DIALOGUE WITH THE OSC 2007

ONTARIO SECURITIES COMMISSION

Tuesday, November 27, 2007

Metro Toronto Convention Centre, North Building

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David Wilson, Chair, Ontario Securities Commission

GUEST SPEAKERS

Arthur Levitt, Former Chairman, U.S. Securities and Exchange Commission

Linda Chatman Thomsen, Director of Enforcement, U.S. Securities and Exchange Commission

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The Ontario Securities Commission

OSC Bulletin

November 9, 2007

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NOVEMBER 9, 2007

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

Unless otherwise indicated in the date column, all hearings will take place at the following location:

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
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SCHEDULED OSC HEARINGS

November 29, 2007 2:30 p.m.	**David Watson, Nathan Rogers, Amy Giles, John Sparrow, Leasesmart, Inc., Advanced Growing Systems, Inc., Pharm Control Ltd., The Bighub.com, Inc., Universal Seismic Associates Inc., Pocketop Corporation, Asia Telecom Ltd., International Energy Ltd., Cambridge Resources Corporation, Nutrione Corporation and Select American Transfer Co.** s. 127 and 127.1 P. Foy in attendance for Staff Panel: JEAT/ST
November 29, 2007 2:30 p.m.	**Stanton De Freitas** s. 127 and 127.1 P. Foy in attendance for Staff Panel: JEAT/ST
December 3, 2007 8:30 a.m.	**Land Banc of Canada Inc., LBC Midland I Corporation, Fresno Securities Inc., Richard Jason Dolan, Marco Lorenti and Stephen Zeff Freedman** s. 127 H. Craig in attendance for Staff Panel: PJL/ST
December 5, 2007 10:00 a.m.	**Imagin Diagnostic Centres Inc., Patrick J. Rooney, Cynthia Jordan, Allan McCaffrey, Michael Shumacher, Christopher Smith, Melvyn Harris and Michael Zelyony** s. 127 and 127.1 H. Craig in attendance for Staff Panel: JEAT

December 6, 2007 10:00 a.m.	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun** s. 127 M. Mackewn in attendance for Staff Panel: RLS/ST
December 10-14, 2007 10:00 a.m.	**Rex Diamond Mining Corporation, Serge Muller and Benoit Holemans** s. 127 & 127(1) H. Craig in attendance for Staff Panel: WSW/KJK
December 11, 2007 2:30 p.m.	**Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee and Peter Y. Atkinson** s.127 J. Superina in attendance for Staff Panel: TBA
December 14, 2007 10:00 a.m.	**Saxon Financial Services, Saxon Consultants, Ltd., International Monetary Services, FXBridge Technology, Meisner Corporation, Merchant Capital Markets, S.A., Merchant Capital Markets, MerchantMarx et al** s. 127(1) & (5) S. Horgan in attendance for Staff Panel: JEAT
December 18, 2007 10:00 a.m.	**Al-Tar Energy Corp., Alberta Energy Corp., Eric O'Brien, Bill Daniels, Bill Jakes, John Andrews, Julian Sylvester, Michael N. Whale, James S. Lushington, Ian W. Small, Tim Burton and Jim Hennesy** s. 127(1) & (5) Sean Horgan in attendance for Staff Panel: RLS/ST
January 7, 2008 10:00 a.m.	***Philip Services Corp. and Robert Waxman** s. 127 K. Manarin/M. Adams in attendance for Staff Panel: JEAT/MCH Colin Soule settled November 25, 2005 Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey and John Woodcroft settled March 3, 2006 * Notice of Withdrawal issued April 26, 2007
January 16, 2008 10:00 a.m.	**Jose Castaneda** s. 127 and 127.1 H. Craig in attendance for Staff Panel: WSW/ST
January 22, 2008 2:30 p.m.	**Global Partners Capital, WS Net Solution, Inc., Hau Wai Cheung, Christine Pan, Gurdip Singh Gahunia** s. 127 S. Horgan in attendance for Staff Panel: JEAT
January 22, 2008 3:00 p.m.	**Sulja Bros. Building Supplies, Ltd. (Nevada), Sulja Bros. Building Supplies Ltd., Kore International Management Inc., Petar Vucicevich and Andrew DeVries** s. 127 & 127.1 J. S. Angus in attendance for Staff Panel: JEAT/ST
March 31, 2008 10:00 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: TBA

April 2, 2008 10:00 a.m.	**Peter Sabourin, W. Jeffrey Haver, Greg Irwin, Patrick Keaveney, Shane Smith, Andrew Lloyd, Sandra Delahaye, Sabourin and Sun Inc., Sabourin and Sun (BVI) Inc., Sabourin and Sun Group of Companies Inc., Camdeton Trading Ltd. and Camdeton Trading S.A.** s. 127 and 127.1 Y. Chisholm in attendance for Staff Panel: TBA
April 7, 2008 2:30 p.m.	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s.127 and 127.1 D. Ferris in attendance for Staff Panel: TBA
May 5, 2008 10:00 a.m.	**John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir** S. 127 & 127.1 I. Smith in attendance for Staff Panel: TBA
May 5, 2008 10:00 a.m.	**Norshield Asset Management (Canada) Ltd., Olympus United Group Inc., John Xanthoudakis, Dale Smith and Peter Kefalas** s.127 P. Foy in attendance for Staff Panel: TBA
November 3, 2008 10:00 a.m.	**Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited** s. 127 E. Cole in attendance for Staff Panel: TBA
TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA
TBA	**Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell** s. 127 J. Waechter in attendance for Staff Panel: TBA
TBA	**Frank Dunn, Douglas Beatty, Michael Gollogly** s.127 K. Daniels in attendance for Staff Panel: TBA
TBA	**Shane Suman and Monie Rahman** s. 127 & 127(1) K. Daniels in attendance for Staff Panel: TBA
TBA	**Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin** s. 127 S. Horgan in attendance for Staff Panel: TBA
TBA	**Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore and Joseph Daniels** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: JEAT/ST

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Andrew Keith Lech

S. B. McLaughlin

Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb, Gordon Eckstein, Robert Topol

Andrew Stuart Netherwood Rankin

Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg

Maitland Capital Ltd., Allen Grossman, Hanouch Ulfan, Leonard Waddingham, Ron Garner, Gord Valde, Marianne Hyacinthe, Diana Cassidy, Ron Catone, Steven Lanys, Roger McKenzie, Tom Mezinski, William Rouse and Jason Snow

Euston Capital Corporation and George Schwartz

1.1.2 OSC Staff Notice 33-729 - Marketing Practices of Investment Counsel/Portfolio Managers

OSC STAFF NOTICE 33-729
MARKETING PRACTICES OF
INVESTMENT COUNSEL/PORTFOLIO MANAGERS

Purpose of Notice

Staff of the Compliance team of the Ontario Securities Commission (OSC) conducted a focused review of the marketing practices of firms registered as investment counsel/portfolio managers (ICPMs). This report summarizes our findings and provides guidance to market participants on best practices in the preparation and use of marketing materials.

Background

Marketing practices have increasingly become an area of concern. During our field reviews in recent years, we have identified an increasing number of deficiencies in this area. Marketing was the number one significant deficiency identified by the Compliance team in its 2006 and 2007 annual reports.

In particular, we have seen a rise in the number of issues in the marketing practices of ICPMs for non-prospectus qualified securities, such as pooled funds and hedge funds. We have also seen claims that are more aggressive and a greater complexity in the types of performance data in marketing materials.

We are concerned about marketing materials because investors are influenced by these types of documents. Naturally, ICPMs are motivated to present their performance, skills and services in a favourable light in these materials as a way to attract new clients and to retain existing ones. However, we have seen a number of instances where the materials were prepared in a way that highlights or exaggerates favourable points while omitting or failing to disclose facts that may be less favourable to the ICPM.

As a result, we decided to conduct a focused review of the preparation and use of marketing materials by ICPMs.

Reviews

Objectives

The main objectives of the reviews were to:

- broaden our understanding of the type and content of marketing materials used by ICPMs
- assess ICPMs' compliance with Ontario securities law
- identify any regulatory gaps

Scope

The Compliance team gathered preliminary information from about 50 ICPMs that we had not recently reviewed and that were actively carrying on marketing activities. We applied a risk-based approach to select 21 ICPMs for an in-depth review of their marketing practices. The sample included ICPMs that were portfolio managers of non-prospectus qualified investment funds, ICPMs that catered to large institutional investors and ICPMs with a variety of clients, including private clients.

Our review did not focus on ICPMs that act as fund managers solely for prospectus-qualified mutual funds. The marketing materials for these funds are subject to requirements under specific legislation, such as National Instrument 81-102 – *Mutual Funds* (NI 81-102).

Compliance staff reviewed a variety of marketing documents, including brochures, offering documents for products managed by the ICPM, newspaper and magazine advertisements, one-on-one presentations made by ICPMs to clients, websites and market commentaries.

OSC Rules

When reviewing marketing materials for compliance with Ontario securities law, we look to section 2.1 of OSC Rule 31-505 – *Conditions of Registration* (OSC Rule 31-505). This rule requires registrants to deal fairly, honestly and in good faith with their clients. This provision is a broad principle that applies to registrants generally and we expect registrants to apply it to all areas of their activities, including marketing practices and marketing materials.

We also look to the mutual fund rules for sales communications and prohibited representations for guidance on what constitutes misleading performance advertising in marketing materials. These rules, which are in Part 15 of NI 81-102 and Part 13 of its Companion Policy, contain guidance on specific issues, such as the use of benchmarks.

Although NI 81-102 applies to prospectus-qualified mutual funds, it provides principles that are appropriate and consistent with a registrant's obligation to deal fairly, honestly and in good faith with its clients. As such, these rules provide a best-practices standard that can be applied to the marketing materials of other types of investment funds and investment strategies.

Summary of suggested practices

As a result of the review, we have several key suggested practices. These suggested practices are intended to assist registrants in meeting their obligation to deal fairly, honestly and in good faith with their clients. We expect that market participants will look to these practices when preparing marketing materials. Failure to follow these practices may result in inaccurate and unfair marketing materials, which we consider misleading to clients.

The suggested practices include the following:

- ICPMs should present performance data that is based on their actual client performance returns, not on hypothetical returns which have a number of inherent risks and are difficult to verify.
- Performance composites should be constructed to include all portfolios with a similar investment strategy.
- Performance data should be calculated using a consistent methodology so that any comparisons are not misleading.
- Benchmarks should be relevant to the ICPM's investment strategy. There should be adequate disclosure to make the comparison fair and meaningful for clients.
- ICPMs should be able to support the claims made in their marketing materials.

These suggested practices are discussed in further detail in this notice.

Summary of the results

We identified a number of deficiencies in the preparation and use of marketing materials in the ICPMs we reviewed.

Most of the deficiencies fall into one of the following areas:

1. preparation and use of hypothetical performance data
2. linking actual performance of the ICPM's investment fund or investment strategy with the performance of another fund or investment strategy
3. construction and marketing of performance composites
4. construction and use of benchmarks in marketing materials
5. use of exaggerated and unsubstantiated claims in marketing materials

The following is a discussion of the issues in each of these areas and suggested practices.

1. Hypothetical performance data

Hypothetical performance data refers to performance data that is not the performance of actual client portfolios. It is also sometimes referred to as "simulated performance data".

There are different types of hypothetical performance data, including back-tested performance data and model performance data, which are discussed below.

Almost all of the ICPMs that presented hypothetical performance data in marketing materials used it in ways that were misleading or provided inadequate disclosure. Most of these deficiencies related to the marketing of non-prospectus qualified investment funds.

The following are some of the issues that we identified:

- ICPMs presented:
  - hypothetical performance data in a way that may mislead clients to believe that it is the actual performance returns of their investment fund or investment strategy
  - the returns of an index or indexes as returns of the ICPM's own fund or investment strategy
  - model performance data for a strategy that no actual clients were following
  - model performance data instead of the returns of actual client accounts
- There was a lack of disclosure accompanying hypothetical performance data. For example, there was no disclosure of the fact that the performance data was hypothetical, how the hypothetical performance data was calculated and the underlying assumptions on which the hypothetical performance data was based.
- Disclosure accompanying the hypothetical performance data was not clear and prominent.

General concerns

There are a number of general concerns related to the use of hypothetical performance data. For example:

- Any outcome can be achieved. The returns are generally always positive; otherwise, ICPMs would not present them to prospective clients.
- Hypothetical performance data is often combined with, or confused with, actual performance.
- ICPMs do not disclose the assumptions used to derive hypothetical performance data.
- It is difficult to verify the calculation of hypothetical performance data.
- ICPMs can take bigger risks with hypothetical portfolios and act differently than they otherwise would with actual client portfolios.

a) Back-tested performance data

Back-tested performance data refers to hypothetical performance data created by applying a particular investment strategy to historical data over a period of time. The data may be created using quantitative methods or formulas. We also saw the term "back-tested performance data" used to refer to hypothetical performance constructed from the historical performance of existing funds.

Back-tested results aim to show investment returns that theoretically would have been achieved if the strategy had been used during a past time period. ICPMs often use back-tested performance data to attract clients when the ICPM has no track record or has a short track record of less than five years.

An example of back-tested performance data that we saw involved ICPMs managing funds-of-funds that constructed hypothetical performance data from the historical performance of existing funds. This hypothetical performance data was based on assumptions made by the ICPM on what the fund-of-funds would have invested in if it had existed at that time, and used the historical performance data of the underlying funds.

We identified several instances where ICPMs presented performance data for periods that were much longer than the life of the firm's non-prospectus qualified investment fund. In some instances, the back-tested performance data for the period prior to the fund's inception was based on purely hypothetical performance data, such as the performance of an index. In other instances, the back-tested performance data for the period prior to the fund's inception was based on the performance of other existing funds or the underlying funds for a fund-of-funds structure.

In addition, we identified many cases where there was inadequate disclosure about the back-tested performance data, including the underlying assumptions, calculation methodology, and the risks and limitations of the back-tested performance data.

In a number of instances, the disclosure accompanying the back-tested performance data was not prominent and clear. For example, the disclosure was in very small print in a footnote at the end of a marketing piece.

Concerns

In addition to the general concerns with the use of hypothetical performance data outlined above, the following are specific concerns we have about the use of back-tested performance data:

- ICPMs have the benefit of hindsight and do not have to manage in real market conditions.
- ICPMs can alter their strategy to fit the historical data.

Suggested practices

ICPMs should only market their actual performance. They should not use back-tested performance data because it is subject to manipulation and has many limitations. As such, back-tested performance data may be misleading and inappropriate. In addition, there is no way to verify whether the returns would have been achieved.

However, we recognize that there are limited circumstances where back-tested performance data may not be misleading or the risks relating to its use may be mitigated with appropriate disclosure. ICPMs may use back-tested performance data if it is based on actual fund performance (either in a fund-of-funds situation or where a newly created fund follows the same investment strategy of an existing fund) and the following conditions are met:

- **For a newly created fund that follows the same investment strategy of an existing fund.** The actual performance and name of the existing fund is shown separately from the newly created fund's performance, and the newly created fund has the same ICPM as the existing fund.
- **For newly created fund-of-funds or a newly created fund that is based on the investment strategy of more than one existing fund.** Disclose the details about the underlying funds that it invests in and upon which the back-tested performance data is based. This includes the name of each underlying fund and the percentage of the portfolio allocated to each of these funds, provided that the percentage that is invested in each of the existing funds does not change over time.
- **For both situations:**
  - The presentation of the back-tested performance data clearly discloses that the performance data is that of the existing or underlying fund(s) and not the performance of the newly created fund.
  - The actual performance data for the existing or underlying fund(s) that the back-tested performance data is based on is presented for appropriate periods (e.g. 1, 3, 5 and 10 years or since inception). Each of these funds must be in existence for the entire periods presented.
  - Any differences in fees between the newly created fund and the existing or underlying fund(s) are adjusted for and disclosed.

If the back-tested performance data meets the criteria outlined above, the disclosure should be clear and prominent and provide enough detail about the methodology and assumptions used to calculate the back-tested performance data. These are critical in calculating the returns. Failing to disclose them would be omitting information that is integral to making the presentation fair and not misleading. Failure to include this information is contrary to section 2.1 of OSC Rule 31-505.

In addition, the disclosure should clearly state that the performance returns are hypothetical and describe the limitations of the back-tested performance data. For example, ICPMs should disclose that back-tested performance data is hypothetical performance, it is not actual performance returns for the fund and that it was calculated with the benefit of hindsight.

Lastly, the back-tested performance data that satisfies the criteria outlined above should be presented separately from actual performance data. See "Linking performance" below.

b) Model performance data

Model performance data refers to the investment results of a "model" portfolio or "imaginary" portfolio of securities that are presented over a period of time. Most model portfolios are forward-looking in that they use an investment strategy from a point in time going forward and are managed on an ongoing basis (as opposed to applying an investment strategy to historical data).

A model portfolio is often presented as the ideal balance of securities for a particular client's portfolio. ICPMs usually have clients whose portfolios follow the same investment strategy and hold the same securities as the model, but will vary in the percentage held in each security, the timing of purchases and sales, and price per security.

We identified situations where ICPMs presented performance data of a model portfolio instead of the actual performance data for clients. One ICPM presented performance data of a model portfolio but did not have any clients who were following that investment strategy. The ICPM presented the hypothetical performance data of the model portfolio to attract new clients.

Concerns

Our concerns about hypothetical performance also apply to model performance data. In addition, a significant concern with using model performance data is that it is difficult to assess whether it represents actual performance results of existing clients.

Actual performance data may differ from model performance data because:

- Trading costs may not be deducted in the model. If they are deducted, they are estimates and not actual trading costs.
- The trading prices for securities in the model may differ from trading prices in clients' portfolios. The ICPM may not have actually been able to trade at the price used for a given security in the model portfolio, especially for thinly traded securities.
- Model portfolios tend to be fully invested in securities, while actual client accounts typically maintain cash for liquidity. Therefore, the model may have better results than actual results in rising markets and poorer results in falling markets.

Suggested practices

ICPMs should present actual performance data for an investment strategy instead of model performance data. Actual results are more accurate and better reflect the investment strategy's true performance.

In particular, ICPMs should not present the performance data of a model portfolio if no clients are following that investment strategy. If they do, it is misleading because the model performance cannot be verified. For example, there is no way to ensure that the ICPM would have made the same investment decisions in the past or that the securities selected in the model would actually have been traded on a given date at a given quantity and price. This is consistent with an ICPM's obligation under section 2.1 of OSC Rule 31-505 to deal fairly, honestly and in good faith with its clients.

2. Linking performance

ICPMs sometimes link the actual performance data of their investment fund or investment strategy with the performance data of another fund or investment strategy. For example, back-tested performance data of another existing investment fund with a longer track record is presented as the actual performance data of the ICPM's fund, even though the ICPM's fund did not exist for the entire period presented.

In many instances, the performance data of the other existing fund or investment strategy is linked to the actual performance data of the investment strategy or fund in the same table or graph. This may also include performance metrics or risk analysis, such as standard deviation and the Sharpe ratio.

Concerns

Linking these separate sets of performance data in the same table or graph or mathematically is misleading because:

- clients may be misled to believe that the performance data is the actual performance of the fund or investment strategy
- it appears that the fund or investment strategy has a longer track record than it really has
- the performance may not be comparable across time periods, or
- the same method of calculating performance may not have been used for each set of data

Suggested practices

The actual performance data of an ICPM's fund or investment strategy should be presented separately from the back-tested performance data of the other existing fund(s) or investment strategy. It should not be mathematically linked or presented in the same table or graph with the actual performance data of the fund or investment strategy managed by the ICPM. Each graph or

chart should be clearly labelled. This will distinguish the actual performance data of the fund or investment strategy from that of the other existing fund(s) or investment strategy.

3. Performance composites

A performance composite is an aggregation or grouping of the performance of one or more client portfolios that represent a similar investment mandate, objective or strategy. ICPMs often use performance composites in reporting performance to prospective clients.

More than half of the ICPMs adopted unsatisfactory practices in the construction and/or presentation of their composites. We identified the following:

- A composite did not include all relevant client portfolios.
- Client portfolios were not consistently included in a composite over time. For example, the historical performance of terminated portfolios was excluded from the composite.
- An inconsistent or inappropriate methodology was used to calculate the performance of a composite. For example, average returns were used instead of asset-weighted returns.
- ICPMs did not have adequate policies and procedures for constructing and presenting composites.
- There was a lack of adequate disclosure about the performance returns of composites. For example, ICPMs did not disclose whether the returns were net of fees, or gross of portfolio management fees and/or other expenses.
- The disclosure claimed that the ICPM complied with the Global Investment Performance Standards (GIPS) of the CFA Institute when it did not.
- Inadequate books and records were maintained to support performance composite data.

Concerns

Each of the issues noted above results in an inaccurate and unfair presentation of performance data. We consider this misleading to clients.

If the composite does not include all client portfolios with a similar investment strategy, there is a risk that the ICPM will "cherry-pick" the portfolios with the best performance returns in order to present the most favourable results. In some instances, we found that ICPMs used one client's performance to represent the investment strategy instead of presenting the performance returns for a composite.

Also, without a proper process in place over composite construction, composites may be prepared inconsistently or inappropriately. This results in performance data that is not comparable from period to period and is misleading.

Suggested practices

All portfolios that meet the criteria of the composite should be included in the composite. Inappropriately including or excluding portfolios in a composite results in performance returns that do not truly reflect the actual performance of the ICPM's investment strategy. This improper practice is misleading to clients and contrary to section 2.1 of OSC Rule 31-505.

In addition, composite returns should be calculated by asset-weighting the individual portfolios' returns.

ICPMs should provide adequate disclosure in their marketing document that explains all the factors that are necessary to make the composite presentation meaningful. For example, the disclosure should:

- clearly outline the investment strategy that is reflected in the composite
- state whether the composite returns are net of fees, or gross of portfolio management fees and/or other expenses, and
- include any other key information about the client portfolios included in the composite, such as:
  - minimum asset level, if any

- use of a sub-adviser, and
- currency used to express performance

Section 1.2 of OSC Rule 31-505 requires ICPMs to establish and enforce written procedures for dealing with clients that conform to prudent business practice and enable the ICPM to serve its clients adequately.

Prudent business practice requires ICPMs to establish policies and procedures for the construction of composites to ensure that they are constructed appropriately and consistently. These policies and procedures should cover how to treat terminated portfolios, new portfolios and portfolios that have changed strategies and switched composites.

4. Benchmarks

A benchmark is a standard against which the performance of an investment strategy managed by an ICPM can be compared or measured. In general, benchmarks are chosen to represent the characteristics of the investment strategy and help to measure its degree of success.

More than half of the ICPMs we reviewed were deficient in the presentation and use of benchmarks. We identified the following:

- Benchmarks were not:
  - comparable to the fund or investment strategy
  - widely recognized and/or available
  - presented in the same currency or on the same basis as the fund or investment strategy (e.g. total return vs. return without reinvested dividends).
- There was inadequate disclosure about the use of a benchmark. For example, there was no disclosure of the name of the benchmark or inadequate disclosure regarding the composition of a blended benchmark.
- Inadequate books and records were maintained to support benchmark data. For example, there was no evidence to support calculations in the case of a blended benchmark.

Concerns

Presenting an inappropriate benchmark does not result in a meaningful comparison. As a result, the wrong conclusions could be drawn or implied by it. For example, compared to the benchmark, the performance of a fund or investment strategy may appear better than it really is.

Suggested practices

ICPMs should compare their performance returns against a relevant benchmark. That is, there should be a connection between the investment strategy and the benchmark used.

The benchmark's full name should be disclosed and the components of a blended benchmark should be clearly disclosed (e.g. 40% S&P/TSX Composite Index and 60% S&P 500 Index).

However, in limited instances, an ICPM may want to compare performance returns against a benchmark that has a different composition than its investment strategy. For example, an ICPM may compare its investment strategy to the S&P/TSX Composite Index because the index is widely known and followed.

If the ICPM's investment strategy is not similar to that of the benchmark and the benchmark is widely known and followed, adequate disclosure is necessary to explain the relevance of the use of this benchmark. This should include a discussion of the differences between the benchmark and the investment strategy of the ICPM. This disclosure would make the comparison fair and meaningful for clients.

In addition, as a best practice, paragraph 15.3(1)(a) of NI 81-102 provides that a sales communication shall not compare the performance of a mutual fund with the performance of a benchmark unless it includes all facts, that if disclosed, would be likely to alter materially the conclusions reasonably drawn or implied by the comparison. Paragraph 15.3(1)(c) of NI 81-102 provides that the sales communication must explain any factors necessary to make the comparison fair and not misleading.

5. Exaggerated and unsubstantiated claims

Exaggerated and unsubstantiated claims are statements and claims made by ICPMs in marketing materials without evidence to support these claims. These claims often relate to the ICPM's performance, skills, education, portfolio management experience or services.

For example, we identified claims of "superior performance" that were unsubstantiated or where the actual performance of the fund or investment strategy was lower than the returns of a comparable benchmark. We also found claims that the ICPM was a "leading expert" in a particular area without sufficient evidence to support this claim.

Two-thirds of the ICPMs reviewed used these types of claims.

Concerns

Exaggerated claims are misleading to clients because they do not accurately reflect the ICPM's actual performance, skills, education, experience or services. In addition, investors may base their decision to contract the services of an ICPM on inaccurate information.

Suggested practices

ICPMs should be able to substantiate all claims made in their marketing materials. They should reference the information supporting the claim where the claim is made in the marketing material so that clients can easily assess it. ICPMs should ensure that all claims accurately reflect their performance, skills, education, portfolio management experience and services. This is consistent with their obligation under section 2.1 of OSC Rule 31-505.

In addition, there are provisions in the Securities Act (Ontario) (the Act) that deal with specific types of claims made by a registrant. ICPMs should also follow these provisions in the preparation of marketing materials. For example, subsection 38(2) of the Act states that no person or company, with the intention of effecting a trade in a security, shall give any undertaking relating to the future value or price of the security. Section 45 of the Act provides that an unregistered person or company cannot hold himself/herself or itself out as being registered.

Other marketing-related deficiencies

We identified other deficiencies in the preparation and use of marketing materials, including:

Lack of appropriate policies and procedures

One-third of the ICPMs did not have appropriate policies and procedures dealing with marketing activities or had policies and procedures that did not reflect their actual marketing practices. The majority of these ICPMs had an inadequate process for reviewing and approving their marketing materials.

Section 1.2 of OSC Rule 31-505 requires registrants to develop and enforce written procedures for dealing with clients that conform to prudent business practice and enable them to serve clients adequately. These policies and procedures should be in sufficient detail and cover all aspects of the ICPM's marketing activities, from preparing the materials to reviewing and approving them.

Suggested practices

ICPMs should develop and enforce written policies and procedures that are tailored to their specific marketing activities. At a minimum, the policies and procedures should include guidelines on:

- preparing and reviewing marketing materials to prevent false or misleading statements and to ensure compliance with securities legislation
- having marketing materials approved by an appropriate person
- preparing performance data to be used in marketing materials
- constructing and presenting performance composites, including:
    - composite definitions
    - calculation methodologies

  - valuation policies
  - treatment of new and terminated portfolios
  - treatment of large cash flows
- selecting and presenting benchmarks

Outdated or incorrect information

More than one-third of ICPMs were deficient in this area. In some instances, the marketing materials contained outdated information (e.g. firm's website contained outdated performance returns or information about the ICPM itself). In other instances, marketing materials contained errors (e.g. errors in performance returns presented).

As described above, section 1.2 of OSC Rule 31-505 requires registrants to develop and enforce written procedures for dealing with clients that conform to prudent business practice and enable them to serve clients adequately.

Suggested practices

ICPMs should ensure that their marketing materials contain accurate and up-to-date information. As described above, implementing a process for independent review and approval of marketing materials can help eliminate errors in marketing materials. In addition, regular review of an ICPM's website can help to ensure that the content is up-to-date.

Our response

We sent compliance deficiency reports to each of the ICPMs we reviewed. Each ICPM was required to provide a written response to the deficiencies identified in our report within 30 days.

We are working directly with these ICPMs to help them understand our concerns with the issues identified with their marketing practices. We will continue to proactively work with them to ensure that deficiencies are resolved appropriately within a reasonable time frame. If they do not resolve their deficiencies, we may take further action, such as imposing terms and conditions on their registration, conducting follow-up reviews or referring the matter to the OSC's Enforcement Branch.

Next steps

We will continue to review the marketing practices of market participants during our regular field reviews. While the provisions in Ontario securities law dealing with marketing practices are broad in nature, the suggested practices described in this notice are intended to provide guidance to market participants on how we expect them to apply these provisions. The suggested practices are the guidelines that Compliance staff will apply in assessing and monitoring the compliance of marketing practices with Ontario securities law.

We encourage market participants to use this notice to help them enhance their marketing practices. In the meantime, we will continue to gather more information and consider whether any further guidance to the industry in this area is necessary.

For more information, please contact:

Christina Forster Pazienza, Assistant Manager, Compliance
(416) 593-8061
cpazienza@osc.gov.on.ca

Pat Chaukos, Senior Legal Counsel & Senior Accountant, Compliance
(416) 593-2373
pchaukos@osc.gov.on.ca

Trevor Walz, Senior Accountant, Compliance
(416) 593-3670
twalz@osc.gov.on.ca

Maye Mouftah, Legal Counsel, Compliance

November 9, 2007

1.1.3 CSA Staff Notice 21-307 - Extension of Approval of Information Processor for Corporate Fixed Income Securities

CANADIAN SECURITIES ADMINISTRATORS
STAFF NOTICE 21-307

EXTENSION OF APPROVAL
OF INFORMATION PROCESSOR
FOR CORPORATE FIXED INCOME SECURITIES

On July 14, 2006, the Canadian Securities Administrators (CSA) published CSA Notice 21-304 *Request for Filing of Form 21-101F5 Initial Operation Report for Information Processor by Interested Information Processors*, informing the public of the approval status of CanPX Inc. (CanPX) at that time, and of the opportunity for other entities to apply to be an information processor if they were positioned for the role. A number of applications were received and reviewed.

On October 27, 2006, CSA Staff Notice 21-305 *Extension Of Approval Of Information Processor For Corporate Fixed Income Securities* was published, indicating that CanPX's approval as an information processor for corporate fixed income securities under National Instrument 21-101 *Marketplace Operation* had been extended until December 31, 2007. The extension was granted to CanPX to provide more certainty for its future operations and to ensure a smooth transition to a new information processor, in case a new entity was selected to perform this role.

In April 20, 2007, CSA Staff Notice 21-306 *Notice Of Filing Of Forms 21-101F5 Initial Operation Report For Information Processor* was issued to seek comments from market participants on the summary of the applications received for the information processor, and to solicit feedback on a number of specific issues.

As the CSA continues to consider the options for the approval of an information processor, or information processors, for the equity and corporate debt markets, and because an extension of CanPX's approval as information processor for corporate debt securities remains important for ensuring a smooth transition to a new information processor, if a new entity is selected, the CSA has extended CanPX's approval until December 31, 2008.

Questions may be referred to any of:

Tracey Stern
Ontario Securities Commission
(416) 593-8167

Jonathan Sylvestre
Ontario Securities Commission
(416) 593-2378

David McKellar
Alberta Securities Commission
(403) 297-4281

Serge Boisvert
Autorité des marchés financiers
(514) 395-0337 ext. 4358

Tony Wong
British Columbia Securities Commission
(604) 899-6764

Doug Brown
Manitoba Securities Commission
(204) 945-0605

November 9, 2007

1.1.4 Notice of Correction - TSX Inc. et al.

NOTICE OF CORRECTION

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

AND

**IN THE MATTER OF
THE TSX INC., MARKET REGULATION SERVICES INC.,
NORTHERN SECURITIES INC., VIC ALBOINI,
CHRISTOPHER SHAULE**

AND

**IN THE MATTER OF
A HEARING AND REVIEW OF DECISIONS OF THE TSX
AND THE DIRECTOR REGARDING THE APPROVAL OF
CERTAIN AMENDMENTS TO THE RULES AND
POLICIES
OF THE TSX**

AND

**IN THE MATTER OF
A MOTION TO QUASH THE REQUEST
FOR HEARING AND REVIEW**

AND

**IN THE MATTER OF
A MOTION BY THE REQUESTING PARTIES
TO DISMISS THE MOTION TO QUASH**

(2007), 30 O.S.C.B. 8917. On page 8929, the third line of paragraph 91 reads “the Requesting Parties cite a number of decisions”, this should read instead “RS Staff cite a number of decisions”.

1.3 News Releases

1.3.1 Jose L. Castaneda Found Guilty

**FOR IMMEDIATE RELEASE
November 2, 2007**

TORONTO – On October 24, 2007, Judge Fairgrieve of the Ontario Court of Justice found Jose L. Castaneda guilty on two counts of contravening the Ontario *Securities Act*. Mr. Castaneda was found guilty of one count of unregistered trading and one count of trading in securities while subject to a cease-trade order issued by the Ontario Securities Commission (OSC). In addition, Mr. Castaneda was found guilty of one count of fraud over $5,000, pursuant to the *Criminal Code*.

Following submissions on sentencing made by counsel for the OSC and the Assistant Crown Attorney, a pre-sentence report has been ordered. Sentencing has been adjourned until 10:00 a.m. on January 14, 2008, and will take place at Old City Hall, located at 60 Queen Street West, Toronto.

For Media Inquiries:	Wendy Dey 416-593-8120
	Laurie Gillett 416-595-8913
	Carolyn Shaw-Rimmington 416-593-2361
For Investor Inquiries:	OSC Contact Centre 416-593-8314 1-877-785-1555 (Toll Free)

1.3.2 Dialogue with the OSC 2007: Responsive Regulation for Today's Capital Markets

FOR IMMEDIATE RELEASE
November 6, 2007

DIALOGUE WITH THE OSC 2007: RESPONSIVE REGULATION FOR TODAY'S CAPITAL MARKETS

Toronto – On Tuesday, November 27, 2007, the Ontario Securities Commission (OSC) will host Canada's largest securities regulation conference, an opportunity to hear from leading securities industry practitioners and senior OSC staff about major developments in securities regulation and important issues facing today's global capital markets.

Dialogue with the OSC 2007 will feature distinguished speakers including David Wilson, Chair, Ontario Securities Commission; Arthur Levitt, former Chair, U.S. Securities and Exchange Commission; and Linda Chatman Thomsen, Director of Enforcement, U.S. Securities and Exchange Commission.

Speakers will discuss: different approaches to enforcement; the disclosure environment in today's capital markets; what registration reform means for registrants; how passport will work for market participants in Ontario; and financial reporting and global standards for Canada's capital markets.

When: Tuesday, November 27, 2007
7:30 a.m. Registration
8:30 a.m. Opening Remarks

Where: Metro Toronto Convention Centre
North Building, Level 100
Toronto, Ontario

For more information, please visit the OSC website www.osc.gov.on.ca/dialogue.

Interested media are invited to register in advance. For media inquiries and to register, please contact:

Laurie Gillett
Manager, Public Affairs
416-595-8913
lgillett@osc.gov.on.ca

Carolyn Shaw-Rimmington
Assistant Manager, Public Affairs
416-593-2361
cshawrimmington@osc.gov.on.ca

1.3.3 OSC Releases Findings Related to Reviews of ICPM Marketing Practices

FOR IMMEDIATE RELEASE
November 9, 2007

OSC RELEASES FINDINGS RELATED TO REVIEWS OF ICPM MARKETING PRACTICES

TORONTO – The Ontario Securities Commission (OSC) today published OSC Staff Notice 33-729 *Marketing practices of Investment Counsel/Portfolio Managers* following a focused review of marketing practices by firms registered as investment counsel/portfolio managers (ICPMs).

The Notice summarizes key findings of the review of 21 ICPMs conducted by the Compliance team of the OSC. As noted in OSC Staff Notice 33-728 *2007 Annual Report – Compliance team*, marketing issues remain the top significant deficiency identified in Compliance field reviews of ICPMs. In particular, staff has seen a rise in the number of issues in the marketing practices of ICPMs for non-prospectus qualified securities, such as pooled funds and hedge funds. The recent review was designed to gain a better understanding of the type and content of marketing materials used by ICPMs, assess compliance with Ontario securities laws, and to identify any regulatory gaps.

Staff Notice 33-729 outlines a number of suggested practices designed to assist registrants in meeting their obligation to deal fairly, honestly and in good faith with their clients. Among the recommendations, the notice suggests that ICPMs ensure that performance data be based on actual returns, not hypothetical figures, and be calculated using a consistent methodology.

OSC Staff Notice 33-729 *Marketing practices of Investment Counsel/Portfolio Managers* is available in the Rules, Policies & Notices section of the OSC website www.osc.gov.on.ca.

For Media Inquiries: Wendy Dey
Director, Communications
& Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

Carolyn Shaw-Rimmington
Assistant Manager,
Public Affairs
416-593-2361

For Investor Inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4 Notices from the Office of the Secretary

1.4.1 CIBC World Markets Inc.

FOR IMMEDIATE RELEASE
October 31, 2007

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

AND

IN THE MATTER OF
CIBC WORLD MARKETS INC.

TORONTO – On August 21, 2007 the Commission issued an Order providing that the AssetRisk Report was approved as fulfilling the requirements set out in the Settlement Agreement of February 12, 2003.

A copy of the Order dated August 21, 2007 and the AssetRisk Report are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
& Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

For investor inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.2 Mega-C Power Corporation et al.

FOR IMMEDIATE RELEASE
November 6, 2007

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

AND

IN THE MATTER OF
MEGA-C POWER CORPORATION,
RENE PARDO,
GARY USLING,
LEWIS TAYLOR SR.,
LEWIS TAYLOR JR.,
JARED TAYLOR,
COLIN TAYLOR AND
1248136 ONTARIO LIMITED

TORONTO – Following a hearing on November 5, 2007 to consider a Request for Adjournment by Gary Usling in the above named matter, the Commission adjourned the hearing on the merits to November 3, 2008 at 10:00 a.m.

A copy of the Order dated November 5, 2007 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
& Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

For investor inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Sterling Mutuals Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief granted from the requirements of section 11.2(1)(b) of NI 81-102 to permit commingling of cash received for the purchase or redemption of mutual fund securities with cash received for the purchase and sale of other securities or instruments the participating dealer of third party mutual funds is permitted to sell, subject to certain conditions.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 11.2(1)(b), 19.1.

October 31, 2007

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

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
STERLING MUTUALS INC.
(the Filer)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision (the Requested Relief) under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the provisions of section 11.2(1) (b) of National Instrument 81-102 *Mutual Funds* (NI 81-102) that prohibit a participating mutual fund dealer or certain service providers from commingling cash received for the purchase or redemption of mutual fund securities (Mutual Fund Cash) with cash received for the purchase or sale of guaranteed investment certificates and other securities or instruments the participating dealer is permitted to sell (Other Cash) (the Commingling Prohibition).

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

(b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the *Canada Business Corporations Act* and is registered as a mutual fund dealer in British Columbia, Alberta, Manitoba, and Ontario. The Filer's head office is located in Ontario. The Filer is not a reporting issuer. The Filer's principal business is acting as a mutual fund dealer.

2. The Filer is a member of the Mutual Fund Dealers Association of Canada ("MFDA").

3. The Filer is a participating dealer (as defined in NI 81-102) in respect of various third party mutual funds. In addition to mutual fund securities, the Filer distributes guaranteed investment certificates issued by Canadian trust companies and banks (GICs), third party segregated funds and other securities and instruments that the Filer is permitted to trade or sell.

4. As a member of the MFDA, the Filer is subject to the rules and requirements of the MFDA (MFDA Rules) on an ongoing basis, particularly those which set out requirements with respect to the handling and segregation of client cash. As a member of the MFDA, the Filer is expected to comply with all MFDA Rules.

5. The Filer proposes to pool Other Cash with Mutual Fund Cash in a trust settlement account established under section 11.3 of NI 81-102 (the Trust Account). The commingling of Other Cash with Mutual Fund Cash would facilitate significant

administrative and systems economies that will enable the Filer to enhance its level of service to its client accounts at less cost to the Filer. The Trust Account is designated as a 'trust account' by the financial institution at which it is held, and is held in the name of the Filer.

6. The Commingling Prohibition prevents the Filer from commingling Mutual Fund Cash with Other Cash.

7. Prior to June 23, 2006, section 3.3.2(e) of the Rules of the MFDA (the MFDA Commingling Prohibition) also prohibited the commingling of Other Cash with Mutual Fund Cash. On June 23, 2006, the MFDA granted relief from the MFDA Commingling Prohibition to the Filer subject to the Filer obtaining similar relief from the Commingling Prohibition from the Jurisdictions. Should the Requested Relief be granted by the Jurisdictions, the Filer will provide the MFDA with notice that the Requested Relief has been granted.

8. Mutual Fund Cash or Other Cash related to a transaction initiated by one of the Filer's clients will not be used to settle a transaction initiated by any other client of the Filer. The Filer settles through FundSERV, on a net basis at the end of each trading day, Mutual Fund Cash payable from the Trust Account to a mutual fund with Mutual Fund Cash payable by the mutual fund to the Trust Account.

9. The Filer currently has systems in place to be able to account for all of the monies it receives into and all of the monies that are to be paid out of the Trust Account in order to meet the policy objectives of section 11.2 of NI 81-102.

10. The Filer will maintain proper records with respect to client cash in a commingled account, and will ensure that the Trust Account is reconciled in accordance with MFDA Rules, and that Mutual Fund Cash and Other Cash are properly accounted for daily.

11. Except for the Commingling Prohibition, the Filer will comply with all other requirements prescribed in Part 11 of NI 81-102 with respect to the handling and segregation of client cash.

12. The Filer does not believe that the interests of its clients will be prejudiced in any way by the commingling of Other Cash with Mutual Fund Cash in the Trust Account.

13. Effective July 1, 2005, the MFDA Investor Protection Corporation ("MFDA IPC") commenced offering coverage, within defined limits, to customers of MFDA Members against losses suffered due to the insolvency of MFDA members. The Filer does not believe that the Requested Relief will affect coverage provided by the MFDA IPC.

14. In the absence of the Requested Relief, the commingling of Mutual Fund Cash with Other Cash in the Trust Account would contravene the Commingling Prohibition.

Decision

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.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that this decision, as it relates to the jurisdiction of a Decision Maker, will terminate upon the coming into force of any change in the MFDA IPC rules which would reduce the coverage provided by the MFDA IPC relating to Mutual Fund Cash and Other Cash.

"Vera Nunes"
Assistant Manager, Investment Funds Branch
Ontario Securities Commission

2.1.2 Eldorado Gold Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – National Instrument 43-101 Standards of Disclosure for Mineral Projects, s. 9.1 – An issuer wants to disclose information about its mineral project that is based on information prepared by or under the supervision of a person that is not a qualified person as defined in NI 43-101 Standards of Disclosure for Mineral Projects because the person does not belong to a recognized professional association - The person would be a qualified person but for the fact that he is not a member of a professional association as defined under NI 43-101; the person is a member of an association that is substantially similar to a professional association; the person is also well qualified to prepare the technical report by virtue of his professional qualifications and work experience.

Applicable Legislative Provisions

National Instrument 43-101 Standards of Disclosure for Mineral Projects, ss. 1.1, 9.1.

October 26, 2007

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC, NOVA SCOTIA, NEW BRUNSWICK, PRINCE EDWARD ISLAND AND NEWFOUNDLAND AND LABRADOR
(THE JURISDICTIONS)

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
ELDORADO GOLD CORPORATION
(THE FILER)

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting the Filer from the requirement in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) that Roberto Rodrigues Costa (Costa) be a member in good standing of a professional association in order to be considered a qualified person under NI 43-101 in connection with technical reports and other disclosure prepared or reviewed by Costa relating to the Project (as defined below) (the Requested Relief).

   Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

   (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

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

   1. it is governed by the laws of Canada;

   2. it is engaged principally in the mining and processing of gold ore and the exploration, acquisition and development of gold-bearing mineral properties;

   3. it is a reporting issuer in the Jurisdictions and is not in default of any requirement of the Legislation;

   4. as at July 31, 2007, it had 343,923,540 common shares issued and outstanding;

   5. its common shares are listed and posted on the Toronto Stock Exchange;

   6. it wishes to use Costa as its qualified person under NI 43-101 for its Vila Nova iron ore project located in Brazil (the Project);

   7. Costa is a member of the Conselho Regional de Engenheira Arquitetura ("CREA"), a professional organization which would meet the requirements of a professional association as defined in NI 43-101, except that it is not a foreign association listed in Appendix A to NI 43-101;

   8. Costa would be a qualified person, but for the fact that he is not a member of a professional association as defined in NI 43-101;

   9. Costa is a well-known expert in iron ore mining with in excess of 40 years of

experience; he is uniquely capable of acting as the Filer's qualified person for the Project because he is a qualified professional engineer in Brazil and has extensive iron ore mining project experience in Brazil;

10. it understands that under the laws of Brazil, all engineers must be a member of CREA to carry on the occupation of an engineer;

11. there is no other qualified person known to the filer who has been to the site and would be able to co-author the technical report for the Project.

Decision

4. 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.

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

1. Costa otherwise meets the definition of a qualified person in NI 43-101; and

2. Costa only provides services as a qualified person to the Filer relating to the Project.

Martin Eady, CA
Director, Corporate Finance
British Columbia Securities Commission

2.1.3 Independence Canadian Equity Fund et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - certain mutual funds granted exemptions from National Instrument 81-102 Mutual Funds to engage in short selling of securities up to 10% of net assets, subject to certain conditions and requirements.

Applicable British Columbia Provisions

National Instrument 81-102 Mutual Funds, ss. 2.6(a), 2.6(c), 6.1(1).

October 11, 2007

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO,
QUEBEC, NEW BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR,
PRINCE EDWARD ISLAND, THE NORTHWEST TERRITORIES,
THE YUKON AND NUNAVUT
(the Jurisdictions)

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
INDEPENDENCE CANADIAN EQUITY FUND
INDEPENDENCE CANADIAN BALANCED FUND
INDEPENDENCE CANADIAN INCOME GROWTH FUND
(the Funds)

AND

CANACCORD INDEPENDENCE ASSET MANAGEMENT INC.
(the Filer)

MRRS DECISION DOCUMENT

Background

1 The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer, on behalf of the Funds, for a decision under the securities legislation of the Jurisdictions (the Legislation) pursuant to section 19.1 of National Instrument 81-102 – *Mutual Funds* (NI 81-102) for a decision that, notwithstanding sections 2.6(a), 2.6(c) and 6.1(1) of NI 81-102, each Fund be permitted to sell securities short, provide a security interest over such Fund's assets in connection with short sales and deposit Fund assets with Borrowing Agents (as defined below) as security for such transactions, subject to the conditions set out below (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

(a) the British Columbia Securities Commission is the principal regulator for this application; and

(b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

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

1. each Fund will be a mutual fund trust established under the laws of British Columbia and will be a reporting issuer in the Jurisdictions;

2. the preliminary annual information form and preliminary simplified prospectus of the Funds were filed with the CSA as SEDAR project no. 1068404;

3. the investment practices of each Fund will comply in all respects with the requirements of Part 2 of NI 81-102 except for the Requested Relief;

4. each short sale made by a Fund will be subject to compliance with the investment objective of such Fund;

5. in order to effect a short sale of securities, a Fund will borrow securities from either its custodian or a dealer (in either case, the Borrowing Agent), which Borrowing Agent may be acting either as principal for its own account or as agent for other lenders of securities;

6. each Fund will implement the following controls when conducting a short sale of securities:

   (a) securities will be sold short for cash, with the Fund assuming the obligation to return to the Borrowing Agent the securities borrowed to effect the short sale;

   (b) the short sale will be effected through market facilities through which the securities sold short are normally bought and sold;

   (c) the Fund will receive cash, for the securities sold short within normal trading settlement periods for the market in which the short sale is effected;

   (d) the securities sold short will be liquid securities in that:

      (i) the securities will be listed and posted for trading on a stock exchange, and

         A. the issuer of the security will have a market capitalization of not less than CDN$300 million, or the equivalent thereof, at the time the short sale is effected; or

         B. the investment advisor will have pre-arranged to borrow for the purposes of such short sale;

      or

      (ii) the securities will be bonds, debentures or other evidences of indebtedness of or guaranteed by:

         A. the Government of Canada or any province or territory of Canada; or

         B. the Government of the United States of America;

   (e) at the time securities of a particular issuer are sold short by a Fund:

      (i) the aggregate market value of all securities of that issuer sold short by the Fund will not exceed 5% of the total assets of the Fund; and

      (ii) the Fund will place a “stop-loss” order with a dealer to immediately purchase for the Fund an equal number of the same securities if the trading price of the securities exceeds 115% (or such lesser percentage as the Filer may determine) of the price at which the securities were sold short;

   (f) the Fund will deposit Fund assets with the Borrowing Agent as security in connection with the short sale transaction;

(g) the Fund will keep proper books and records of all short sales and Fund assets deposited with Borrowing Agents as security;

(h) the Fund will develop written policies and procedures for the conduct of short sales prior to conducting any short sales; and

(i) the Fund will provide disclosure in its prospectus of the short selling strategies and the details of this exemptive relief prior to implementing the short selling strategy.

Decision

4 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.

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

1. the aggregate market value of all securities sold short by the Fund does not exceed 10% of the net assets of the Fund on a daily marked-to-market basis;

2. the Fund holds "cash cover" (as defined in NI 81-102) in an amount, including the Fund assets deposited with Borrowing Agents as security in connection with short sale transactions, that is at least 150% of the aggregate market value of all securities sold short by the Fund on a daily marked-to-market basis;

3. no proceeds from short sales of securities by the Fund are used by the Fund to purchase long positions in securities other than cash cover;

4. the Fund maintains appropriate internal controls regarding its short sales, including written policies and procedures, risk management controls and proper books and records;

5. any short sale made by the Fund is subject to compliance with the investment objective of the Fund;

6. for short sale transactions in Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund shall be a registered dealer in Canada and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund;

7. for short sale transactions outside of Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund shall:

   (a) be a member of a stock exchange and, as a result, be subject to a regulatory audit; and

   (b) have a net worth in excess of the equivalent of CDN$50 million determined from its most recent audited financial statements that have been made public;

8. except where the Borrowing Agent is the Fund's custodian or a sub-custodian thereof, when the Fund deposits Fund assets with a Borrowing Agent as security in connection with a short sale transaction, the amount of Fund assets deposited with the Borrowing Agent does not, when aggregated with the amount of Fund assets already held by the Borrowing Agent as security for outstanding short sale of securities transactions of the Fund, exceed 10% of the net assets of the Fund, taken at market value as at the time of the deposit;

9. the security interest provided by the Fund over any of its assets that is required to enable the Fund to effect short sale transactions is made in accordance with industry practice for that type of transaction and relates only to obligations arising under such short sale transactions;

10. prior to conducting any short sales, the Fund discloses in its prospectus a description of: (a) short selling, (b) how the Fund intends to engage in short selling, (c) the risks associated with short selling, and (d) in the investment strategy section of the prospectus, the Fund's strategy and this exemptive relief;

11. prior to conducting any short sales, the Fund discloses in its prospectus the following information:

    (a) that there are written policies and procedures in place that set out the objectives and goals for short selling and the risk management procedures applicable to short selling;

(b) who is responsible for setting and reviewing the policies and procedures referred to in the preceding paragraph, how often the policies and procedures are reviewed, and the extent and nature of the involvement of the board of directors or trustee in the risk management process;

(c) the trading limits and other controls on short selling and who is responsible for authorizing the trading and placing limits or other controls on the trading;

(d) whether there are individuals or groups that monitor the risks independent of those who trade; and

(e) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions; and

12. the Requested Relief shall terminate upon the coming into force of any legislation or rule of the Decision Makers dealing with matters referred to in subsections 2.6(a), 2.6(c) and 6.1(1) of NI 81-102.

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

Decision

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

"Martin Eady, CA"
Director, Corporate Finance
British Columbia Securities Commission

2.1.4 Front Street Opportunity Funds Ltd. and Front Street Capital 2004 - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Exemption from the requirement that the initial and renewal prospectus of certain investment funds (commodity pools) in continuous distribution include annual and interim financial statements and certain selected financial information – Relief to incorporate the financial statements by reference into the prospectus – Inclusion of previously publicly disclosed financial information in the renewal prospectus of the commodity pools would not provide any additional disclosure to investors that is not already publicly available on SEDAR.

Applicable Legislative Provisions

Ontario Securities Commission Rule 41-502 Prospectus Requirements for Mutual Funds, ss. 5.2, 5.4.

October 31, 2007

IN THE MATTER OF

THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND, NEWFOUNDLAND AND LABRADOR, NORTHWEST TERRITORIES, YUKON AND NUNAVUT (the "Jurisdictions")

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF FRONT STREET OPPORTUNITY FUNDS LTD. AND FRONT STREET CAPITAL 2004

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from Front Street Opportunity Funds Ltd. (the Company) and Front Street Capital 2004 (the Manager), the manager of the commodity pools listed on Appendix A (individually an Existing Fund and collectively, the Existing Funds) and any additional commodity pools that the Manager may establish after the date of this decision which are operated on a similar basis to the Existing Funds (individually the Future Fund and collectively, the Future Funds and together with the Existing Funds, the Funds) for a decision under the securities legislation (the Legislation) of the Jurisdictions providing an exemption (the Requested Relief) for the Funds from the requirements in the Legislation that the initial prospectus and renewal prospectuses of the Funds include:

1. the annual financial statements of the Funds;
2. the auditor's report relating to the annual financial statements of the Funds; and
3. the interim financial statements of the Funds;

(collectively, the Prospectus Financial Disclosure Requirements).

Under the Mutual Reliance Review System for Exemptive Relief Applications (MRRS):

1. the Ontario Securities Commission (OSC) is the principal regulator for this application; and
2. this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 - *Definitions* and National Instrument 81-106 - *Investment Fund Continuous Disclosure* (NI 81-106) have the same meaning in this decision unless they are defined in this decision.

Representations

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

1. The Company is a mutual fund under the Legislation and each Fund will be considered to be a separate mutual fund under the Legislation as each Fund will maintain its own separate portfolio of assets within the Company.
2. Each Fund will be a reporting issuer in each Jurisdiction.
3. Each Fund will be a commodity pool as such term is defined in section 1.1 of National Instrument 81-104 - *Commodity Pools* (NI 81-104), in that each Fund has adopted or will adopt fundamental investment objectives that permit that Fund to use or invest in specified derivatives in a manner that is not permitted under National Instrument 81-102 - *Mutual Funds* (NI 81-102).
4. Each Fund will be subject to NI 81-102, subject to the exceptions relating to commodity pools, as such exceptions are outlined in NI 81-104, and any relief granted to the Funds.
5. Each Fund will be subject to NI 81-106, and will be subject to other rules applicable to mutual funds, including National Instrument 81-107 -

Independent Review Committee for Investment Funds.

6. The Manager or an affiliate of the Manager will be the manager of the Funds.

7. Front Street Investment Management Inc. (FSIMI), a corporation incorporated under the laws of Ontario, has been or will be retained by the Manager to provide investment advisory and portfolio management services to each Fund. FSIMI is registered in the categories of investment counsel and portfolio manager under the *Securities Act* (Ontario) (the OSA).

8. In order to achieve its investment objective, each Fund will invest in equity securities and/or other financial instruments, including derivatives.

9. Securities of each Fund will be offered on a continuous basis in each Jurisdiction. Each Fund must therefore file a renewal prospectus on an annual basis in each Jurisdiction in accordance with Section 62 of the OSA and similar provisions in force in the other Jurisdictions.

10. Section 1.3(b) of National Instrument 81-101 - *Mutual Fund Prospectus Disclosure* (NI 81-101) provides that NI 81-101 does not apply to commodity pools. As each Fund will be a commodity pool, in qualifying and offering its securities for distribution, the Funds cannot therefore rely on the form of simplified prospectus described at section 2.1 of NI 81-101 (the Simplified Prospectus Form). Rather, each Fund will offer its securities by way of a long form prospectus prescribed by the Legislation (Long Form Prospectus).

11. Financial information of an issuer cannot be incorporated by reference into a Long Form Prospectus. As a result, absent the Requested Relief, the Funds cannot incorporate by reference the financial information required by the Prospectus Financial Disclosure Requirements into the initial or the renewal prospectus by which its securities are, or will be, offered.

12. The initial prospectuses of the Funds will include audited opening Statements of Net Assets for each Fund other than Front Street Resource Opportunities Fund (Resource Fund) and Front Street Yield Opportunities Fund (Yield Fund). Resource Fund and Yield Fund have been in existence for more than twelve months. Consequently, they would have been required under the Legislation to include their historical financial statements in the initial prospectus.

13. The Funds intend to comply with the preparation, filing, and delivery requirements relating to financial statements as required by NI 81-106 (the Investment Fund Financial Disclosure Requirements).

14. All financial disclosure prepared in accordance with the Investment Fund Financial Disclosure Requirements is, and will be, publicly available for examination by existing and potential securityholders of the Funds on the System for Electronic Document Analysis and Retrieval (SEDAR) and on the Internet at the Funds' or the Manager's website at www.frontstreetcapital.com.

15. By complying with the Investment Fund Financial Disclosure Requirements, the Funds will have filed on SEDAR or publicly disseminated (in respect of quarterly portfolio disclosure) all relevant financial information for all periods that would, absent the Requested Relief, be reflected in the financial disclosure that would otherwise be required to be included as part of the initial prospectus and any renewal prospectuses of the Funds pursuant to the Prospectus Financial Disclosure Requirements.

16. The quantity of previously disclosed financial information in the renewal prospectuses will continue to increase as Future Funds are added. The Manager and the Funds would be required to allocate a significant amount of resources in preparing and including this large volume of financial information in the renewal prospectuses. This financial information would not provide any additional disclosure to investors that would not already be publicly available. Rather, this financial information would make the renewal prospectus of the Funds unnecessarily lengthy and cumbersome, and likely less "user-friendly" for investors.

17. Given that the financial statements required by the Prospectus Financial Disclosure Requirements will be publicly available on SEDAR, the Manager believes that there is no prejudice to investors by granting the Requested Relief. Furthermore, the Requested Relief will allow the Funds to be treated equally with other mutual funds in continuous distribution that distribute securities using the Simplified Prospectus Form.

Decision

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.

The Decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that:

1. The initial prospectus of each Fund other than Front Street Resource Opportunities Fund and Front Street Yield Opportunities Fund includes an

audited opening statement of net assets of that Future Fund;

2. as of the date of the renewal prospectus of a Fund, the Fund has complied with the Investment Fund Financial Disclosure Requirements for all financial periods that would, absent the Requested Relief, otherwise be included in the renewal prospectus of the Fund;

3. the initial prospectus and renewal prospectus of a Fund, by means of disclosure on the cover page and in the body of the prospectus, incorporates by reference the following:

   (a) the most recently filed comparative annual financial statements of the Fund, together with the accompanying report of the auditor, filed either before or after the date of such prospectus;

   (b) the most recently filed interim financial statements of the Fund that were filed before or after the date of the prospectus and that pertain to a period after the period to which the annual financial statements then incorporated by reference in the prospectus pertain;

4. the disclosure in the body of the prospectus referred to in paragraph 3 above, includes the following statement in substantially the following words and the disclosure on the cover page of the prospectus referred to in paragraph 3 above includes the following statement or an abbreviated version of the following statement with a cross-reference to the disclosure in the body:

   "Additional information about the Fund is available in the following documents:

   — the most recently filed annual financial statements [may specify the date of the annual financial statements, if appropriate];

   — any interim financial statements filed after those annual financial statements [may specify the date of the interim financial statements, if appropriate];

   These documents are incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You can get a copy of these documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted] or from your dealer.

   [If applicable] These documents are available on the Manager's Internet site at [insert Manager's Internet site address], or by contacting the Manager at [Manager's email address].

   These documents and other information about the Fund are available on the Internet at www.sedar.com.";

5. an auditor's consent to the incorporation of the auditor's report on the comparative annual financial statements referred to under paragraph 3(a) above into the prospectus of a Fund is filed with such prospectus and filed with any subsequently filed comparative annual financial statements;

6. the certificate of a Fund that is required to be included in the initial prospectus and renewal prospectus of such Fund pursuant to the Legislation states the following:

   "This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert name of each jurisdiction in which qualified]. [Insert the following additional language if offering made in Québec]. For the purpose of the Province of Québec, this prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.";

7. the initial prospectus and renewal prospectus of each Fund discloses that the Fund has received exemptive relief in the Jurisdictions to permit the Fund, subject to certain terms and conditions, to incorporate certain financial statements and information by reference into such renewal prospectus instead of including such financial statements and information in such renewal prospectus; and

8. this decision expires upon the coming into force of a prospectus rule that replaces Ontario Securities Commission Rule 41-501 - *General Prospectus Requirements* (Rule 41-501) or Ontario Securities Commission Rule 41-502 - *Prospectus Requirements for Mutual Funds* (Rule 41-502) or that varies Rule 41-501 or Rule 41-502 in a manner such that the Prospectus Financial Disclosure Requirements no longer apply.

"Vera Nunes"
Assistant Manager, Investment Funds
Ontario Securities Commission

APPENDIX A

COMMODITY POOLS

Front Street Resource Opportunities Fund
Front Street Yield Opportunities Fund
Front Street Equity Opportunities Fund
Front Street Small Cap Opportunities Fund
Front Street Cash Fund

2.1.5 Front Street Capital 2004 and Front Street Opportunity Funds Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications –

Relief granted from National Instrument 81-102 Mutual Funds to permit the Funds to use performance data of the Predecessor Funds in sales communications.

Relief granted to existing mutual funds and mutual funds to be established from National Instrument 81-102 Mutual Funds to permit short selling of securities up to 20% of net assets per fund, subject to certain conditions and requirements.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 15.6, 15.9(2), 2.6(a) and (c), 6.1(1), 19.1.

November 1, 2007

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO,
QUÉBEC, NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND,
NEWFOUNDLAND AND LABRADOR, NORTHWEST TERRITORIES,
YUKON TERRITORY AND NUNAVUT TERRITORY
(the Jurisdictions)

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
FRONT STREET CAPITAL 2004
(the Filer)

AND

IN THE MATTER OF
FRONT STREET OPPORTUNITY FUNDS LTD.

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer, on behalf of Front Street Opportunity Funds Ltd. (FSOF) and each current class of shares of FSOF (Existing Fund, and collectively, Existing Funds) or future class of shares of FSOF (Future Fund, and collectively, Future Funds, and together with the Existing Funds, the Funds) for which the Filer, or an affiliate of the Filer, hereafter becomes the manager, each of which is deemed to be a separate mutual fund under subsection 1.3(1) of National Instrument 81-102 Mutual Funds (NI 81-102), for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting the Funds from the following requirements of the Legislation, subject to certain terms and conditions:

(a) the requirements contained in section 15.6 and subsection 15.9(2) of NI 81-102 which would prohibit Front Street Resource Opportunities Fund (Resource Fund) and Front Street Yield Opportunities Fund (Yield Fund), two of the Funds, from preparing sales communications which include performance data from any period prior to the date they became share classes of FSOF;

(b) the requirement contained in subsection 2.6(a) of NI 81-102 prohibiting a mutual fund from providing a security interest over a mutual fund's assets;

(c) the requirement contained in subsection 2.6(c) of NI 81-102 prohibiting a mutual fund from selling securities short; and

(d) the requirement contained in subsection 6.1(1) of NI 81-102 prohibiting a mutual fund from depositing any part of a mutual fund's assets with an entity other than the mutual fund's custodian.

Under the Mutual Reliance Review System for Exemptive Relief Applications:

(e) the Ontario Securities Commission is the principal regulator for this application; and

(f) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

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

1. The Filer is a partnership established under the laws of Ontario and is the manager and promoter of the Existing Funds.

2. FSOF, formerly Front Street Rollover Fund Limited (Rollover Fund), is a corporation incorporated under the laws of Canada. Each Fund is or will be a class of shares of FSOF. The Filer, or an affiliate of the Filer, will be the manager of the Future Funds.

3. Each Fund is or will be a reporting issuer in all of the provinces and territories of Canada.

4. The Filer intends that FSOF operate pursuant to the requirements of National Instrument 81-104 Commodity Pools (NI 81-104) and filed a preliminary prospectus on August 15, 2007 compliant with the requirements of NI 81-104 with respect to each series of shares of the Existing Funds.

Reorganization & Performance Data

5. Front Street Long Short Income Fund (FSLSIF) is an investment trust established under the laws of Ontario and HSBC Trust Company of Canada is the trustee. The Filer is also the manager of FSLSIF. FSLSIF is currently a reporting issuer in all of the provinces of Canada. FSOF will become a reporting issuer in all the provinces and territories of Canada once a final prospectus is filed in the Jurisdictions and a decision document is issued by the Decision Makers in respect thereof. Each of Rollover Fund and FSLSIF have been in existence for more than 12 months.

6. At a meeting of the shareholders of Rollover Fund held on July 5, 2007, such shareholders approved a reorganization of Rollover Fund into a "capital class mutual fund" (the Reorganization) and further approved the merger of FSLSIF into FSOF following the Reorganization (the Merger), all as set out in the information circulars for each of the funds dated June 4, 2007 (the Circulars). At the adjourned meeting of the unitholders of FSLSIF held on July 16, 2007, such unitholders also approved the Merger. The Reorganization of FSOF was completed on August 8, 2007 and the Merger was completed on August 9, 2007 (the Effective Date).

7. Following the issuance of a decision document for its final prospectus, FSOF will offer multiple classes of shares, issuable in series, with each share class referable to a particular portfolio of assets. Five classes of shares are initially provided for: Resource Fund, Yield Fund, the Front Street Equity Opportunities Fund class of shares (Equity Fund), the Front Street Small Cap Opportunities Fund class of shares (Small Cap Fund) and the Front Street Cash Fund class of shares (Cash Fund). Three series of each class are initially being offered. Pursuant to subsection 1.3(1) of NI 81-102, each such share class is deemed to be a separate mutual fund.

8. The shareholders of Rollover Fund prior to the Reorganization had their existing shares in Rollover Fund re-designated as Front Street Resource Opportunities Fund class of shares, series A.

9. On August 9, 2007 the existing portfolio assets of FSLSIF were transferred to FSOF in return for Front Street Yield Opportunities Fund class of shares. These portfolio assets are maintained as a separate portfolio by FSOF, for the exclusive benefit of holders of the Yield Fund. As part of the Merger, unitholders of the FSLSIF received one Front Street Yield Opportunities Fund class of shares for each unit in FSLSIF held on the Effective Date.

10. Notwithstanding the Reorganization, the Yield Fund and the Resource Fund now are and in future will be managed substantially similar to FSLSIF and Rollover Fund, respectively, and any significant differences from the previous funds will be noted in any sales communications that include performance data.

11. Rollover Fund has not been subject to NI 81-102 from its inception, but has nevertheless been managed (and was required to be managed) by Front Street Investment Management Inc. (FSIMI), an affiliate of the Filer, in accordance with the investment restrictions and practices set forth in Part 2 of NI 81-102, except that Rollover Fund has engaged in short selling on substantially the same basis as Resource Fund is now seeking relief to be able to continue to do. Rollover Fund's offering document indicated that it had adopted the standard investment restrictions and practices described in NI 81-102 except for short selling and the pledging of its assets in respect thereof. A copy of these standard investment restrictions and practices was made available to investors upon written request.

12. FSLSIF was not subject to NI 81-102 from its inception, but has nevertheless been managed (and was required to be managed) by FSIMI substantially in accordance with the investment restrictions and practices set forth in Part 2 of NI 81-102. In particular, FSLSIF was required to comply with the requirements of sections 2.1, 2.2, 2.3 (a), (f) and (g), 2.4, 2.5, and 2.6 (a), (d), (f), and (h), and sections 2.7 to 2.17 inclusive, of NI 81-102. In addition, with respect to section 2.6(c), FSLSIF engaged in short selling on substantially the same basis as Yield Fund is now seeking relief to be able to continue to do.

13. Notwithstanding the Reorganization of Rollover Fund, which resulted in the formation of Resource Fund, the portfolio assets of Rollover Fund were not commingled with any other assets in the Reorganization, and the portfolio assets of Resource Fund immediately following the Reorganization were identical to the assets of Rollover Fund immediately prior to the Reorganization. Similarly, the portfolio assets of FSLSIF were not commingled with any other assets in the Merger, and the portfolio assets of Yield Fund immediately following the Merger were identical to the portfolio assets of FSLSIF immediately prior to the Merger.

14. On the basis of the foregoing, the Filer believes it would not be prejudicial to the public interest to grant the requested relief.

Short Selling

15. Both FSLSIF and FSOF prior to the Reorganization and Merger engaged in short selling.

16. The decision of the Filer to permit short selling by the Funds will be subject to the approval of FSOF's board of directors.

17. Each short sale made by a Fund will be subject to compliance with the investment objectives of such Fund. Any Fund which is classified as a "money market fund" within the meaning of NI 81-102 or a short-term income fund will not engage in short selling.

18. In order to effect a short sale, a Fund will borrow securities from either its custodian or a dealer (in either case, the Borrowing Agent), which Borrowing Agent may be acting either as principal for its own account or as agent for other lenders of securities.

19. Each Fund will implement the following controls when conducting a short sale:

    (a) securities will be sold short for cash, with the Fund assuming the obligation to return to the Borrowing Agent the securities borrowed to effect the short sale;

    (b) the short sale will be effected through market facilities through which the securities sold short are normally bought and sold;

    (c) the Fund will receive cash for the securities sold short within normal trading settlement periods for the market in which the short sake is effected;

    (d) the securities sold short will be liquid securities that:

        (i) are listed and posted for trading on a stock exchange, and

            A. the issuer of the security has a market capitalization of not less than CDN$300 million, or the equivalent thereof, of such security at the time the short sale is effected; or

            B. the investment advisor has pre-arranged to borrow for the purposes of such short sale;

or

(ii) are bonds, debentures or other evidences of indebtedness of or guaranteed by the Government of Canada or any province or territory of Canada or the Government of the United States of America;

(e) at the time securities of a particular issuer are sold short:

(i) the aggregate market value of all securities of that issuer sold short by the Fund will not exceed 5% of the net assets of the Fund; and

(ii) the Fund will place a "stop-loss" order with a dealer to immediately purchase for the Fund an equal number of the same securities if the trading price of the securities exceeds 115% (or such lesser percentage as the Filer may determine) of the price at which the securities were sold short;

(f) the Fund will deposit Fund assets with the Borrowing Agent as security in connection with the short sale transaction;

(g) the Fund will keep proper books and records of all short sales and Fund assets deposited with Borrowing Agents as security;

(h) the Fund will develop written policies and procedures for the conduct of short sales prior to conducting any short sales; and

(i) the Fund will provide disclosure in its prospectus of the short selling strategies and the details of this exemptive relief prior to implementing the short selling strategy.

Decision

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.

The decision of the Decision Makers under the Legislation is that the relief with respect to section 15.6 and subsection 15.9(2) of NI 81-102 is hereby granted to the Yield Fund and the Resource Fund, so as to permit the Yield Fund and the Resource Fund to disclose performance data in sales communications for the period when they operated as FSLSIF and Rollover Fund, respectively, provided the requirements of subsection 15.9(1) of NI 81-102 are complied with.

The decision of the Decision Makers under the Legislation is that the relief with respect to subsections 2.6(a), 2.6(c) and 6.1(l) of NI 81-102 is granted to each Fund (other than a Fund that is classified as a money market fund or a short-term income fund), provided that in respect of each Fund:

1. the aggregate market value of all securities sold short by the Fund does not exceed 20% of the net assets of the Fund on a daily marked-to-market basis;

2. the Fund holds cash cover (as defined in NI 81-102) in an amount, including the assets of the Fund deposited with Borrowing Agents as security in connection with short sale transactions, that is at least 150% of the aggregate market value of all securities sold short by the Fund on a daily marked-to-market basis;

3. no proceeds from short sales by the Fund or Future Fund are used by the Fund to purchase long positions in securities other than cash cover;

4. the Fund will maintain appropriate internal controls regarding its short sales including written policies and procedures, risk management controls and proper books and records;

5. any short sales made by a Fund will be subject to compliance with the investment objectives of the Fund;

6. for short sale transactions in Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund shall be a registered dealer in Canada and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund;

7. for short sale transactions outside of Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund shall:

(a) be a member of a stock exchange and, as a result, be subject to a regulatory audit; and

(b) have a net worth in excess of the equivalent of CDN$50 million determined from its most recent audited financial statements that have been made public;

8. except where the Borrowing Agent is the Fund's custodian, when the Fund deposits Fund assets with a Borrowing Agent as security in connection with a short sale transaction, the amount of Fund assets deposited with the Borrowing Agent does not, when aggregated with the amount of Fund assets already held by the Borrowing Agent as security for outstanding short sale transactions of the Fund, exceed 10% of the net assets of the Fund, taken at market value as at the time of the deposit;

9. the security interest provided by a Fund over any of its assets that is required to enable the Fund to effect short sale transactions is made in accordance with industry practice for that type of transaction and relates only to obligations arising under such short sale transactions;

10. prior to conducting any short sales, the Fund discloses in its prospectus or an amendment thereto a description of: (a) short selling, (b) how the Fund intends to engage in short selling, (c) the risks associated with short selling, and (d) in the Investment Strategy section of the prospectus, the Fund's strategy and details of this exemptive relief; and

11. prior to conducting any short sales, the Fund discloses in its prospectus or an amendment thereto the following information:

(a) that there are written policies and procedures in place that set out the objectives and goals for short selling and the risk management procedures applicable to short selling;

(b) who is responsible for setting and reviewing the policies and procedures referred to in the preceding paragraph, how often the policies and procedures are reviewed, and the extent and nature of the involvement of the board of directors of the Fund in the risk management process;

(c) whether there are trading limits or other controls on short selling in place and who is responsible for authorizing the trading and placing limits or other controls on the trading;

(d) whether there are individuals or groups that monitor the risks independent of those who trade; and

(e) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions;

12. prior to conducting any short sales, the Fund has provided to its security holders not less than 60 days' written notice that disclosed the Fund's intent to begin short selling transactions and the disclosure required in the Fund's prospectus or an amendment thereto as outlined in paragraphs 10 and 11 above, or the Fund's initial prospectus has included such disclosure; and

13. this relief shall terminate upon the coming into force of any legislation or rule of the Decision Makers dealing with matters referred to in subsections 2.6(a), 2.6(c) and 6.1(1) of NI 81-102.

"Vera Nunes"
Assistant Manager, Investment Funds
Ontario Securities Commission

2.1.6 Total Energy Services Ltd. - s. 1(10)(b)

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – 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)(b).

Citation: Total Energy Services Ltd. , 2007 ABASC 740

October 18, 2007

Bennett Jones LLP
4500 Bankers Hall East
855 - 2nd Street SW
Calgary, AB T2P 4K7

Attention: Harinder Basra

Dear Sir:

Re: Total Energy Services Ltd. (the Applicant) - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Ontario, and Québec (the Jurisdictions)

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 to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

1. the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;

2. no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

3. the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

4. 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 in the Jurisdictions.

Relief requested granted on the 18th day of October, 2007.

"Agnes Lau, CA"
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.7 Castle Rock Petroleum Ltd. - s. 1(10)

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – 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).

November 1, 2007

Parlee McLaws LLP
3400 Petro-Canada Centre
150-6 Avenue SW
Calgary, AB T2P 3Y7

Attention: Bruce Hirsche

Dear Sir:

Re: Castle Rock Petroleum Ltd. (the Applicant) - Application to Cease to be a Reporting Issuer under the securities legislation of British Columbia, Alberta, Saskatchewan and Ontario (the Jurisdictions)

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 to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

1. the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;

2. no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

3. the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

4. 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 in the Jurisdictions.

Relief requested granted on the 1st day of November, 2007.

"Blaine Young"
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.8 1305699 Alberta ULC. - s. 1(10)

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – 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).

November 1, 2007

McCarthy Tetrault LLP
P.O. Box 10424, Pacific Centre
Suite 1300, 777 Dunsmuir Street
Vancouver, BC V7Y 1K2

Attention: C. Sena Byun

Dear Madam:

Re: 1305699 Alberta ULC. (the Applicant) - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick and Newfoundland and Labrador (the Jurisdictions)

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 to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

1. the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;

2. no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

3. the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

4. 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 in the Jurisdictions.

Relief requested granted on the 1st day of November, 2007.

"Blaine Young"
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.9 Peak Investment Services Inc. / Services en Placements Peak Inc. and Axa Financial Services Inc. /AXA Services Financiers Inc. - MRRS Decision

Mutual Reliance Review System for Exemptive Relief Applications – National Instrument 33-109 – Registration Information (NI 33-109) – relief from certain filing requirements of NI 33-109 in connection with a bulk transfer of business locations and registered and non-registered individuals under an asset acquisition.

Applicable Ontario Statutory Provisions

National Instrument 33-109 – Registration Information.

November 2, 2007

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, NEW BRUNSWICK AND NOVA SCOTIA
(the Jurisdictions)

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS (MRRS)

AND

IN THE MATTER OF
PEAK INVESTMENT SERVICES INC. /
SERVICES EN PLACEMENTS PEAK INC. (PISI)

AND

AXA FINANCIAL SERVICES INC./
AXA SERVICES FINANCIERS INC. (AFSI)
(AFSI, together with PISI, the Filers)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filers from requirements of National Instrument 33-109 – *Registration Information* (**NI 33-109)** so as to permit the Filers to bulk transfer (the **Bulk Transfer**) to PISI under the National Registration Database (**NRD**), the office locations and certain registered and non-registered individuals that are associated on NRD with the Filers (the **Representatives**) following the acquisition of the assets of AFSI by PISI on or about October 1, 2007 (the Asset Acquisition) pursuant to an agreement dated June 22, 2007 (the **Agreement**) between AFSI, PISI to pursue business activities under the corporate name "PEAK Investment Services Inc. / Services en placements PEAK inc." (the **Requested Relief**).

Under the MRRS:

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

(b) the MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

This decision is based on the following statements presented by the Filers:

1. PISI is registered as a mutual fund dealer or equivalent in all provinces of Canada, except for Newfoundland and Labrador and the territories, as a firm in group savings plan brokerage and investment contract dealer and scholarship plan dealer in Quebec under *An Act respecting the distribution of financial products and services* (R.S.Q., chapter D-9.2) (the **Distribution Ac**t) and as a limited market dealer in Ontario. PISI is a member of the Mutual Fund Dealers Association of Canada (the **MFDA**).

2. AFSI is registered as a mutual fund dealer or equivalent in British Columbia, New Brunswick, Nova Scotia, Ontario and Quebec, as a firm in group savings plan brokerage and scholarship plan dealer in Quebec under the Distribution Act and as a limited market dealer in Ontario. AFSI is a member of the MFDA.

3. PISI is incorporated pursuant to the laws of the province of Quebec (Companies Act (R.S.Q.c.C-38, Part 1A). PISI related entities also include PEAK Securities Inc., PEAK Insurance Services Inc. (PEAK Insurance), and PEAK Financial Services Inc. (PEAK Financial). PEAK Insurance and PEAK Financial are not a securities regulated entity.

4. Pursuant to the Agreement, AFSI will also transfer to PISI certain client accounts holding segregated funds as well as certain salespersons who are authorized to act in the sector of the insurance of persons and pursue activities as a representative in insurance of persons. PISI is registered in insurance of persons in Quebec and is in the process of registering, in the equivalent, in other provinces of Canada.

5. PISI and AFSI, to the best of their knowledge, are not in default of any of the requirements of the Legislation in the Jurisdictions.

6. The Asset Acquisition is proposed to take effect on or about October 1, 2007.

7. As a result of the Asset Acquisition, all business locations and the Representatives of AFSI will be transferred to PISI.

8. The Asset Acquisition does not involve any third parties. PISI will carry on all mutual fund dealer business of AFSI in substantially the similar manner with substantially similar directors and the same mutual fund salespersons as AFSI.

9. For the purposes of NRD, the successor registrant to AFSI will be PISI.

10. The Filers have informed their Representatives that following the Asset Acquisition the representatives of AFSI will be employed in the same capacity by PISI.

11. The Filers have organized the Bulk Transfer on NRD of all affected business locations and Representatives to PISI.

12. The Asset Acquisition will not be contrary to public interest and will have no negative consequences on the ability of PISI to comply with all applicable regulatory requirements or the ability to satisfy any obligations of its clients and the clients of AFSI.

13. Given the number of business locations and the number of Representatives of AFSI, it would be exceedingly difficult and onerous to transfer each business location and each Representative to PISI from AFSI in accordance with the requirements set out in the Legislation.

14. As a result of NRD system constraints, and the significant number of Representatives to be transferred from AFSI to PISI, it would be difficult, costly, and time consuming to effect the transfer as a separate and distinct transfer of branch and sub-branch office locations and each Representative while ensuring that all such transfers occur at the same time in order to preclude any disruption of individual registrations or PISI business activities.

15. A separate but similar relief order will be granted in Quebec pursuant to the Distribution Act.

Decision

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.

The decision of the Decision Makers pursuant to the Legislation is that the Requested Relief is granted, and the following requirements of the Legislation shall not apply to the Filers in respect of the Representatives and business locations that will be bulk transferred from AFSI to PISI:

(a) the requirement to submit a notice regarding the termination of each employment, partner, or agency relationship under Section 4.3 of NI 33-109;

(b) the requirement to submit a notice regarding each individual who ceases to be a permitted individual under Section 5.2 of NI 33-109;

(c) the requirement to submit a registration application for each individual applying to become a registered individual under Section 2.2 of NI 33-109;

(d) the requirement to submit a Form 33-109F4 for each permitted individual under Section 3.3 of NI 33-109; and

(e) the requirement under Section 3.2 of NI 33-109 to notify the regulator of a change to the business location information in Form 33-109F3

provided that the Filers make acceptable arrangements with CDS INC. for the payment of the costs associated with the Bulk Transfer, and make such payment in advance of the Bulk Transfer.

"David M. Gilkes"
Manager, Registrant Regulation
Ontario Securities Commission

2.1.10 Meritas Financial Inc. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Exemption from self dealing requirements in NI 81-102 - relief granted regarding acquisition of asset back commercial paper from related mutual funds - asset backed commercial paper market experiencing liquidity problems - purchase of funds' asset backed commercial paper to be made with cash - transactions approved by mutual funds' independent review committee - relief in the best interest of the funds.

Rules Cited

National Instrument 81-102 - Mutual Funds, ss. 4.2(1), 19.1.

October 30, 2007

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK, NEWFOUNDLAND AND LABRADOR, NOVA SCOTIA, PRINCE EDWARD ISLAND, NORTHWEST TERRITORIES,
NUNAVUT AND YUKON
(the "Jurisdictions")

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
MERITAS FINANCIAL INC.
(the "Filer")

AND

MERITAS CANADIAN BOND FUND AND
MERITAS MONEY MARKET FUND
(the "Funds")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator ("**Decision Maker**") in each of the Jurisdictions has received an application (the "**Application**") from the Filer on behalf of the Funds for relief in each Jurisdiction under section 19.1 of National Instrument 81-102 – *Mutual Funds* ("**NI 81-102**") from the prohibition in section 4.2 of NI 81-102 for relief in order to permit the sale of all or any of the asset-backed commercial paper ("**ABCP**") issued by the issuers listed in Schedule A that is owned by the Funds to the Filer (the "**Requested Relief**").

Under the Mutual Reliance Review System (MRRS) for Exemptive Relief Applications:

(a) the Ontario Securities Commission is the principal regulator for this Application; and

(b) this MRRS decision document represents the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* and NI 81-102 have the same meaning in this MRRS decision document unless they are otherwise defined in this decision.

Representations

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

1. The Filer is the manager and portfolio manager of the Funds. The Filer's registered office is located in Ontario.

2. The Funds are open-ended mutual fund trusts established under the laws of the Province of Ontario, and are reporting issuers in the Jurisdictions.

3. As of September 19, 2007, the Meritas Canadian Bond Fund owned third party (non-bank) ABCP worth approximately $550,000.00 comprising approximately 1.7% of the Fund's total assets, and the Meritas Money Market Fund owned third party ABCP worth approximately $1,350,000.00 or 30% of the Fund's total assets.

4. The ABCP is short-term commercial paper with maturity dates ranging from October 10, 2007 to October 29, 2007. The ABCP had when acquired, and continues to have, an approved credit rating within the meaning of NI 81-102.

5. The Filer has determined that the appropriate method to value the ABCP owned by the Funds is cost plus accrued interest which is the valuation methodology used in respect of other commercial paper investments held by the Funds.

6. Uncertainty concerning ABCP has arisen in the context of liquidity concerns that affected investors and capital markets worldwide in August 2007, including those in Canada, originating with concerns relating to subprime mortgages in the United States. The Toronto Stock Exchange, as with other exchanges worldwide, has suffered losses and increased volatility. Considerable media reports and articles have discussed these issues, and raised concerns about the quality and safety of Canadian money market funds and other investments.

7. The Filer wishes to protect the Funds from these concerns and ensure that investor confidence is not negatively affected. In addition, the Filer wishes to prevent an unwarranted increase in redemption requests in the Funds which could arise as a result of these wider concerns.

8. To alleviate these concerns, it is proposed that the ABCP held by the Funds would be purchased by the Filer. Such purchases would be effected if the Filer considered such purchases to be in the best interests of the Funds, and would be effected at the cost amount of the ABCP plus accrued interest (the "**Proposed Transactions**").

9. The Filer would acquire the ABCP by cash payment in the full amount, as determined under representation 5, to the Funds. The Proposed Transactions would occur upon receiving regulatory approval and be completed no later than November 15, 2007. The Filer may carry out the Proposed Transactions in one or several transactions.

10. The Filer referred the Proposed Transactions to the independent review committee of the Funds (the "**Independent Review Committee**") for review and approval. The Independent Review Committee has approved the Application on behalf of the Funds and the Proposed Transactions as being in the best interests of the Funds and as achieving a fair and reasonable result for the Funds.

Decision

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.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted on the following conditions:

(a) the Filer, as portfolio manager of the Funds, determines that the Proposed Transactions are in the best interests of the Funds;

(b) the Proposed Transactions occur during the period between the date of the decision and November 15, 2007;

(c) the price per security is equal to cost plus accrued interest; and

(d) the Filer shall have received confirmation that the Independent Review Committee of the Funds has approved the Proposed Transactions.

"Vera Nunes"
Assistant Manager, Investment Funds Branch
Ontario Securities Commission

SCHEDULE A

THIRD PARTY ASSET-BACKED COMMERCIAL PAPER CONDUITS

ISSUERS

Meritas Canadian Bond Fund

Apsley Trust	$100,000
Opus Trust	$150,000
Skeena Trust	$100,000
Aria Trust	$100,000
Slate Trust	$100,000
Total	$550,000

Meritas Money Market Fund

Apsley Trust	$200,000
Whitehall Trust	$200,000
Symphany Trust	$150,000
MMAI-I Trust	$100,000
Rocket Trust	$100,000
Aurora Trust	$200,000
Comet Trust	$200,000
Slate Trust	$200,000
Total	$1,350,000

2.1.11 Steeplejack Industrial Group Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer is not a reporting issuer.

Applicable Ontario Statutory Provisions

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

Citation: Steeplejack Industrial Group Inc., 2007 ABASC 786

November 2, 2007

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

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
STEEPLEJACK INDUSTRIAL GROUP INC.
(the Filer)

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer be deemed to have ceased to be a reporting issuer in the Jurisdictions (the **Requested Relief**).

2. Under the Mutual Reliance Review System for Exemptive Relief Applications:

   (a) the Alberta Securities Commission (the **Commission)** is the principal regulator for this application; and

   (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

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

   (a) The Filer was incorporated under the *Business Corporations Act* (Alberta) (the ABCA) by certificate of incorporation dated May 15, 1987 under the name “Ventana Equities Inc.”. On December 15, 1992, the Filer changed its name to "Steeplejack Industrial Group Inc.".

   (b) The head office and registered office of the Filer is located in Edmonton.

   (c) The authorized capital of the Filer currently consists of an unlimited number of common shares (the **Common Shares**). As of the date hereof, there are 200 Common Shares issued and outstanding, all of which are held beneficially by the Brock Group, Inc. (the **Brock Group**).

   (d) The Filer is a reporting issuer or the equivalent in the provinces of Alberta, Quebec and Ontario.

   (e) Pursuant to an arrangement agreement dated July 22, 2007 (as subsequently amended on August 14, 2007) between the Filer, the Brock Group and an affiliate thereof (**Acquisition Sub**), all of the issued and outstanding Common Shares of the Filer were acquired by Acquisition Sub by way of a court approved plan of arrangement under the ABCA (the **Arrangement**). The Arrangement was approved by shareholders and optionholders of the Filer at a special meeting of shareholders and optionholders held on September 18, 2007 and received court approval on September 19, 2007 pursuant to Section 193 of the ABCA.

   (f) Effective September 26, 2007, Acquisition Sub acquired all of the issued and outstanding Common Shares of the Filer. Immediately thereafter the Filer amalgamated with Acquisition Sub and continued as “Steeplejack Industrial Group Inc.”. The Filer has no other securities outstanding other than the Common Shares owned by the Brock Group.

   (g) The Filer has no current intention to seek public financing by way of an offering of securities.

   (h) The Common Shares were de-listed from the Toronto Stock Exchange on October 1, 2007 and no securities of the Filer are listed or traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

   (i) The Filer is not in default of any of its obligations as a reporting issuer under the Legislation, other than its obligation to file its annual information form, annual financial statements, related management's discussion and analysis under National Instrument 51-102 *Continuous Disclosure Obligations* and annual certificates under Multilateral Instrument 52-109 *Certification of Disclosure in Filings*, in each case, for the year ended June 30, 2007.

   (j) Upon the grant of the relief requested herein, the Filer will not be a reporting issuer or the equivalent in any jurisdiction of Canada.

Decision

5. 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.

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

“Blaine Young"
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.12 Meritas Financial Inc. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Exemption from self dealing requirements in Ontario Securities Act - relief granted regarding acquisition of asset back commercial paper from a related mutual fund - asset backed commercial paper market experiencing liquidity problems - purchase of fund's asset backed commercial paper to be made with cash - transactions approved by mutual funds' independent review committee - relief in the best interest of the funds

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, ss. 118(2)(b), 121(2)(a)(ii).

October 31, 2007

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, NEW BRUNSWICK, ONTARIO, NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR, NORTHWEST TERRITORIES, NUNAVUT AND YUKON
(the "Jurisdictions")

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
MERITAS FINANCIAL INC.
(the "Filer")

AND
MERITAS CANADIAN BOND FUND AND MERITAS MONEY MARKET FUND (the "Funds")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator ("**Decision Maker**") in each of the Jurisdictions has received an application (the "**Application**") from the Filer on behalf of the Funds for relief in each Jurisdiction from the following prohibition in the securities legislation of the Jurisdictions (the "**Legislation**") to permit a sale of asset-backed commercial paper ("**ABCP**") issued by the issuers listed in Schedule A that is owned by the Funds to the Filer (the "**Requested Relief**"):

(a) the provision that prohibits a portfolio manager or a responsible person (depending on the Jurisdiction) from causing a portfolio managed by it or a mutual fund (depending on the Jurisdiction) to purchase or sell the securities of any issuer from or to the account of a responsible person or the portfolio manager.

Under the Mutual Reliance Review System (**MRRS**) for Exemptive Relief Applications:

(a) the Ontario Securities Commission is the principal regulator for this Application; and

(b) this MRRS decision document represents the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* and in National Instrument 81-102 *Mutual Funds* ("**NI 81-102**") have the same meaning in this MRRS decision document unless they are otherwise defined in this decision.

Representations

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

1. The Filer is the manager and portfolio manager of the Funds. The Filer's registered office is located in Ontario.

2. The Funds are open-ended mutual fund trusts established under the laws of the Province of Ontario, and are reporting issuers in the Jurisdictions.

3. As of September 19, 2007, the Meritas Canadian Bond Fund owned third party (non-bank) ABCP worth approximately $550,000.00 comprising approximately 1.7% of the Fund's total assets, and the Meritas Money Market Fund owned third party ABCP worth approximately $1,350,000.00 or 30% of the Fund's total assets.

4. The ABCP is short-term commercial paper with maturity dates ranging from October 10, 2007 to October 29, 2007. The ABCP had when acquired, and continues to have, an approved credit rating within the meaning of NI 81-102.

5. The Filer has determined that the appropriate method to value the ABCP owned by the Funds is cost plus accrued interest which is the valuation methodology used in respect of other commercial paper investments held by the Funds.

6. Uncertainty concerning ABCP has arisen in the context of liquidity concerns that affected investors and capital markets worldwide in August 2007, including those in Canada, originating with concerns relating to subprime mortgages in the United States. The Toronto Stock Exchange, as with other exchanges worldwide, has suffered losses and increased volatility. Considerable

media reports and articles have discussed these issues, and raised concerns about the quality and safety of Canadian money market funds and other investments.

7. The Filer wishes to protect the Funds from these concerns and ensure that investor confidence is not negatively affected. In addition, the Filer wishes to prevent an unwarranted increase in redemption requests in the Funds which could arise as a result of these wider concerns.

8. To alleviate these concerns, it is proposed that the ABCP held by the Funds would be purchased by the Filer. Such purchases would be effected if the Filer considered such purchases to be in the best interests of the Funds, and would be effected at the cost amount of the ABCP plus accrued interest (the "**Proposed Transactions**").

9. The Filer would acquire the ABCP by cash payment in the full amount, as determined under representation 5, to the Funds. The Proposed Transactions would occur upon receiving regulatory approval and be completed no later than November 15, 2007. The Filer may carry out the Proposed Transactions in one or several transactions.

10. The Filer referred the Proposed Transactions to the independent review committee of the Funds (the "**Independent Review Committee**") for review and approval. The Independent Review Committee has approved the application on behalf of the Funds and the Proposed Transactions as being in the best interests of the Funds and as achieving a fair and reasonable result for the Funds.

Decision

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.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted on the following conditions:

(a) the Filer, as portfolio manager of the Funds, determines that the Proposed Transactions are in the best interests of the Funds;

(b) the Proposed Transactions occur during the period between the date of the decision and November 15, 2007;

(c) the price per security is equal to cost plus accrued interest; and

(d) the Filer shall have received confirmation that the Independent Review Committee of the Funds has approved the Proposed Transactions.

"Paul K. Bates"
Commissioner
Ontario Securities Commission

"Carol S. Perry"
Commissioner
Ontario Securities Commission

SCHEDULE A

THIRD PARTY ASSET-BACKED

COMMERCIAL PAPER CONDUITS

ISSUERS

Meritas Canadian Bond Fund

Apsley Trust	$100,000
Opus Trust	$150,000
Skeena Trust	$100,000
Aria Trust	$100,000
Slate Trust	$100,000
Total	$550,000

Meritas Money Market Fund

Apsley Trust	$200,000
Whitehall Trust	$200,000
Symphany Trust	$150,000
MMAI-I Trust	$100,000
Rocket Trust	$100,000
Aurora Trust	$200,000
Comet Trust	$200,000
Slate Trust	$200,000
Total	$1,350,000

2.2.1 CIBC World Markets Inc. - ss. 127 and 127.1

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

AND

IN THE MATTER OF
CIBC WORLD MARKETS INC.

ORDER
(Section 127 and 127.1)

WHEREAS on January 27, 2003 the Ontario Securities 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 respect of CIBC World Markets Inc.;

AND WHEREAS CIBC World Markets entered into a settlement agreement with Staff of the Commission dated February 12, 2003 (the "Settlement Agreement") in which they agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND WHEREAS the Commission made an Order dated February 27, 2003 approving the Settlement Agreement and requiring CIBC World Markets to submit to a review of its practices relating to the disclosure of potential conflicts of interest in its equities research reports;

AND WHEREAS this review has been completed and the Commission has received a copy of the resulting report which is attached to this Order as Schedule "A" (the "AssetRisk Report");

AND UPON being advised that CIBC World Markets has taken steps to implement the outstanding recommendations set out in the AssetRisk Report and upon reviewing the written submission of Staff of the Commission;

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

IT IS ORDERED THAT the AssetRisk Report is hereby approved as fulfilling the requirements set out in the Settlement Agreement.

DATED at Toronto this 21st day of August, 2007

"James E. A. Turner"

"Harold P. Hands"

Best Practices in the Identification and Disclosure of Conflicts of Interest in Equities Research Reports

October 2005

by
Robert Chambers, LL.B., FCA
AssetRisk Advisory Inc.

AssetRisk Advisory Inc.
25 Adelaide Street East, Suite 1915
Toronto, Canada
M5C 3A1

May 31, 2004

CIBC World Markets Inc.
Commerce Court West
Floor 11
199 Bay Street
Toronto, Canada
M5L 1A2

Attention: Mr. Tim Moseley
Head of Compliance

Dear Mr. Moseley,

Please find enclosed our report on best practices in disclosure of conflicts of interest in equities research reports in Canada.

We wish to acknowledge and express our appreciation for the assistance and insight provided by the investment dealers that participated in our review, management of CIBC World Markets Inc., and staff at the SEC, NYSE, NASD, OSC, AMF, IDA and FSA.

Sincerely,

Robert Chambers, LL.B., FCA
President

RWC/hs
Enc.

cc: Autorité des marchés financiers
Ontario Securities Commission

Table of Contents

Executive Summary

In February 2003, settlement agreements with CIBC World Markets Inc. (**CIBC World Markets**) were approved by the Ontario Securities Commission (**OSC**) and Commission des valeurs mobilières du Québec (**CVMQ**) (referred to together as '**the Commissions**'). CIBC World Markets agreed that it had not adequately disclosed the full nature of the relationship between itself and its affiliated companies and Shoppers Drug Mart Corporation (**Shoppers**) in equities research reports issued on Shoppers during the period from November 21, 2001 to February 2002.

Pursuant to the settlements, CIBC World Markets agreed to submit to a review of its practices relating to the identification and disclosure of potential conflicts of interest in equities research reports and institute such changes as may be ordered by the Commissions.

AssetRisk Advisory Inc. was retained by CIBC World Markets to determine industry best practices in the area of identification and disclosure of potential conflicts of interest. The methodology entailed the review of practices of seven major investment dealers, interviews of regulators, compliance officers and investors, inspection of documents, and review of literature.

Data on existing practices in the industry was organized into a framework under the following headings:

1. Definition of conflict of interest,
2. Analyst conduct,
3. Supervision,
4. Identification, and
5. Disclosure.

Each of the five headings was broken down into categories for a total of twenty potential best practices. The best practices for the identification and disclosure of conflicts of interest in equities research reports were drawn from existing industry practices in Canada. However, the designation of 'best practice' does not preclude improvement of current standards in the industry.

CIBC World Markets requested insight to the best practices as they were identified during the course of our assessment with the objective of making changes before our draft report was released for comment and improvements to practices of CIBC World Markets were implemented throughout the review.

Our first draft report was issued in August 2003 and joint comments were received from CIBC World Markets and the Commissions in February 2004. New Policy No. 11 of the Investment Dealers Association of Canada (**IDA**) became effective on February 1, 2004 and therefore we updated our research on dealer practices to May 2004. During the update, we found that several of the recommended best practices contained in our first draft report had been adopted by dealers including those required by IDA Policy No. 11.

CIBC World Markets meets best practice in seventeen of the twenty areas identified, and our recommendations to meet the remaining best practices are summarized below. It is our opinion that following best practices reduces the risk of failure to identify and disclose conflicts of interest in equities research reports.

1. **Prohibited Conflicts** - Amend the Canadian Equities Research Policy of CIBC World Markets regarding ownership of shares in the issuer or acting as a director, officer, employee, consultant or adviser in the industry sector covered. Specifically, an analyst will not be permitted to issue research where:
   a. The analyst or a member of his/her household owns shares in the covered issuer,
   b. The analyst acts as a director, officer, employee, consultant or adviser to a company within the analyst's industry sector, or
   c. The firm and its affiliates beneficially own 10% or more of a class of equity securities issued by the company.
2. **Professional Qualifications** - Require that new analysts obtain, within a reasonable time, the Chartered Financial Analyst designation or other appropriate qualifications.
3. **Tools to Identify and Quantify Conflicts** - Implement automated processes for gathering information on conflicts to minimize reliance on manually maintained spreadsheets.

Introduction

Background

Shoppers is a New Brunswick corporation that operates a chain of drug stores and pharmacies across Canada. Shoppers completed an initial public offering of common shares in November 2001 (the **IPO**) where CIBC World Markets acted as the lead underwriter of the IPO that closed on November 21, 2001. At the time of the IPO, and as disclosed in the IPO prospectus, CIBC Capital (SD Holdings) Inc., an affiliate of CIBC World Markets, held 7,000,000 shares of Shoppers. CIBC World Markets purchased a further 450,000 shares of Shoppers pursuant to the IPO. CIBC World Markets and CIBC Capital continued to hold these shares during the period between November 21, 2001 and February 8, 2002 and, as disclosed in the IPO prospectus, Shoppers was indebted to CIBC. The amount of that debt varied from $59.51 million to $67.39 million.

CIBC World Markets published five equity research reports recommending the purchase of securities of Shoppers dated December 17, 2001, December 18, 2001, December 19, 2001, January 10, 2002 and February 8, 2002. These reports were intended for general circulation, being distributed both internally at CIBC World Markets and to its institutional and retail clients located throughout Canada, including the Provinces of Ontario and Québec, upon request. The research reports all stated that shares of Shoppers were rated as a '*strong buy*'.

In the research reports, CIBC World Markets did not adequately disclose the full nature of the relationship between itself and its affiliated companies and Shoppers. CIBC World Markets thus failed to adequately disclose the potential conflicts of interest inherent in its recommendation of the purchase of Shoppers shares.

Pursuant to settlement agreements with staff at the Commissions, CIBC World Markets agreed to submit to a review of its practices relating to the identification and disclosure of potential conflicts of interest in its equities research reports, and institute such changes as may be ordered by the Commissions. The purpose of the report is to enable CIBC World Markets to be cognizant of industry best practices with regard to the identification and disclosure of potential conflicts of interest in its equities research reports including the types of conflicts of interest identified in the settlement agreements.

Methodology

Our approach included the following procedures:

A. Design, and validation with CIBC World Markets and the Commissions, of a framework to gather and organize information on best practices,

B. Assembly of industry practices for the identification and disclosure of conflicts of interest of sell-side analysts employed by full-service investment firms in Canada,

C. Determination of best practices among the existing practices,

D. Assessment of whether CIBC World Markets practices currently meet or fall short of best practices, and

E. Recommendation of improvements.

The methodology included the following research:

1. Interviews of staff and management at the following organizations:

    a. CIBC World Markets,

    b. The Commissions,

    c. Market Regulation Services Inc. (**RS**) and the Investment Dealers Association of Canada (**IDA**),

    d. Investors,

    e. United States regulator (i.e., the United States Securities and Exchange Commission (**SEC**)) and SROs (i.e., NASD Inc. (**NASD**)) and the New York Stock Exchange (**NYSE**)),

    f. Financial Services Authority (**FSA**) in the United Kingdom, and

    g. Selected investment dealers in Canada.

2. Inspection of documents of CIBC World Markets,

3. Review of IDA Policy No. 11 (see Appendix B) and NASD Rule 2711 (see Appendix C), and

4. Review of published articles and papers.

A glossary of terms used in the report is attached as Appendix A.

Our draft report was issued in August 2003 and we received joint comments from CIBC World Markets and the Commissions on February 15, 2004. In the intervening period, IDA Policy No. 11 became effective on February 1, 2004. We therefore updated our research for dealer practices in Canada at May 2004 and we found that dealers had implemented a number of best practices including those required by Policy No. 11. The firms submitted their revised policies to the IDA for review and approval but the IDA's feedback was not available at the date of our second draft report.

Framework for Practices

The focus of the report is conflict of interest of sell-side analysts employed in the research departments of full-service (or integrated) dealers with operations in Canada. The analysts publish equities research reports on the securities of issuers or industries that they cover and the reports often contain a recommendation for buy, hold or sell and a price expectation or target. The firms provide a variety of services to corporate clients that give rise to potential conflicts of interest for sell-side analysts, unlike buy-side and independent analysts that typically have few conflicts that could threaten the objectivity of their research.

Based on our preliminary research and interviews, we designed a framework for the collection of information about practices among integrated investment dealers in Canada. The practices are those that were deemed relevant to the identification and disclosure of conflicts of interest based on the following five questions:

1. Definition - What guidance is provided by a dealer to its management and employees about the nature of conflict of interest of an analyst and the firm?

2. Conduct - What requirements are in place to help avoid and manage conflicts?

3. Supervision - What procedures exist for review and approval of disclosure in research reports?

4. Identification - How is information about potential conflicts identified and verified?

5. Disclosure - What are a dealer's guidelines on prominence and content of disclosure of conflicts in equities research reports?

Within each heading are categories, together with a brief description, which formed the basis of our data collection through interviews, inspection of documents and review of literature. The framework is as follows:

Framework for Investment Dealer Practices	
Heading and Category	**Description**
Definition of Conflict of Interest	
1. Definition and examples of conflict of interest of a firm	Guidance for management on the identification and disposition of conflicts of interest of the investment dealer and its affiliates.
2. Definition and examples of conflict of interest of a research analyst	Written guidance for research analysts on the identification and treatment of their personal conflicts of interest (i.e., maintaining objectivity).
3. Scope of conflict of interest	Whether conflicts of interest subject to disclosure are actual, perceived and/or potential.
4. Materiality	Written guidance on the materiality of conflicts of interest for the purposes of disclosure in research reports (or withholding research).
5. Conflicts discloseable	Definition of the conflicts of interest that must be disclosed in research reports regardless of materiality.

Heading and Category	Description
6. Conflicts prohibited	Conflicts of interest where a research analyst will not be permitted to issue research.
Analyst Conduct	
7. Code of conduct	A code of conduct that research analysts are required to observe as a condition of employment.
8. Professional qualifications	Professional qualifications required of a research analyst as a condition of employment. Many professionals are subject to codes of conduct that govern independence and objectivity.
9. Periodic certification of compliance	To what extent the research analyst and/or members of research management must certify compliance with a code of conduct or other standard.
Supervision	
10. Process for review and approval of research reports	Sign-off on or provision of disclosure of conflicts of interest in equities research reports.
11. Reliance on watch/grey lists, restricted lists, quiet periods, and information barriers	Internal processes designed to prevent conflicts of interest from occurring are also of assistance in identification of conflicts of interest where they occur.
12. Compliance manual content	The compliance (or policies and procedures) manual's approach to management of conflicts of interest including statement of principles.
Identification	
13. Threat assessment	Identification and evaluation of systemic and specific threats to objectivity including safeguards to mitigate the risk.
14. Methods and tools used to identify and quantify conflicts specified in rules	The processes and information technology relied on to identify conflicts of interest for the purposes of disclosure in an equities research report.
15. Methods used to identify and quantify other potential conflicts	The processes relied on to identify those conflicts of interest not listed specifically in IDA Policy No. 11 or SRO rules in the United States. (i.e., conflicts governed by the 'basket clause').
16. Audit	Periodic review and testing by internal audit, or otherwise, designed to ensure the completeness and accuracy of disclosure processes.
Disclosure	
17. Content and wording	The nature of the disclosure in terms of meaningfulness and plain language.
18. Positioning	The prominence of the disclosure in the report, including front-page reference to disclosures in the body of the report or elsewhere.
19. Type size	Printing in type size comparable to the body of the research report.
20. Statistics on analyst performance	Disclosure of the performance of the analyst in the research report with respect to distribution of ratings across reports and performance in assessing future values.

Investment Dealer Practices

Scope

Seven leading investment dealers in Canada including CIBC World Markets participated in our confidential survey of existing policies and practices in the identification and disclosure of conflicts of interest in equities research. As a major dealer, CIBC World Markets has extensive resources and, to ensure comparability, the other dealers were invited to participate based on the size and sophistication of their compliance processes as demonstrated by the survey of major dealers by the OSC in 2002 on management of analyst conflicts.[1]

The dealers provided unrestricted access to their policies, procedures and research reports. We wish to acknowledge and express our appreciation to the following firms for sharing their knowledge, experience and insights:

- CIBC World Markets Inc.
- Merrill Lynch Canada Inc.
- National Bank Financial Inc.
- RBC Dominion Securities Inc.
- Scotia Capital Inc.
- TD Securities Inc.
- UBS Securities Canada Inc.

We provide a brief summary of each dealer's practices below without attribution.

[1] The responses of the dealers are available on the OSC's website at *www.osc.gov.on.ca*.

Chart - Summary of Practices

	CIBC World Markets	Major Dealer	Major Dealer	Major Dealer	Major Dealer	Major Dealer	Major Dealer
Definition of Conflict of Interest							
1. Definition and examples of conflict of interest of a firm. Guidance for management on the identification and disposition of conflicts of interest of the investment dealer and its affiliates.	SRO rules in Canada and the United States and other regulatory requirements.	SRO rules in Canada and the United States and other regulatory requirements.	SRO rules in Canada and the United States and other regulatory requirements.	SRO rules in Canada and the United States and other regulatory requirements.	SRO rules in Canada and the United States and other regulatory requirements.	SRO rules in Canada and the United States and other regulatory requirements.	SRO rules in Canada and other regulatory requirements.
2. Definition and examples of conflict of interest of a research analyst. Written guidance for research analysts on the identification and treatment of their personal conflicts of interest (i.e., maintaining objectivity).	Conflict of interest is defined. Potential and apparent conflicts are subject to a standard of '*might reasonably be perceived by others to interfere*'.	Code of conduct and policies and procedures manual contain guidance on trading, outside business, and private investment activity (including family).	Code of conduct and policies and procedures manual contain guidance on trading, outside business, and private investment activity (including family). Examples are provided.	Code of conduct and policies and procedures manual contain guidance on trading, outside business, and private investment activity (including family). Examples include trading, family, gifts, business, litigation.	Code of conduct and policies and procedures manual contain guidance on trading, outside business, and private investment activity (including family).	Code of conduct and policies and procedures manual contain guidance on trading, outside business, and private investment activity (including family). Trading by family is implied but not explicit.	Code of conduct and policies and procedures manual contain guidance on trading, outside business, and private investment activity (including family).
3. Scope of conflict of interest. Whether conflicts of interest subject to disclosure are actual, perceived and/or potential.	Actual, perceived and potential.	Actual, perceived and potential.	Actual, perceived and potential.	Actual and perceived.	Not specified but complies with IDA Policy No. 11.	Actual material conflicts of interest of which the analyst knows or has reason to know.	Actual and perceived.
4. Materiality. Written guidance on the materiality of conflicts of interest for the purposes of disclosure in research reports (or withholding research).	No written guidelines. Based on judgment based on a standard of reasonable perception.	No written guidelines. Based on judgment.	No written guidelines. Based on judgment.	No written guidelines. Based on judgment.	No written guidelines. Based on judgment.	No written guidelines. Based on judgment.	No written guidelines. Based on judgment.

	CIBC World Markets	Major Dealer	Major Dealer	Major Dealer	Major Dealer	Major Dealer	Major Dealer
5. Conflicts discloseable. Definition of the conflicts of interest that must be disclosed in research reports regardless of materiality.	Policies and procedures account for SRO rules in Canada and the United States.	Policies and procedures account for SRO rules in Canada and the United States.	Policies and procedures account for SRO rules in Canada and the United States.	Policies and procedures account for SRO rules in Canada and the United States.	Policies and procedures account for SRO rules in Canada and the United States.	Policies and procedures account for SRO rules in Canada and the United States.	Policies and procedures account for SRO rules in Canada. Includes any lending relationship with banking affiliate.
6. Conflicts prohibited. Conflicts of interest where a research analyst will not be permitted to issue research.	Restricted list. Analyst '*over the wall*'. Cannot act as officer, director, employee, adviser to the issuer.	Restricted list. Analyst '*over the wall*'. Director, officer, employee, adviser, consultant to any company in the industry sector covered by the analyst. Cannot hold or trade securities of issuers covered or expected to be covered.	Restricted list. Analyst '*over the wall*'. Director or activity related to covered issuer.	Restricted list. Analyst '*over the wall*'. Cannot act as officer, director, adviser or otherwise provide service to issuer. Avoid involvement that could compromise Independen-ce. No coverage of issue where analyst holds pre-IPO securities. Will not issue research where more than 10% of shares are held by the firm.	Restricted list. Analyst '*over the wall*'. Director, officer, employee or adviser of covered issuer.	Restricted list. Analyst '*over the wall*'. Director, officer, employee or advisor of covered issuer.	Restricted list. Analyst '*over the wall*'. Director, officer, employee or adviser to any public or private company in the industry sector covered by the analyst.
Analyst Conduct							
7. Code of conduct. A code of conduct that research analysts are required to observe as a condition of employment.	Code of conduct, AIMR Code of Ethics and Standards of Professional Conduct, policies and procedures manual.	Code of conduct, policies and procedures manual.	AIMR Code of Ethics and Standards of Professional Conduct. Policies and procedures manual including principles.	Policy and procedures manual includes a code of conduct. Has ethics whistle-blowing hotline.	Research principles, policy and procedures manual.	Code of conduct, AIMR Code of Ethics and Standards of Professional Conduct, policies and procedures manual.	Code of conduct, policies and procedures manual.

	CIBC World Markets	Major Dealer	Major Dealer	Major Dealer	Major Dealer	Major Dealer	Major Dealer
8. Professional qualifications. Professional qualifications required of a research analyst as a condition of employment. Many professionals are subject to codes of conduct that govern independence and objectivity.	CFA (or 'other appropriate qualifica-tions') is encouraged but not required.	Where practicable, research analysts are required to obtain the CFA designation or other appropriate qualifications.	None	None for existing analysts. New associates are expected to obtain the CFA designation.	CSC, CPH or CFA is encouraged but not required.	New analysts are required to have an MBA or CFA.	CFA is encouraged but not required.
9. Periodic certification of compliance. To what extent the research analyst and/or members of research management must certify compliance with a code of conduct or other standard.	Annual certification of compliance with the institution and AIMR codes of conduct.	Annual certification.	Annual certification of compliance with the institution and AIMR codes of conduct.	Annual certification.	Annual certification.	Annual sign off on AIMR code of conduct.	Annual certification.
Supervision							
10. Processes for review and approval of disclosure in research reports. Sign-off on or provision of disclosure of conflicts of interest in equities research reports.	Approved by Director of Research or designate. Periodic review by Compliance.	Approved by head of research and/or supervisory analyst. Periodic review by Compliance and Internal Audit.	Head of research and supervisory analyst approve. Copy of report goes to Compliance.	Approved by supervisory analyst.	Approved by designated reviewer.	Approved by designated reviewer.	Approved by head of research and Compliance.
11. Reliance on watch/grey lists, restricted lists, quiet periods, and information barriers. Internal processes designed to prevent conflicts of interest from occurring are also of assistance in identification of conflicts of interest where they occur.	Yes. Includes training of analysts on standards, procedures and laws.	Yes. Includes training of analysts on standards, procedures and laws.	Yes. Includes training of analysts on standards, procedures and laws.	Yes	Yes	Yes	Yes

	CIBC World Markets	Major Dealer	Major Dealer	Major Dealer	Major Dealer	Major Dealer	Major Dealer
12. Compliance manual content. The compliance (or policies and procedures) manual's approach to management of conflicts of interest including statement of principles.	Integrated written procedures including principles.	Written procedures.	Written procedures.	Integrated written procedures including principles.	Integrated written procedures including principles.	Written procedures that refer to specific SRO rules in Canada and the United States.	Integrated written procedures including principles.
Identification							
13. Threat assessment. Identification and evaluation of systemic and specific threats to objectivity including safeguards to mitigate the risk.	Yes. Unstructured.	Yes. Unstructured.	Yes. Unstructured.	Yes. Unstructured.	Yes. Unstructured.	Yes. Unstructured.	Yes. Unstructured.
14. Methods and tools used to identify and quantify conflicts specified in rules. The processes and information technology relied on to identify conflicts of interest for the purposes of disclosure in an equities research report.	Databases with manual input to spreadsheet.	Database with input directly from the applicable business units.	Databases with manual review of output of dealer and bank information. Development of integrated reporting systems is in process.	Automated and semi-automated tracking system. Integrated databases linked to publishing system. Currently being upgraded to further automate checks.	Partly automated tracking system with exceptions. Integrated databases linked to publishing system.	Databases with manual input to spreadsheet. There is a master disclosure file with 19 disclosures that is accumulated manually by issuer.	Databases on lending, trading, investment banking, shareholding s with manual input to master spreadsheet by Compliance.

	CIBC World Markets	Major Dealer	Major Dealer	Major Dealer	Major Dealer	Major Dealer	Major Dealer
15. Methods used to identify and quantify other potential conflicts. The processes relied on to identify those conflicts of interest not listed specifically in IDA Policy No. 11 or SRO rules in the United States (i.e., conflicts governed by the 'basket clause').	Informal. Analyst is required to identify any conflicts of which he/she is aware.	Informal	Informal	Informal. Analyst is required to identify any conflicts of which he/she is aware.	Informal	Informal	Informal
16. Audit. Periodic review and testing by internal audit, or otherwise, designed to ensure the completeness and accuracy of disclosure processes.	Review by Internal Audit.	Review by Internal Audit.	Review by Internal Audit.	Review by Internal Audit.	Review every two years by Internal Audit.	Periodic checks by Compliance.	Periodic checks by Compliance. Analysts sometimes call with corrections.
Disclosure							
17. Content and wording. The nature of the disclosure in terms of meaningfulness and plain language.	Standard disclosures. Tailored wording for non-listed disclosures.	Standard disclosures. Tailored wording for non-listed disclosures.	Standard disclosures. Tailored wording for non-listed disclosures.	Standard disclosures. Tailored wording for non-listed disclosures.	Standard disclosures. Tailored wording for non-listed disclosures.	Standard disclosures. Tailored wording for non-listed disclosures.	Standard disclosures. Tailored wording for non-listed disclosures.
18. Positioning. The prominence of the disclosure in the report, including front-page reference to disclosures in the body of the report or elsewhere.	End of report with highlighted reference on cover.	Generally, end of report with a highlighted reference on the cover, except for unusual items that appear on the first page.	Disclosures in one location. Reference inside front cover.	End of report with highlighted reference on cover.	End of report with highlighted reference on cover.	End of report with small-type bold reference on cover.	Inside back cover with no reference on cover.
19. Type size. Printing in type size comparable to the body of the research report.	Normal text size in report body. Small or normal text size for reference on cover highlighted in red.	Normal type size.	Type size smaller than body.	Normal type size.	Normal type size.	Type size smaller than body.	Type size smaller than body.

	CIBC World Markets	Major Dealer	Major Dealer	Major Dealer	Major Dealer	Major Dealer	Major Dealer
20. Statistics on analyst performance. Disclosure of the performance of the analyst in the research report with respect to distribution of ratings across reports and performance in assessing future values.	Disclosed	Disclosed	Disclosed	Disclosed	Disclosed	Disclosed	Not disclosed

Definition of Conflict of Interest

Objectivity is a state of mind that results in the application of unbiased judgment in arriving at an opinion or decision in a given situation. Conflict of interest can impair the ability of a professional to express, or appear to express, an objective opinion. As discussed later in this report, conflict of interest may result from:[2]

- Financial interest,
- Excessive sympathy towards an issuer,
- Reviewing and commenting on the firm's own work,
- Advocacy or promotion on behalf of an issuer, and
- Intimidation of the analyst by an issuer or firm management.

Conflict of interest can be 'actual', 'perceived' or 'potential', and there are four documents that are relevant to the definition of conflict of interest for the purposes of our report. These are the Crawford Report, IDA Policy No. 11, and NASD Rule 2711 (and the equivalent NYSE rules) and the settlement agreements entered by CIBC World Markets with staff of the Commissions.

Guidance on Conflict of Interest

Crawford Report

In '*Setting Analyst Standards: Recommendations for the Supervision and Practice of Canadian Securities Industry Analysts*'[3] dated October 2001 by the Securities Industry Committee on Analyst Standards (**Crawford Committee**), the results of a review of the then current practices of the Canadian securities industry in analyst standards were presented. The

Crawford Report made recommendations for industry-wide initiatives to improve the independence and professionalism of Canadian securities industry analysts.

Conflict of interest was defined by the Crawford Committee to include all three variations (i.e., actual, perceived and potential) for the purposes of disclosure, but did not go so far as to define the three individual variations. The IDA relied heavily upon the recommendations of the Crawford Report in the design of Policy No. 11 that became effective February 1, 2004.

IDA Policy No. 11

IDA Policy No. 11 lists specific disclosure requirements and also has a 'basket clause' that requires disclosure of '*any information regarding its, or its analyst's business with or relationship with any issuer which is the subject of the report which might reasonably be expected to indicate a potential conflict of interest on the part of the Member or the analyst in making a recommendation with regard to the issuer.*' The language that 'any information…which might reasonably be expected to indicate a potential conflict…on the part of the Member or the analyst' is broad and goes beyond actual conflict of interest to include appearance of conflict and potential conflict. It also encompasses conflicts of the firm of which the analyst may have no personal knowledge.

The wording of IDA Policy No. 11 might be inferred to mean that all potential conflicts need to be disclosed regardless of materiality. However, we believe that the reference to 'reasonably be expected' means that conflicts that are immaterial are not covered by the disclosure requirement. Policy No. 11 therefore deals with actual, perceived and potential conflicts of interest of both the member firm and the individual research analyst that are material, which is still a much wider requirement than that contained in the basket clause of NASD Rule 2711.

NASD Rule 2711

NASD Rule 2711 (and the corresponding NYSE rules) lists specific disclosure requirements and has a basket clause that refers to '*any other actual, material conflict of interest of the research analyst of which the research analyst or member knows or has reason to know at the time of publication of the research report or at the time of the public appearance.*'[4] In other words, under the basket clause of Rule 2711 NASD members are not required to disclose:

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2 The Public Interest and Integrity Committee of the Canadian Institute of Chartered Accountants. The findings of the Committee are discussed under 'Risk Assessment' in this report.

3 The Crawford Report is available at http://www.tsx.com/en/pdf/SICAS-FinalReport.pdf.

4 NASD Rule 2711(h)(1)(C).

- Conflicts of the firm,
- Perceived or potential conflicts of the analyst, and
- Immaterial actual conflicts of the analyst.

The NYSE rules contain equivalent requirements for their members.

The majority of the dealers that we reviewed had adopted the disclosure requirements of NASD Rule 2711 by 2003.

Settlement Agreements

The settlement agreements between CIBC World Markets and staff of the Commissions contain guidance as to what may be considered to be a conflict of interest that requires disclosure.

The settlement agreements state that CIBC World Markets failed to adequately disclose the full nature of the relationship between itself and its affiliated companies and Shoppers. CIBC World Markets 'thus failed to adequately disclose the potential conflicts of interest inherent in its recommendation of the purchase of Shoppers shares'.

Specific disclosure failures issues listed in the settlement agreements[5] include:

a. Failure to adequately disclose an underwriting liability to Shoppers,

b. Failure to adequately disclose that CIBC World Markets and an affiliate owned 7,450,000 shares of Shoppers, which was more than the 7,000,000 shares disclosed, and

c. Failure to disclose that Shoppers was indebted to Canadian Imperial Bank of Commerce (**CIBC**), the parent company (i.e., an affiliate) of CIBC World Markets.

In addition to the above concerns, the disclosures that were made by CIBC World Markets were printed in type less legible than that used in the body of the report.

Conclusions on Conflict of Interest

The wording of the Crawford Report, IDA Policy No. 11, NASD Rule 2711 and the Shoppers settlement agreements do not directly correspond, and none of the documents provides a detailed definition of conflict of interest. Therefore, for the purposes of this report, we rely on IDA Policy No. 11 regarding information that should be identified and disclosed in an equities research report in Canada in our assessment of best practices. In other words, actual, perceived and potential conflicts of interest that are material are to be identified and disclosed in analyst research reports.

For the purposes of this report, the definition of conflict of interest is 'a situation where the analyst or the firm is in a position to gain or lose from the conclusions reached in the research report'. The three subcategories of conflict of interest are defined as follows:

i. *Actual* conflict of interest is where the analyst or firm is in a position where issuing research could directly influence their financial position.

ii. *Perceived (or apparent)* conflict of interest arises when an analyst or firm is in a position where a consumer of research in possession of all relevant facts would have reasonable cause to doubt the objectivity of the analyst.

iii. *Potential* conflict of interest is a situation that may develop into an actual or perceived conflict of interest.

Materiality is discussed below under 'Risk Assessment'.

[5] The text of the two settlement agreements differs and reference should be made to the actual wording. The respective settlement agreements are available on the Commissions' websites at www.cvmq.com and www.osc.gov.on.ca.

Best Practices

We were instructed to identify best practices based on current industry practices in Canada and the resulting best practices are summarized below with our observations. The identification of 'best practice' is based only on current practice and does not preclude the improvement of existing standards in the industry.

It is our opinion that meeting best practices reduces the risk of failure to identify and disclose conflicts of interest in equities research reports.

Definition of Conflict of Interest

BP 1. Compliance makes management aware of the SRO rules and other regulatory requirements for the identification and disposition of conflicts of interest of the firm.

Observations — IDA Policy No. 11 is silent on the nature of conflict of interest of the firm for the purposes of basket-clause disclosure and the NASD Rule 2711 basket clause only addresses '*actual, material conflict of interest of the analyst*' (emphasis added) and does not consider potential conflicts of the firm. Therefore, in Canada and the United States, it is left entirely up to the firm to define conflict of interest for the purposes of disclosure under the basket clauses. Firms deal with the basket clause disclosure on an *ad hoc* basis without written guidance to management on definition and disposition.

BP 2. Written guidance is provided to research analysts on their objectivity, including the identification and disposition of potential personal conflicts of interest with examples, and includes written acknowledgement by the analyst that the guidance has been read and understood.

Observations — IDA Policy No. 11 requires written conflict of interest policies and procedures but does not mandate examples or acknowledgement by analysts.

BP 3. The definition of conflict of interest includes actual, perceived and potential conflicts, with perceived conflicts being based on perception of a reasonable consumer of equities research.

Observations — IDA Policy No. 11 refers to actual, perceived and potential conflicts but does not provide a standard such as a 'reasonable cause to doubt'. NASD Rule 2711 is concerned only with actual conflicts and therefore a standard for perception is irrelevant except with respect to judging materiality.

BP 4. Materiality of actual, perceived and potential conflicts is assessed on a case-by-case basis based on what would be considered important to a reasonable consumer of equities research.

Observations — IDA Policy No. 11 does not refer to materiality although it is specifically stated in NASD Rule 2711. Neither the IDA nor NASD provides guidance as to how to judge materiality.

BP 5. The minimum definition of conflicts of interest that will be disclosed in research reports regardless of materiality complies with SRO rules both in Canada and the United States.

Observations — SRO rules in Canada and the United States provide for minimum disclosures and best practice is to make sufficient disclosure to meet the rules of both jurisdictions in all research issued in Canada.

BP 6. An analyst is not permitted to issue research where:

i. The analyst or a member of his/her household owns shares in the covered issuer,

ii. The analyst is 'over the wall' (i.e., may be in possession of material undisclosed information),

iii. The analyst acts as a director, officer, employee, consultant or adviser to a company within the analyst's industry sector, or

iv. The firm and its affiliates beneficially own 10% or more of a class of equity securities issued by the company.

Observations — The above best practices exceed the requirements of IDA Policy No. 11. For the purposes of 6(iii), 'company' is not limited to a reporting issuer. 'Consultant' and 'adviser' refer to an expert who charges a fee for providing advice or services in a particular field.

Analyst Conduct

BP 7. Analysts must comply with the firm's code of conduct and the AIMR Code of Ethics and Standards of Professional Conduct as conditions of employment.

BP 8. New analysts are required to obtain within a reasonable time the designation of Chartered Financial Analyst (CFA) or other appropriate qualifications.

Observations — IDA Policy No. 11 states that members should require their analyst employees to obtain the CFA or other appropriate designation but it is a non-binding Guideline only.

BP 9. Analysts are required to certify annually in writing that they have complied with the firm's code of conduct and AIMR Code of Ethics and Standards of Professional Conduct, and provide details where they have not complied.

Observations — IDA Policy No. 11 requires certification of the head of research and chief executive officer to the effect that analysts are familiar with and have complied with the AIMR Code of Ethics and Standards of Professional Conduct but does not require confirmation by the analyst.

Supervision

BP 10. The disclosure of conflicts of interest in a research report is reviewed and approved by the head of research and/or a qualified supervisory analyst, and Compliance monitors quality by performing reviews on a test basis following issuance.

Observations — IDA Policy No. 11 provides a non-binding Guideline that a head of research or supervisory analyst be responsible for approving research reports.

BP 11. Training is provided to the research analysts on policies and procedures including watch/grey lists, restricted lists, quiet periods, information barriers, and regulatory requirements.

Observations — Training of analysts is not required by IDA Policy No. 11 or NASD Rule 2711.

BP 12. The policies and procedures manual is an integrated written or electronic document that explicitly states the objective of investor protection.

Observations — We found that the overall quality and completeness of policies and procedures manuals improved substantially between the issuance of our first draft report in 2003 and second draft report in 2004. This is related to the introduction of the new IDA Policy No. 11 that became effective February 1, 2004.

Identification

BP 13. Identification and assessment of threats to objectivity are conducted with the input of business managers who have knowledge of the business, the nature of potential material conflicts, and safeguards.

Observations — 'Independence' is not defined in IDA Policy No. 11 or NASD Rule 2711 and therefore risk assessment by dealer varies. The approaches to threat analysis are informal and inconsistent between dealers, as are the definitions of conflict of interest, and a structured approach to threat assessment is provided below under the heading 'Risk Assessment'.

BP 14. The processes relied on to identify conflicts of interest for the purposes of disclosure are automated in order to minimize the possibility of error from manual manipulation of data in spreadsheets. Information technology to identify and quantify conflicts of interest consists of the following:

a. Data on specifically listed disclosures pursuant to SRO rules originates from management information systems that are subject to checks and balances in departments that rely on the systems,

b. Data is transferred automatically to a publishing system, and

c. Identified potential conflicts pursuant to the basket clause of IDA Policy No. 11 (e.g., credit exposure to issuers) are collected in a database to permit management to consider whether the conflict is material and disclosure is warranted and to allow Compliance to perform reviews of appropriate disclosure.

Observations — In a major dealer, Compliance does not have sufficient information to judge disclosure in the absence of an appropriate database management system to collect and quantify enumerated disclosures required by IDA Policy No. 11 and NASD Rule 2711.

BP 15. The analyst is required to identify any potential personal or firm conflicts of which he/she is aware before research is issued.

Observations — In a major dealer that is affiliated with a bank, there can be a variety of potential conflicts of interest that range from credit risk on loans to exposure to loss on derivative instruments. The analyst is well situated to identify potential conflicts of interest in light of his/her familiarity with the firm and the issuer.

BP 16. The processes relied on by the dealer to identify conflicts of interest are periodically reviewed by internal audit for completeness and accuracy.

Observations — All major dealers have internal audit departments that are available to perform independent reviews of key processes.

Disclosure

BP 17. Standardized disclosures are used for basic conflicts (i.e., those specifically listed in NASD Rule 2711 or IDA Policy No. 11) in order to ensure consistency and plain meaning of disclosure among research reports. Custom wording with plain meaning is used for disclosure of other conflicts of interest.

Observations — Specific wording is not mandated by SROs in Canada or the United States and therefore the wording of disclosures varies by dealer. The disclosures used by CIBC World Markets are listed in 'Standardized Disclosures' below.

BP 18. Disclosure is in one location in the research report with a highlighted reference on the front cover.

Observations — IDA Policy No. 11 requires that information about conflicts of interest be 'disclosed prominently' but this term is not defined. NASD Rule 2711 requires that disclosures be presented on the front page of research reports or the front page must refer to the page on which disclosures are found in a manner that is 'clear, comprehensive and prominent.'

BP 19. The text size of the disclosures in the body of the report is the same as the text in the body of the report or within two points provided legibility is maintained.

Observations — Text size is not prescribed by SRO rules.

BP 20. Statistics on analyst performance with respect to distribution of ratings and assessment of future values is disclosed in the research report as evidence of objectivity.

Observations — A price chart is required under NASD Rule 2711 but not under IDA Policy No. 11. Statistics are helpful in identifying possible bias in research.

Gap Analysis and Recommendations

In this section of the report, we identify those CIBC World Markets conflict identification and disclosure practices that fall short of industry best practice and we make recommendations for improvement. Best practices are drawn from current industry practices and this does not preclude improvement of existing standards.

CIBC World Markets requested insight to best practices during the course of our assessment with the objective of making changes before our report was released for comment. A number of improvements were approved and fully implemented during the review.

Meeting Best Practices

The three areas where CIBC World Markets practices fall short of industry best practice are summarized below, together with our recommendations for improvement.

Best Practice No. 6 - Conflicts Prohibited

An analyst is not permitted to issue research where:

i. The analyst or a member of his/her household owns shares in the covered issuer,

ii. The analyst acts as a director, officer, employee, consultant or adviser to a company within the analyst's industry sector, or

iii. The firm and its affiliates beneficially own 10% or more of a class of equity securities issued by the company.

Current Practice

CIBC World Markets permits an analyst to own a position in an issuer being covered provided the analyst owned such position ninety days prior to initiating coverage and the analyst maintains the position until coverage is dropped. The existence and nature of such position must be disclosed in all research reports. However, best practice is that an analyst will not own shares in a covered issuer.

Although an analyst cannot act as a director, officer, employee, consultant or adviser of any issuer being covered, CIBC World Markets does not prohibit the analyst from taking on such a role in an issuer in the industry sector covered by the analyst. Best practice is that the analyst will avoid this conflict of interest.

CIBC World Markets has no prohibition on issuing research on an issuer where the firm holds a material interest in the equity shares of the issuer and therefore is in a position to benefit or lose from the research. Best practice is that a firm will avoid this conflict of interest.

Recommendation

Amend the Canadian Equities Research Policy of CIBC World Markets regarding ownership of shares in the issuer or acting as a director, officer, employee, consultant or adviser in the industry sector covered. Specifically, an analyst will not be permitted to issue research where:

a. The analyst or a member of his/her household owns shares in the covered issuer,

b. The analyst acts as a director, officer, employee, consultant or adviser to a company within the analyst's industry sector, or

c. The firm and its affiliates beneficially own 10% or more of a class of equity securities issued by the company.

Best Practice No. 8 - Professional Qualifications

New analysts are required within a reasonable time to obtain the designation of Chartered Financial Analyst (CFA) or other appropriate qualifications.

Current Practice

CIBC World Markets encourages all analysts to obtain the CFA designation or other appropriate qualifications. However, there is no requirement that new analysts have professional qualifications.

Recommendation

Require that new analysts obtain, within a reasonable time, the Chartered Financial Analyst designation or other appropriate qualifications.

Best Practice No. 14 - Methods and Tools

The processes relied on to identify conflicts of interest for the purposes of disclosure are automated in order to minimize the possibility of error from manual manipulation of data in spreadsheets. Information technology to identify and quantify conflicts of interest consists of the following:

a. Data on specifically listed disclosures pursuant to SRO rules originates from management information systems that are subject to checks and balances in departments that rely on the systems,

b. Data is transferred automatically to a publishing system, and

c. Identified potential conflicts pursuant to the basket clause of IDA Policy No. 11 (e.g., material credit exposure to issuers) are collected in a database to permit management to consider whether the conflict is material and disclosure is warranted and to allow Compliance to perform reviews of appropriate disclosure.

Current Practice

CIBC World Markets presently relies on manual accumulation of information for disclosure from a variety of data bases for inclusion in a conflicts spreadsheet, from which disclosures are automatically transferred to the publishing system. The manual accumulation entails a high risk of error in accuracy and completeness compared to best practice in the industry.

Recommendation

Implement automated processes for gathering information on conflicts to minimize reliance on manually maintained spreadsheets.

Response of CIBC World Markets

CIBC World Markets has advised us that they are proceeding to make improvements to their data-accumulation processes to implement the above recommendation by introducing the following.

- Reliance on a trusted third-party source to provide issuer information,
- Centralized database to store conflict information,
- Common tool across regional Compliance offices to access and share conflict information,
- Addition of an auditable process to verify footnotes transmitted to Research,
- Improved reporting capability including pre-defined queries and reports together with a report generator to permit real-time report creation based on current data,
- Automation of collection of underlying transaction data,
- Search tool to identify footnotes for a particular issuer,
- Web-based tool to search for or input data regarding conflicts,
- Flexible application that is quickly adaptable to changing regulatory requirements,
- Hosting on a network that integrates with existing CIBC systems, and
- Robust security of data together with failover capability (i.e., ability to switch to a standby system in the event of failure).

The current processes of CIBC World Markets rely heavily on the manual creation of spreadsheets within the business units and transmission of this information to Compliance (usually via e-mail with the spreadsheets as attachments). All subsequent data manipulation within Compliance is manual. With the new application, integration with some key business systems will result in

data feeds that permit elimination of some manually prepared spreadsheets that have a high risk of error. Other business spreadsheets will be uploaded directly into the database to eliminate the risk of human error in Compliance after the data has left the business area. Disclosure will be transferred automatically to the publishing system.

In the first version of the application, CIBC World Markets will integrate with critical Canadian and U.S. investment banking systems that track and manage investment banking activity. These systems will provide conflict information on investment banking services provided, revenue earned, and public offerings managed or co-managed by the firm. This integration will facilitate the near-real-time capture and disclosure of this information. Integration will also be achieved with an Equity Trading system to facilitate the daily capture of market-making positions for CIBC.

The 'owner' of the database management system will be Compliance, and each region will have a Compliance administrator who will oversee the day-to-day operation and integrity of the database management system.

It is our opinion that the introduction of the above system will meet the standard of best practice. However, the timing of implementation has not yet been determined.

Standardized Disclosures

As is the case with other major dealers, CIBC World Markets has developed standardized conflict disclosure notes as set out below, and the listed disclosures exceed the standard disclosures enumerated in IDA Policy No. 11 and NASD Rule 2711.[6] The entire list of disclosures appears in each research report issued by CIBC World Markets, and the list is keyed to the disclosures that apply in the situation.

1. CIBC World Markets Corp. makes a market in the securities of this company.

2.(a) This company is a client for which a CIBC World Markets company has performed investment banking services in the past 12 months.

2.(b) CIBC World Markets Corp. has managed or co-managed a public offering of securities for this company in the past 12 months.

2.(c) CIBC World Markets Inc. has managed or co-managed a public offering of securities for this company in the past 12 months.

2.(d) CIBC World Markets Corp. has received compensation for investment banking services from this company in the past 12 months.

2.(e) CIBC World Markets Inc. has received compensation for investment banking services from this company in the past 12 months.

2.(f) CIBC World Markets Corp. expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.

2.(g) CIBC World Markets Inc. expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.

3.(a) This company is a client for which a CIBC World Markets company has performed non-investment banking, securities-related services in the past 12 months.

3.(b) CIBC World Markets Corp. has received compensation for non-investment banking, securities-related services from this company in the past 12 months.

3.(c) CIBC World Markets Inc. has received compensation for non-investment banking, securities-related services from this company in the past 12 months.

4.(a) This company is a client for which a CIBC World Markets company has performed non-investment banking, non-securities-related services in the past 12 months.

4.(b) CIBC World Markets Corp. has received compensation for non-investment banking, non-securities-related services from this company in the past 12 months.

4.(c) CIBC World Markets Inc. has received compensation for non-investment banking, non-securities-related services from this company in the past 12 months.

5.(a) The CIBC World Markets Corp. analyst(s) who covers this company also has a long position in its common equity securities.

5.(b) A member of the household of a CIBC World Markets Corp. research analyst who covers this company has a long position in the common equity securities of this company.

6.(a) The CIBC World Markets Inc. analyst(s) who covers this company also has a long position in its common equity securities.

6.(b) A member of the household of a CIBC World Markets Inc. research analyst who covers this company has a long position in the common equity securities of this company.

[6] Staff of the Commissions have not expressed an opinion on the legal sufficiency of the standardized disclosure language used by CIBC World Markets.

7. CIBC World Markets Corp., CIBC World Markets Inc., and their affiliates, in the aggregate, beneficially own 1% or more of a class of equity securities issued by this company.

8. A partner, director or officer of CIBC World Markets Inc. or any analyst involved in the preparation of this research report has provided services to this company for remuneration in the past 12 months.

9. A senior executive member or director of Canadian Imperial Bank of Commerce ("CIBC"), the parent company to CIBC World Markets Inc. and CIBC World Markets Corp., or a member of his/her household is an officer, director or advisory board member of this company or one of its subsidiaries.

10. Canadian Imperial Bank of Commerce ("CIBC"), the parent company to CIBC World Markets Inc. and CIBC World Markets Corp., has a significant credit relationship with this company.

11. The equity securities of this company are restricted voting shares.

12. The equity securities of this company are subordinate voting shares.

13. The equity securities of this company are non-voting shares.

14. The equity securities of this company are limited voting shares.

There are no standardized disclosures for other potential conflicts of interest, which fall in the basket clause of IDA Policy No. 11, and the nature of this disclosure will vary with the matter. Considerations for disclosure are discussed in the next section of this report, ‘Risk Assessment’.

Risk Assessment

Each of the dealers that participated in our survey is determined to meet emerging standards for disclosure in equities research reports. There is little guidance available on disclosures that are not specifically listed in SRO rules in Canada and the United States (i.e., disclosures required by the so-called basket clauses), and therefore judgment is required of Compliance and management. The most challenging situations involve integrated dealers that are affiliated with a bank because of the scope of the bank's products and services that can lead to potential conflicts.

Adequate identification and disclosure of conflicts of interest requires:

- Identification of potential threats to objectivity in light of the business of the firm and its affiliates. Identification involves the input of business managers who are knowledgeable about the customers of the firm, relationships, and products. Although compliance departments generally have excellent insight to the business of the firm, this insight is often not sufficient for the purposes of identifying potential threats in an integrated dealer with banking or other financial-services affiliates.

- Quantification of potential threats. Quantification requires processes and systems to gather information on an ongoing basis for disclosure purposes after potential threats have been identified.

- Judgment as to materiality for disclosure (i.e., is a threat significant enough to require disclosure?).

Identification, quantification and materiality are discussed further below.

Identification of Potential Risks

Threats to objectivity and safeguards vary depending on the attributes of the firm and the circumstances, even though there is substantial overlap of these issues among dealers. A structured approach to threat analysis and safeguard assessment assists dealers in determining those circumstances where objectivity may be impaired or perceived to be impaired.

The Public Interest and Integrity Committee of the Canadian Institute of Chartered Accountants published an exposure draft, *Independence Standards*, for public comment in 2002 and the new independence standards became effective in 2004. In their research into objectivity, the Committee identified five categories of threats (or risks) to independence as follows:

1. Self-interest threat,
2. Self-review threat,
3. Advocacy threat,
4. Familiarity threat, and
5. Intimidation threat.

In the context of a research analyst, the threats to independence are described below:

- A '*self-interest threat*' occurs when a firm or an analyst could benefit from a financial interest in, or another self-interest conflict with, a covered issuer. Circumstances that may create a self-interest threat include the firm or analyst having a direct financial interest or material indirect financial interest in the issuer that is subject to research.

- A '*self-review threat*' occurs when any transaction or advice from a previous transaction in which the firm participated needs to be evaluated in reaching conclusions in the research report. Circumstances that may create a self-review threat include a previous investment banking transaction where the firm provided an opinion as to value.

- An '*advocacy threat*' occurs when a firm or an analyst promotes an issuer's position or opinion to the point that objectivity may be, or may be perceived to be, impaired. This would occur if the judgment of the analyst were to be subordinated to that of the issuer. Circumstances that may create an advocacy threat include analyst participation in marketing of securities including participating in road shows.

- A '*familiarity threat*' occurs when, by virtue of a close relationship with an issuer, its directors, officers or employees, a firm or analyst becomes too sympathetic to the client's interests. Circumstances that may create a familiarity threat include the analyst having an immediate or close family member who is a director or officer of the issuer being covered.

- An '*intimidation threat*' occurs when the analyst may be deterred from acting objectively and exercising professional judgment by threats, actual or perceived, from the directors, officers or employees of the issuer, institutional investors or Investment Banking. Circumstances that may create an intimidation threat include Investment Banking input to analyst compensation.

In this section of the report, we present recommended frameworks for identification of risks a) firm-wide and b) by research report.

Firm-Wide Identification of Risk

A risk framework for a firm entails a staged process of identification and assessment of firm-wide threats to objectivity by management, including preparation of a documented response. The major steps in the process are summarized in the table below:

Risk Assessment for Firm	
Step	Action
1	Establish categories of threats to objectivity in analyst research reports based on: a. Self interest, b. Self review, c. Advocacy, d. Familiarity, and e. Intimidation.
2	Identify all potential threats to objectivity by category on a firm-wide basis taking into account affiliates of the dealer.
3	Identify safeguards to the potential threats (e.g., information barriers).
4	Determine whether the threats can be quantified in terms of dollars.

We recommend that the overall threat assessment be tailored to the operations of the dealer and that the assessment be updated periodically and kept on file as evidence of prudent business practice.

Research Report Assessment

The threat assessment for each research report has the same categories as the firm-wide assessment, but takes into account the specific circumstances of the analyst, dealer, and issuer at the date of the research report. The assessment forms two parts, with the first part completed by the analyst based on his/her knowledge of the dealer, the issuer and personal circumstances, and the second part is approval by a designated person who has access to databases of potential conflicts.

Quantification of Potential Risks

The quantification of risks relates to a) required disclosures under SRO rules (e.g., beneficial ownership of 1% or more of any class of an issuer's equity securities) and b) to basket clause disclosures (e.g., a large credit risk exposures with an issuer that is subject to research).

As discussed above, the processes relied on to identify conflicts of interest for the purposes of disclosure should be automated to the extent possible in order to minimize the possibility of error due to manual manipulation of spreadsheets that are not controlled by any other system relied on by management. Systems that rely solely on manual accumulation require additional testing and oversight to ensure that information is up to date, accurate and consistent, and this is not always possible in light of the volumes of transactions and the amount of research being issued at a large dealer.

Bank-owned dealers find data accumulation to be challenging because database management systems often do not 'talk to each other'. Furthermore, the databases may not contain sufficient fields (i.e., types of data) because they were designed for another purpose or are not updated on a real-time basis. Therefore, an appropriate database management system needs to be custom-designed for each dealer.

Data on potential conflicts that is gathered will be the same for each major dealer for the specific disclosures required by SROs in the relevant jurisdictions. However, the data for potential conflicts under the basket clause disclosure will differ by dealer based on the business, risk assessment and materiality. Some possible examples of basket clause disclosure of conflicts of interest are:

- Credit arrangements (e.g., bank loans, guarantees, and undrawn lines of credit),
- Exposure to risk on securitizations and derivative instruments directly or indirectly,
- Unusual business relationships (e.g., joint venture, leases, alternative risk financing) with the covered issuer in Canada or offshore,
- Principal and agent relationships,
- Exposure to gain or loss when investing as a principal in a competitor of the covered issuer,
- Exposure to gain or loss when investing as a principal in the industry of the covered issuer,
- Major positions of an officer, director or employee in the covered issuer,
- Major positions of an investment banking client in the covered issuer,
- Litigation between the firm and the covered issuer,
- Exposure to loss due to underwriting, and
- Cross directorships between the firm and the covered issuer.

Materiality

SROs in Canada and the United States do not provide guidance to their members on what constitutes objectivity and conflict of interest for the purposes of disclosure in analyst research reports, and there is no generally accepted definition of stakeholder (e.g., a 'reasonable investor') for the purposes of targeting disclosure. Regulators rely on dealers to apply judgment in the specific circumstances when making meaningful disclosure of conflicts of interest in equities research reports.

Judgment is particularly important when assessing materiality[7] for the purposes of Requirement 2(a) of IDA Policy No. 11 (i.e., the basket clause) that reads in part as follows:

> *Each Member shall prominently disclose in any research report: (a) any information regarding its, or its analyst's business with or relationship with any issuer which is the subject of the report which might reasonably be expected to indicate a potential conflict of interest on the part of the Member or the analyst in making a recommendation with regard to the issuer.*

The size of the firm and the nature of the business or relationship with the covered issuer will affect the type and degree of threats to independence and, consequently, the materiality of potential conflicts of interest will vary from situation to situation. A quantitative assessment can be performed where 'materiality' is capable of being measured in monetary units (e.g., credit arrangements or exposure to loss or gain on derivative instruments).

IDA Policy No. 11 requires disclosure where 'the Member and its affiliates own 1% or more of any class of the issuer's equity securities'[8] and it may be implied that 1% is a meaningful proportion for helping determine whether disclosure is needed. If 1% is a meaningful quantity to investors who rely on research, the percentage can be applied elsewhere as an initial step in judging materiality in dollar terms. For example, where the firm and its affiliates have annual net income of $1 billion, the 1% guideline would initially indicate that disclosure is required wherever the firm's exposure to gain or loss is equal to or greater than $10 million (being 1% of $1 billion). However, this threshold must be considered in the context of all relevant circumstances by individuals who have full knowledge of the facts, and the facts may dictate disclosure at lesser or greater amounts.[9]

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7 'Materiality is the quality of being important. In the context of financial reporting, materiality may be judged in relation to the reasonable prospect of an item or aggregate of items being significant to users in making decisions.'
Terminology for Accountants, Fourth Edition, CICA.

8 IDA Policy No. 11, Requirement 2 (a) (i).

9 For a discussion of materiality thresholds in the context of financial statements, see SEC Staff Accounting Bulletin No. 99, August 12, 1999. Staff commented that: '*The use of a percentage as a numerical threshold, such as 5%, may provide the basis for a preliminary assumption that — without considering all relevant circumstances — a deviation of less than the specified percentage with respect to a particular item on the registrant's financial statements is unlikely to be material. The staff has no objection to such a 'rule of thumb' as an initial step in*

In a large integrated dealer, there is a question as to who has sufficient knowledge of the business of the firm and its affiliates to identify potential conflicts and make judgments about materiality, and this makes the risk-assessment and information-gathering processes

particularly important. In the absence of a database management system, it would be challenging for any single group within the dealer (e.g., Compliance) to make reliable conclusions about the adequacy of disclosure.

Outcome of Conflict Identification

There are three possible outcomes when a conflict of interest is identified:

1. The conflict of interest is immaterial and research will be issued with only the applicable standardized disclosure,

2. The conflict of interest is material and research will be issued with additional tailored disclosure, or

3. There is an actual material conflict of interest on the part of the firm or the analyst that undermines objectivity to the extent that research will not be issued.

assessing materiality. But quantifying, in percentage terms, the magnitude of a misstatement is only the beginning of an analysis of materiality; it cannot appropriately be used as a substitute for a full analysis of all relevant considerations…..A matter is "material" if there is a substantial likelihood that a reasonable person would consider it important.' The OSC and CVMQ have not issued guidance similar to the SEC Bulletin.

Conclusion

In this report, we describe industry best practices in Canada in the identification and disclosure of conflicts of interest in equities research reports, and we make recommendations as to how CIBC World Markets can improve its practices.

Over the period that our review was performed, we found that 'the bar was raised' by investment dealers and this included the introduction of comprehensive procedures manuals. We wish to acknowledge the assistance of the compliance officers who participated in the review by identifying practices and sharing their experiences and insights.

Appendix A – Glossary of Terms

Adviser	An expert who charges a fee for providing advice or services in a particular field. See Consultant.
AIMR	The Association for Investment Management and Research is an international non-profit organization based in the United States. Its members and candidates consist of investment analysts, portfolio managers and other investment decision-makers employed by investment management firms, banks, broker-dealers, investment company complexes and insurance companies. In 2004 AIMR announced a name change to 'CFA Institute'.
Analyst, Research Analyst	Any partner, director, officer, employee or agent of an organization whose responsibilities include the preparation of a research report. For greater certainty, this includes a person who reports directly or indirectly to an analyst in connection with the preparation of a research report, whether or not such person has the title of analyst or research analyst. There are three types of analyst: a. A *sell-side analyst* typically is employed in the research department of an integrated or full-service dealer. It is the sell-side analyst that is most subject to conflict of interest. b. A *buy-side analyst* will generally work for a manager (e.g., pension fund, hedge fund, mutual fund, investment adviser) that purchases and sells securities for its own account or for the benefit of others. c. An *independent analyst* works for an independent agency that sells research for a fee.
BP	Best practice.
Canadian Equities Research Policy	Guidance for management and employees of CIBC World Markets Inc. regarding the creation, publication and distribution of research reports in Canada.
CICA	Canadian Institute of Chartered Accountants
Conflict of interest	In the context of analyst research, a situation where the analyst or firm is in a position to gain or lose from the conclusions reached in a research report: a. *Actual* conflict of interest is where the analyst or firm is in a position where issuing research could directly influence their financial position. b. *Perceived* (or apparent) conflict of interest arises when an analyst or firm is in a position where a reasonable consumer of research in possession of all relevant facts would question the objectivity of the analyst. c. *Potential* conflict of interest is a situation that may develop into an actual or perceived conflict of interest.
Consultant	An expert who charges a fee for providing advice or services in a particular field. See Adviser.
Dealer, Investment Dealer	Firm that is registered to trade in securities and act as agent and principal in primary market distributions or in secondary market trading as well as investing its own capital in the market. Investment dealers in Canada are members of the IDA and may be members of other organizations.
Equities	Equity securities consisting of common and preferred stocks which represent a share in the ownership of a company.
Firm, Member Firm	See Dealer.

Materiality	The quality of being important.
NASD	NASD Inc., the self-regulatory organization for securities dealers in the United States. NASD also has members in Canada.
Objectivity	A state of mind that results in the application of unbiased judgment in arriving at an opinion or decision in a given situation.
Research, Research Report	Any written or electronic communication that contains an analyst's opinion or recommendation concerning the future prospects of an industry or security including purchase, sale or holding.
SRO	Self-regulatory organization recognized by securities administrators as having powers to establish and enforce industry regulations to protect investors and to maintain fair, equitable and ethical practices in the securities industry.

Appendix B – IDA Policy No. 11, Research Restrictions and Disclosure Requirements

Introduction

This Policy establishes requirements that analysts must follow when publishing research reports or making recommendations. These requirements represent the minimum procedural requirements that Members must have in place to minimize potential conflicts of interest. The Disclosure required under Policy No. 11 must be clear, comprehensive and prominent. Boilerplate disclosure is not sufficient.

These requirements are based on the recommendations of the Securities Industry Committee on Analyst Standards with input from both industry and non-industry groups.

Definitions

“advisory capacity” means providing advice to an issuer in return for remuneration, other than advice with respect to trading and related services.

“analyst” means any partner, director, officer, employee or agent of a Member who is held out to the public as an analyst or whose responsibilities to the Member include the preparation of any written report for distribution to clients or prospective clients of the Member which includes a recommendation with respect to a security.

"equity related security" means a security whose performance is based on the performance of an underlying equity security or a basket of income producing assets. Securities classified as an equity related security include, without limitation, convertible securities and income trust units.

“investment banking service” includes, without limitation, acting as an underwriter in an offering for the issuer; acting as a financial adviser in a merger or acquisition; providing venture capital, lines of credit, or serving as a placement agent for the issuer.

"research report" means any written or electronic communication that the Member has distributed or will distribute to its clients or the general public, which contains an analyst's recommendation concerning the purchase, sale or holding of a security (but shall exclude all government debt and government guaranteed debt).

“remuneration” means any good, service or other benefit, monetary or otherwise, that could be provided to or received by an analyst.

“supervisory analyst” means an officer of the Member designated as being responsible for research.

Requirements

1. Each Member shall have written conflict of interest policies and procedures, in order to minimize conflicts faced by analysts. All such policies must be approved by and filed with the Association.

2. Each Member shall prominently disclose in any research report:

    (a) any information regarding its, or its analyst's business with or relationship with any issuer which is the subject of the report which might reasonably be expected to indicate a potential conflict of interest on the part of the Member or the analyst in making a recommendation with regard to the issuer. Such information includes, but is not limited to:

        (i) whether, as of the end of the month immediately preceding the date of issuance of the research report or the end of the second most recent month if the issue date is less than 10 calendar days after the end of the most recent month, the Member and its affiliates collectively beneficially own 1% or more of any class of the issuer's equity securities,

        (ii) whether the analyst or any associate of the analyst responsible for the report or recommendation or any individuals directly involved in the preparation of the report hold or are short any of the issuer’s securities directly or through derivatives,

        (iii) whether any partner, director or officer of a Member or any analyst involved in the preparation of a report on the issuer has, during the preceding 12 months provided services to the issuer for remuneration other than normal course investment advisory or trade execution services,

(iv) whether the Member firm has provided investment banking services for the issuer during the 12 months preceding the date of issuance of the research report or recommendation,

(v) the name of any partner, director, officer, employee or agent of the Member who is an officer, director or employee of the issuer, or who serves in any advisory capacity to the issuer, and

(vi) whether the Member is making a market in an equity or equity related security of the subject issuer.

(b) the Member's system for rating investment opportunities and how each recommendation fits within the system and shall disclose on their websites or otherwise, quarterly, the percentage of its recommendations that fall into each category of their recommended terminology; and

(c) its policies and procedures regarding the dissemination of research. A Member shall comply with subsections (b) and (c) by disclosing such information in the report or by disclosing in the report where such information can be obtained.

3. Where an employee of a Member makes a public comment (which shall include an interview) about the merits of an issuer or its securities, a reference must be made to the existence of any relevant research report issued by the Member containing the disclosure as required above, if one exists, or it must be disclosed that such a report does not exist.

4. Where a Member distributes a research report prepared by an independent third party to its clients under the third party name, the Member must disclose any items which would be required to be disclosed under requirement 2 of Policy No. 11 had the report been issued in the Member's name. This requirement does not apply to research reports issued by Members of the National Association of Securities Dealers ("NASD") or issued by persons governed by other regulators approved by the Investment Dealers Association, and does not apply if the Member simply provides to clients access to the independent third party research reports or provides independent third party research at the request of clients.

However, where this requirement does not apply, Members must disclose that such research is not prepared subject to Canadian disclosure requirements.

5. No Member shall issue a research report prepared by an analyst if the analyst or any associate of the analyst serves as an officer, director or employee of the issuer or serves in any advisory capacity to the issuer.

6. Any Member that distributes research reports to clients or prospective clients in its own name must disclose its research dissemination policies and procedures on its website or by other means.

7. Each Member who distributes research reports to clients or prospective clients shall have policies and procedures reasonably designed to prohibit any trading by its partners, directors, officers, employees or agents resulting in an increase, a decrease, or liquidation of a position in a listed security, or a derivative instrument based principally on a listed or quoted security, with knowledge of or in anticipation of the distribution of a research report, a new recommendation or a change in a recommendation relating to a security that could reasonably be expected to have an effect on the price of the security.

8. No individual directly involved in the preparation of the report can effect a trade in a security of an issuer, or a derivative instrument whose value depends principally on the value of a security of an issuer, regarding which the analyst has an outstanding recommendation for a period of 30 calendar days before and 5 calendar days after issuance of the research report, unless that individual receives the previous written approval of a designated partner, officer or director of the Member. No approval may be given to allow an analyst or any individual involved in the preparation of the report to make a trade that is contrary to the analyst's current recommendation, unless special circumstances exist.

9. Members must disclose in research reports if in the previous 12 months the analyst responsible for preparing the report received compensation based upon the Member's investment banking revenues.

10. No Member may pay any bonus, salary or other form of compensation to an analyst that is directly based upon one or more specific investment banking services transactions.

11. Each Member shall have policies and procedures in place reasonably to prevent recommendations in research reports from being influenced by the investment-banking department or the issuer. Such policies and procedures shall, at minimum:

(i) prohibit any requirement for approval of research reports by the investment banking department;

(ii) limit comments from the investment banking department on research reports to correction of factual errors;

(iii) prevent the investment banking department from receiving advance notice of ratings or rating changes on covered companies; and

(iv) establish systems to control and keep records of the flow of information between analysts and investment banking departments regarding issuers that are the subject of current or prospective research reports.

12. No Member may directly or indirectly offer favorable research, a specific rating or a specific price target, a delay in changing a rating or price target or threaten to change research, a rating or a price target of an issuer as consideration or inducement for the receipt of business or compensation from an issuer.

13. Members must disclose in research reports if and to what extent an analyst has viewed the material operations of an issuer. Members must also disclose where there has been a payment or reimbursement by the issuer of the analyst's travel expenses for such visit.

14. No Member may issue a research report for an equity or equity related security regarding an issuer for which the Member acted as manager or co-manager of

(i) an initial public offering of equity or equity related securities, for 40 calendar days following the date of the offering; or

(ii) a secondary offering of equity or equity related securities, for 10 calendar days following the date of the offering;

but requirement 14(i) and (ii) do not prevent a Member from issuing a research report concerning the effects of significant news about or a significant event affecting the issuer within the applicable 40 or 10 day period.

14.1 Requirement 14 does not apply where the subject securities are exempted from restrictions under provisions relating to market stabilization in securities legislation or in the Universal Market Integrity Rules.

15. When a Member distributes a research report covering six or more issuers, such a report may indicate where the disclosures required under Policy No. 11 may be found.

16. Members must issue notice of their intention to suspend or discontinue coverage of an issuer. However, no issuance is required when the sole reason for the suspension is that an issuer has been placed on a Member's restricted list.

17. Members must obtain an annual certification from the head of the research department and chief executive officer which states that their analysts are familiar with and have complied with the AIMR Code of Ethics and Standards of Professional Conduct whether they are members of AIMR or not.

18. Where a supervisory analyst of a Member serves as an officer or director of an issuer, then the Member must not provide research on the issuer.

19. Members must pre-approve analysts outside business activities.

20. Where Members set price targets as recommended under guideline 4, Members must disclose the valuation methods used.

Guidelines

In addition to the above requirements, when establishing policies and procedures as referred to under requirement 1 of Policy No. 11, Members must comply with the following best practices, where practicable:

1. Members should distinguish clearly in each research report between information provided by the issuer or obtained elsewhere and the analyst’s own assumptions and opinions.

2. Members should disclose in their research reports and recommendations reliance by the analyst upon any report or study by third party experts other than the analyst responsible for the report. Where there is such reliance, the name of the third party experts should be disclosed.

3. Members should adopt standards of research coverage that include, at a minimum, the obligation to maintain and publish current financial estimates and recommendations on securities followed, and to revisit such estimates and

recommendations within a reasonable time following the release of material information by an issuer or the occurrence of other relevant events.

4. Members should set price targets for recommended transactions, where practicable, and with the appropriate disclosure.

5. Members should use specific securities terminology in research reports where required to do so by Securities Legislation. Where such terminology is not required, Members should use the specific technical terminology that is required by the relevant industry, professional association or regulatory authority or in the absence of required terminology use technical terminology that is customarily in use. Where necessary, for full understanding, a glossary should be included.

6. A Member should make its research reports widely available through its websites or by other means for all of its clients whom the Member has determined are entitled to receive such research reports at the same time.

7. Where feasible by virtue of the number of analysts, Members should appoint one or more supervisory analyst or head of research to be responsible for reviewing and approving research reports as required under By-law 29.7, who should be a partner, director or officer of the Member and should have the CFA designation or other appropriate qualifications. Members may have more than one supervisory analyst where necessary.

8. Members should require their analyst employees to obtain the Chartered Financial Analyst designation or other appropriate qualifications.

9. Members should require that the head of the research department, or in small firms where there is no head then the analyst or analysts report to a senior officer or partner who is not the head of the investment banking department. However, no policies or procedures will be approved under requirement 1 unless the Association is satisfied that they address the relationship between the investment- banking department and research department.

Appendix C – NASD Rule 2711, Research Analysts and Research Reports

(a) Definitions

For purposes of this rule, the following terms shall be defined as provided.

(1) "Investment banking department" means any department or division, whether or not identified as such, that performs any investment banking service on behalf of a member.

(2) "Investment banking services" include, without limitation, acting as an underwriter in an offering for the issuer; acting as a financial adviser in a merger or acquisition; providing venture capital, equity lines of credit, PIPEs or similar investments; or serving as placement agent for the issuer.

(3) "Member of a research analyst's household" means any individual whose principal residence is the same as the research analyst's principal residence.

(4) "Public appearance" means any participation in a seminar, forum (including an interactive electronic forum), radio, television or print media interview, or other public speaking activity, or the writing of a print media article, in which a research analyst makes a recommendation or offers an opinion concerning an equity security.

(5) "Research analyst" means the associated person who is primarily responsible for, and any associated person who reports directly or indirectly to such a research analyst in connection with, preparation of the substance of a research report, whether or not any such person has the job title of "research analyst."

(6) "Research analyst account" means any account in which a research analyst or member of the research analyst's household has a financial interest, or over which such analyst has discretion or control, other than an investment company registered under the Investment Company Act of 1940. This term does not include a "blind trust" account that is controlled by a person other than the research analyst or member of the research analyst's household where neither the research analyst nor a member of the research analyst's household knows of the account's investments or investments transactions.

(7) "Research department" means any department or division, whether or not identified as such, that is principally responsible for preparing the substance of a research report on behalf of a member.

(8) "Research Report" means a written or electronic communication that includes an analysis of equity securities of individual companies or industries, and that provides information reasonably sufficient upon which to base an investment decision.

(9) "Subject company" means the company whose equity securities are the subject of a research report or a public appearance.

(b) Restrictions on Relationship with Research Department

(1) No research analyst may be subject to the supervision or control of any employee of the member's investment banking department, and no personnel engaged in investment banking activities may have any influence or control over the compensatory evaluation of a research analyst.

(2) Except as provided in paragraph (b)(3), no employee of the investment banking department or any other employee of the member who is not directly responsible for investment research ("non-research personnel"), other than legal or compliance personnel, may review or approve a research report of the member before its publication.

(3) Non-research personnel may review a research report before its publication as necessary only to verify the factual accuracy of information in the research report or identify any potential conflict of interest, provided that:

(A) any written communication between non-research personnel and research department personnel concerning the content of a research report must be made either through authorized legal or compliance personnel of the member or in a transmission copied to such personnel; and

(B) any oral communication between non-research personnel and research department personnel concerning the content of a research report must be documented and made either through authorized legal or compliance personnel acting as intermediary or in a conversation conducted in the presence of such personnel.

(c) Restrictions on Communications with the Subject Company

(1) Except as provided in paragraphs (c)(2) and (c)(3), a member may not submit a research report to the subject company before its publication.

(2) A member may submit sections of such a research report to the subject company before its publication for review as necessary only to verify the factual accuracy of information in those sections, provided that:

(A) the sections of the research report submitted to the subject company do not contain the research summary, the research rating or the price target;

(B) a complete draft of the research report is provided to legal or compliance personnel before sections of the report are submitted to the subject company; and

(C) if after submitting the sections of the research report to the subject company the research department intends to change the proposed rating or price target, it must first provide written justification to, and receive written authorization from, legal or compliance personnel for the change. The member must retain copies of any draft and the final version of such a research report for three years following its publication.

(3) The member may notify a subject company that the member intends to change its rating of the subject company's securities, provided that the notification occurs on the business day before the member announces the rating change, after the close of trading in the principal market of the subject company's securities.

(4) No research analyst may participate in efforts to solicit investment banking business. Accordingly, no research analyst may, among other things, participate in any "pitches" for investment banking business to prospective investment banking clients, or have other communications with companies for the purpose of soliciting investment banking business.

(d) Restrictions on Research Analyst Compensation

(1) No member may pay any bonus, salary or other form of compensation to a research analyst that is based upon a specific investment banking services transaction.

(2) The compensation of a research analyst who is primarily responsible for the preparation of the substance of a research report must be reviewed and approved at least annually by a committee that reports to the members board' of directors, or when the member has no board of directors, to a senior executive officer of the member. This committee may not have representation from the member's investment banking department. The committee must consider the following factors when reviewing such a research analyst's compensation, if applicable:

(A) the research analyst's individual performance, including the analyst's productivity and the quality of the analyst's research;

(B) the correlation between the research analyst's recommendations and the stock price performance; and

(C) the overall ratings received from clients, sales force, and peers independent of the member's investment banking department, and other independent ratings services.

The committee may not consider as a factor in reviewing and approving such a research analyst's compensation his/her contributions to the member's investment banking business. The committee must document the basis upon which each such research analyst's compensation was established. The annual attestation required by Rule 2711(i) must certify that the committee reviewed and approved each such research analyst's compensation and documented the basis upon which this compensation was established.

(e) Prohibition of Promise of Favourable Research

No member may directly or indirectly offer favourable research, a specific rating or a specific price target, or threaten to change research, a rating or a price target, to a company as consideration or inducement for the receipt of business or compensation.

(f) Restrictions on Publishing Research Reports and PublicAppearances; Termination of Coverage

(1) No member may publish or otherwise distribute a research report and no research analyst may make a public appearance regarding a subject company for which the member acted as manager or co-manager of:

(A) an initial public offering, for 40 calendar days following the date of the offering; or

(B) a secondary offering, for 10 calendar days following the date of the offering; provided that:

(i) paragraphs (f)(1)(A) and (f)(1)(B) will not prevent a member from publishing or otherwise distributing a research report, or prevent a research analyst from making a public appearance, concerning the effects of significant news or a significant event on the subject company within such 40- and 10-day periods, and provided further that legal or compliance personnel authorize publication of that research report before it is issued or authorize the public appearance before it is made; and

(ii) paragraph (f)(1)(B) will not prevent a member from publishing or otherwise distributing a research report pursuant to SEC Rule 139 regarding a subject company with "actively-traded securities," as defined in Regulation M, 17 CFR 242.101(c)(1), and will not prevent a research analyst from making a public appearance concerning such a company.

(2) No member that has agreed to participate or is participating as an underwriter or dealer (other than as manager or co-manager) of an issuer's initial public offering may publish or otherwise distribute a research report or make a public appearance regarding that issuer for 25 calendar days after the date of the offering.

(3) For purposes of paragraphs (f)(1) and (f)(2), the term "date of the offering" refers to the later of the effective date of the registration statement or the first date on which the security was bona fide offered to the public.

(4) No member that has acted as a manager or co-manager of a securities offering may publish or otherwise distribute a research report or make a public appearance concerning a subject company 15 days prior to and after the expiration, waiver or termination of a lock-up agreement or any other agreement that the member has entered into with a subject company or its shareholders that restricts or prohibits the sale of securities held by the subject company or its shareholders after the completion of a securities offering. This paragraph will not prevent a member from publishing or otherwise distributing a research report concerning the effects of significant news or a significant event on the subject company within such period, provided legal or compliance personnel authorize publication of that research report before it is issued. In addition, this paragraph shall not apply to the publication or distribution of a research report pursuant to SEC Rule 139 regarding a subject company with "actively traded securities," as defined in Regulation M, 17 CFR 242.101(c)(1), or to a public appearance concerning such a subject company.

(5) If a member intends to terminate its research coverage of a subject company, notice of this termination must be made. The member must make available a final research report on the subject company using the means of dissemination equivalent to those it ordinarily uses to provide the customer with its research reports on the subject company. The report must be comparable in scope and detail to prior research reports and must include a final recommendation or rating, unless it is impracticable for the member to produce a comparable report (e.g., if the research analyst covering the subject company or sector has left the member or if the member terminates coverage of the industry or sector). If it is impracticable to produce a final recommendation or rating, the final research report must disclose the member's rationale for the decision to terminate coverage.

(g) Restrictions on Personal Trading by Research Analysts

(1) No research analyst account may purchase or receive any securities before the issuer's initial public offering if the issuer is principally engaged in the same types of business as companies that the research analyst follows.

(2) No research analyst account may purchase or sell any security issued by a company that the research analyst follows, or any option on or derivative of such security, for a period beginning 30 calendar days before and ending five calendar days after the publication of a research report concerning the company or a change in a rating or price target of the company's securities; provided that:

(A) a member may permit a research analyst account to sell securities held by the account that are issued by a company that the research analyst follows, within 30 calendar days after the research analyst began following the company for the member;

(B) a member may permit a research analyst account to purchase or sell any security issued by a subject company within 30 calendar days before the publication of a research report or change in the rating or price target of the subject company's securities due to significant news or a significant event concerning the subject company, provided that the legal or compliance personnel pre-approve the research report and any change in the rating or price target.

(3) No research analyst account may purchase or sell any security or any option on or derivative of such security in a manner inconsistent with the research analyst's recommendation as reflected in the most recent research report published by the member.

(4) Legal or compliance personnel may authorize a transaction otherwise prohibited by paragraphs (g)(2) and (g)(3) based upon an unanticipated significant change in the personal financial circumstances of the beneficial owner of the research analyst account, provided that:

(A) legal or compliance personnel authorize the transaction before it is entered;

(B) each exception is granted in compliance with policies and procedures adopted by the member that are reasonably designed to ensure that these transactions do not create a conflict of interest between the professional responsibilities of the research analyst and the personal trading activities of a research analyst account; and

(C) the member maintains written records concerning each transaction and the justification for permitting the transaction for three years following the date on which the transaction is approved.

(5) The prohibitions in paragraphs (g)(1) through (g)(3) do not apply to a purchase or sale of the securities of:

(A) any registered diversified investment company as defined under Section (5)(b)(1) of the Investment Company Act of 1940; or

(B) any other investment fund over which neither the research analyst nor a member of the research analyst's household has any investment discretion or control, provided that:

(i) the research analyst accounts collectively own interests representing no more than 1% of the assets of the fund;

(ii) the fund invests no more than 20% of its assets in securities of issuers principally engaged in the same types of business as companies that the research analyst follows; and

(iii) if the investment fund distributes securities in kind to the research analyst or household member before the issuer's initial public offering, the research analyst or household member must either divest those securities immediately or the research analyst must refrain from participating in the preparation of research reports concerning that issuer.

(6) Legal or compliance personnel of the member shall pre-approve all transactions of persons who oversee research analysts to the extent such transactions involve equity securities of subject companies covered by the research analysts that they oversee. This pre-approval requirement shall apply to all persons, such as the director of research, supervisory analyst, or member of a committee, who have direct influence or control with respect to the preparation of the substance of research reports or establishing or changing a rating or price target of a subject company's equity securities.

(h) Disclosure Requirements

(1) Ownership and Material Conflicts of Interest

A member must disclose in research reports and a research analyst must disclose in public appearances:

(A) if the research analyst or a member of the research analyst's household has a financial interest in the securities of the subject company, and the nature of the financial interest (including, without limitation, whether it consists of any option, right, warrant, future, long or short position);

(B) if, as of the end of the month immediately preceding the date of publication of the research report or the public appearance (or the end of the second most recent month if the publication date is less than 10 calendar days after the end of the most recent month), the member or its affiliates beneficially own 1% or more of any class of common equity securities of the subject company. Computation of beneficial ownership of securities must be based upon the same standards used to compute ownership for purposes of the reporting requirements under Section 13(d) of the Securities Exchange Act of 1934;

(C) any other actual, material conflict of interest of the research analyst of which the research analyst or member knows or has reason to know at the time of publication of the research report or at the time of the public appearance.

(2) Receipt of Compensation

(A) A member must disclose in research reports:

(i) if the research analyst received compensation:

(a.) based upon (among other factors) the member's investment banking revenues; or

(b.) from the subject company in the past 12 months.

(ii) the member or affiliate:

(a.) managed or co-managed a public offering of securities for the subject company in the past 12 months;

(b.) received compensation for investment banking services from the subject company in the past 12 months; or

(c.) expects to receive or intends to seek compensation for investment banking services from the subject company in the next 3 months.

(iii) if (1) as of the end of the month immediately preceding the date of publication of the research report (or the end of the second most recent month if the publication date is less than 30 calendar days after the end of the most recent month) or (2) to the extent the research analyst or an employee of the member with the ability to influence the substance of the research knows:

(a.) the member received any compensation for products or services other than investment banking services from the subject company in the past 12 months; or

(b.) the subject company currently is, or during the 12-month period preceding the date of distribution of the research report was, a client of the member. In such cases, the member also must disclose the types of services provided to the subject company. For purposes of this Rule 2711(h)(2), the types of services provided to the subject company shall be described as investment banking services, non-investment banking securities-related services, and non-securities services.

(iv) if, to the extent the research analyst or an employee of the member with the ability to influence the substance of the research report knows an affiliate of the member received any compensation for products or services other than investment banking services from the subject company in the past 12 months.

(v) if, to the extent the research analyst or member has reason to know, an affiliate of the member received any compensation for products or services other than investment banking services from the subject company in the past 12 months.

a. This requirement will be deemed satisfied if such compensation is disclosed in research reports within 30 days after completion of the last calendar quarter, provided that the member has taken steps reasonably designed to identify any such compensation during that calendar quarter. This requirement shall not apply to any subject company as to which the member initiated coverage since the beginning of the current calendar quarter.

b. The research analyst and the member will be presumed not to have reason to know whether an affiliate received any compensation for products or services other than investment banking services from the subject company in the past 12 months if the member maintains and enforces policies and procedures reasonably designed to prevent the research analysts and employees of the member with the ability to influence the substance of research reports from, directly or indirectly, receiving information from the affiliate concerning whether the affiliate received such compensation.

(vi) For the purposes of this Rule 2711(h)(2), an employee of the member with the ability to influence the substance of the research report is an employee who, in the ordinary course of that person's duties, has the authority to review the particular research report and to change that research report prior to publication.

(B) A research analyst must disclose in public appearances:

(i) if, to the extent the research analyst knows or has reason to know, the member or any affiliate received any compensation from the subject company in the past 12 months;

(ii) if the research analyst received any compensation from the subject company in the past 12 months; or

(iii) if, to the extent the research analyst knows or has reason to know, the subject company currently is, or during the 12-month period preceding the date of distribution of the research report, was, a client of the member. In such cases, the research analyst also must disclose the types of services provided to the subject company, if known by the research analyst.

(C) A member or research analyst will not be required to make a disclosure required by paragraphs (h)(2)(A)(ii)(b) and (c), (h)(2)(A)(iii)(b), or (h)(2)(B)(i) and (iii) to the extent such disclosure would reveal material non-public information regarding specific potential future investment banking transactions of the subject company.

(3) Position as Officer or Director

A member must disclose in research reports and a research analyst must disclose in public appearances if the research analyst or a member of the research analyst's household serves as an officer, director or advisory board member of the subject company.

(4) Meaning of Ratings

A member must define in its research reports the meaning of each rating used by the member in its rating system. The definition of each rating must be consistent with its plain meaning.

(5) Distribution of Ratings

(A) Regardless of the rating system that a member employs, a member must disclose in each research report the percentage of all securities rated by the member to which the member would assign a "buy," "hold/neutral," or "sell" rating.

(B) In each research report, the member must disclose the percentage of subject companies within each of these three categories for whom the member has provided investment banking services within the previous twelve months.

(C) The information that is disclosed under paragraphs (h)(5)(A) and (h)(5)(B) must be current as of the end of the most recent calendar quarter (or the second most recent calendar quarter if the publication date is less than 15 calendar days after the most recent calendar quarter).

(6) Price Chart

A member must present in any research report concerning an equity security on which the member has assigned any rating for at least one year, a line graph of the security's daily closing prices for the period that the member has assigned any rating or for a three-year period, whichever is shorter. The line graph must:

(A) indicate the dates on which the member assigned or changed each rating or price target;

(B) depict each rating and price target assigned or changed on those dates; and

(C) be current as of the end of the most recent calendar quarter (or the second most recent calendar quarter if the publication date is less than 15 calendar days after the most recent calendar quarter).

(7) Price Targets

A member must disclose in research reports the valuation methods used to determine a price target. Price targets must have a reasonable basis and must be accompanied by a disclosure concerning the risks that may impede achievement of the price target.

(8) Market Making

A member must disclose in research reports if it was making a market in the subject company's securities at the time that the research report was published.

(9) Disclosure Required by Other Provisions

In addition to the disclosure required by this rule, members and research analysts must provide disclosure in research reports and public appearances that is required by applicable law or regulation, including NASD Rule 2210 and the antifraud provisions of the federal securities laws.

(10) Prominence of Disclosure

The disclosures required by this paragraph (h) must be presented on the front page of research reports or the front page must refer to the page on which disclosures are found. Disclosures and references to disclosures must be clear, comprehensive and prominent.

(11) Disclosures in Research Reports Covering Six or More Companies

When a member distributes a research report covering six or more subject companies, for purposes of the disclosures required in paragraph (h), such research report may direct the reader in a clear manner as to where they may obtain applicable current disclosures in written or electronic format.

(12) Records of Public Appearances

Members must maintain records of public appearances by research analysts sufficient to demonstrate compliance by those research analysts with the applicable disclosure requirements under paragraph (h) of this Rule. Such records must be maintained for three years from the date of the public appearance.

(i) Supervisory Procedures

Each member subject to this rule must adopt and implement written supervisory procedures reasonably designed to ensure that the member and its employees comply with the provisions of this rule (including the attestation requirements of Rule 2711(d)(2)), and a senior officer of such a member must attest annually to NASD by April 1 of each year that it has adopted and implemented those procedures.

(j) Prohibition of Retaliation Against Research Analysts

No member and no employee of a member who is involved with the member's investment banking activities may, directly or indirectly, retaliate against or threaten to retaliate against any research analyst employed by the member or its affiliates as a result of an adverse, negative, or otherwise unfavourable research report or public appearance written or made by the research analyst that may adversely affect the member's present or prospective investment banking relationship with the subject company of a research report. This prohibition shall not limit a member's authority to discipline or terminate a research analyst, in accordance with the member's policies and procedures, for any cause other than the writing of such an unfavourable research report or the making of such an unfavourable public appearance.

(k) Exceptions for Small Firms

The provisions of paragraph (b) shall not apply to members that over the previous three years, on average per year, have participated in 10 or fewer investment banking services transactions as manager or co-manager and generated $5 million or less in gross investment banking services revenues from those transactions. For purposes of this paragraph (k), the term "investment banking services transactions" includes the underwriting of both corporate debt and equity securities but not municipal securities. Members that qualify for this exemption must maintain records for three years of any communication that, but for this exemption, would be subject to paragraph (b) of this Rule.

2.2.2 Treesdale Partners, LLC - ss. 3.1(1), 80 of the CFA

Section 80 of the Commodity Futures Act (Ontario) – Relief from the adviser registration requirements of subsection 22(1)(b) of the CFA in respect of acting as an adviser to certain non-redeemable investment funds and similar investment vehicles primarily offered outside of Canada in respect of trades in commodity futures contracts and commodity futures options primarily traded on commodity futures exchanges outside Canada and primarily cleared through clearing corporations outside Canada, subject to certain terms and conditions.

Subsection 3.1(1) of the Commodity Futures Act (Ontario) – Assignment by the Commission to the Director of the powers and duties vested in the Commission under subsection 78(1) of the CFA to allow the Director to vary the present order by specifically naming an affiliate as an applicant to the order.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 3.1(1), 22(1)(b), 78, 80.
Securities Act, R.S.O. 1990, c. S.5, as am. – Rule 35-502 – Non Resident Advisers.

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

AND

IN THE MATTER OF
TREESDALE PARTNERS, LLC

ORDER
(Section 80 and Subsection 3.1(1) of the CFA)

UPON the application (the **Application**) of Treesdale Partners, LLC (the **Named Applicant**) and on behalf of certain affiliates of the Named Applicant that provide notice to the Director as referred to below (each, an **Affiliate**, and together with the Named Applicant, the **Applicants**) to the Ontario Securities Commission (the **Commission**) for:

(a) an order, pursuant to section 80 of the CFA, that each of the Applicants (including their respective directors, partners, officers, and employees), be exempt, for a period of five years, from the requirements of paragraph 22(1)(b) of the CFA in respect of acting as an adviser to certain mutual funds, non-redeemable investment funds and similar investment vehicles (the **Funds**, as defined below) primarily offered outside of Canada in respect of trades in commodity futures contracts and commodity futures options primarily traded on commodity futures exchanges outside Canada and primarily cleared through clearing corporations outside Canada; and

(b) an assignment by the Commission to each Director, acting individually, pursuant to subsection 3.1(1) of the CFA, of the powers and duties vested in the Commission under subsection 78(1) of the CFA, to vary this Order by specifically naming any Affiliate of the Named Applicant as an Applicant to this Order in the circumstances described below;

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

AND UPON the Applicants having represented to the Commission that:

1. Each of the Applicants is organized under the laws of a jurisdiction other than Canada or the provinces or territories thereof. In particular, the Named Applicant is a limited liability company organized under the laws of the State of Delaware, U.S.A.

2. Any Affiliate, whose name does not specifically appear in this Order, who wishes to rely on the exemption granted under this Order must execute and file with the Commission (Attention: Manager, Registrant Regulation) two copies of a notice (the **Notice**, in the form of Part A to the attached Schedule A), applying to the Director to vary this Order to specifically name the Affiliate as an Applicant to this Order. The Notice must be filed with the Commission at least ten (10) days prior to the date that such Affiliate wishes to begin relying on this Order.

3. If, in the Director's opinion, it would not be prejudicial to the public interest, within ten (10) days after receiving the Notice, the Director will provide the Affiliate with a written acknowledgment and consent (the **Director's Consent**, in the form of Part B to the attached Schedule A). The Director's Consent will allow the Affiliate to rely on the exemption

granted in this Order by varying the Order to specifically name the Affiliate as an Applicant to this Order. The Affiliate may not rely on this Order until it has received the Director's Consent.

4. If, after reviewing the Notice, the Director provides a written notice of objection (the **Objection Notice**) to the Affiliate, the Affiliate will not be permitted to rely on the exemption granted under this Order. However, the Affiliate may, by notice in writing sent by registered mail to the Secretary of the Commission within 30 days after receiving the Objection Notice, request and be entitled to a hearing and review of such decision by the Commission.

5. Subsection 78(1) of the CFA provides that the Commission may, on the application of a person or company affected by the decision, make an order revoking or varying a decision of the Commission if, in the Commission's opinion, the order would not be prejudicial to the public interest. Further, subsection 3.1(1) of the CFA provides that a quorum of the Commission may assign any of its powers and duties under the CFA (except powers and duties under section 4 and Part IV) to the Director.

6. None of the Applicants are or will be registered in any capacity under the CFA.

7. The Named Applicant is the investment adviser to the Treesdale Fixed Income Fund, Ltd., the Treesdale Special Opportunities Fund, Ltd. and the Treesdale Enhanced Fixed Income Fund, Ltd. (the **Existing Funds**). The Applicants may in the future establish or advise certain other mutual funds, non-redeemable investment funds or similar investment vehicles (together with the Existing Funds, the **Funds**).

8. The Funds may, as a part of their investment program, invest in commodity futures contracts and commodity futures options primarily traded on commodity futures exchanges outside of Canada and primarily cleared through clearing corporations outside of Canada.

9. The Funds advised by the Applicants are and will be established outside of Canada. Securities of the Funds are and will be primarily offered outside of Canada to institutional investors and high net worth individuals. Securities of the Funds will be offered to a small number of Ontario residents who will be, at the time of their investment, institutional investors or high net worth individuals that qualify as an "accredited investor" under National Instrument 45-106 – *Prospectus and Registration Exemptions* and will be distributed in Ontario in reliance upon an exemption from the prospectus requirements of the OSA.

10. Paragraph 22(1)(b) of the CFA prohibits a person or company from acting as an adviser unless the person or company is registered as an adviser under the CFA, or is registered as a partner or an officer of a registered adviser and is acting on behalf of a registered adviser. Under the CFA, "adviser" means a person or company engaging in or holding himself, herself or itself out as engaging in the business of advising others as to trading in "contracts", and "contracts" means commodity futures contracts and commodity futures options.

11. By advising the Funds on investing in commodity futures contracts and commodity futures options primarily traded on commodity futures exchanges outside Canada and primarily cleared through clearing corporations outside Canada, the Applicants will be providing advice to Ontario investors with respect to commodity futures contracts and commodity futures options and, in the absence of being granted the requested relief, would be required to register as advisers under the CFA.

12. There is presently no rule under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA for a person or company acting as an adviser in respect of commodity futures options and commodity futures contracts that is similar to the exemption from the adviser registration requirement in section 25(1)(c) of the OSA for acting as an adviser (as defined in the OSA) in respect of securities that is provided under section 7.10 (Privately Placed Funds Offered Primarily Abroad) of OSC Rule 35-502 – *Non Resident Advisers* (**Rule 35-502**).

13. As would be required under section 7.10 of Rule 35-502, securities of the Funds are, or will be:

    (a) primarily offered outside of Canada;

    (b) only distributed in Ontario through one or more registrants under the OSA; and

    (c) distributed in Ontario in reliance upon an exemption from the prospectus requirements of the OSA.

14. In advising the Funds, the Applicants will either hold the required registrations under the OSA or will rely on an appropriate exemption from the adviser registration requirements under the OSA.

15. Each of the Applicants, where required, is or will be appropriately registered or licensed or is, or will be, entitled to rely on appropriate exemptions from such registrations or licences to provide advice to the Funds pursuant to the applicable legislation of its principal jurisdiction. In particular, the Named Applicant is registered as an investment adviser with the U.S. Securities and Exchange Commission, as a commodity pool operator with the U.S. Commodity Futures Trading Commission (the **CFTC**) and is exempt from registering as a commodity trading adviser with the CFTC. The Named Applicant is also a member of the National Futures Association.

16. All of the Funds issue securities which are offered primarily abroad. None of the Funds has any intention of becoming a reporting issuer in Ontario or in any other Canadian jurisdiction.

17. Prior to purchasing any securities in one or more of the Funds, all investors in the Funds who are Ontario residents will receive disclosure that includes:

    (a) a statement that there may be difficulty in enforcing any legal rights against the relevant Fund or any of the Applicants (or the individual representatives of the Applicants) advising the relevant Fund, because such entities are resident outside of Canada and all or substantially all of their assets are situated outside of Canada; and

    (b) a statement that the relevant Applicant advising the relevant Fund is not, or will not be, registered with or licensed by any regulatory authority in Canada, and accordingly, the protections available to clients of a registered adviser under the CFA will not be available to purchasers of securities of the relevant Fund.

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

IT IS ORDERED pursuant to section 80 of the CFA that each of the Applicants are exempted from the requirements of paragraph 22(1)(b) of the CFA in respect of acting as an adviser in connection with any one or more of the Funds, for a period of five years, provided that at the relevant time that such activities are engaged in:

(a) each Applicant, where required, is registered or licensed, or is entitled to rely on appropriate exemptions from such registrations or licences, to provide advice to the relevant Fund pursuant to the applicable legislation of its principal jurisdiction;

(b) the Funds invest in commodity futures contracts and commodity futures options primarily traded on commodity futures exchanges outside Canada and primarily cleared through clearing corporations outside Canada;

(c) securities of the Funds are:

    (i) primarily offered outside of Canada,

    (ii) only distributed in Ontario through one or more registrants under the OSA; and

    (iii) distributed in Ontario, in reliance on an exemption from the prospectus requirements of the OSA;

(d) the Applicants will either hold the required registrations under the OSA or will rely on an appropriate exemption from the adviser registration requirements under the OSA;

(e) prior to purchasing any securities in one or more of the Funds, all investors in the Funds who are Ontario residents received disclosure that includes:

    (i) a statement that there may be difficulty in enforcing any legal rights against the relevant Fund or any of the Applicants (or the individual representatives of the Applicants) advising the relevant Fund, because such entities are resident outside of Canada and all or substantially all of their assets are situated outside of Canada; and

    (ii) a statement that the relevant Applicant advising the relevant Fund is not, or will not be, registered with or licensed under the CFA, and accordingly, the protections available to clients of a registered adviser under the CFA will not be available to purchasers of securities of the relevant Fund; and

(f) each Applicant either:

    (i) is specifically named in this Order; or

(ii) has filed with the Commission the Notice and received the Director's Consent.

AND IT IS FURTHER ORDERED pursuant to subsection 3.1(1) of the CFA that the Commission assigns to each Director, acting individually, the powers and duties vested in the Commission under subsection 78(1) of the CFA, to vary this Order by specifically naming any Affiliate of the Named Applicant as an Applicant to this Order (as described in paragraphs 2, 3 and 4 above) by providing such Affiliate with the Director's Consent, provided that, the Affiliate may, by notice in writing sent by registered mail to the Secretary of the Commission within 30 days after receiving the Objection Notice, request and be entitled to a hearing and review of such decision by the Commission.

October 30, 2007

"Wendell S. Wigle"
Commissioner
Ontario Securities Commission

"Margot C. Howard"
Commissioner
Ontario Securities Commission

Schedule A

To: Manager, Registrant Regulation

Ontario Securities Commission

From: _____ (the **Affiliate**)

Re: In the Matter of *Treesdale Partners, LLC* (the **Named Applicant**)

OSC File No.: 2007/0879

Part A: Notice to the Ontario Securities Commission (the Commission)

The undersigned, being an authorized representative of the Affiliate, hereby represents to the Commission that:

(a) on October ___, 2007, the Commission issued the attached order (the Order), pursuant to section 80 of the Commodity Futures Act (Ontario) (the CFA), that each of the Applicants (as defined in the Order) is exempt from the requirements of paragraph 22(1)(b) of the CFA in respect of acting as an adviser in connection with any one or more of the Funds (as defined in the Order), for a period of five years;

(b) the Affiliate, is an affiliate of the Named Applicant;

(c) the Affiliate, whose name does not specifically appear in the Order, wishes to rely on the exemption granted under the Order and hereby applies to the Director, under section 78 of the CFA, to vary the Order to specifically name the Affiliate as an Applicant to the Order;

(d) the Affiliate has attached a copy of the Order to this Notice;

(e) the Affiliate confirms the truth and accuracy of all the information set out in the Order;

(f) this Notice has been executed and filed with the Commissioner at least ten (10) days prior to the date on which the Affiliate wishes to begin relying on the Order; and

(g) the Affiliate has not, and will not, rely on the Order until it has received a written acknowledgment and consent from the Director as provided in Part B herein.

Dated this ____ day of _____, 20___.

_____

By: Name:
Title:

Part B: Acknowledgment and Consent by Director

I acknowledge receipt of your Notice, dated _____, 20__, providing the Commission with notice, as described in the Order, that the Affiliate, whose name does not specifically appear in the Order, wishes to rely on the exemption granted under the Order and has applied to have the Order varied to specifically name the Affiliate as an Applicant to the Order.

Based on the representations contained in the Order and in your Notice, I do not consider it prejudicial to the public interest to vary the Order to specifically name the Affiliate as an Applicant to the Order and do hereby so vary the Order.

Dated this ____ day of _____, 20___.

_____

Name:
Title:
Ontario Securities Commission

2.2.3 CableServ Inc. - s. 1(10)(b)

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

Statutes Cited

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

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

AND

IN THE MATTER OF
CABLESERV INC.
(the Applicant)

ORDER
(Clause 1(10)(b))

UPON the application of the Applicant to The Ontario Securities Commission (the Commission) for an order pursuant to clause 1(10)(b) of the Act that the Applicant is not a reporting issuer for the purposes of Ontario securities law (the Requested Relief);

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

AND UPON the Applicant representing to the Commission that:

1. The Applicant was formed by Articles of Amalgamation dated August 29, 2000, which amalgamated Triple Crown Electronics Inc. and CableServ Electronics Limited, and is a reporting issuer in the Province of Ontario only.

2. The Applicant's head office address is located at 4560 Eastgate Parkway, Mississauga, Ontario L4W 3W6.

3. The Applicant currently has 8,421,052 common shares issued and outstanding, all of which are held by Costeff Network Solutions Inc.

4. The Applicant has no debt securities outstanding.

5. Prior to the amalgamation Triple Crown Electronics Inc.'s common shares were de-listed from the Toronto Stock Exchange and none of the Applicant's securities are traded on a marketplace in Canada as defined in National Instrument 21-101 *Marketplace Operation*.

6. Costeff Network Solutions Inc., the sole shareholder of the Applicant has agreed to the Applicant's request to not be a reporting issuer.

7. Except for the failure to file financial statements and the related management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2006 and the interim periods ended March 31, 2007 and June 30, 2007 together with the required chief executive officer and chief financial officer certifications, the Applicant is not currently in default of any of its obligations as a reporting issuer under the Act.

8. The Applicant did not file the continuous disclosure documents referred to in paragraph 7 on the basis that the Applicant had a single security holder by the time such documents were required to be filed.

9. The Applicant will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the granting of the Requested Relief.

AND UPON the Commission being satisfied that granting this Order would not be prejudicial to the public interest.

IT IS HEREBY ORDERED pursuant to clause 1(10)(b) of the Act that, for the purposes of Ontario securities law, the Applicant is not a reporting issuer.

DATED at Toronto, Ontario on this 2nd day of November, 2007

"Robert L. Shirriff"
Commissioner
Ontario Securities Commission

"James E.A. Turner"
Vice-Chair
Ontario Securities Commission

2.2.4 Mega-C Power Corporation et al.

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

AND

IN THE MATTER OF
MEGA-C POWER CORPORATION,
RENE PARDO, GARY USLING,
LEWIS TAYLOR SR., LEWIS TAYLOR JR.,
JARED TAYLOR, COLIN TAYLOR AND
1248136 ONTARIO LIMITED

ORDER

WHEREAS on November 16, 2005, the Ontario Securities Commission issued a Notice of Hearing in relation to a Statement of Allegations issued by Staff of the Commission pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S. 5, as amended in respect of Mega-C Power Corporation, Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Ltd.;

AND WHEREAS the hearing on the merits was scheduled to begin on October 29, 2007;

AND WHEREAS on October 18, 2007, Gary Usling filed a request for adjournment of the hearing;

AND WHEREAS the matter was adjourned to November 5, 2007 to permit Mr. Usling to retain counsel;

AND WHEREAS on November 5, 2007, new counsel retained by Mr. Usling appeared and advised that she requires time to prepare for the hearing; and

AND WHEREAS a number of preliminary issues remain outstanding which need to be addressed prior to the commencement of the hearing on the merits;

IT IS HEREBY ORDERED that:

1. The hearing on the merits is adjourned to November 3, 2008 at 10:00 a.m. and will continue until December 19, 2008, or as otherwise ordered, on dates set by the Office of the Secretary.

2. A case management conference will take place on January 9, 2008 at 10:00 a.m. before Vice-Chair L.E. Ritchie.

DATED at Toronto this 5th day of November, 2007.

“Lawrence E. Ritchie”

“David L. Knight”

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Yamana Gold Inc. and Meridian Gold Inc.

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

AND

IN THE MATTER OF
OFFER BY YAMANA GOLD INC.
TO PURCHASE ALL OF THE OUTSTANDING SHARES OF
MERIDIAN GOLD INC.

DECISION

Hearing and Decision:	September 5, 2007		
Panel:	James E. A. Turner	-	Vice-Chair and Chair of the Panel
	Margot C. Howard	-	Commissioner
Counsel:	Kelley McKinnon Michael Brown Naizam Kanji	-	for Staff of the Ontario Securities Commission
	Timothy Pinos Mark Bennett Zoe King	-	for Yamana Gold Inc.
	Robb Heintzman Matthew Fleming Kate Broer	-	for Meridian Gold Inc.

The following text has been extracted from the transcript of the hearing at which the decision was delivered orally from the bench. This excerpt has been edited and approved by the Chair of the Panel for publication in the Ontario Securities Commission Bulletin in order to provide a public record of the decision. The full text of the decision is contained in the transcript of the proceeding.

DECISION

[1] We appreciated the submissions of counsel in this matter. We would have preferred to have had more time to consider the issues, but we recognize the desirability of an immediate decision in circumstances such as this.

[2] We agree with the principles that counsel have referred to as the guiding principles in a poison pill hearing, in particular the factors listed in the Royal Host decision [*Re Royal Host Real Estate Investment Trust* (1999), 22 O.S.C.B. 7819] but as well the references made by counsel to the MDC decision [*Re MDC Corp.* (1994) 5 C.C.L.S. 118].

[3] We have noted, in considering the relevant factors, that no shareholder has appeared on this hearing and taken a position one way or another. Shareholders' views are a significant factor that we would weigh. We received submissions from Yamana Gold Inc. ("Yamana") and Meridian Gold Inc. ("Meridian") on the value of the Yamana bid. In our view, such questions of value should generally be left to the determination of shareholders.

[4] We recognize that we have to make a judgment in the public interest. In considering all of the circumstances, we note that those circumstances are to some extent unusual.

[5] We recognize the principle that there comes a time when a poison pill "must go" and that the test is whether or not by keeping a poison pill in place there is a reasonable likelihood of a higher value competing bid being made.

[6] We note in this case that any competing proposals are expected to be presented to Meridian by September 7, 2007. So the question that we have to decide is whether or not continuance of the poison pill in place after that date is necessary to permit the board to review and negotiate potentially superior proposals.

[7] In our view, Meridian and its board have had sufficient time to respond to the Yamana bid.

[8] We also believe that they will have had sufficient time to assess any proposals that are made to Meridian by the September 7, 2007 deadline established by Meridian, given that Yamana is proposing to extend its bid to September 11, 2007. That is to say, given all that has gone before (including the solicitation of competing offers and the valuation work with respect to potential competing bidders and with respect to Meridian), in our view, the board of Meridian will have had sufficient time to be able to assess by September 11, 2007 (the proposed expiry date of the extended Yamana bid) any proposals that are submitted to Meridian by the September 7, 2007 deadline.

[9] Our decision in the circumstances is that we will issue an order cease-trading the Meridian poison pill effective at 9:00 a.m. on September 11, 2007. That is on condition that the Yamana bid is extended to 8:00 p.m. on September 11, 2007, and we will grant exemptive relief to allow Yamana to extend its bid to 8:00 p.m. on September 11, 2007, by means of a news release, so that Yamana is able to take up all shares tendered at that time or thereafter, without the need to mail an extension notice.

[10] Counsel and Staff should settle the form of an order for our review.

Dated at Toronto, this 30th day of October, 2007.

"James E. A. Turner"

"Margot C. Howard"

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
TVI Pacific Inc.	24 Oct 07	05 Nov 07	05 Nov 07	

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
Outlook Resources Inc.	01 Nov 07	14 Nov 07			

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
AldeaVision Solutions Inc.	03 May 07	16 May 07	16 May 07		
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
CoolBrands International Inc.	30 Nov 06	13 Dec 06	13 Dec 06		
Fareport Capital Inc.	13 Jul 07	26 Jul 07	26 Jul 07		
Hip Interactive Corp.	04 Jul 05	15 Jul 05	15 Jul 05		
HMZ Metals Inc.	03 Apr 06	14 Apr 06	17 Apr 06		
IMAX Corporation	03 Apr 07	16 Apr 07	16 Apr 07		
iPerceptions inc.	06 Sept 07	19 Sept 07	19 Sept 07		
Outlook Resources Inc.	01 Nov 07	14 Nov 07			
VVC Exploration Corporation	04 Jun 07	15 Jun 07	15 Jun 07		
Tudor Corporation Ltd.	03 Oct 07	15 Oct 07	16 Oct 07		

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
10/19/2007	17	1322256 Alberta Ltd. - Common Shares	10,202,500.00	185,500,000.00
10/26/2007	1	ACTIVEnergy Income Fund - Trust Units	27,441,221.78	2,725,864.00
10/16/2007	38	Aeroports de Montreal - Bond	304,000,000.00	NA
10/26/2007	1	ALESCO Preferred Funding XVII, Ltd. - Preferred Shares	5,239,500.00	5,900.00
10/01/2007	17	Altus Group Income Fund - Trust Units	5,150,998.00	374.62
10/23/2007	1	Amseco Exploration Ltd. - Common Shares	0.00	200,000.00
10/09/2007	3	AngloGold Ashanti Limited - American Depository Share	6,498,360.00	NA
10/29/2007	1	Astral Media Inc. - Common Shares	202,487,066.00	4,750,987.00
10/19/2007	2	Astral Mining Corporation - Units	500,000.00	1,000,000.00
10/25/2007	4	AudienceView Ticketing Corporation - Preferred Shares	5,000,000.10	1.30
10/10/2007	6	Augen Gold Corp. - Flow-Through Shares	400,000.00	666,665.00
10/15/2007	40	Avion Resouces Corp. - Units	2,200,000.00	10,000,000.00
10/16/2007	14	Baja Mining Corp. - Units	15,000,900.00	8,065,000.00
08/03/2007 to 09/07/2007	3	Barlow Partners Growth Portfolio - Units	394,000.00	38,973.92
10/02/2007	7	Base Resources Inc. - Common Shares	731,000.00	740,000.00
10/17/2007	4	Bayfield Ventures Corp. - Common Shares	34,300.00	70,000.00
10/15/2007	20	BE Resources Inc. - Common Shares	343,000.00	1,715,000.00
10/16/2007	28	Benton Resources Corp. - Units	15,001,500.00	9,600,000.00
10/15/2007	12	BHF Waste Management Limited Partnership - Limited Partnership Units	640,000.00	34,000.00
10/15/2007	3	Bison Income Trust II - Trust Units	800,000.00	80,000.00
10/16/2007	86	Black Goose Holdings Inc. - Units	2,725,000.00	2,350,000.00
10/15/2007	16	Blackstone Credit Liquidity Partners L.P. - Limited Partnership Interest	554,149,100.00	NA
10/15/2007	16	Blackstone Credit Liquidity Partners L.P. - Limited Partnership Interest	554,149,100.00	NA

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
10/17/2007	22	BR Capital Limited Partnership - Limited Partnership Units	1,128,000.00	94.00
10/30/2007	2	Cadiscor Resources Inc. - Common Shares	1,000,000.00	1,000,000.00
10/17/2007	43	CardioMetabolics Inc. - Common Shares	1,089,500.00	2,179,000.00
10/26/2007	1	Carlyle MC Partners, L.P. - Limited Partnership Interest	480,950.00	1.00
10/17/2007	35	Champion Minerals Inc. - Common Shares	852,649.00	690,331.00
10/11/2007	7	China Digital TV Holding Co; Ltd. - American Depository Shares	730,045.28	47,039.00
10/25/2007	1	Chrysler Lease Trust - Note	91,057,447.92	NA
04/01/2007	1	CLERA INC. - Units	8,406.50	9,890.00
10/10/2007	7	Clifton Star Resources Inc. - Common Share	2,500,000.00	NA
10/13/2007 to 10/22/2007	21	CMC Markets Canada Inc. - Contracts for Differences	615,205.00	21.00
10/23/2007 to 11/01/2007	34	CMC Markets Canada Inc. - Contracts for Difference	196,573.00	NA
10/19/2007	3	Cogitore Resources Inc. - Flow-Through Share	690,000.00	NA
10/23/2007	56	Columbia Metals Corporation Limited - Units	4,250,000.00	25,000,000.00
06/11/2007 to 09/14/2007	14	CommerceTel Canada Corporation - Unit	604,343.41	NA
10/26/2007	15	Commonwealth Bank of Australia - Notes	299,973,000.00	3,000,270.02
10/18/2007	16	CommunityLend Inc. - Units	1,251,235.40	2,780,523.00
10/24/2007	1	Condor Resources Inc. - Common Shares	39,753.48	77,948.00
10/24/2007	1	Condor Resources Inc. - Common Shares	26,312.51	53,699.00
10/17/2007	77	Consolidated Abaddon Resources Inc. - Units	1,100,000.00	5,595,550.00
10/02/2007	1	Constant Contact, Inc - Common Shares	400,160.00	25,000.00
10/26/2007	1	Constantine Metal Resources Ltd. - Common Shares	142,500.00	500,000.00
10/19/2007	10	Cornerstone Capital Resources Inc. - Units	3,025,000.00	550,000.00
10/10/2007	2	Dentonia Resources Ltd. - Common Shares	750,000.00	7,500,000.00
10/26/2007	1	Dianor Resources Inc. - Common Shares	40,800.00	80,000.00
10/18/2007	6	Ditem Explorations Inc. - Flow-Through Shares	2,000,000.00	2,500,000.00
10/09/2007	63	Durango Capital Corp. - Unit	1,799,311.90	NA
10/22/2007	3	DynaMotive Energy Systems Corporation - Common Shares	794,917.00	950,054.00
10/15/2007	3	ECOM Financial Corp. - Common Shares	150,000.00	600,000.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
10/12/2007	4	Emergency Response Management Corporation - Common Shares	1,066,797.14	335,608.00
10/16/2007	2	Equimor Mortgage Investment Corporation - Common Share	35,650.00	NA
10/17/2007	1	ERAC USA Finance Company - Note	1,966,400.00	NA
10/23/2007	2	Esperanza Silver Corporation - Common Shares	40,000.00	20,000.00
10/15/2007	1	Exploration Syndicate Inc. - Units	2,439,500.00	2,500,000.00
10/24/2007	7	First Data Corporation - Notes	15,612,901.20	16,470,000.00
10/18/2007 to 10/23/2007	5	First Leaside Properties Fund - Trust Units	101,730.00	101,730.00
07/18/2007 to 10/23/2007	3	First Leaside Select Limited Partnership - Limited Partnership Interest	226,710.98	233,844.00
10/18/2007	1	First Leaside Unity Limited Partnership - Notes	20,000.00	20,000.00
10/17/2007	1	First Leaside Wealth Management Inc. - Preferred Shares	295,675.00	298,675.00
10/15/2007	2	First Swiss Financial Corp. - N/A	460,445.50	NA
10/17/2007	7	First Venture Technologies Corporation - Common Shares	2,160,000.00	2,000,000.00
10/09/2007 to 10/18/2007	99	Fisgard Capital Corporation - Common Share	2,426,935.29	NA
10/15/2007	26	Franc-Or Resources Corporation - Units	1,025,000.00	5,125,000.00
10/25/2007	84	Full Metal Minerals Ltd. - Units	18,500,000.00	7,400,000.00
10/15/2007 to 10/19/2007	34	General Motors Acceptance Corporation of Canada, Limited - Notes	11,916,172.96	11,916,172.96
10/22/2007 to 10/26/2007	24	General Motors Acceptance Corporation of Canada, Limited - Notes	12,251,598.69	12,251,598.69
10/22/2007	47	Glencairn Gold Corporation - Units	26,050,500.00	40,000,000.00
10/23/2007	3	GlobalOptions Group Inc. - Common Shares	5,332,308.80	1,225,000.00
10/19/2007	15	Golden Dawn Minerals Inc. - Flow-Through Shares	470,010.00	800,000.00
10/25/2007	2	Golden Valley Mines Ltd. - Common Shares	2,016,000.00	3,200,000.00
10/29/2007	1	Goldeye Explorations Limited - Units	300,000.00	2,500,000.00
10/16/2007	2	Goldwrigth Explorations Inc. - Flow-Through Shares	16,500.00	110,000.00
10/22/2007	1	Green Breeze Wind Park Development Inc. - Common Shares	50,000.00	40,000.00
10/16/2007	26	Greyhawke Resources Ltd. - Units	588,600.00	2,943,000.00
10/01/2007	1	Grosvenor Canadian Dollar Multi-Strategy Fund Ltd. - Common Shares	15,000,000.00	15,000.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
10/15/2007	286	GS Mezzanine Partners V Offshore, L.P. - Limited Partnership Interest	3,534,006,070.00	NA
10/15/2007	3	IGW Capital Ltd. - Bond	23,300.00	NA
10/15/2007	3	IGW Investments 2 Ltd. - Common Shares	233.00	233.00
10/15/2007 to 10/19/2007	15	IGW Real Estate Investment Trust - Trust Units	879,695.84	836,246.00
10/25/2007	6	International Health Partners Inc. - Common Shares	240,000.00	4,000,000.00
10/23/2007	4	Intrepid Minerals Corporation - Flow-Through Shares	95,000.00	190,000.00
10/29/2007	22	Investicare Seniors Housing Corp. - Unit	650,000.00	NA
10/16/2007	3	JA Solar Holdings Co; Ltd. - American Depository Shares	469,224.00	11,400.00
10/15/2007	37	Journey Resources Corp. - Units	571,750.00	2,287,000.00
04/16/2007 to 07/26/2007	217	Juno Special Situations Corporation - Common Shares	31,425,369.50	75,170,139.00
10/12/2007	2	KBSH Equity Income Fund - Units	80,072.18	6,376.19
10/11/2007 to 10/19/2007	79	KFG Resources Ltd. - Units	2,500,000.00	25,000,000.00
10/15/2007	2	Kingwest Avenue Portfolio - Units	47,013.06	1,383.04
10/15/2007	1	Kingwest Canadian Equity Portfolio - Units	959.28	72.19
10/15/2007	5	Kingwest U.S. Equity Portfolio - Units	55,400.95	3,653.31
10/19/2007	7	Klondike Silver Corp. - Common Shares	192,000.00	500,000.00
10/25/2007 to 10/26/2007	20	Laurentian Goldfields Ltd. - Flow-Through Shares	719,999.95	1,150,000.00
10/04/2007	27	Limited Partnership Land Pool 2007 - Limited Partnership Units	1,234,900.00	1,241,543.00
10/17/2007 to 10/18/2007	24	Lingo Media Inc. - Receipt	775,000.00	NA
09/28/2007	1	Magnum Capital L.P. - Loan	141,660,000.00	NA
09/28/2007 to 10/15/2007	45	Mantis Mineral Corp. - Units	1,694,600.00	402,222.00
10/19/2007	2	Mantis Mineral Corp. - Units	1,400,000.00	4,000,000.00
10/18/2007	117	Martinrea International Inc. - Common Shares	126,875,000.00	7,250,000.00
10/15/2007	1	Maxwell Technologies Inc. - Common Shares	255,750.00	25,000.00
10/23/2007	1	Mid Europe Fund III L.P. - Limited Partnership Interest	68,920,000.00	NA
10/19/2007 to 10/24/2007	54	Mincore Inc. - Common Shares	21,660,600.00	28,880,800.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
10/19/2007	29	Montello Resources Ltd. - Unit	1,476,389.88	NA
09/28/2007	21	Mooncor Oil & Gas Corp. - Unit	4,057,801.00	NA
10/11/2007	1	New Guinea Gold Corporation - Unit	1,250,000.00	NA
10/15/2007 to 10/25/2007	1	New Solutions Financial (II) Corporation - Debentures	175,000.00	1.00
10/16/2007 to 10/23/2007	20	Newport Canadian Equity Fund - Units	796,324.56	4,828.58
10/23/2007	10	Newport Diversified Hedge Fund - Units	597,598.19	5,138.01
10/16/2007 to 10/23/2007	3	Newport Fixed Income Fund - Units	75,000.00	747.39
10/17/2007 to 10/23/2007	11	Newport Global Equity Fund - Units	85,800.00	1,073.83
10/18/2007	11	Next Energy Systems Inc. - Common Shares	65,000.00	325,000.00
10/24/2007	2	Nordic Oil and Gas Ltd. - Units	275,000.00	1,375,000.00
10/25/2007	16	Obsidian Longbow Limited Partnership - Debenture	1,040,000.00	NA
10/22/2007	8	PaceControls LLC - Preferred Shares	3,000,000.00	300,000.00
10/18/2007	152	Pacific Energy Resources Ltd. - Unit	63,747,523.40	NA
10/24/2007	14	Pacrim Saint John Hotel L.P. - Limited Partnership Units	800,000.00	800.00
09/19/2007	1	Performance Plants Inc. - Common Shares	99,998.90	52,631.00
10/23/2007	14	Phoenix Matachewan Mines Inc. - Units	366,800.00	5,240,000.00
10/23/2007	133	Pinetree Capital Ltd. - Units	72,187,502.00	13,750,000.00
10/18/2007	1	Portage Minerals Inc. - Common Shares	15,000.00	100,000.00
10/23/2007	1	Power Play Resources Ltd. - Common Shares	1,998,000.00	2,220,000.00
10/24/2007	2	Proam Explorations Corporation - Common Shares	3,500.00	20,000.00
10/17/2007	105	Prospero Hydrocarbons Inc. - Common Shares	9,000,000.00	9,000,000.00
10/16/2007	2	Rayonier TRS Holdings Inc. - Note	1,466,850.00	1.00
10/17/2007	1	Recognia Inc. - Preferred Shares	290,758.00	705,129.00
10/17/2007	3	Regional Power Inc. - Common Shares	1,203,749.99	1,203,749.99
10/15/2007 to 10/17/2007	10	Robex Resources Inc. - Units	615,200.32	3,417,779.00
10/22/2007	4	Rocmec Mining Inc. - Flow-Through Shares	1,252,500.00	NA
10/18/2007	143	Rolland Energy Inc. - Common Shares	1,840,235.00	36,804,700.00
10/03/2007	1	Ryerson Merger Corporation - Notes	4,980,500.00	NA

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
10/22/2007	44	S & D Fort Saskatchwan Industrial Park Ltd. - Units	2,072,240.00	70.00
10/15/2007	3	Sage Gold Inc. - Units	759,999.80	5,428,570.00
10/23/2007	79	Sanatana Diamonds Inc. - Common Shares	3,712,305.00	6,846,420.00
10/01/2007 to 10/05/2007	2	Santa Clara Real Estate Investment fund Limited Partnership - Limited Partnership Units	130,000.00	13.00
10/12/2007	2	Sedex Mining Corp. - Common Shares	100,625.00	575,000.00
10/22/2007	4	Selwyn Resources Ltd. - Flow-Through Shares	3,150,000.00	4,500,000.00
10/12/2007	2	Sextant Strategic Opportunities Hedge Fund LP - Unit	170,000.00	NA
10/19/2007	2	Sextant Strategic Opportunities Hedge Fund LP - Unit	100,000.00	NA
01/16/2007 to 08/23/2007	31	Shoal Point Energy Ltd. - Flow-Through Shares	1,679,170.50	5,597,234.00
01/16/2007 to 08/23/2007	84	Shoal Point Energy Ltd. - Special Warrants	2,813,934.00	21,856,000.00
10/22/2007	4	Sirios Resources Inc. - Common Shares	1,999,999.80	6,666,666.00
10/04/2007	3	Steel Dynamics, Inc. - Note	8,500,000.00	NA
10/09/2007	1	Strategic Connections Inc. - Debenture	3,000,001.00	NA
10/18/2007	1	Strategic Metals Ltd. - Common Shares	5,520.00	8,000.00
10/31/2006 to 09/28/2007	37	Stylus Growth Fund - Units	4,035,783.43	245,347.67
10/31/2006 to 09/28/2007	88	Stylus Momentum Fund - Units	14,767,240.58	814,354.04
10/31/2006 to 09/28/2007	14	Stylus Value with Income Fund - Units	2,398,278.41	148,264.15
10/22/2007	30	Tagish Lake Gold Corp. - Flow-Through Shares	479,400.00	2,820,000.00
10/12/2007	2	Tajzha Ventures Ltd. - Units	500,500.00	1,430,000.00
10/15/2007	1	TD Capital Mezzanine Partners III L.P. - Limited Partnership Interest	40,000,000.00	NA
10/01/2007 to 10/11/2007	5	The Presbyterian Church in Canada - Units	2,324,422.41	225.47
10/15/2007	4	The Royal Bank of Scotland plc - Notes	160,000,000.00	NA
10/10/2007	3	TNK-BP Finance S.A. - Note	980,000.00	1.00
10/16/2007 to 10/22/2007	5	Tom Exploration Inc. - Units	50,667.00	NA
10/24/2007	5	Tres-or Resources Ltd. - Flow-Through Shares	310,000.00	NA
10/18/2007	22	Triton Energy Corp. - Common Shares	5,000,040.00	6,944,500.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
10/23/2007	38	Tumi Resources Ltd. - Units	1,008,000.00	1,400,000.00
10/26/2007	40	Unbridled Energy Corporation - Units	532,427.00	1,183,172.00
09/28/2007	2	USPF III Blocker Fund II, L.P. - Limited Partnership Interest	11,153,000.00	2.00
10/10/2007	2	Valcent Products Inc. - Units	712,800.00	1,200,000.00
08/30/2007	33	Valiant Petroleum Limited - Common Shares	45,145,326.19	3,389,925.00
10/09/2007	57	Virginia Uranium Ltd. - Warrants	20,329,482.50	13,552,989.00
10/11/2007	8	Vivonet Incorporated - Note	500,000.00	NA
10/12/2007	91	Walton AZ Picacho View 2 Investment Corporation - Common Shares	2,471,950.00	247,195.00
10/12/2007	35	Walton AZ Picacho View Limited Partnership 2 - Limited Partnership Units	3,525,829.34	360,146.00
06/29/2007	1	West High Yield (W.H.Y.) Resources Ltd. - Common Shares	2,900.00	5,000.00
10/18/2007	15	WesternZagros Resources Ltd. - Common Shares	9,737,000.00	5,000,000.00
10/15/2007	19	Wi2Wi Corporation - Notes	1,542,344.00	1,542,344.00
10/18/2007	1	Wimberly Apartments Limited Partnership - Units	24,857.42	36,481.00
10/16/2007	12	Woodbridge Finance Corporation - Note	300,000,000.00	NA
10/16/2007	1	WP Prism Merger Sub Inc./Bausch & Lomb Incorporated - Note	2,438,638.13	NA
10/18/2007	22	Yangarra Resources Ltd. - Common Shares	1,131,999.97	6,163,636.00
10/05/2007	2	Yukon-Nevada Gold Corp. - Flow-Through Shares	10,000,000.00	5,000,000.00
10/19/2007	10	Zorzal Incorporated - Common Shares	1,258,203.45	3,594,867.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Antrim Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 1, 2007
Mutual Reliance Review System Receipt dated November 1, 2007
Offering Price and Description:
$50,215,000.00 - 8,300,000 Common Shares Price: $6.05 per Common Share
Underwriter(s) or Distributor(s):
Wellington West Capital Markets Inc.
Tristone Capital Inc.
Cormark Securities Inc.
Promoter(s):
Antrim Energy Inc.
Project #1175597

Issuer Name:
Astorius Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated November 2, 2007
Mutual Reliance Review System Receipt dated November 5, 2007
Offering Price and Description:
$750,000.00 to $900,000 - 5,000,000 to 6,000,000 Shares Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Leede Financial Markets Inc.
Promoter(s):
-
Project #1176886

Issuer Name:
Atrion Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated October 30, 2007
Mutual Reliance Review System Receipt dated October 31, 2007
Offering Price and Description:
$ * - * Common Shares
Underwriter(s) or Distributor(s):
GMP Securities L.P.
RBC Dominion Securities Inc.
Wellington West Capital Markets Inc.
Promoter(s):
-
Project #1174250

Issuer Name:
Aurora Energy Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated October 31, 2007
Mutual Reliance Review System Receipt dated October 31, 2007
Offering Price and Description:
$100,375,000.00 - 5,312,500 Common Shares and 750,000 Flow-Through Shares Price: $16.00 per Common Share and $20.50 per Flow-Through Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Blackmont Capital Inc.
Dundee Securities Corporation
Promoter(s):
-
Project #1174790

Issuer Name:
Bridgewater Systems Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated November 5, 2007
Mutual Reliance Review System Receipt dated November 5, 2007
Offering Price and Description:
$ * - * Common Shares Price: $* per Common Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Genuity Capital Markets G.P.
GMP Securities L.P.
RBC Dominion Securities Inc.
TD Securities Inc.
Promoter(s):
-
Project #1176550

Issuer Name:
Bridgewater Systems Corporation
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Prospectus dated November 6, 2007
Mutual Reliance Review System Receipt dated November 6, 2007
Offering Price and Description:
$* - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Genuity Capital Markets G.P.
GMP Securities L.P.
RBC Dominion Securities Inc.
TD Securities Inc.
Promoter(s):
-
Project #1176550

Issuer Name:
Connacher Oil and Gas Limited
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 31, 2007
Mutual Reliance Review System Receipt dated October 31, 2007
Offering Price and Description:
$45,000,000.00 - 9,000,000 Flow-Through Shares Price: $5.00 per Flow-Through Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
GMP Securities L.P.
Orion Securities Inc.
Raymond James Ltd.
TD Securities Inc.
D & D Securities Company
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #1175007

Issuer Name:
Davie Yards ASA
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated November 1, 2007
Mutual Reliance Review System Receipt dated November 5, 2007
Offering Price and Description:
$ * - * Canadian Depositary Receipts Representing * Common Shares Price: $ * per Canadian Depositary Receipt
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Promoter(s):
-
Project #1176342

Issuer Name:
Day4 Energy Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated October 29, 2007
Mutual Reliance Review System Receipt dated October 31, 2007
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
CIBC World Markets Inc.
Canaccord Capital Corporation
Blackmont Capital Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1174749

Issuer Name:
DHX Media Ltd.
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Short Form Prospectus dated October 31, 2007
Mutual Reliance Review System Receipt dated October 31, 2007
Offering Price and Description:
$17,460,000.00 - 9,700,000 Units Price: $1.80 per Unit
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Canaccord Capital Corporation
TD Securities Inc.
Paradigm Capital Inc.
Promoter(s):
Michael Donovan
Charles Bishop
Project #1174807

Issuer Name:
Diamond Frank Exploration Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated October 31, 2007
Mutual Reliance Review System Receipt dated November 2, 2007
Offering Price and Description:
$1,175,000.00 to $6,600,000.00 - 1175 to 6,600 Units Price: $1,000 per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Typhoon Exploration Inc.
Project #1174872

Issuer Name:
diversiCAPITAL Global Dividend Split Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated November 1, 2007
Mutual Reliance Review System Receipt dated November 2, 2007
Offering Price and Description:
$ * (Maximum) - * Class A Shares and * Preferred Shares Price: $15.00 per Class A Share and $10.00 per Preferred Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Dundee Securities Corporation
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Blackmont Capital Inc.
Desjardins Securities Inc.
Richardson Partners Financial Limited
Promoter(s):
Goodman & Company, Investment Counsel Ltd.
Project #1176059

Issuer Name:
Golden Harp Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated October 30, 2007
Mutual Reliance Review System Receipt dated
Offering Price and Description:
Minimum Offering: $2,100,000.00 of Flow-Through Units and /or Regular Units; Maximum Offering: $3,000,000.00 of Flow-Through Units and /or Regular Units $0.35 Per Flow-Through Unit $0.35 Per Regular Unit
Underwriter(s) or Distributor(s):
Wolverton Securities Ltd.
Promoter(s):
-
Project #1175101

Issuer Name:
Hollywood America Cinemas Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated November 6, 2007
Mutual Reliance Review System Receipt dated November 6, 2007
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Cormark Securities Inc.
Wellington West Capital Markets Inc.
Promoter(s):
Wallace Theater Holdings, Inc.
Project #1177138

Issuer Name:
Innergex Renewable Energy Inc.
Principal Regulator - Quebec
Type and Date:
Amended and Restated Preliminary Prospectus dated November 2, 2007
Mutual Reliance Review System Receipt dated November 2, 2007
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Desjardins Securities Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Promoter(s):
-
Project #1172315

Issuer Name:
Lavell Systems Inc.
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Prospectus dated October 31, 2007
Mutual Reliance Review System Receipt dated November 2, 2007
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
Blackmont Capital Inc.
Promoter(s):
Balaton Group Inc.
Project #1163015

Issuer Name:
Mackenzie Destination 2015 Fund
Mackenzie Destination 2020 Fund
Mackenzie Destination 2025 Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated October 29, 2007
Mutual Reliance Review System Receipt dated November 1, 2007
Offering Price and Description:
Offering Series A, F, I and O Units
Series A units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mackenzie Financial Corporation
Project #1175042

Issuer Name:
MedX Health Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated November 2, 2007
Mutual Reliance Review System Receipt dated November 2, 2007
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
Research Capital Corporation
Promoter(s):
Philip W. Passy
Project #1176231

Issuer Name:
Nanotech Sciences Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated November 5, 2007
Mutual Reliance Review System Receipt dated November 5, 2007
Offering Price and Description:
$300,000.00 - 1,500,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Promoter(s):
Scott Walters
Project #1176570

Issuer Name:
North American Palladium Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated October 31, 2007
Mutual Reliance Review System Receipt dated November 2, 2007
Offering Price and Description:
U.S.$300,000,000.00:
Common Shares
Special Shares
Debt Securities
Warrants
Share Purchase Contracts
Share Purchase or Equity Units
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1175211

Issuer Name:
OPTI Canada Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 6, 2007
Mutual Reliance Review System Receipt dated November 6, 2007
Offering Price and Description:
$300,200,000.00 - 15,800,000 Common Shares;
$60,021,000.00 - 2,430,000 Flow-Through Shares Price: $19.00 per Common Share and $24.70 per Flow-Through Shares
Underwriter(s) or Distributor(s):
TD Securities Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
UBS Securities Canada Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
FirstEnergy Capital Corp.
GMP Securities L.P.
Genuity Capital Markets
Raymond James Ltd.
Tristone Capital Inc.
Promoter(s):
-
Project #1177309

Issuer Name:
Rocky Mountain Dealerships Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated November 5, 2007
Mutual Reliance Review System Receipt dated November 5, 2007
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities
Promoter(s):
M.C. (Matt) Campbell
Derek I. Stimson
Project #1176838

Issuer Name:
Rogers Communications Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated November 1, 2007
Mutual Reliance Review System Receipt dated November 1, 2007
Offering Price and Description:
$2,000,000,000.00 - Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1175375

Issuer Name:
Rogers Communications Inc.
Type and Date:
Preliminary Short Form Shelf Prospectus dated November 1, 2007
Receipted on November 1, 2007
Offering Price and Description:
U$2,000,000,000.00 - Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1175381

Issuer Name:
Sidetrack Technologies Inc.
Principal Regulator - Manitoba
Type and Date:
Preliminary Prospectus dated November 5, 2007
Mutual Reliance Review System Receipt dated November 5, 2007
Offering Price and Description:
$35,000,000.00 - * Class A Common Shares Price: $ * per Class A Common Share
Underwriter(s) or Distributor(s):
Blackmont Capital Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Wellington West Capital Inc.
Promoter(s):
-
Project #1176556

Issuer Name:
Silver Bear Resources Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated November 1, 2007
Mutual Reliance Review System Receipt dated November 5, 2007
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Promoter(s):
-
Project #1176365

Issuer Name:
Solana Resources Limited
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 31, 2007
Mutual Reliance Review System Receipt dated October 31, 2007
Offering Price and Description:
$53,526,000.00 - 24,330,000 Common Shares Price: $2.20 per Common Share
Underwriter(s) or Distributor(s):
Tristone Capital Inc.
Orion Securities Inc.
Westwind Partners Inc.
Toll Cross Securities Inc.
Promoter(s):
-
Project #1175074

Issuer Name:
TransAlta Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Shelf Prospectus dated November 1, 2007
Mutual Reliance Review System Receipt dated November 1, 2007
Offering Price and Description:
$1,000,000,000.00 - Medium Term Note Debentures (Unsecured)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
TD Securities Inc.
Merrill Lynch Canada Inc.
Promoter(s):
-
Project #1175811

Issuer Name:
Ultrasonix Medical Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated October 31, 2007
Mutual Reliance Review System Receipt dated November 1, 2007
Offering Price and Description:
$• - • Common Shares Price: $• per Common Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Canaccord Capital Corporation
RBC Dominion Securities Inc.
Promoter(s):
-
Project #1175355

Issuer Name:
Urbana Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 31, 2007
Mutual Reliance Review System Receipt dated October 31, 2007
Offering Price and Description:
Up to 30,000,000 Non-Voting Class A Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1174693

Issuer Name:
UTS Energy Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 2, 2007
Mutual Reliance Review System Receipt dated November 2, 2007
Offering Price and Description:
$275,120,000.00 - 41,800,000 Common Shares 2,650,000 Flow-through Common Shares Price: $6.10 per Common Share and $7.60 per Flow-Through Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
FirstEnergy Capital Corp.
TD Securities Inc.
UBS Securities Canada Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Lehman Brothers Canada Inc.
Merrill Lynch Canada Inc.
Morgan Stanley Canada Limited
Scotia Capital Inc.
Canaccord Capital Corporation
Cormark Securities Inc.
Genuity Capital Markets
Orion Securities Inc.
Peters & Co. Limited
Raymond James Ltd.
Tristone Capital Inc.
Promoter(s):
-
Project #1176407

Issuer Name:
Western Keltic Mines Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated October 30, 2007
Mutual Reliance Review System Receipt dated October 31, 2007
Offering Price and Description:
$30,000,000.00 - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Haywood Securities Inc.
Genuity Capital Markets
Promoter(s):
-
Project #1174256

Issuer Name:
Zazu Metals Corporation
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Prospectus dated October 29, 2007
Mutual Reliance Review System Receipt dated October 31, 2007
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Dundee Securities Corporation
Paradigm Capital Inc.
Cormark Securities Inc.
Promoter(s):
Gil Atzmom
Project #1169461

Issuer Name:
AIC American Focused Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated October 25, 2007 to the Simplified Prospectus and Annual Information Forms dated May 28, 2007
Mutual Reliance Review System Receipt dated November 6, 2007
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
AIC Limited
Project #1088780

Issuer Name:
AIC American Focused Corporate Class
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated October 25, 2007 to the Simplified Prospectus and Annual Information Form dated March 27, 2007
Mutual Reliance Review System Receipt dated November 6, 2007
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
AIC Limited
Project #1054845

Issuer Name:
Altius Minerals Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 1, 2007
Mutual Reliance Review System Receipt dated November 2, 2007
Offering Price and Description:
$50,400,000.00 - 1,800,000 Common Shares Price: $28.00 per Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
BMO Nesbitt Burns Inc.
Promoter(s):
-
Project #1171898

Issuer Name:
Blue Note Mining Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated November 5, 2007
Mutual Reliance Review System Receipt dated November 5, 2007
Offering Price and Description:
$40,040,000.00 - 71,500,000 Units Price: $0.56 per Unit
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Promoter(s):
-
Project #1170972

Issuer Name:
BMO Harris Canadian Bond Income Portfolio
BMO Harris Canadian Conservative Equity Portfolio
BMO Harris Canadian Corporate Bond Portfolio
BMO Harris Canadian Dividend Income Portfolio
BMO Harris Canadian Growth Equity Portfolio
BMO Harris Canadian Income Equity Portfolio
BMO Harris Canadian Money Market Portfolio
BMO Harris Canadian Special Growth Portfolio
BMO Harris Canadian Total Return Bond Portfolio
BMO Harris Diversified Yield Portfolio
BMO Harris Emerging Markets Equity Portfolio
BMO Harris Growth Opportunities Portfolio
BMO Harris Income Opportunity Bond Portfolio
BMO Harris International Equity Portfolio
BMO Harris International Special Equity Portfolio
BMO Harris Opportunity Bond Portfolio
BMO Harris U.S. Equity Portfolio
BMO Harris U.S. Growth Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated November 1, 2007
Mutual Reliance Review System Receipt dated November 2, 2007
Offering Price and Description:
Mutual Fund Securities @ Net Asset Value
Underwriter(s) or Distributor(s):
BMO Investments Inc.
Promoter(s):
-
Project #1163823

Issuer Name:
BMO Nesbitt Burns All Equity Portfolio Fund
BMO Nesbitt Burns Balanced Fund
BMO Nesbitt Burns Balanced Portfolio Fund
BMO Nesbitt Burns Bond Fund
BMO Nesbitt Burns Canadian Stock Selection Fund
BMO Nesbitt Burns Growth Portfolio Fund
BMO Nesbitt Burns U.S. Stock Selection Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated November 1, 2007
Mutual Reliance Review System Receipt dated November 5, 2007
Offering Price and Description:
Class A units
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
BMO Nesbitt Burns Inc.
Promoter(s):
BMO Nesbitt Burns Inc.
Project #1163617

Issuer Name:
Canadian Apartment Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 31, 2007
Mutual Reliance Review System Receipt dated October 31, 2007
Offering Price and Description:
$99,777,500.00 - 5,350,000 Units Price: $18.65 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
CIBC World Markets Inc.
Promoter(s):
-
Project #1171010

Issuer Name:
Canadian Revolving Auto Floorplan Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 1, 2007
Mutual Reliance Review System Receipt dated November 2, 2007
Offering Price and Description:
$200,000,000.00 - Floating Rate Dealer Floorplan Receivables-Backed Notes, Series 2007-D1 Expected Final Payment Date of November 15, 2009; (2) $450,000,000.00 - 5.406% Dealer Floorplan Receivables-Backed Notes, Series 2007-D2 Expected Final Payment Date of November 15, 2010; and $250,000,000.00 - 5.680% Dealer Floorplan Receivables-Backed Notes, Series 2007-D3 Expected Final Payment Date of November 15, 2012
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
TD Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
Promoter(s):
DaimlerChrysler Financial Services Canada Inc.
Project #1170020

Issuer Name:
CPVC Bromont Inc.
Principal Regulator - Alberta
Type and Date:
Final CPC Prospectus dated October 29, 2007
Mutual Reliance Review System Receipt dated November 1, 2007
Offering Price and Description:
$250,000.00 - 1,000,000 common shares Price: $0.25 per common share
Underwriter(s) or Distributor(s):
Integral Wealth Securities Limited
Promoter(s):
CPVC Financial Corporation
Project #1165724

Issuer Name:
European Premium Dividend Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated October 30, 2007
Mutual Reliance Review System Receipt dated October 31, 2007
Offering Price and Description:
Maximum $100,000,000.00 (10,000,000 Units @ $10.00/unit); Minimum $20,000,000.00 (2,000,000 Units @ $10.00/unit)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Berkshire Securities Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Bieber Securities Inc.
Blackmont Capital Inc.
Burgeonvest Securities Limited
Laurentian Bank Securities Inc.
Richardson Partners Financial Limited
Wellington West Capital Inc.
Promoter(s):
Copernican Capital Corp.
Project #1160965

Issuer Name:
Front Street Cash Fund
Front Street Equity Opportunities Fund
Front Street Resource Opportunities Fund
Front Street Small Cap Opportunities Fund
Front Street Yield Opportunities Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated November 1, 2007
Mutual Reliance Review System Receipt dated November 5, 2007
Offering Price and Description:
Series A Shares, Series B Shares and Series F Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Front Street Capital 2004
Project #1142804

Issuer Name:
Global 45 Split Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 31, 2007
Mutual Reliance Review System Receipt dated November 1, 2007
Offering Price and Description:
Offering of Rights to Subscribe for up to 468,665 Units, each Unit consisting of one Class A Share and one Preferred Share Subscription Price: Three Rights and $24.40 per Unit
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1170125

Issuer Name:
Global Agribusiness Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated October 29, 2007
Mutual Reliance Review System Receipt dated October 31, 2007
Offering Price and Description:
Each Unit consists of one Trust Unit and a Warrant for one Trust Unit
Price per Unit: $10.00
Maximum Offering: 10,000,000 Units ($100,000,000.00); Minimum Offering: 2,000,000 Units ($20,000,000.00)
Minimum Purchase: 200 Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Berkshire Securities Inc.
Blackmont Capital Inc.
Desjardins Securities Inc.
GMP Securities L.P.
MGI Securities Inc.
Rothenberg Capital Management Inc.
Richardson Partners Financial Limited
Wellington West Capital Inc.
Promoter(s):
Navina Capital Corp.
Project #1165270

Issuer Name:
GrowthWorks Commercialization Fund Ltd.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated November 1, 2007
Mutual Reliance Review System Receipt dated November 6, 2007
Offering Price and Description:
Class A Shares, 08 Series - (FundSERV No. WVN 508)
Maximum Offering: $60 million
Offering Price: $10 per share until February 29, 2008 and thereafter Net Asset Value per 08 Series Share
Class A Shares, 09 Series (FundSERV No. WVN 509)
Maximum Offering: $60 million Offering Price: $10 per share from initial offering date (on or about September 1, 2008) until March 1, 2009 and
thereafter Net Asset Value per 09 Series Share
Underwriter(s) or Distributor(s):
GrowthWorks Capital Ltd.
Promoter(s):
-
Project #1165088

Issuer Name:
High River Gold Mines Ltd.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 31, 2007
Mutual Reliance Review System Receipt dated October 31, 2007
Offering Price and Description:
$100,130,000.00 - 32,300,000 Units Price: $3.10 per Unit
Underwriter(s) or Distributor(s):
GMP Securities L.P.
CIBC World Markets Inc.
Cormark Securities Corp.
Dundee Securities Corporation
Promoter(s):
-
Project #1171346

Issuer Name:
Investors Summa Global Environmental Leaders Class
Investors Summa Global SRI Class
Principal Regulator - Manitoba
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated October 29, 2007
Mutual Reliance Review System Receipt dated November 5, 2007
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Investors Group Securities Inc.
Investors Group Financial Services Inc.
Promoter(s):
I.G. Investment Management, LTD.
Project #1160912

Issuer Name:
Investors Summa Global Environmental Leaders Fund
Investors Summa Global SRI Fund
Principal Regulator - Manitoba
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated October 29, 2007
Mutual Reliance Review System Receipt dated November 5, 2007
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Investors Group Securities Inc.
Investors Group Financial Services Inc.
Promoter(s):
I.G. Investment Management, Ltd.
Project #1160907

Issuer Name:
Laurent Venture Capital Corporation
Principal Regulator - Quebec
Type and Date:
Final CPC Prospectus dated October 29, 2007
Mutual Reliance Review System Receipt dated November 1, 2007
Offering Price and Description:
$450,000.00 - 4,500,000 Class A common shares Price: $0.10 per Class A common share
Underwriter(s) or Distributor(s):
Integral Wealth Securities Limited
Promoter(s):
André Goguen
Project #1158571

Issuer Name:
Series A Units, Series F Units and Series I Units (unless otherwise indicated) of:
Northwest Money Market Fund (Series A Units and Series I Units)
Northwest Canadian Equity Fund
Northwest Canadian Bond Fund
Northwest Canadian Dividend Fund
Northwest Growth and Income Fund
Northwest Global Equity Fund (formerly Northwest Foreign Equity Fund)
Northwest U.S. Equity Fund
Northwest EAFE Fund
Northwest Global Growth and Income Fund
Northwest Specialty High Yield Bond Fund
Northwest Specialty Global High Yield Bond Fund
Northwest Specialty Equity Fund
Northwest Specialty Innovations Fund
Northwest Specialty Growth Fund Inc .
Northwest Quadrant Conservative Portfolio (Series A Units and Series F Units)
Northwest Quadrant Income Fund
(formerly Northwest Quadrant Monthly Income Portfolio)
(Series A Units and Series F Units)
Northwest Quadrant Balanced Growth Portfolio
(formerly Northwest Quadrant Growth and Income Portfolio)
(Series A Units and Series F Units)
Northwest Quadrant Global Growth Portfolio (Series A Units and Series F Units)
Northwest Quadrant All Equity Portfolio (Series A Units and Series F Units)
Principal Regulator - Ontario
Type and Date:
Amended and Restated Simplified Prospectuses and Annual Information Forms dated October 26, 2007 to amending and restating Simplified Prospectuses and Annual Information Forms dated June 21, 2007
Mutual Reliance Review System Receipt dated October 31, 2007
Offering Price and Description:
Series A, F and I Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Northwest Mutual Funds Inc.
Promoter(s):
Northwest Mutual Funds Inc.
Project #1102965/1162745

Issuer Name:
Scotia Private Client Units of :
Scotia Money Market Fund
Scotia Canadian Income Fund
Scotia Cassels Canadian Bond Fund
Scotia Cassels Canadian Corporate Bond Fund
Scotia Cassels Short-Mid Government Bond Fund
Scotia U.S. $ Bond Fund (formerly Scotia CanAm U .S. $ Income Fund)
Scotia Cassels Advantaged Income Fund
Scotia Canadian Dividend Fund
Scotia Cassels Canadian Equity Fund
Scotia Canadian Small Cap Fund
Scotia Cassels North American Equity Fund
Scotia Cassels U.S. Equity Fund
Scotia Cassels International Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated November 1, 2007
Mutual Reliance Review System Receipt dated November 2, 2007
Offering Price and Description:
Mutual fund trust units at net asset value
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Promoter(s):
Robert L. Brooks
Christopher Hodgson
Project #1164035

Issuer Name:
Class A and Class F Units (unless otherwise noted)
and Class I Units where noted of :
Scotia T-Bill Fund (Class A Units only)
Scotia Premium T-Bill Fund (Class A Units only)
Scotia Money Market Fund (Class A and Class I Units)
Scotia U.S. $ Money Market Fund (formerly Scotia CanAm U .S. $ Money Market Fund)
(Class A Units only)
Scotia Mortgage Income Fund (also Class I Units)
Scotia Canadian Income Fund (also Class I Units)
Scotia U.S. $ Bond Fund (formerly Scotia CanAm U .S. $ Income Fund)
Scotia Global Bond Fund (formerly Scotia CanGlobal Income Fund) (also Class I Units)
Scotia Diversified Monthly Income Fund
Scotia Canadian Balanced Fund
Scotia Canadian Tactical Asset Allocation Fund (formerly Scotia Total Return Fund)
Scotia Canadian Dividend Fund (also Class I Units)
Scotia Canadian Blue Chip Fund (also Class I Units)
Scotia Canadian Growth Fund (also Class I Units)
Scotia Canadian Small Cap Fund (also Class I Units)
Scotia Resource Fund
Scotia U. S. Growth Fund
(formerly Scotia American Growth Fund) (also Class I Units)
Scotia U.S. Value Fund
(formerly Capital U.S. Large Companies Fund) (also Class I Units)
Scotia International Value Fund
(formerly Capital International Large Companies Fund) (also Class I Units)
Scotia European Fund
(formerly Scotia European Growth Fund)
Scotia Pacific Rim Fund
(formerly Scotia Pacific Rim Growth Fund) (also Class I Units)
Scotia Latin American Fund
(formerly Scotia Latin American Growth Fund) (also Class I Units)
Scotia Global Growth Fund (also Class I Units)
Scotia Global Small Cap Fund
(formerly Capital Global Small Companies Fund) (also Class I Units)
Scotia Global Opportunities Fund
(formerly Capital Global Discovery Fund) (also Class I Units)
Scotia Canadian Bond Index Fund (also Class I Units)
Scotia Canadian Index Fund
(formerly Scotia Canadian Stock Index Fund) (also Class I Units)
Scotia U.S. Index Fund
(formerly Scotia American Stock Index Fund) (also Class I Units)
Scotia CanAm Index Fund
(formerly Scotia CanAm Stock Index Fund)
Scotia Nasdaq Index Fund
Scotia International Index Fund
(formerly Scotia International Stock Index Fund) (also Class I Units)
Scotia Selected Income & Modest Growth Portfolio
(formerly Scotia Selected Income & Modest Growth Fund)

Scotia Selected Balanced Income & Growth Portfolio
(formerly Scotia Selected Balanced Income & Growth Fund)
Scotia Selected Moderate Growth Portfolio
(formerly Scotia Selected Conservative Growth Fund)
Scotia Selected Aggressive Growth Portfolio
(formerly Scotia Selected Aggressive Growth Fund)
Scotia Partners Income & Modest Growth Portfolio
Scotia Partners Balanced Income & Growth Portfolio
Scotia Partners Moderate Growth Portfolio
(formerly Scotia Partners Conservative Growth Portfolio)
Scotia Partners Aggressive Growth Portfolio
Scotia Vision Conservative 2010 Portfolio
(formerly Scotia Vision Conservative 2010 Fund) (Class A Units only)
Scotia Vision Aggressive 2010 Portfolio
(formerly Scotia Vision Aggressive 2010 Fund) (Class A Units only)
Scotia Vision Conservative 2015 Portfolio
(formerly Scotia Vision Conservative 2015 Fund) (Class A Units only)
Scotia Vision Aggressive 2015 Portfolio
(formerly Scotia Vision Aggressive 2015 Fund) (Class A Units only)
Scotia Vision Conservative 2020 Portfolio
(formerly Scotia Vision Conservative 2020 Fund) (Class A Units only)
Scotia Vision Aggressive 2020 Portfolio
(formerly Scotia Vision Aggressive 2020 Fund) (Class A Units only)
Scotia Vision Conservative 2030 Portfolio
(formerly Scotia Vision Conservative 2030 Fund) (Class A Units only)
Scotia Vision Aggressive 2030 Portfolio
(formerly Scotia Vision Aggressive 2030 Fund) (Class A Units only)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated November 1, 2007
Mutual Reliance Review System Receipt dated November 2, 2007
Offering Price and Description:
Mutual fund trust units at net asset value
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Scotia Securities Inc.
Promoter(s):
-
Project #1163667

Issuer Name:
SEMAFO INC.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated November 6, 2007
Mutual Reliance Review System Receipt dated November 6, 2007
Offering Price and Description:
$24,975,000.00 - 18,500,000 Common Shares $1.35 per Common Share
Underwriter(s) or Distributor(s):
Westwind Partners Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
Haywood Securities Inc.
Promoter(s):
-
Project #1172943

Issuer Name:
Sentry Select Mining Opportunities Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated October 30, 2007 to the Simplified Prospectus dated April 5, 2007
Mutual Reliance Review System Receipt dated November 5, 2007
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Sentry Select Capital Corp.
Promoter(s):
-
Project #1055855

Issuer Name:
Shelby Ventures Inc.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated November 1, 2007
Mutual Reliance Review System Receipt dated November 2, 2007
Offering Price and Description:
$250,000.00 (1,250,000 COMMON SHARES) Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
PI Financial Corp.
Haywood Securities Inc.
Promoter(s):
Derek Spratt
Project #1161516

Issuer Name:
SL Split Corp.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated October 31, 2007
Mutual Reliance Review System Receipt dated October 31, 2007
Offering Price and Description:
$32,198,600.00 (2,110,000 Capital Shares @ $15.26 per Capital Share) $27,197,900.00 (1,055,000 Preferred Shares @ $25.78 per Preferred Share)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Market Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Desjardins Securities Inc.
Raymond James Ltd.
GMP Securities L.P.
Industrial Alliance Securities Inc.
Wellington West Capital Inc.
Promoter(s):
Scotia Capital Inc.
Project #1160488

Issuer Name:
Stem Cell Therapeutics Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated November 5, 2007
Mutual Reliance Review System Receipt dated November 5, 2007
Offering Price and Description:
$10,500,000.00 - 30,000,000 Units Price: $0.35 per Unit
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
J.F. Mackie & Company Ltd.
Fraser Mackenzie Ltd.
Loewen, Ondaatje, McCutcheon Ltd.
Research Capital Corporation
Promoter(s):
-
Project #1172620

Issuer Name:
Sterling Mining Company
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated October 31, 2007
Mutual Reliance Review System Receipt dated October 31, 2007
Offering Price and Description:
$18,153,824.00 - 5,585,792 Common Shares and 2,792,896 Warrants Issuable on Exercise or Deemed Exercise of 5,585,792 Previously Issued Special Warrants 391,005 Broker Warrants Issuable on Exercise or Deemed Exercise of 391,005 Previously Issued Compensation Options
Underwriter(s) or Distributor(s):
TD Securities Inc.
Blackmont Capital Inc.
Promoter(s):
-
Project #1166562

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Fox-Pitt, Kelton Incorporated To: Fox-Pitt Kelton Cochran Caronia Waller (USA) LLC	International Dealer	August 31, 2007
New Registration	Montrose Hammond Inc.	Limited Market Dealer, Investment Counsel and Portfolio Manager	November 1, 2007
New Registration	Emerald Technology Ventures AG	International Adviser (Investment Counsel & Portfolio Manager)	November 1, 2007
Change of Category	Investeco Financial Corp.	From: Investment Counsel & Portfolio Manager To: Investment Counsel & Portfolio Manager and Limited Market Dealer.	November 1, 2007
New Registration	Michael Graham Investment Services Inc.	Investment Counsel	November 1, 2007.
New Registration	Deacon and Company Capital Markets Inc.	Limited Market Dealer	November 5, 2007
New Registration	Topleft Securities Ltd.	Limited Market Dealer	November 6, 2007

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 MFDA Central Regional Council Hearing Panel Makes Findings Against Kenneth Breckenridge

NEWS RELEASE
For immediate release

MFDA CENTRAL REGIONAL COUNCIL
HEARING PANEL MAKES FINDINGS
AGAINST KENNETH BRECKENRIDGE

October 31, 2007 (Toronto, Ontario) – A disciplinary hearing in the Matter of Kenneth Breckenridge was held today before a Hearing Panel of the Central Regional Council of the Mutual Fund Dealers Association of Canada ("MFDA). The Hearing Panel found that the allegations set out by MFDA staff in the Notice of Hearing dated June 22, 2007 had been established.

The Hearing Panel advised that it would issue written reasons and its decision on appropriate sanction in due course.

A copy of the Notice of Hearing is available on the MFDA web site at www.mfda.ca.

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 162 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:
Shaun Devlin
Vice-President, Enforcement
(416) 943-4672 or sdevlin@mfda.ca

13.1.2 MFDA Hearing Panel Issues Decision and Reasons Rspecting Cory Piggott Disciplinary Hearing

NEWS RELEASE
For immediate release

MFDA HEARING PANEL ISSUES DECISION
AND REASONS RESPECTING
CORY PIGGOTT DISCIPLINARY HEARING

November 1, 2007 (Toronto, Ontario) – A Hearing Panel of the Central Regional Council of the Mutual Fund Dealers Association of Canada ("MFDA") has issued its Decision and Reasons in connection with the disciplinary hearing held in Toronto, Ontario on June 28, 2007 in respect of Cory Piggott.

A copy of the Decision and Reasons is available on the MFDA website at www.mfda.ca.

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 162 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:
Shaun Devlin
Vice-President, Enforcement
(416) 943-4672 or sdevlin@mfda.ca

13.1.3 MFDA Hearing Panel issues Decision and Reasons respecting Robert Brick Disciplinary Hearing

NEWS RELEASE
For immediate release

MFDA HEARING PANEL ISSUES DECISION
AND REASONS RESPECTING
ROBERT BRICK DISCIPLINARY HEARING

November 1, 2007 (Toronto, Ontario) – A Hearing Panel of the Central Regional Council of the Mutual Fund Dealers Association of Canada ("MFDA") has issued its Decision and Reasons in connection with the disciplinary hearing held in Toronto, Ontario on June 28, 2007 in respect of Robert Brick.

A copy of the Decision and Reasons is available on the MFDA website at www.mfda.ca.

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13.1.4 IDA Amendments to Complaint Handling Requirements – Client Complaint Handling Rule and Guidance Note and Amendments to By-laws 19 and 37 and Policy No. 2

INVESTMENT DEALERS ASSOCIATION OF CANADA -
AMENDMENTS TO COMPLAINT HANDLING REQUIREMENTS - CLIENT COMPLAINT HANDLING RULE AND GUIDANCE NOTE AND AMENDMENTS TO BY-LAWS 19 AND 37 AND POLICY NO. 2

I OVERVIEW

This proposed rule seeks to establish specific requirements for the client complaint handling process. The rule sets out specific standards and timelines to be adhered to in acknowledging, investigating and responding to client complaints that allege misconduct relating to the handling of the client's account(s). The rule also requires the Member firm to adequately inform the client of all the subsequent options available to them should the client be dissatisfied with the final response from the Member firm.

A CURRENT RULES

Current IDA Policy No. 2, Section VIII, sets out general requirements for the handling of retail client complaints. These requirements mandate that Member firms create procedures to deal effectively with client complaints matters including client communications, complaint recordkeeping, internal disciplinary action, and, where appropriate, complaint escalation to senior management.

B THE ISSUE

Based on investor feedback at an Ontario Securities Commission Town Hall meeting and at other forums and venues, there is a clear need to improve the complaint handling process to ensure that clients are aware of the process they should follow should they have a complaint and to ensure the fair and prompt handling of complaints at Member firms.

C OBJECTIVE

The objective of the proposed amendments is to establish specific requirements for the handling of client complaints. The proposed amendments will replace the current general requirements set out in IDA Policy No. 2, Section VIII.

D EFFECT OF PROPOSED RULES

The intended effect of the proposed amendments is to create minimum standards for the fair and prompt handling of client complaints.

It is not anticipated that there will be a significant effect on Members or non-Members, market structure or competition.

There will be additional costs associated with Members handing/sending out the IDA approved complaint handling process brochure at time of account opening, complaint acknowledgement and substantive response. It is believed that the benefits associated with greater client awareness of the complaint handling process are significantly greater than these additional costs.

II DETAILED ANALYSIS

A CURRENT RULES, RELEVANT HISTORY AND PROPOSED POLICY

Current rules

IDA Policy No. 2, Section VIII sets out general requirements for the handling of retail client complaints. The current policy requires Member firms to establish procedures to effectively deal with client complaints including the acknowledgement of all written complaints; conveying the results of its investigation to a client in due course; sales practice complaints must be in writing and signed by the client and then handled by sales supervisors or compliance staff; and written submissions must be filed with the compliance department. In addition, there are complaint recordkeeping requirements and procedures that must be put in place for internal disciplinary action and the escalation of complaints to senior management when necessary.

Relevant history

In May 2005, the Ontario Securities Commission (OSC) held an Investor Town Hall. A panel of representatives from the Investment Dealers Association (IDA), the Mutual Fund Dealers Association (MFDA), the Ombudsman for Banking Services and Investments (OBSI), the Small Investor Protection Association (SIPA) and the OSC listened to the concerns of retail investors. Investors emphasized what is essential in a regulatory regime - accountability, transparency, fairness, and effectiveness. A

commitment to address these concerns resulted in the formation of a joint working committee of executives and senior management from the OSC, the OBSI, the MFDA, and the IDA to analyse the issues and develop solutions. One of the most significant concerns identified was complaint handling - both process transparency and timeliness.

To begin to address the concerns expressed with the complaint handling process, the IDA issued a Member Regulation Notice (MR0441) in December 2006. The objective of the notice was to detail the IDA's current complaint handling rules and expectations and to outline best practices that Member firms should consider adopting. The notice also indicated that the IDA expected to submit to the OSC and other CSA jurisdictions, changes to its complaint handling rules which would include complaint handling timelines, a possible requirement to designate one or more individuals to oversee the Member's complaint handling process and further clarification on the IDA's complaint handling standards.

Proposed rule

Complaint handling rule scope

The proposed rule is targeted to the handling of retail client complaints alleging misconduct in the handling of their account or accounts. As such, a complaint subject to this rule:

- must be submitted by a client or a person authorized to act on behalf of a client;
- may be either a recorded expression of dissatisfaction or a verbal expression of dissatisfaction; and
- must allege misconduct in the handling of their account or accounts.

What is considered alleged misconduct includes, but is not limited to, allegations of theft, fraud, misappropriation of funds or securities, forgery, unsuitable investments, misrepresentation or unauthorized trading involving the client's account(s).

Designated Complaints Officer to oversee complaint handling process

The proposed rule will require a Member firm to appoint a Designated Complaints Officer (DCO) with the knowledge, experience, and authority to manage the complaint handling process and to act as a liaison with the IDA. The DCO need not be a registered individual position. Member firms may choose to name the Chief Compliance Officer or the Ultimate Designated Person or an individual acting in a supervisory capacity over the complaints process for the DCO position.

Specific standards and procedures handling timeline

As part of the proposed amended rule, Member firms will be required to establish procedures and standards. In addition to having written complaint handling procedures in place, Member firms must facilitate client access to their complaint handling process by making available a written summary of the firms' complaint handling procedures (either on their website or by other means). The written summary must provide contact information for complaint submission and the designated complaints officer.

Both the acknowledgement letter and the substantive response letter have several requirements that all firms must include in the respective correspondence. The acknowledgement letter must be sent to a client within five (5) business days of receipt of a complaint. The initial response to the client must consist of the following, the contact information of the individual handling the complaint; a statement that a client may contact the above noted individual for a status update; an explanation of the internal complaint handling process; a reference to an attached copy of an IDA approved complaint handling process brochure and a reference to the statute of limitations contained in the document; the maximum 90 days timeline to provide a substantive response; and a request for any information reasonably required to resolve the complaint.

The substantive response letter must be accompanied by an IDA approved complaint handling process brochure and be sent to a client as soon as possible, but no later than 90 days from the date of receipt by the firm. A Member is obligated to advise a client if a final response will not be sent within the stated timeline in addition to contacting the IDA with an explanation for the delay. The substantive response must comprise the following elements, a summary of the complaint; results of the investigation; the final decision with an explanation; and a statement delineating the options available if a client is unsatisfied with a Member's response.

There is also a duty to assist in client complaint resolution for both Approved Persons and Member firms. Approved Persons must co-operate after moving to a different firm and Member firms must do likewise if events relating to a complaint occurred at more than one Member or the Approved Person is an employee or agent of another firm.

Settlement agreements

Confidentiality restrictions in a settlement agreement must not restrict a client from initiating a complaint or continuing with any pending complaint in progress or participating in any further proceedings.

Complaint record retention

Complaint record retention requires the maintenance of files for seven (7) years and in a central readily accessible place for two (2) years. Information to be retained includes the complainant's name, the date of the complaint; the name of the individual who is the subject of the complaint; the security or services which are the subject of the complaint; the materials reviewed in the investigation; the name, title, and date individuals were interviewed for the investigation; and the date and conclusions of the decision.

Internal discipline

Procedures must be established to ensure appropriate internal disciplinary measures are applied for breaches of rules, policies, by-laws, and regulations of the IDA as well as applicable securities legislation.

The rule when implemented will replace IDA Policy No. 2, Section VIII, which currently sets out general complaint handling requirements. The rule does not duplicate certain requirements that are currently set out in IDA Policy No. 8 relating to the handling of complaints generally and therefore will be applied in conjunction with the requirements set out IDA Policy No. 8.

Corollary amendments to By-law Nos. 19 and 37

In order to accommodate the elimination of IDA Policy No. 2, Section VIII, some corollary amendments must be made to:

- eliminate in IDA By-law No. 19.4 a requirement to maintain for twenty-four (24) months of an up-to-date record in a central place of all written complaints - this requirement is now contained within the proposed rule; and

- eliminate in IDA By-law No. 37.3 a requirement to provide the client with a copy of the IDA approved complaint handling process brochure at time of account opening or when the client submits a complaint - this requirement is now contained within the proposed rule and has been expanded to also require that the client be provided with a copy of the IDA approved complaint handling process brochure when the substantive response is provided to a client on a complaint they've submitted.

B ISSUES AND ALTERNATIVES CONSIDERED

During our consultations with the Compliance and Legal Section (CLS), an IDA advisory committee, a concern was raised that the scope of the complaint definition was too broad so as to permit anyone to file a complaint of any nature which would require investigation. To address this concern, IDA staff have agreed to restrict the definition of "complaint" for the purposes of the proposed rule to expressions of dissatisfaction by a client or a person authorized to act on behalf of the client relating to the handling of their account(s). The requirements set out in Policy No. 8 will continue to apply to a broader range of complaints and other matters such as registration and civil claims.

In drafting the newly created position of Designated Complaints Officer (DCO), IDA staff considered mandating registration of the position. After much consideration, it was deemed unnecessary as the objective of the rule is to name an individual with the knowledge, experience, and authority to manage complaint handling, not to hold the DCO exclusively responsible for complaint handling - the proper handling of complaints is an overall firm responsibility.

The issue of what processes would be considered internal processes under the rule was also discussed. Specifically, a number of financial institution groups offer a centralized internal ombudsman process to clients of all institutions within the financial institution group. Offering this process to clients is not required by legislation. However, because the process is offered centrally to clients of all institutions within a number of financial institution groups, the affected Member firms indicated that they did not have control over the time taken in the internal ombudsman process and therefore argued that this process should not be included in determining compliance with the proposed maximum complaint handling timeline.

As a result, the IDA Board of Directors considered two options:

(1) The original proposal to set a maximum six (6) months[1] timeline for the completion of all internal complaint handling processes **(including** any internal ombudsman process offered by the firm or its affiliates); or

[1] As Member firms currently send a substantive response to clients within six (6) months 81% of the time, it was concluded that this time frame was an appropriate starting point. There was an intention if this option was pursued of shortening this timeline over time.

(2) A proposal to set a maximum ninety (90) day timeline for the completion of all internal complaint handling processes (**excluding** any internal ombudsman process offered by an affiliate of the firm).

The Board has decided to propose the second option provided:

(1) Where an affiliate of a Member firm offers an internal ombudsman process, the client is informed when the substantive response letter is issued:

(a) that the use of the internal ombudsman process is not mandatory;

(b) the estimated / maximum time the process is expected to take; and

(c) that the selection of the internal ombudsman process by the client may leave little remaining time in the statute of limitation period.

and:

(2) Where after ninety (90) days, either a substantive response has not been issued or the complaint is still being considered within an affiliate offered internal ombudsman process, the client is informed that the option of the Ombudsman for Banking Services and Investments (OBSI) considering their complaint is now available.

C COMPARISON WITH SIMILAR PROVISIONS

United Kingdom

The Financial Services Authority (FSA) has rules relating to the internal handling of complaints by firms and licensees, including the procedures which a firm must put in place; the time limits within which a firm must deal with a complaint; the referral of complaints; the records of a complaint which a firm must make and retain; and the requirements on a firm to report information to FSA. This is to ensure that complaints are handled fairly, effectively, and promptly, and resolved at the earliest possible opportunity, minimizing the number of unresolved complaints which need to be referred to the Financial Ombudsman Service. This purpose is consistent with the FSA's consumer protection regulatory objective.

It is mandated that a firm must have appropriate and effective internal complaint handling procedures in place for dealing with complaints. A complaint is defined as any expression of dissatisfaction, whether oral or written, and whether justified or not, from or on behalf of an eligible complainant about provision of, or failure to provide, a financial service.

In establishing internal complaint handling procedures, it is suggested that firms review ISO 10002:2004(E), *Quality management. Customer satisfaction. Guidelines for complaints handling in organizations*. Internal complaint handling procedures should include the following: receiving complaints; responding to complaints; referring complaints to other firms; the appropriate investigation of complaints; and notifying complainants of their right to go to the Financial Ombudsman Service.

A firm must send a written acknowledgement to the complainant within five (5) business days of receipt. Firms should attempt to resolve complaints at the earliest possible stage. Within four (4) weeks of receiving a complaint a firm must either send a final response or a holding response advising why the firm is not in a position to decide the complaint and when further contact will be made (within eight (8) weeks of receipt of the complaint). At the end of eight (8) weeks, the firm must send either a final response or a response which explains that the firm is still not in a position to make a final response, provides reasons for the extended delay, and indicates when it expects to be able to furnish a final response. If a final response is not sent within eight (8) weeks, the client must be advised that he/she need not wait to refer the complaint to the ombudsman. The complainant may decide to give the firm more time before exercising any right to refer a complaint to the Financial Ombudsman Service. When a firm sends its final response, the client must be informed that if dissatisfied, he/she has six (6) months to refer the complaint to the Financial Ombudsman Service. In either case, a copy of the Financial Ombudsman Service's explanatory leaflet must be enclosed in the correspondence.

United States

The complaint related rules of the Financial Industry Regulatory Authority (FINRA) direct the client toward the arbitration and/or mediation processes. Critics in the U.S. are demanding an overhaul of the system to allow clients to seek redress in a court of law.

FINRA advises that the first course of action should be to report a discrepancy or a disagreement to the broker's manager. Management may take steps that will resolve the problem quickly. If the brokerage firm's management does not resolve a complaint within a reasonable period, it is suggested that a client seek legal advice. Mediation should be the first step in the dispute resolution process. If efforts to settle a dispute are unsuccessful, arbitration should be a consideration. The new account

agreement may contain a clause that requires a client to use the arbitration process. Therefore, access to courts may be limited. It should be noted that arbitration decisions are final. Arbitrators cannot reconsider decisions even if new evidence is found. Although an arbitration decision may be challenged in court, decisions are rarely reversed.

D SYSTEMS IMPACT OF RULE

It is not expected that there will be a major systems impact on Members as a result of the proposed amendments. To meet the timelines set out in the proposed rule, Member firms must be aware of complaint aging. It is anticipated that Members may use the Complaints and Settlement Reporting System (ComSet) to track the aging of complaints that are in process.

E BEST INTERESTS OF THE CAPITAL MARKETS

The Board has determined that the public interest rule is not detrimental to the best interests of the capital markets.

F PUBLIC INTEREST OBJECTIVE

According to the IDA's Order of Recognition as a self-regulatory organization, the IDA shall, where requested, provide in respect of a proposed rule change, "a concise statement of its nature, purposes (having regard to paragraph 13 above) and effects, including possible effects on market structure and competition". Statements have been made elsewhere as to the nature and effects of the proposal with respect to the introduction of proposed amendments.

The purposes of the proposal are to:

- promote the protection of investors, just and equitable principles of trade and high standards of operations, business conduct and ethics;
- generally promote public confidence and public understanding of the goals and activities of the IDA;
- standardize industry practices where necessary or desirable for investor protection; and
- for such other purposes as may be approved by the Commission.

The proposal does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

III COMMENTARY

A FILING IN OTHER JURISDICTIONS

These proposed amendments will be filed for approval in Alberta, British Columbia, Quebec and Ontario and will be filed for information in Manitoba, Newfoundland and Labrador, Nova Scotia and Saskatchewan.

B EFFECTIVENESS

It is believed that the proposed rules and amendments will be effective in facilitating improvements to the Member firm's complaint handling processes to ensure that clients are aware of the process they should follow should they have a complaint and to ensure the fair and prompt handling of complaints.

C PROCESS

The proposed policies and amendments were developed in consultation with the CLS Complaint Handling Ad Hoc Subcommittee the Compliance and Legal Section.

IV SOURCES

References

- IDA Policy No. 2 Minimum Standards for Retail Account Supervision (Section VIII, Client Complaints)
  http://ida.knotia.ca/Knowledge/View/Document.cfm?Ktype=445&linkType=toc&dbID=200710341&tocID=730
- IDA By-law No. 19 Examinations and Investigations
  http://ida.knotia.ca/Knowledge/View/Document.cfm?Ktype=445&linkType=toc&dbID=200710341&tocID=270

- IDA By-law No. 37 Alternative Dispute Resolution
  http://ida.knotia.ca/Knowledge/View/Document.cfm?Ktype=445&linkType=toc&dbID=200710341&tocID=438

- IDA Member Regulation Notice MR0441
  http://ida.knotia.ca/Knowledge/View/Document.cfm?Ktype=445&linkType=toc&dbID=200706346&tocID=35

- IDA Member Regulation Notice MR0076 (Amended)
  http://ida.knotia.ca/Knowledge/View/Document.cfm?Ktype=445&linkType=toc&dbID=200706346&tocID=609

- Proposed National Instrument 31-103 and Proposed Companion Policy 31-103

- ISO Standard 10002-2004(E)

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment the accompanying proposed rules and amendments so that the issue referred to above may be considered by OSC staff. The Association has determined that the entry into force of the proposed rules and amendments would be in the public interest. Comments are sought on the proposed rules and amendments. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Leslie Pearson, Legal and Policy Counsel, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

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INVESTMENT DEALERS ASSOCIATION OF CANADA

AMENDMENTS TO COMPLAINT HANDLING REQUIREMENTS - CLIENT COMPLAINT HANDLING RULE AND GUIDANCE NOTE AND AMENDMENTS TO BY-LAWS 19 AND 37 AND POLICY NO. 2

BOARD RESOLUTION

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. A new rule and guidance note[2] on the complaint handling process is enacted as follows:

"RULE XXXX

Client Complaint Handling

1. Introduction

This rule establishes minimum requirements for the client complaint handling process including timely complaint resolution, record retention, and internal discipline. Clients who are considered to be institutional clients pursuant to Policy 4 are not subject to this rule. There are additional requirements set out in Policy 8 that are also applicable to the processes of handling client complaints.

2. General

A "complaint" subject to this rule must be submitted by a client or a person authorized to act on behalf of a client and is deemed to include:

- A recorded expression of dissatisfaction with a Member firm or employee or agent alleging misconduct; and
- A verbal expression of dissatisfaction with a Member firm or employee or agent alleging misconduct that would reasonably necessitate an investigation based on the circumstances of the complainant, or the nature or severity of the alleged misconduct.

Alleged misconduct would include but is not limited to allegations of theft, fraud, misappropriation of funds or securities, forgery, unsuitable investments, misrepresentation, or unauthorized trading relating to the client's account(s).

Complaints are to be handled by sales supervisors or compliance staff (or the equivalent) and a copy must be filed with the compliance department / function (or the equivalent) of the Member.

3. Designated complaints officer

The Member must appoint an individual to act as the designated complaints officer. The individual must have the requisite experience and authority to oversee the complaint handling process and to act as a liaison with the IDA.

4. Complaint procedures / standards

Establish written procedures for dealing with complaints

Members must have written procedures to ensure that complaints are dealt with effectively, fairly and expeditiously.

Each Member must put procedures in place so that its senior management is made aware of complaints of serious alleged misconduct.

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[2] The IDA is in the midst of a project to rewrite its Rule Book. As part of this project, IDA requirements currently referred to as by-laws, regulations, policies and forms are being rewritten as rules, policies and guidance notes. This proposal has been drafted using the new Rule Book format. Should these proposals be made effective prior to the implementation of the new Rule Book format, the rule and the guidance note being proposed will be implemented on an interim basis as a regulation and a member regulation notice, respectively.

When a Member reasonably determines that the number and / or severity of complaint(s) is significant, internal procedures and practices must be reviewed, with recommendations to be submitted to the appropriate management level.

Client access to complaint process

At time of account opening, Members must provide new clients with:

- a written summary of the Member's complaint handling procedures, which is clear and can be easily understood by clients; and
- a copy of an IDA approved complaint handling process brochure.

On an ongoing basis, Members must make available to their clients (either on their website or by other means) a written summary of the Member's complaint handling procedures, so that clients can stay informed on how to submit a complaint.

Complaint acknowledgement letter

The Member must send an acknowledgement letter to the complainant within five (5) business days of receipt of a complaint.

The acknowledgement letter must include the following:

(a) The name, job title, and full contact information of the individual at the Member firm handling the complaint;

(b) A statement indicating that the client should contact the individual at the Member firm handling the complaint if he / she would like to inquire about the status of the complaint;

(c) An explanation of the Member's internal complaint handling process, including but not limited to the role of the designated complaints officer;

(d) A reference to an attached copy of an IDA approved complaint handling process brochure and a reference to the statutes of limitations contained in the document;

(e) The ninety (90) days timeline to provide a substantive response to complaints; and

(f) A request for any information reasonably required to resolve the complaint.

Complaint substantive response letter

The Member must send a substantive response letter to the complainant. The substantive response letter must be accompanied by a copy of an IDA approved complaint handling process brochure.

Members must respond to client complaints as soon as possible and no later than ninety (90) days from the date of receipt by the firm. The ninety (90) days timeline must include all internal processes (with the exception of any internal ombudsman processes offered by an affiliate of the firm) of the Member that are made available to the client. The client must be advised if he / she is not to receive a final response within the ninety (90) days time frame accompanied by reasons for the delay and the new estimated time of completion.

The Member is required to advise the IDA if it is unable to meet the ninety (90) days timeline and must provide reasons for the delay.

The substantive response to the client must include the following information:

(a) A summary of the complaint;

(b) The results of the Member's investigation;

(c) The Member's final decision on the complaint, including an explanation; and

(d) A statement describing to the client the options available if the client is not satisfied with the Member's response, including:

(i) arbitration;

(ii) if a request is made within 180 days from the date of the Member's final response, the ombudsperson service (i.e. OBSI);

(iii) submitting a regulatory complaint to the IDA for an assessment of whether disciplinary action is warranted;

(iv) litigation / civil action; and

(v) other applicable options.

In addition, where an internal ombudsman process is offered by an affiliate of the Member firm, the Member firm must disclose in the substantive response letter:

(a) that the use of the internal ombudsman process is not mandatory;

(b) the estimated / maximum time the process is expected to take; and

(c) that the selection of the internal ombudsman process by the client may leave little remaining time in the statute of limitation period.

Duty to assist in client complaint resolution

Approved Persons must co-operate with Member firms where they were employed or acted as agent when moving to a different firm after events or activities resulted in a client complaint.

Member firms must co-operate with each other if events relating to a complaint took place at more than one Member or the Approved Person is an employee or agent of another Member firm.

5. Settlement agreements

A release entered into between a Member and a client may not impose confidentiality restrictions which prevents a client from initiating a complaint to the securities regulatory authorities, self regulatory organizations or other enforcement authorities, or continuing with any pending complaint in progress, or participating in any further proceedings by such authorities.

6. Complaint record retention

The complaint file must be maintained for seven (7) years and retrievable within a reasonable period of time.

Each Member must keep an up-to-date record in a central, readily accessible place of all recorded submissions and follow-up documentation received by it relating to the conduct, business, and affairs of the Member, or an employee or agent of the Member for a period of two (2) years from the date of receipt of the complaint.

The following information must be retained for each complaint:

(a) The complainant's name;

(b) The date of the complaint;

(c) The name of the individual who is the subject of the complaint;

(d) The security or services which are the subject of the complaint;

(e) The materials reviewed in the investigation;

(f) The name, title, and date individuals were interviewed for the investigation; and

(g) The date and conclusions of the decision rendered in connection with the complaint.

7. Internal Discipline

Each Member must establish procedures to ensure that breaches of the by-laws, regulations, rules and policies of the IDA as well as applicable securities legislation are subjected to appropriate internal disciplinary measures.

GUIDANCE NOTE XXXX

Client Complaint Handling

Definition of a complaint

Decision to not investigate a complaint or to terminate an investigation of a complaint

A sales supervisor / compliance staff or the equivalent may exercise their professional judgment in deciding whether a complaint requires an investigation. Complaints that in the judgment of the Member firm do not warrant an investigation need not be commenced. The decision and reason not to commence an investigation of a complaint must be fully documented and maintained in accordance with the complaint record retention requirements.

Recorded expression of dissatisfaction

A recorded expression of dissatisfaction includes any written submission, electronic communication, or verbal recording.

Verbal expression of dissatisfaction

A sales supervisor / compliance staff or the equivalent is expected to exercise professional judgment in deciding if a verbal expression of dissatisfaction relates to alleged misconduct that requires an investigation. Where a preliminary investigation of a verbal expression of dissatisfaction has been performed and the Member determines:

1. That there is evidence to indicate that the client complaint has some merit, the complaint should be treated in the same manner as a recorded expression of dissatisfaction, provided that prior to the issuance of a substantive response letter, the Member may require that the client document the complaint in a recorded form.

2. That the nature of the client complaint is unclear or there is no evidence to indicate that the client complaint has merit, the Member shall request that the client document and submit the complaint in a recorded form. Where the client:

    (a) Documents and submits the complaint in recorded form, the complaint should be treated in the same manner as if it had originally been submitted as a recorded expression of dissatisfaction; or

    (b) Fails to document and submit the complaint in recorded form, the Member may exercise their professional judgment and terminate their investigation of the complaint.

Duty to assist clients in documenting complaints

Member firms should be prepared to assist clients in submitting a complaint, in particular if the client has a physical disability or a language or literacy issue is involved.

Designated complaints officer

The designated complaints officer is not a registered individual position. The purpose of the position is to ensure that the Member has someone with the requisite knowledge, experience and authority in place to manage the proper handling of complaints.

Members may choose to name the Ultimate Designated Person or Chief Compliance Officer or an individual acting in a supervisory capacity over the complaints process for the position of designated complaints officer.

The Member firm should consider, at a minimum, the responsibilities for the designated complaints officer position as outlined in the 10002-2004(E), *Guidelines for Complaints Handling in Organizations*.

Complaint procedures / standards

Client access

The information provided to clients on an ongoing basis would include the first point of contact in submitting a complaint and the contact information for the designated complaints officer. The information provided may include the stipulation

that the designated complaints officer should generally only be contacted when a complaint had been submitted and the client wishes to express concerns with the handling of the complaint.

Complaint substantive response letter - timelines

The ninety (90) days timeline to provide a substantive response to clients must include all internal processes (with the exception of any internal ombudsman processes offered by an affiliate of the firm) of the Member that are made available to the client that involve but are not limited to the supervisory function / branch management, the compliance function, and legal review. As a result, should a Member firm offer its own internal ombudsman process, this would be subject to the ninety (90) days timeline.

Complaint substantive response letter - OBSI information

As a result of a change in policy at the Ombudsman for Banking Services and Investments (OBSI), co-incident with the development of these complaint handling standards, Member firms must inform clients that OBSI will consider a client complaint at the earlier of:

(i) the date the complaint substantive response is provided to the client; or

(ii) ninety (90) days after the receipt of the complaint.

This can be done, depending upon the status of the complaint, either as part of the substantive response letter or as part of any letter informing the client that the complaint will not be resolved within ninety (90) days.

Complaint record retention

Records in a central, readily accessible place must be retrievable within two (2) business days and documents kept for an extended period of time must be retrievable within five (5) business days unless there are reasonable, extenuating circumstances."

2. By-law No. 19 is amended by repealing section 19.4 as follows:

> "Each Member shall keep an up-to-date record in a central place of all written complaints received by it relating to the conduct, business and affairs of the Member, any registered representative, investment representative, branch manager, assistant or co-branch manager, sales manager, partner, director or officer, or any person employed by the Member, for a period of 24 months from the date of receipt of the complaint."

3. By-law No. 37 is amended by repealing section 37.3 as follows:

> "Each Member shall provide to new clients, and to clients who submit written complaints to the Member, a copy of the written material approved by the Association which describes the arbitration programme or organization approved by the Board of Directors pursuant to By-law 37.1 and the ombudsperson service approved by the Board of Directors pursuant to By-law 37.2."

4. Policy No. 2, Section VIII is repealed.

BE IT RESOLVED THAT the Board of Directors adopt, on this 17th day of October, 2007, the English and French versions of these amendments. The Board of Directors also authorizes the Association Staff to make the minor changes that shall be required from time to time by the securities administrators with jurisdiction. These amendments shall take effect on the date determined by the Association Staff.

13.1.5 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures Relating to Non-Exchange Trade Modification

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

NON-EXCHANGE TRADE MODIFICATION

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE RULE AMENDMENT

Background

CDSX® currently allows the submitter of a non-exchange trade to change either the financial details of a trade or the acceptor's CUID where the acceptor does not agree with the details or 'Doesn't Know' (DK)/recognize the transaction. In certain circumstances, a change to the acceptor CUID has resulted in the DetNet service abending. In order to avoid this situation, the proposed amendment removes a Participant's ability to change the acceptor CUID; the submitter of the non-exchange trade will retain the ability to change the financial details of the transaction (e.g., security, par value, price).

Once implemented, Participants will be required to delete and resubmit a trade in order to change the acceptor's CUID. CDS anticipates little to no impact on its Participants due to this process change, however, as the situation has only occurred two or three times. This low occurrence rate indicates that CDSX's current users do not attempt to change the acceptor CUID on DK'd trades on a regular basis.

As Participants will no longer be able to modify a trade based on an incorrect CUID, CDS expects this restriction to encourage Participants to review their processes that result in the submission of incorrect CUID information. CDS expects the review process resulting from this restriction on trade modification to lead to a correction of the underlying cause of such rejected trades. CDS believes that the proposed amendments to the procedures are consistent with the objective of National Instrument 24-101 respecting institutional trade matching and settlement by encouraging Participants to correct one of the factors contributing to trade data errors and thereby increasing the trades that are matched and confirmed for settlement.

The Procedures marked for the amendments may be accessed on the CDS website at:

http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-UserDocumentation?Open

[en francais: http://www.cds.ca/cdsclearinghome.nsf/Pages/-FR-Documentation?Open]

Description of Proposed Amendments

Section 4.5 of *CDS Trade and Settlement Procedures* will be amended to exclude the ability to modify the acceptor CUID.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments; they are matters of a technical nature in routine operating procedures and administrative practices relating to the settlement services. More specifically, the proposed amendments are required to prevent situations that may cause the DetNet system to abend. Further, the proposed amendments ensure consistency with existing CDS procedures regarding the entry of non-exchange trades which stipulates the entry of the CUID of the accepting party.

C. EFFECTIVE DATE OF THE RULE

Pursuant to Appendix A ("Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC") of the OSC Recognition and Designation Order, as amended 1 November, 2006, and *Annexe A* (*"Protocole d'examen et d'approbation des Règles de Services de Dépôt et de Compensation CDS Inc. par l'Autorité des marchés financiers"*) of AMF Decision 2006-PDG-0180, made effective on 1 November, 2006, CDS has determined that these amendments will be effective on **November 5, 2007**.

D. QUESTIONS

Questions regarding this notice may be directed to:

Tony Hoffmann
Legal Counsel
The Canadian Depository for Securities Limited
85 Richmond Street West,
Toronto, Ontario, M5H 2C9

Telephone: 416-365-3768; Fax: 416-365-1984
e-mail: attention@cds.ca

JAMIE ANDERSON
Managing Director, Legal

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Chapter 25

Other Information

25.1 Consents

25.1.1 Exall Energy Corporation - s. 4(b) of the Regulation

Headnote

Consent given to OBCA corporation to continue under the ABCA.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am.
Business Corporations Act, S.B.C. 2002, c. 57, as am.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulation Cited

Regulation made under the Business Corporations Act, O. Reg. 289/00, as am., s. 4(b).

IN THE MATTER OF
THE REGULATION MADE UNDER
THE BUSINESS CORPORATIONS ACT
(ONTARIO), R.S.O. 1990, c. B.16, AS AMENDED
(the OBCA) AND
R.R.O 1990, REGULATION 289/00, AS AMENDED
(the Regulation)

AND

IN THE MATTER OF
EXALL ENERGY CORPORATION

CONSENT
(Clause 4(b) of the Regulation)

UPON the application (Application) of Exall Energy Corporation (Filer) to the Ontario Securities Commission (Commission) requesting a consent from the Commission for the Filer to continue in another jurisdiction, as required by clause 4(b) of the Regulation;

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

AND UPON the Filer having represented to the Commission that:

1. The Filer is a corporation existing under the provisions of the OBCA and was formed by Certificate and Articles of Amalgamation pursuant to the *Business Corporations Act* (Ontario) on July 1, 2007 under the name Exall Energy Corporation.

2. The Filer's registered office is located at Suite 1600, 130 King Street West, Toronto, Ontario M5X 1J5.

3. The Filer's authorized share capital consists of an unlimited number of common shares of which 31,887,490 common shares are issued and outstanding as at September 13, 2007.

4. The Filer intends to apply to the Director under the OBCA for authorization to continue into Alberta as a corporation under the *Business Corporations Act* (Alberta) (ABCA) pursuant to section 181 of the OBCA (Application for Continuance).

5. The Filer's issued and outstanding common shares are posted and listed for trading on the Toronto Stock Exchange under the symbol "EE".

6. Pursuant to clause 4(b) of the Regulation, where a corporation is an offering corporation under the OBCA, the Application for Continuance must be accompanied by a consent from the Commission.

7. The Filer is an offering corporation under the OBCA and is a reporting issuer under the *Securities Act*, R.S.O. 1990, c. S.5, as amended (Act) and will remain a reporting issuer in Ontario after completion of the Continuance procedure to Alberta.

8. The Filer is not in default of any of the provisions of the Act or the regulations or rules made thereunder.

9. The Filer is not a party to any proceeding or, to the best of its knowledge, information and belief, pending proceeding under the Act.

10. The Continuance is being proposed because a majority of the directors and officers of the Filer are now resident in Alberta and the business of the Filer is now conducted from offices in Alberta.

11. Full disclosure of the reasons for and implications of the proposed continuance was included in the management Information Circular, dated June 29, 2007, regarding the annual and special meeting of shareholders to be held July 31, 2007, called to, among other things, consider the continuance of the Filer from the OBCA to the ABCA. The information circular was sent to all registered shareholders as at the record date.

12. The material rights, duties and obligations of a corporation governed by the ABCA are

substantially similar to those of a corporation governed by the OBCA.

13. The Shareholders had the right to dissent from the proposed continuance under Section 185 of the OBCA, and the Information Circular disclosed full particulars of this right in accordance with applicable law. No shareholders elected to dissent.

14. The Filer's continuance as a corporation under the ABCA was approved at the annual and special meeting of shareholders held on July 31, 2007 with the approval of 99.97% of the shares voted on the proposal.

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Filer as a corporation under the ABCA.

DATED at Toronto, Ontario this 2nd day of November, 2007.

"Robert L. Shirriff"

"James E.A. Turner"

25.1.2 Lebon Gold Mines Limited - s. 4(b) of the Regulation

Headnote

Consent given to an offering corporation under the OBCA to continue under the BCBCA.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am.
Business Corporations Act, S.B.C. 2002, c. 57.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, O. Reg. 289/00, as am., s. 4(b).

IN THE MATTER OF
THE REGULATIONS MADE UNDER
THE BUSINESS CORPORATIONS ACT
(ONTARIO), R.S.O. 1990, c. B.16, AS AMENDED
(the OBCA) AND
R.R.O. 1990, REGULATION 289/00, AS AMENDED
(the Regulation)

AND

IN THE MATTER OF
LEBON GOLD MINES LIMITED

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Lebon Gold Mines Limited (the "**Filer**") to the Ontario Securities Commission (the "**Commission**") requesting the consent of the Commission to continue into another jurisdiction pursuant to subsection 4(b) of the Regulation;

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

AND UPON the Filer having represented to the Commission that:

1. The Filer was incorporated under the OBCA by Letters Patent certified effective April 24, 1945. The Filer was dissolved on March 16, 1976 pursuant to subsection 251(3) of the OBCA for default in complying with section 134 of the *Securities Act* (Ontario). The Filer was revived on June 29, 1988 pursuant to the *Ontario Lebon Gold Mines Act*, 1988. By articles of amendment certified effective January 15, 1991, the objects of the Filer were deleted, the restrictions on business were removed and the authorized capital was amended to provide for an unlimited number of common shares. The Filer is a reporting issuer in Ontario and was registered as an extra-provincial company under the *Business Corporations Act*

(British Columbia) by Certificate of Registration certified effective June 24, 2005.

2. The Filer's registered and head office is 40 Thicketwood Place, Brechin, Ontario, M3N 2C9. Following completion of the Proposed Continuance (as defined in paragraph 11, below), the registered office of the Filer will be located at Suite 750, 580 Hornby Street, Vancouver, British Columbia, V6C 3B6.

3. The Filer proposes to make an application to the Director under the OBCA pursuant to Section 181 of the OBCA (the Application of Continuance) for authorization to continue as a corporation under the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57 (the BCBCA).

4. Pursuant to subsection 4(b) of the Regulations to the OBCA, where a corporation is an offering corporation, the Application for Continuance must be accompanied by a consent from the Commission.

5. The Filer is an offering corporation under the OBCA .

6. All of the issued and outstanding common shares of the Filer (the Common Shares) are listed for trading on the Canadian Trading and Quotations System (the CNQ) under the symbol "LBON".

7. Following the Proposed Continuance, the registered office of the Filer will be located in Vancouver, British Columbia.

8. The Filer is, and has been since October 6, 2006, a reporting issuer under the *Securities Act* (Ontario), R.S.O. 1990, c. S.5, as amended (the Act) and will remain a reporting issuer in Ontario and, to the best of its knowledge, is not in default of any requirement under the Act.

9. The Filer is not a party to any proceeding or, to the best of its knowledge, information and belief, any pending proceeding under the Act.

10. The Filer's mind and management is now located in British Columbia along with its solicitors, accountants, head office and transfer agents. The Directors' residences are also located in British Columbia. The Filer has no plans to have any business dealings or connections in the Province of Ontario. The Filer has no assets or business in Ontario.

11. The annual and special meeting (the Meeting) of the holders of common Shares (the Shareholders) called to, among other things, consider the continuance of the Filer from the OBCA to the BCBCA (the Proposed Continuance) was held July 19, 2007. The approval of the Shareholders having been obtained, the Application for Continuance will be made, articles of continuance will be filed under the BCBCA and the Proposed Continuance will become effective.

12. The management information circular describing the Proposed Continuance (the Information Circular), which is dated June 12, 2007, was printed and mailed to the shareholders and was filed on the System for Electronic Document Analysis and Retrieval on June 27, 2007.

13. Full disclosure of the reasons for and implications of the Proposed Continuance is included in the Information Circular.

14. The OBCA provides that the resolution of the Shareholders concerning the Continuance (the Continuance Resolution) requires the approval of not less than two-thirds of the aggregate votes cast by the Shareholders present in person or by proxy at the Meeting. Each Shareholder is entitled to one vote for each Common Share held. Shareholder approval of the Continuance was unanimous.

15. The Shareholders had the right to dissent from the Proposed Continuance under Section 185 of the OBCA, and the Information Circular disclosed full particulars of this right in accordance with applicable law. No shareholders elected to dissent.

16. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA.

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the BCBCA.

DATED at Toronto, Ontario, this 2nd day of November , 2007.

"Robert L. Shirriff"

"James E.A. Turner"

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