ownership Report was prepared in respect of 147,647,032 beneficially owned Common Shares (the **Report Shares**), being 10,324,562 Common Shares (the **Non-Included Shares**) less than the 157,971,594 total Common Shares outstanding as at the Reference Date. The Canadian Beneficial Ownership Report identifies 22,323 total owners directly or indirectly of the Report Shares (the **Total Reported Shareholders**). According to the information contained in the Canadian Beneficial Ownership Report, as at the Reference Date, residents of Canada other than the Applicant and OTPPB (i) owned directly or indirectly 5,995,324 Common Shares, representing approximately 4.06% of the Report Shares, and (ii) represented in number 125 owners directly or indirectly of Common Shares, representing approximately 0.56% of the Total Reported Shareholders. The Canadian Beneficial Ownership Report is the only source of Canadian Beneficial Shareholder Information available to Macerich.
15. For illustration purposes only, assuming that 90% of the Non-Included Shares were held by residents of Canada as at the Reference Date, residents of Canada other than the Applicant and OTPPB would have held directly or indirectly approximately 9.68% of the total outstanding Common Shares as at the Reference Date (based on the information in the Canadian Beneficial Ownership Report).

16. Based solely on the information contained in the Canadian Beneficial Ownership Report, each Canadian resident identified in the Canadian Beneficial Ownership Report owned directly or indirectly an average of 47,962 Common Shares as at the Reference Date. Assuming that all of the Non-Included Shares (10,324,562) were owned directly or indirectly by Canadian residents and each such Canadian resident owned directly or indirectly an average of 47,962 Common Shares, a reasonable inference can be drawn (for illustration purposes only) that not more than an additional 215 Canadian residents owned directly or indirectly Common Shares, for a maximum total of 340 Canadian resident shareholders (the **Estimated Maximum Number of Canadian Holders**) as at the Reference Date. The Estimated Maximum Number of Canadian Holders represents approximately 1.52% of the Total Reported Shareholders.
17. Neither the Applicant nor OTPPB (i) has acquired any additional Common Shares since the Distribution Date, or (ii) holds any derivatives in respect of the Common Shares.
18. Macerich did not issue any Common Shares between the Distribution Date and the Reference Date, other than: the Subject Shares issued to the Applicant, 31,171 Common Shares issued upon the exercise of employee stock appreciation rights, 44,714 Common Shares issued upon redemption of units of limited partnership interests of Macerich subsidiaries and 11,050 Common Shares issued in connection with Macerich's employee stock purchase plan.
19. Other than the Schedule 13D filed by the Applicant and OTPPB with the SEC under the 1934 Act on November 24, 2014 in connection with the Transaction, no publicly available SEC filings have been made by any security holder of Macerich resident in Canada disclosing a change in beneficial ownership of Common Shares between the Distribution Date and the Reference Date.
20. To the best of Macerich's knowledge based on the facts contained in paragraphs 13 to 19 herein, as at the Distribution Date, after giving effect to the issuance of the Subject Shares, residents of Canada other than the Applicant and OTPPB (i) owned directly or indirectly less than 10% of the outstanding Common Shares, and (ii) represented in number less than 10% of the total number of owners directly or indirectly of the outstanding Common Shares.
21. In the absence of the Requested Relief, the Applicant takes the view that the first trade of Subject Shares held by the Applicant will be deemed to be a distribution and subject to section 53 of the Act.
22. The prospectus exemptions in sections 2.5 and 2.6 of National Instrument 45-102 *Resale of Securities* (**NI 45-102**) will not be applicable in this situation because Macerich is not a reporting issuer or its equivalent in the Province of Ontario or any other province or territory of Canada.
23. The prospectus exemption in subsection 2.14(1) of NI 45-102 would be applicable in this situation, but will not be available to the Applicant with respect to its first trade of Subject Shares because residents of Canada, including the Applicant, owned more than 10% of the outstanding Common Shares at the Distribution Date.

Decision

The Commission is satisfied that the granting of this order would not be prejudicial to the public interest within the meaning of subsection 74(1) of the Act.

The order of the Commission under subsection 74(1) of the Act is that the Requested Relief is granted, provided that:

- (a) Macerich:
 - (i) was not a reporting issuer in any jurisdiction of Canada at the Distribution Date; or
 - (ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;
- (b) the trade is executed through the facilities of the NYSE or through any other exchange or market outside of Canada or to a person or company outside of Canada; and
- (c) at the Distribution Date, after giving effect to the issue of the Subject Shares and any other shares of the same class or series that were issued at the same time or as part of the same distribution as the Subject Shares, residents of Canada (excluding the Applicant):
 - (i) did not own directly or indirectly more than 10% of the outstanding Common Shares; and
 - (ii) did not represent in number more than 10% of the total number of owners directly or indirectly of Common Shares.

DATED at Toronto this 23rd day of December, 2014.

“James Turner”
Vice-Chair
Ontario Securities Commission

“Judith N. Robertson”
Commissioner
Ontario Securities Commission

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

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

AND

**IN THE MATTER OF
FAWAD UL HAQ KHAN AND
KHAN TRADING ASSOCIATES INC.
CARRYING ON BUSINESS AS MONEY PLUS**

ORDER

WHEREAS on December 20, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 60 and 60.1 of the *Commodity Futures Act*, R.S.O. 1990, c. C.20, as amended, in connection to a Statement of Allegations filed by Staff of the Commission ("Staff") on December 19, 2012, in respect of Fawad Ul Haq Khan ("Khan") and Khan Trading Associates Inc. carrying on business as Money Plus ("KTA" and, together with Khan, the "Respondents");

AND WHEREAS on January 28, 2014, Staff filed an Amended Statement of Allegations;

AND WHEREAS the Commission held the hearing on the merits which began in May, 2014 and continued over the course of approximately 20 days until October, 2014;

AND WHEREAS on December 29, 2014, the Commission issued its Reasons and Decision on the merits 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:

1. Staff shall serve and file its written submissions on sanctions and costs by February 6, 2015;
2. The Respondents shall serve and file their written submissions on sanctions and costs by March 6, 2015;
3. Staff shall serve and file any reply submissions on sanctions and costs by March 20, 2015;
4. The hearing to determine sanctions and costs against the Respondents will be held at the offices of the Commission at 20 Queen Street West, Toronto, Ontario, on April 13, 2015, at 10:00 a.m. or such further or other dates as agreed by the

parties and set by the Office of the Secretary; and

5. Upon the failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party, and such party is not entitled to any further notice of the proceedings.

DATED at Toronto this 29th day of December, 2014.

"Vern Krishna"

"James D. Carnwath"

2.2.7 **Bluestream Capital Corporation et al. – s. 127**

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

AND

**IN THE MATTER OF
BLUESTREAM CAPITAL CORPORATION,
BLUESTREAM INTERNATIONAL INVESTMENTS INC.,
KROWN CONSULTING CORP.,
1859585 ONTARIO LTD. (operating as
SOVEREIGN INTERNATIONAL INVESTMENTS)
and PETER BALAZS**

**ORDER
(Section 127)**

WHEREAS on March 12, 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”), in relation to a Statement of Allegations filed by Staff of the Commission (“Staff”) on March 11, 2014, to consider whether it is in the public interest to make certain orders against Bluestream Capital Corporation (“Bluestream Capital”), Bluestream International Investments Inc. (“Bluestream International”), Krown Consulting Corp. (“Krown”), 1859585 Ontario Ltd. (operating as Sovereign International Investments) (“Sovereign”) (together, the “Corporate Respondents”) and Peter Balazs (“Balazs”) (together with the Corporate Respondents, the “Respondents”);

AND WHEREAS the Notice of Hearing set a hearing in this matter for April 2, 2014 at 10:00 a.m.;

AND WHEREAS on April 2, 2014, Staff attended the hearing and Balazs attended on his own behalf and on behalf of Bluestream International, Krown, and Sovereign;

AND WHEREAS on April 2, 2014 the Commission ordered that this matter be adjourned to a confidential pre-hearing conference on June 26, 2014 at 10:00 a.m.;

AND WHEREAS on June 26, 2014, Staff attended the confidential pre-hearing conference while no one appeared on behalf of Balazs or the Corporate Respondents, although the Respondents were properly served with notice of the hearing;

AND WHEREAS on June 26, 2014, the Commission ordered that the hearing on the merits in this matter will commence on January 12, 2015 at 10:00 a.m and will continue through January 21, 2015, except for January 13, 2015 (the “June 26 Order”);

AND WHEREAS on December 9, 2014, Staff attended a status update while no one appeared on behalf of Balazs or the Corporate Respondents;

AND WHEREAS Staff filed the Affidavit of Maria Sequeria, sworn August 22, 2014, evidencing service of the June 26 Order on the Respondents;

AND WHEREAS on December 9, 2014, the Commission ordered that the hearing on the merits in this matter will proceed on January 12, 2015 and continue as previously scheduled;

AND WHEREAS the Respondents have failed to attend any hearing in this matter or participate in the proceeding in any way since April 2, 2014, although properly served with proceeding documents;

AND WHEREAS Staff have requested that all or substantially all of the hearing on the merits be converted to a written hearing, pursuant to Rule 11.5 of the Commission’s *Rules of Procedure* (the “Rules”), in accordance with the schedule set out below;

AND WHEREAS the Respondents have not objected to this matter proceeding as a written hearing, though properly notified by Staff;

AND WHEREAS the Panel considered the submissions of Staff and the Commission is of the opinion that it is in the public interest to make this order;

IT IS HEREBY ORDERED that, pursuant to Rule 11.5 of the Rules, the hearing on the merits shall proceed as a written hearing, in accordance with the following schedule:

1. Staff will file evidence in affidavit form along with written submissions on the relevant facts and law with the Secretary’s Office no later than January 12, 2015;
2. The Respondents will file responding materials, including affidavit evidence and written submissions, no later than February 23, 2015;
3. Staff will file any reply submissions or evidence no later than February 27, 2015;
4. If necessary and requested by any of the parties to the proceeding or the Commission, Staff and the Respondents will attend on a date appointed by the panel after February 27, 2015 to answer questions, make submissions or make any necessary witnesses available for cross-examination.

DATED at Toronto, this 29th day of December, 2014.

“Alan J. Lenczner”

2.2.8 HPB Investments Inc. – s. 144

Headnote

Application by an issuer for a revocation of a cease trade order issued by the Commission – cease trade order issued because the issuer had failed to file certain continuous disclosure materials required by Ontario securities law – defaults subsequently remedied by bringing continuous disclosure filings up-to-date – cease trade order revoked.

Statutes Cited

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
HPB INVESTMENTS INC.**

**ORDER
(Section 144)**

WHEREAS the securities of HPB Investments Inc. (the **Applicant**) are subject to a temporary cease trade order (the **Original Cease Trade Order**) made by the Director of the Ontario Securities Commission (the **Commission**) dated May 23, 2002 under paragraph 2 of subsection 127(1) and subsection 127(5) of the *Securities Act* (Ontario) (the **Act**), and such order was extended by a further order made by the Director dated June 4, 2002 pursuant to subsection 127(8) of the Act (as extended, the **Cease Trade Order**) directing that the trading in the securities of the Applicant cease until the Cease Trade Order is revoked by the Director;

AND WHEREAS the Cease Trade Order was made on the basis that the Applicant was in default of certain filing requirements under Ontario securities law as described in the Cease Trade Order;

AND WHEREAS the Applicant has made an application to the Commission pursuant to subsection 144(1) of the Act (the **Application**) for an order revoking of the Cease Trade Order;

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant was formed by articles of incorporation dated April 18, 1997 in the province of Ontario under the name 1234015 Ontario Inc. On March 23, 1999, the Applicant filed articles of amendment to change its name to HPB Investments Inc.
2. The Applicant's head office is located Collins Barrow Place, 11 King Street West, Suite 700 Toronto, Ontario M5H 4C7.
3. As of the date hereof, the authorized capital of the Applicant consists of an unlimited number of common shares (the **Common Shares**) of which 15,780,000 are issued and outstanding. Other than the Common Shares, the Applicant has no other securities, including debt securities, issued and outstanding.
4. The Applicant became a reporting issuer in the Province of Ontario on May 17, 1999 by virtue of being quoted on the Canadian Dealing Network (the **CDN**) which was an over-the-counter market at that time. The Applicant is not a reporting issuer or the equivalent in any other jurisdiction in Canada.
5. Prior to the issuance of the Cease Trade Order, the Common Shares of the Applicant were traded on the CDN. No securities of the Applicant are listed or traded on any other stock exchange or market in Canada or elsewhere.
6. The Cease Trade Order was issued in Ontario as a result of the Applicant's failure to file, in accordance with applicable securities laws, audited annual financial statements for the year ended December 31, 2001 along with related management's discussion and analysis (**MD&A**) within the prescribed timeframe as required under National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**).

7. The Applicant subsequently failed to file other continuous disclosure documents with the Commission within the prescribed timeframe in accordance with the requirements of Ontario securities law, including the following:
 - (a) all audited financial statements, together with the corresponding MD&As, as required under NI 51-102 and certificates as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109)* for the years ended December 31, 2002 to December 31, 2013;
 - (b) all unaudited interim financial statements, together with the corresponding MD&As, required to be filed under NI 51-102 and certificates as required under NI 52-109 for the periods ended March 31, 2002 to September 30, 2014; and
 - (c) a material change report and related press release in May 2002 regarding the Cease Trade Order, as required by NI 51-102.
8. Since the issuance of the Cease Trade Order, the Applicant has filed audited annual financial statements for the years ended December 31, 2011, December 31, 2012, and December 31, 2013 (collectively, the **Annual Financial Statements**), along with the associated MD&As, and unaudited financial statements for the three, six and nine month periods ended March 31, 2014, June 30, 2014 and September 30, 2014, again with the associated MD&As, along with the officer's certificates as required under NI 52-109.
9. The Applicant has not filed with the Commission:
 - (a) the audited financial statements, together with the corresponding MD&As, as required under NI 51-102 and certificates as required under NI 52-109 for the years ended December 31, 2002 to December 31, 2010; and
 - (b) the unaudited interim financial statements, together with the corresponding MD&As, required to be filed under NI 51-102 and certificates as required under NI 52-109 for the periods ended March 31, 2002 to September 30, 2013.

(the **Outstanding Filings**)

10. Except for the failure to file (i) the Outstanding Filings, and (ii) the material change report and related press release regarding the Cease Trade Order and the application to the Commission for revocation of the Cease Trade Order as contemplated by the Undertaking (defined below), the Applicant is up-to-date with all of its other continuous disclosure obligations under the Act or the rules and regulations made pursuant thereto.
11. The Applicant has paid all outstanding participation fees, filing fees and late fees associated with those obligations owing to the Commission under OSC Rule 13-502 *Fees*.
12. The Applicant is not in default of any requirements under applicable securities legislation or the rules and regulations made pursuant thereto (except as they relate to the existence of the Cease Trade Order).
13. Other than the Cease Trade Order, the Applicant has not previously been subject to a cease trade order issued by any securities regulatory authority.
14. Since the imposition of the Cease Trade Order, there has been no change in the Applicant's insiders or controlling shareholders of the Applicant.
15. Since the imposition of the Cease Trade Order, the Applicant has been dormant, there have been no material changes to the Applicant's business or operations.
16. As of the date hereof, the Applicant's profiles on System for Electronic Document Analysis and Retrieval (SEDAR) and System for Electronic Disclosure by Insiders (SEDI) are up-to-date.
17. The Applicant has filed a completed personal information form and authorization form for each director and officer of the Applicant in the form of Appendix A of National Instrument 41-101 *General Prospectus Requirements (NI 41-101)* or in such other form as permitted by NI 41-101.
18. The Applicant is not considering, nor is it involved in any discussions relating to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.
19. The Applicant has given the Commission a written undertaking (the **Undertaking**) that:

- (a) the Applicant will hold an annual general and special meeting of shareholders within 3 months of the granting of this order to, among other things, approve the Annual Financial Statements; and
- (b) the Applicant will not complete:
 - (i) a restructuring transaction involving, directly or indirectly, an existing or proposed, material underlying business which is not located in Canada;
 - (ii) a reverse takeover with a reverse takeover acquirer that has a direct or indirect, existing or proposed, material underlying business which is not located in Canada; or
 - (iii) a significant acquisition involving, directly or indirectly, an existing or proposed, material underlying business which is not located in Canada,unless
 - (A) the Applicant files a preliminary prospectus and a final prospectus with the Commission and obtains receipts for the preliminary and the final prospectus from the Director under the Act;
 - (B) the Applicant files or delivers with the preliminary prospectus and the final prospectus the documents required by Part 9 of NI 41-101 including a completed personal information form and authorization in the form set out in Appendix A of NI 41-101 for each current and incoming director, executive officer and promoter of the Applicant, as applicable; and
 - (C) the preliminary prospectus and final prospectus contain the information required by applicable securities legislation, including the information required for a probable restructuring transaction, reverse takeover or significant acquisition (as applicable).
- (c) Upon the issuance of this revocation order, the Applicant will issue a press release announcing the revocation of the Cease Trade Order of the Applicant and outlining the future plans of the Applicant. The Applicant will concurrently file the press release and a material change report on SEDAR.

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

AND UPON the Director being satisfied that it would not be prejudicial to the public interest to revoke the Cease Trade Order;

IT IS ORDERED, pursuant to section 144 of the Act, that the Cease Trade Order is revoked.

DATED at Toronto this 31st day of December, 2014.

“Sonny Randhawa”
Manager, Corporate Finance
Ontario Securities Commission

**2.2.9 Canadian Depository for Securities Limited
and CDS Clearing and Depository Services Inc.
– s. 147**

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

AND

**IN THE MATTER OF
THE CANADIAN DEPOSITORY
FOR SECURITIES LIMITED AND
CDS CLEARING AND DEPOSITORY SERVICES INC.**

**EXEMPTION ORDER
(Section 147 of the Act)**

WHEREAS the Ontario Securities Commission (**Commission**) issued an order dated July 4, 2012, as varied and restated on December 21, 2012 and as varied on December 7, 2012, May 1, 2013 June 25, 2013 and June 24, 2014 pursuant to section 21.2 of the Act continuing the recognition of The Canadian Depository for Securities Limited (**CDS Ltd.**) and CDS Clearing and Depository Services Inc. (**CDS Clearing**) (CDS Ltd. and CDS Clearing collectively, **CDS**) as clearing agencies (the **Clearing Agency Recognition Order**);

AND WHEREAS section 2.3 of Schedule “B” of the Clearing Agency Recognition Order requires the board of directors of CDS to provide a written report to the Commission at least annually, or as required by the Commission, describing how CDS is meeting its public interest responsibility (the **Reporting Requirement**);

AND WHEREAS CDS is next required to comply with the Reporting Requirement by December 31, 2014;

AND WHEREAS CDS has applied to the Commission for exemptive relief pursuant to section 147 of the Act from complying with the Reporting Requirement (the **Application**);

AND WHEREAS CDS has other requirements in its Clearing Agency Recognition Order that require CDS to operate in the public interest and CDS is required to annually certify that it is meeting such requirements;

AND WHEREAS based on the Application and the representations that CDS has made to the Commission, the Commission has determined that it is not prejudicial to the public interest to exempt CDS from complying with the Reporting Requirement;

IT IS HEREBY ORDERED that pursuant to section 147 of the Act, CDS is exempted from the Reporting Requirement.

DATED this 16th day of December, 2014.

“Sarah B. Kavanagh”

“Catherine E. Bateman”

This page intentionally left blank

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Fawad Ul Haq Khan and Khan Trading Associates Inc. carrying on business as Money Plus – ss. 22(1), 55(1) and 60(1) of the CFA

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

AND

IN THE MATTER OF
FAWAD UL HAQ KHAN and KHAN TRADING ASSOCIATES INC.
carrying on business as MONEY PLUS

REASONS AND DECISION
(Sections 22(1), 55(1) and 60(1) of the CFA)

Hearing: May 5, 8, 9, 12, 13, 14, 15, 16, 21,
22, 23, 27, 28, 29 and 30, 2014

June 9, 10, 11 and 12, 2014

October 22, 2014

Decision: December 29, 2014

Panel: Vern Krishna, Q.C. – Chair of the Panel
James D. Carnwath, Q.C. – Commissioner

Appearances: Tamara Center – For the Ontario Securities Commission
Anna Huculak
Swapna Chandra

Fawad Khan – For himself

Fawad Khan – For Khan Trading Associates Inc. carrying on business as Money Plus

I. INTRODUCTION

II. THE ALLEGATIONS

III. STAFF'S WITNESSES

- a. Louisa Fiorini
- b. A.N.
- c. R.B.
- d. A.M.
- e. E.I.
- f. M.A.

IV. RESPONDENTS' WITNESSES

- a. S.U.
- b. S.G.
- c. M.I.

- d. S.Y.
- e. J.A.
- f. A.R.
- g. C.V.
- h. S.H
- i. Z.H.
- j. A.K.
- k. Khan

V. ISSUES

VI. APPLICABLE LAW

- a. Standard of Proof
- b. Hearsay
- c. Unregistered Trading and Unregistered Advising
 - 1. Registration
 - 2. Unregistered Trading
 - 3. Unregistered Advising
 - 4. Exemption
- d. Making Misleading or Untrue Statements to Staff of the Commission
- e. Conduct Contrary to the Public Interest

VII. ANALYSIS

- a. Unregistered Trading and Advising
 - 1. Unregistered Trading
 - 2. Registration
 - 3. Trading and Acts in Furtherance of Trades
 - 4. The Money Plus Teaching and Trading Scheme
 - 5. The Managed Accounts
 - 6. Commodity Futures Contract
 - 7. Findings
- b. Unregistered Advising
 - 1. "Live" Commodity Futures Trading Advice
 - 2. Portfolio Management Advice
 - 3. Findings
 - 4. Exemption
- c. Making Misleading or Untrue Statements to the Commission
 - 1. Account-Opening Process
 - 2. Compensation from Brokerage Houses

VIII. CONDUCT CONTRARY TO THE PUBLIC INTEREST

IX. CONCLUSION

REASONS AND DECISION

I. INTRODUCTION

[1] Staff of the Ontario Securities Commission (the "**Commission**") allege that Fawad UI Haq Khan ("**Khan**") and Khan Trading Associates Inc. carrying on business as Money Plus ("**KTA**" or "**Money Plus**") (together, the "**Respondents**") conducted themselves in a manner that violated the *Commodity Futures Act*, R.S.O. 1990, c. C.20, as amended (the "**CFA**") and was contrary to the public interest.

[2] Khan is a resident of Ontario who owns and operates a trading school carrying on business as "Money Plus", which is also located in Ontario.

[3] Between 2008 and 2010, Khan operated Money Plus through a general partnership between himself and his brother, Daud Ahmad Khan ("**D. Khan**"). D. Khan was not a party to this hearing. In late 2010, Khan began to operate the Money Plus business through KTA, a company incorporated on November 3, 2010 under the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44. Khan was a director of KTA. While his brother's name is on the corporate certificate, there is no evidence demonstrating that he had any involvement with the business. Khan was the "controlling mind" of KTA and the evidence demonstrated that KTA's actions were indistinguishable from those of Khan. References to the actions of the Respondents do not include D. Khan.

[4] Khan, through Money Plus, offered to teach students commodity futures contract trading. Generally, students paid \$500 at the beginning of the course, which involved the teaching of theory, followed by practice trading in “demo” accounts. When students were told by Khan that they were ready for “real” trading, they paid an additional \$500 and Khan, or an employee of Money Plus, helped them set up a “real” trading account. Students were encouraged to set up their trading accounts with certain U.S. brokers with whom the Respondents had referral arrangements.

[5] Upon finishing the trading course, students continued to enjoy access to the Money Plus premises where they could engage in commodity futures contract trading using Money Plus’ equipment. It was Khan’s practice to trade alongside his current and former students at the Money Plus office, suggesting trades to be made through a loudspeaker system and also over the Internet through a communication program.

[6] Between June 2006 and December 2013 (the “**Material Time**”) Khan engaged in multiple forms of solicitation on behalf of Money Plus. These included appearing on radio programs, newspaper advertisements, maintaining several promotional websites and providing free seminars to the public on a regular basis.

[7] Khan also traded commodity futures contracts on behalf of clients. Khan helped clients set up their trading accounts (the “**Managed Accounts**”) and then exercised discretionary trading authority over the Managed Accounts in exchange for a portion of the trading profits.

[8] Staff alleges that during the Material Time, the losses for the majority of the students, doing their own trading, was nearly \$4 million. Clients whom Khan traded on behalf of suffered losses totalling \$263,154.34.

[9] As of January 5, 2010, Khan was bound by an undertaking (the “**Undertaking**”) in favour of the Commission, in which he agreed: (a) not to receive commissions from the public and (b) not to trade Futures unless registered as required by the CFA. In addition, on December 7, 2011, Khan participated in a voluntary interview (the “**Interview**”) conducted by Staff.

II. THE ALLEGATIONS

[10] Staff alleges that the Respondents’ conduct during the Material Time was contrary to Ontario commodity futures law and to the public interest as follows:

- a) the Respondents engaged in business of trading in commodity futures contracts without being registered to do so and without an exemption from the dealer registration requirement, contrary to subsection 22(1)(a) of the CFA;
- b) the Respondents engaged in the business of advising with respect to commodity futures contracts without being registered to do so and without an exemption from the adviser registration requirement, contrary to subsection 22(1)(b) of the CFA;
- c) the Respondents made misleading and untrue statements to Staff during the course of its investigation into the Respondents’ conduct and business, in breach of subsection 55(1)(a) of the CFA;
- d) the Respondents engaged in conduct contrary to the public interest by:
 - a. making misleading statements to students and clients regarding Khan’s expertise and students’ and clients’ prospective trading returns; and
 - b. failing to disclose their referral compensation arrangements with various introducing brokers in the United States and the basis of those arrangements to students and clients; and
- e) Khan engaged in conduct contrary to the public interest by breaching the Undertaking.

III. STAFF’S WITNESSES

[11] Staff called six witnesses at the Hearing:

a. Louisa Fiorini

[12] Louisa Fiorini (“**Fiorini**”) is an investigator in the Enforcement Branch of the Commission. Her testimony can be found at Trans. Vol. 1-5.

[13] Fiorini testified that the Respondents have never been registered under the CFA or been granted exemptive relief from the registration requirements (Trans. Vol. 1, p. 81-84).

[14] Fiorini provided evidence demonstrating the extensive solicitation efforts undertaken by the Respondents. These included multiple websites operated by the Respondents, YouTube videos, newspaper advertisements, radio seminars and free in-person seminars. The evidence demonstrated that the Respondent's solicitation efforts often contained representations of the success one was likely to have after receiving instruction from Khan. Statements such as "[t]he strategies we use can earn you up to \$200-\$500 a day" (for an example from the Respondents' website, see Exhibit No. 20), were repeated throughout the examples referred to by Fiorini. Fiorini testified that the promises of success given by the Respondents minimized the effects of any of the risk disclosure given to students and clients.

[15] Fiorini reviewed the consulting agreement (the "**Global Consulting Agreement**") between the Respondents and Global Futures Exchange & Trading Company, Inc. ("**Global Futures**") (Exhibit No. 32). Khan, described as a "foreign consultant" under the agreement, earned commissions based upon the number of contracts completed in the accounts he referred to Global Futures. Her evidence showed that Khan requested monthly breakdowns of the commissions he was earning through Global Futures and requested payment not received in a timely manner. Fiorini testified that Khan received US\$343,020.51 in compensation pursuant to the Global Consulting Agreement (Trans. Vol. 3, p. 42).

[16] Fiorini testified that once Khan's relationship with Global Futures came to an end, he entered into a cooperation agreement (the "**Mirus Cooperation Agreement**") with Mirus Futures, LLC ("**Mirus**"). Khan's agreement with Mirus was similar to that with Global Futures. The Respondents' received commissions based upon the number of completed contracts or "round turns" in accounts referred to Mirus by them. Fiorini testified that Khan received US\$23,304.20 in total compensation from Mirus (Trans. Vol. 3, p. 60).

[17] Fiorini explained the "account-opening process" employed by the Respondents regarding their students' and clients' accounts with Global Futures and Mirus. She stated that once students reached a level of proficiency in their demo account that Khan deemed appropriate, Khan or his employee would assist students with their account applications. Students were only given the application package of the broker that the Respondents had an agreement with at that time. She provided evidence that Khan and his employee instructed students on how to fill out the forms in order to ensure that their account was opened by the relevant brokerage house. If a brokerage house had any questions regarding an account application, they were directed to the Respondents, who controlled the process of eliciting the correct information from the applicant to ensure the account was opened. Fiorini testified that the Respondents referred approximately 600 students to Global Futures alone.

[18] Fiorini described Khan's practice of giving advice to his students during "live" trading sessions at the premises of Money Plus and over "webcasts". Students and clients would attend the sessions in order to trade "live" with Khan. During these sessions Khan called out his own personal trades over a speaker system and through his webcast so that his students and clients were able to follow his moves and attempt to mimic his trades. Fiorini testified that in order to make up for the fast pace of the market, Khan called out a range of suggested prices for buying or selling contracts.

[19] Fiorini testified that the Respondents had trading authority over the accounts of 32 clients, referred to above as the Managed Accounts. Khan entered into agreements with clients to trade on their behalf in return for a percentage of the profits he made. He gained control over the Managed Accounts by obtaining a power of attorney, obtaining joint ownership, or knowing their passwords. Khan consistently promised his clients that there was very little risk involved because he was an expert trader. Even after inflicting large losses in some instances, Khan would return to clients and instruct them to deposit more money, promising he would make up the losses. Fiorini gave evidence that while these agreements often contained clauses that stated Khan would halt trading if the losses in a particular account exceeded \$2,000, Khan routinely ignored these provisions and traded until there was no more funds left in the account, with the losses sometimes totalling tens of thousands of dollars. The total losses in the Managed Accounts during the Material Time were \$263,154.34 (Trans. Vol. 2, p. 160).

[20] Fiorini also testified that Khan executed the Undertaking on behalf of the Respondents on January 5, 2010. The Undertaking included promises by the Respondents not to trade on behalf or receive commissions as a result of public trading, unless registered as required by the CFA (Trans. Vol. 1, p. 88).

b. A.N.

[21] A.N. is a retired small-business owner. Born in Saudi Arabia, he immigrated to Canada in 1982. A.N. gave evidence regarding his experience with the Respondents. A.N. described the training he received from Khan. He received approximately three days of training from Khan in commodity futures trading and FOREX trading. During his training Khan told him and his fellow students that as long as they traded according to his instructions, they would make money (Trans. Vol. 6, p. 12). A.N.'s testimony can be found in Trans. Vol. 6, p. 4-Vol. 7, p. 80.

[22] A.N. described the account-opening process at Money Plus. Khan and an employee of Money Plus filled out large portions of his brokerage application. He was only asked for his signature where it was needed (Trans. Vol. 6, pp. 25-45). A.N. stated that he was not given a choice of brokerage houses, but rather that Khan and his employees told him that Global Futures was "the best brokerage firm" (Trans. Vol. 6, p. 19). A.N. stated that Khan did not disclose his relationship with Global Futures at that time (Trans. Vol. 6, p. 24).

[23] A.N. said that the Respondents frequently advertised in newspapers (Trans. Vol. 6, p. 114), on the radio (Trans. Vol. 6, p. 119), and on television. These advertisements targeted the South Asian community in the Greater Toronto Area.

[24] A.N. testified that after opening a real account through the Respondents, it was his practice to attend live trading sessions with Khan, either in person or over the web. A.N. stated that these sessions were attended by up to approximately a dozen people in person, and an unknown amount online. A.N. stated that during the live trading portion of the sessions, Khan called out the trades he was making so that those following along could copy his trades.

[25] A.N. testified that after incurring some losses as a result of his own trades, Khan offered to trade on his behalf in return for an equal share in the profits (Trans. Vol. 6, p. 55). The agreement also stated that Khan was to be responsible for 50 percent of any losses suffered as a result of the venture. A.N. said the venture was a complete failure and that Khan's trading resulted in the loss of almost all the funds forwarded to the venture.

[26] A.N. testified that he approached Global Futures in order to enter into his own consulting agreement with them and that at one point he also proposed that Khan allow him to open up a second Money Plus location.

[27] A.N. said that he has been engaged in protracted civil litigation with the Respondents and had previously attempted to initiate a class proceeding against them. A.N. showed considerable animus towards Khan. We approached the evidence given by this witness with caution.

c. R.B.

[28] R.B. is a driving instructor in Mississauga, Ontario. Born in New Delhi, India, she immigrated to Canada in approximately 1990, after earning a Master's degree in mathematics from the University of Cincinnati, Ohio (Trans. Vol. 7, p. 81). R.B. testified that she became aware of the Respondents through friends that had invested with them in approximately December 2010. R.B.'s testimony can be found in Trans. Vol. 7, pp.81-155.

[29] R.B. said she entered into an agreement pursuant to which she was to open a trading account under her name. Khan was to trade on her behalf in return for 50 percent of the profits he earned through trading (Trans. Vol. 7, p. 85). She confirmed she never traded in her account. R.B. testified that her Global Futures account application forms were filled out by an employee of the Respondents without her present and that she was only asked for her signatures without being requested to review the documents. She stated that she was not given a choice regarding which brokerage house her account application was made with (Trans. Vol. 7, p. 91). She said she was not informed of any compensation that Khan received from Global Futures when she opened her account (Trans. Vol. 7, p. 97).

[30] Khan told her there was no risk involved regarding the principal of her investment (Trans. Vol. 7, p. 86). She deposited \$50,000 into her trading account. Due to the trading losses incurred by Khan in the account, she lost substantially all of the \$50,000 (Trans. Vol. 7, p. 99).

d. A.M.

[31] A.M. is a Deck Coordinator at an engineering firm in Mississauga, Ontario. He immigrated to Canada from India, by way of the United Arab Emirates, in 2007. He holds a degree in fabrication engineering from Goa Government Polytechnic in India and is a member of the Ontario Association of Certified Engineering Technicians and Technologists (Trans. Vol. 8, p. 6). A.M.'s testimony can be found at Trans. Vol. 8 pp. 5-79.

[32] A.M. testified that he became aware of the Respondents through their website. He attended the trading course in the evenings after his work. Khan told him he could make a minimum of \$200 if he traded according to Khan's teachings (Tr. Vol. 8 p 11). A.M. stated that he was taught theory for the first few nights of the course and that on the third or the fourth day Khan introduced him to the "demo" account (Trans. Vol. 8, p. 18). Through this account, A.M. practiced his trading until Khan told him he was ready to trade on a real account.

[33] During his account opening process with Mirus, Khan filled out some portions of A.M.'s application himself and then showed A.M. where to fill in some other information. Khan did not inform A.M. that he had a referral agreement with Mirus (Trans. Vol. 8, p. 24).

[34] A.M. gave evidence that for a period when he was trading at home he would log into a "web radio" broadcast provided by Khan. During these broadcasts, Khan provided advice to those listening, suggesting when they should get in and get out of certain contracts (Trans. Vol. 8, p. 37). A.M. added that he attended Saturday seminars put on by the Respondents during which Khan would go over the previous week's trading and compare the market to his strategies. According to A.M.'s testimony, Khan's seminars invariably concluded that his strategies had been successful (Trans. Vol. 8, p. 40).

e. E.I.

[35] E.I. lives in Brampton, Ontario and is a senior project manager with a construction firm. He has a degree in architecture from the University of Engineering and Technology, Lahore. He immigrated to Canada from Pakistan in approximately 2000. E.I.'s testimony can be found at Trans. Vol. 9, pp. 5-86.

[36] E.I. testified he first heard about the Respondents through their radio advertisements (Trans. Vol. 9, p. 8). E.I. was part of a group of three investors (the "**Investment Club**") who contracted with Khan to trade commodity futures contracts and securities on their behalf, in approximately March of 2010. Khan promised them profits of \$300-\$500 daily, based upon their investment (Trans. Vol. 9, p. 11). E.I. also took the trading course offered by the Respondents, although it was never his intention to trade himself. During this course he received assistance from an employee of the Respondents, Mr. S.A. (Trans. Vol. 9, p. 16).

[37] Each member of the Investment Club contributed \$10,000, for a total of \$30,000, which was deposited into a trading account under the name of E.I.'s sister, M.I. E.I. testified that while each member of the Investment Club and Khan had access to the trading account through M.I.'s password, only Khan traded on the account. Under the Investment Club's agreement with Khan, Khan was entitled to half of the profits earned by his trading (Trans. Vol. 9, p. 30).

[38] E.I. testified that to begin, Khan was successful, earning a few thousand dollars profit. When Khan demanded that he be paid his share, the Investment Club withdrew this share, but subsequently refused to pay it to Khan when the account began to reflect steep losses.

f. M.A.

[39] M.A. lives in Markham, Ontario and after a varied career in accounting departments, restaurants and real estate, is now retired. She holds a degree in mathematics from Delhi University. M.A. immigrated to Canada from India approximately 45 years ago. She first heard of the Respondents through Khan's radio program on which he stated it was "easy" to make \$200-\$300 a day through taking his course (Trans. Vol. 9, p. 88). M.A.'s testimony can be found at Trans. Vol. 9, pp. 86-155.

[40] She testified that she and her husband paid \$1500 for the Money Plus trading course. Regarding her account opening application, Khan had filled out the application for her and only had her sign the required forms. After she had done so, Khan faxed the forms to Global Futures (Trans. Vol. 9, p. 109). M.A. said that Khan did not disclose his relationship with Global Futures at this time.

[41] Through her experiences with the Respondents, M.A. came to believe that they and their employees had the ability to access her account and possibly those of other students and clients accounts. She said that an employee knew the results of her trading without her having informed anyone at Money Plus.

IV. RESPONDENTS' WITNESSES

[42] The Respondents called ten witnesses during the hearing. Khan also testified on his own behalf at the hearing.

a. S.U.

[43] S.U. is a taxi driver. He immigrated to Canada from Pakistan in 2000. S.U. testified he heard about the Respondents through their radio advertisements (Trans. Vol. 11, p. 15). He received training in commodity futures contract trading and securities trading through the course offered at Money Plus. After finishing the course he applied to have an account opened through Global Futures. He completed all the necessary forms himself and submitted them himself. S.U.'s testimony can be found in Trans. Vol. 11, pp. 13-50.

b. S.G.

[44] S.G. is a truck driver. After obtaining a degree in medicine and practicing as a doctor for approximately twelve years, he immigrated to Canada from Pakistan in 2003. He heard of the Respondents through their radio advertisements (Trans. Vol. 12, p. 13). He then enrolled in the trading course offered by the Respondents which cost him \$1,000 in two installments. After trading in his practice account for a few weeks, S.G. reached a high enough proficiency that Khan told him he could open a real account (Trans. Vol. 12, p. 19). S.G. said that the brokerage house choice was his to make and that he chose to apply for an account with Global Futures (Trans. Vol. 12, p. 20). S.G. testified that he filled out the account application himself. On a few occasions he came to the Money Plus premises and received assistance in his training from Khan. S.G.'s testimony can be found in Trans. Vol. 12, pp 11-77.

c. M.I.

[45] M.I. is a store administrator. She immigrated to Canada in 2000 from Pakistan. Previous to immigrating, she obtained a degree in education and was an elementary school teacher in Pakistan. M.I. testified that she was a member of the Investment Club. She stated that she entered into a trading agreement with Khan, as the signing authority for the Investment Club, pursuant to which Khan was to trade the Investment Club's funds in return for 50 percent of any profit that he made. It was into her account that funds from the two other members of the Investment Club were deposited, and that Khan traded those funds through her account. M.I. testified that her account application was partially filled in by the Representatives or their employees (Trans. Vol. 12, p. 89). M.I.'s testimony can be found in Trans. Vol. 12, pp. 78-127.

[46] According to M.I., none of the members of the Investment Club traded in her account and that only Khan traded in the account. At one point she withdrew US\$3,200 from the account, with the intention of paying half to Khan as his share of the profits he made, but by the time she received the money from the brokerage house, the account had suffered losses. On that basis she did not pay Khan the profit.

d. S.Y.

[47] S.Y. has been employed as a labourer since immigrating to Canada from Pakistan in approximately 1995. In 1986 she received a degree in architecture from a university in Pakistan. She testified that she heard about the Respondents through their radio advertisements. S.Y.'s testimony can be found at Trans. Vol. 13, pp. 23-99.

[48] S.Y. testified that she took the trading course offered by the Respondents in approximately 2009. She stated that she opened an account with Global Futures after being provided with a list of brokerage houses by Khan.

e. J.A.

[49] J.A. is driving instructor. J.A. obtained his Masters in Engineering from a university in Pakistan as well as a bachelor's degree from the University of Waterloo. Before immigrating to Canada in 1996, J.A. was a major in the Pakistani Air Force, working in the field of mechanical engineering. J.A.'s testimony can be found at Trans. Vol. 14, pp. 5-24.

[50] J.A. testified that he heard of the Respondents through friends and attended a seminar in approximately 2011. The Respondents did not charge him for the trading course.

[51] J.A. said he opened a practice account and then a real account with Mirus. He filled out his own application form online without assistance from the Respondents.

f. A.R.

[52] A.R. is currently retired. He obtained bachelor degrees in commerce and law in Pakistan and worked as in accounting until immigrating to Canada in 1994. Before retiring, A.R. owned and ran a motel business and then a Laundromat business in Scarborough, Ontario. A.R.'s testimony can be found at Trans. Vol. 14, pp. 25-46.

[53] A.R. testified that he first learned of the Respondents' business through newspaper articles in the Urdu Post and Toronto Star. He first visited the Money Plus premises in December 2011. A.R. testified that he paid the Respondents \$1,000 in two installments for a two week trading course (Trans. Vol. 14, p. 31). After finishing the course, A.R. opened a trading account with Mirus, and practiced trading for approximately two to three months (Trans. Vol. 14, p. 32).

[54] A.R. said he filled out his own application forms for a real account with Mirus (Trans. Vol. 14, p. 35). He stated that Khan never told him specific contracts to buy and sell, but rather Khan suggested "reasonable" buys and "reasonable" sells. He continues to receive guidance from Khan in the form of "alert" letters, which state they "are only for educational purposes" and also warn of the substantial risks involved with trading (Trans. Vol. 14, p. 37).

g. C.V.

[55] C.V. is an aerospace parts inspector. C.V. obtained a science degree from Punjabi University in India and worked in telecommunications in New Delhi before immigrating to Canada in 1972. C.V.'s testimony can be found at Trans. Vol. 15, pp. 7-73.

[56] C.V. testified that he learned about the Respondents' business after hearing Khan on the radio and decided to take the trading course offered by them. At the conclusion of the trading course the Respondents offered him a choice of brokerage houses to open a practice trading account (Trans. Vol. 15, p. 14). After practicing for a few months, a Money Plus employee helped him fill out his application to open a real trading account with Mirus.

h. S.H

[57] S.H. works in financial accounting. S.H. obtained a master's degree in commerce in Pakistan and worked as a manager of the finance department of Alazhar Industries before immigrating to Canada in 2005. He first heard about the Respondents through friends and the Respondents' radio advertisements. S.H.'s testimony can be found at Trans. Vol. 16, pp. 13-33.

[58] S.H. testified that when he first attended the Respondents' seminars in 2011 he was told by Khan that day trading carried a high degree of risk (Trans. Vol. 16, p. 15). After taking the trading course offered by the Respondents and practising trading for a few months, he decided to open an account with Mirus. He chose Mirus because it was easier for him to understand, since he had practiced with Mirus. He filled out the application forms himself.

i. Z.H.

[59] Z.H. is an IT consultant. Z.H. obtained a degree in computer science from the University of Karachi in 1995. Z.H. migrated to Canada in 2004. He first learned of the Respondents through their radio sessions in approximately September 2011. Z.H.'s testimony can be found at Trans. Vol. 18, pp. 56-89.

[60] Z.H. testified that the trading course offered by the Respondents consisted of approximately a week of theory lessons, after which he opened a practice account with the software provided by Mirus. He chose Mirus based upon his own research (Trans. Vol. 18, p. 61) and later opened a real account with them for the same reasons (Trans. Vol. 18, p. 77).

[61] Z.H. said Khan used to advise him on certain ranges within which he should enter and exit commodity futures contracts.

j. A.K.

[62] A.K. is an automotive engineer in Scarborough, Ontario. A.K. obtained his bachelor's degree in engineering in Pakistan and immigrated to Canada in 2000 after working in a Pakistani government ministry for ten years (Trans. Vol. 19, pp. 6-61).

[63] A.K. said he heard about the Respondents through a friend in June 2010. After taking the trading course offered by the Respondents, he opened an account with Global Futures. He filled out his account application with Global online.

[64] S.U., S.G., M.I., S.Y., J.A., A.R., C.V., S.H., Z.H., and A.K. all are landed immigrants, arriving from South Asian countries such as India and Pakistan. All have learned English as a second or even third language. We have nothing but admiration for their efforts in overcoming the challenges of making a new life in Canada. However, it became clear to the Panel as the witnesses testified that the majority of the Respondents' witnesses had been coached by Khan before their testimony. For example, all of Khan's witnesses confirmed they filled out the broker application independently of Khan. We mean no disrespect to those witnesses by finding that it was more likely than not that the applications were completed in full or in part by Khan or his employee at Money Plus. This finding is confirmed by the evidence of Staff's witnesses on this point, which evidence we accept.

k. Khan

[65] Khan testified that the payments he received from Global Futures were reimbursements for marketing Global Futures. Khan stated that he also received other fringe benefits under his agreement with Global Futures, such as discounts on his own trading. He said that it was his understanding that his payment was not related to the commissions Global Futures charged its clients (Trans. Vol. 17, p. 13). Khan's evidence can be found at Trans. Vol. 17, pp 5-155.

[66] Khan testified he charged students \$1,000 dollars in two installments for the Money Plus trading course and described the material he used to give his students. Khan testified that when his students filled out application forms for brokerage houses, they did it themselves, although he offered his assistance if they were having trouble filling out the forms. Khan gave examples of this assistance, including that he told students they should include their past experiences exchanging currencies when travelling as trading experience (Trans. Vol. 17, p. 19). He told students that if they had engaged in the sale of goods on a small level that this too should be included in their calculation of past trading experience.

[67] Khan said it was his practice to trade in clients' accounts if they had given him power of attorney to do so. He confirmed that he entered into agreements with such persons under which he would be entitled to a certain percentage of the profits from his trading (Trans. Vol. 17 p. 21).

[68] Khan said that during his interview by Staff that, Staff pressured him and used the fact his English is a second language to their advantage, in order to get him to say things he would not have otherwise admitted, such as the receipt of commissions from brokerage houses.

[69] We give little weight to Khan's evidence. We find him disingenuous and inconsistent. Further, we find later in these reasons that Khan breached section 55 of the CFA by making misleading and untrue statements to the Commission.

V. ISSUES

[70] Staff's allegations raise the following issues:

- f) Did the Respondents engage in unregistered trading and unregistered advising in Futures, in breach of subsection 22(1) of the CFA?
- g) Did the Respondents make misleading and untrue statements to Staff, in breach of subsection 55(1)(a) of the CFA?
- h) Did the Respondents engage in conduct contrary to the public interest by:
 - i. making misleading statements to students and clients regarding Khan's expertise and students' and clients' prospective trading returns; and
 - ii. failing to disclose their referral compensation arrangements to students and clients?
- i) Did Khan engage in conduct contrary to the public interest by breaching the Undertaking?

VI. APPLICABLE LAW

a. Standard of Proof

[71] The standard of proof in this hearing is the civil standard of proof on a balance of probabilities. The Panel needs to assess each of these issues by examining the evidence in this matter and determining whether on a balance of probabilities "... it is more likely than not that the event occurred" (*F.H. v. McDougall*, [2008] 3 S.C.R. 41 at para. 44 ("**McDougall**"). As stated by the Supreme Court of Canada, "...evidence must always be sufficiently clear, convincing and cogent to satisfy the balance of probabilities test" (*McDougall*, *supra* at para. 46).

b. Hearsay

[72] Staff introduced into evidence a number of documents which were hearsay evidence. Subsection 15(1) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22 (the "**SPPA**") gives the Panel the discretion to admit relevant evidence that might not be admissible as evidence in a court, including hearsay evidence:

What is admissible in evidence at a hearing

15. (1) Subject to subsections (2) and (3), a tribunal may admit as evidence at hearing, whether or not given or proven under oath or affirmation or admissible as evidence in a court,

any oral testimony; and

any document or other thing,

relevant to the subject-matter of the proceeding and may act on such evidence, but the tribunal may exclude anything unduly repetitious.

[73] In *Re Sunwide Finance Inc.* (2009) (32 O.S.C.B. 4671 at para. 22) the Commission held "[a]lthough hearsay evidence is admissible under the SPPA, the weight to be accorded to such evidence must be determined by the panel ..." It is accordingly the duty of the Panel to take into consideration the indicators of reliability surrounding any hearsay evidence that it allows to be entered and accord that evidence the proper weight in its judgment.

c. Unregistered Trading and Unregistered Advising

1. Registration

[74] The dealer and adviser registration requirements of the CFA are found in subsection 22(1):

22. (1) No person or company shall,

(a) trade in a contract unless such person or company is registered as a dealer or is registered as a salesperson or floor trader or as a partner or as an officer of a registered dealer and is acting on behalf of such dealer;

(b) act as an adviser unless such person or company is registered as an adviser, or is registered as a representative or as a partner or as an officer of a registered adviser and is acting on behalf of such adviser, and such registration has been made in accordance with Ontario commodity futures law and such person or company has received written notice of such registration from the Director and, where such registration is subject to terms and conditions, the person or company complies with such terms and conditions.

(CFA, subs 22(1))

[75] Registration requirements play a key role in Ontario commodity futures law. They impose requirements of proficiency, good character and ethical standards on those people and companies trading in and advising on commodity futures contracts. The Commission commented on the purpose of these requirements in the securities context in *Re Limelight Entertainment Inc.* (2008), 31 O.S.C.B. 1727 (“*Limelight*”):

“Registration serves an important gate-keeping mechanism ensuring that only properly qualified and suitable individuals are permitted to be registrants and to trade with the or on behalf of the public. Through the registration process, the Commission attempts to ensure that those who trade ... meet the applicable proficiency requirements, are of good character, satisfy ethical standards and comply ...”

It is our view that registration under the CFA serves the same purposes.

[76] In order for there to be fairness and confidence in Ontario’s capital markets, it is critical that brokers, dealers and other market participants who are in the business of selling or promoting commodity futures contracts meet the minimum registration, qualification and conduct requirements of the CFA.

[77] Accordingly, the requirement that individuals and companies be registered to trade in securities is an essential element of the regulatory framework established to achieve the purposes of the CFA.

2. Unregistered Trading

[78] The CFA requires individuals and companies to be registered if they are involved in trading contracts.

Trading

[79] The CFA provides a broad definition of “trade” or “trading”:

(a) Entering into contracts, whether as principal or agents

...

(d) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of the foregoing

[80] The Commission has established that trading under the *Securities Act*, R.S.O. 1990 c. S.5 (the “**Act**”) is a broad concept that includes any sale or disposition of a security for valuable consideration, as well as any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of such a sale or disposition. This interpretation has been confirmed by the Ontario courts in their acknowledgement that “[r]egarding ‘trade’, the legislature has chosen to define the term ... broadly in order to encompass almost every conceivable transaction in securities” (*R v Sussman* (1993), 16 O.S.C.B. 1209 (Ont. Ct.) at p. 1230) (“*Sussman*”). Furthermore, in *Re Axxess Fund Management, LLC et al.* (2012), 35 O.S.C.B. 9019 (“*Axxess*”), the Commission discussed the inclusion of the word “indirectly” in the description of acts in furtherance of trades, and stated that it “reflects the intention of the legislature to capture conduct which seeks to avoid registration requirements by doing indirectly that which is prohibited directly”.

[81] Given the similarity of the purposes of the Act and CFA, it is proper that the broad concept of trading identified by the court in *Sussman* and by the Commission under the Act, apply to trading under the CFA as well.

Commodity Futures Contracts

[82] “[C]ontract” is defined in the CFA to include any “commodity futures contract”. “[C]ommodity futures contract” is defined as follows:

“commodity futures contract” means a contract to make or take delivery of a specified quantity and quality, grade or size of a commodity during a designated future month at a price agreed upon when the contract is entered into on a commodity futures exchange pursuant to standardized terms and conditions set forth in such exchange’s by-laws, rules or regulations;

[83] The CFA defines “commodity” as:

“commodity” means, whether in the original or a processed state, any agricultural product, forest product, product of the sea, mineral, metal, hydrocarbon fuel, currency or precious stone or other gem, and any goods, article, service, right or interest, or class thereof, designated as a commodity under the regulations;

[84] OSC Rule 14-502 (*Commodity Futures Act*) *Designation of Additional Commodities*, 28 OSCB 4403 (13 May 2005) (“**OSC Rule 14-502**”), designates additional “commodities” within the meaning of the CFA:

1.1 Designation of Additional Commodities – In addition to the commodities listed in section 1 of the *Commodity Futures Act*, each of the following is designated as a commodity:

(a) Energy and fuel, including gas, oil, electricity and energy-related products whether in their original or processed state, and any by-products thereof;

...

(g) A security as the term is defined under the Securities Act, except for a security described in paragraph (p) of the definition;

(h) An index, economic indicator, series or any other numeric reference;

...

(j) Any interest that is a value determined with reference to any commodity, good, article, service, right or interest, or the relationship between any such values, or any combination thereof.

(OSC Rule 14-502, s 1.1, Schedule B)

[85] Companion Policy 14-502CP (*Commodity Futures Act*) *Designation of Additional Commodities*, 28 OSCB 4404 (13 May 2005) (“**14-502CP**”) confirms that, by virtue of subsection 1.1(j) of OSC Rule 14-502, cash-settled futures contracts are governed by the CFA. (14-502CP, Part 3.1(j), Schedule B)

3. Unregistered Advising

[86] Adviser is defined in the CFA as “a person or company engaging in or holding himself, herself or itself out as engaging in the business of advising others as to trading in contracts” (s. 1(1)). Therefore, to trigger the adviser registration requirement under subsection 22(1)(b), a person or company must: (a) provide advice to others regarding trading in contracts; and (b) in so doing, be engaged in or hold himself, herself or itself out as engaging in, the business of advising.

Providing Advice

[87] In *Re Costello* (2003), 26 O.S.C.B. 1617 (“*Costello*”), the Commission considered what it means to “provide advice”. In its decision, the Commission noted that the definition of adviser should be interpreted in a broad manner. While *Costello* was conducted under the Act, the Panel thinks a similar approach should be taken regarding the definition of adviser in the CFA.

[88] The Commission clarified in *Costello* that the mere provision of financial information regarding certain securities does not constitute the giving of advice. However, it recognized that where an opinion is provided on the wisdom or value of investing in a specific security, advice may have been given. Furthermore, for it to be found that advice was provided, a one-on-one relationship involving the giving of advice on specific securities does not need to exist.

Business Purpose

[89] The registration requirement for advisers in the CFA is only triggered if the advice is given for a business purpose. Guidance on the meaning of business purpose can be found from within the securities context. Under the Act, section 1.3 of the National Instrument 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, 32 OSCB (Supp-2) (17 Jul 2009) (“**NI 31-103CP**”) sets out factors to be considered in determining whether the provision of advice is for a business purpose. These factors include; registrant-like activities, frequency, compensation, and solicitation.

[90] Jurisprudence from the securities context provides examples of conduct that satisfied the business purpose requirement. In *Re Hrapstead* (1999), 15 B.C.S.C.W.S. 13 (“**Hrapstead**”), the British Columbia Securities Commission (“**BCSC**”) held that receiving commissions satisfied the business purpose requirement. In *Costello*, the Commission found that a business purpose existed with regards to the Respondent’s use of free seminars to promote other businesses in which he stood to have a financial benefit.

4. Exemption

[91] The CFA provides for an exemption from the registration requirement for advisers at section 31:

31. Registration as an adviser is not required to be obtained by,

...

(b) a lawyer, accountant, engineer, teacher or employee of the Ministry of Agriculture, Food and Rural Affairs;

...

where the performance of the service as an adviser is solely incidental to their principal business or occupation.

[92] Once Staff has proved that the Respondent engaged in an activity for which registration is required, the burden of proof to demonstrate the existence of an exemption from the registration requirement falls on the responding party.

d. Making Misleading or Untrue Statements to Staff of the Commission

[93] Subsection 55(1)(a) of the CFA prohibits persons and companies from making misleading or untrue statements to Staff appointed to make an investigation under the CFA:

55. (1) Every person or company that,

(a) makes a statement in any material, evidence or information submitted to the Commission, a Director, any person acting under the authority of the Commission or the Executive Director or any person appointed to make an investigation or examination under this Act that, in a material respect and at the time and in the light of the circumstances under which it is made, is misleading or untrue or does not state a fact that is required to be stated or that is necessary to make the statement not misleading;

...

is guilty of an offence and on conviction is liable to a fine of not more than \$5 million or to imprisonment for a term of not more than five years less a day, or to both.

(CFA, subs 55(1)(a), Schedule B)

[94] In order to establish that a breach of subsection 55(1)(a) of the CFA has occurred, Staff must prove that (a) the Respondents submitted a statement to the Commission during an investigation or examination under the CFA; and (b) the statement was, in a material respect and at the time and in the light of the circumstance under which it is made, misleading or untrue or does not state a fact that is required to be stated or that is necessary to make the statement not misleading.

e. Conduct Contrary to the Public Interest

[95] As set out in subsection 1.1(1) of the CFA, it is the Commission’s mandate:

(a) to provide protection to investors from unfair, improper or fraudulent practices; and

(b) to foster fair and efficient commodity futures markets and confidence in those markets.

[96] In pursuing the purposes of the CFA, the Commission must consider fundamental principles as stated in paragraph 2 of subsection 1.1(2) of the CFA, the relevant parts of which are as follows:

- i. requirements for timely, accurate and efficient disclosure of information,
- ii. restrictions on fraudulent and unfair market practices and procedures, and
- iii. requirements for the maintenance of high standards of fitness and business conduct to ensure honest and responsible conduct by market participants.

[97] Staff alleges that the conduct of the Respondents was contrary to the public interest.

VII. ANALYSIS

a. Unregistered Trading and Advising

1. Unregistered Trading

[98] To conclude that the Respondents engaged in unregistered trading contrary to subsection 22(1)(a) of the CFA, it must be determined that the Respondents; (1) were unregistered, (2) engaged in trading, and (3) traded contracts.

2. Registration

[99] Based on the testimony of Fiorini and the section 62 certificate introduced into evidence by Staff, it is clear that none of the Respondents were registered in any capacity under the CFA.

3. Trading and Acts in Furtherance of Trades

[100] The Respondents engaged in two courses of conduct which constituted trading within the meaning of the CFA; first, the process undertaken by Khan as a teacher at Money Plus and second, Khan's trading activity regarding the Managed Accounts.

4. The Money Plus Teaching and Trading Scheme

[101] The Respondents went to extensive efforts soliciting students to attend their trading course. Potential students were given the impression that Khan was an expert trader and promised profits of "\$200-\$500 a day" once they began trading. The Respondents promised to teach students the basics of commodity futures trading and as well as other types of day trading. However, the Respondents did not plan to have their students end contact with them after the conclusion of the course. Instead, students learned that Khan, their expert instructor, now offered to trade alongside them, allowing and even assisting them in copying his trades. It should come as no surprise that many of his students took up the offer. The Respondents succeeded in signing up hundreds of clients to "real" trading accounts. At the same time, the Respondents executed agreements with the same brokers which entitled them to a portion of the commission the brokers made on the students' trades. The scheme resulted in the Respondents reaping hundreds of thousands of dollars in commissions on trades made by their newly minted traders, whether or not these new traders made any profits themselves.

[102] The Respondents went to great lengths to ensure that their new day traders did in fact trade, including:

- a) Directing students and clients to introducing brokers;
- b) Helping students and clients complete account applications, including completing the applications for them, in ways that permitted customers to trade in commodity futures contracts, even though they might not have been able to do so had a registrant, complying with its suitability obligations, been involved;
- c) Helping students and clients submit hard copy account-opening documents, including faxing and emailing them for them and communicating with brokers on behalf of students and clients; and
- d) Providing students with the computers and Internet access required to trade in commodity futures contracts.

[103] Khan submitted that he had no knowledge of how the payments were calculated and claimed instead that these payments were reimbursements for promotional expenses and a break in commissions on Khan's own trading account. The agreement between Khan and Global Futures, however, was clear that Khan's compensation was calculated by reference to the round turns in the referred accounts.

[104] Khan also rejected Staff's assertion that he or someone under his employment helped students or clients set up their accounts. This is not borne out by the evidence. The Panel heard testimony from multiple sources, which was corroborated by written evidence, that it was the Respondents' practice to assist students and clients to any extent possible in order to ensure that they would be trading through brokerage firms with whom the Respondents had relationships with.

[105] The evidence demonstrates that Respondents engaged in a systematic plan to (1) solicit students for their trading course, (2) set up their students to trade through specific brokers, and (3) ensure that they traded. This guaranteed the Respondents profits in form of commission payments. "[A]ny act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of [trading]," is considered "trading" under the CFA. The Respondents' conduct, as described above, satisfies this definition.

5. The Managed Accounts

[106] The Panel heard evidence that demonstrated that Khan traded on behalf of 32 clients through the Managed Accounts, using methods such as powers of attorney (**POA**) and joint accounts to access clients' accounts for the purpose of trading. He also gained access to trading accounts by obtaining the personal passwords of students and clients so that he could access and trade on those accounts.

[107] Khan submitted that there was nothing illegal about trading on those accounts over which which he had a POA over or joint ownership with the clients.

[108] However, the unregistered trading prohibition in the CFA prohibits achieving indirectly what is prohibited directly. By engaging in a scheme whereby he gained access to client and student accounts and then traded on behalf of those individuals on a widespread basis, Khan's actions met the requirements of trading within the meaning of the CFA.

6. Commodity Futures Contract

[109] The contracts traded by the Respondents satisfy the requirements of the definition of a commodity futures contract in the CFA. Staff submitted evidence demonstrating the types of products Khan was trading, drawing the Panel's attention to specific commodity futures contracts traded, including, metal, currency, energy and fuel, and stock futures contracts. There was no evidence tendered that these contracts were anything other than commodity futures contracts.

[110] Khan submitted he was mainly involved in the teaching and trading of "spot forex" and not commodity futures. Khan submitted that the Respondents actions were therefore outside the scope of the CFA and the jurisdiction of the Commission. While the scope of illegal conduct is properly considered under the sanctioning factors, it is not relevant to consideration whether commodity futures contracts were traded or not.

7. Findings

[111] In order to find that the Respondents engaged in unregistered trading contrary to subsection 22(1)(a) of the CFA, Staff was required to prove, on a balance of probabilities that the Respondents were, (1) were unregistered, (2) engaged in trading, and (3) traded contracts. We find that Staff was successful in doing so at each stage of the test and that as a result the Respondents breached subsection 22(1)(a) of the CFA.

b. Unregistered Advising

[112] The Respondents engaged in unregistered advising contrary to subsection 22(1)(b) through two courses of conduct. The first was the seminars in which Khan provided advice during the course of live trading. The second was Khan's actions as a portfolio manager regarding the Managed Accounts. The adviser registration requirement of the CFA requires that there be (1) the provision of advice and (2) that there be a business purpose for the provision of advice.

1. "Live" Commodity Futures Trading Advice

[113] Khan often gathered with clients and students at the Money Plus premises for "live" trading sessions. During these sessions Khan would trade on his own account and suggest trades to those present. It was understood by those present that Khan was executing these trades himself and that they should attempt to copy his trades.

[114] The provision of advice does not require there to be a one-on-one relationship, or for the participating parties to enter into an advisor agreement (*Costello*). In subsection 8(2) of the General Regulation under the CFA, R.R.O 1990, Reg 90 (the "**CFA Regulation**"), the definition of commodity trading advisor captures this idea of more generalized advice giving:

Every registrant who is an adviser shall elect to be classified into one or more of the following categories:

Commodity trading adviser, but only a person or company that holds himself, herself or itself out as engaging in the business of advising other either directly or through publications or writings as to trading in contracts but that does not purport to design such advice to accord with the financial objectives of specific customers, or intends so to act, may elect to be classified in this category.

[115] It was Khan's submission that these suggestions regarding trades did not qualify as advice because his clients and students were free to make their own decisions regarding whether or not they actually executed the trades. Khan also testified that Staff's interpretation of these sessions was incorrect because the market moved too fast for it to be possible for others to copy his trades.

[116] In *Re Donas* (1995), L.N.B.C.S.C. 18, the BCSC held that advice is given where a person "recommends an investment". Khan recommended when to enter into and when to exit specific contracts in the commodity futures market. The legislation does not require that Khan enter into the contracts on behalf of the clients as well.

[117] Regarding Khan's claim that advising in a real-time environment is impossible, during the Interview Khan himself explained how he compensated for the fast-moving pace of the market. He stated that he compensated by calling out a range of suggested trades so that those following along had a chance to execute their trades at a range of prices. Whether this was an effective method to provide advice is not at issue.

Business Purpose

[118] The Respondent's conduct whilst providing trading advice satisfied the business purpose requirement of the CFA. In *Costello* the Commission agreed with the BCSC's decision in *Hrappstead* that "one need to look no further than the commissions" the adviser received for satisfaction of the business purpose requirement. Khan's receipt of commissions based upon the advice given to his students satisfies the business purpose requirement.

[119] That Khan did not receive his commissions directly from his students does not alter the fact that Khan received commissions as a result of his advising. In fact, his was a situation analogous to the mutual fund industry, where advisers often receive commissions by way of fees that are paid to them by the fund company. The fact that they receive payment from the fund company and not directly from the client does not change the nature of their relationship with the client. In this case, Khan advised clients regarding trading commodity futures contracts knowing that he would receive payment for that advice from the broker based upon the number of trades placed by his students and clients.

2. Portfolio Management Advice

[120] Evidence was provided that Khan acted as a "portfolio manager" for the Managed Accounts. Khan admitted that he decided which contracts to trade in the Managed Accounts, which, as noted above, involved the assets of 32 different clients. The full discretionary control over clients' portfolios satisfies the requirements for the definition of the provision of advice under the CFA.

Business Purpose

[121] Regarding the Managed Accounts, the evidence demonstrated that it was Khan's practice to enter into agreements with these clients, which entitled Khan to a portion of the profits he earned by trading in the accounts. This type of agreement for profit satisfies the business purpose requirement under subsection 22(1)(b) of the CFA.

3. Findings

[122] We find that the Respondents acted as advisers without being registered to do so, contrary to subsection 22(1)(b) of the CFA. Staff succeeded in demonstrating that the Respondents' conduct in both instances described above satisfied the requirements of (1) the provision of advice and (2) contained a business purpose.

4. Exemption

[123] The availability of an exemption from the adviser registration requirement was only raised by the Respondent during closing submissions. As such, no evidence was presented on the issue. However, given that the Respondent was unrepresented at the hearing, the Panel gave his submissions full consideration. After doing so, we find there are no exemptions from the adviser registration requirements available to the Respondents.

[124] As Staff has already met its burden of proof regarding the allegations of unregistered advising, the responsibility to prove on a balance of probabilities that there is an exemption for his conduct now lies upon Khan (*Re Richvale Resource Corp.*

(2012), 35 O.S.C.B. 4286). In order to avail oneself of an exemption contained within section 31, Khan must demonstrate that (1) he was a member of one of the enumerated professions, (2) that profession was his principal business or occupation, and (3) that the performance of the service as an adviser was “solely incidental” to his being a teacher.

[125] Khan claimed an exemption from the adviser registration requirement on the basis that he had been qualified as an engineer in Pakistan and that he had been acting in the role of a teacher in his business, Money Plus.

[126] First, as Khan’s conduct during his time in Pakistan is not at issue here it is therefore not relevant to whether Khan is exempted from the adviser registration requirements.

[127] Khan also claims that his position as a teacher at Money Plus exempted him from the adviser registration requirements.

[128] Staff submitted that Khan was not a teacher, or in the alternative, if he was, that it was not his principal business or occupation. While the Panel believes that Staff’s argument on those issues may have merit, we will instead focus our analysis on the words “solely incidental” in the provision and why they preclude Khan from taking advantage of this exemption.

[129] The determination of whether Khan was providing advice solely incidental to his profession as a teacher cannot be made in a vacuum. Rather it must be done with reference to the business purpose requirement of subsection 22(1)(b). Ignoring what signified the business purpose behind the advice would be an artificial separation.

[130] We determined above that the Respondents gave advice for business purposes on the basis of (1) the receipt of commissions and (2) the receipt of income as a result of acting as a portfolio manager. These income sources amounted to hundreds of thousands of dollars and depended solely upon the provision of advice. They were not in any way connected to Khan’s activities as a teacher at Money Plus. The advice in question regarding both courses of conduct examined above was given to students and clients after they had finished the trading course offered by the Respondents. The advice provided could not therefore be solely incidental upon Khan’s position as a teacher.

c. Making Misleading or Untrue Statements to the Commission

[131] Section 55 of the CFA makes the provision of misleading or untrue statements to the Commission a breach of Ontario commodity futures law. In *Wilder v Ontario (Securities Commission)* (2001), 53 OR (3d) 519 (CA) the Ontario Court of Appeal considered section 122 of the Act, which is substantially similar to section 55 of the CFA, and noted, “it is difficult to imagine anything that could be more important to protecting the integrity of capital markets than ensuring that those involved in those markets, whether as direct participant or as advisers, provide full and accurate information to the [Commission].” Staff submitted evidence of multiple breaches by Khan of section 55. Khan was provided with opportunity during the hearing to explain these alleged fallacies, but failed to do so.

[132] While Staff provided evidence demonstrating numerous examples of such breaches, the Panel will only analyze in detail two particular examples of breaches by Khan, which we will refer to as the “account-opening process” and “compensation from Global Futures”.

1. Account-Opening Process

[133] Throughout the Interview and the hearing, Khan made untrue and misleading statements regarding the brokerage account-opening process at Money Plus. The Panel views these statements as particularly egregious because this process was at the very heart of Khan’s trading scheme. His attempts to conceal this from the Commission therefore go to the very center of his misconduct and further demonstrate his mental culpability.

[134] Khan repeatedly told the Commission that he did not push students and clients to sign up with the brokerage houses with which he had a relationship. Proof of this, he stated, was that he provided students with a list of brokerage houses (the “**Broker List**”) from which they could choose a brokerage house. Despite multiple requests, Khan did not produce the Broker List. The Panel finds the Broker List never existed and that Khan was only interested in having his students and clients apply to the brokerage house with which he had a relationship with at the time. Convincingly, Khan’s own agreement with Global Futures stated that their relationship was to be exclusive. If Khan had suggested other brokers to his students and clients, as he claims he did, he would have been in violation of the agreement.

[135] Khan submitted that he disclosed to his students or clients that he was receiving compensation from the brokers that he was signing them up with. Even the Respondents’ own witnesses did not offer testimony to support the notion that Khan was in the habit of disclosing his consulting relationships. Rather the evidence shows that it was Khan’s practice not to disclose his consulting relationship to his students and clients as a matter of course.

[136] During the Interview and his testimony, Khan asserted that neither he nor any employees of his helped students or clients fill out the brokers' application forms. However this is contradicted by his own testimony that he provided "guidance" to students and clients. We are persuaded by Staff's witnesses who testified that the Respondents would partially or even completely fill out the applications and sometimes only asked the applicants for their signatures, before forwarding the required documentation to the brokerage house.

[137] We find Khan engaged in a concerted effort to hide the evidence of his scheme from the Commission through misleading and untrue statements, contrary to section 55 of the CFA.

2. Compensation from Brokerage Houses

[138] Khan made misleading and untrue statements to the Commission, contrary to section 55 of the CFA, regarding his compensation from Global Futures. During the Interview, while Khan was under oath, he stated the only compensation he received from Global Futures were reimbursements for promotional expenses and a break on commissions in Khan's own trading account. The evidence is clear that Khan's compensation was in the form of commissions, calculated by reference to the round turns in the referred accounts. Furthermore, the Panel was presented with emails from Khan to a Global Futures representative, demonstrating Khan knew the basis upon which the payments were calculated. These emails also show that Khan was in the habit of double-checking the calculation of these payments and demanding additional payments when he thought they were owed to him.

[139] Khan also tried to mislead the Commission by minimizing the amount he was receiving in commissions due to trading by his students and clients. He states that his estimated annual income from such sources was around \$40,000 to \$50,000. The evidence demonstrates that by 2010 he was earning two to three times that, in commissions alone.

[140] We find Khan purposely misled or made untrue statements to Staff concerning the compensation he received through commissions, contrary to section 55 of the CFA.

VIII. CONDUCT CONTRARY TO THE PUBLIC INTEREST

[141] The Commission seeks, "to ensure that those who trade ... meet the applicable proficiency requirements, are of good character, satisfy the appropriate ethical standards and comply with the [Act]" (*Limelight*). Khan has demonstrated himself lacking the ability to meet any of these standards. As a result of the Respondent's multiple breaches of the CFA, we find that the Respondents' acted contrary to the public interest within the meaning of the CFA.

[142] We also find that that the Khan acted contrary to the public interest when he breached the Undertaking. Khan specifically gave his undertaking to Staff that he would not engage in trading futures on behalf of the public and that he would not receive commissions on the basis of public trading. Not only did he continue to do both, but he refused to admit to such during the hearing. Khan claimed that his agreements with the U.S. brokers did not result in him receiving commissions. His testimony was that these payments were in fact reimbursements for marketing efforts on behalf of the U.S. brokers. As we noted above, this was not the basis for the payments and furthermore, Khan was aware of this. Multiple witnesses have testified that Khan continued to trade on their behalf past January 2010. Khan admitted to this as well. Why he thought this was acceptable after giving his undertaking not to, is something we don't know.

IX. CONCLUSION

[143] For the reasons stated above, the Panel finds that Respondents:

- a) engaged in the business trading in commodity futures contracts without being registered to do so and without an exemption from the advisor registration requirement, contrary to subsection 22(1)(a) of the CFA;
- b) engaged in the business advising in commodity futures contracts without being registered to do so and without an exemption from the adviser registration requirement, contrary to subsection 22(1)(b) of the CFA;
- c) the Respondents made misleading and untrue statements to Staff during the course of its investigation into the Respondents' conduct and business, in breach of subsection 55(1)(a) of the CFA; and
- d) the Respondents acted contrary to the public interest.

[144] An order will issue as follows:

- a) Staff shall serve and file its written submissions on sanctions and costs by February 6, 2015;
- b) the Respondents shall serve and file their written submissions on sanctions and costs by March 6, 2015;

Reasons: Decisions, Orders and Rulings

- c) Staff shall serve and file any reply submissions on sanctions and costs by March 20, 2015;
- d) The hearing to determine sanctions and costs against the Respondents will be held at the offices of the Commission at 20 Queen Street West, Toronto, Ontario, on April 13, 2015, at 10:00 a.m. or such further or other dates as agreed by the parties and set by the Office of the Secretary; and
- e) Upon the failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party, and such party is not entitled to any further notice of the proceedings.

DATED at Toronto this 29th day of December, 2014.

"Vern Krishna"
Vern Krishna, Q.C.

"James D. Carnwath"
James D. Carnwath, Q. C.

3.1.2 James Barnett (also known as John David)

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

AND

**IN THE MATTER OF
JAMES BARNETT (ALSO KNOWN AS JOHN DAVID)**

**SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
and JAMES BARNETT (ALSO KNOWN AS JOHN DAVID)**

PART I – INTRODUCTION

1. The Ontario Securities Commission (the “Commission”) will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to section 127 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement between Staff of the Commission (“Staff”) and James Barnett (also known as John David) (“Barnett”) (the “Settlement Agreement”), and to make certain orders in respect of Barnett.

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing against Barnett in accordance with the terms and conditions set out below. Barnett consents to the making of an order against him in the form attached as Schedule “A” on the basis of the facts set out below.

PART III – AGREED FACTS

A. Background

3. During the period between 2002 and October 12, 2012, Barnett was a *de facto* officer of MineralFields Management Inc. (“MFMI”), Limited Market Dealer Inc. (“LMDI”) and Pathway Investment Counsel Inc. (“Pathway”) which comprised a group of companies, the MineralFields Group.

4. The MineralFields Group was involved in the distribution and management of flow-through limited partnerships. These limited partnerships invested primarily in flow-through shares of junior Canadian resource issuers through private placement issues.

5. MFMI was registered in the category of investment fund manager. It acted as the investment fund manager for flow-through limited partnerships the units of which were sold to investors through prospectuses and offering memoranda under the branding of “MineralFields”, “Pathway”, and “EnergyFields LPs” (the “MineralFields LPs”).

6. LMDI was registered as a dealer in the category of exempt market dealer. LMDI sourced private placement issues of resource companies for the MineralFields LPs to invest in, and received a finder’s fee (in cash and/or warrants) from these resource issuers for its services as an agent/finder. LMDI was also involved in negotiating the terms of the private placement issues on behalf of the MineralFields LPs with management of the resource issuers in connection with the purchase of securities by the MineralFields LPs.

7. Pathway was registered as an adviser in the category of portfolio manager. It was retained by MFMI to provide portfolio management services to the MineralFields LPs.

8. Between April 28, 2011 and August 31, 2011, Staff conducted reviews of MFMI, LMDI and Pathway (the “Compliance Reviews”) for the period between April 1, 2010 and March 31, 2011 (the “Review Period”). During the course of the Compliance Reviews, certain matters came to the attention of Staff respecting Barnett.

9. The Compliance Reviews conducted by Staff revealed that Barnett breached Ontario securities law and acted contrary to the public interest. In particular:

B. Omissions to the Commission

10. During the Compliance Reviews, it was revealed that commencing in 2002 and continuing until 2011, there was a consistent failure to disclose in regulatory filings with the Commission that Barnett had beneficial interest in 49.99% of the non-voting shares of MFMI and LMDI since inception of these firms in 2002 and 2004, respectively, until after the Compliance Reviews. Barnett had an understanding with the individual who eventually became the Ultimate Designated Person (the "UDP") of the firms of the MineralFields Group that Barnett would have a 49.9% interest and the UDP would have a 50.1% interest in the companies from the date each company was incorporated. Between 2002 and 2011:

- (a) a document dated March 25, 2002 and signed by the UDP was filed with the Commission certifying that the UDP owned 100% of the shares of LMDI;
- (b) in 2005, a limited market dealer survey questionnaire was signed by the UDP as president of LMDI and submitted to the Commission. It stated that the UDP was the sole director, officer and shareholder of LMDI;
- (c) during a compliance field review conducted by Staff in November 2005 of LMDI, Staff were told by LMDI's Chief Compliance Officer ("CCO") that the UDP was the sole shareholder of LMDI;
- (d) in 2010, the Commission was provided with an ownership chart of MFMI signed by the UDP which stated that the UDP "owns 100% of the shares of MineralFields Fund Management Inc."; and
- (e) during the compliance reviews of the MineralFields Group that commenced with the compliance review of MFMI on April 28, 2011, Staff sent a books and records request that included a request "for a copy of the Registrant's current organization chart and employee list with telephone numbers." In response to this request, Staff received from the CCO and Chief Financial Officer of LMDI an organizational chart showing that the UDP (directly and through his companies) as the 100% owner of MFMI and LMDI.

11. Barnett was not registered under the Act in any capacity and was not disclosed as a "permitted individual" within the meaning of National Instrument 33 – 109-Registration Information.

12. Barnett's failure to disclose his ownership of non-voting shares constituted conduct contrary to the public interest.

C. Barnett engaged in trading and advising without registration

13. During the Review Period and until August 2011, Barnett engaged in registerable activities on behalf of LMDI and Pathway without registration. His activities included:

- (a) soliciting private placement deals from resource issuers for investment by the flow-through MineralFields LPs managed by MFMI;
- (b) negotiating deal terms with resource issuers regarding such private placement issues;
- (c) making investment recommendations on behalf of and/or to Pathway;
- (d) determining the subscription price and subscription amount based on the recommendation made by LMDI's in-house mining analysis. Barnett did not act based on instructions from Pathway's registered advising representative. Instead, Barnett made the investment decisions; and
- (e) sending out engagement letters to resource issuers which were signed by himself or the UDP, although even where the UDP's "signature" appears on the engagement letters, the UDP did not actually sign the engagement letters as Barnett simply sent the letters out in the UDP's name. The engagement letters include the relevant subscription amount and were sent out before Pathway's registered adviser approved the investments.

14. By engaging in the trading and advising activity without being registered, Barnett acted contrary to Ontario securities law.

D. Respondent's Position

15. The Respondent submits:

- (a) prior to the establishment of the MineralFields Group, Barnett had not worked in the securities industry;

- (b) for reasons of personal protection relating to incidents which occurred between 1998 and 2002, Barnett structured his affairs in a manner to protect his identity including adopting a pseudonym;
- (c) there is no evidence that the Respondent's conduct contrary to Ontario securities law or conduct contrary to the public interest caused investor losses; and
- (d) after the compliance deficiencies at the MineralFields Group were discovered by Compliance Staff, Barnett cooperated with Staff in replacing the UDP, the CCO and the portfolio manager and appointing a monitor until the assets of the MineralFields Group were transferred to another registrant. The MineralFields Group entities are no longer in business.

PART IV – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND CONTRARY TO THE PUBLIC INTEREST

16. By engaging in the conduct described above, Barnett admits and acknowledges that he contravened Ontario securities law by trading and advising without being registered and acted contrary to the public interest by omitting to disclose his ownership of 49.99% of the non-voting securities of MFMI and LMDI.

PART V – TERMS OF SETTLEMENT

17. Barnett agrees to the terms of settlement listed below.
18. The Commission will make an order, pursuant to subsection 127(1) and section 127.1 of the Act, that:
- (a) the Settlement Agreement is approved;
 - (b) Barnett resign any position he holds as a director of a registrant or as a chief executive officer, chief financial officer or chief operating officer of a registrant or the functional equivalent of any of these positions;
 - (c) Barnett shall be prohibited from becoming or acting as a “chief compliance officer” or “ultimate designated person” as defined in subsection 1(1) of the Act or, with the exception of a director of or owner as described in subparagraph (d) below, a “permitted individual” within the meaning of section 1.1 of National Instrument 33-109 of a registrant permanently;
 - (d) Barnett shall be prohibited from becoming or acting as a registrant, a director of a registrant or as an individual who has beneficial ownership of, or direct or indirect control or direction over, 10% or more of the voting securities of a registered firm until the later of a period of four years from the date of the approval of the Settlement Agreement and the date on which Barnett successfully completes, in addition to any applicable proficiency requirements, the Conduct and Practices Handbook Course and, if seeking to become a director of a registered firm, until the later of a period of four years from the date of the approval of the Settlement Agreement and the date on which Barnett completes the Directors Education Program;
 - (e) subject to the satisfaction of (d) and upon becoming registered by the Director under subsection 27(1) of the Act, Barnett will be subject to strict supervision of a sponsoring firm for a period of one year;
 - (f) Barnett is reprimanded;
 - (g) Barnett shall pay an administrative penalty of \$125,000 for breaching Ontario securities law by trading and advising without registration to the Commission which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act; and
 - (h) Barnett shall pay the costs of the Commission's investigation in the amount of \$25,000 within 180 days of the approval of the Settlement Agreement.
19. For his conduct contrary to the public interest, Barnett undertakes to make a voluntary payment in the amount of \$75,000 which is designated for allocation or is by the commission in accordance with subsection 3.4(2)(b) of the Act.
20. With respect to sub-paragraphs 18(g) and (h), Barnett agrees to personally make a payment of \$25,000 by certified cheque or bank draft payable to the Ontario Securities Commission within one year of the approval of this Settlement Agreement and agrees to pay a further \$50,000 by certified cheque or bank draft payable to the Ontario Securities Commission within one year of each preceding payment until the sum of the administrative penalty and costs has been paid in full.
21. Barnett undertakes to consent to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all sanctions set out in subparagraphs 18 (b) to (e) above.

PART VI – STAFF COMMITMENT

22. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Barnett in relation to the facts set out in Part III herein, subject to the provisions of paragraph 23 below.

23. If this Settlement Agreement is approved by the Commission, and at any subsequent time Barnett fails to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Barnett based on, but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

24. Approval of this Settlement Agreement will be sought at a hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and Barnett for the scheduling of the hearing to consider the Settlement Agreement.

25. Staff and Barnett agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding their conduct, unless the parties agree that further facts should be submitted at the settlement hearing.

26. If this Settlement Agreement is approved by the Commission, Barnett agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

27. If this Settlement Agreement is approved by the Commission, none of the parties shall make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

28. Whether or not this Settlement Agreement is approved by the Commission, Barnett agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

29. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the order attached as Schedule "A" is not made by the Commission:

- (a) this Settlement Agreement and its terms, including all settlement negotiations between Staff and Barnett leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and Barnett; and
- (b) Staff and Barnett shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations in the Notice of Hearing and the Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

30. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of Barnett and Staff or as may be required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

31. This Settlement Agreement may be signed on one or more counterparts which together will constitute a binding agreement.

32. A facsimile copy of any signature will be as effective as an original signature.

Signed in the presence of:

J. Martinez
Witness

"James Barnett"
James Barnett

J. Martinez
(Print Name)

Dated this "21st" day of March, 2014

STAFF OF THE ONTARIO SECURITIES COMMISSION

“Tom Atkinson”

Tom Atkinson

Director, Enforcement Branch

Dated this “21st” day of March, 2014.

Schedule "A"

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

AND

**IN THE MATTER OF
JAMES BARNETT (ALSO KNOWN AS JOHN DAVID)**

AND

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND JAMES BARNETT (ALSO KNOWN AS JOHN DAVID)**

**ORDER
(Subsections 127(1) and 127(2) and Section 127.1)**

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") to consider whether it is in the public interest to make certain orders against James Barnett (also known as John David) ("Barnett");

AND WHEREAS Barnett entered into a Settlement Agreement with Staff (the "Settlement Agreement") in which Barnett and Staff agreed to a proposed settlement of the matter commenced by the Notice of Hearing, subject to the approval of the Commission;

AND WHEREAS the Commission has reviewed the Notice of Hearing, the Statement of Allegations and the Settlement Agreement;

AND WHEREAS Barnett has entered into an undertaking as part of the Settlement Agreement whereby he shall make a voluntary payment to the Commission in the amount of \$75,000, which will be designated for allocation or for use by the Commission in accordance with subsection 3.4(2)(b) of the Act;

AND WHEREAS Barnett has provided to Staff a certified cheque in the payment of \$75,000 in full payment of the voluntary undertaking;

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

IT IS HEREBY ORDERED THAT:

- (a) the Settlement Agreement is approved;
- (b) pursuant to paragraph 8.1 of subsection 127(1) of the Act, Barnett resign any position he holds as a director of a registrant or as a chief executive officer, chief financial officer or chief operating officer of a registrant or the functional equivalent of any of these positions;;
- (c) pursuant to paragraph 8.2 of subsection 127(1) of the Act, Barnett shall be prohibited from becoming or acting as a director of a registrant except as described in subparagraph (g) below or from becoming or acting as a chief executive officer, chief financial officer or chief operating officer of a registrant or the functional equivalent of any of these positions permanently;
- (d) pursuant to paragraph 8.2 of subsection 127(1) of the Act, Barnett shall be prohibited from becoming or acting as an "ultimate designated person" or chief compliance officer" as defined in subsection 1(1) of the Act permanently;
- (e) pursuant to paragraph 8.5 of subsection 127(1) of the Act, Barnett shall be prohibited from becoming or acting as a registrant, or as an individual who has beneficial ownership of, or direct or indirect control or direction over, 10% or more of the voting securities of a registered firm until the later of a period of four years from the

- date of the approval of the Settlement Agreement and the date on which Barnett completes, in addition to any proficiency requirements, the Conduct and Practices Handbook Course;
- (f) pursuant to 8.2 of subsection 127(1) of the Act, Barnett shall be prohibited from becoming or acting as a director of a registrant until the later of a period of four years from the date of the approval of the Settlement Agreement and the date the date on which Barnett completes the Directors Education Program;
 - (g) subject to the satisfaction of subparagraph (e) and upon becoming a registered by the Director under subsection 27(1) of the Act, Barnett's registration shall be subject to a term and condition requiring he be subject to strict supervision of a sponsoring firm for a period of one year;
 - (e) pursuant to paragraph 6 of subsection 127(1) of the Act, Barnett is reprimanded;
 - (f) the voluntary payment of \$75,000 to the Commission made by Barnett upon the approval of the Settlement Agreement is designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act;
 - (g) pursuant to paragraph 9 of subsection 127(1) of the Act, Barnett shall pay an administrative penalty of \$125,000 to the Commission which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act;
 - (h) pursuant to section 127.1 of the Act, Barnett shall pay the costs of the Commission's investigation in the amount of \$25,000 within 180 days of the signing of this Order; and
 - (i) in satisfaction of term (g) above, Barnett shall pay \$25,000 by certified cheque or bank draft payable to the Ontario Securities Commission within one year of the signing of this Order and shall pay a further \$50,000 by certified cheque or bank draft payable to the Ontario Securities Commission within one year of each preceding payment until the sum of the administrative penalty and costs has been paid in full.

DATED AT TORONTO this _____ day of April, 2014.

3.1.3 Christopher Reaney – s. 31

**IN THE MATTER OF
STAFF'S RECOMMENDATION TO SUSPEND THE REGISTRATION OF
CHRISTOPHER REANEY**

**OPPORTUNITY TO BE HEARD BY THE DIRECTOR
UNDER SECTION 31 OF THE SECURITIES ACT (ONTARIO)**

Decision

1. For the reasons outlined below, my decision is as follows:
 - a. The registration of Christopher Reaney (**Reaney**) is suspended for a period of six months. The suspension term begins 10 business days after the date of this decision and continues for a period of six months.
 - b. In the 10 business day period prior to the suspension term commencing, Reaney is not permitted to accept any new clients, open any new client accounts, or accept any new funds into an existing client's account.
 - c. If Reaney complies with paragraphs a. and b. above, then upon Reaney reapplying for registration in the future with a registered mutual fund dealer, staff (**Staff**) of the Compliance and Registrant Regulation Branch (CRR) of the Ontario Securities Commission (**OSC** or **Commission**) will not recommend to the Director that his application be refused unless Staff becomes aware after the date of this opportunity to be heard of conduct impugning Reaney's suitability for registration, provided the following conditions are met:
 - i. Reaney meets all other applicable criteria for registration at the time he applies for registration, and
 - ii. Reaney's registration on reinstatement is subject to the following terms and conditions for a period of one year (a) Reaney will be under "strict supervision" (as that term is commonly understood) by his sponsoring firm, (b) if Reaney processes a transaction for a client using a document that is signed or initialled by a client and that is not the original version of the document, Reaney must deliver the original document to his sponsoring firm within one week of the transaction to permit the firm to verify the authenticity of the copied document, including whether the copied document was created using a pre-signed form, and (c) Reaney may not use a limited trading authorization for any of his clients.

Background

2. Reaney has been registered as a salesperson or mutual fund dealing representative with various sponsoring firms since 1996.
3. On October 21, 2013, the Mutual Fund Dealers Association (**MFDA**) sent a letter to Reaney related to his admission to obtaining 10 blank signed forms from his clients, as well as falsifying the signature of his clients on 24 documents. The forms in question were comprised of know your client forms and trading forms and were dated between August 2007 and September 2012. The MFDA letter stated in part:

Enforcement Staff is of the view that there is sufficient evidence to support a finding of breach of MFDA Rule 2.1.1(b), which states that ... each Approved Person of a Member shall observe high standards of ethics and conduct in the transaction of business ... While your conduct set out above is a serious matter ... the MFDA has decided that it will not initiate formal disciplinary proceedings against you in this case. The MFDA is sending you this letter as a warning to ensure that there will be no similar breaches ... in the future ... Please note that this letter is being copied to the Ontario Securities Commission.

4. Although the MFDA is responsible for ensuring compliance with its own by-laws and rules, the Commission is responsible for assessing the suitability of mutual fund dealing representatives for registration under the *Securities Act* (Ontario) (**Act**). After investigation, by letter dated August 14, 2014, Staff advised Reaney that Staff had recommended to the Director that:
 - a. the registration of Reaney be suspended for a period of nine to 12 months,
 - b. should Reaney seek registration in the future, he must first successfully complete the *Conduct and Practices Handbook Course* (**CPH**), and

- c. if Reaney is registered in the future, his registration will be subject to prescribed terms and conditions for a period of one year.
5. The basis of this recommendation is that Reaney admitted to personally signing, or allowing third parties to sign, some of his clients' signatures to various investment-related documents, and to obtaining blank pre-signed forms for some of his clients. Staff alleged that this pattern of misconduct affected at least 25 clients or client households (of a total of approximately 200 clients or client households), and involved at least 22 documents bearing falsified signatures and at least 12 pre-signed forms. In addition, on at least two occasions, Reaney incorrectly responded "no" to a question in a questionnaire of his sponsoring firm asking whether he was in possession of any blank pre-signed forms. As a result, Staff alleges that Reaney failed to deal with his clients fairly, honestly and in good faith, contrary to OSC Rule 31-505 *Conditions of Registration* and that he failed to demonstrate the integrity required of an individual registered as a dealing representative under the Act.
6. The opportunity to be heard (OTBH) with respect to these matters occurred on December 16, 2014.

Issues discussed during the OTBH

7. The principal facts in this OTBH were largely undisputed. Reaney admitted to falsifying clients' signatures on more than 20 documents. Only one client contacted by Staff indicated that he was unaware that Reaney had falsely signed his name to a document. Others contacted had signed the documents in question (or signed the documents on behalf of their spouse), or were either aware that Reaney had signed their name to documents or had verbally authorized Reaney to sign documents on their behalf. Reaney also admitted to having pre-signed blank client documents in his client files.
8. With respect to the attestations of Reaney in his sponsoring firm's questionnaire, again the facts were largely undisputed (particularly with respect to the second questionnaire when the pre-signed forms were more recently dated). Reaney incorrectly answered "no" to a question regarding whether he had pre-signed client documents in his client files, when in fact he did. This misconduct clearly inhibited his sponsoring firm from effectively supervising his activities and from detecting his misconduct at an earlier date.
9. What was in dispute at the OTBH was the proposed nine to 12 month suspension sanction recommended by Staff.

Reasons for decision

10. My decision is set out in paragraph one above. Since Reaney successfully passed the CPH course in November 2014, it was not necessary to include this requirement as a term of my decision.
11. My decision is based on the written and verbal submissions of Mark Skuce (Legal Counsel, CRR) and Johanna Braden (counsel to Reaney). Reaney also provided submissions during the OTBH.
12. Section 28 of the Act provides that the registration of a person or company may be suspended if it is determined that the person or company is not suitable for registration (i.e. possesses the requisite integrity, proficiency and solvency), has failed to comply with Ontario securities law, or that their registration is otherwise objectionable.
13. In *Re Sterling Grace & Co., Ltd. and Graziana Casale* (2014), 37 OSCB 8298, a recent decision at the Commission level at paragraph 171, the Commission adopted a broader understanding of integrity. The Commission wrote:

We agree with the finding of a director of the Alberta Securities Commission that the concept of integrity invoked in the registration regime is broader than dishonesty. Rather it encompasses a duty of care and while a registrant may not be dishonest, he or she may "be reckless or lackadaisical over whether one complies with the rules or requirements of one's industry. (*Re John Doe* (2010) 33 OSCB 1371 at para 37, citing *Re Doe* (2007), ABASC 296)
14. In this case, Staff argued that that recklessness and lackadaisicalness is apparent in this case when you consider the number of falsified and pre-signed forms over a prolonged period of time and his integrity has therefore been impugned. I agree.

Suspension required?

15. During the OTBH, Reaney's counsel referred to Staff's requested period of suspension as being lengthy, not warranted in these circumstances, and "over-the-top" disproportionate to Reaney's admitted misconduct. She also argued that a lengthy period of suspension would be professionally and financially devastating to Reaney. Lastly, she argued that "[T]he errors in judgement were, in [Reaney's] own words, serious, but, again, he was motivated by a desire to assist

his clients, to make their lives easier, to bother them less.” I believe that the statement made by a hearing panel of what was then the Investment Dealers Association of Canada in the *Re Hugh Cairns Bell* is applicable here:

Forgery is always serious. It is unequivocally condemned because it is a fundamentally dishonest and dangerous. Any act of forgery is a step onto a steep and slippery slope of deception that is always potentially harmful to clients and actually harmful to the ... securities industry as a whole.

16. In my view, a period of suspension is appropriate for the misconduct engaged in by Reaney over an extended period of time. I agree with Director Blumberger’s words in *Re Anna Pyasetsky* (2012) 35 OSCB 2092 where he stated that “[I]n my view, terms and conditions are not appropriate for cases involving forgery”. Reaney’s counsel argued that this was a case of false endorsement (where a registrant signs on behalf of a client with the client’s knowledge and consent), rather than a forgery case (where a registrant signs on behalf of a client without the client’s knowledge and consent). With respect, I disagree. This case involves what was characterised by Reaney’s counsel as false endorsement, as well as forgery. It also involves the use of pre-signed forms and false attestations by Reaney to his sponsoring firm. In my view, given all the facts and circumstances of this case, the appropriate sanction for Reaney is a shorter suspension period than recommended by Staff (for the reasons set out in this decision), plus prescribed terms and conditions on his registration should Reaney choose to re-register after his suspension.

Suspension period shortened to six months

17. I shortened the suspension period to six months from the nine to 12 months recommended by Staff. In my view, I was able to distinguish this case from the precedents provided by Staff. For example, in *Re Cyril Obasi* (2011) 34 OSCB 3012, Obasi was found to have forged the signatures of two clients, then asking his clients to cover up for his misconduct by lying to his sponsoring firm. In addition, Obasi lied to Staff when questioned about the forgery. Obasi’s registration was suspended for nine months.
18. In *Re Riccardo Alberto Dipronio* (2011) 34 OSCB 6345, Dipronio was found to have opened a mutual fund account for a client and to have used funds to purchase mutual funds for that account, all without his client’s consent. Under a settlement agreement with Staff, Dipronio’s registration was suspended for a period of nine months.
19. Lastly, in *Re Kevin Duffy* (2014) 37 OSCB 9409, Duffy was found to have used pre-signed forms on numerous occasions. In three reviews of his practice (2008, 2010 and 2013), Duffy’s sponsoring firm found him using blank pre-signed forms. Following every review, Duffy signed an undertaking to his firm that he would review all client files and destroy any blank pre-signed forms, and that he would not use pre-signed forms at any time in the future. In addition, the MFDA sent Duffy a warning about using pre-signed forms in 2014. Under a settlement agreement, Duffy agreed not to reapply for the reinstatement of his registration for a minimum period of nine months from the date of his termination with his sponsoring firm.
20. In my view, Reaney’s misconduct did not rise to the level of the misconduct in any of these three cases. All but one of Reaney’s clients contacted by Staff authorised him to sign various client documents or were aware that Reaney was signing documents on their behalf. While signing clients’ names to documents is clearly reckless, lackadaisical and dishonest conduct that clearly seriously impugns Reaney’s integrity, in my view, it did not rise to the level of Obasi’s misconduct because it did not involve lying to Staff or asking clients to lie on his behalf. Nor did it involve actual client harm as in the *Dipronio* case or being “caught” three times and still using blank pre-signed forms as in the *Duffy* case.

General vs. specific deterrence

21. In my view, this decision strikes the appropriate balance between general and specific deterrence.
22. With respect to specific deterrence, Reaney has been suspended for six months and will be subject to strict supervision (and other terms and conditions) on re-registration. Reaney’s misconduct occurred over a number of years. MFDA Rule 2.3 prohibits its Members or any approved person from having discretionary trading authority over a client account. Maintaining pre-signed investment instruction forms could facilitate trading on a discretionary basis or could be used to facilitate fraudulent acts. In addition, his sponsoring firm issued a compliance bulletin prohibiting the use of blank, pre-signed and photocopied forms in June 2011 and the sponsoring firm’s policies and procedures starting in approximately 2008 had a strict prohibition against blank pre-signed client forms. Lastly, the firm’s questionnaire had a specific question regarding the use of blank pre-signed or pre-signed forms, which Reaney responded to incorrectly. In my view, these are aggravating factors which call for specific deterrence sanctions against Reaney. With respect to mitigating factors, Reaney responded truthfully and completely to requests for information from his sponsoring firm, the MFDA and Staff. In addition, he admitted to his misconduct and he appeared to me to be remorseful for his misconduct. In my view, he is unlikely to repeat this misconduct in the future.

23. With respect to general deterrence, I believe the six month suspension will serve as adequate general deterrence for registrants who are considering engaging in similar misconduct. Falsifying client signatures and the use of blank pre-signed forms is misconduct that directly seriously impugns the integrity of registered individuals. In addition, providing incorrect information to the registered individual's sponsoring firm which inhibits the sponsoring firm from effectively supervising the registered individual and from meeting its obligation to report the use of blank, pre-signed or photocopied forms to the MFDA, is also misconduct that seriously impugns the integrity of registered individuals.

Amendment to terms and conditions recommended by Staff on re-instatement of registration

24. I amended the terms and conditions requested by Staff to include a provision that should Reaney apply for registration in the future, provided he complied with the terms I've imposed related to the misconduct described in this decision, Staff would not recommend to the Director that his application be refused unless Staff becomes aware after the date of the OTBH of further misconduct impugning Reaney's suitability for registration. In addition, Reaney's will have strict supervision terms and conditions attached to his registration for a period of one year following his reinstatement of registration. In my view, this amended term and condition was necessary in order to ensure that Reaney's misconduct as described in this decision is not used again to assess his suitability for registration. In my view, this decision adequately deals with the misconduct identified by Staff prior to the date of the OTBH and as outlined in this decision. However, Reaney is on notice that should Staff identify similar misconduct after the date of the OTBH, Staff will use the misconduct identified in this decision, together with any further misconduct identified to assess his suitability for registration.

"Marriane Bridge", FCPA, FCA
Deputy Director, Compliance, Strategy and Risk
Compliance and Registrant Regulation Branch
Ontario Securities Commission

Dated: January 5, 2015

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
Triumph Ventures II Corporation	19 December 2014	31 December 2014	31 December 2014	
Geovic Mining Corp.	17 December 2014	29 December 2014		31 December 2014
Besra Gold Inc.	17 December 2014	29 December 2014	29 December 2014	
Hi Ho Silver Resources Inc.	16 December 2014	29 December 2014	29 December 2014	
Seafield Resources Ltd.	19 December 2014	31 December 2014	31 December 2014	
Solara Exploration Ltd	22 December 2014	02 January 2015	02 January 2015	
HPB Investments Inc.	23 May 2002	04 June 2002		31 December 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

THERE ARE NO ITEMS TO REPORT THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Besra Gold Inc.	10 October 14	22 October 14	22 October 14		17 December 2014

This page intentionally left blank

Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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:

Aequus Pharmaceuticals Inc.
Principal Regulator - British Columbia

Type and Date:

Preliminary Long Form Prospectus dated December 24, 2014

NP 11-202 Receipt dated December 24, 2014

Offering Price and Description:

\$4,190,329.00 - 7,618,780 Common Shares and 3,809,390 Common Shares Purchase Warrants on exercise or deemed exercise of 7,618,780 Outstanding Special Warrants

Price: \$0.55 Per Special Warrant

Underwriter(s) or Distributor(s):

Cormark Securities Inc.
Clarus Securities Inc.

Promoter(s):

Doug Janzen
Fotios Plakogiannis
Alexander Goumeniouk
Peter Wilson

Charlie Perperidis

Project #2296456

Issuer Name:

BMO US High Dividend Covered Call ETF
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated December 22, 2014

NP 11-202 Receipt dated December 23, 2014

Offering Price and Description:

USD Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

BMO ASSET MANAGEMENT INC.

Project #2295909

Issuer Name:

Brompton Oil Split Corp.
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated December 30, 2014

NP 11-202 Receipt dated December 31, 2014

Offering Price and Description:

Maximum Offering: \$* - * Preferred Shares and * Class A Shares

Minimum Offering: \$14,000,000 - 1,400,000 Preferred Shares

Minimum Offering: \$21,000,000 - 1,400,000 Class A Shares

Price: \$10.00 per Preferred Share and \$15.00 per Class A Share

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Securities Inc.
GMP Securities L.P.
Raymond James Ltd.
Desjardins Securities Inc.
Dundee Securities Ltd.
Industrial Alliance Securities Inc.
Mackie Research Capital Corporation

Promoter(s):

-

Project #2297621

Issuer Name:

CPC RG One Corp.

Type and Date:

Preliminary CPC Prospectus dated December 17, 2014
Received on December 23, 2014

Offering Price and Description:

Minimum of \$360,000 -3,600,000 Common Shares

Mmaximum of \$1,000,000 -10,000,000 Common Shares

Pric: \$0.10 per Common Share

Underwriter(s) or Distributor(s):

M Partners Inc.

Promoter(s):

-

Project #2294938

Issuer Name:

First Asset Energy Giants Covered Call ETF
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated December 24, 2014

NP 11-202 Receipt dated December 24, 2014

Offering Price and Description:

Common Units, Advisor Class Units, Unhedged Common Units and Unhedged Advisor Class Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

FIRST ASSET INVESTMENT MANAGEMENT INC.

Project #2296358

Issuer Name:

Global Water Solutions Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated December 29, 2014

NP 11-202 Receipt dated December 31, 2014

Offering Price and Description:

Maximum Offering: \$ * - * Class A Units and/or Class F Units

Minimum Offering: \$20,000,000 - 2,000,000 Units

Price: \$10.00 per Unit

Minimum purchase: 100 Units

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

Scotia Capital Inc.

GMP Securities L.P.

National Bank Financial Inc.

Raymond James Ltd.

TD Securities Inc.

Canaccord Genuity Corp.

Industrial Alliance Securities Inc.

Burgeonvest Bick Securities Limited

Desjardins Securities Inc.

Laurentian Bank Securities Inc.

Mackie Research Capital Corporation

Manulife Securities Inc.

PI Financial Inc.

Promoter(s):

BMO Nesbitt Burns Inc.

Project #2297553

Issuer Name:

Heritage Optimal Plan
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated December 23, 2014

NP 11-202 Receipt dated December 23, 2014

Offering Price and Description:

Scholarship Plan

Underwriter(s) or Distributor(s):

HERITAGE EDUCATION FUNDS INC.

Promoter(s):

HERITAGE EDUCATION FUNDS INC.

Project #2296033

Issuer Name:

Horizons Active US Dividend ETF
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated December 22, 2014

NP 11-202 Receipt dated December 24, 2014

Offering Price and Description:

Class E Units and Advisor Class Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

ALPHAPRO MANAGEMENT INC.

Project #2296171

Issuer Name:

Investment Grade Infrastructure Bond Fund
Principal Regulator - Quebec

Type and Date:

Preliminary Long Form Prospectus dated December 29, 2014

NP 11-202 Receipt dated December 30, 2014

Offering Price and Description:

Maximum Offering: \$* - * Units

Minimum Offering: \$20,000,000.00 - 2,000,000 Units

Price: \$10.00 per Unit

Minimum Purchase: 100 Units

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

RBC Dominion Securities Inc.

National Bank Financial Inc.

Scotia Capital Inc.

TD Securities Inc.

BMO Nesbitt Burns Inc.

GMP Securities L.P.

Desjardins Securities Inc.

Raymond James Ltd.

Canaccord Genuity Corp.

Dundee Securities Ltd.

Mackie Research Capital Corporation

Manulife Securities Incorporated

Promoter(s):

Fiera Capital Corporation

Project #2297118

Issuer Name:

iShares Core MSCI All Country World ex Canada Index ETF
iShares Core MSCI EAFE IMI Index ETF (CAD-Hedged)
iShares Core S&P U.S. Total Market Index ETF
iShares Core S&P U.S. Total Market Index ETF (CAD-Hedged)
iShares U.S. High Dividend Equity Index ETF
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated December 22, 2014
NP 11-202 Receipt dated December 23, 2014

Offering Price and Description:

Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2295831

Issuer Name:

MRF 2015 Resource Limited Partnership - CDE Units
MRF 2015 Resource Limited Partnership - CEE Units
Principal Regulator - Alberta

Type and Date:

Preliminary Long Form Prospectus dated December 23, 2014
NP 11-202 Receipt dated December 23, 2014

Offering Price and Description:

Maximum: \$25,000,000 - 1,000,000 MRF 2015 CDE Units
Minimum: \$5,000,000 - 200,000 Units
PRICE: \$25.00 PER UNIT
MINIMUM SUBSCRIPTION: \$2,500 (100, in the aggregate, of CEE Units and CDE Units)

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
GMP Securities L.P.
Manulife Securities Incorporated
Canaccord Genuity Corp.
Middlefield Capital Corporation
Raymond James Ltd.

Promoter(s):

Middlefield Resource Corporation

Project #2295967; 2295975

Issuer Name:

NioCorp Developments Ltd.
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Prospectus dated January 2, 2015
NP 11-202 Receipt dated January 2, 2015

Offering Price and Description:

\$10,585,197.00 - 19,245,813 Common Shares and
19,245,813 Warrants Issuable on Exercise of 19,245,813
Special Warrants.

Price: \$0.55 per Special Warrant

Underwriter(s) or Distributor(s):

Mackie Research Capital Corporation

Promoter(s):

-

Project #2297927

Issuer Name:

Sprott 2015 Flow-Through Limited Partnership - CDE Units
Sprott 2015 Flow-Through Limited Partnership - CEE Units
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated December 29, 2014
NP 11-202 Receipt dated December 29, 2014

Offering Price and Description:

Maximum: \$20,000,000 - 800,000 CDE Units
Price per Unit: \$25
Minimum Subscription: \$5,000 (200 Units)

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.
GMP Securities L.P.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Sprott Private Wealth L.P.

Promoter(s):

Sprott 2015 Corporation

Project #2296717; 2296727

Issuer Name:

Aptose Biosciences Inc.
Principal Regulator - Ontario

Type and Date:

Final Base Shelf Prospectus dated December 24, 2014
NP 11-202 Receipt dated December 29, 2014

Offering Price and Description:

US\$100,000,000
Common Shares
Warrants
Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2293331

Issuer Name:

Boralex Inc.
Principal Regulator - Quebec

Type and Date:

Final Short Form Prospectus dated January 5, 2015
NP 11-202 Receipt dated January 5, 2015

Offering Price and Description:

\$110,011,500
8,430,000 Common Shares
Price: \$13.05 per Common Share

Underwriter(s) or Distributor(s):

NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
DESJARDINS SECURITIES INC.
TD SECURITIES INC.
CORM ARK SECURITIES INC.

Promoter(s):

-

Project #2292918

Issuer Name:

Brookfield Infrastructure Finance Limited
Brookfield Infrastructure Finance Pty Ltd
Brookfield Infrastructure Finance ULC
Brookfield Infrastructure Finance LLC
Brookfield Infrastructure Preferred Equity Inc.
Principal Regulator - Ontario

Type and Date:

Final Base Shelf Prospectus dated December 29, 2014
NP 11-202 Receipt dated December 29, 2014

Offering Price and Description:

C\$1,000,000,000.00
Debt Securities

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2290425;2290430; 2290427; 2290428; 2290433

Issuer Name:

CI Global High Dividend Advantage Corporate Class
(Class A, AT5, AT8, E, ET5, ET8, F, FT5, FT8, I, O, OT5
and OT8 shares)
CI Global High Dividend Advantage Fund
(Class A, E, F, I and O units)
CI Short-Term Advantage Corporate Class
(Class A, AT8, E, F, I, IT8 and O shares)
Signature Diversified Yield Corporate Class
(Class A, AT5, AT8, E, ET5, ET8, F, FT5, FT8, I, IT5, IT8,
O, OT5 and OT8 shares)
Signature Diversified Yield Fund
(Class A, E, F, I and O units)
Cambridge Income Corporate Class
(Class A, AT5, AT8, E, ET5, ET8, F, FT5, FT8, O, OT5 and
OT8 shares)

Cambridge Income Fund
(Class A, E, F and O units)

CI Income Fund

(Class A, EF, F, I and O units)

Select Income Managed Corporate Class
(A, AT5, AT8, E, EF, EFT5, EFT8, ET5, ET8, F, FT5, FT8,
I, IT5, IT8, O, OT5, OT8, U, V, W, WT5,
WT8, Y and Z shares)

Signature High Yield Bond Corporate Class
(Class A, AT5, AT8, E, ET8, F, FT5, FT8, O and OT8
shares)

Signature High Yield Bond Fund

(Class A, E, F, I and O units)

Principal Regulator - Ontario

Type and Date:

Amendment No. 2 dated December 11,
2014 to the Simplified Prospectuses and Amendment No. 4
dated December 11, 2014 to the Annual
Information Form ("Amendment no. 4") dated July 29,
2014.

NP 11-202 Receipt dated December 29, 2014

Offering Price and Description:

Class A, F, I and O units and Class A, AT5, AT8, E, ET8, F,
FT8, I, IT8, O, OT5 and OT8 shares

Underwriter(s) or Distributor(s):

Promoter(s):

CI Investments Inc.

Project #2219012

Issuer Name:

Canadian Imperial Bank of Commerce

Type and Date:

Final Base Shelf Prospectus dated December 23, 2014
Received on December 23, 2014

Offering Price and Description:

US\$10,000,000,000

Senior Debt Securities (unsubordinated indebtedness)

Subordinated Debt Securities (subordinated indebtedness)

Common Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2293333

Issuer Name:

Dynamic Emerging Markets Fund
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated December 19, 2014 to the Simplified Prospectus and Annual Information Form dated June 20, 2014

NP 11-202 Receipt dated January 5, 2015

Offering Price and Description:

Series A, C and FC units

Underwriter(s) or Distributor(s):

1832 Asset Management L.P.

Promoter(s):

1832 Asset Management L.P.

Project #2197778

Issuer Name:

Fidelity Special Situations Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares)

Fidelity Canadian Asset Allocation Class (Series A, Series B, Series F, Series T5, Series T8,

Series S5, Series S8, Series F5 and Series F8 shares)

Fidelity Global Class (Series A, Series B, Series F, Series T5, Series T8, Series S5 and Series S8 shares)

Principal Regulator - Ontario

Type and Date:

Amendment #2 dated December 18, 2014 to the Simplified Prospectuses and Annual Information Form dated March 28, 2014

NP 11-202 Receipt dated December 23, 2014

Offering Price and Description:

Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares @ net asset value

Underwriter(s) or Distributor(s):

-

Promoter(s):

Fidelity Investments Canada ULC

Project #2165696

Issuer Name:

Franklin Global Small-Mid Cap Fund

Principal Regulator - Ontario

Type and Date:

Amendment #1 dated December 5, 2014 to the Simplified Prospectus and Annual Information Form dated June 24, 2014

NP 11-202 Receipt dated December 29, 2014

Offering Price and Description:

Series A, F, I, M and O units

Underwriter(s) or Distributor(s):

Franklin Templeton Investments Corp.

FTC Investor Services Inc.

Franklin Templeton Investments Corp.

Promoter(s):

Franklin Templeton Investments Corp.

Project #2213458

Issuer Name:

Horizons BetaPro S&P 500 VIX Short-Term Futures Bull Plus ETF

Horizons BetaPro S&P 500 VIX Short-Term Futures ETF
Horizons BetaPro S&P 500 VIX Short-Term Futures Inverse ETF

Principal Regulator - Ontario

Type and Date:

Final Long Form Prospectus dated December 22, 2014

NP 11-202 Receipt dated December 24, 2014

Offering Price and Description:

Class A units @ net asset value

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2279789

Issuer Name:

Lysander Balanced Fund (Series A, Series F and Series O Units)

Lysander Corporate Value Bond Fund (Series A, Series F, Series A5, Series F5 and Series O

Units)

Lysander Bond Fund (Series A, Series F and Series O Units)

Lysander Short Term and Floating Rate Fund (Series A, Series F and Series O Units)

Lysander Equity Fund (Series A, Series F and Series O Units)

Lysander U.S. Credit Fund (Series A, Series F and Series O Units)

Lysander-Crusader Equity Income Fund (formerly Crusader Equity Income Fund) (Series A, Series F and Series O Units)

Lysander-18 Asset Management Canadian Equity Fund (formerly 18 Asset Management All-Cap

Canadian Equity Fund) (Series A, Series F and Series O Units)

Lysander-Seamark Balanced Fund (Series A, Series F and Series O Units)

Lysander-Seamark Total Equity Fund (Series A, Series F and Series O Units)

Lysander-Slater Preferred Share Dividend Fund (Series A, Series F and Series O Units)

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated December 30, 2014

NP 11-202 Receipt dated December 30, 2014

Offering Price and Description:

Series A, Series F and Series O Units of all Funds and Series A5 and Series F5 Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

Lysander Funds Limited

Project #2281216

Issuer Name:

Marquest Mutual Funds Inc. - Explorer Series Fund
(Series A/Rollover, Series A/Regular, Series F and Series I
Shares)

Marquest Mutual Funds Inc. - Energy Series Fund
(Series A/Rollover, Series A/Regular, Series F and Series I
Shares)

Marquest Mutual Funds Inc. - Canadian Flex Series Fund
(Series A/Regular, Series Low Load/DSC, Series F and
Series I Shares)

Marquest Mutual Funds Inc. - Resource Flex Series Fund
(Series A/Regular, Series Low Load/DSC, Series F and
Series I Shares)

Marquest Mutual Funds Inc. - Flex Dividend and Income
Growth Series Fund
(Series A/Regular, Series Low Load/DSC, Series F and
Series I Shares)

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated December 19, 2014

NP 11-202 Receipt dated December 23, 2014

Offering Price and Description:

Series A/Rollover, Series A/Regular, Series Low
Load/DSC, Series F and Series I @ Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

Marquest Asset Management Inc.

Project #2277181

Issuer Name:

Milestone Apartments Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated December 30, 2014 to the Base
Shelf Prospectus dated August 27, 2014

NP 11-202 Receipt dated December 30, 2014

Offering Price and Description:

C\$650,000,000.00

Units Debt Securities Warrants Subscription Receipts

Underwriter(s) or Distributor(s):

-

Promoter(s):

MST INVESTORS, LLC

Project #2247068

Issuer Name:

relating to the units of the following series
Regular Front End Load, Regular F, High Net Worth Front
End Load,

High Net Worth F, Ultra High Net Worth Front End Load
and Institutional Front End Load, Deferred Load and Low
Load (the "Series") of

NexGen Canadian Cash Fund

NexGen Canadian Bond Fund

NexGen Corporate Bond Fund

NexGen Canadian Diversified Income Registered Fund

NexGen Turtle Canadian Balanced Registered Fund

NexGen Intrinsic Balanced Registered Fund

NexGen Canadian Dividend Registered Fund

NexGen Turtle Canadian Equity Registered Fund

NexGen North American Large Cap Registered Fund

NexGen Intrinsic Growth Registered Fund

NexGen U.S. Dividend Plus Registered Fund

NexGen U.S. Growth Registered Fund

NexGen Global Equity Registered Fund

and relating to units of the following series

Regular Front End Load, Regular F, Institutional Front End
Load,

Deferred Load and Low Load (the "Preferred Series") of

NexGen Canadian Preferred Share Registered Fund

and relating to shares of the Series of

NexGen Canadian Cash Tax Managed Fund

and relating to shares of the Series of

Return of Capital 40 Class, Dividend Tax Credit 40 Class,
Capital Gains Class,

Return of Capital Class, Dividend Tax Credit Class and
Compound Growth Class of

NexGen Canadian Bond Tax Managed Fund

and relating to shares of the Series of

Capital Gains Class, Return of Capital 40 Class,

Dividend Tax Credit 40 Class and Compound Growth Class
of

NexGen Corporate Bond Tax Managed Fund

NexGen Turtle Canadian Balanced Tax Managed Fund

NexGen Turtle Canadian Equity Tax Managed Fund

NexGen Intrinsic Growth Tax Managed Fund

NexGen U.S. Dividend Plus Tax Managed Fund

NexGen U.S. Growth Tax Managed Fund

NexGen Global Equity Tax Managed Fund

and relating to shares of the Series of

Capital Gains Class, Return of Capital Class,

Dividend Tax Credit Class and Compound Growth Class of

NexGen Canadian Diversified Income Tax Managed Fund

NexGen Intrinsic Balanced Tax Managed Fund

NexGen Canadian Dividend Tax Managed Fund

NexGen North American Large Cap Tax Managed Fund

and relating to the shares of the Preferred Series of

Capital Gains Class, Return of Capital Class,

Dividend Tax Credit Class and Compound Growth Class of

NexGen Canadian Preferred Share Tax Managed Fund

Principal Regulator - Ontario

Type and Date:

Amendment #2 dated December 22, 2014 to the Simplified
Prospectuses and Annual Information Form dated May 28,
2014

NP 11-202 Receipt dated December 29, 2014

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

NexGen Financial Limited Partnership

Promoter(s):

NexGen Financial Limited Partnership

Project #2189306

Issuer Name:

PIMCO Unconstrained Bond Fund (Canada)

Principal Regulator - Ontario

Type and Date:

Amendment #1 dated December 17, 2014 to the Simplified Prospectuses and Annual Information Form dated July 15, 2014

NP 11-202 Receipt dated December 23, 2014

Offering Price and Description:

Series A(US\$, Hedged), Series F(US\$, Hedged), Series I(US\$, Hedged), Series M(US\$, Hedged) and Series O(US\$, Hedged) units @ net asset value

Underwriter(s) or Distributor(s):

-

Promoter(s):

PIMCO Canada Corp.

Project #2222195

Issuer Name:

Purpose Tactical Investment Grade Bond Fund (ETF units, Class A units, Class F units, Class I units and Class D units)

Purpose Premium Money Market Fund

(Series A shares, Series F shares, Series I shares, Series D shares,

Series XA shares, Series XF shares, Series XUA shares and Series XUF shares)

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated December 18, 2014

NP 11-202 Receipt dated December 23, 2014

Offering Price and Description:

ETF units, Class A units, Class F units, Class I units and Class D units and Series A shares, Series F shares, Series I shares, Series D shares, Series XA shares, Series XF shares, Series XUA shares and Series XUF shares @ Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

Purpose Investments Inc.

Project #2276297

Issuer Name:

Riley Resources Corp.

Principal Regulator - British Columbia

Type and Date:

Final CPC Prospectus dated December 19, 2014

NP 11-202 Receipt dated December 23, 2014

Offering Price and Description:

\$200,000

2,000,000 Common Shares

Price: \$0.10 per Common Share

Underwriter(s) or Distributor(s):

HAYWOOD SECURITIES INC.

Promoter(s):

Todd L. Hilditch

Project #2281869

Issuer Name:

Shamaran Petroleum Corp.

Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated December 23, 2014

NP 11-202 Receipt dated December 23, 2014

Offering Price and Description:

\$75,421,500

OFFERING OF UP TO 810,983,860 RIGHTS TO

SUBSCRIBE FOR UP TO 754,214,990

COMMON SHARES AT A SUBSCRIPTION PRICE OF

\$0.10 (SEK 0.68) PER

COMMON SHARE

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2270573

Issuer Name:

Summit Industrial Income REIT

Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated December 29, 2014

NP 11-202 Receipt dated December 30, 2014

Offering Price and Description:

\$30,010,500 5,130,000 Units

Price \$5.85 per Unit

Underwriter(s) or Distributor(s):

BMO NESBITT BURNS INC.

CIBC WORLD MARKETS INC.

RBC DOMINION SECURITIES INC.

SCOTIA CAPITAL INC.

TD SECURITIES INC.

National Bank Financial Inc.

Canaccord Genuity Corp.

Dundee Securities Ltd.

Promoter(s):

-

Project #2293098

Issuer Name:

Slater ActivETF - Preferred Share ETF

Principal Jurisdiction - Ontario

Type and Date:

Preliminary Long Form Prospectus dated July 25, 2014

Closed on January 5, 2015

Offering Price and Description:

Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

SLATER ACTIVE ETFs INC.

Project #2236807

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	Prefontaine Capital Inc.	Portfolio Manager	December 19, 2014
Consent to Suspension (Pending Surrender)	Peter Yuile & Co. Ltd.	Portfolio Manager	December 24, 2014
Voluntary Surrender	Performa Financial Group Limited	Mutual Fund Dealer and Limited Market Dealer	December 29, 2014
Voluntary Surrender	Intrepid Equity Finance Ltd.	Exempt Market Dealer	December 29, 2014
Consent to Suspension (Pending Surrender)	Trivest Wealth Counsel Ltd.	Portfolio Manager and Investment Fund Manager	December 30, 2014
Consent to Suspension (Pending Surrender)	Pinnacle Merchant Capital Ltd.	Exempt Market Dealer	December 30, 2014
Voluntary Surrender of Registration	Garrison Hill Capital Management Inc.	Investment Fund Manager, Portfolio Manager, Exempt Market Dealer and Commodity Trading Manager	December 30, 2014
Consent to Suspension (Pending Surrender)	RDA Capital Inc.	Investment Fund Manager and Exempt Market Dealer	December 31, 2014
Consent to Suspension (Pending Surrender)	Lazard Canada Corporation	Exempt Market Dealer	December 31, 2014
Consent to Suspension (Pending Surrender)	Wealth Stewards Portfolio Management Inc.	Portfolio Manager	December 31, 2014
Consent to Suspension (Pending Surrender)	Wellington Management Company, LLP	Portfolio Manager and Exempt Market Dealer	December 31, 2014
Suspension (Non-renewal of Registration Pending Surrender)	Wellington Management Company, LLP	Commodity Trading Manager	December 31, 2014
New Registration	Wellington Management Canada LLC	Portfolio Manager, Exempt Market Dealer and Commodity Trading Manager	January 1, 2015
Consent to Suspension (Pending Surrender)	Deutsche Asset Management Canada Limited	Portfolio Manager and Exempt Market Dealer	January 2, 2015
Suspension (Non-renewal of Registration Pending Surrender)	Deutsche Asset Management Canada Limited	Commodity Trading Manager and Commodity Trading Counsel	January 2, 2015

Registrations

Type	Company	Category of Registration	Effective Date
Suspension (Non-renewal of Registration Pending Surrender)	NexGen Financial Limited Partnership	Commodity Trading Manager	January 2, 2015
New Registration	Waterfront Strategic Capital Corp.	Exempt Market Dealer	January 5, 2015

Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.3 Clearing Agencies

13.3.1 Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. – Application for Exemption – Notice of Exemption Order

APPLICATION FOR EXEMPTION

THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED
(CDS)

AND

CDS CLEARING AND DEPOSITORY SERVICES INC.
(CDS Clearing)

NOTICE OF EXEMPTION ORDER

On December 16, 2014, the Ontario Securities Commission (Commission) issued an order pursuant to section 147 of the *Securities Act* (Ontario) (Order) exempting CDS and CDS Clearing (collectively CDS) from complying with the requirement in section 2.3 of Schedule “B” of CDS’ recognition order (Recognition Order), which requires the board of directors of CDS to provide a written report to the Commission at least annually, or as required by the Commission, describing how CDS is meeting its public interest responsibility. CDS has other requirements in its Recognition Order that require CDS to operate in the public interest and CDS is required to annually certify that it is meeting such requirements.

The Order is published in Chapter 2 of this Bulletin.

13.3.2 CDS – Material Amendments to CDS Rules and Procedures – Mitigation of Procyclical Effects on Calculations of Equity Haircuts and the CNS Participant Fund Collateral Requirements; Introduction of a CNS Participant Default Fund; Settlement Agent Category Credit Rings – Notice of Commission Approval

CDS CLEARING AND DEPOSITORY SERVICES INC.

MATERIAL AMENDMENTS TO CDS RULES AND PROCEDURES

**MITIGATION OF PROCYCLICAL EFFECTS ON CALCULATIONS OF EQUITY HAIRCUTS
AND THE CNS PARTICIPANT FUND COLLATERAL REQUIREMENTS**

INTRODUCTION OF A CNS PARTICIPANT DEFAULT FUND

SETTLEMENT AGENT CATEGORY CREDIT RINGS

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and CDS Clearing and Depository Services Inc. (CDS), the Commission approved on December 30, 2014 the following amendments:

- Amendments to CDS Procedures: Mitigation of Procyclical Effects on Calculations of Equity Haircuts and the CNS Participant Fund Collateral Requirements;
- Amendments to CDS Rules and Procedures relating to the Introduction of a CNS Participant Default Fund; and
- Amendments to CDS Rules and Procedures relating to the Settlement Agent Category Credit Rings.

A copy of the CDS notice was published for comment on November 20, 2014 on the Commission's website at: <http://www.osc.gov.on.ca>. No comments were received.

Chapter 25

Other Information

25.1 Approvals

25.1.1 Stephenson & Company Capital Management Inc. – s. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager for approval to act as trustee of pooled funds and future pooled funds to be established and managed by the applicant and offered pursuant to a prospectus exemption(s).

Statutes Cited:

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., s. 213(3)(b).

December 23rd, 2014

AUM Law Professional Corporation
175 Bloor St E., Suite 303, South Tower
Toronto, Ontario M4W 3R8

Attention: Soma Choudhury

Dear Sirs/Mesdames:

Re: Stephenson & Company Capital Management Inc. (the "Applicant")

Application pursuant to clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario) for Approval to act as trustee

Application #2014/0863

Further to your application dated November 17, 2014 (the "**Application**") filed on behalf of the Applicant, and based on the facts set out in the Application and the representation by the Applicant that the assets of Stephenson & Company North American Opportunity Trust Fund (the "**Original Fund**") and any other future mutual fund trusts that the Applicant may establish and manage from time to time, the securities of which will be offered pursuant to prospectus exemptions, will be held in the custody of a trust company incorporated, and licensed or registered, under the laws of Canada or a jurisdiction, or a bank listed in Schedule I, II, or III of the *Bank Act* (Canada), or a qualified affiliate of such bank or trust company, the Ontario Securities Commission (the "**Commission**") makes the following order:

Pursuant to the authority conferred on the Commission in paragraph 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of the Original Fund and any other future mutual fund trusts, which may be established and managed by the Applicant from time to time, the securities of which will be offered pursuant to prospectus exemptions.

Yours truly,

"Judith N. Robertson"
Judith N. Robertson
Commissioner
Ontario Securities Commission

"Anne Marie Ryan"
Anne Marie Ryan
Commissioner
Ontario Securities Commission

This page intentionally left blank

Index

1700480 Ontario Inc.		Canoe 2014 Flow-Through LP – CEE Units	
Order.....	50	Decision.....	11
1859585 Ontario Ltd.		Canoe Financial LP	
Notice from the Office of the Secretary.....	5	Decision.....	11
Order – s. 127.....	55	CDS	
Armadillo Energy Inc.		Exemption Order – s. 147.....	59
Notice of Hearing – ss. 127, 127.1.....	1	Clearing Agencies – Notice of Exemption Order.....	221
Notice from the Office of the Secretary.....	6	CDS Clearing	
Armadillo Energy LLC		Exemption Order – s. 147.....	59
Notice of Hearing – ss. 127, 127.1.....	1	Clearing Agencies – Notice of Exemption Order.....	221
Notice from the Office of the Secretary.....	6	CDS Clearing and Depository Services Inc.	
Armadillo Energy, Inc.		Exemption Order – s. 147.....	59
Notice of Hearing – ss. 127, 127.1.....	1	Clearing Agencies – Notice of Exemption Order.....	221
Notice from the Office of the Secretary.....	6	CDS Rules and Procedures – Introduction of a CNS Participant Default Fund	
Armadillo Energy, LLC		Clearing Agencies – Notice of	
Notice of Hearing – ss. 127, 127.1.....	1	Commission Approval.....	222
Notice from the Office of the Secretary.....	6	CDS Rules and Procedures – Mitigation of Procyclical Effects on Calculations of Equity Haircuts and the CNS Participant Fund Collateral Requirements; Introduction of a CNS Participant Default Fund; Settlement Agent Category Credit Rings	
Asfour, Amal Tawfiq		Clearing Agencies – Notice of	
Notice from the Office of the Secretary.....	4	Commission Approval.....	222
Temporary Order – ss. 127(7), 127(8).....	49	CDS Rules and Procedures – Mitigation of Procyclical Effects on Calculations of Equity Haircuts and the CNS Participant Fund Collateral Requirements	
Balazs, Peter		Clearing Agencies – Notice of	
Notice from the Office of the Secretary.....	5	Commission Approval.....	222
Order – s. 127.....	55	CDS Rules and Procedures – Settlement Agent Category Credit Rings	
Barnett, James		Clearing Agencies – Notice of	
Notice of Redaction.....	1	Commission Approval.....	222
Settlement Agreement (Redacted).....	79	Credit Suisse Securities (USA) LLC	
Besra Gold Inc.		Decision.....	15
Cease Trading Order.....	91	David, John	
Bluestream Capital Corporation		Notice of Redaction.....	1
Notice from the Office of the Secretary.....	5	Settlement Agreement (Redacted).....	79
Order – s. 127.....	55	DeBoer, Douglas	
Bluestream International Investments Inc.		Notice of Hearing – ss. 127, 127.1.....	1
Notice from the Office of the Secretary.....	5	Notice from the Office of the Secretary.....	6
Order – s. 127.....	55	Canoe 2014 Flow-Through LP – CDE Units	
BNP Paribas Prime Brokerage, Inc.		Decision.....	11
Decision.....	15		
Canadian Depository for Securities Limited			
Exemption Order – s. 147.....	59		
Clearing Agencies – Notice of Exemption Order.....	226		

Deutsche Asset Management Canada Limited		IA Clarington Global Tactical Income Class	
Consent to Suspension (Pending Surrender).....	219	Decision.....	36
Suspension (Non-renewal of Registration Pending Surrender).....	219	IA Clarington Investments Inc.	
		Decision.....	36
Dunk, Michelle		IA Clarington Strategic Corporate Bond Class	
Notice of Hearing – ss. 127, 127.1.....	1	Decision.....	36
Notice from the Office of the Secretary.....	6	IA Clarington Strategic Income Class	
		Decision.....	36
FundEx Investments Inc.		IA Clarington Tactical Bond Class	
Decision.....	42	Decision.....	36
Garrison Hill Capital Management Inc.		IA Clarington Tactical Income Class	
Voluntary Surrender of Registration.....	219	Decision.....	36
Geovic Mining Corp.		Inspektor, Eric	
Cease Trading Order.....	91	Notice from the Office of the Secretary.....	3
		Order.....	47
GITC		Intrepid Equity Finance Ltd.	
Notice from the Office of the Secretary.....	4	Voluntary Surrender.....	219
Temporary Order – ss. 127(7), 127(8).....	49	Investment Financial Group Inc.	
		Decision.....	42
GITC Inc.		J.P. Morgan Clearing Corp.	
Notice from the Office of the Secretary.....	4	Decision.....	15
Temporary Order – ss. 127(7), 127(8).....	49	JP Morgan Securities LLC	
		Decision.....	15
GITC Investments And Trading Canada Inc.		Khan Trading Associates Inc.	
Notice from the Office of the Secretary.....	4	Notice from the Office of the Secretary.....	4
Temporary Order – ss. 127(7), 127(8).....	49	Order.....	54
		Reasons and Decision – ss. 22(1), 55(1) and 60(1) of the CFA.....	61
GITC Investments and Trading Canada Ltd.		Khan, Fawad UI Haq	
Notice from the Office of the Secretary.....	4	Notice from the Office of the Secretary.....	4
Temporary Order – ss. 127(7), 127(8).....	49	Order.....	54
		Reasons and Decision – ss. 22(1), 55(1) and 60(1) of the CFA.....	61
Goldman Sachs & Co.		Kingship Capital Corporation	
Decision.....	15	Decision.....	20
Goldman Sachs Execution & Clearing, LP		Krown Consulting Corp.	
Decision.....	15	Notice from the Office of the Secretary.....	5
		Order – s. 127.....	55
Ground Wealth Inc.		Lazard Canada Corporation	
Notice of Hearing – ss. 127, 127.1.....	1	Consent to Suspension (Pending Surrender).....	219
Notice from the Office of the Secretary.....	6		
Hi Ho Silver Resources Inc.			
Cease Trading Order.....	91		
HPB Investments Inc.			
Order – s. 144.....	56		
Cease Trading Order.....	91		
IA Clarington Canadian Balanced Class			
Decision.....	36		
IA Clarington Dividend Growth Class			
Decision.....	36		
IA Clarington Focused Balanced Class			
Decision.....	36		

Macerich Company (The)		Morgan Stanley Smith Barney LLC	
Order.....	50	Decision.....	15
Manulife Asset Management Limited		NexGen Financial Limited Partnership	
Decision.....	30	Suspension (Non-renewal of Registration Pending Surrender).....	219
Manulife Balanced Income Private Pool		Performa Financial Group Limited	
Decision.....	30	Voluntary Surrender.....	219
Manulife Balanced Private Pool		Peter Yuile & Co. Ltd.	
Decision.....	30	Consent to Suspension (Pending Surrender).....	219
Manulife Canadian Fixed Income Private Pool		Pinnacle Merchant Capital Ltd.	
Decision.....	30	Consent to Suspension (Pending Surrender).....	219
Manulife Corporate Bond Class		Piper Jaffray & Co.	
Decision.....	30	Decision.....	15
Manulife Corporate Fixed Income Private Pool		Prefontaine Capital Inc.	
Decision.....	30	Voluntary Surrender.....	219
Manulife Floating Rate Income Class		Pro FTSE NA Dividend Index Fund	
Decision.....	30	Decision.....	20
Manulife Global Fixed Income Private Pool		Pro FTSE RAFI Canadian Index Fund	
Decision.....	30	Decision.....	20
Manulife International Value Equity Class		Pro FTSE RAFI Emerging Markets Index Fund	
Decision.....	30	Decision.....	20
Manulife Preferred Income Fund		Pro FTSE RAFI Global Index Fund	
Decision.....	30	Decision.....	20
Manulife Strategic Balanced Yield Class		Pro FTSE RAFI Hong Kong China Index Fund	
Decision.....	30	Decision.....	20
Manulife Strategic Income Class		Pro FTSE RAFI US Index Fund	
Decision.....	30	Decision.....	20
Manulife Structured Bond Class		Pro Fundamental Balanced Index Fund	
Decision.....	30	Decision.....	20
Manulife U.S. Balanced Private Pool		Pro Fundamental Bond Index Fund	
Decision.....	30	Decision.....	20
Manulife Yield Opportunities Class		Pro Money Market Fund	
Decision.....	30	Decision.....	20
Merrill Lynch Professional Clearing Corp.		Pro-Financial Asset Management Inc.	
Decision.....	15	Decision.....	20
Merrill Lynch, Pierce, Fenner & Smith Incorporated		RBC Global Asset Management Inc.	
Decision.....	15	Decision.....	7
Money Plus		RDA Capital Inc.	
Notice from the Office of the Secretary.....	4	Consent to Suspension (Pending Surrender).....	219
Order.....	54	Reaney, Christopher	
Reasons and Decision – ss. 22(1), 55(1) and 60(1) of the CFA.....	61	Opportunity to be heard by the Director – s. 31.....	86
Morgan Stanley & Co. LLC			
Decision.....	15		

Seafield Resources Ltd.	
Cease Trading Order	91
Smith, Adrion	
Notice of Hearing – ss. 127, 127.1	1
Notice from the Office of the Secretary	6
Solara Exploration Ltd	
Cease Trading Order	91
Sovereign International Investments	
Notice from the Office of the Secretary	5
Order – s. 127	55
Spears, Darren	
Notice from the Office of the Secretary	2
Order – ss. 127(1), 127(5).....	45
Order.....	46
Spears, May	
Notice from the Office of the Secretary	2
Order – ss. 127(1), 127(5).....	45
Order.....	46
Stephenson & Company Capital Management Inc.	
Decision	25
Approval – s. 213(3)(b) of the LTCA	223
Triumph Ventures II Corporation	
Cease Trading Order	91
Trivest Wealth Counsel Ltd.	
Consent to Suspension (Pending Surrender).....	219
Waterfront Strategic Capital Corp.	
New Registration.....	219
Wealth Stewards Portfolio Management Inc.	
Consent to Suspension (Pending Surrender).....	219
Webster, Joel	
Notice of Hearing – ss. 127, 127.1	1
Notice from the Office of the Secretary	6
Wellington Management Canada LLC	
New Registration.....	219
Wellington Management Company, LLP	
Consent to Suspension (Pending Surrender).....	219
Suspension (Non-renewal of Registration Pending Surrender).....	219