

Ontario Securities Commission
2010 Enforcement Activity Report

Contents

Message from the Chair.....	3
Enforcement Proceedings.....	4
Preventative Measures	11
Collaborative Enforcement.....	12
Regulatory Oversight	14

Message from the Chair

The Ontario Securities Commission (OSC) is responsible for enforcing securities law in Ontario. We actively work to protect investors and the capital markets in Ontario by investigating and litigating many types of wrongdoing, including fraud, illegal distributions, misconduct by registrants, illegal insider trading, disclosure violations and market manipulation.

In this report, you will find a summary of our enforcement and oversight activities for the 2010 calendar year, including summaries of notable cases. Overall, 35 enforcement proceedings were commenced in 2010, involving 108 individuals and 69 companies. Twenty-seven proceedings were concluded, involving 45 individuals and 29 companies. These proceedings resulted in monetary sanctions and costs of \$53,477,972. In two cases, jail terms were imposed by the courts.

The effects of the economic downturn continued to impact our enforcement activities in 2010. Previously hidden fraudulent investment schemes surfaced, exposing investor losses and producing a number of complex cases with multiple respondents and multiple offences. As a result, 22 of the 35 proceedings commenced involved illegal distributions, 17 of which also included an allegation of fraud. Fifteen of the 27 concluded proceedings involved illegal distributions, resulting in monetary sanctions and costs of \$43,133,344. An illegal distribution includes selling securities without being registered or without a prospectus when one is required.

At December 31, 2010, 82 open case files were under assessment, 39 cases were under active investigation and 55 cases were in litigation. Forty-eight of the cases in litigation were before the Commission and seven were before the courts.

We take a strategic approach to cases, focusing on files that pose a higher risk to investors and the capital markets. We apply a number of criteria to determine whether to pursue a case in a proceeding before an adjudicative panel of the Commission, where the primary penalties are monetary sanctions and bans, or to bring the case to provincial court, which has the power to impose fines and jail terms.

In 2011, targeting market abuse, specifically market manipulation and insider trading, will be a priority. We will also continue to focus on misconduct that causes direct harm to investors, such as fraud and illegal distributions. The OSC intends to make more use of the Commission's powers to pursue cases in provincial court and will request that the courts impose jail terms to send a strong message to deter those who try to exploit investors.

Howard I. Wetston, Q.C.
Chair & CEO
Ontario Securities Commission

Enforcement Proceedings

Our Enforcement Branch uses an integrated, team-based approach to assess, investigate and litigate cases. Two of the six integrated teams focus on specific areas of wrongdoing: illegal insider trading and boiler rooms. A boiler room involves unregistered salespeople making illegal distributions of securities to investors and often includes fraudulent behaviour. Another team focuses on registrant misconduct and works closely with the Compliance and Registrant Regulation Branch. Three teams investigate and litigate all types of violations.

The Enforcement Branch receives information about possible illegal activity from its surveillance activities and referrals from other OSC Branches, other securities regulators, law enforcement agencies and the public. Staff may determine that a matter requires further investigation by the Enforcement Branch or recommend regulatory or compliance action through another OSC Branch. Where appropriate, matters are referred to another regulator or a law enforcement agency for investigation. Alleged criminal conduct in the capital markets is prosecuted through the criminal justice system.

The number of enforcement proceedings and the amount of sanctions can vary from year to year, depending on the allegations, number of respondents, size and scope of the investigation and litigation, and other factors.

Combating fraud

Until 2006, the OSC's ability to combat illegal sales of worthless securities was limited to using the provisions dealing with illegal distributions (unregistered sales and prospectus provisions) under the *Securities Act* (Ontario) (the Act). The addition of provisions dealing with fraud, market manipulation, and misleading or untrue statements, which came into effect on January 1, 2006, have given us more flexible tools. Most of our cases targeting the illegal sale of securities now include both an allegation of illegal distribution and an allegation of fraud. We have also made allegations of fraud along with allegations of misconduct by registrants and market manipulation.

Cases relating to fraud often involve intensive investigation and litigation over a period of several months or years. In 2010, the Commission released decisions relating to the first four proceedings concluded under the fraud provision: Al-tar Energy Corp., Chartcandle Investments Corp., Global Partners Capital and Lehman Cohort Global Group Inc. In its decisions, the Commission found that acts constituting fraud included non-disclosure of important facts in offering memoranda, use of investor funds for personal expenses, misrepresentation of background and experience in the securities industry, and unauthorized diversion of funds.

The OSC will continue to investigate allegations of fraud and where appropriate, bring matters before the Commission and/or the courts. By proactively investigating and initiating proceedings on allegations of fraud, staff help protect investors and seek to deter those who engage in fraudulent activity in the capital markets.

Proceedings commenced

A total of 35 proceedings were commenced by the OSC in 2010, involving 108 individuals and 69 companies. Over half of the allegations also included allegations of fraud.

Alleged category of wrongdoing	Cases	Respondents	
		Individuals	Companies
Illegal distributions	22 ⁽¹⁾	79	61
Misconduct by registrants	4 ⁽²⁾	14	5
Illegal insider trading	4	9	–
Disclosure violations	2	1	1
Market manipulation	1	2	–
Miscellaneous	2 ⁽³⁾	3	2
Total	35	108	69

⁽¹⁾ Fifteen cases also included an allegation of fraud.

⁽²⁾ One case also included an allegation of fraud.

⁽³⁾ One case also included an allegation of fraud.

Concluded proceedings

A proceeding is concluded when the Commission or the courts make a decision and any sanctions are ordered. In 2010, a total of 27 proceedings were concluded, involving 45 individuals and 29 companies.

Concluded proceedings – by category

Category of wrongdoing	Cases	Respondents	
		Individuals	Companies
Illegal distributions	15	29 ⁽¹⁾	22 ⁽²⁾
Misconduct by registrants	4	8	3
Illegal insider trading	2	2	1
Disclosure violations	2	1	1
Market manipulation	–	–	–
Miscellaneous	4	5	2
Total	27	45	29

⁽¹⁾ There were findings of fraud against seven of these individuals.

⁽²⁾ There were findings of fraud against six of these companies.

Concluded proceedings – by venue

Venue	Respondents
Proceedings before the Commission	
Contested hearing	34
Settlement agreement	38
Court proceeding under securities legislation	
Jail term	2
Total	74

Sanctions

The Commission can impose monetary sanctions and bans on individuals and companies for violations of securities law or conduct that is contrary to the public interest. The courts have the authority to impose fines and jail terms.

Monetary sanctions include penalties, settlements and disgorgement. Disgorgement requires the respondent to pay the OSC the amount the respondent obtained as a result of the illegal activity.

Category of wrongdoing	Respondents	Penalties and settlements	Disgorgement
Illegal distributions	51	\$4,719,400	\$37,807,470
Misconduct by registrants	11	\$4,838,400	\$1,492,366
Illegal insider trading	3	\$48,862	–
Disclosure violations	2	\$3,000,000	–
Market manipulation	–	–	–
Miscellaneous	7	\$140,000	–
Total	74	\$12,746,662	\$39,299,836

In addition, the Commission can order the payment of some or all of the costs of the proceeding. In 2010, the Commission ordered respondents to pay costs of \$1,431,474.

The Commission can impose bans on future activity, such as trading in securities (cease trade orders), acting as a director or officer of a public company, and acting as or becoming a registrant. The Commission can also remove prospectus and registration exemptions available under the Act.

In 2010, the Commission ordered:

- 59 cease trade orders
- 40 director and officer bans
- 55 exemption removals
- 31 registration restrictions

Jail terms imposed by Ontario courts

In 2010, the courts sentenced two individuals to jail terms as a result of proceedings initiated by the OSC.

In January 2010, Peter Robinson received a four-month jail sentence for contempt for failing to comply with an OSC summons that compelled him to produce certain documents and answer questions. This was the first time a jail sentence was imposed for failure to comply with an OSC summons.

In September 2010, Abel Da Silva was sentenced to 75 days in jail and two years of probation for breaching a seven-year cease trade order. This was the first time a jail sentence was imposed for a breach of a cease trade order.

Notable cases

The following are summaries of notable cases in 2010 for each category of wrongdoing. You can find more information about these cases under OSC Proceedings on the OSC website at www.osc.gov.on.ca.

Illegal distributions and fraud

Illegal distributions involve selling securities without being registered and without having an exemption, or offering securities without a prospectus when one is required. This category of wrongdoing often includes fraudulent behaviour, specifically making false representations to solicit the public to invest.

Steven Michael Chesnowitz, Charles Pauly (Chartcandle Investments Corp.)

The Commission found that Steven Michael Chesnowitz perpetuated a fraud on investors by making false representations, misappropriating investor funds for his personal use, and using funds from new investors to pay other investors.

Chesnowitz represented that he would invest the money raised using an established trading system that produced consistent returns over long periods of time. He further claimed that he had been mentored by several prominent traders. Chesnowitz had not developed a trading system and traded on behalf of investors with no trading strategy. He received about \$4 million from 53 investors.

Charles Pauly created and maintained the Chartcandle Investments website. At the direction of Chesnowitz, Pauly posted false information about returns on investments. He knew that investors were relying on this information. Pauly entered into a settlement agreement with respect to his role in the Chartcandle scheme.

The respondents were also found to have traded securities without registration.

Michael Friedman, Peter Robinson (Uranium308 Resources Inc.)

Uranium308 Resources Inc., its director Michael Friedman and one of its salespersons, Peter Robinson, entered into a settlement agreement. Uranium308 Resources had its salespersons, including Robinson, make unsolicited telephone calls to residents of Ontario and elsewhere in Canada. The three respondents illegally distributed securities by trading in securities without being registered and by failing to meet prospectus requirements.

The company also maintained a website with numerous pieces of false, inaccurate and misleading information, including representations that the company owned properties in Zambia and New Mexico, and that investor funds were to be used for the exploration and development of these properties. Uranium308 Resources did not own properties in Zambia and New Mexico. Approximately 62% of the \$2.3 million raised from investors was used to compensate individuals and companies who were involved in selling the Uranium308 Resources securities.

Gurdip Singh Gahunia (Shallow Oil & Gas Inc.)

Gurdip Singh Gahunia entered into a settlement agreement with respect to his role in the illegal distribution of shares of Shallow Oil & Gas Inc. He was hired as the supervisor of telemarketing staff and was responsible for ensuring that the staff followed established scripts and called individuals and companies on lead lists. He also contacted investors by phone using an alias. He did not advise investors that he would be receiving a commission of 30%.

Misconduct by registrants

Any individual or company in the business of selling securities, offering investment advice or managing the business operations of a mutual fund in Ontario must register with the OSC, unless they have an exemption. Misconduct by registrants occurs when a registered individual or company violates securities law. It is also misconduct to fail to register when required to do so, or to fail to comply with the conditions of a registration exemption.

Norshield Asset Management (Canada Ltd.)

The OSC imposed sanctions on a number of respondents in relation to various collapsed hedge funds managed by Norshield Asset Management (Canada Ltd.). The collapse of these funds resulted in the loss of a substantial portion of the \$159 million invested by 1,900 Canadian retail investors.

Various respondents were found to have failed to deal fairly, honestly and in good faith with these investors. They failed to communicate the true nature of the investment scheme and to account for the funds that had been invested. They also communicated information to investors based on artificially inflated asset values. This matter is under appeal to the Divisional Court.

Illegal insider trading

Illegal insider trading involves buying or selling a security of an issuer while possessing material undisclosed information about the issuer. It includes related violations, such as an insider giving someone else material undisclosed information (“tipping”) and trading by the person who is tipped.

Paul Donald

The OSC commenced a proceeding against Paul Donald, a former Vice President of Research in Motion (RIM), alleging that in August 2008 he traded with knowledge of material facts that had not been generally disclosed. Donald attended a golf and dinner function for officers of RIM where he was told that RIM had been in confidential discussions to acquire a target company and that the target company’s current share price was dramatically undervalued. The following day, Donald allegedly began buying securities of the target company, something he had never done before. In December 2008, RIM launched a hostile take-over bid for the target company and bought all its shares in March 2009 under a plan of arrangement.

Mitchell Finkelstein et al

The OSC commenced proceedings against five individuals in connection with an alleged illegal insider tipping and trading scheme. Mitchell Finkelstein was a partner in the mergers and acquisitions area at a large Toronto law firm. The OSC alleged that he tipped his close personal friend, Paul Azeff, material undisclosed information related to four corporate transactions in which the law firm was involved. Azeff was a trading officer with an investment bank in Montreal.

Azeff allegedly tipped one of his clients and his business partner, Korin Bobrow. The client allegedly further passed on the information to Howard Miller, an investment advisor in Toronto, who in turn, is alleged to have tipped Man Kin Cheng, a fellow investment advisor. Miller and Cheng are alleged to have tipped certain of their clients.

Scott Edward Purkis

Scott Edward Purkis entered into a settlement agreement in relation to his trading in securities of reporting issuers with knowledge of material undisclosed facts. He also tipped others.

Purkis was a business development representative of Agoracom Investor Relations, an online investor relations firm. Agoracom's business includes moderating client discussion forums, posting information and news to the client forums, and assisting with editing and disseminating press releases. By virtue of his position with Agoracom, Purkis learned of material undisclosed information and traded before the information was made public.

Disclosure violations

The Enforcement Branch works closely with the Corporate Finance Branch and the Investment Funds Branch, both of which conduct formal reviews of disclosure filed by public companies or investment funds to ensure that they comply with securities law. Where appropriate, these Branches refer matters to the Enforcement Branch.

BMO Nesbitt Burns Inc.

BMO Nesbitt Burns entered into a settlement agreement in relation to its role as lead underwriter for an initial public offering by FMF Capital Group Ltd. (FMF). FMF was a wholesale subprime lender and originated subprime mortgage loans using a network of independent mortgage brokers. During its underwriting of FMF, BMO Nesbitt Burns conducted due diligence in a manner that did not comply with reasonable underwriting practices. If it had done so, BMO Nesbitt Burns would have completed additional due diligence before signing a certificate stating that to the best of its knowledge, the FMF prospectus constituted full, true and plain disclosure of all material facts.

Eugene Melnyk

The Commission found that Eugene Melnyk, former Chairman and CEO of Biovail Corporation, acted contrary to the public interest in connection with a number of misstatements and omissions by Biovail in certain press releases and in an analyst conference call. The misstatements and omissions related to a loss of part of a shipment of Biovail product in a truck accident and its impact on Biovail's 2003 third quarter financial results.

Biovail itself was not a party to this proceeding because it had already settled the allegations against it. The Commission nevertheless had to make determinations about the company's statements and omissions in order to assess Melnyk's conduct. It found that by making the statements about the truck accident and its impact on earnings in press releases and in an analyst conference call, Biovail made a statement that was misleading or untrue, in a material respect and at the time and in the light of the circumstances under which the statement was made. Biovail also omitted to state facts in a press release that were required to be stated or that were necessary to make the press release not misleading.

The Commission then found that Melnyk was responsible for the misstatements and omissions by Biovail and that his conduct was contrary to the public interest. As Chairman, CEO, founder and the driving force of Biovail at the relevant time, Melnyk authorized, permitted or acquiesced in the issuance of each of the press releases, in making the disclosure and statements contained in each release and in making the impugned statements on the analyst conference call. Melnyk had direct responsibility and involvement in Biovail's various disclosure decisions and had an obligation to exercise due care and diligence in carrying out that responsibility.

Market manipulation and fraud

Market manipulation involves activities whose sole purpose is to increase or decrease a company's share price. Examples include "pump and dump" schemes, creating a high volume of trading for a security and creating a high closing price for a security at the end of a day or month.

Sulja Bros. Building Supplies Limited

The Commission found that five individuals breached securities law in the Sulja Bros. Building Supplies Limited matter. This was a pump and dump scheme involving fraudulent behaviour by promoters who artificially inflated the stock's price by making false claims about the issuer.

Petar Vucicevich was found to have engaged in conduct that he knew or reasonably ought to have known would perpetuate a fraud on a person or company. His activity related to issuing a series of materially misleading statements in press releases. He in turn profited from selling shares into a market inflated by these false press releases.

Tracey Banumas, Pranab Shah and Sam Sulja traded heavily as nominees for Vucicevich and played a significant role in concealing Vucicevich's involvement in trading. Banumas and Shah also participated in the issuance of the misleading press releases. All three were found to have engaged in conduct that they knew or ought to have reasonably known would result in a misleading appearance of trading activity of a security.

Steven Sulja, as CEO of the company that issued the misleading press releases, ought to have taken steps to ascertain the accuracy of the press releases. He was found to have breached securities law by making a statement that he knew or ought to have known was misleading and would be expected to have a significant effect on the market price of a security.

Preventative measures

The OSC has broad powers and a variety of tools to disrupt potential illegal activity and protect investors from ongoing harm while an investigation is underway.

For example, the Commission has the authority to halt certain activities during an investigation. Temporary cease trade orders are used to prohibit individuals or companies from trading in securities or to halt the trading of specific securities. Freeze orders prevent assets from being liquidated or transferred out of our jurisdiction.

In 2010, the OSC obtained 12 temporary cease trade orders involving 42 individuals and 23 companies, and 12 freeze orders involving five individuals, six companies and almost \$4 million in assets.

The OSC can also apply to the courts for a search warrant, which allows us to seize evidence during an investigation, such as computers, telephones, contact lists and other evidence used by perpetrators to conduct illegal investment schemes.

In 2010, the use of search warrants effectively shut down alleged boiler room activity in three cases. This ultimately led to proceedings against three companies and nine individuals for allegations that included unregistered trading, illegal distribution and fraud.

Alerting investors

The OSC alerts investors to potential harmful activity through various communications initiatives. In 2010, the OSC issued six Investor Alerts to warn the public about potential harmful activity in progress. Investor Alerts are sent to the media and are posted on the OSC website and Twitter to reach investors who may be affected.

The OSC also maintains an online Warning List of individuals and companies that appear to be engaging in unregistered activities that may pose a risk to investors. In 2010, we added one individual and 37 companies to the Warning List as part of our preventative enforcement strategy. Starting in January 2011, we also began posting these warnings on the International Organization of Securities Commissions (IOSCO) Investor Alert portal.

In addition, we published several articles related to fraud and investor protection in OSC Investor News, our online newsletter. We also redesigned the investor section of our website to provide more timely and relevant information, including links to tools and resources to help investors protect themselves against fraud and learn more about investing.

Collaborative Enforcement

As the globalization of the capital markets continues to evolve, effective enforcement requires the collaboration of securities regulators and law enforcement agencies across Canada and around the world. Where appropriate, the OSC works proactively with other securities regulators and law enforcement agencies to share intelligence and provide assistance in investigations of alleged cross-border misconduct.

Domestic collaboration

The OSC has entered into a number of memoranda of understanding with regulators in other Canadian jurisdictions to foster co-operation and information sharing on enforcement matters. At December 31, 2010, the OSC was acting on 15 requests for assistance from other securities regulators in Canada, including self-regulatory organizations (SROs).

To help protect investors across Canada, members of the Canadian Securities Administrators may issue reciprocal orders, which prohibit individuals and companies who have been sanctioned in one jurisdiction from carrying on inappropriate conduct in another jurisdiction. In 2010, the OSC issued three reciprocal orders involving six individuals and four companies.

The OSC and the RCMP are partners in the Joint Securities Intelligence Unit (JSIU), which targets criminal syndicates involved in illegal market activity and fraud by organized crime groups operating in Canada. The JSIU also handles requests for information from its internal intelligence databases. In 2010, the JSIU completed 58,606 information requests from OSC Branches and 15,211 information requests from Canadian and foreign regulators and law enforcement agencies.

International collaboration

The OSC receives and shares enforcement-related information from securities regulators around the world under the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (IOSCO MMOU). Signed by 72 IOSCO members representing approximately 90 per cent of the world's capital markets, the IOSCO MMOU is a key instrument in advancing international co-operation on enforcement matters. At December 31, 2010, the OSC was acting on 36 requests for assistance from securities regulators in the United States, Europe and Asia under the IOSCO MMOU.

Staff of the Enforcement Branch are also members of two enforcement-related IOSCO committees: the Screening Group and Standing Committee 4. The Screening Group reviews applications from countries seeking to become signatories to the IOSCO MMOU. A regulator must meet high standards of information sharing, regulatory co-operation and enforcement in order to become a signatory to the IOSCO MMOU.

Standing Committee 4 develops recommendations on securities crime prevention, enforcement and cross-border information exchange among regulators. A key role is

working with jurisdictions that have traditionally not co-operated with other regulators in information sharing or enforcement to meet the standards under the IOSCO MMOU.

Working with the SEC and CFTC: Axxess Automation LLC

This case is an example of OSC staff working closely with other regulators, specifically the U.S. Securities and Exchange Commission (SEC) and the U.S. Commodity Futures Trading Commission (CFTC). This matter involved activity both in the U.S. and Canada.

In August 2010, the OSC concluded settlement agreements with two Ontario residents who traded in securities and futures contracts without being registered. The trading related to an investment scheme operating out of the state of Nevada by Gordon Alan Driver through his companies, including Axxess Automation LLC.

The OSC, SEC and CFTC have outstanding proceedings against Driver and the Axxess companies. Driver allegedly raised more than US\$15 million from approximately 200 Ontario investors. In addition, the OSC has an outstanding related proceeding against two other Ontario residents who are alleged to have also traded in securities and futures contracts in Ontario without being registered to do so.

Regulatory Oversight

The OSC reviews and monitors compliance with securities law by the following market participants:

- registered firms, individuals and investment fund managers that are not members of an SRO, and
- public companies and investment funds that are reporting issuers in Ontario.

The OSC also reviews and monitors compliance with securities law relating to insider transactions, and mergers and acquisitions.

In addition, the OSC is responsible for monitoring how two SROs, the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA), regulate their members in Ontario.

Compliance reviews

The OSC assesses compliance with securities law by conducting reviews of registrants and disclosure filed by public companies and investment funds. Market participants are chosen for review according to risk-based criteria. We may also review a market participant as part of a “sweep” that focuses on a particular issue, or if we receive complaints about the market participant or a referral from another OSC Branch or regulator.

We work with market participants to take appropriate steps to address any areas of non-compliance. If we cannot resolve our concerns with a market participant, we can take remedial action. This may include suspending a registrant’s registration, imposing terms and conditions on a registrant, requiring an issuer to restate or refile its financial statements, or referring the matter to the Enforcement Branch.

Similarly, during an investigation, the Enforcement Branch may recommend that the activities of an individual or a company be reviewed for their compliance with securities law.

The following table highlights the results of compliance reviews conducted by the OSC in 2010. A significant number of these reviews resulted in either enhanced compliance by market participants or commitments to improve compliance in upcoming filings.

Results of compliance reviews

Reviews of public company disclosure

Prospective disclosure enhancements	47%
Issuer outreach	36%
Refilings and other regulatory actions	16%
Other	1%

Reviews of investment fund disclosure

Improved form compliance	41%
Refilings and disclosure changes	26%
No significant changes required	22%
Review of new fund product or feature	11%

Reviews of registrants

Significantly enhanced compliance	49%
Enhanced compliance	45%
Referral to the Enforcement Branch	4%
Terms and conditions on registration	2%

In addition, the Director of the Compliance and Registrant Regulation Branch suspended the registration of Carter Securities Inc. as a result of a compliance review. This was the first time a registered firm's registration was suspended under powers granted to the Director under amendments to the Act, which came into force on September 28, 2009. Carter Securities Inc. has appealed the Director's decision to the Commission.

Mergers and acquisitions

Staff of the Mergers & Acquisitions team and the Director of Corporate Litigation (M&A staff), with assistance from litigation staff in the Enforcement Branch, participate in Commission hearings relating to M&A transactions. They also assist staff in other jurisdictions on M&A matters.

M&A staff can initiate proceedings to address potential violations of securities law or conduct contrary to the public interest. They are also involved in proceedings commenced by parties involved in an M&A transaction who allege non-compliance with M&A requirements or conduct contrary to the public interest. In addition, M&A staff participate in appeals of Toronto Stock Exchange decisions relating to M&A issues that are made to the Commission.

In 2010, M&A staff were involved in two public interest hearings, one relating to Magna International Inc. and the other to Baffinland Iron Mines Corporation. Staff sought an order from the Commission to cease trade the issuance of securities in connection with a proposal to unify the dual class structure of Magna so that procedural and disclosure deficiencies in respect of the transaction could be addressed. In its decision and initial reasons dated June 24, 2010, the Commission required amendments to the information circular delivered to the Magna shareholders to address the disclosure deficiencies.

In a public interest hearing commenced by Nunavut Iron Ore Inc., staff made submissions to cease trade a shareholder rights plan implemented by Baffinland that restricted the ability of Baffinland shareholders to tender into an unsolicited bid by

Nunavut for Baffinland shares. The Commission ceased trading the rights plan because Baffinland had committed itself to a friendly transaction in response to the Nunavut offer and there was no reasonable prospect of the rights plan encouraging competing bids or otherwise maximizing shareholder value.

Self-regulatory organizations

Enforcement Branch staff participate in hearings requested by affected parties to review a direction, decision, order or ruling made by a recognized stock exchange, SRO, quotation and trade reporting system, or clearing agency.

Enforcement Branch staff independently assess the merits of the application for review and consider what position to take, including whether to submit that the decision should be upheld, overturned or varied. They submit a written factum on the facts and law, and make an oral argument in support of their position. In 2010, the Commission received requests to review four IIROC decisions.