

The Ontario Securities Commission

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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)

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# Table of Contents

<p><b>Chapter 1 Notices / News Releases ..... 9481</b></p> <p><b>1.1 Notices ..... 9481</b></p> <p>1.1.1 Exempt Market Review – Backgrounder ..... 9481</p> <p><b>1.2 Notices of Hearing..... 9483</b></p> <p>1.2.1 Lance Kotton and Titan Equity Group Ltd. – ss. 127(7), 127(8) ..... 9483</p> <p>1.2.2 Eda Marie Agueci – s. 144 ..... 9484</p> <p><b>1.3 Notices of Hearing with Related Statements of Allegations ..... 9485</b></p> <p>1.3.1 Quadrus Investment Services Ltd. – ss. 127(1), 127(2), 127.1 ..... 9485</p> <p><b>1.4 News Releases ..... (nil)</b></p> <p><b>1.5 Notices from the Office of the Secretary ..... 9488</b></p> <p>1.5.1 Majestic Supply Co. Inc. et al. .... 9488</p> <p>1.5.2 Quadrus Investment Services Ltd. .... 9488</p> <p>1.5.3 Future Solar Developments Inc. et al. .... 9489</p> <p>1.5.4 Future Solar Developments Inc. et al. .... 9489</p> <p>1.5.5 Lance Kotton and Titan Equity Group Ltd. .... 9490</p> <p>1.5.6 Quadrus Investment Services Ltd. .... 9490</p> <p>1.5.7 Eda Marie Agueci et al. .... 9491</p> <p>1.5.8 Blue Gold Holdings Ltd. et al. .... 9492</p> <p><b>1.6 Notices from the Office of the Secretary with Related Statements of Allegations ..... (nil)</b></p> <p><b>Chapter 2 Decisions, Orders and Rulings ..... 9493</b></p> <p><b>2.1 Decisions ..... 9493</b></p> <p>2.1.1 Steadyhand Investment Management Ltd. and Steadyhand Investment Funds Inc. .... 9493</p> <p>2.1.2 SilverCrest Mines Inc. – s. 1(10)(a)(ii) ..... 9496</p> <p>2.1.3 First Asset Investment Management Inc. et al. .... 9497</p> <p>2.1.4 Hewlett-Packard Company ..... 9501</p> <p>2.1.5 Webtech Wireless Inc. – s. 1(10)(a)(ii) ..... 9504</p> <p>2.1.6 Hydro One Limited and Hydro One Inc. .... 9505</p> <p>2.1.7 First Asset Investment Management Inc. .... 9508</p> <p>2.1.8 Boulevard Industrial Real Estate Investment Trust – s. 1(10)(a)(ii) ..... 9511</p> <p><b>2.2 Orders..... 9512</b></p> <p>2.2.1 Avion Gold Corporation ..... 9512</p> <p>2.2.2 Majestic Supply Co. Inc. et al. – Rule 9 of the OSC Rules of Procedure ..... 9513</p> <p>2.2.3 Future Solar Developments Inc. et al. – ss. 127(1), 127(8) ..... 9514</p> <p>2.2.4 Future Solar Developments Inc. et al. – ss. 127, 127.1 ..... 9515</p> <p>2.2.5 TeraExchange, LLC – s. 144 ..... 9517</p> <p>2.2.6 Lance Kotton and Titan Equity Group Ltd. – ss. 127(1), 127(5) ..... 9518</p> <p>2.2.7 Blue Gold Holdings Ltd. et al. – s. 127 ..... 9520</p> <p><b>2.3 Orders with Related Settlement Agreements..... 9522</b></p> <p>2.3.1 Quadrus Investment Services Ltd. – ss. 127(1), 127(2), 127.1 ..... 9522</p> <p><b>2.4 Rulings ..... (nil)</b></p>	<p><b>Chapter 3 Reasons: Decisions, Orders and Rulings ..... 9535</b></p> <p><b>3.1 OSC Decisions ..... (nil)</b></p> <p><b>3.2 Director’s Decisions ..... 9535</b></p> <p>3.2.1 Cornerstone Asset Management L.P. – s. 31 ..... 9535</p> <p><b>3.3 Court Decisions ..... (nil)</b></p> <p><b>Chapter 4 Cease Trading Orders ..... 9537</b></p> <p>4.1.1 Temporary, Permanent &amp; Rescinding Issuer Cease Trading Orders ..... 9537</p> <p>4.2.1 Temporary, Permanent &amp; Rescinding Management Cease Trading Orders ..... 9537</p> <p>4.2.2 Outstanding Management &amp; Insider Cease Trading Orders ..... 9537</p> <p><b>Chapter 5 Rules and Policies ..... (nil)</b></p> <p><b>Chapter 6 Request for Comments ..... (nil)</b></p> <p><b>Chapter 7 Insider Reporting ..... 9539</b></p> <p><b>Chapter 8 Notice of Exempt Financings..... 9621</b> Reports of Trades Submitted on Forms 45-106F1 and 45-501F1 ..... 9621</p> <p><b>Chapter 9 Legislation ..... (nil)</b></p> <p><b>Chapter 11 IPOs, New Issues and Secondary Financings..... 9623</b></p> <p><b>Chapter 12 Registrations..... 9633</b></p> <p>12.1.1 Registrants..... 9633</p> <p><b>Chapter 13 SROs, Marketplaces, Clearing Agencies and Trade Repositories ..... (nil)</b></p> <p><b>13.1 SROs ..... (nil)</b></p> <p><b>13.2 Marketplaces ..... (nil)</b></p> <p><b>13.3 Clearing Agencies ..... (nil)</b></p> <p><b>13.4 Trade Repositories ..... (nil)</b></p> <p><b>Chapter 25 Other Information ..... (nil)</b></p> <p><b>Index..... 9635</b></p>
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# Chapter 1

## Notices / News Releases

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### 1.1.1 Exempt Market Review – Backgrounder

The *Exempt Market Review – Backgrounder* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Backgrounder.

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# Backgrounder



Ontario

Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

FOR IMMEDIATE RELEASE

November 5, 2015

20 Queen Street West  
22<sup>nd</sup> Floor  
Toronto, ON M5H 3S8

## EXEMPT MARKET REVIEW

As part of its exempt market review, the Ontario Securities Commission (the OSC or we) is involved in several initiatives. On August 28, 2013, we published OSC Notice 45-712 *Progress Report on Review of Prospectus Exemptions to Facilitate Capital Raising* (the Progress Report). The Progress Report stated that the OSC was directing staff to undertake further work on developing four new capital raising prospectus exemptions for issuers other than investment funds, which included the following:

- a crowdfunding exemption along with regulatory requirements applicable to an online crowdfunding portal (collectively, the crowdfunding regime),
- an offering memorandum exemption (the OM exemption),
- a family, friends and business associates exemption (the FFBA exemption), and
- an exemption that would permit a reporting issuer to issue securities to its existing security holders in reliance on the issuer's continuous disclosure record (the ESH exemption).

The Progress Report also indicated that the OSC would work with other Canadian Securities Administrators (CSA) members to see if the existing rights offering exemption available across Canada could be streamlined to improve its efficiency and effectiveness for reporting issuers.

Finally, the Progress Report indicated that we intended to pursue further improvements to our data collection on exempt market activity, and planned to publish proposed amendments to Form 45-106F1 *Report of Exempt Distribution* (Form 45-106F1).

The purpose of this backgrounder is to provide an update on the current status of each of these initiatives.

### 1. New capital raising prospectus exemptions

#### *Overview of new exemptions*

On March 20, 2014, we published for comment rules that would introduce four new capital raising prospectus exemptions in Ontario:

- the ESH exemption,
- the FFBA exemption,
- the OM exemption, and
- the crowdfunding regime.

The ESH exemption came into force on February 11, 2015. It allows publicly listed issuers on specified Canadian exchanges to cost-effectively raise capital from their existing investors in reliance on the issuer's continuous disclosure record. The FFBA exemption came into force in Ontario on May 5, 2015. It allows issuers to raise capital from a broader network of close personal friends, family and close business associates.

We have worked closely with staff in other CSA jurisdictions in formulating the OM exemption and the crowdfunding regime. The securities regulatory authorities in Alberta, New Brunswick, Quebec and Saskatchewan published for comment proposed amendments to the OM exemption that were similar to the OM exemption that we published for

comment. The securities regulatory authorities in Manitoba, New Brunswick, Nova Scotia, Quebec and Saskatchewan also published for comment the crowdfunding regime.

The comment period ended on June 18, 2014 and the participating CSA jurisdictions collectively received approximately 1,000 comment letters regarding the OM exemption and approximately 70 comment letters regarding the crowdfunding regime.

On October 29, 2015, we published final amendments that would introduce the OM exemption in Ontario and modify the OM exemption that exists in the other participating CSA jurisdictions. Subject to Ministerial approval, the amendments will come into force in Ontario on January 13, 2016. Today, we published final amendments that would introduce the crowdfunding regime in Ontario and the other participating CSA jurisdictions. Subject to Ministerial approval, the amendments will come into force on January 25, 2016.

The key elements of the OM exemption and the crowdfunding regime are described below.

Exemption	Description
OM exemption	<ul style="list-style-type: none"> <li>• The OM exemption will allow businesses to raise capital based on an offering memorandum being made available to investors. The OM exemption will be available for a wide range of businesses at different stages of development.</li> <li>• The OM exemption incorporates important investor protection measures, including:               <ul style="list-style-type: none"> <li>○ requirement that a comprehensive disclosure document, that is subject to statutory liability if it contains a misrepresentation, be delivered to investors at the point of sale,</li> <li>○ investment limits for investors who are individuals, other than those who would qualify as accredited investors or investors who would qualify to invest under the FFBA exemption, as follows:                   <ul style="list-style-type: none"> <li>○ in the case of a purchaser that is not an eligible investor, \$10,000 in a 12 month period,</li> <li>○ in the case of a purchaser that is an eligible investor, \$30,000 in a 12 month period, and</li> <li>○ in the case of a purchaser that is an eligible investor and that receives advice from a portfolio manager, investment dealer or exempt market dealer that an investment above \$30,000 is suitable, up to \$100,000 in a 12 month period,</li> </ul> </li> <li>○ requirements to provide investors with audited annual financial statements, annual notice regarding the use of the proceeds raised under the exemption and notice in the event of a discontinuation of the issuer's business, a change in the issuer's industry or a change of control of the issuer, and</li> <li>○ requirement for investors to sign a risk acknowledgement form highlighting the key risks associated with the investment, which includes schedules to be completed by individual investors that require them to confirm they are investing within the investment limits, where applicable.</li> </ul> </li> </ul>



Exemption	Description
Crowdfunding regime	<ul style="list-style-type: none"> <li>● The crowdfunding regime will allow businesses to raise capital from a potentially large number of investors through an online portal registered with the securities regulatory authorities. Businesses could raise up to \$1.5 million during a 12 month period. The crowdfunding regime is aimed primarily at start-ups and small- and medium-sized enterprises based in Canada.</li> <li>● The crowdfunding regime incorporates important investor protection measures, including: <ul style="list-style-type: none"> <li>○ investors will be subject to the following limits: <ul style="list-style-type: none"> <li>● in the case of an investor that does not qualify as an accredited investor: <ul style="list-style-type: none"> <li>○ \$2,500 per investment, and</li> <li>○ in Ontario only, an annual limit of \$10,000, and</li> </ul> </li> <li>● in the case of an accredited investor: <ul style="list-style-type: none"> <li>○ \$25,000 per investment,</li> <li>○ in Ontario only, an annual limit of \$50,000, and</li> <li>○ in Ontario only, no investment limits for a permitted client (e.g., an individual with net financial assets exceeding \$5 million).</li> </ul> </li> </ul> </li> <li>○ requirements to provide investors with annual financial statements, annual notice regarding the use of the proceeds raised under the exemption and notice in the event of a discontinuation of the issuer's business, a change in the issuer's industry or a change of control of the issuer,</li> <li>○ requirement for investors to sign a risk acknowledgement form highlighting the key risks associated with the investment and which requires investors to confirm that they have understood the risk warnings and the information in the crowdfunding offering document,</li> <li>○ requirement that all investments be made through a single registered crowdfunding portal that is unrelated to the issuer,</li> <li>○ funding portals must fulfill certain gatekeeper responsibilities prior to allowing an issuer access to its online platform, including reviewing the issuer's disclosure in the crowdfunding offering document and other permitted materials for completeness, accuracy and any misleading statements, and</li> <li>○ funding portals must review information and obtain background checks on the issuer and its principals, and deny an issuer access to the funding portal in certain circumstances.</li> </ul> </li> </ul>

For further information on the OM exemption, please see the Notice of Amendments published on October 29, 2015: [https://www.osc.gov.on.ca/en/SecuritiesLaw\\_ni\\_20151029\\_45-106\\_amendments.htm](https://www.osc.gov.on.ca/en/SecuritiesLaw_ni_20151029_45-106_amendments.htm)

For further information on the crowdfunding regime, please see the Notice of Amendments published on November 5, 2015: [http://www.osc.gov.on.ca/en/SecuritiesLaw\\_csa\\_20151105\\_45-108\\_multilateral-crowdfunding.htm](http://www.osc.gov.on.ca/en/SecuritiesLaw_csa_20151105_45-108_multilateral-crowdfunding.htm)

*Intermediaries in the exempt market*

We have seen a number of intermediaries applying to register as dealers that plan to operate online platforms in reliance on the new prospectus exemptions in Ontario. These online platforms can vary from platforms that facilitate private placements to accredited investors, to platforms that offer secondary market trading and co-investing

opportunities. We continue to support innovative technology developed by industry that can benefit both issuers and investors. We remind intermediaries that plan to operate an online portal in Ontario that they must comply with applicable securities legislation, including registration prior to conducting business in Ontario. It is important to remember that registration is a separate requirement and the availability of a prospectus exemption to distribute securities does not mean there is a corresponding registration exemption.

#### *Compliance and oversight program*

As a broader group of retail investors will be able to access the exempt market through the OM exemption and the crowdfunding regime, the OSC is developing a compliance and oversight program to monitor distributions under these new capital raising tools. This program will have three main elements:

- assessing compliance,
- enhancing awareness, and
- gathering data to support the first two activities.

## **2. Modification to existing rights offering prospectus exemption**

On November 27, 2014, the CSA published proposed amendments intended to streamline the existing rights offering prospectus exemption for non-investment fund reporting issuers and reduce the time and cost that have been noted as barriers to the use of this exemption.

The comment period ended on February 25, 2015. Final amendments were published on September 24, 2015 and subject to Ministerial approval, will come into force on December 8, 2015.

The amendments address investor protection concerns as well as concerns regarding compliance. The amendments include:

- removing the current regulatory review process prior to the use of the exemption,
- increasing investor protection through the addition of civil liability for secondary market disclosure,
- introducing a user-friendly form of rights offering circular,
- introducing a new notice that reporting issuers must file on SEDAR and send to security holders informing them about how to access the rights offering circular electronically, and
- increasing the dilution limit from 25% to 100%.

The amendments also repeal the exemption for non-reporting issuers.

For further information, please see the Notice of Amendments published on September 24, 2015:  
[https://www.osc.gov.on.ca/en/SecuritiesLaw\\_ni\\_20150924\\_45-106\\_amd-rights-offerings.htm](https://www.osc.gov.on.ca/en/SecuritiesLaw_ni_20150924_45-106_amd-rights-offerings.htm)

## **3. Proposed report of exempt distribution**

On March 20, 2014, we published two proposed new reports of exempt distribution for use in Ontario and certain other jurisdictions.

The comment period ended on June 18, 2014. We received several comments regarding the need to harmonize the report of exempt distribution across the CSA. The report of exempt distribution is now being considered as a separate CSA initiative and we are working with CSA members to harmonize exempt distribution reporting requirements. This initiative aims to:

- reduce the compliance burden for issuers and underwriters by having a harmonized report of exempt distribution, and
- provide securities regulators with the necessary information to facilitate more effective regulatory oversight of the exempt market and improve analysis for policy development purposes.

As part of this initiative, the CSA published for comment a proposed harmonized report of exempt distribution on August 13, 2015. The comment period ended on October 13, 2015 and we received 18 comment letters. We are

currently reviewing the comments and working with the CSA to develop final amendments to the report of exempt distribution.

We continue to require issuers to file a Form 45-106F1 *Report of Exempt Distribution*, as is currently required for distributions in CSA jurisdictions other than British Columbia. In British Columbia, issuers are generally required to file Form 45-106F6 *British Columbia Report of Exempt Distribution*.

For further information, please see the Notice and Request for Comment published on August 13, 2015:  
[https://www.osc.gov.on.ca/documents/en/Securities-Category4/rule\\_20150812\\_45-501\\_exempt-distribution.pdf](https://www.osc.gov.on.ca/documents/en/Securities-Category4/rule_20150812_45-501_exempt-distribution.pdf)

#### 4. Exempt market activity in Ontario

The exempt market continues to be an important part of Ontario's capital markets. In 2014, non-investment fund issuers raised approximately \$41 billion through prospectus-exempt distributions in Ontario through approximately 22,000 purchases made by Ontario residents. For these non-investment fund issuers:

- The accredited investor exemption was the most widely used prospectus exemption in Ontario. In 2014 it represented 92% of the capital raised, 74% of filings and almost two thirds of purchases.
- The minimum amount investment exemption was the second most used prospectus exemption by number of filings and amount raised.
- Although equity securities represented close to two thirds of purchases and filings, debt-related securities raised a larger proportion of capital (approximately 68%).
- While the majority of issuers that participate in the exempt market are non-financial issuers, on average financial issuers raised significantly more per offering from a smaller pool of investors. Examples of financial issuers include private equity firms, consumer credit securitization vehicles, banks, mortgage investment entities and insurance firms.
- Issuers in the energy and materials industry group were the most active group of non-financial issuers in the exempt market.
- Only about a quarter of the capital raised was by reporting issuers.
- Among filings by non-reporting issuers, only about half were from issuers that were headquartered in Canada.
- A large proportion of exempt market activity by number of filings and purchases involved issuers that raised under \$1.5 million. However, these accounted for less than 2% of the total capital raised.

A more detailed overview of exempt market activity in Ontario can be found at Appendix A.

**APPENDIX A**  
**2014 EXEMPT MARKET ACTIVITY**

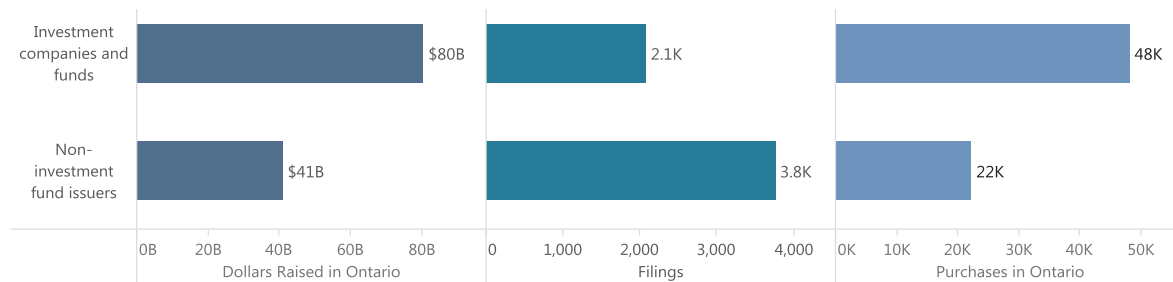
**Overview**

This appendix provides a snapshot of 2014 activity in Ontario’s prospectus-exempt market (the exempt market). The data contained in this appendix is based on information collected from reports filed with the OSC on Form 45-106F1 *Report of Exempt Distributions* (Form 45-106F1),<sup>1</sup> which must be filed by issuers who rely on certain prospectus exemptions to distribute securities and includes information about the issuer and details of the distribution.<sup>2</sup> Prospectus exemptions are available to a wide range of issuers, including reporting and non-reporting issuers and issuers at varying stages of development, provided they meet the requirements of the exemption they are seeking to rely on.

**2014 Exempt Market Activity in Ontario**

During 2014, issuers raised a total of \$121 billion through prospectus-exempt distributions in Ontario. Approximately 67% or \$80 billion of this total represented gross flows to investment companies and funds.<sup>3</sup> The remaining \$41 billion represented capital raised by non-investment fund issuers over 3,800 filings and involving 22,000 purchases by Ontario investors.<sup>4</sup>

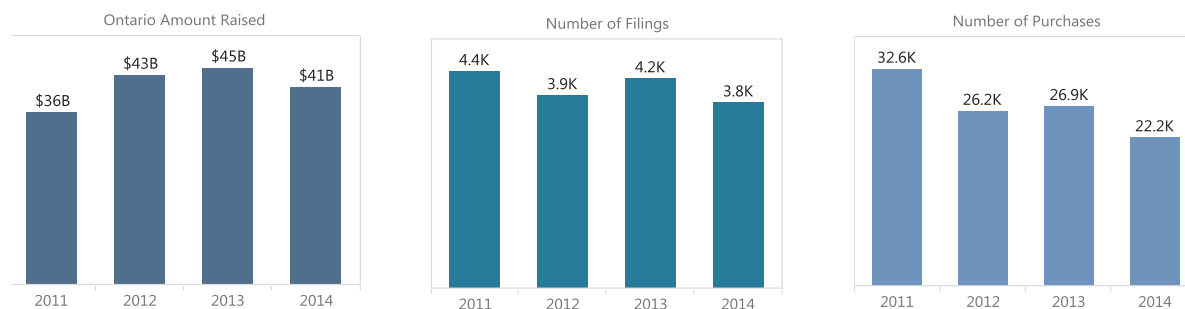
Figure 1



**Comparison of Non-Investment Fund Flows with Previous Years**

Overall activity for non-investment fund issuers in 2014 dropped slightly compared to the previous two years. We note that comparisons at this aggregate level are challenging given that both exogenous (e.g., local and foreign macro-economic climate) and endogenous (e.g., industry or policy specific) factors influence capital raising activity.

Figure 2



<sup>1</sup> The data only covers reports on Form 45-106F1 that were electronically submitted through the OSC’s e-form from January 1, 2014 to August 31, 2015.

<sup>2</sup> As only specified prospectus exemptions trigger a requirement to file a report, the data presented in this appendix does not capture all exempt market activity. See Part 6 of National Instrument 45-106 *Prospectus Exemptions* for more information on which exemptions must be reported on Form 45-106F1. We also note that this data reflects distributions to both individual and institutional investors under the applicable exemptions.

<sup>3</sup> Issuers are only required to report gross inflows/sales and not redemptions. As most investment fund issuers are in continuous distribution and redemption throughout the year, the net flows or net sales for investment fund issuers will be lower than the amount indicated and could be negative if redemptions exceed sales over the same period.

<sup>4</sup> The aggregated purchases figure only reflects total transactions by Ontario investors and does not represent the total number of unique investors that participated.

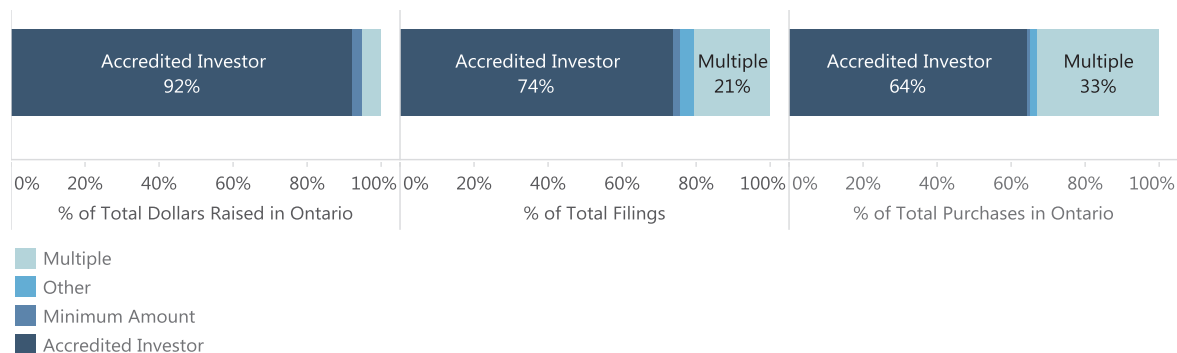
## Non-Investment Fund Issuers

The following charts and tables provide a more detailed analysis of exempt market activity in 2014 by non-investment fund issuers.

### Use of Exemptions

The accredited investor exemption remained the most relied upon prospectus exemption by capital raised (92%), filings (74%) and purchases (64%) in 2014.<sup>5</sup> The second most commonly used exemption by number of filings and amount raised was the minimum amount investment exemption. Approximately 21% of filings reported distributions made in reliance on more than one prospectus exemption and the majority (99%) of these filings included the accredited investor exemption in addition to other prospectus exemptions.

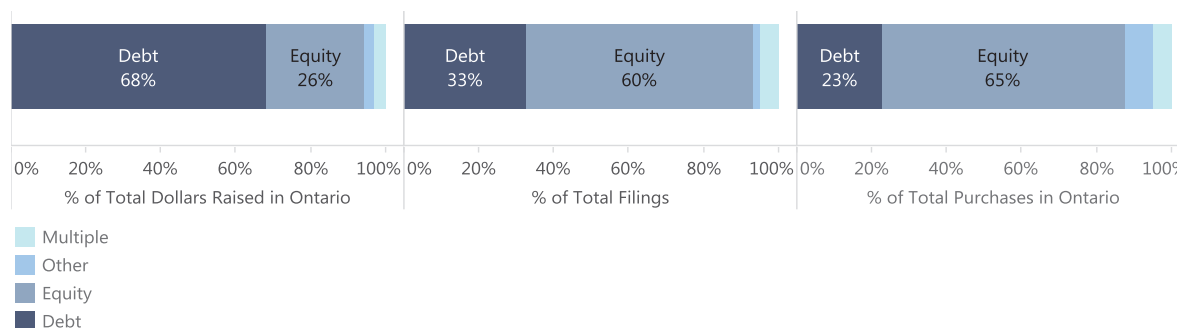
Figure 3



### Types of Securities Distributed

Although equity securities represented close to two thirds of all purchases and filings, debt securities raised a larger proportion of capital (approximately 68%). Debt offerings are typically larger in size than equity offerings in both the private and public markets. Less than 5% of filings or amounts raised involved the distribution of warrants, subscription receipts or other types of securities.<sup>6</sup> Filings which reported the distribution of more than one type of security represented only 5% of filings.

Figure 4



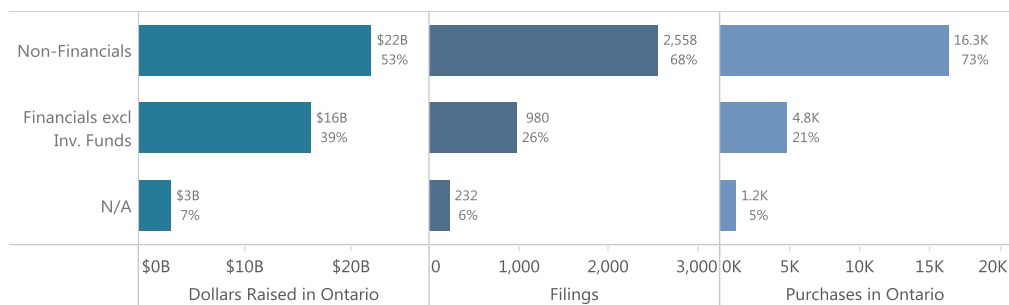
<sup>5</sup> This number is likely higher given that among filings that indicated the use of multiple exemptions, 99% of them relied on the accredited investor exemption in addition to other exemptions.

<sup>6</sup> Warrants, options, subscription receipts, other rights and securities that do not represent an equity interest or debt obligation of the issuer are categorized in the "Other" category in Figure 4.

## Financial Issuers vs Non-Financial Issuers

In close to 40% of filings, issuers selected “Other” for their industry category and provided a brief description of their business. These descriptions were reviewed to assign issuers across several broad industry categories as indicated in the charts below.<sup>7</sup> Non-financial issuers represent the bulk of issuers that participate in the exempt market, however, on average financial issuers raised significantly more per offering from a smaller pool of investors than their non-financial peers.

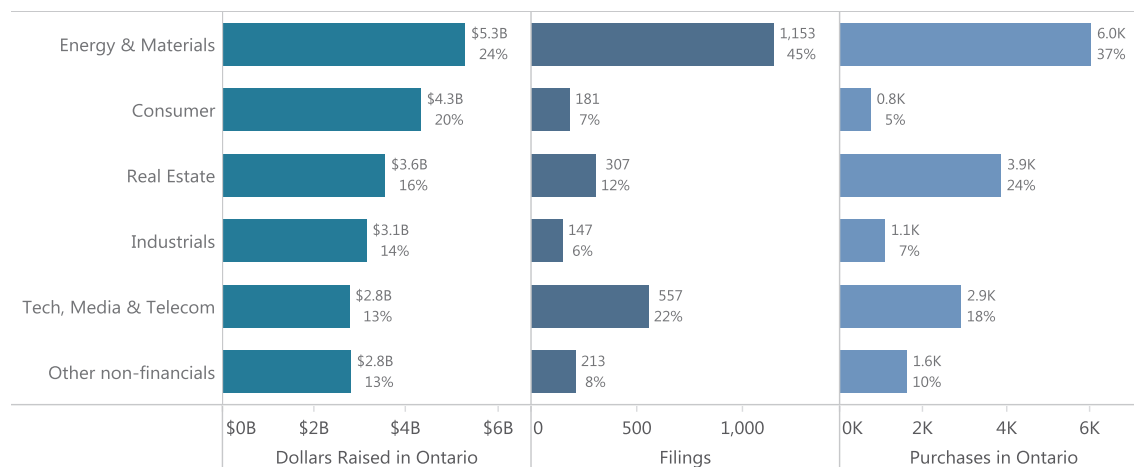
Figure 5



## Non-Financial Industry Groups

Among non-financial issuers, issuers in the energy and materials group were the most active by amount raised, filings and number of purchases.

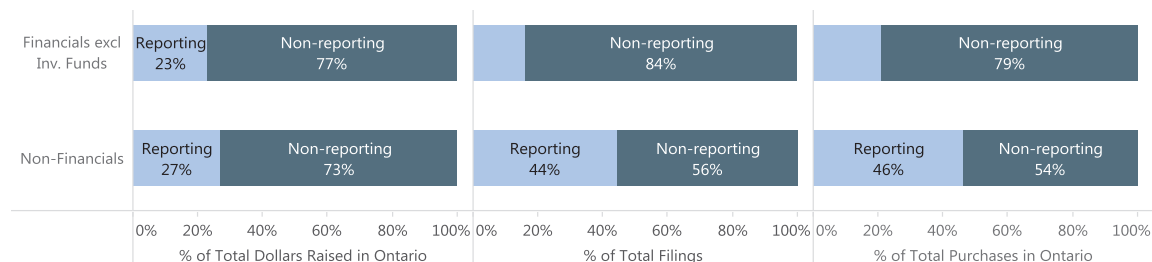
Figure 6



## Reporting Issuer Status

Only about one quarter of capital raised by non-investment fund issuers in 2014 was raised by reporting issuers. Non-reporting issuers represented the majority of issuers filing reports of exempt distribution with the OSC but this was more prominent among financial issuers (84%) than non-financial issuers (56%). Over half of the filings from non-financial reporting issuers involved issuers that were listed on the TSX Venture Exchange.

Figure 7

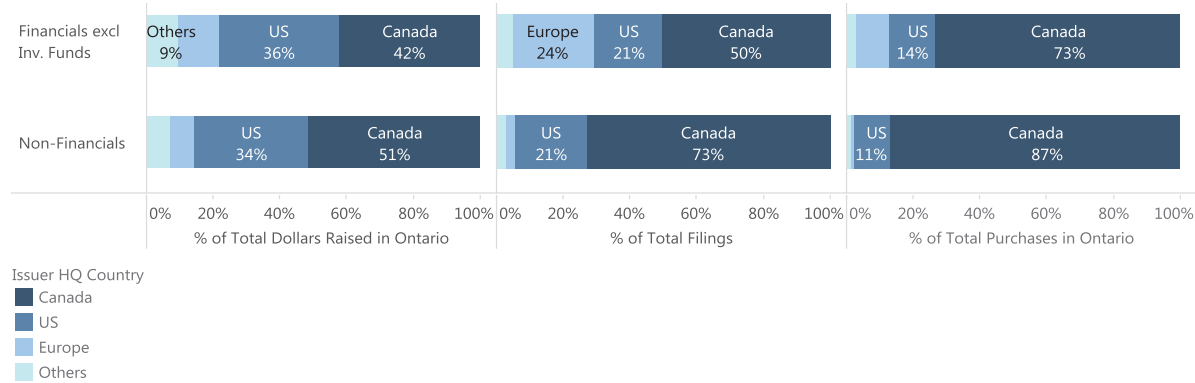


<sup>7</sup> For the purposes of this analysis, OSC staff made a best efforts attempt to assign appropriate industry groupings to issuers that selected “Other”. It should be noted that the groupings were not confirmed by issuers.

## Issuer Country

Issuers headquartered outside of Canada represented 50% of filings by financial issuers in 2014. The majority of these foreign issuers are US-based. In 2014, US-based issuers accounted for just over 20% of filings and more than one third of the capital raised in Ontario.

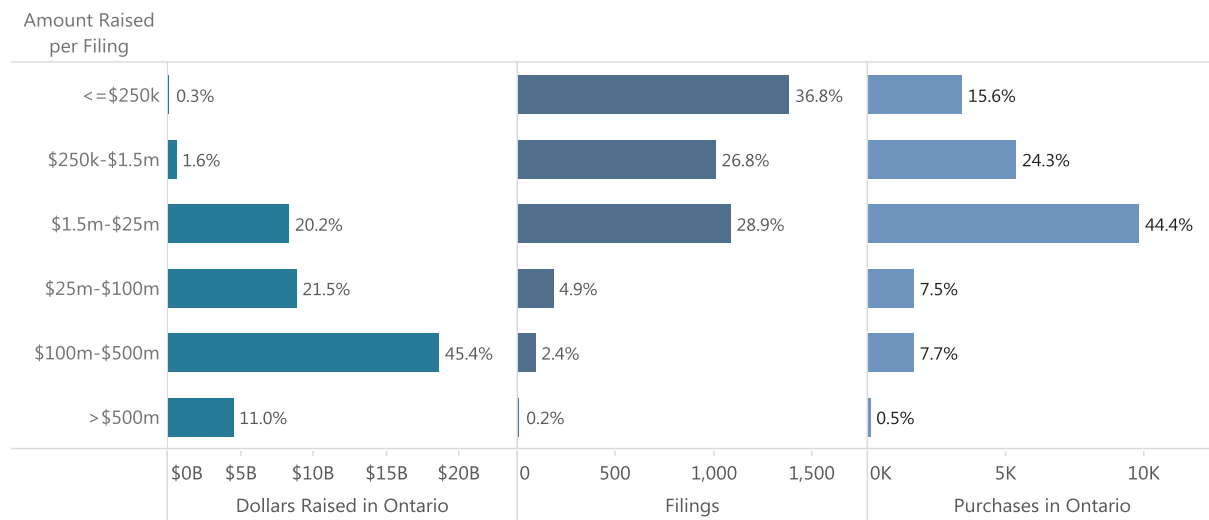
Figure 8



## Amount Raised Per Filing

A large proportion of exempt market activity involved issuers that raised under \$1.5 million. Distributions of under \$1.5 million per filing represented over 60% of filings and close to 40% of purchases by Ontario investors in 2014. However, they only accounted for less than 2% of the total capital raised in 2014. Larger distributions (>\$100 million per filing) represented over 50% of the total capital raised but included less than 3% of filings and involved under 10% of purchases in 2014.

Figure 9



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1.2 Notices of Hearing

1.2.1 Lance Kotton and Titan Equity Group Ltd. – 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  
LANCE KOTTON and TITAN EQUITY GROUP LTD.

NOTICE OF HEARING  
(Subsections 127(7) and 127(8) of the Securities Act)

**WHEREAS** on November 6, 2015, the Ontario Securities Commission (the “Commission”) issued a temporary order (the “Temporary Order”) pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) ordering the following:

1. pursuant to clause 2 of subsection 127(1), trading in any securities by Lance Kotton (“Kotton”) and Titan Equity Group Ltd. (“TEG”) TEG shall cease;
2. pursuant to clause 3 of subsection 127(1), any exemptions contained in Ontario securities law do not apply to Kotton or TEG; and
3. pursuant to subsection 127(6) of the Act, this Order shall take effect immediately and shall expire on the 15th day after its making unless extended by the Commission;

**TAKE NOTICE THAT** the Commission will hold a Hearing (the “Hearing”) pursuant to subsections 127(7) and (8) of the Act at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room, in the City of Toronto, on November 19, 2015 at 10:00 a.m. or as soon thereafter as the Hearing can be held;

**TO CONSIDER** whether it is in the public interest for the Commission:

1. to extend the Temporary Order pursuant to subsections 127(7) and 127(8) of the Act until the conclusion of hearing or until such further time as considered necessary by the Commission; and
2. to make such further orders as the Commission considers appropriate;

**BY REASON OF** the facts recited in the Temporary Order and of such allegations and evidence as counsel may advise and the Commission may permit;

**AND TAKE FURTHER NOTICE** that any party to the proceeding may be represented by counsel at the Hearing;

**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 further notice of the proceeding;

**AND TAKE FURTHER NOTICE** that the Notice of Hearing is also available in French, participation may be in either French or English and participants must notify the Secretary’s Office in writing as soon as possible, and in any event, at least thirty (30) days before a hearing if the participant is requesting a proceeding to be conducted wholly or partly in French; and

**ET AVIS EST ÉGALEMENT DONNÉ PAR LA PRÉSENTE** que l’avis d’audience est disponible en français, que la participation à l’audience peut se faire en français ou en anglais et que les participants doivent aviser le Bureau du secrétaire par écrit le plus tôt possible et, dans tous les cas, au moins trente (30) jours avant l’audience si le participant demande qu’une instance soit tenue entièrement ou partiellement en français.

**DATED** at Toronto, this 9th day of November, 2015.

“Josée Turcotte”

1.2.2 Eda Marie Agueci – s. 144

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

AND

IN THE MATTER OF  
EDA MARIE AGUECI, DENNIS WING, SANTO IACONO, JOSEPHINE RAPONI,  
KIMBERLEY STEPHANY, HENRY FIORILLO, GIUSEPPE (JOSEPH) FIORINI, JOHN SERPA,  
IAN TELFER, JACOB GORNITZKI and POLLEN SERVICES LIMITED

NOTICE OF HEARING  
(Section 144)

**WHEREAS** on February 7, 2012, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) in connection with a Statement of Allegations filed by Staff of the Commission (“Staff”) on the same date against Eda Marie Agueci (“Agueci”), Dennis Wing (“Wing”), Santo Iacono, Josephine Raponi, Kimberley Stephany (“Stephany”), Henry Fiorillo (“Fiorillo”), Giuseppe (Joseph) Fiorini, John Serpa, Jacob Gornitzki, Pollen Services Limited (“Pollen”), and Ian Telfer;

**WHEREAS** on September 26, 2013, Staff filed an Amended Statement of Allegations;

**WHEREAS** on February 11, 2015, following a hearing on the merits, the Commission issued its Reasons and Decision with respect to the merits, including findings against Agueci, Wing, Stephany, Fiorillo and Pollen (the “Respondents”) (*Re Eda Marie Agueci et al.* (2015), 38 O.S.C.B. 1573);

**WHEREAS** on June 24, 2015, the Commission made an order under sections 127 and 127.1 of the Act related to sanctions and costs against the Respondents (the “Sanctions and Costs Order”);

**TAKE NOTICE** that the Commission will hold a hearing to consider whether it is in the public interest for the Commission to vary the Sanctions and Costs Order pursuant to section 144 of the Act and to make such further orders as the Commission considers appropriate;

**BY REASON OF** the application dated November 4, 2015 filed by Staff with the Secretary’s Office of the Commission requesting a variation to the Sanctions and Costs Order, pursuant to section 144 of the Act, to allow Agueci to liquidate certain securities for the purpose of directing payment to the Commission in compliance with the Sanctions and Costs Order;

**AND TAKE FURTHER NOTICE** that Staff requested that the application proceed by written hearing, in accordance with Rule 15.5 of the Commission’s *Rules of Procedure* (2014), 37 OSCB 4168, as the parties have consented to the variation sought to the order;

**AND TAKE FURTHER TAKE NOTICE** that any party to the proceedings may be represented by counsel if he or she attends or submits evidence for the hearing;

**AND TAKE FURTHER NOTICE** that upon failure of any party to attend at the time and place set for the hearing, the hearing may proceed in the absence of that party and the party is not entitled to any further notice of the proceeding;

**AND TAKE FURTHER NOTICE** that the Notice of Hearing is also available in French, participation may be in either French or English and participants must notify the Secretary’s Office in writing as soon as possible, and in any event, at least thirty (30) days before a hearing if the participant is requesting a proceeding to be conducted wholly or partly in French; and

**ET AVIS EST ÉGALEMENT DONNÉ PAR LA PRÉSENTE** que l’avis d’audience est disponible en français, que la participation à l’audience peut se faire en français ou en anglais et que les participants doivent aviser le Bureau du secrétaire par écrit le plus tôt possible et, dans tous les cas, au moins trente (30) jours avant l’audience si le participant demande qu’une instance soit tenue entièrement ou partiellement en français.

**DATED** at Toronto, November 9, 2015.

“Josée Turcotte”  
Secretary to the Commission

1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 Quadrus Investment Services Ltd. – ss. 127(1), 127(2), 127.1

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

**AND**

**IN THE MATTER OF  
QUADRUS INVESTMENT SERVICES LTD.**

**NOTICE OF HEARING  
(Subsections 127(1) and 127(2) and section 127.1)**

**TAKE NOTICE THAT** the Ontario Securities Commission (the “Commission”) will hold a hearing pursuant to subsections 127(1) and 127(2) and section 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) at the offices of the Commission located at 20 Queen Street West, 17th Floor, on November 10, 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 November 6, 2015, on a no-contest basis, between Staff of the Commission and Quadrus Investment Services Ltd.;

**BY REASON OF** the allegations set out in the Statement of Allegations dated November 6, 2015 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 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;

**AND TAKE FURTHER NOTICE** that the Notice of Hearing is also available in French, participation may be in either French or English and participants must notify the Secretary’s Office in writing as soon as possible, and in any event, at least thirty (30) days before a hearing if the participant is requesting a proceeding to be conducted wholly or partly in French; and

**ET AVIS EST ÉGALEMENT DONNÉ PAR LA PRÉSENTE** que l’avis d’audience est disponible en français, que la participation à l’audience peut se faire en français ou en anglais et que les participants doivent aviser le Bureau du secrétaire par écrit le plus tôt possible et, dans tous les cas, au moins trente (30) jours avant l’audience si le participant demande qu’une instance soit tenue entièrement ou partiellement en français.

**DATED** at Toronto this 6th day November, 2015.

“Josée Turcotte”  
Secretary to the Commission

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

**AND**

**IN THE MATTER OF  
QUADRUS INVESTMENT SERVICES LTD.**

**STATEMENT OF ALLEGATIONS OF  
STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff ("Staff") of the Ontario Securities Commission (the "Commission") make the following allegations:

**I. THE RESPONDENT**

1. Quadrus Investment Services Ltd. ("Quadrus") is a corporation incorporated pursuant to the laws of Ontario. Quadrus is a member of the Mutual Fund Dealers Association of Canada ("MFDA") and is registered with the Commission as a dealer in the category of mutual fund dealer.

**II. BACKGROUND**

2. In February 2015, Quadrus self-reported a matter to Staff and Staff of the MFDA relating to the Quadrus Group of Funds (the "Quadrus Funds"), which resulted in certain eligible clients indirectly paying excess fees. The Quadrus Funds are managed by Mackenzie Financial Corporation and are exclusively available through Quadrus.
3. When it reported the matter to Staff, Quadrus advised Staff that:
  - a. Quadrus intended to pay appropriate compensation to clients and former clients; and
  - b. Quadrus had begun taking corrective action, including implementing additional controls and supervision to prevent the re-occurrence of the matter in the future.

**III. QUADRUS' CONDUCT**

4. The Quadrus Funds are available in different series of securities. The Management Expense Ratio ("MER") differs for each series of securities of the same mutual fund, with the MER being lower for series of securities with higher minimum investment thresholds (the "L Series").
5. Beginning in 2011, certain eligible Quadrus clients were not advised that they qualified for the L Series securities and, as a result, indirectly paid excess fees when they invested in the higher MER retail series of securities of the same Quadrus Fund.
6. There were inadequacies in Quadrus' systems of controls and supervision which formed part of its compliance systems, which resulted in eligible clients not being advised that they qualified for the L Series, and resulted in those clients indirectly paying excess fees that were not detected or corrected by Quadrus in a timely manner (the "MER Control and Supervision Inadequacy").

**IV. BREACH OF ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST**

7. With respect to the MER Control and Supervision Inadequacy, Quadrus failed to establish, maintain and apply procedures to establish controls and supervision:
  - a. sufficient to provide reasonable assurance that Quadrus, and each individual acting on behalf of Quadrus, complied with securities legislation, including the requirement to deal fairly with clients with regard to fees; and
  - b. that were reasonably likely to identify the non-compliance described in a. above at an early stage and that would have allowed Quadrus to correct the non-compliant conduct in a timely manner.
8. As a result, the MER Control and Supervision Inadequacy constituted a breach of section 11.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

9. The failure in Quadrus' systems of controls and supervision associated with the MER Control and Supervision Inadequacy was contrary to the public interest.
10. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

**DATED** at Toronto, this 6th day November, 2015.

1.5 Notices from the Office of the Secretary

1.5.1 Majestic Supply Co. Inc. et al.

**FOR IMMEDIATE RELEASE**  
November 4, 2015

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

**AND**

**IN THE MATTER OF  
MAJESTIC SUPPLY CO. INC.,  
SUNCASTLE DEVELOPMENTS CORPORATION,  
HERBERT ADAMS, STEVE BISHOP,  
MARY KRICFALUSI, KEVIN LOMAN AND  
CBK ENTERPRISES INC.**

**TORONTO** – The Commission issued an Order in the above named matter which provides that the Hearing is adjourned to November 24, 2015 at 1:30 p.m., or to such other date as directed by the Office of the Secretary.

A copy of the Order dated October 30, 2015 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
SECRETARY

For media inquiries:

[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

For investor inquiries:

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

1.5.2 Quadrus Investment Services Ltd.

**FOR IMMEDIATE RELEASE**  
November 6, 2015

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

**AND**

**IN THE MATTER OF  
QUADRUS INVESTMENT SERVICES LTD.**

**TORONTO** – The Office of the Secretary issued a Notice of Hearing to consider whether it is in the public interest to approve the Settlement Agreement dated November 6, 2015, on a no-contest basis, between Staff of the Commission and Quadrus Investment Services Ltd.

The hearing pursuant to subsections 127(1) and 127(2) and section 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") will be held at the offices of the Commission located at 20 Queen Street West, 17th Floor, on November 10, 2015 at 11:00 a.m.

A copy of the Notice of Hearing dated November 6, 2015 and Statement of Allegations of Staff of the Ontario Securities Commission dated November 6, 2015 are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
SECRETARY

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1.5.3 Future Solar Developments Inc. et al.

FOR IMMEDIATE RELEASE  
November 9, 2015

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

AND

IN THE MATTER OF  
FUTURE SOLAR DEVELOPMENTS INC.,  
CENITH ENERGY CORPORATION, CENITH AIR INC.,  
ANGEL IMMIGRATION INC. and  
XUNDONG QIN also known as SAM QIN

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

1. pursuant to subsections 127(1) and 127(8) of the Act, the Temporary Order is extended until December 4, 2015, or until further order of the Commission; and
2. the hearing of this matter is adjourned until December 2, 2015 at 9:30 a.m., or on such other date and time as provided by the Office of the Secretary and agreed to by the parties.

A copy of the Temporary Order dated October 30, 2015 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

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1.5.4 Future Solar Developments Inc. et al.

FOR IMMEDIATE RELEASE  
November 9, 2015

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

AND

IN THE MATTER OF  
FUTURE SOLAR DEVELOPMENTS INC.,  
CENITH ENERGY CORPORATION, CENITH AIR INC.,  
ANGEL IMMIGRATION INC. and  
XUNDONG QIN also known as SAM QIN

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

1. the Third Appearance in this matter is adjourned to December 2, 2015 at 9:30 a.m. or on such other date and time as provided by the Office of the Secretary and agreed to by the parties.

A copy of the Order dated October 30, 2015 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

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JOSÉE TURCOTTE  
SECRETARY

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1.5.5 Lance Kotton and Titan Equity Group Ltd.

FOR IMMEDIATE RELEASE  
November 10, 2015

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

AND

IN THE MATTER OF  
LANCE KOTTON and TITAN EQUITY GROUP LTD.

**TORONTO** – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on November 19, 2015 at 10:00 a.m. to consider whether it is in the public interest for the Commission:

- (1) to extend the Temporary Order pursuant to subsections 127(7) and (8) of the Act until the conclusion of the hearing, or until such further time as considered necessary by the Commission; and
- (2) to make such further orders as the Commission considers appropriate.

A copy of the Notice of Hearing dated November 9, 2015 and Temporary Order dated November 6, 2015 are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
SECRETARY

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1.5.6 Quadrus Investment Services Ltd.

FOR IMMEDIATE RELEASE  
November 10, 2015

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

AND

IN THE MATTER OF  
QUADRUS INVESTMENT SERVICES LTD.

**TORONTO** – Following a hearing held today, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Quadrus Investment Services Ltd.

A copy of the Order dated November 10, 2015 and Settlement Agreement dated November 6, 2015 are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
SECRETARY

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1-877-785-1555 (Toll Free)



1.5.7 Eda Marie Agueci et al.

**FOR IMMEDIATE RELEASE**  
**November 10, 2015**

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

**AND**

**IN THE MATTER OF  
EDA MARIE AGUECI, DENNIS WING, SANTO IACONO,  
JOSEPHINE RAPONI, KIMBERLEY STEPHANY,  
HENRY FIORILLO, GIUSEPPE (JOSEPH) FIORINI,  
JOHN SERPA, IAN TELFER, JACOB GORNITZKI  
and POLLEN SERVICES LIMITED**

**TORONTO** – The Commission issued a Notice of Hearing in the above named matter to consider whether it is in the public interest to vary the Sanctions and Costs Order pursuant to section 144 of the Act and to make such further orders as the Commission considers appropriate.

A copy of the Notice of Hearing dated November 9, 2015 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

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JOSÉE TURCOTTE  
SECRETARY

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

1.5.8 Blue Gold Holdings Ltd. et al.

FOR IMMEDIATE RELEASE  
November 10, 2015

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

AND

IN THE MATTER OF  
BLUE GOLD HOLDINGS LTD., DEREK BLACKBURN,  
RAJ KURICHH AND NIGEL GREENING

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

1. This matter is adjourned to a confidential pre-hearing conference on January 22, 2016, at 9:00 a.m.;
2. By November 16, 2015 counsel for Kurichh will file and serve on each party a notice of motion accompanied by a motion record, in respect of the Disclosure Motion;
3. The Disclosure Motion shall be heard on January 8, 2016 at 10:00 a.m.; and
4. By January 15, 2016, the Participating Respondents will:
  - a. serve on Staff and the other Participating Respondent copies of all documents that the Participating Respondent intends to produce or enter as evidence at the hearing on the merits; and
  - b. serve on Staff and the other Participating Respondent summaries of the evidence that the Participating Respondent's witnesses are expected to give at the hearing.

A copy of the Order dated November 4, 2015 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

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JOSÉE TURCOTTE  
SECRETARY

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## Chapter 2

# Decisions, Orders and Rulings

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### 2.1 Decisions

#### 2.1.1 Steadyhand Investment Management Ltd. and Steadyhand Investment Funds Inc.

##### Headnote

Under paragraph 4.1(1)(b) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations a firm registered in any jurisdiction of Canada must not permit an individual to act as a dealing, advising or associate advising representative of the registered firm if the individual is registered as a dealing, advising or associate advising representative of another firm registered in any jurisdiction of Canada. A registered firm wants to permit an individual to act as a dealing, advising or associate advising representative where the individual is registered as a dealing, advising or associate advising representative of another registered firm – The registered firms are affiliated entities and have valid business reasons for the individuals to be registered with both firms. The individuals will have sufficient time to adequately serve both firms. The firms have policies and procedures in place to manage potential conflicts of interest. The firms are able to deal with any potential conflicts, including by supervising how the individual will deal with these conflicts. The registered firms are exempted from the prohibition.

##### Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 4.1, 13.4, 15.1.  
National Instrument 81-107 Independent Review Committee for Investment Funds.

October 30, 2015

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

AND

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

AND

IN THE MATTER OF  
STEADYHAND INVESTMENT MANAGEMENT LTD.  
(Steadyhand)

AND

STEADYHAND INVESTMENT FUNDS INC.  
(SIFI and together with Steadyhand, the Filers)

DECISION

##### Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the Legislation) for relief from the restriction in paragraph 4.1(1)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103), pursuant to section 15.1 of NI 31-103, to permit an individual (the Representative) to be registered as both an advising representative of Steadyhand and a dealing representative of SIFI (Relief Sought).

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

- (a) the British Columbia Securities Commission (BCSC) is the principal regulator for this application; and
- (b) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

### Interpretation

- 2 Terms defined in National Instrument 14-101 *Definitions*, Multilateral Instrument 11-102 *Passport System* and NI 31-103 have the same meaning if used in this decision, unless otherwise defined.

### Representations

- 3 This decision is based on the following facts represented by the Filers:
  1. The Filers are both corporations governed by the *Canada Business Corporations Act*.
  2. Steadyhand is registered in the categories of investment fund manager and portfolio manager with the securities regulatory authorities in British Columbia and Ontario. SIFI is an affiliate of Steadyhand and is registered as a mutual fund dealer with the securities regulatory authorities in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and is a member of the Mutual Fund Dealers Association (MFDA).
  3. the principal regulator of the Filers is the BCSC because the Filers' head offices are located in British Columbia.
  4. The Filers are not in default of securities legislation in any jurisdiction of Canada.
  5. Steadyhand is the manager of the Steadyhand Savings Fund, Steadyhand Income Fund, Steadyhand Founders Fund, Steadyhand Equity Fund, Steadyhand Global Equity Fund and Steadyhand Small-Cap Equity Fund (together, the Steadyhand Funds), a family of mutual funds distributed pursuant to a simplified prospectus. Steadyhand is the portfolio manager for the Steadyhand Founders Fund, a fund of funds which invests using the other five Steadyhand Funds (all managed by sub-advisors). Steadyhand is registered as a portfolio manager under securities laws to facilitate acting as an investment fund manager, and has no intention to provide discretionary client services.
  6. SIFI is relying on approval granted by the MFDA, subject to certain terms and conditions, for the Representative to be registered as a dealing representative of SIFI.
  7. SIFT is the principal distributor of the Steadyhand Funds.
  8. The Representative is currently registered as an advising representative (portfolio manager) of Steadyhand in British Columbia and Ontario, and he intends to also be registered as a dealing representative (mutual fund dealer) of SIFI in British Columbia and Ontario.
  9. The Representative, in his role as advising representative of Steadyhand, only conducts portfolio management duties for the Steadyhand Founders Fund. The Representative also assists with the oversight of the sub-advisors for the other Steadyhand Funds. The Representative does not advise any other clients, including members of the public, in this role. The Representative's portfolio management duties are almost exclusively research and analysis, and the only instances he might engage in any manner of trading or securities-related business is when he determines the asset mix of the Steadyhand Founders Fund and reviews and approves funding allocations of this fund (the Representative does not make any trades on behalf of the Steadyhand Funds).
  10. The Representative, in his role as dealing representative of SIFI, will not engage in any discretionary trading or otherwise have any discretionary authority in his capacity as dealing representative of SIFI. The Representative's primary duties will include client contact (including answering questions, seeking feedback, and following up on unresolved issues); maintaining an intimate knowledge of SIFI's products, services and research; and providing back-up support when other team members are absent.
  11. The majority of the Representative's time will be spent in his capacity as an advising representative of Steadyhand. The Filers do not expect that the dual registration of the representative will create significant additional work for the Representative, nor will it interfere with his responsibilities to either Filer.

12. The Representative will have sufficient time and resources to adequately serve Steadyhand and SIFI and their respective clients.
13. The Representative will be subject to supervision by, and the applicable compliance requirements of, both Filers. Existing compliance and supervisory structures will apply depending on which regulatory entity's behalf the Representative is acting.
14. There are valid business reasons for the dual registration of the Representative at each of SIFI and Steadyhand. The dual registration will create operational efficiencies and optimization of resources for the two affiliated entities.
15. The Representative will act in the best interests of the Steadyhand Founders Fund and his SIFI clients and deal fairly, honestly and in good faith with them.
16. In order to minimize any client confusion, the relationship between the Filers, and the dual registration of the Representative, will be disclosed in writing, and prior to providing registerable services, to the Steadyhand Founders Fund and clients of SIFI with whom the Representative communicates or otherwise provides services to. Specifically, in respect of any investment funds, the written disclosure will be made in each applicable fund's simplified prospectus, and in respect of SIFI, the written disclosure will be in SIFI's account opening documentation.
17. There will be minimal potential for conflicts of interest or client confusion because the Representative (in his role as advising representative of Steadyhand) and Steadyhand itself (as a portfolio manager) will only advise the Steadyhand Funds, and will not advise any members of the public. In addition, the Filers do not share any clients and accordingly, any client confusion related to the dual registration of the Representative will be minimized.
18. The Representative will clearly understand which Filer he is acting on behalf of when he is conducting registerable activities on behalf of a Filer.
19. Steadyhand and SIFI are affiliated and accordingly, the dual registration of the Representative will not give rise to the conflicts of interest present in a similar arrangement involving unrelated, arm's length firms. The interests of the Filers are aligned and therefore the potential for conflicts of interest is remote. To the extent any conflicts of interest arise as a result of the dual registration of the Representative, the Filers have in place compliance and supervisory policies and procedures to monitor the conduct of the Representative and deal appropriately with these conflicts. The Representative is subject to these policies and procedures.
20. Each of the Filers are subject to the restrictions and requirements in Part 13 of NI 31-103 regarding conflict of interest matters, except as follows. Section 13.4 of NI 31-103 does not apply to Steadyhand as the investment fund manager to certain of its investment funds that are subject to the requirements of National Instrument 81-107 *Independent Review Committee for Investment Funds* (NI 81-107) because these funds must instead comply with the requirements in NI 81-107 relating to conflict of interest matters, inter-fund trades and transactions in securities of related issuers.
22. Steadyhand, while the Representative is a dealing representative of SIFI, even though the Filers are affiliates.

**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 Relief Sought is granted.

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

**2.1.2 SilverCrest Mines Inc. – s. 1(10)(a)(ii)**

**Headnote**

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

**Applicable Legislative Provisions**

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

**Citation:** Re SilverCrest Mines Inc., 2015 ABASC 922

November 3, 2015

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

Attention: Farzad Forooghian

Dear Sir:

**Re: SilverCrest Mines Inc. (the Applicant) – Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer**

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

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

The Applicant has represented to the Decision Makers that:

- (a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
- (b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;
- (c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer; and
- (d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer.

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

“Denise Weeres”  
Manager, Legal  
Corporate Finance

2.1.3 First Asset Investment Management Inc. et al.

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – investment fund manager obtaining relief from the requirement to obtain the approval of securityholders before changing the fundamental investment objective of a non-redeemable investment fund – relief required as a result of changes to tax law eliminating certain tax benefits associated with character conversion transactions – manager required to send written notice at least 30 days before the effective date of the change to the investment objective of the funds setting out the change, the reasons for such change and a statement that the funds will no longer distribute gains under forward contracts that are treated as capital gains for tax purposes – National Instrument 81-102 Investment Funds.

**Applicable Legislative Provisions**

National Instrument 81-102 Investment Funds, ss. 5.1(1)(c), 19.1.

November 3, 2015

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  
FIRST ASSET INVESTMENT MANAGEMENT INC.  
(the Filer)

AND

IN THE MATTER OF  
CANADIAN ADVANTAGED CONVERTIBLES FUND

AND

NORTH AMERICAN ADVANTAGED CONVERTIBLE FUND  
(collectively, the Funds)

DECISION

**Background**

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for exemptive relief from the requirement to obtain prior securityholder approval before changing the fundamental investment objective of the Funds under subsection 5.1(1)(c) of National Instrument 81-102 – *Investment Funds (NI 81-102)* (the **Requested Relief**).

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

1. the Ontario Securities Commission is the principal regulator for this application; and
2. the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System (MI 11-102)* is intended to be relied upon in each of the other provinces and territories of Canada (collectively with Ontario, the **Jurisdictions**).

### Interpretation

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

The following terms have the following meaning:

**ADC** means Canadian Advantaged Convertibles Fund;

**Fund** means any one of the Funds, individually;

**NCD** means North American Advantaged Convertible Fund.

### Representations

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

1. The Filer is the portfolio adviser and manager of the Funds. The Filer is registered as an investment fund manager in Ontario, a portfolio manager and an exempt market dealer under the *Securities Act* (Ontario) and a commodity trading manager under the *Commodity Futures Act* (Ontario). It is also registered as an investment fund manager under the *Securities Act* (Newfoundland and Labrador) and *Securities Act* (Québec). The head office of the Filer is located at 95 Wellington Street West, Suite 1400, Toronto Ontario, M5J 2N7.
2. Each Fund is an investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust.
3. Neither the Filer nor the Funds are in default of securities legislation in any jurisdiction.
4. ADC is a non-redeemable investment fund. Its units were qualified for distribution pursuant to a prospectus dated December 10, 2010 that was prepared and filed in accordance with the securities legislation of the Jurisdictions. Accordingly, ADC is a reporting issuer or the equivalent in each province or territory of Canada. The units of ADC are listed and posted for trading on the Toronto Stock Exchange (the **TSX**).
5. NCD is a non-redeemable investment fund. Its units were qualified for distribution pursuant to a prospectus dated April 19, 2011, that was prepared and filed in accordance with the securities legislation of the Jurisdictions. Accordingly, NCD is a reporting issuer or the equivalent in each province or territory of Canada. The units of NCD are listed and posted for trading on the TSX.
6. Under its current investment objective and strategies, each Fund is a party to a forward purchase and sale agreement (each a **Forward Agreement**). Each Forward Agreement provides the applicable Fund with exposure to the returns of the securities of an applicable investment fund (individually, a Reference Fund or collectively, the Reference Funds). The current investment objective of each Fund is set out in the table below:

<b>Fund</b>	<b>Investment Objective</b>
ADC	<p>The fund's investment objectives are to provide holders of units with: (i) quarterly tax-advantaged distributions; and (ii) the opportunity for capital appreciation.</p> <p>The fund invests in an actively managed, diversified portfolio (the Portfolio) comprised primarily of convertible debentures of Canadian issuers. The fund obtains economic exposure to the Portfolio through the Forward Agreement. As the fund will partially settle the Forward Agreement to fund distributions, such distributions will be comprised primarily of returns of capital and capital gains and accordingly, such distributions are described herein as tax-advantaged.</p>



NCD The fund's investment objectives are to provide holders of units with: (i) quarterly tax-advantaged distributions; and (ii) the opportunity for capital appreciation.

The fund invests in the Portfolio comprised primarily of convertible debentures of Canadian, U.S. and global issuers and to seek to provide a good risk-adjusted way to invest in the Canadian, U.S. and global markets, through a combination of stable current income, security of principal and the opportunity for capital appreciation. The fund obtains economic exposure to the Portfolio through the Forward Agreement. As the fund will partially settle the Forward Agreement to fund distributions, such distributions will be comprised primarily of returns of capital and capital gains and accordingly, such distributions are described as tax-advantaged.

7. The fundamental investment objective of each Reference Fund is as follows:

ACD Reference Fund The fund's investment objective is to provide holders of units with the opportunity for capital appreciation by investing in an actively managed portfolio comprised primarily of convertible debentures of Canadian issuers.

NCD Reference Fund The fund's investment objective is to provide holders of units with the opportunity for capital appreciation by investing in an actively managed, diversified portfolio comprised primarily of convertible debentures of Canadian, U.S. and global issuers.

8. Through the use of the Forward Agreements, each Fund provides tax-advantaged distributions to securityholders because each Fund will realize capital gains (or capital losses) on the disposition of securities acquired under the Forward Agreements, rather than ordinary income. Ordinary income is subject to tax at a higher rate in Canada than capital gains.

9. The Forward Agreements with respect to ADC and NCD are expected to expire and terminate on December 21, 2015 and May 20, 2016, respectively (the **Forward Expiry Dates**).

10. The *Income Tax Act* (Canada) 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 character conversion transactions (the **Tax Changes**). Under the Tax Changes, the favourable tax treatment of character conversion transactions will be eliminated after a prescribed date (the **Effective Date**). The Effective Date for each Fund will be the applicable Forward Expiry Date.

11. As a result of the Tax Changes, it is anticipated that the Forward Agreements would no longer be able to, over the long term, provide material tax efficiency to securityholders of the Funds. As a result, the Filer determined that, upon termination of the Forward Agreements, each Fund would own its portfolio of investments directly rather than through the Reference Fund, and the corresponding Reference Fund for each Fund will be wound up.

12. The Filer has determined that, as a result of the Tax Changes, it would be more efficient and less costly for each Fund to seek to achieve its fundamental investment objective after the Effective Date by investing its assets directly in the same, or substantially the same, assets as those held by the applicable Reference Fund.

13. The Filer wishes to amend the investment objectives of each Fund to remove all references to the use of Forward Agreements to gain exposure to the applicable Reference Fund, to delete references to "tax-advantaged" and to clarify that each Fund will invest directly in securities similar to those held by the applicable Reference Fund.

14. Following such amendment, the revised investment objectives of each Fund will be as set out in the table below:

<b>Fund</b>	<b>Investment Objective</b>
ADC	<p>The Fund's investment objectives are to provide holders of units with: (i) quarterly distributions; and (ii) the opportunity for capital appreciation.</p> <p>The Fund obtains exposure to the Portfolio comprised primarily of convertible debentures of Canadian issuers. The Portfolio will be actively managed by First Asset Investment Management Inc.</p>

NCD        The Fund's investment objectives are to provide holders of units with: (i) quarterly tax-advantaged distributions; and (ii) the opportunity for capital appreciation.

The Fund has been created to obtain exposure to the Portfolio comprised primarily of convertible debentures of Canadian, U.S. and global issuers and to seek to provide a good risk-adjusted way to invest in the Canadian, U.S. and global markets, through a combination of stable current income, security of principal and the opportunity for capital appreciation.

15.        The Filer expects to effect an inter-fund transfer of the portfolio assets of the Reference Funds to the Funds in accordance with applicable securities laws, or an exemption therefrom.
16.        The Filer has complied with the material change report requirements set out in Part 11 of National Instrument 81-106 – Investment Fund Continuous Disclosure in connection with the Filer's decision to make the changes to the investment objectives of the Funds set out above.
17.        The Filer has determined that it would be in the best interests of each Fund and not prejudicial to the public interest to receive 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, at least 30 days before the effective date of the change in the investment objectives of each Fund, the Filer will send to each securityholder of each Fund a written notice that sets out the change to the investment objective, the reasons for such change and a statement that such Fund will no longer distribute gains under forward contracts that are treated as capital gains for tax purposes.

"Darren Mckall"  
Manager, Investment Funds and Structured Products Branch  
Ontario Securities Commission

## 2.1.4 Hewlett-Packard Company

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Dual application for Exemptive Relief Applications – Application for relief from prospectus requirements for spin-off by a U.S. publicly traded company to investors by issuing shares of spun-off entity – Distribution not covered by legislative exemptions – There is no market for the securities of the issuer in Canada – SpinCo will become a U.S. publicly traded company – The number of Canadian participants and their share ownership are *de minimis* – Relief granted, subject to conditions.

### Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53, 74.

October 30, 2015

### TRANSLATION

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  
HEWLETT-PACKARD COMPANY  
(the Filer)

### DECISION

### Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption (the **Exemption Sought**) from the prospectus requirements contained in the Legislation in connection with the distribution (the **Spin-Off**) by the Filer of the shares of common stock of Hewlett Packard Enterprise Company (**HPE**), a direct wholly-owned subsidiary of the Filer, by way of a dividend to holders (**Filer Shareholders**) of shares of common stock of the Filer (**Filer Shares**) resident in Canada (**Filer Canadian Shareholders**).

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 (the **Principal Regulator**);
- (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 jurisdictions of Canada, other than Ontario; and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

### Interpretation

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

### Representations

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

1. The Filer is a corporation incorporated in Delaware with principal executive offices in Palo Alto, CA, U.S.A. The Filer is a leading global provider of products, technologies, software, solutions and services to individual consumers, small and medium sized businesses and large enterprises, including customers in the government, health and education sectors.
2. The Filer is a reporting issuer in Québec and is not a reporting issuer under the securities legislation of any other jurisdiction of Canada and, currently, has no intention of becoming a reporting issuer under the securities legislation of any other jurisdiction of Canada.
3. The authorized capital of the Filer consists of 9.6 billion Filer Shares and 300 million shares of preferred stock. As of July 31, 2015, there were approximately 1.874 billion Filer Shares issued and outstanding and no shares of preferred stock were issued and outstanding.
4. Filer Shares are listed on the New York Stock Exchange (the **NYSE**) and trade under the symbol "HPQ". Filer Shares are not listed on any Canadian stock exchange and, currently, the Filer has no intention of listing its securities on any Canadian stock exchange.
5. The Filer is subject to the 1934 Act and the rules, regulations and orders promulgated thereunder.
6. Based on a spreadsheet that breaks down the Filer's record holders by domicile provided by Wells Fargo Shareowner Services (the Filer's transfer agent), as of July 11, 2015, there were 1,192 registered Filer Canadian Shareholders (149 of whom are in Québec), representing approximately 0.02% of the registered holders of the Filer worldwide, holding approximately 401,436 Filer Shares (65,975 of which are held in Québec), representing approximately 1.49% of the outstanding Filer Shares as of such date. The Filer does not expect these numbers to have materially changed since that date.
7. Based on a "Geographic Analysis Report" of beneficial holders provided by Broadridge Financial Solutions, Inc. obtained by the Filer as of July 22, 2015, there were 14,886 beneficial Filer Canadian Shareholders (3,996 of whom are in Québec), representing approximately 2.5% of the beneficial holders of Filer Shares worldwide, holding approximately 15,107,215 Filer Shares (2,128,384 of which are held in Québec), representing approximately 0.081% of the outstanding Filer Shares. The Filer does not expect these numbers to have materially changed since that date.
8. Based on the information above, the number of registered and beneficial Filer Canadian Shareholders and the proportion of Filer Shares held by such shareholders is de minimis.
9. The Filer is proposing to spin-off its enterprise technology infrastructure, software, services and financing businesses into a newly formed independent company, HPE, through a series of transactions. These transactions are expected to result in the Spin-Off by the Filer, pro rata to its shareholders of all of the shares in the common stock of HPE (**HPE Shares**), which will be 100% of the HPE Shares outstanding immediately prior to such distribution.
10. HPE is a Delaware corporation with principal executive offices in Palo Alto, CA, U.S.A. It is currently a wholly-owned subsidiary of the Filer that, at the time of the Spin-Off, will hold the Filer's global enterprise technology infrastructure, software, services and financing businesses.
11. As of the date hereof, all of the issued and outstanding HPE Shares are held by the Filer, and no other shares or classes of stock of HPE are issued and outstanding.
12. Fractional shares of HPE Shares will not be distributed in connection with the Spin-Off. The distribution agent will aggregate the amount of fractional shares that would otherwise have been distributed and will sell such shares in the open market at prevailing market prices and distribute the cash proceeds (net of discounts and commissions) in U.S. Dollars. The distribution agent will distribute such net proceeds ratably to each Filer Shareholder who would otherwise have been entitled to receive a fractional share of HPE.
13. Filer Shareholders will not be required to pay any consideration for the HPE Shares, or to exchange or surrender Filer Shares or take any other action to receive their HPE Shares. The Spin-Off will occur automatically and without any investment decision on the part of Filer Shareholders.
14. Following the Spin-Off, HPE will cease to be a subsidiary of the Filer.
15. HPE will apply to have the HPE Shares listed on the NYSE before the Spin-Off.
16. After the completion of the Spin-Off, the Filer is planning to continue to be listed and traded on the NYSE.

## Decisions, Orders and Rulings

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17. HPE is not a reporting issuer in any jurisdiction of Canada nor are its securities listed on any Canadian stock exchange. Pursuant to the Spin-Off, HPE will become a reporting issuer under the *Securities Act* (Québec) by operation of law. To the knowledge of the Filer, HPE has no intention of becoming a reporting issuer in any other jurisdiction of Canada or to list its securities on any Canadian stock exchange after the completion of the Spin-Off.
18. The Spin-Off will be effected under the laws of the State of Delaware.
19. Because the Spin-Off will be effected by way of a dividend of HPE Shares to Filer Shareholders, no shareholder approval of the proposed transaction is required (or being sought) under Delaware law.
20. In connection with the Spin-Off, HPE has filed with the SEC a registration statement on Form 10 (Registration Statement) under the 1933 Act detailing the proposed Spin-Off. HPE initially filed the Registration Statement with the SEC on July 1, 2015 and subsequently filed amendments to the Registration Statement on August 10, 2015, September 4, 2015 and September 15, 2015.
21. After the SEC has completed its review of the Registration Statement, Filer Shareholders will receive a notice of internet availability of an information statement (**Information Statement**) detailing the terms and conditions of the Spin-Off and forming part of the Registration Statement. All materials relating to the Spin-Off sent by or on behalf of the Filer and HPE in the United States (including the Information Statement) will be sent concurrently to Filer Canadian Shareholders.
22. The Information Statement will contain prospectus level disclosure about HPE as required to comply with the SEC requirements for Form 10.
23. Filer Canadian Shareholders who receive HPE Shares pursuant to the Spin-Off will have the benefit of the same rights and remedies in respect of the disclosure documentation received in connection with the Spin-Off that are available to Filer Shareholders resident in the United States.
24. Following the completion of the Spin-Off, HPE will send concurrently to HPE Shareholders resident in Canada the same disclosure materials required to be sent under applicable U.S. federal securities law to HPE Shareholders resident in the United States.
25. There will be no active trading market for the HPE Shares in Canada following the Spin-Off and none is expected to develop. Consequently, it is expected that any resale of HPE Shares distributed in connection with the Spin-Off will occur through the facilities of the NYSE.
26. The distribution to Filer Canadian Shareholders of HPE Shares in connection with the Spin-Off would be exempt from the prospectus requirements pursuant to subsection 2.31(2) of NI 45-106 but for the fact that HPE will not be a reporting issuer at the time of the distribution under the securities legislation of any jurisdiction of Canada.
27. Neither the Filer nor HPE is in default of any securities legislation in any jurisdiction of Canada.

### Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted, provided that the first trade in the HPE Shares acquired pursuant to the Spin-Off will be deemed to be a distribution unless the conditions in section 2.6 or subsection 2.14(1) of National Instrument 45-102 – *Resale of Securities* are satisfied.

“Lucie J. Roy”  
Senior Director, Corporate Finance

**2.1.5 Webtech Wireless Inc. – s. 1(10)(a)(ii)**

**Headnote**

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

**Applicable Legislative Provisions**

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

November 3, 2015

Webtech Wireless Inc.  
c/o Cassels Brock & Blackwell LLP  
2100 Scotia Plaza, 40 King St. West  
Toronto, ON M5H 3C2

Dear Sirs/Mesdames:

**Re: Webtech Wireless Inc. (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan and Manitoba (the Jurisdictions) that the Applicant is not a reporting issuer**

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

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

The Applicant has represented to the Decision Makers that:

- (a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
- (b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;
- (c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer; and
- (d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer.

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

“Shannon O’Hearn”  
Manager, Corporate Finance  
Ontario Securities Commission

## 2.1.6 Hydro One Limited and Hydro One Inc.

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards (NI 52-107), s. 5.1 – the Issuer with activities subject to rate-regulation requests relief from the requirements under section 3.2 of NI 52-107 that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises in order to permit the Issuer to prepare its financial statements in accordance with U.S. GAAP – requested relief granted.

### Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standard, s. 5.1.

August 27, 2015

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  
HYDRO ONE LIMITED AND HYDRO ONE INC.  
(the Filer)

DECISION

### Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the entity that will become the sole shareholder of the Filer, a corporation to be incorporated under the *Business Corporations Act* (Ontario) and named Hydro One Limited (the **Parent**), from the requirements under section 3.2 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards (NI 52-107)* that financial statements (a) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises; and (b) disclose an unreserved statement of compliance with IFRS in the case of annual financial statements and an unreserved statement of compliance with IAS 34 in the case of an interim financial report, which requirements are also applicable to financial statements included in a prospectus (the **Exemption Sought**).

Furthermore, the principal regulator in the Jurisdiction has received a request from the Filer for a decision that the application and this decision be kept confidential and not be made public until the earlier of: (i) the date on which the Filer and/or the Parent publicly discloses all of the information in the application and this decision that has not been previously disclosed; (ii) the date on which the Filer and/or the Parent publicly discloses the granting of the Exemption Sought; (iii) the date on which the Parent obtains a receipt for a preliminary long form prospectus relating to the proposed initial public offering of the Parent (the **IPO**); (iv) the date on which the Filer advises the principal regulator that there is no longer any need for the application and this decision to remain confidential; and (v) the date that is 90 days after the date of this decision (the **Confidentiality Sought**).

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

- (a) the Ontario Securities Commission is the principal regulator for this application;
- (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, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (the **Passport Jurisdictions**); and



- (c) the decision of the principal regulator automatically results in an equivalent decision in the Passport Jurisdictions.

### Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 52-107 have the same meaning if used in this decision, unless otherwise defined, and the term “activities subject to rate regulation” has the meaning given in the Handbook.

### Representations

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

1. The Filer is incorporated under the *Business Corporations Act* (Ontario) and is currently wholly-owned by the Province of Ontario (Province). The head office of the Filer is located at 483 Bay Street, South Tower, 8th Floor, Toronto, Ontario M5G 2P5.
2. The Filer is a reporting issuer in each of the provinces of Canada and is not in default of securities legislation in any jurisdiction.
3. Prior to the filing of the preliminary prospectus for the proposed IPO, the Parent will be incorporated under the *Business Corporations Act* (Ontario) and will, until completion of the IPO, be wholly-owned by the Province. The head office of the Parent will be located at 483 Bay Street, South Tower, 8th Floor, Toronto, Ontario M5G 2P5.
4. Prior to completion of the IPO, the Parent will complete a series of reorganizational steps (the **Pre-Closing Steps**) such that after completion of the Pre-Closing Steps:
  - (a) the authorized share capital of the Parent will consist of, among other things, an unlimited number of common shares with all of the common shares of the Parent held by the Province;
  - (b) the Filer will be a wholly-owned subsidiary of the Parent and its financial statements will be consolidated into the financial statements of the Parent; and
  - (c) the Parent will be a holding company which, through its subsidiaries (including the Filer and its subsidiaries):
    - (i) distributes electricity and engages in electricity conservation and demand management activities; and
    - (ii) transmits electricity to local distribution companies (**LDCs**) and non-LDC customers throughout Ontario.
5. Following completion of the Pre-Closing Steps, the Province will sell a portion of its common shares held in the Parent to a syndicate of underwriters for distribution to the public under a long form prospectus filed by the Parent with the securities regulatory authorities in each of the provinces and territories of Canada in connection with the IPO.
6. Upon completion of the IPO, the bulk of the Parent’s business conducted through its subsidiaries (including the Filer and its subsidiaries) will be subject to rate regulation by the Ontario Energy Board (**OEB**), which has broad powers relating to the licensing, standards of conduct and service and the regulation of rates charged by electricity distributors and transmitters in Ontario, including those subsidiaries of the Parent engaged in such activities. No change in the business of the Filer and its subsidiaries will occur as a result of the IPO other than the fact certain immaterial businesses of the Filer and its subsidiaries are expected to be transferred to the Parent or one of its subsidiaries prior to, in connection with, or immediately following, the closing of the IPO. In addition, prior to the IPO, it is expected that the shares of Hydro One Brampton Networks Inc., a subsidiary of the Filer, will be transferred to the Province.
7. The Filer is a SEC issuer that prepares and reports its financial statements in accordance with U.S. GAAP as permitted by Section 3.7 of NI 52-107.
8. Upon completion of the IPO, the Parent will not be an SEC issuer.
9. Upon acquisition of all of the outstanding shares of the Filer, the Parent will have activities subject to rate regulation.
10. The International Accounting Standards Board (**IASB**) continues to work on a project focusing on accounting specific to activities subject to rate regulation. It is not yet known when this project will be completed or whether IFRS will include a specific standard that is mandatory for entities with activities subject to rate regulation.



**Decision**

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

The decision of the principal regulator under the Legislation is that:

- (a) the Exemption Sought is granted to the Parent in respect of the Parent's financial statements required to be filed (or included in any prospectus of the Parent) on or after the date of this decision, provided that the Parent prepares those financial statements in accordance with U.S. GAAP; and
- (b) the Exemption Sought will terminate in respect of the Parent on the earliest of the following:
  - (i) if the Parent does not complete the Pre-Closing Steps and the IPO in the manner contemplated in this decision;
  - (ii) January 1, 2019;
  - (iii) if, after all of the outstanding shares of the Filer are acquired by the Parent, the Parent thereafter ceases to have activities subject to rate regulation, the first day of the Parent's financial year that commences after the Parent ceases to have activities subject to rate regulation; and
  - (iv) the effective date prescribed by the IASB for the mandatory application of a standard within IFRS specific to entities with activities subject to rate regulation.

Furthermore, the decision of the principal regulator is that the Confidentiality Sought is granted.

"Cameron McInnis"  
Chief Accountant  
Ontario Securities Commission

## 2.1.7 First Asset Investment Management Inc.

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – A non-redeemable investment fund converting into an ETF granted relief from the concentration restriction in NI 81-102 to permit it to invest up to 20% of net asset value in each of six Canadian banks named in its investment objectives.

### Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.1(1), 19.1.

September 9, 2015

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  
FIRST ASSET INVESTMENT MANAGEMENT INC.  
(THE MANAGER)

DECISION

### Background

The securities regulatory authority or regulator in the Jurisdiction (the **Decision Maker**) has received an application from the Manager for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for an exemption relieving Canbanc Income Corp. (the **Fund**), upon conversion into an exchange traded fund (**ETF**), from the prohibition in subsection 2.1(1) of National Instrument 81-102 – *Investment Funds (NI 81-102)* to permit the Fund to purchase a security of a Bank (as defined below), enter into a specified derivatives transaction or purchase index participation units, notwithstanding the fact that, immediately after the transaction, more than 10 percent of the net asset value of the mutual fund will be invested in securities of a single issuer, subject to certain restrictions (the **Requested Relief**).

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

- (a) the Ontario Securities Commission (the **Commission**) is the principal regulator for this application; and
- (b) the Manager 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, Newfoundland and Labrador, Prince Edward Island, Yukon, Nunavut and Northwest Territories.

### 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 herein.

### Representations

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

#### *Organization and Structure of the Fund*

1. The Fund is a non-redeemable investment fund.

2. On July 10, 2015, the holders of equity shares (**Closed-End Shares**) of the Fund approved a conversion (the Conversion) of the Fund from a non-redeemable investment fund into a class of exchange traded fund shares (**ETF Shares**).
3. Until the completion of the Conversion, the Fund is not a “mutual fund” as defined under applicable securities legislation and does not operate in accordance with the requirements of securities legislation applicable to mutual funds.
4. The Manager is the portfolio adviser and manager of the Fund. The Manager is registered as an investment fund manager, a portfolio manager and an exempt market dealer under the *Securities Act* (Ontario) and a commodity trading manager under the *Commodity Futures Act* (Ontario). It is also registered as an investment fund manager under the *Securities Act* (Newfoundland and Labrador) and *Securities Act* (Quebec). The head office of the Manager is located at 95 Wellington Street West, Suite 1400, Toronto, Ontario, M5J 2N7.
5. The Manager filed a prospectus dated July 26, 2010 (the **Closed-End Prospectus**) with the securities regulatory authority in each province and territory of Canada to qualify the Closed-End Shares for distribution to the public. The Commission issued a receipt for the Closed-End Prospectus on July 27, 2010.
6. The Fund is a reporting issuer as defined under the applicable securities legislation of each province and territory of Canada and is not in default of any of the requirements of the securities legislation of the provinces and territories of Canada.
7. The Manager is not in default of any of the requirements of the securities legislation of the provinces and territories of Canada.
8. In connection with the Conversion, the constating documents of the Fund will be amended in order to effect the Conversion and to permit it to continuously offer two classes of shares: ETF Shares and exchange traded fund advisor shares (the **ETF Advisor Shares**, and together with the ETF Shares, the **Shares**). The only difference between the ETF Shares and the ETF Advisor Shares is the management fee payable by the Fund due to the service fee payable by the Manager in respect of the ETF Advisor Shares.
9. After the Conversion, the Closed-End Shares of the Fund will become ETF Shares of a class to be named “First Asset CanBanc Income ETF”, and the Shares will become a mutual fund subject to NI 81-102, subject to any exemptions therefrom that may be granted by the securities regulatory authorities.
10. Following the Conversion, Canbanc Income Corp. will be renamed “First Asset Fund Corp.”, or such other name as the Manager may determine.
11. Shareholders will not be required to take any action in connection with the Conversion. Post-Conversion, holder of Shares will have daily redemption rights.
12. The Manager filed a preliminary long form prospectus on June 29, 2015 (the **ETF Prospectus**) to qualify the distribution of the Shares under National Instrument 41-101 – *General Prospectus Requirements* in each of the provinces and territories of Canada.
13. A material change report in connection with the results of the meeting of shareholders approving the Conversion was filed on July 10, 2015 by the Manager.
14. The Closed-End Shares are listed on the Toronto Stock Exchange (the **TSX**) and will remain listed on the TSX after the Conversion as ETF Shares. The Manager, on behalf of the ETF Advisor Shares, has applied to list the ETF Advisor Shares on the TSX.

*Concentration Restriction*

15. The investment objectives of the ETF will be to provide shareholders with: (a) quarterly distributions; (b) the opportunity for capital appreciation; and (c) lower overall volatility of portfolio returns than would be experienced by owning a portfolio of common shares (the **Proposed Investments**) of the Bank of Montreal, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada, The Bank of Nova Scotia and The Toronto-Dominion Bank (collectively, the **Banks**) directly.
16. The ETF may also sell call options each month on up to 25% of the securities of each Bank in the Fund’s portfolio (**Portfolio Securities**). The Manager may decide, in its discretion, not to sell call options in any month.

## Decisions, Orders and Rulings

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17. If required to facilitate distributions or pay expenses of the ETF, securities of each Bank will be sold pro-rata across the ETF's portfolio according to their relative market values at the time of such sale.
18. Future subscriptions for Shares, if any, will be used to acquire securities of each Bank in the same weights as the Portfolio Securities exist in the portfolio, based on their relative market values at the time of such subscription.
19. In the absence of: (i) new subscriptions for Shares, (ii) sales of Portfolio Securities, if any, required to facilitate distributions, redemptions or pay expenses of the Shares, or (iii) corporate actions of the Banks such as stock splits or consolidations, it is expected that the number of common shares of each of the Banks referable to the portfolio of the Shares will not change. The ETF's portfolio will not be actively managed by the Manager.
20. The Portfolio Securities are listed on, among others, the New York Stock Exchange (**NYSE**) and/or the TSX.
21. The Banks are some of the most liquid equity securities listed on the TSX, and are less likely to be subject to liquidity concerns than the securities of other issuers. The liquidity of the Portfolio Securities is further evidenced by the markets for options in connection with the Portfolio Securities. A liquid market for options on the Portfolio Securities is primarily provided by the Montreal Exchange.
22. As the names of each of the Banks are listed in the stated investment objectives of the ETF, and the ETF will not invest in securities other than securities of the Banks, holders of the Shares will be fully aware of the risks involved with an investment in the Shares.
23. The investment objectives and investment strategies of the Fund, as well as the risk factors associated therewith, were disclosed in the Closed-End Prospectus and the investment objectives and investment strategies of the ETF, as well as the risk factors associated therewith, will be disclosed in the ETF Prospectus and each renewal prospectus thereof.

### Decision

The Decision Maker 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 Maker under the Legislation is that the Requested Relief is granted, provided that:

- (a) The Proposed Investments are in accordance with the investment objectives of the ETF;
- (b) The ETF will not purchase Portfolio Securities, or enter into any transaction to obtain indirect exposure to Portfolio Securities if:
  - (i) immediately after the transaction, more than 20 percent of the net assets of the Fund, taken at market value at the time of the transaction, would be invested, directly or indirectly, in securities of any one Bank; or
  - (ii) the ETF becomes an insider of any Bank as a result of such investment;
- (c) The ETF Prospectus discloses the fact that the ETF has obtained the Requested Relief to permit the Proposed Investments on the terms described in this decision.

"Darren McCall"  
Manager, Investment Funds and Structured Products  
Ontario Securities Commission

**2.1.8 Boulevard Industrial Real Estate Investment Trust – s. 1(10)(a)(ii)**

**Headnote**

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

**Ontario Statutes**

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

November 9, 2015

Boulevard Industrial Real Estate Investment Trust  
c/o Osler, Hoskin & Harcourt LLP  
100 King Street West, Suite 6100  
Toronto, Ontario, M5X 1B8

Dear Sirs/Mesdames:

**Re: Boulevard Industrial Real Estate Investment Trust (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer**

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

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

The Applicant has represented to the Decision Makers that:

- (a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
- (b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;
- (c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer; and
- (d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer.

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

“Kathryn Daniels”  
Deputy Director, Corporate Finance  
Ontario Securities Commission

## 2.2 Orders

### 2.2.1 Avion Gold Corporation

#### Headnote

OSC Rule 13-502 Fees, s. 8.1 – application from wholly-owned subsidiary of an issuer from requirement to pay participation fees – subsidiary previously exempted from requirements of National Instrument 51-102 Continuous Disclosure Obligations, National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings and the insider reporting requirements under Part XXI of the related securities legislation and the requirement to file an insider profile under National Instrument 55-102 System for Electronic Disclosure by Insiders – capitalization of applicant included in capitalization of parent reporting issuer – relief granted.

#### Applicable Legislative Provisions

OSC Rule 13-502 Fees, s. 8.1.

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

**AND**

**IN THE MATTER OF  
AVION GOLD CORPORATION**

**ORDER**

**WHEREAS** the Ontario Securities Commission (the **Commission**) has received an application from Avion Gold Corporation (the **Applicant**) for an order pursuant to section 8.1 of OSC Rule 13-502 Fees (**Rule 13-502**) exempting the Applicant from the requirement in section 2.2 of Rule 13-502 to pay participation fees in respect of its fiscal year ended December 31, 2012 (the **Exemption Sought**);

**AND WHEREAS** the Applicant has represented to the Commission that:

1. on October 18, 2012, the Applicant was acquired by and became an indirect subsidiary of Endeavour Mining Corporation (**Endeavour**) by way of a plan of arrangement pursuant to the *Business Corporations Act* (Ontario), pursuant to which the issued and outstanding common shares of the Applicant were exchanged for: (i) ordinary shares of Endeavour (**Ordinary Shares**) or (ii) non-voting redeemable preferred shares of the Applicant which are exchangeable for Ordinary Shares (**Exchangeable Shares**), and all outstanding options of the Applicant were adjusted such that they were exercisable only for Ordinary Shares;

2. as at December 31, 2012, Endeavour's capitalization was \$928,373,118, the calculation of which included the securities of Endeavour issued in connection with the acquisition of the Applicant, including the Ordinary Shares underlying the Exchangeable Shares. Based on this capitalization, Endeavour paid \$32,850 in participation fees for the fiscal year ended December 31, 2012;
3. on November 7, 2012, the Commission granted the Applicant an exemption from the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* (**NI 51-102**), National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* and the insider reporting requirements under Part XXI of the related securities legislation and the requirement to file an insider profile under National Instrument 55-102 – *System for Electronic Disclosure by Insiders* (the **November 2012 Order**);
4. the Applicant continues to comply with the conditions of the November 2012 Order; and
5. the Applicant would have been entitled to rely on an exemption from having to pay participation fees pursuant to subsection 2.6(2) of Rule 13-502 (in effect as at March 31, 2013), but for the requirement in subparagraph 2.6(2)(e), which required the Applicant to be entitled to rely on an exemption from certain specified requirements of NI 51-102 throughout the fiscal year ended December 31, 2012.

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

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

**IT IS ORDERED** pursuant to Section 8.1 of Rule 13-502 that the Exemption Sought is granted.

**DATED** this 15th day of September, 2015

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

**2.2.2 Majestic Supply Co. Inc. et al. – Rule 9 of the OSC Rules of Procedure**

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

**AND**

**IN THE MATTER OF  
MAJESTIC SUPPLY CO. INC., SUNCASTLE  
DEVELOPMENTS CORPORATION, HERBERT ADAMS,  
STEVE BISHOP, MARY KRICFALUSI, KEVIN LOMAN  
AND CBK ENTERPRISES INC.**

**ORDER  
(Rule 9 of the Commission's Rules of Procedure,  
(2014) 37 OSCB 4168)**

**WHEREAS:**

1. on February 21, 2013, the Ontario Securities Commission ("Commission") issued its Reasons and Decision with respect to the merits (the "Merits Decision"), which found that Kevin Loman ("Loman") and others engaged in conduct in breach of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (*Re Majestic Supply Co. Inc. et al.* (2013), 36 O.S.C.B. 2104);
2. on November 29, 2013, the Commission issued its Reasons and Decision with respect to sanctions and costs (the "Sanctions Decision") and ordered sanctions against Loman and others (*Re Majestic Supply Co. Inc. et al.* (2013), 36 O.S.C.B. 11642);
3. Loman appealed the Merits Decision and the Sanctions Decision to the Divisional Court;
4. on June 25, 2015, the Divisional Court dismissed the appeal in respect of the Merits Decision but allowed the appeal with respect to certain of the sanctions imposed against Loman, which sanctions were remitted back to the Commission for a fresh determination (*Loman v. Ontario Securities Commission*, 2015 ONSC 4083);
5. on September 15, 2015, the Commission issued a Notice of Hearing notifying that a hearing would proceed at the offices of the Commission on October 30, 2015, or as soon thereafter as the hearing could be held, for a fresh determination of certain sanctions ordered against Loman (the "Hearing");
6. on August 25 and October 5, 2015, the parties exchanged and filed written sanctions submissions in respect of the Hearing;
7. on October 30, 2015, the parties appeared before the Commission, made oral submissions regarding the appropriateness of certain sanctions to be ordered against Loman and took differing views on which of the sanctions were remitted back to the Commission by the Divisional Court;
8. on October 30, 2015, the parties requested a short adjournment of this matter in order to permit the parties to seek clarification from the Divisional Court with respect to the scope of the sanctions remitted for a fresh determination by the Commission;
9. the Commission has concluded it is in the public interest to make this order;

**IT IS HEREBY ORDERED** that the Hearing is adjourned to November 24, 2015 at 1:30 p.m., or to such other date as directed by the Office of the Secretary.

**DATED** at Toronto this 30th day of October, 2015.

"Edward P. Kerwin"



**2.2.3 Future Solar Developments Inc. et al. – ss. 127(1), 127(8)**

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

**AND**

**IN THE MATTER OF  
FUTURE SOLAR DEVELOPMENTS INC.,  
CENITH ENERGY CORPORATION, CENITH AIR INC.,  
ANGEL IMMIGRATION INC. and  
XUNDONG QIN also known as SAM QIN**

**TEMPORARY ORDER  
(Subsections 127(1) and 127(8))**

**WHEREAS:**

1. on February 17, 2015, the Ontario Securities Commission (the “Commission”) issued a temporary cease trade order (the “Temporary Order”) pursuant to subsection 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) ordering the following:
  - a. pursuant to paragraph 2 of subsection 127(1) of the Act, Future Solar Developments Inc. (“FSD”), Cenith Energy Corporation (“Cenith Energy”), Cenith Air Inc. (“Cenith Air”), Angel Immigration Inc. (“Angel Immigration”) (together the “Corporate Respondents”) and Xundong Qin (also known as Sam Qin) (“Qin”) (together with the Corporate Respondents, the “Respondents”) cease trading in all securities;
  - b. pursuant to paragraph 2 of subsection 127(1) of the Act, all trading in the securities of FSD shall cease; and
  - c. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to any of the Respondents;
2. the Commission ordered that pursuant to subsection 127(6) of the Act, the Temporary Order shall expire on the fifteenth day after its making unless extended by order of the Commission;
3. on February 19, 2015, the Commission issued a Notice of Hearing (the “Notice of Hearing”) to consider the extension of the Temporary Order, to be held on March 2, 2015 at 11:00 a.m.;
4. Staff of the Commission (“Staff”) served the Respondents with copies of the Temporary Order, the Notice of Hearing and Staff’s supporting materials as evidenced by Affidavit of Service filed with the Commission;
5. the Commission held a hearing on March 2, 2015 and counsel for Staff and Qin, on behalf of himself and behalf of the Corporate Respondents, attended the hearing;
6. the Commission ordered that pursuant to subsections 127(1) and 127(8) of the Act, the Temporary Order is extended until June 12, 2015 and that the hearing of the matter is adjourned until June 8, 2015 at 3:00 p.m.;
7. the Commission held a hearing on June 8, 2015, and counsel for Staff and counsel for the Respondents attended the hearing;
8. counsel for the Respondents did not oppose an extension of the Temporary Order for a period of three months;
9. the Commission ordered that pursuant to subsections 127(1) and 127(8) of the Act, the Temporary Order is extended until September 11, 2015 and that the hearing of the matter be adjourned until September 9, 2015 at 10:00 a.m.;
10. the Commission held a hearing on September 9, 2015, and counsel for Staff and Qin, personally and on behalf of Cenith Energy, Cenith Air, and Angel Immigration, appeared and made submissions;
11. on September 9, 2015 no one appeared on behalf of FSD;
12. the Commission ordered that pursuant to subsections 127(1) and 127(8) of the Act, the Temporary Order is extended until November 12, 2015 and that the hearing of the matter be adjourned until November 9, 2015 at 10:00 a.m.;
13. a request was made to the Office of the Secretary to reschedule the hearing in this matter, and the parties agreed to such other date and time as provided by the Office of the Secretary;
14. on October 27, 2015, the Commission ordered that the hearing in this matter scheduled for November 9, 2015 at 10:00 a.m. is vacated and that the hearing in this matter be held on October 30, 2015 at 10:00 a.m.;
15. the Commission held a hearing on October 30, 2015 and counsel for Staff and counsel from the Litigation Assistance Program (“LAP”) attended on behalf of the Respondents;
16. on October 30, 2015, Qin was not in attendance at the hearing;
17. the Commission considered the submissions of Staff and the submissions of LAP counsel for the Respondents;



18. LAP counsel appearing on behalf of the Respondents advised that the Respondents consent to the temporary order being extended;

19. the Commission is of the opinion that it is in the public interest to make this order.

**IT IS ORDERED** that:

1. pursuant to subsections 127(1) and 127(8) of the Act, the Temporary Order is extended until December 4, 2015, or until further order of the Commission; and
2. the hearing of this matter is adjourned until December 2, 2015 at 9:30 a.m., or on such other date and time as provided by the Office of the Secretary and agreed to by the parties.

**DATED** at Toronto this 30th day of October, 2015.

“Mary Condon”

**2.2.4 Future Solar Developments 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  
FUTURE SOLAR DEVELOPMENTS INC.,  
CENITH ENERGY CORPORATION, CENITH AIR INC.,  
ANGEL IMMIGRATION INC. and  
XUNDONG QIN also known as SAM QIN**

**ORDER  
(Sections 127 and 127.1 of the Securities Act)**

**WHEREAS**

1. on March 26, 2015, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing (the “Notice of Hearing”) pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), in relation to a Statement of Allegations filed by Staff of the Commission (“Staff”) on March 26, 2015, to consider whether it is in the public interest to make certain orders against Future Solar Developments Inc. (“FSD”), Cenith Energy Corporation (“Cenith Energy”), Cenith Air Inc. (“Cenith Air”), Angel Immigration Inc. (“Angel Immigration”) (together, the “Corporate Respondents”) and Xundong Qin, also known as Sam Qin (“Qin”) (together with the Corporate Respondents, the “Respondents”);
2. the Notice of Hearing set April 15, 2015 as the hearing date in this matter;
3. on April 15, 2015, Staff and counsel for the Respondents appeared and made submissions;
4. the Commission ordered that the matter be adjourned to a confidential pre-hearing conference on June 8, 2015 at 3:00 p.m.;
5. on June 8, 2015, the Commission held a confidential pre-hearing conference and counsel for Staff and counsel for the Respondents attended the hearing;
6. the Commission ordered that:
  1. the Second Appearance in this matter be held on September 9, 2015 at 10:00 a.m.; and
  2. that Staff shall provide to the Respondents, no later than five (5) days before the Second Appearance, their witness lists and indicate any intent to call an expert witness, including the name of the expert witness and the issue

on when the expert will be giving evidence;

provided by the Office of the Secretary and agreed to by the parties.

7. on September 9, 2015, the Commission held a Second Appearance and counsel for Staff and Qin, personally and on behalf of Cenith Energy, Cenith Air and Angel Immigration, appeared and made submissions;

**DATED** at Toronto this 30th day of October, 2015.

"Mary Condon"

8. on September 9, 2015, no one appeared on behalf of FSD;

9. the Commission ordered that:

1. the Third Appearance in this matter be held on November 9, 2015 at 10:00 a.m. or on such other date as provided by the Office of the Secretary and agreed to by the parties;

2. Staff shall provide to the Respondent their witness summaries by September 18, 2015; and

3. the Respondents shall provide to Staff by October 21, 2015 their witness lists and witness summaries and indicate any intent to call an expert witness, including the name of the expert witness and the issue on which the expert will be giving evidence.

10. a request was made to the Office of the Secretary to reschedule the Third Appearance in this matter and the parties agreed to such other date and time as provided by the Office of the Secretary;

11. on October 27, 2015, the Commission ordered that the Third Appearance in this matter scheduled for November 9, 2015 at 10:00 a.m. is vacated and that the Third Appearance in this matter be held on October 30, 2015 at 10:00 a.m.;

12. the Commission held a hearing on October 30, 2015 and counsel for Staff and counsel from the Litigation Assistance Program ("LAP") attended on behalf of the Respondents;

13. on October 30, 2015, Qin was not in attendance at the hearing;

14. the Commission considered the submissions of Staff and the submissions of LAP counsel for the Respondents;

15. the Commission is of the opinion that it is in the public interest to make this order.

**IT IS ORDERED** that:

1. the Third Appearance in this matter is adjourned to December 2, 2015 at 9:30 a.m. or on such other date and time as

2.2.5 TeraExchange, LLC – s. 144

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

AND

IN THE MATTER OF  
TERAEXCHANGE, LLC

REVOCATION OF INTERIM ORDER  
(Section 144 of the Act)

**WHEREAS** TeraExchange, LLC (**Tera**) operates an electronic trading facility for swaps in the United States under the jurisdiction of the Commodity Futures Trading Commission (**CFTC**) and has obtained temporary registration with the CFTC to operate a swap execution facility;

**AND WHEREAS** the Ontario Securities Commission (**Commission**) has, by interim order dated October 1 2013 and varied on September 30, 2014 (**Interim Order**), exempted Tera from the requirement to be recognized as an exchange pursuant to section 21(1) of the Act;

**AND WHEREAS** Tera has filed an application dated July 7, 2015 with the Ontario Securities Commission (**Commission**) requesting revocation of the Interim Order;

**AND WHEREAS** Tera has represented to the Commission that it does not have any participants in Ontario, and is not carrying on business in Ontario, and therefore does not require the exemptive relief provided by the Interim Order;

**AND WHEREAS**, based on the application and the representations made by Tera to the Commission, the Commission has determined that the revocation of the Interim Order would not be prejudicial to the public interest;

**IT IS HEREBY ORDERED** by the Commission, pursuant to section 144 of the Act, that the Interim Order is revoked.

**DATED** November 6, 2015

“William J. Furlong”

“Mary G. Condon”

2.2.6 Lance Kotton and Titan Equity Group Ltd. – 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  
LANCE KOTTON and TITAN EQUITY GROUP LTD.

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

**WHEREAS:**

1. it appears to the Ontario Securities Commission (the "Commission") that:
  - a. Lance Kotton ("Kotton") is a resident of Vaughan, Ontario;
  - b. Titan Equity Group Ltd. ("TEG") is a corporation incorporated pursuant to the laws of Ontario;
  - c. Kotton is a director and officer of TEG;
  - d. Kotton and TEG are not registered with the Commission in any capacity;
  - e. Kotton and TEG may have engaged in, and may be continuing to engage in, breaches of Ontario securities law by:
    - i. engaging in or holding themselves out to be in the business of trading securities without being registered in accordance with Ontario securities law and without an exemption from the registration requirement, contrary to subsection 25(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act");
    - ii. trading in securities, where such trades constituted distributions of the securities, in circumstances in which no preliminary prospectus or prospectus had been filed or receipts issued therefor, and without an exemption from the prospectus requirement, contrary to subsection 53(1) of the Act;
    - iii. misappropriating investor funds for Kotton's personal use, contrary to section 126.1 of the Act;
    - iv. making misleading statements to investors, contrary to section 126.2 of the Act; and/or
    - v. acting contrary to the public interest.
  - f. Kotton may have authorized, permitted or acquiesced in TEG's noncompliance with Ontario securities law contrary to section 129.2 of the Act; and
  - g. Staff are conducting an investigation into the conduct described above;
2. the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest as set out in subsection 127(5) of the Act;
3. the Commission is of the opinion that it is in the public interest to make this Order;
4. by Authorization Order made August 21, 2015, pursuant to subsection 3.5(3) of the Act, each of Howard I. Wetston, Monica Kowal, D. Grant Vingoe, Mary G. Condon, Edward P. Kerwin, Janet Leiper, Alan J. Lenczner, Timothy Moseley, and Christopher Portner, acting alone, is authorized to make orders under section 127 of the Act.

**IT IS ORDERED** pursuant to section 127 of the Act that:

1. pursuant to clause 2 of subsection 127(1), trading in any securities by Kotton and TEG shall cease;

**Decisions, Orders and Rulings**

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2. pursuant to clause 3 of subsection 127(1), any exemptions contained in Ontario securities law do not apply to Kotton or TEG; and
3. pursuant to subsection 127(6) of the Act, this Order shall take effect immediately and shall expire on the 15th day after its making unless extended by the Commission.

**DATED** at Toronto, this 6th day of November, 2015.

“Grant Vingo”

2.2.7 Blue Gold Holdings Ltd. 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  
BLUE GOLD HOLDINGS LTD., DEREK BLACKBURN,  
RAJ KURICHH AND NIGEL GREENING

ORDER  
(Section 127 of the Act)

**WHEREAS:**

1. On March 11, 2015, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Act in relation to a Statement of Allegations filed by Staff of the Commission (“Staff”) on March 11, 2015, to consider whether it is in the public interest to make certain orders against Blue Gold Holdings Ltd. (“Blue Gold”), Derek Blackburn (“Blackburn”), Raj Kurichh (“Kurichh”), and Nigel Greening (“Greening”);
2. On April 1, 2015, the Commission issued an Amended Notice of Hearing with respect to the Respondents, which set a hearing in this matter for April 10, 2015 at 10:00 a.m.;
3. On April 10, 2015, Staff, counsel for Kurichh, George Schwartz as agent on behalf of Blackburn and on behalf of Blue Gold, and Greening personally attended;
4. On April 10, 2015, George Schwartz, as agent for Blackburn and Blue Gold, took the position that the Commission has no constitutional jurisdiction to proceed, declined the opportunity to bring a motion or present submissions in that regard at this time, and then withdrew representation on behalf of Blackburn and Blue Gold;
5. On April 10, 2015, the Commission ordered that the respondents Blackburn and Blue Gold need not be served with any further documentation or notice of proceedings in this matter;
6. This matter was adjourned to a confidential pre-hearing conference on July 27, 2015;
7. On July 8, 2015, Staff requested an additional confidential pre-hearing conference to seek a determination in respect of the disclosure of documents by Greening;
8. On July 17, 2015 the Commission held a confidential pre-hearing conference which Staff attended in person, and Greening and counsel for Kurichh attended via teleconference;
9. The Panel heard submissions from Staff and the parties in attendance;
10. On July 17, 2015, the Commission ordered that by October 28, 2015, Staff:
  - a. serve on Greening and Kurichh (the “Participating Respondents”) copies of all documents that Staff intends to produce or enter as evidence at the hearing on the merits;
  - b. serve on the Participating Respondents and file a list of witnesses Staff intends to call to testify at the hearing; and
  - c. serve on the Participating Respondents summaries of the evidence that Staff’s witnesses are expected to give at the hearing;
11. On July 17, 2015, the Commission ordered that by October 28, 2015, each of the Participating Respondents:
  - a. serve on Staff and the other Participating Respondent copies of all documents that the Participating Respondent intends to produce or enter as evidence at the hearing on the merits;
  - b. serve on Staff and the other Participating Respondent and file a list of witnesses the Participating Respondent intends to call to testify at the hearing; and

- c. serve on Staff and the other Participating Respondent summaries of the evidence that the Participating Respondent's witnesses are expected to give at the hearing;
12. On July 17, 2015, the Commission ordered that the hearing on the merits in this matter will commence at 10:00 a.m. on April 18, 2016, and continue on April 20 to 22, 2016, or at such other time or times and such other dates as may be ordered by the Commission;
13. This matter was adjourned to a confidential pre-hearing conference on November 4, 2015;
14. On November 4, 2015 the Commission held a confidential pre-hearing conference which Staff attended in person, and Greening and counsel for Kurichh attended via teleconference;
15. The Panel heard submissions from Staff and the parties in attendance;
16. Counsel for Kurichh advised that Kurichh intends to bring a motion for disclosure ("Disclosure Motion");
17. The Commission is of the opinion that it is in the public interest to make this order.

**IT IS ORDERED** that:

1. This matter is adjourned to a confidential pre-hearing conference on January 22, 2016, at 9:00 a.m.;
2. By November 16, 2015 counsel for Kurichh will file and serve on each party a notice of motion accompanied by a motion record, in respect of the Disclosure Motion;
3. The Disclosure Motion shall be heard on January 8, 2016 at 10:00 a.m.; and
4. By January 15, 2016, the Participating Respondents will:
  - a. serve on Staff and the other Participating Respondent copies of all documents that the Participating Respondent intends to produce or enter as evidence at the hearing on the merits; and
  - b. serve on Staff and the other Participating Respondent summaries of the evidence that the Participating Respondent's witnesses are expected to give at the hearing.

**DATED** at Toronto this 4th day of November, 2015.

"Janet Leiper"

"Alan J. Lenczner"

"Timothy Moseley"

**2.3 Orders with Related Settlement Agreements**

**2.3.1 Quadrus Investment Services Ltd. – ss. 127(1), 127(2), 127.1**

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

**AND**

**IN THE MATTER OF  
QUADRUS INVESTMENT SERVICES LTD.**

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

**WHEREAS:**

1. on November 6, 2015, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing in relation to the Statement of Allegations filed by Staff of the Commission (“Commission Staff”) on November 6, 2015 with respect to Quadrus Investment Services Ltd. (“Quadrus”);
2. the Notice of Hearing gave notice that on November 10, 2015, the Commission would hold a hearing to consider whether it is in the public interest to approve a settlement agreement between Commission Staff and Quadrus dated November 6, 2015 (the “Settlement Agreement”);
3. in the Statement of Allegations, Commission Staff alleged control and supervision inadequacies relating to the Quadrus Group of Funds which resulted in clients of Quadrus paying excess fees (the “MER Control and Supervision Inadequacy”);
4. Commission Staff are satisfied that Quadrus discovered and self-reported the MER Control and Supervision Inadequacy to Commission Staff;
5. Commission Staff are satisfied that during the investigation of the MER Control and Supervision Inadequacy by Commission Staff, Quadrus provided prompt, detailed and candid cooperation to Commission Staff and staff of the Mutual Fund Dealers’ Association of Canada;
6. Commission Staff are satisfied that Quadrus had formulated an intention to pay appropriate compensation to clients and former clients in connection with its report of the MER Control and Supervision Inadequacy to Commission Staff;
7. as part of the Settlement Agreement, Quadrus undertakes to:
  - a. pay appropriate compensation to eligible clients and former clients that were affected by the MER Control and Supervision Inadequacy (the “Affected Clients”) in accordance with a plan submitted by Quadrus to Commission Staff (the “Compensation Plan”) and to report to a manager or deputy director in the Compliance and Registrant Regulation Branch of the Commission (the “OSC Manager”) in accordance with the Compensation Plan;
  - b. make a voluntary payment of \$20,000, to reimburse the Commission for costs incurred or to be incurred by it in accordance with subsection 3.4(2)(a) of the Act; and
  - c. make a further voluntary payment of \$250,000, to be designated for allocation to or for the benefit of third parties, or for use by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act,(the “Undertaking”);
8. the Commission has received the voluntary payments totalling \$270,000 in escrow pending approval of the Settlement Agreement;
9. the Commission reviewed the Settlement Agreement, the Notice of Hearing and the Statement of Allegations of Commission Staff and heard submissions of counsel for Quadrus and from Commission Staff; and



10. the Commission is of the opinion that it is in the public interest to make this order;

**IT IS ORDERED THAT:**

- a) the Settlement Agreement is approved;
- b) within 90 days of receiving comments from Commission Staff, Quadrus shall provide to the OSC Manager, revised written policies and procedures (the "Revised Policies and Procedures") that address any remaining issues raised by Commission Staff (the "Remaining Issues") with regard to Quadrus' procedures and controls, supervisory and monitoring systems designed to prevent the re-occurrence of the MER Control and Supervision Inadequacy in the future (the "Enhanced Control and Supervision Procedures");
- c) thereafter, Quadrus shall make such further modifications to its Revised Policies and Procedures as are required to ensure that the Revised Policies and Procedures address any Remaining Issues to the satisfaction of the OSC Manager;
- d) within 8 months of receiving confirmation from the OSC Manager that the Revised Policies and Procedures satisfy the Remaining Issues (the "Confirmation Date"), Quadrus shall submit a letter (the "Attestation Letter"), signed by the Ultimate Designated Person ("UDP") and the Chief Compliance Officer ("CCO") of Quadrus, to the OSC Manager, expressing their opinion as to whether the Enhanced Control and Supervision Procedures were adequately followed, administered and enforced by Quadrus for the six month period commencing from the Confirmation Date;
- e) the Attestation Letter shall be accompanied by a report which provides a description of the testing performed to support the conclusions contained in the Attestation Letter;
- f) Quadrus shall submit such additional reports as may be requested by the OSC Manager for the purpose of satisfying the OSC Manager that the opinion expressed in the Attestation Letter described in subparagraph (d) above is valid;
- g) Quadrus or Commission Staff may apply to the Commission for directions in respect of any issues that may arise with regard to the implementation of subparagraphs (b) to (f) above; and
- h) Quadrus shall comply with the Undertaking to:
  - i. pay compensation to the Affected Clients in accordance with the Compensation Plan and to report to the OSC Manager in accordance with the Compensation Plan;
  - ii. make a voluntary payment of \$20,000, to reimburse the Commission for costs incurred or to be incurred by it in accordance with subsection 3.4(2)(a) of the Act; and
  - iii. make a further voluntary payment of \$250,000, to be designated for allocation to or for the benefit of third parties, or for use by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act.

**DATED** at Toronto, Ontario this 10th day of November, 2015

"Timothy Moseley"

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

**AND**

**IN THE MATTER OF  
QUADRUS INVESTMENT SERVICES LTD.**

**SETTLEMENT AGREEMENT BETWEEN  
STAFF OF THE COMMISSION and  
QUADRUS INVESTMENT SERVICES LTD.**

**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 sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), it is in the public interest for the Commission to make certain orders in respect of Quadrus Investment Services Ltd. (“Quadrus”).
2. Quadrus is a corporation incorporated pursuant to the laws of Ontario. Quadrus is a member of the Mutual Fund Dealers Association of Canada (“MFDA”) and is registered with the Commission as a dealer in the category of mutual fund dealer.
3. In February 2015, Quadrus self-reported a matter to Staff of the Commission (“Commission Staff”) and Staff of the MFDA (“MFDA Staff”) relating to the Quadrus Group of Funds which consists of 48 mutual funds (the “Quadrus Funds”). When it self-reported to Commission Staff, Quadrus indicated to Commission Staff that it intended to pay appropriate compensation to clients and former clients. During Commission Staff’s investigation of the matter, Quadrus provided prompt, detailed and candid co-operation to Commission Staff and MFDA Staff.
4. As described in Part III below, it is Commission Staff’s position that in relation to this matter there were inadequacies in Quadrus’ systems of controls and supervision which formed part of its compliance systems, which resulted in certain eligible clients not being advised that they qualified for a lower Management Expense Ratio (“MER”) series of Quadrus Funds, and resulted in their indirectly paying excess fees that were not detected or corrected by Quadrus in a timely manner (the “MER Control and Supervision Inadequacy”).

**PART II – JOINT SETTLEMENT RECOMMENDATION**

5. Commission Staff and Quadrus have agreed to a settlement of the proceeding initiated in respect of Quadrus by a Notice of Hearing dated November 6, 2015 (the “Proceeding”) on the basis of the terms and conditions set out in this settlement agreement (“Settlement Agreement”). Commission Staff have consulted with MFDA Staff in relation to the underlying facts which are the subject matter of this Settlement Agreement.
6. Pursuant to this Settlement Agreement, Commission Staff agree to recommend to the Commission that the Proceeding be resolved and disposed of in accordance with the terms and conditions contained herein.
7. It is Commission Staff’s position that:
  - a. the statement of facts set out by Commission Staff in Part III below, which is based on an investigation carried out by Commission Staff following the self-reporting by Quadrus, is supported by the evidence reviewed by Commission Staff and the conclusions contained in Part III are reasonable; and
  - b. it is in the public interest for the Commission to approve this Settlement Agreement, having regard to the following considerations:
    - (i) Commission Staff’s allegations are that Quadrus failed to establish, maintain and apply procedures to establish controls and supervision:
      - A. sufficient to provide reasonable assurance that Quadrus, and each individual acting on behalf of Quadrus, complied with securities legislation, including the requirement to deal fairly with clients with regard to fees; and

- B. that were reasonably likely to identify the non-compliance described in A. above at an early stage and that would have allowed Quadrus to correct the non-compliant conduct in a timely manner;
- (ii) Commission Staff do not allege, and have found no evidence of dishonest conduct by Quadrus;
- (iii) Quadrus discovered and self-reported the MER Control and Supervision Inadequacy to Commission Staff;
- (iv) during the investigation of the MER Control and Supervision Inadequacy following the self-reporting, Quadrus provided prompt, detailed and candid cooperation to Commission Staff;
- (v) Quadrus indicated an intention to pay appropriate compensation to eligible clients and former clients when it reported the MER Control and Supervision Inadequacy to Commission Staff and, having advised Commission Staff of its intention to compensate eligible clients and former clients, Quadrus thereafter co-operated with Commission Staff with a view to providing appropriate compensation to eligible clients and former clients that were harmed by the MER Control and Supervision Inadequacy (the "Affected Clients");
- (vi) as part of this Settlement Agreement, Quadrus has agreed to pay appropriate compensation to the Affected Clients, in accordance with a plan submitted by Quadrus to Commission Staff and presented to the Commission (the "Compensation Plan"), and anticipates implementing the Compensation Plan before the end of 2015. As at the date of this Settlement Agreement, Quadrus anticipates paying compensation to Affected Clients of approximately \$8,000,000 in respect of the MER Control and Supervision Inadequacy;
- (vii) the Compensation Plan prescribes, among other things:
  - A. the detailed methodology to be used for determining the compensation to be paid to the Affected Clients, including the time value of money in respect of any monies to be paid by Quadrus to the Affected Clients;
  - B. the approach to be taken with regard to contacting and making payments to the Affected Clients;
  - C. the timing to complete the various steps included in the Compensation Plan;
  - D. a \$25 *de minimis* exception per Affected Client (the aggregate of which will be donated to the Chartered Professional Accountants Canada ("CPA Canada") Financial Literacy Program);
  - E. the approach to be taken to any remaining funds that are not paid out to Affected Clients after the steps included in the Compensation Plan have been fully implemented. In that regard, the Compensation Plan provides that if Quadrus is not able to contact any former Affected Clients, notwithstanding the steps described in the Compensation Plan, Quadrus will use reasonable efforts to locate any Affected Clients who are eligible to receive payment of \$200 or more including directory searches, internet searches, and the employment of third parties to assist in the search. If Quadrus determines that an Affected Client is deceased but does not know the identity of the personal representative of the Affected Client's estate, and the estate is eligible to receive more than \$400, Quadrus shall make reasonable efforts to identify the personal representative of the deceased Affected Client. Subject to any applicable unclaimed property legislation, any amounts remaining which are undistributed to non-located Affected Clients by December 31, 2016 will be donated to the CPA Canada Financial Literacy Program;
  - F. the resolution of Affected Client inquiries through an escalation process; and
  - G. regular reporting to a manager or deputy director in the Compliance and Registrant Regulation Branch of the Commission ("OSC Manager") detailing Quadrus' progress with respect to the implementation of the Compensation Plan, including with regard to the resolution of Affected Client inquiries;

- (viii) Quadrus has advised Commission Staff that there is no other instance of an MER Control and Supervision Inadequacy other than the MER Control and Supervision Inadequacy described herein;
  - (ix) Quadrus has taken corrective action to address the MER Control and Supervision Inadequacy and has developed and implemented procedures and controls, supervisory and monitoring systems designed to prevent the re-occurrence of the MER Control and Supervision Inadequacy in the future (the "Enhanced Control and Supervision Procedures"), which may be subject to further modifications following a review by Commission Staff. As part of this Settlement Agreement, Quadrus is required to report to the OSC Manager on its ongoing progress in developing and implementing the Enhanced Control and Supervision Procedures;
  - (x) Quadrus has agreed to make a voluntary payment of \$250,000 to the Commission to advance the Commission's mandate of protecting investors and fostering fair and efficient capital markets and to make a further voluntary payment of \$20,000 to be allocated to costs;
  - (xi) the total agreed settlement amount of \$270,000 will be paid by wire transfer before the commencement of the hearing before the Commission to approve this Settlement Agreement, which payment is conditional upon approval of this Settlement Agreement by the Commission; and
  - (xii) the terms of this Settlement Agreement are appropriate in all the circumstances, including mitigating factors and the principles of general and specific deterrence. Commission Staff are of the view that the voluntary payments referred to above in addition to the amounts to be paid as compensation to Affected Clients by Quadrus will emphasize to the marketplace that Commission Staff expect registrants to have compliance systems with appropriate controls and supervision in place which:
    - A. provide reasonable assurance that registrants, and each individual acting on behalf of registrants, are complying with securities legislation, including the requirement to deal fairly with clients including, without limitation, with regard to fees; and
    - B. are reasonably likely to allow registrants to identify and correct non-compliance with securities legislation in a timely manner.
8. Quadrus neither admits nor denies the accuracy of the facts or the conclusions of Commission Staff as set out in Part III of this Settlement Agreement.
9. Quadrus agrees to this Settlement Agreement and to the making of an order in the form attached as Schedule "A".

### **PART III – COMMISSION STAFF'S STATEMENT OF FACTS AND CONCLUSIONS**

#### **A. Overview**

- 10. Beginning in 2011, certain eligible Quadrus clients were not advised that they qualified for a lower MER series of mutual funds of which Quadrus is the principal distributor and, as a result, indirectly paid excess fees when they invested in the higher MER series of securities of the same mutual fund.
- 11. The MER Control and Supervision Inadequacy continued undetected until late 2014. Quadrus discovered the MER Control and Supervision Inadequacy as part of a review of its internal practices and procedures (the "Review") prompted by the publication of a no-contest settlement agreement Commission Staff entered into with TD Waterhouse Private Investment Counsel Inc., TD Waterhouse Canada Inc. and TD Investment Services Inc. in November 2014.
- 12. Quadrus has since that time taken remedial steps in order to correct the MER Control and Supervision Inadequacy.

#### **B. The MER Control and Supervision Inadequacy**

- 13. The Quadrus Funds consist of 48 mutual funds managed by Mackenzie Financial Corporation that are exclusively available through Quadrus.
- 14. The Quadrus Funds are available in different series of securities. The MER differs for each series of securities of the same mutual fund, with the MER being lower for series of securities with higher minimum investment thresholds (the "L Series").
- 15. Beginning in September 2011, the L Series securities of the Quadrus Funds were generally available to Quadrus clients where the client alone, or together with certain eligible family members, had \$500,000 or more invested in

certain accounts and products, and the client invested at least \$100,000 in the L Series securities. The MERs for the L Series securities were an average of 35 basis points lower than the retail series (the "Q Series") of securities available for the same mutual fund. The MER differences varied by fund.

16. In the context of the Review, Quadrus discovered that certain client accounts invested in the Q Series of a Quadrus Fund that appeared to qualify for the L Series securities of that fund were not invested in the L Series and therefore the holders of those client accounts did not benefit from the L Series' lower MER with regard to their investment in that fund. Quadrus became aware of the issue in or around November 2014. Specifically,
  - a. Quadrus determined that it did not have adequate systems of internal controls and supervision in place to ensure that when a purchase or transfer of investments into the Q Series of a Quadrus Fund exceeded the minimum investment thresholds, the client was consistently advised that a lower MER L Series of the same mutual fund was available to the client;
  - b. Quadrus determined that its internal controls failed to identify this MER Control and Supervision Inadequacy in a timely manner; and
  - c. Quadrus began to implement enhancements to its processes to help identify clients that met the minimum investment thresholds required to qualify for L Series securities.
17. Quadrus self-reported this MER Control and Supervision Inadequacy to Commission Staff and MFDA Staff in February 2015.
18. Quadrus engaged an independent third party to validate the process used by Quadrus to ensure an accurate and complete identification of Affected Clients and the calculation of amounts to be paid to Affected Clients as appropriate compensation. This third party validation is currently underway.
19. Quadrus has determined that there were approximately 3,329 client accounts that ought to have been invested in the L Series securities of the same mutual fund but were not.
20. In accordance with the Compensation Plan, in respect of those client accounts, Quadrus will pay:
  - a. an amount representing the impact on Affected Client net asset values caused by the MER differential between Q Series securities held by the client of a Quadrus Fund and the L Series securities of that mutual fund, for the entire period commencing when the Affected Client qualified for the L Series securities of that mutual fund and concluding on the earliest of:
    - (i) the end of the month that the Affected Client transferred to the L Series;
    - (ii) the end of the month that the Affected Client closed his or her Quadrus account; or
    - (iii) September 30, 2015(the "Impact of the MER Differential"); and
  - b. an amount representing the time value of money in respect of the Impact of the MER Differential, calculated monthly from the month end when an Affected Client first became eligible for the L Series until the payment date, based on a simple interest rate of 5% per annum (the "Foregone Investment Opportunity Cost").
21. On this basis, Quadrus has estimated that the total compensation to be paid to Affected Clients as a result of this MER Control and Supervision Inadequacy is approximately \$8,000,000 inclusive of the Foregone Investment Opportunity Cost, where applicable.

**C. Breaches of Ontario Securities Law**

22. With respect to the MER Control and Supervision Inadequacy, Quadrus failed to establish, maintain and apply procedures to establish controls and supervision:
  - a. sufficient to provide reasonable assurance that Quadrus, and each individual acting on behalf of Quadrus, complied with securities legislation, including the requirement to deal fairly with clients with regard to fees; and
  - b. that were reasonably likely to identify the non-compliance described in a. above at an early stage and that would have allowed Quadrus to correct the non-compliant conduct in a timely manner.

23. As a result, the MER Control and Supervision Inadequacy constituted a breach of section 11.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. In addition, the failure in Quadrus' systems of controls and supervision associated with the MER Control and Supervision Inadequacy was contrary to the public interest.

**D. Mitigating Factors**

24. Commission Staff do not allege, and have found no evidence of, dishonest conduct by Quadrus.

25. Quadrus discovered and self-reported the MER Control and Supervision Inadequacy to Commission Staff and MFDA Staff.

26. During the investigation of the MER Control and Supervision Inadequacy following the self-reporting by Quadrus, Quadrus provided prompt, detailed and candid cooperation to Commission Staff.

27. Quadrus had formulated an intention to pay appropriate compensation to Affected Clients in connection with its report of the MER Control and Supervision Inadequacy to Commission Staff and, thereafter, co-operated with Commission Staff with a view to providing appropriate compensation to the Affected Clients that were harmed by the MER Control and Supervision Inadequacy.

28. Quadrus has begun implementing a program to pay appropriate compensation to the Affected Clients, in accordance with the Compensation Plan. As at the date of this Settlement Agreement, Quadrus anticipates paying compensation to Affected Clients of approximately \$8,000,000 in respect of the MER Control and Supervision Inadequacy.

29. The Compensation Plan prescribes, among other things:

- a. the detailed methodology to be used for determining the compensation to be paid to the Affected Clients, including the time value of money in respect of any monies to be paid by Quadrus to the Affected Clients;
- b. the approach to be taken with regard to contacting and making payments to the Affected Clients;
- c. the timing to complete the various steps included in the Compensation Plan;
- d. a \$25 *de minimis* exception per Affected Client (the aggregate of which will be donated to the CPA Canada Financial Literacy Program);
- e. the approach to be taken to any remaining funds that are not paid out to Affected Clients after the steps included in the Compensation Plan have been fully implemented. In that regard, the Compensation Plan provides that if Quadrus is not able to contact any former Affected Clients, notwithstanding the steps described in the Compensation Plan, Quadrus will use reasonable efforts to locate any Affected Clients who are eligible to receive payment of \$200 or more including directory searches, internet searches, and the employment of third parties to assist in the search. If Quadrus determines that an Affected Client is deceased but does not know the identity of the personal representative of the Affected Client's estate, and the estate is eligible to receive more than \$400, Quadrus shall make reasonable efforts to identify the personal representative of the deceased Affected Client. Subject to any applicable unclaimed property legislation, any amounts remaining which are undistributed to non-located Affected Clients by December 31, 2016 will be donated to the CPA Canada Financial Literacy Program;
- f. the resolution of Affected Client inquiries through an escalation process; and
- g. regular reporting to the OSC Manager detailing Quadrus' progress with respect to the implementation of the Compensation Plan, including with regard to the resolution of Affected Client inquiries.

30. Quadrus has advised Commission Staff that there is no other instance of a MER Control and Supervision Inadequacy other than the MER Control and Supervision Inadequacy described herein.

31. Quadrus has taken corrective action, and has developed and implemented the Enhanced Control and Supervision Procedures, which may be subject to further modifications following a review by Commission Staff. As part of this Settlement Agreement, Quadrus is required to report to the OSC Manager on its ongoing progress in developing and implementing the Enhanced Control and Supervision Procedures.



32. Quadrus has agreed to make a voluntary payment of \$250,000 to the Commission to advance the Commission's mandate of protecting investors and fostering fair and efficient capital markets and to make a further voluntary payment of \$20,000 to be allocated to costs.
33. Quadrus will pay the total agreed settlement amount of \$270,000 by wire transfer before the commencement of the hearing before the Commission to approve this Settlement Agreement, which payment is conditional upon approval of this Settlement Agreement by the Commission.
34. The terms of settlement are appropriate in all the circumstances, including mitigating factors and the principles of general and specific deterrence. Commission Staff are of the view that the voluntary payments referred to above in addition to the amounts to be paid as compensation to Affected Clients by Quadrus will emphasize to the marketplace that Commission Staff expect registrants to have compliance systems with appropriate controls and supervision in place which:
- a. provide reasonable assurance that registrants, and each individual acting on behalf of registrants, are complying with securities legislation, including the requirement to deal fairly with clients including, without limitation, with regard to fees; and
  - b. are reasonably likely to allow registrants to identify and correct non-compliance with securities legislation in a timely manner.

**E. Quadrus' Undertaking**

35. By signing this Settlement Agreement, Quadrus undertakes to:
- a. pay compensation to the Affected Clients in accordance with the Compensation Plan and to report to the OSC Manager in accordance with the Compensation Plan;
  - b. make a voluntary payment of \$20,000, to reimburse the Commission for costs incurred or to be incurred by it in accordance with subsection 3.4(2)(a) of the Act; and
  - c. make a further voluntary payment of \$250,000, to be designated for allocation to or for the benefit of third parties, or for use by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act,
- (the "Undertaking").

**PART IV – TERMS OF SETTLEMENT**

36. Quadrus agrees to the terms of settlement listed below and consents to the Order attached hereto, pursuant to sections 127 and section 127.1 of the Act, that:
- a. the Settlement Agreement is approved;
  - b. within 90 days of receiving comments from Commission Staff, Quadrus shall provide revised written policies and procedures (the "Revised Policies and Procedures") that address any remaining issues raised by Commission Staff with regard to Quadrus' policies and procedures to establish the Enhanced Control and Supervision Procedures (the "Remaining Issues");
  - c. thereafter, Quadrus shall make such further modifications to its Revised Policies and Procedures as are required to ensure that the Revised Policies and Procedures address any Remaining Issues to the satisfaction of the OSC Manager;
  - d. within 8 months of receiving confirmation from the OSC Manager that the Revised Policies and Procedures satisfy the Remaining Issues (the "Confirmation Date"), Quadrus shall submit a letter (the "Attestation Letter"), signed by the Ultimate Designated Person ("UDP") and the Chief Compliance Officer ("CCO") of Quadrus, to the OSC Manager, expressing their opinion as to whether the Enhanced Control and Supervision Procedures were adequately followed, administered and enforced by Quadrus for the six month period commencing from the Confirmation Date;
  - e. the Attestation Letter shall be accompanied by a report which provides a description of the testing performed to support the conclusions contained in the Attestation Letter;

- f. Quadrus shall submit such additional reports as may be requested by the OSC Manager for the purpose of satisfying the OSC Manager that the opinion expressed in the Attestation Letter described in subparagraph (d) above is valid;
  - g. Quadrus or Commission Staff may apply to the Commission for directions in respect of any issues that may arise with regard to the implementation of subparagraphs (b) to (f) above;
  - h. Quadrus shall comply with the Undertaking to:
    - (i) pay compensation to the Affected Clients in accordance with the Compensation Plan and report to the OSC Manager in accordance with the Compensation Plan;
    - (ii) make a voluntary payment of \$20,000, to reimburse the Commission for costs incurred or to be incurred by it in accordance with subsection 3.4(2)(a) of the Act; and
    - (iii) make a further voluntary payment of \$250,000, to be designated for allocation to or for the benefit of third parties, or for use by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act.
37. Quadrus agrees to make the payments described in subparagraphs 36(h)(ii) and (iii) above by wire transfer before the commencement of the hearing before the Commission to approve this Settlement Agreement.

**PART V – COMMISSION STAFF COMMITMENT**

38. If the Commission approves this Settlement Agreement, Commission Staff will not commence any proceeding under Ontario securities law in relation to Commission Staff's Statement of Facts and Conclusions set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 39 below and except that with respect to paragraph 30 above, nothing in this Settlement Agreement shall be interpreted as limiting Commission Staff's ability to commence proceedings against Quadrus in relation to any control and supervision inadequacies leading to clients paying excess fees other than the MER Control and Supervision Inadequacy described herein.
39. If the Commission approves this Settlement Agreement and Quadrus fails to comply with any of the terms of this Settlement Agreement, Commission Staff may bring proceedings under Ontario securities law against Quadrus. These proceedings may be based on, but are not limited to, Commission Staff's Statement of Facts and Conclusions set out in Part III of this Settlement Agreement as well as the breach of this Settlement Agreement.

**PART VI – PROCEDURE FOR APPROVAL OF SETTLEMENT**

40. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for November 10, 2015, or on another date agreed to by Commission Staff and Quadrus, according to the procedures set out in this Settlement Agreement and the Commission's *Rules of Procedure*.
41. Commission Staff and Quadrus agree that this Settlement Agreement will form all of the evidence that will be submitted at the settlement hearing on Quadrus' conduct, unless the parties agree that additional evidence should be submitted at the settlement hearing.
42. If the Commission approves this Settlement Agreement, Quadrus agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.
43. If the Commission approves this Settlement Agreement, Quadrus will not make any public statement that is inconsistent with this Settlement Agreement or with any additional evidence submitted at the settlement hearing. In addition, Quadrus agrees that it will not make any public statement that there is no factual basis for this Settlement Agreement. Nothing in this paragraph affects Quadrus' testimonial obligations or the right to take legal or factual positions in other investigations or legal proceedings in which the Commission and/or Commission Staff is not a party or in which any provincial or territorial securities regulatory authority in Canada and/or its Commission Staff is not a party ("Other Proceedings") or to make public statements in connection with Other Proceedings.
44. Whether or not the Commission approves this Settlement Agreement, Quadrus will not use in any proceeding, this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement, as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.



**PART VII – DISCLOSURE OF SETTLEMENT AGREEMENT**

45. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule “A” to this Settlement Agreement:
- a. this Settlement Agreement and all discussions and negotiations between Commission Staff and Quadrus before the settlement hearing takes place will be without prejudice to Commission Staff and Quadrus; and
  - b. Commission Staff and Quadrus will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this Settlement Agreement.
46. The parties will keep the terms of this Settlement Agreement confidential until the commencement of the public hearing to obtain approval of this Settlement Agreement by the Commission. Any obligations of confidentiality shall terminate upon the commencement of the public settlement hearing. If for whatever reason, the Commission does not approve this Settlement Agreement, the terms of this Settlement Agreement remain confidential indefinitely, unless Commission Staff and Quadrus otherwise agree or if required by law.

**PART VIII – EXECUTION OF SETTLEMENT AGREEMENT**

47. This agreement may be signed in one or more counterparts which, together, constitute a binding agreement.
48. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

Dated this 6th day of November, 2015.

“Monique Aitken”  
Witness

Quadrus Investment Services Ltd.

By: “Ruth Ann McConkey”  
Authorized Signatory

By: “Geoff Heyland”  
Authorized Signatory

“Tom Atkinson”  
Tom Atkinson  
Director, Enforcement Branch

**SCHEDULE "A"**

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

**AND**

**IN THE MATTER OF  
QUADRUS INVESTMENT SERVICES LTD.**

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

**WHEREAS:**

1. on November 6, 2015, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing in relation to the Statement of Allegations filed by Staff of the Commission ("Commission Staff") on November 6, 2015 with respect to Quadrus Investment Services Ltd. ("Quadrus");
2. the Notice of Hearing gave notice that on November 10, 2015, the Commission would hold a hearing to consider whether it is in the public interest to approve a settlement agreement between Commission Staff and Quadrus dated November 6, 2015 (the "Settlement Agreement");
3. in the Statement of Allegations, Commission Staff alleged control and supervision inadequacies relating to the Quadrus Group of Funds which resulted in clients of Quadrus paying excess fees (the "MER Control and Supervision Inadequacy");
4. Commission Staff are satisfied that Quadrus discovered and self-reported the MER Control and Supervision Inadequacy to Commission Staff;
5. Commission Staff are satisfied that during the investigation of the MER Control and Supervision Inadequacy by Commission Staff, Quadrus provided prompt, detailed and candid cooperation to Commission Staff and staff of the Mutual Fund Dealers' Association of Canada;
6. Commission Staff are satisfied that Quadrus had formulated an intention to pay appropriate compensation to clients and former clients in connection with its report of the MER Control and Supervision Inadequacy to Commission Staff;
7. as part of the Settlement Agreement, Quadrus undertakes to:
  - a. pay appropriate compensation to eligible clients and former clients that were affected by the MER Control and Supervision Inadequacy (the "Affected Clients") in accordance with a plan submitted by Quadrus to Commission Staff (the "Compensation Plan") and to report to a manager or deputy director in the Compliance and Registrant Regulation Branch of the Commission (the "OSC Manager") in accordance with the Compensation Plan;
  - b. make a voluntary payment of \$20,000, to reimburse the Commission for costs incurred or to be incurred by it in accordance with subsection 3.4(2)(a) of the Act; and
  - c. make a further voluntary payment of \$250,000, to be designated for allocation to or for the benefit of third parties, or for use by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act,(the "Undertaking");
8. the Commission has received the voluntary payments totalling \$270,000 in escrow pending approval of the Settlement Agreement;
9. the Commission reviewed the Settlement Agreement, the Notice of Hearing and the Statement of Allegations of Commission Staff and heard submissions of counsel for Quadrus and from Commission Staff; and
10. the Commission is of the opinion that it is in the public interest to make this order;

**IT IS ORDERED THAT:**

- a) the Settlement Agreement is approved;
- b) within 90 days of receiving comments from Commission Staff, Quadrus shall provide to the OSC Manager, revised written policies and procedures (the "Revised Policies and Procedures") that address any remaining issues raised by Commission Staff (the "Remaining Issues") with regard to Quadrus' procedures and controls, supervisory and monitoring systems designed to prevent the re-occurrence of the MER Control and Supervision Inadequacy in the future (the "Enhanced Control and Supervision Procedures");
- c) thereafter, Quadrus shall make such further modifications to its Revised Policies and Procedures as are required to ensure that the Revised Policies and Procedures address any Remaining Issues to the satisfaction of the OSC Manager;
- d) within 8 months of receiving confirmation from the OSC Manager that the Revised Policies and Procedures satisfy the Remaining Issues (the "Confirmation Date"), Quadrus shall submit a letter (the "Attestation Letter"), signed by the Ultimate Designated Person ("UDP") and the Chief Compliance Officer ("CCO") of Quadrus, to the OSC Manager, expressing their opinion as to whether the Enhanced Control and Supervision Procedures were adequately followed, administered and enforced by Quadrus for the six month period commencing from the Confirmation Date;
- e) the Attestation Letter shall be accompanied by a report which provides a description of the testing performed to support the conclusions contained in the Attestation Letter;
- f) Quadrus shall submit such additional reports as may be requested by the OSC Manager for the purpose of satisfying the OSC Manager that the opinion expressed in the Attestation Letter described in subparagraph (d) above is valid;
- g) Quadrus or Commission Staff may apply to the Commission for directions in respect of any issues that may arise with regard to the implementation of subparagraphs (b) to (f) above; and
- h) Quadrus shall comply with the Undertaking to:
  - i. pay compensation to the Affected Clients in accordance with the Compensation Plan and to report to the OSC Manager in accordance with the Compensation Plan;
  - ii. make a voluntary payment of \$20,000, to reimburse the Commission for costs incurred or to be incurred by it in accordance with subsection 3.4(2)(a) of the Act; and
  - iii. make a further voluntary payment of \$250,000, to be designated for allocation to or for the benefit of third parties, or for use by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act.

**DATED** at Toronto, Ontario this \_\_\_\_\_ day of November, 2015

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## Chapter 3

# Reasons: Decisions, Orders and Rulings

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### 3.2 Director's Decisions

#### 3.2.1 Cornerstone Asset Management L.P. – s. 31

**IN THE MATTER OF  
STAFF'S RECOMMENDATION TO SUSPEND THE REGISTRATION OF  
CORNERSTONE ASSET MANAGEMENT L.P.**

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

1. Staff has made a recommendation to suspend the registration of Cornerstone Asset Management L.P. (**Cornerstone**). Pursuant to section 31 of the *Securities Act* (Ontario) (the **Act**), Cornerstone requested an opportunity to be heard.
2. Cornerstone is registered in Ontario, Alberta and British Columbia as an exempt market dealer. Ontario is its principal regulator.
3. The factual basis for Staff's recommendation is as follows:
  - a) Cornerstone failed to deliver its financial statements for its 2014 financial year by the prescribed deadline of March 31, 2015. They were ultimately filed late on August 21, 2015.
  - b) Cornerstone failed to deliver its completed Form 31-103F1 *Calculation of Excess Working Capital* by the prescribed deadline of March 31, 2015. This was ultimately filed late on June 3, 2015.
  - c) Between March 31, 2015 and the dates they were ultimately filed, Staff made repeated inquiries as to when Cornerstone would be making its financial information filings and as to whether Cornerstone was maintaining solvency. On several occasions, Cornerstone did not reply by the deadlines imposed by Staff.
  - d) In the course of correspondence with Cornerstone about its late filings, Staff identified concerns with Cornerstone's solvency and requested information about the recoverability of a related party receivable. The information Cornerstone provided was not adequate to resolve these concerns. Staff took the view that if the receivable proved not to be recoverable by Cornerstone, then Cornerstone would have a working capital deficiency.
  - e) Cornerstone was not responsive to repeated attempts by Staff to obtain the required information to address its concerns.
4. Staff's position is that the elements of the test for suspension of Cornerstone's registration under section 28 of the Act are present in that:
  - a) Cornerstone is unsuitable for registration in that it lacks the requisite solvency for registration;
  - b) Cornerstone has failed to comply with Ontario securities law and specifically section 12.12 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, by failing to deliver its financial information within the required timeframe, and subsection 19(3) of the Act, by failing to deliver books and records required to be kept by a market participant to Staff in a timely manner; and
  - c) Cornerstone's ongoing registration would be objectionable because it would be unfair to other registered firms who have worked to expend the time and resources necessary to meet their solvency obligations and filing requirements and to comply with Staff's requests.
5. Cornerstone initially requested an opportunity to be heard before the Director. However, in a letter subsequent to this request, Cornerstone indicated that it intended to complete the restructuring of its business in a manner that would adequately recapitalize the firm, but that the restructuring was delayed. Cornerstone acknowledged that it has various capital issues and restructuring will be required to remedy the deficiencies. Finally, Cornerstone consented to the suspension of its registration.

6. My decision is that the registration of Cornerstone is suspended. I agree with Staff's recommendations, including its analysis that the facts demonstrate the elements of the test for suspension under section 28 of the Act. Furthermore, Cornerstone was provided with the opportunity to submit materials for review by the Director and no factual information was submitted. Finally, Cornerstone acknowledged and accepted the suspension recommendation made by Staff.

"Debra Foubert" J.D.  
Director, Compliance and Registrant Regulation Branch  
Ontario Securities Commission

November 6, 2015

## 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
Azabache Energy Inc.	9 November 2015	20 November 2015		
EmberClear Corp.	6 November 2015	18 November 2015		
La Jolla Capital Inc.	9 November 2015	20 November 2015		
Medipure Holdings Inc.	9 November 2015	20 November 2015		

### 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
Enerdynamic Hybrid Technologies Corp.	4 November 2015	16 November 2015			
Enerdynamic Hybrid Technologies Corp.	22 October 2015	4 November 2015	4 November 2015		

### 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
Boyuan Construction Group, Inc.	02 October 2015	14 October 2015	14 October 2015		
Enerdynamic Hybrid Technologies Corp.	4 November 2015	16 November 2015			
Enerdynamic Hybrid Technologies Corp.	22 October 2015	4 November 2015	4 November 2015		
Enerdynamic Hybrid Technologies Corp.	15 October 2015	28 October 2015	28 October 2015		

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## Chapter 7

# Insider Reporting

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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](http://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](http://www.sedi.ca)).



## Chapter 8

# Notice of Exempt Financings

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

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

The Notice of Exempt Financings in Chapter 8 of the Bulletin will be discontinued on November 19, 2015.

As of October 2015, summaries of reported exempt distribution information will be posted on a regular basis on the OSC website at: <http://www.osc.gov.on.ca/en/exempt-distributions-summary.htm>.

The summaries are based on information contained in Form 45-106F1 filed with the OSC where Ontario purchasers have been identified. This is similar to the information that was previously reported in Chapter 8 of the Bulletin.

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## Chapter 11

# IPOs, New Issues and Secondary Financings

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**Issuer Name:**

3TL Technologies Corp.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated November 5, 2015

NP 11-202 Receipt dated November 5, 2015

**Offering Price and Description:**

\$2,000,000.00 - \* Units

Price: \$ \* per Unit

**Underwriter(s) or Distributor(s):**

Global Securities Corporation

**Promoter(s):**

Robert Craig  
Carlos Yong

**Project #2412562**

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**Issuer Name:**

Atrium Mortgage Investment Corporation  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated November 4, 2015

NP 11-202 Receipt dated November 4, 2015

**Offering Price and Description:**

\$25,002,900.00 - 2,137,000 Common Shares

Price: \$11.70 per Common Share

**Underwriter(s) or Distributor(s):**

TD Securities Inc.  
RBC Dominion Securities Inc.  
CIBC World Markets Inc.  
Scotia Capital Inc.  
BMO Nesbitt Burns Inc.  
National Bank Financial Inc.  
Canaccord Genuity Corp.  
GMP Securities L.P.  
Raymond James Ltd.  
Industrial Alliance Securities Inc.  
Dundee Securities Ltd.

**Promoter(s):**

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**Project #2409727**

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**Issuer Name:**

CO2 Solutions Inc.  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Base Shelf Prospectus dated November 6, 2015

NP 11-202 Receipt dated November 6, 2015

**Offering Price and Description:**

\$20,000,000.00

Common Shares  
Subscription Receipts  
Debt Securities  
Warrants  
Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

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**Project #2412826**

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**Issuer Name:**

Horizons China High Dividend Yield Index ETF  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated November 2, 2015

NP 11-202 Receipt dated November 4, 2015

**Offering Price and Description:**

Class A Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

HORIZONS ETFs MANAGEMENT (CANADA) INC.

**Project #2411140**

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**Issuer Name:**

Kew Media Group Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated November 5, 2015

NP 11-202 Receipt dated November 6, 2015

**Offering Price and Description:**

\$70,000,000.00 - 7,000,000 Class A Restricted Voting Units

Price: \$10.00 per Class A Restricted Voting Unit

**Underwriter(s) or Distributor(s):**

TD Securities Inc.  
Cantor Fitzgerald Canada Corporation  
National Bank Financial Inc.

**Promoter(s):**

KMG ENTERTAINMENT LP  
Project #2412860

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**Issuer Name:**

Canadian Scholarship Trust Family Savings Plan  
Canadian Scholarship Trust Group Savings Plan 2001  
Canadian Scholarship Trust Individual Savings Plan  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 21, 2015 to Long Form Prospectus dated May 25, 2015

NP 11-202 Receipt dated November 3, 2015

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

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Project #232053;2320534;2320531

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**Issuer Name:**

Connected Wealth Tactical Class\*  
Connected Wealth Core Income Class\*  
(Series A and F securities)

\*Each a class of shares of Connected Wealth Funds Inc.

**Type and Date:**

Final Simplified Prospectuses dated November 4, 2015

NP 11-202 Receipt dated November 6, 2015

**Offering Price and Description:**

Series A and F units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

RICHARDSON GMP LIMITED  
Project #2335447

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**Issuer Name:**

TD Private Canadian Bond Income Fund  
TD Private Canadian Bond Return Fund  
TD Private Canadian Equity Plus Fund  
TD Private U.S. Mid-Cap Equity Fund  
TD Private International Equity Fund  
TD Private Target Return Fund  
TD Private Target Return Plus Fund  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 29, 2015 to the Simplified Prospectuses and Annual Information Form dated July 23, 2015

NP 11-202 Receipt dated November 5, 2015

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

TD Waterhouse Canada Inc.  
TD Investment Services Inc. (for Investor Series units)  
TD Investment Services Inc. (for Investor Series and e-Series units)  
TD Investment Services Inc. (for Investor Series units)  
TD Investment Services Inc. (for Investor Series and e-Series Units)  
TD Waterhouse Canada Inc.  
TD Waterhouse Canada Inc. (W-Series and WT-Series only)  
TD Investment Services Inc. (for Investor Series)  
TD Investment Services Inc. (for Investor Series and Premium Series units)

**Promoter(s):**

TD Asset Management Inc.  
Project #2363093

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**Issuer Name:**

Fidelity Canadian Disciplined Equity® Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2 and Series P3 shares)  
Fidelity Canadian Growth Company Class (Series A, Series B, Series F, Series P1, Series P2, Series P3, Series P4 and Series P5 shares)  
Fidelity Canadian Large Cap Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3, Series P1T5 and Series P2T5 shares)  
Fidelity Canadian Opportunities Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2 and Series P3 shares)  
Fidelity Dividend Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3, Series P4 and Series P1T5 shares)  
Fidelity Greater Canada Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1 and Series P2 shares)  
Fidelity Special Situations Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3, Series P4 and Series P1T5 shares)  
Fidelity True North® Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3 and Series P4 shares)  
Fidelity Dividend Plus Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3, Series P4 and Series P1T5 shares)  
Fidelity American Disciplined Equity® Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3, Series P4 and Series P5 shares)  
Fidelity American Disciplined Equity® Currency Neutral Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1 and Series P2 shares)  
Fidelity American Opportunities Class (Series A, Series B and Series F shares)  
Fidelity U.S. Focused Stock Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series P1, Series P2, Series P3 and Series P4 shares)  
Fidelity U.S. Focused Stock Currency Neutral Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8 and Series P1 shares)  
Fidelity Small Cap America Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3, Series P4, Series P5, Series P1T5 and Series P2T5 shares)

Fidelity Small Cap America Currency Neutral Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3 and Series P4 shares)  
Fidelity U.S. All Cap Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3, Series P4, Series P5 and Series P1T5 shares)  
Fidelity U.S. All Cap Currency Neutral Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8 and Series P1 shares)  
Fidelity American Equity Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3, Series P4, Series P5 and Series P1T5 shares)  
Fidelity American Equity Currency Neutral Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1 and Series P2 shares)  
Fidelity Event Driven Opportunities Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2 and Series P3 shares)  
Fidelity AsiaStar® Class (Series A, Series B, Series F, Series P1 and Series P2 shares)  
Fidelity China Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2 and Series P3 shares)  
Fidelity Emerging Markets Class (Series A, Series B, Series F, Series P1, Series P2 and Series P3 shares)  
Fidelity Europe Class (Series A, Series B, Series F, Series P1, Series P2 and Series P3 shares)  
Fidelity Far East Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3 and Series P4 shares)  
Fidelity Global Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8 and Series P1 shares)  
Fidelity Global Disciplined Equity® Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series P1, Series P2 and Series P3 shares)  
Fidelity Global Disciplined Equity® Currency Neutral Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series P1 and Series P2 shares)  
Fidelity Global Dividend Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3, Series P4 and Series P1T5 shares)  
Fidelity Global Large Cap Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series P1, Series P2, Series P3 and Series P4 shares)

Fidelity Global Large Cap Currency Neutral Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8 and Series P1 shares)  
Fidelity Global Small Cap Class (Series A, Series B, Series F, Series P1, Series P2 and Series P3 shares)  
Fidelity International Disciplined Equity® Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series P1 and Series P2 shares)  
Fidelity International Disciplined Equity® Currency Neutral Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8 and Series P1 shares)  
Fidelity Japan Class (Series A, Series B, Series F and Series P1 shares)  
Fidelity NorthStar® Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3, Series P4, Series P5, Series P1T5 and Series P2T5 shares)  
Fidelity NorthStar® Currency Neutral Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3 and Series P4 shares)  
Fidelity Global Concentrated Equity Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3, Series P4, Series P5 and Series P1T5 shares)  
Fidelity International Growth Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8 and Series P1 shares)  
Fidelity Global Consumer Industries Class (Series A, Series B, Series F, Series P1 and Series P2 shares)  
Fidelity Global Financial Services Class (Series A, Series B, Series F, Series P1 and Series P2 shares)  
Fidelity Global Health Care Class (Series A, Series B, Series F, Series P1 and Series P2 shares)  
Fidelity Global Natural Resources Class (Series A, Series B, Series F, Series P1 and Series P2 shares)  
Fidelity Global Real Estate Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1 and Series P2 shares)  
Fidelity Global Technology Class (Series A, Series B, Series F, Series P1 and Series P2 shares)  
Fidelity Global Telecommunications Class (Series A, Series B, Series F and Series P1 shares)  
Fidelity Canadian Asset Allocation Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3, Series P4 and Series P1T5 shares)  
Fidelity Canadian Balanced Class (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3, Series P4, Series P1T5 and Series P2T5 shares)  
Fidelity Monthly Income Class (Series A, Series B, Series F, Series T5, Series T8, Series S5,

Series S8, Series F5, Series F8, Series P1, Series P2, Series P3, Series P4, Series P5, Series P1T5 and Series P2T5 shares)  
Fidelity Income Class Portfolio (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3 and Series P1T5 shares)  
Fidelity Global Income Class Portfolio (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3, Series P4 and Series P1T5 shares)  
Fidelity Balanced Class Portfolio (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3 and Series P1T5 shares)  
Fidelity Global Balanced Class Portfolio (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2, Series P3 and Series P1T5 shares)  
Fidelity Growth Class Portfolio (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1 and Series P2 shares)  
Fidelity Global Growth Class Portfolio (Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8, Series P1, Series P2 and Series P1T5 shares)  
Fidelity Canadian Short Term Income Class (Series A, Series B, Series F, Series P1, Series P2, Series P3 and Series P4 shares)  
Fidelity Corporate Bond Class (Series A, Series B, Series F, Series T5, Series S5, Series F5, Series P1, Series P2 and Series P1T5 shares)  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Simplified Prospectuses and Annual Information Form dated October 29, 2015 (the amended prospectus) amending and restating the Simplified Prospectuses and Annual Information Form dated March 27, 2015 NP 11-202 Receipt dated November 3, 2015

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Fidelity Investments Canada ULC

**Project #2308295**

---



**Issuer Name:**

Fidelity Global Intrinsic Value Class  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Simplified Prospectus and Annual Information Form dated October 29, 2015 (the amended prospectus), amending and restating the Simplified Prospectus and Annual Information Form dated April 20, 2015

NP 11-202 Receipt dated November 3, 2015

**Offering Price and Description:**

Series A, B, F, P1, P2, P3, P4, P5, T5, T8, S5, S8, F5 and F8 shares available @ Net Asset Value

**Underwriter(s) or Distributor(s):**

Fidelity Investments Canada ULC

**Promoter(s):**

FIDELITY INVESTMENTS CANADA ULC

Project #2318045

---

**Issuer Name:**

Series A, Series B and Series F Securities (unless otherwise indicated) of  
Fidelity Dividend Investment Trust (Series O units only)  
Fidelity North American Equity Investment Trust (Series O units only)

Fidelity North American Equity Class\* (Series P1, T5, T8, S5, S8, F5, P1T5 and F8 shares also available)

Fidelity Global Intrinsic Value Currency Neutral Class\* (Series P1, T5, T8, S5, S8, F5, P1T5 and F8 shares also available)

(\* Class of Fidelity Capital Structure Corp.)

Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Simplified Prospectuses and Annual Information Form dated October 29, 2015 (the amended prospectus), amending and restating the Simplified Prospectuses and Annual Information Form dated October 16, 2015

NP 11-202 Receipt dated November 3, 2015

**Offering Price and Description:**

Series A, B, F, O, P1, T5, T8, S5, S8, F5, P1T5 and F8 Securities @ Net Asset Value

**Underwriter(s) or Distributor(s):**

Fidelity Investments Canada ULC

**Promoter(s):**

Fidelity Investments Canada ULC

Project #2398086

---

**Issuer Name:**

First Asset Canadian Convertible Bond ETF  
First Asset Provincial Bond Index ETF  
First Asset 1-5 Year Laddered Government Strip Bond Index ETF

Principal Regulator - Ontario

**Type and Date:**

Amendment #2 dated October 28, 2015 to the Long Form Prospectus dated June 10, 2015

NP 11-202 Receipt dated November 4, 2015

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

Project #2346243

---

**Issuer Name:**

FIRST ASSET ACTIVE CANADIAN DIVIDEND ETF  
FIRST ASSET ACTIVE UTILITY & INFRASTRUCTURE ETF

FIRST ASSET HAMILTON CAPITAL EUROPEAN BANK ETF

FIRST ASSET U.S. & CANADA LIFECO INCOME ETF

Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 28, 2015 to the Long Form Prospectus dated July 20, 2015

NP 11-202 Receipt dated November 4, 2015

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

FIRST ASSET INVESTMENT MANAGEMENT INC.

Project #2365203

---

**Issuer Name:**

First Asset Active Credit ETF

Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 28, 2015 to the Long Form Prospectus dated January 12, 2015

NP 11-202 Receipt dated November 4, 2015

**Offering Price and Description:**

Exchange traded securities at net asset value

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

FIRST ASSET INVESTMENT MANAGEMENT INC

Project #2281418

---

**Issuer Name:**

FIRST ASSET CAN-ENERGY COVERED CALL ETF  
FIRST ASSET CAN-MATERIALS COVERED CALL ETF  
FIRST ASSET TECH GIANTS COVERED CALL ETF  
FIRST ASSET ENERGY GIANTS COVERED CALL ETF  
Principal Regulator - Ontario

**Type and Date:**

Amendment #2 dated October 28, 2015 to the Long Form Prospectus dated June 22, 2015  
NP 11-202 Receipt dated November 4, 2015

**Offering Price and Description:**

Exchange traded fund securities at net asset value

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #2349905**

---

**Issuer Name:**

FIRST ASSET GLOBAL DIVIDEND FUND  
(Class A (CAD Hedged), Class A1 (Unhedged), Class F (CAD Hedged) and Class F1 (Unhedged) units)

FIRST ASSET CANADIAN CONVERTIBLE BOND FUND

FIRST ASSET REIT INCOME FUND

FIRST ASSET UTILITY PLUS FUND

FIRST ASSET CANADIAN ENERGY CONVERTIBLE DEBENTURE FUND

FIRST ASSET CANADIAN DIVIDEND OPPORTUNITY FUND

(Class A units and Class F units)

Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 28, 2015 to the Simplified Prospectuses and Annual Information Form dated April 27, 2015

NP 11-202 Receipt dated November 5, 2015

**Offering Price and Description:**

Class A (CAD Hedged), Class A1 (Unhedged), Class F (CAD Hedged) and Class F1 (Unhedged) units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

First Asset Investment Management Inc.

**Project #2320488**

**Issuer Name:**

First Asset Canadian REIT ETF  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 28, 2015 to the Long Form Prospectus dated July 10, 2015

NP 11-202 Receipt dated November 4, 2015

**Offering Price and Description:**

Exchange traded fund securities at net asset value

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

First Asset Investment Management Inc.

**Project #2361172**

---

**Issuer Name:**

First Asset CanBanc Income ETF  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 28, 2015 to the Long Form Prospectus dated September 18, 2015

NP 11-202 Receipt dated November 4, 2015

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

First Asset Investment Management Inc.

**Project #2369467**

---

**Issuer Name:**

First Asset Core Balanced ETF  
First Asset Core Canadian Equity ETF  
First Asset Core U.S. Equity ETF  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 28, 2015 to the Long Form Prospectus dated January 12, 2015

NP 11-202 Receipt dated November 4, 2015

**Offering Price and Description:**

Exchange traded fund securities at net asset value

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

FIRST ASSET INVESTMENT MANAGEMENT INC.

**Project #2280707**

**Issuer Name:**

First Asset Core Canadian Equity Income ETF  
Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated November 4, 2015  
NP 11-202 Receipt dated November 5, 2015

**Offering Price and Description:**

Exchange traded fund securities at net asset value

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

First Asset Investment Management Inc.

Project #2404110

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**Issuer Name:**

First Asset Morningstar Canada Dividend Target 30 Index  
ETF (Common Units and Advisor  
Class Units)

First Asset Morningstar US Dividend Target 50 Index ETF  
(Common Units, Advisor Class Units,  
Unhedged Common Units and Unhedged Advisor Class  
Units)

First Asset Morningstar Canada Momentum Index ETF  
(Common Units and Advisor Class  
Units)

First Asset Morningstar US Momentum Index ETF  
(Common Units, Advisor Class Units,  
Unhedged Common Units and Unhedged Advisor Class  
Units)

First Asset Morningstar Canada Value Index ETF  
(Common Units and Advisor Class Units)

First Asset Morningstar US Value Index ETF (Common  
Units, Advisor Class Units, Unhedged  
Common Units and Unhedged Advisor Class Units)

First Asset Morningstar National Bank Québec Index ETF  
(Common Units and Advisor Class  
Units)

First Asset Morningstar International Momentum Index ETF  
(Common Units, Advisor Class  
Units, Unhedged Common Units and Unhedged Advisor  
Class Units)

First Asset Morningstar International Value Index ETF  
(Common Units, Advisor Class Units,  
Unhedged Common Units and Unhedged Advisor Class  
Units)

First Asset MSCI Canada Low Risk Weighted ETF  
(Common Units and Advisor Class Units)

First Asset MSCI USA Low Risk Weighted ETF (Common  
Units, Advisor Class Units, Unhedged  
Common Units and Unhedged Advisor Class Units)

First Asset MSCI Europe Low Risk Weighted ETF  
(Common Units, Advisor Class Units,  
Unhedged Common Units and Unhedged Advisor Class  
Units)

First Asset MSCI World Low Risk Weighted ETF (Common  
Units, Advisor Class Units,  
Unhedged Common Units and Unhedged Advisor Class  
Units)

Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated October 29, 2015  
NP 11-202 Receipt dated November 3, 2015

**Offering Price and Description:**

Common units, Advisor Class units, Unhedged Common  
units and Unhedged Advisor units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

Project #2399140

---

**Issuer Name:**

First Asset Resource Fund Inc.  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 28, 2015 to the Simplified Prospectus and Annual Information Form dated June 24, 2015

NP 11-202 Receipt dated November 5, 2015

**Offering Price and Description:**

Class A Shares, Series 1

**Underwriter(s) or Distributor(s):**

TDK Management Fund Inc.

**Promoter(s):**

-

**Project #2349732**

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**Issuer Name:**

HealthSpace Informatics Ltd.  
Principal Regulator - British Columbia

**Type and Date:**

Final Long Form Prospectus dated November 4, 2015

NP 11-202 Receipt dated November 5, 2015

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Conrad Krebs  
Christopher Morris  
Joseph Willmott  
Ali Hakimzadeh

**Project #2390878**

**Issuer Name:**

Trimark Advantage Bond Fund (Series A, Series F, Series I and Series PTF)

Trimark Canadian Endeavour Fund (Series A, Series D, Series F, Series I, Series P, Series PF and Series PTF)

Trimark Canadian Opportunity Class (Series A, Series D, Series F, Series I, Series P, Series PF and Series PTF)\*

Trimark Emerging Markets Class (Series A, Series D, Series F, Series I, Series P, Series PF, Series PTF and Series PTFU)\*

Trimark Fund (Series A, Series D, Series F, Series H, Series I, Series O, Series P, Series PF, Series PTF, Series PTFU, Series SC, Series T4, Series T6 and Series T8)

Trimark Global Dividend Class (Series A, Series D, Series F, Series F4, Series F6, Series P, Series PF, Series PF4, Series PF6, Series PT4, Series PT6, Series PTF, Series T4, Series T6 and Series T8)\*

Trimark Global Fundamental Equity Fund (Series A, Series D, Series F, Series H, Series I, Series T4, Series T6 and Series T8)

Trimark Global Fundamental Equity Class (Series A, Series F, Series FH, Series H, Series I, Series P, Series PF, Series PH, Series PTF, Series T4, Series T6 and Series T8)\*

Trimark International Companies Fund (Series A, Series F and Series I)

Trimark International Companies Class (Series A, Series F, Series P, Series PF and Series PTF)\*

Invesco Canadian Premier Growth Class (Series A, Series F, Series I, Series P, Series PF, Series PTF, Series T4, Series T6 and Series T8)\*

Invesco Global Growth Class (Series A, Series D, Series F, Series I, Series P, Series PF, Series PTF and Series PTFU)\*

PowerShares Diversified Yield Fund (Series A, Series D, Series F, Series T6 and Series T8)

Invesco Intactive Diversified Income Portfolio Class (Series A, Series F, Series F4, Series F6, Series P, Series PF, Series PF4, Series PF6, Series PT4, Series PT6, Series T4 and Series T6)\*

Invesco Intactive Balanced Income Portfolio Class (Series A, Series F, Series F4, Series F6, Series P, Series PF, Series PF4, Series PF6, Series PT4, Series PT6, Series T4 and Series T6)\*

\*Part of Invesco Corporate Class Inc.

Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 30, 2015 to the Simplified Prospectuses and Annual Information Form dated July 31, 2015

NP 11-202 Receipt dated November 9, 2015

**Offering Price and Description:**

Series A, Series D, Series F, Series F4, Series F6, Series P, Series PF, Series PF4, Series PF6, Series PT4, Series PT6, Series PTF, Series T4, Series T6 and Series T8

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Invesco Canada Ltd.  
**Project #2360859**

---

**Issuer Name:**

NAV CANADA

Principal Regulator - Ontario

**Type and Date:**

Final Base Shelf Prospectus dated November 6, 2015

NP 11-202 Receipt dated November 6, 2015

**Offering Price and Description:**

\$500,000,000.00 - General Obligation Notes

**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.

TD Securities Inc.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

National Bank Financial Inc.

Laurentian Bank Securities Inc.

**Promoter(s):**

-

**Project #2408172**

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**Issuer Name:**

Vanguard FTSE Developed Europe All Cap Index ETF  
(formerly, Vanguard FTSE Developed Europe Index ETF)  
Principal Regulator - Ontario

**Type and Date:**

Amendment #3 dated November 2, 2015 to the Long Form  
Prospectus dated June 25, 2015

NP 11-202 Receipt dated November 6, 2015

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

VANGUARD INVESTMENTS CANADA INC.

**Project #2347862**

---

**Issuer Name:**

Legacy Education Savings Plan

Principal Jurisdiction - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated August 27, 2015

Withdrawn on November 4, 2015

**Offering Price and Description:**

Units

**Underwriter(s) or Distributor(s):**

Global RESP Corporation

**Promoter(s):**

Global Educational Trust Foundation

**Project #2411132**

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## Chapter 12

# Registrations

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### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Consent to Suspension (Pending Surrender)	CGS Asset Management Ltd.	Restricted Portfolio Manager, Exempt Market Dealer	November 5, 2015

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# Index

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---

<b>Adams, Herbert</b>		
Notice from the Office of the Secretary .....	9488	
Order – Rule 9 of the OSC Rules of Procedure .....	9513	
<b>Agueci, Eda Marie</b>		
Notice of Hearing – s. 144.....	9484	
Notice from the Office of the Secretary .....	9491	
<b>Angel Immigration Inc.</b>		
Notice from the Office of the Secretary .....	9489	
Temporary Order – ss. 127(1), 127(8) .....	9514	
Order – ss. 127, 127.1 .....	9515	
<b>Avion Gold Corporation</b>		
Order.....	9512	
<b>Azabache Energy Inc.</b>		
Cease Trading Order .....	9537	
<b>Bishop, Steve</b>		
Notice from the Office of the Secretary .....	9488	
Order – Rule 9 of the OSC Rules of Procedure .....	9513	
<b>Blackburn, Derek</b>		
Notice from the Office of the Secretary .....	9492	
Order – s. 127 .....	9520	
<b>Blue Gold Holdings Ltd.</b>		
Notice from the Office of the Secretary .....	9492	
Order – s. 127 .....	9520	
<b>Boulevard Industrial Real Estate Investment Trust</b>		
Decision – s. 1(10)(a)(ii).....	9511	
<b>Boyuan Construction Group, Inc.</b>		
Cease Trading Order .....	9537	
<b>Canadian Advantaged Convertibles Fund</b>		
Decision .....	9497	
<b>CBK Enterprises Inc.</b>		
Notice from the Office of the Secretary .....	9488	
Order – Rule 9 of the OSC Rules of Procedure .....	9513	
<b>Cenith Air Inc.</b>		
Notice from the Office of the Secretary .....	9489	
Temporary Order – ss. 127(1), 127(8) .....	9514	
Order – ss. 127, 127.1 .....	9515	
<b>Cenith Energy Corporation</b>		
Notice from the Office of the Secretary .....	9489	
Temporary Order – ss. 127(1), 127(8) .....	9514	
Order – ss. 127, 127.1 .....	9515	
<b>CGS Asset Management Ltd.</b>		
Consent to Suspension (Pending Surrender).....	9633	
<b>Cornerstone Asset Management L.P.</b>		
Reasons: Director's Decision – s. 31 .....	9535	
<b>EmberClear Corp.</b>		
Cease Trading Order.....	9537	
<b>Enerdynamic Hybrid Technologies Corp.</b>		
Cease Trading Order.....	9537	
<b>Exempt Market Review – Backgrounder</b>		
Notice .....	9481	
<b>Fiorillo, Henry</b>		
Notice of Hearing – s. 144 .....	9484	
Notice from the Office of the Secretary.....	9491	
<b>Fiorini, Giuseppe (Joseph)</b>		
Notice of Hearing – s. 144 .....	9484	
Notice from the Office of the Secretary.....	9491	
<b>First Asset Investment Management Inc.</b>		
Decision .....	9497	
Decision.....	9508	
<b>Future Solar Developments Inc.</b>		
Notice from the Office of the Secretary.....	9489	
Temporary Order – ss. 127(1), 127(8).....	9514	
Order – ss. 127, 127.1 .....	9515	
<b>Gornitzki, Jacob</b>		
Notice of Hearing – s. 144 .....	9484	
Notice from the Office of the Secretary.....	9491	
<b>Greening, Nigel</b>		
Notice from the Office of the Secretary.....	9492	
Order – s. 127.....	9520	
<b>Hewlett-Packard Company</b>		
Decision.....	9501	
<b>Hydro One Inc.</b>		
Decision.....	9505	
<b>Hydro One Limited</b>		
Decision.....	9505	
<b>Iacono, Santo</b>		
Notice of Hearing – s. 144 .....	9484	
Notice from the Office of the Secretary.....	9491	
<b>Kotton, Lance</b>		
Notice of Hearing – ss. 127(7), 127(8).....	9483	
Notice from the Office of the Secretary.....	9490	
Temporary Order – ss. 127(1), 127(5) .....	9518	

---

---

<b>Kricfalusi, Mary</b>		<b>Steadyhand Investment Management Ltd.</b>	
Notice from the Office of the Secretary .....	9488	Decision.....	9493
Order – Rule 9 of the OSC Rules of Procedure .....	9513		
<b>Kurichh, Raj</b>		<b>Stephany, Kimberley</b>	
Notice from the Office of the Secretary .....	9492	Notice of Hearing – s. 144 .....	9484
Order – s. 127 .....	9520	Notice from the Office of the Secretary.....	9491
<b>La Jolla Capital Inc.</b>		<b>Suncastle Developments Corporation</b>	
Cease Trading Order .....	9537	Notice from the Office of the Secretary.....	9488
		Order – Rule 9 of the OSC Rules of Procedure.....	9513
<b>Loman, Kevin</b>		<b>Telfer, Ian</b>	
Notice from the Office of the Secretary .....	9488	Notice of Hearing – s. 144 .....	9484
Order – Rule 9 of the OSC Rules of Procedure .....	9513	Notice from the Office of the Secretary.....	9491
<b>Majestic Supply Co. Inc.</b>		<b>TeraExchange, LLC</b>	
Notice from the Office of the Secretary .....	9488	Revocation of Interim Order – s. 144.....	9517
Order – Rule 9 of the OSC Rules of Procedure .....	9513		
<b>Medipure Holdings Inc.</b>		<b>Titan Equity Group Ltd.</b>	
Cease Trading Order .....	9537	Notice of Hearing – ss. 127(7), 127(8).....	9483
		Notice from the Office of the Secretary.....	9490
<b>North American Advantaged Convertible Fund</b>		Temporary Order – ss. 127(1), 127(5) .....	9518
Decision .....	9497		
<b>Pollen Services Limited</b>		<b>Webtech Wireless Inc.</b>	
Notice of Hearing – s. 144.....	9484	Decision – s. 1(10)(a)(ii) .....	9504
Notice from the Office of the Secretary .....	9491		
<b>Qin, Sam</b>		<b>Wing, Dennis</b>	
Notice from the Office of the Secretary .....	9489	Notice of Hearing – s. 144 .....	9484
Temporary Order – ss. 127(1), 127(8) .....	9514	Notice from the Office of the Secretary.....	9491
Order – ss. 127, 127.1 .....	9515		
<b>Qin, Xundong</b>			
Notice from the Office of the Secretary .....	9489		
Temporary Order – ss. 127(1), 127(8) .....	9514		
Order – ss. 127, 127.1 .....	9515		
<b>Quadrus Investment Services Ltd.</b>			
Notice from the Office of the Secretary .....	9490		
Order with Related Settlement Agreement			
– ss. 127(1), 127(2), 127.1.....	9522		
<b>Quadrus Investment Services Ltd.</b>			
Notice of Hearing with Related Statement of			
Allegations – ss. 127(1), 127(2), 127.1 .....	9485		
Notice from the Office of the Secretary .....	9488		
<b>Raponi, Josephine</b>			
Notice of Hearing – s. 144.....	9484		
Notice from the Office of the Secretary .....	9491		
<b>Serpa, John</b>			
Notice of Hearing – s. 144.....	9484		
Notice from the Office of the Secretary .....	9491		
<b>SilverCrest Mines Inc.</b>			
Decision – s. 1(10)(a)(ii).....	9496		
<b>Steadyhand Investment Funds Inc.</b>			
Decision .....	9493		