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

The Ontario Securities Commission

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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

SEPTEMBER 05, 2008

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
Suite 1700, Box 55
20 Queen Street West
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Patrick J. LeSage	—	PJL
Carol S. Perry	—	CSP
Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

September 9, 2008
1:00 p.m.
Irwin Boock, Svetlana Kouznetsova, Victoria Gerber, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group

s. 127(1) & (5)

P. Foy in attendance for Staff

Panel: JEAT/ST

September 9, 2008

Stanton De Freitas

s. 127 and 127.1

P. Foy in attendance for Staff

Panel: JEAT/ST

September 9, 2008

David Watson, Nathan Rogers, Amy Giles, John Sparrow, Leasesmart, Inc., Advanced Growing Systems, Inc., The Bighub.com, Inc., Pharm Control Ltd., Universal Seismic Associates Inc., Pocketop Corporation, Asia Telecom Ltd., International Energy Ltd., Cambridge Resources Corporation, Nutrione Corporation and Select American Transfer Co.

1:00 p.m.

s. 127 and 127.1

P. Foy in attendance for Staff

Panel: JEAT/ST

September 11, 2008

Sulja Bros. Building Supplies, Ltd. (Nevada), Sulja Bros. Building Supplies Ltd., Kore International Management Inc., Petar Vucicevich and Andrew DeVries

9:00 a.m.

s. 127 & 127.1

M. Britton in attendance for Staff

Panel: JEAT/MCH

September 11, 2008 **Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore and Joseph Daniels**

10:00 a.m.

s. 127 and 127.1

D. Ferris in attendance for Staff

Panel: JEAT/ST

September 12, 2008 **Roger D. Rowan, Watt Carmichael Inc., Harry J. Carmichael and G. Michael McKenney**

10:00 a.m.

s. 127

J. Superina in attendance for Staff

Panel: PJL/ST/DLK

September 16, 2008 **Darren Delage**

2:30 p.m.

s. 127

M. Adams in attendance for Staff

Panel: PJL/ST

September 16, 2008 **Goldpoint Resources Corporation, Lino Novielli, Brian Moloney, Evanna Tomeli, Robert Black, Richard Wylie and Jack Anderson**

2:30 p.m.

s. 127(1) and 127(5)

M. Boswell in attendance for Staff

Panel: WSW/MCH

September 19, 2008 **Xi Biofuels Inc., Biomaxx Systems Inc., Ronald David Crowe and Vernon P. Smith**

10:00 a.m.

and **Xiiva Holdings Inc. carrying on Business as Xiiva Holdings Inc., Xi Energy Company, Xi Energy and Xi Biofuels**

s. 127

M. Vaillancourt in attendance for Staff

Panel: PJL/WSW/DLK

September 19, 2008

2:30 p.m.

New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life Capital Strategies Inc., 1660690 Ontario Ltd., L. Jeffrey Pogachar, Paola Lombardi and Alan S. Price

s. 127

S. Kushneryk in attendance for Staff

Panel: WSW/ST

September 22, 2008

10:00 a.m.

John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir

S. 127 and 127.1

I. Smith in attendance for Staff

Panel: ST/CSP

September 26, 2008

10:00 a.m.

Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boulton and Peter Y. Atkinson

s.127

J. Superina in attendance for Staff

Panel: LER/MCH

September 30, 2008

10:00 a.m.

Al-Tar Energy Corp., Alberta Energy Corp., Drago Gold Corp., David C. Campbell, Abel Da Silva, Eric F. O'Brien and Julian M. Sylvester

s. 127 & 127.1

M. Boswell in attendance for Staff

Panel: JEAT/DLK

October 6, 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

October 7, 2008	Gold-Quest International, Health and Harmony, Iain Buchanan and Lisa Buchanan	November 11, 2008	LandBankers International MX, S.A. De C.V.; Sierra Madre Holdings MX, S.A. De C.V.; L&B LandBanking Trust S.A. De C.V.; Brian J. Wolf Zacarias; Roger Fernando Ayuso Loyo, Alan Hemingway, Kelly Friesen, Sonja A. McAdam, Ed Moore, Kim Moore, Jason Rogers and Dave Urrutia
10:00 a.m.	s.127 H. Craig in attendance for Staff Panel: TBA	2:30 p.m.	
October 8, 2008	MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric		s. 127 M. Britton in attendance for Staff Panel: LER/ST
10:00 a.m.	s. 127 & 127(1) D. Ferris in attendance for Staff Panel: TBA	November 25, 2008	Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman
October 20, 2008	Shane Suman and Monie Rahman	2:30 p.m.	s. 127(7) and 127(8) M. Boswell in attendance for Staff Panel: TBA
10:00 a.m.	s. 127 & 127(1) C. Price in attendance for Staff Panel: TBA		
October 27, 2008	Adrian Samuel Leemhuis, Future Growth Group Inc., Future Growth Fund Limited, Future Growth Global Fund limited, Future Growth Market Neutral Fund Limited, Future Growth World Fund and ASL Direct Inc.	December 1, 2008	Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton
10:00 a.m.	s. 127(5) K. Daniels in attendance for Staff Panel: TBA	TBA	s. 127 H. Craig in attendance for Staff Panel: TBA
November 3, 2008	Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited	December 3, 2008	Global Energy Group, Ltd. and New Gold Limited Partnerships
10:00 a.m.	s. 127 M. Britton/M. Boswell in attendance for Staff Panel: TBA	10:00 a.m.	s. 127 H. Craig in attendance for Staff Panel: TBA
		January 5, 2009	FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun
		TBA	s. 127 M. Mackewn in attendance for Staff Panel: TBA

January 12, 2009	Franklin Danny White, Naveed Ahmad Qureshi, WNBC The World Network Business Club Ltd., MMCL Mind Management Consulting, Capital Reserve Financial Group, and Capital Investments of America	May 4, 2009	Borealis International Inc., Synergy Group (2000) Inc., Integrated Business Concepts Inc., Canavista Corporate Services Inc., Canavista Financial Center Inc., Shane Smith, Andrew Lloyd, Paul Lloyd, Vince Villanti, Larry Haliday, Jean Breau, Joy Statham, David Prentice, Len Zielke, John Stephan, Ray Murphy, Alexander Poole, Derek Grigor and Earl Switenky
10:00 a.m.	s. 127 C. Price in attendance for Staff Panel: TBA	10:00 a.m.	s. 127 and 127.1 Y. Chisholm in attendance for Staff Panel: TBA
February 2, 2009	Biovail Corporation, Eugene N. Melnyk, Brian H. Crombie, John R. Miszuk and Kenneth G. Howling	September 21, 2009	Swift Trade Inc. and Peter Beck
10:00 a.m.	s. 127(1) and 127.1 J. Superina/A. Clark in attendance for Staff Panel: TBA	10:00 a.m.	s. 127 S. Horgan in attendance for Staff Panel: TBA
March 23, 2009	Imagin Diagnostic Centres Inc., Patrick J. Rooney, Cynthia Jordan, Allan McCaffrey, Michael Shumacher, Christopher Smith, Melvyn Harris and Michael Zelyony	TBA	Yama Abdullah Yaqeen
10:00 a.m.	s. 127 and 127.1 H. Craig in attendance for Staff Panel: TBA	TBA	s. 8(2) J. Superina in attendance for Staff Panel: TBA
April 6, 2009	Gregory Galanis		Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell
10:00 a.m.	s. 127 P. Foy in attendance for Staff Panel: TBA		s. 127 J. Waechter in attendance for Staff Panel: TBA
April 20, 2009	Al-Tar Energy Corp., Alberta Energy Corp., Drago Gold Corp., David C. Campbell, Abel Da Silva, Eric F. O'Brien and Julian M. Sylvester	TBA	Frank Dunn, Douglas Beatty, Michael Gollogly
10:00 a.m.	s. 127 S. Horgan in attendance for Staff Panel: TBA		s.127 K. Daniels in attendance for Staff Panel: TBA

TBA **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: JEAT/DLK/CSP

TBA **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

TBA **Matthew Scott Sinclair**

s.127

P. Foy in attendance for Staff

Panel: TBA

TBA **Robert Kasner**

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA **First Global Ventures, S.A., Allen Grossman and Alan Marsh Shuman**

s. 127

D. Ferris in attendance for Staff

Panel: WSW/ST/MCH

TBA **Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin**

s. 127

H. Craig in attendance for Staff

Panel: JEAT/MC/ST

TBA **Sunwide Finance Inc., Sun Wide Group, Sun Wide Group Financial Insurers & Underwriters, Bryan Bowles, Robert Drury, Steven Johnson, Frank R. Kaplan, Rafael Pangilinan, Lorenzo Marcos D. Romero and George Sutton**

s. 127

C. Price in attendance for Staff

Panel: JEAT/CSP

TBA **Rodney International, Choeun Chhean (also known as Paulette C. Chhean) and Michael A. Gittens (also known as Alexander M. Gittens)**

s. 127

M. Britton in attendance for Staff

Panel: WSW/ST

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

Andrew Keith Lech

S. B. McLaughlin

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

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

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

Global Partners Capital, WS Net Solution, Inc., Hau Wai Cheung, Christine Pan, Gurdip Singh Gahunia

ADJOURNED SINE DIE

Land Banc of Canada Inc., LBC Midland I
Corporation, Fresno Securities Inc., Richard
Jason Dolan, Marco Lorenti and Stephen Zeff
Freedman

1.1.2 OSC Staff Notice 33-731 – 2008 Compliance Team Annual Report

**OSC Staff Notice 33-731
2008 Compliance Team Annual Report**

Introduction

This report is a summary of the Compliance team's activities for the 2008 fiscal year (April 1, 2007 to March 31, 2008). As in our previous reports, we discuss the results of our reviews of investment counsel portfolio managers (portfolio managers), investment fund managers and limited market dealers (LMDs) (collectively, market participants).

This year, we further enhanced the content of our report by including additional information such as:

- our roles
- how we allocate resources to oversee market participants
- how we co-ordinate with other branches of the Ontario Securities Commission (OSC) to ensure effective regulation of market participants, and
- the outcomes of our reviews

We encourage market participants to use this report as a self-assessment tool to strengthen their compliance with Ontario securities law and to improve their internal controls.

This report is divided into eight sections:

1. **Our roles.** This section describes our roles.
2. **Compliance reviews.** This section describes how we conduct compliance reviews of market participants.
3. **Compliance initiatives.** This section describes our 2008 sweep of investment fund managers and various staff notices published during the year.
4. **New and proposed rules.** This section describes new and proposed rules published by the OSC, and how they could affect the business operations of market participants.
5. **International Financial Reporting Standards (IFRS).** This section discusses how the change to IFRS affects market participants in preparing financial statements for delivery to the OSC.
6. **10 most common deficiencies among portfolio managers.** This section highlights the 10 most common deficiencies we found in our 2008 reviews of portfolio managers. We also compare these results to results from previous years.
7. **Significant deficiencies among market participants.** This section summarizes the top three significant deficiencies we found in our 2008 reviews of portfolio managers, investment fund managers and LMDs. We have also included suggested practices to help market participants improve existing procedures and establish procedures in areas where they are lacking, and to give general guidance on improving overall compliance.
8. **Outcomes of our reviews.** This section describes the various outcomes of our reviews.

1. Our roles

The Compliance team is part of the OSC's Compliance and Registrant Regulation Branch. Our team has 27 professional staff and consists of chartered accountants and lawyers. Our roles are to enhance investor protection and to prevent market abuse by:

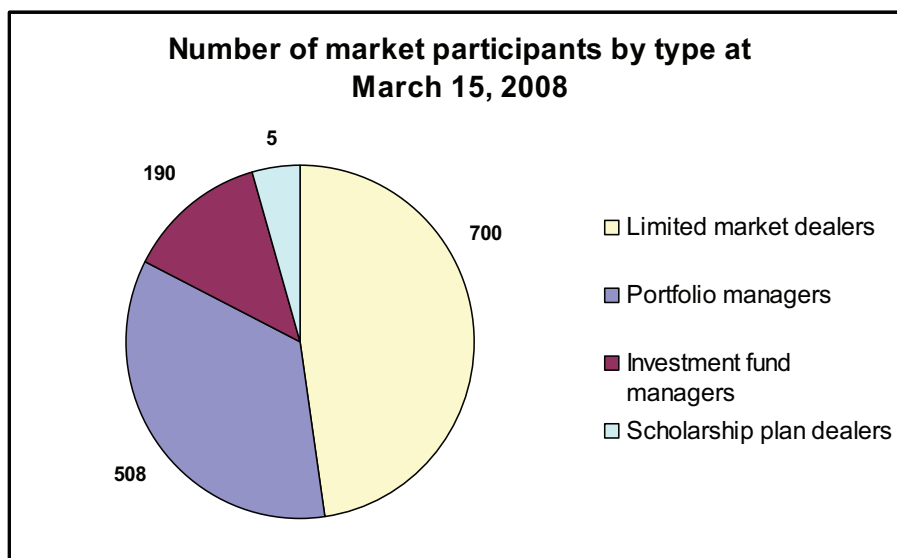
- reviewing market participants that are not members of a recognized self-regulatory organization (SRO)
- providing guidance and information to the industry on significant issues that we identify during our reviews. For example, we publish staff notices, participate in seminars and conferences and speak at conferences.
- recommending and implementing remedial action for market participants that do not comply with securities law

- determining whether standards or rules are needed for market participants
- participating in the development of rules
- creating awareness of new or proposed rules and fostering a culture of compliance, and
- co-ordinating with other branches of the OSC (for example, Investment Funds and Enforcement) to ensure effective oversight of market participants

2. Compliance reviews

Profile of market participants

At March 15, 2008, we had oversight responsibility over approximately 1,400 market participants¹. The following chart shows the number of market participants by type.



Types of reviews

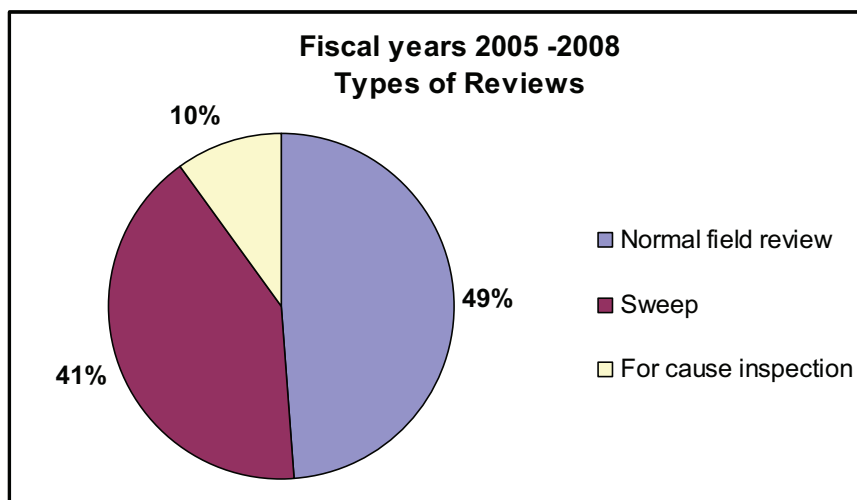
We conduct four types of review as part of our oversight of market participants:

- **Normal field review.** This is a full review of a market participant's operations. We conduct these reviews on site at the market participant's location.
- **Focused review (sweep).** This on-site review focuses on a particular topic of interest to us, such as the marketing sweep of portfolio managers. For more information, please see Section 3 of the report.
- **Desk review.** This is a review of regulatory filings or other documents delivered or prepared by registrants, such as annual audited financial statements. We conduct these reviews at our office.
- **For cause inspections.** This is a review of a market participant resulting from an identified issue or concern.

The number of reviews we conduct for each type of market participant in a year depends on available resources and varies from year to year.

¹ If a market participant is operating in more than one capacity, for example, as a portfolio manager and as an investment fund manager, it is considered to be two market participants for oversight purposes.

The following chart shows the average percentage of reviews conducted by type of review over the last four fiscal years:



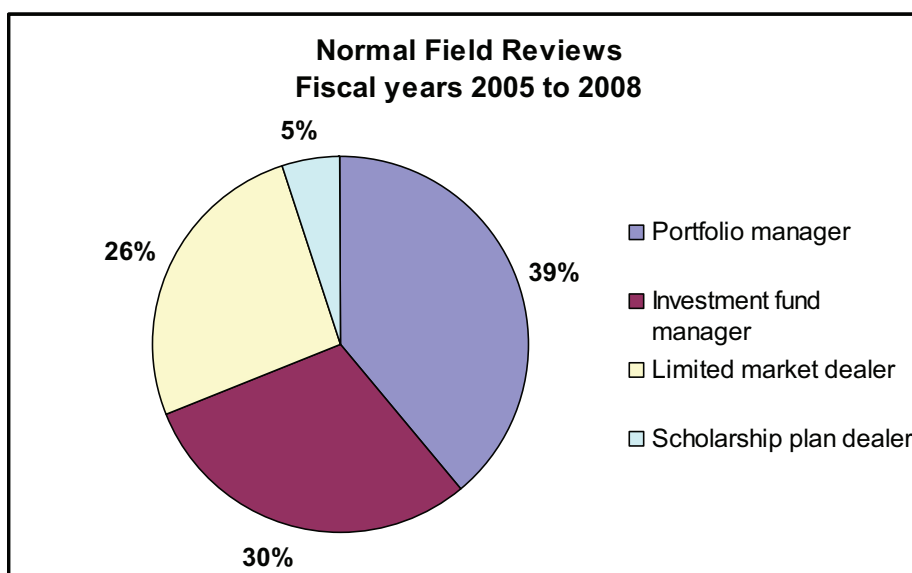
We also perform a desk review of the annual audited financial statements delivered by portfolio managers. Desk reviews are not reflected in the chart above.

In the late 1990s and early 2000s, most of our resources were dedicated to normal field reviews of market participants. In the past few years, we have shifted to performing more sweeps. We think that sweeps are a better oversight tool as they allow us to focus on a particular topic of interest and cover a large sample of market participants within a short period of time.

In the last couple of years, we have performed sweeps on the sales practices of investment fund managers, the allocation of expenses by investment fund managers and their valuation practices, and the marketing practices of portfolio managers.

We plan to conduct at least one sweep each year on each of investment fund managers, portfolio managers and LMDs. After we complete a sweep, we normally share our findings and/or provide additional guidance to the industry in a staff notice or industry report.

We perform normal field reviews on various types of market participants, including portfolio managers, investment fund managers, LMDs and scholarship plan dealers (SPDs). The following chart shows the average percentage of normal field reviews performed over the last four years by type of market participant:



Allocation of resources – Use of risk assessment models

In 2002, we developed a risk assessment model to select portfolio managers and investment fund managers for normal field reviews. The risk assessment model enables us to allocate resources more effectively and efficiently by targeting those market participants with higher risk rankings.

There are four risk categories in our risk assessment models for investment fund managers and portfolio managers: high, medium-high, medium-low, and low. The overall risk ranking determines the frequency and extent of compliance oversight reviews for each market participant. For example, a market participant with a low risk ranking will likely be subject to less frequent oversight reviews than a market participant with a high risk ranking.

Since 2002, the risk assessment models and risk assessment questionnaires for both investment fund managers and portfolio managers have been enhanced and updated. We send revised questionnaires to all portfolio managers and investment fund managers every two to three years. The most recent one was sent in early 2008. From the risk assessment questionnaires, revised risk scores were generated. We conducted high risk sweeps of both investment fund managers and portfolio managers in spring 2008. For more details, please refer to Section 3 of this report.

In 2005, we introduced a risk assessment model for LMDs. Over the next year or so, we will be substantially enhancing this model.

Compliance field review process

Section 20 of the Securities Act (Ontario) (the Act) gives us the authority to review books and records of a market participant to ensure compliance with Ontario securities law.

Please see the flow chart in Appendix 1 which describes the compliance field review process.

3. Compliance initiatives

This section describes the sweep of investment fund managers we conducted in 2008, the various staff notices we published, the sweep of high-risk market participants we are conducting in fiscal 2009 and the new CSA compliance committee.

2008 sweep of investment fund managers

In late 2007, staff from the Compliance team and from the Investment Funds Branch conducted a focused review of 26 investment fund managers.

Our objectives were to review and assess:

- the appropriateness of the methodologies used by investment fund managers to value securities in their funds' portfolios, and
- investment fund managers' practices for charging expenses to their funds

This review covered on the types of expenses allocated to the funds. We did not look at the management fee component of the management expense ratio (MER)².

The sample of investment fund managers varied in size and offered a wide variety of products, including mutual funds, pooled funds, closed-end funds and labour sponsored investment funds. Their assets under management totalled \$159 billion at September 30, 2007.

A summary of the results is outlined below. For more information about the sweep, see Staff Notice 11-763 on the OSC website at www.osc.gov.on.ca.

We will continue to review the securities valuation and expense allocation practices of investment fund managers as part of our normal investment fund manager reviews.

² MER consists of management fees, operating expenses and any performance fees. Brokerage commissions and transaction costs are excluded from the MER calculation. The trailing commission paid to dealers and advisory fees paid to portfolio managers are usually included in the management fee of conventional mutual funds.

Summary of the results

Securities valuation

The investment fund managers we reviewed generally:

- had adequate policies and procedures for valuing portfolio securities
- were using appropriate valuation methodologies for pricing securities, including securities that did not have readily available market prices, such as private issues, illiquid securities, certain types of derivatives, and restricted securities
- were consistently following the practices outlined in their valuation policies

Expense allocation practices

The investment fund managers we reviewed generally:

- followed prudent practices relating to expenses
- used appropriate methodologies to allocate expenses among multiple funds
- clearly indicated the types of expenses charged in their disclosure, including any specific or unique features, such as a fixed administration fee

Staff notices issued in fiscal 2008

Below is a summary of staff notices published in 2007 and 2008. These notices are available on the OSC website at www.osc.gov.on.ca.

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

In last year's annual report, we described the focused review we conducted on the marketing practices of portfolio managers. In November 2007, we published OSC Staff Notice 33-729. The notice summarizes the results of our focused review and provides guidance to market participants on complying with applicable legislation and on best practices in the preparation and use of marketing materials.

We will continue to review the marketing practices of portfolio managers and other market participants as part of our normal field reviews. We are also considering whether further guidance is necessary.

Summary of suggested practices

The staff notice outlined suggested practices to assist portfolio managers in meeting their obligation to deal fairly, honestly and in good faith with their clients in the preparation and use of marketing materials.

We expect market participants to follow these practices when preparing marketing materials. Failure to follow them may result in inaccurate or unfair marketing materials, which we consider misleading to clients.

The suggested practices included the following:

- Portfolio managers should present performance data based on actual returns of client portfolios, 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 portfolio manager's investment strategy. There should be adequate disclosure to make the comparison fair and meaningful for clients.
- Portfolio managers should be able to support the claims made in their marketing materials.

OSC Staff Notice 33-730 – *Capital Calculations for investment counsel/portfolio managers*

We review the annual audited financial statements delivered by portfolio managers. One of the things we look at is whether they are meeting their capital obligations under the Act.

In fiscal 2008, about 2% of portfolio managers were capital deficient based on their year-end audited financial statements. Also, approximately 1% of portfolio managers delivered their annual audited financial statements late. In all cases, we imposed terms and conditions on these portfolio managers.

In early 2008, we saw an increase in portfolio managers with capital deficiencies. As a result, we published OSC Staff Notice 33-730 in June 2008. The notice reminds portfolio managers of the capital requirements under the Act. It also outlines the terms and conditions that we will impose when portfolio managers deliver financial statements with a capital deficiency. We normally impose terms and conditions for six months.

The notice also reminds market participants that changes to the capital requirements are proposed under draft National Instrument 31-103 – *Registration Requirements* (NI 31-103).

Fiscal 2009 sweep of high-risk market participants

In February 2008, all portfolio managers and investment fund managers were required to complete risk assessment questionnaires. Staff reviewed the questionnaires and generated revised risk scores. In spring 2008, we conducted focused reviews of high-risk investment fund managers and portfolio managers. Our objectives were to:

- meet with the senior management of these market participants
- advise them of their overall risk ranking, and
- discuss the areas of their operations that contributed to their high risk ranking

The reviews enabled us to refine our oversight strategy for these group of registrants.

CSA compliance committee

A CSA compliance committee was established in early 2008. The mandate of the committee is to promote a harmonized approach to compliance oversight of market participants and to better share compliance resources and knowledge among CSA jurisdictions. The committee will also provide leadership to all CSA staff on approaches to compliance oversight.

4. New and proposed rules

Several new and proposed rules were published during the year that could affect the operations of market participants. Brief summaries of some of these rules are set out below.

These summaries may not include all rules that affect your business. You should not consider them to be, or rely on them as, legal advice. Interpretations and comments about a rule do not replace or modify any provisions of the rule. Please refer to the actual rules, forms and companion policies, which are available on the OSC website at www.osc.gov.on.ca. Where appropriate, you should consult a lawyer with expertise in securities law for advice on how to comply with the rules.

Revised proposed NI 31-103

In February 2008, the CSA published the proposed NI 31-103 for a second comment period. The proposal reflected numerous changes in response to comments received on its first publication. The purpose of the proposed rule is to harmonize, streamline and modernize the registration regime across Canada. The registration requirements are designed to protect investors from unfair, improper or fraudulent practices and enhance the integrity of capital markets. The comment period for the revised draft NI 31-103 ended on May 29, 2008. Staff are currently reviewing the comment letters.

The following is a summary of some of the changes made to the 2007 Proposal as a result of comments received in the first comment period:

- the introduction of a new category of investor, the permitted client
- reduced suitability review obligation for permitted client

- elimination of the capital and insurance requirement for those exempt market dealers that do not handle, hold or have access to client cash or assets, including cheques, and other similar instruments
- insurance requirements no longer refer only to a “financial institution bond”, but rather “bonding or insurance”
- change in the requirement to provide a relationship disclosure document to clients to a principle-based provision to provide relationship disclosure information
- the addition of transition provisions for firms and individuals

Revised proposed National Instrument 23-102 – *Use of Client Brokerage Commissions as Payment for Order Execution Services or Research* (“Soft Dollar” Arrangements) (NI 23-102)

In January 2008, the CSA published revised proposed NI 23-102 for second comment. The comment period ended on April 10, 2008.

Proposed NI 23-102 provides a framework for the use of client brokerage commissions by portfolio managers and dealers, and proposes disclosure requirements for portfolio managers. The proposed companion policy provides additional guidance, including guidance on the types of goods and services that may be obtained with client brokerage commissions, as well as non-permitted goods and services. Staff are currently reviewing the comment letters.

Proposed amendments to the companion policy to National Instrument 23-101 - *Trading Rules* (NI 23-101)

In April 2007, the CSA published proposed amendments to National Instrument 21-101 – *Marketplace Operation*, NI 23-101 and their related companion policies. The amendments are subject to approval by the Minister of Finance and are expected to come into force in September 2008.

The following is a summary of selected amendments that affect portfolio managers:

- Portfolio managers are required to use reasonable efforts to achieve best execution.
- “Best execution” is now defined as the “most advantageous execution terms reasonably available under the circumstances”.
- The best execution requirement codifies the existing best execution obligation for portfolio managers.
- The best execution obligation goes beyond price to include other elements such as:
 - speed of execution
 - certainty of execution, and
 - the overall cost of the transaction.
- If a portfolio manager chooses to retain control of all trading decisions (for example, on direct access transactions), its best execution obligation may be similar to that of a dealer.

Proposed amendments to National Instrument 81-106 – *Investment Fund Continuous Disclosure* (NI 81-106)

NI 81-106 currently requires investment funds to calculate net asset value in accordance with Canadian generally accepted accounting principles (GAAP). However, section 3855 of the CICA Handbook, *Financial Instruments – Recognition and Measurement* would require investment funds to change long-standing industry valuation practices in order to maintain this requirement. This section is effective for years starting on or after October 1, 2006.

In June 2008, the CSA published final amendments to NI 81-106 to address this issue by permitting investment funds to have two different net asset values: one for financial statements (prepared in accordance with Canadian GAAP) and another for all other purposes (including unit pricing). The amendments remove the requirement in NI 81-106 to calculate net asset value in accordance with Canadian GAAP and replace it with a requirement to fair value assets and liabilities.

For this purpose, fair value of assets and liabilities means the current market value based on reported prices and quotations in an active market. When the current market value is not available or the investment fund manager determines that it is unreliable, fair value means a value that is fair and reasonable.

The amendments are subject to approval by the Minister of Finance and are expected to come into force in September 2008.

National Instrument 24-101 – *Institutional trade matching and settlement* (NI 24-101)

Last year's annual report described NI 24-101 which came into force on April 1, 2007 and became fully effective on October 1, 2007 with a transitional phase-in period.

NI 24-101 requires dealers, portfolio managers and other trade-matching parties to establish, maintain and enforce policies and procedures to match delivery-against-payment (DAP) or receipt-against-payment (RAP) for equity and debt trades, ultimately by the end of the trade date (midnight on trade date). It also requires trade matching statements or agreements with trade matching parties, and registrant exception reporting to the securities regulatory authorities for DAP/RAP trades that are not matched within certain thresholds.

In the 2008 fiscal year, the following notices and rule relating to NI 24-101 were published:

- CSA Staff Notice 24-305 – *Frequently Asked Questions About National Instrument 24-101* assists market participants in complying with NI 24-101. (December 2007)
- CSA Staff Notice 24-306 – *NI 24-101 Institutional Trade Matching and Settlement – Exception Reporting* provides information to registrants on NI 24-101 exception reporting. (February 2008)
- CSA Staff Notice 24-307 – *Exemption from Transitional Rule: Extension of Transitional Phase-in Period in NI 24-101* and OSC Rule 24-502 – *Exemption from Transitional Rule: Extension of Transitional Phase-in Period in NI 24-101* defer the current requirement in NI 24-101 to match DAP/RAP trades by midnight on the trade date by 24 months to July 1, 2010. They also extend the transitional phase-in period in NI 24-101 for the registrant exception reporting requirement by an additional 24 months to January 1, 2012. (April 2008)

5. International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board confirmed that all publicly accountable enterprises will be required to report their financial results under IFRS for fiscal periods beginning on or after January 1, 2011.

IFRS will replace current Canadian standards and interpretations as Canadian generally accepted accounting principles. Non-publicly accountable enterprises are permitted, but not required, to adopt IFRS in 2011.

CSA staff is planning on issuing a notice shortly setting out its views on which registrants are required to use IFRS starting in 2011.

6. 10 most common deficiencies among portfolio managers

Each year, we conduct normal field reviews of portfolio managers. The portfolio managers we select for review have various business models and vary in assets under management³.

This section sets out the 10 most common deficiencies that we found in our 2008 reviews. These are the deficiencies that we find most frequently in our reviews.

The table below shows the 10 most common areas of deficiency compared with the previous three years.⁴ A number of related issues are included under each category. A portfolio manager is included in a category if it had at least one issue in that area.

³ The median assets under management of the portfolio managers reviewed was \$261 million in the 2008 fiscal year, \$113 million in the 2007 fiscal year, \$136 million in the 2005-06 fiscal years, and \$205 million in the 2004 fiscal year.

⁴ We also identified issues in many other areas, including statement of client's portfolio, conflicts of interest, cross transactions, soft dollars, related registrant disclosure, annual consent to trade securities of related and connected issuers, compliance function, adhering to the terms and conditions of registration, insurance coverage, exempt securities, early warning and insider trading reporting, proxy voting, referral arrangements, United Nations Suppression of Terrorism monthly reporting, internal controls, segregation of duties, trust accounts, agreements with service providers, confidentiality agreements and "holding out" issues.

Common deficiency	Ranking			
	2008	2007	2005-06 ⁵	2004
1. Policies and procedures manual	1	7	1	1
2. Marketing	2	4	2	8
3. Portfolio management, including advisory contracts	3	5	9	4
4. Registration issues	4	10	10	7
5. Capital calculations	5	9	4	6
6. Policy for fairness in the allocation of investment opportunities	6	2	6	2
7. Maintenance of books and records	7	1	3	5
8. Personal trading	8	8	7	9
9. Business continuity plan (BCP) ⁶	9	n/a	n/a	n/a
10. Know your client (KYC) and suitability information	10	3	8	10

2008 rankings

The 10 most common deficiencies for 2008 were substantially the same as previous years, although the order of the rankings changed. This was largely due to the differences in the composition of the sample. This year, the sample included a mix of large and small firms with median assets under management of \$261 million. Last year, our sample was primarily focused on smaller portfolio managers with median assets under management of \$113 million.

In our experience, smaller portfolio managers tend to have more issues relating to books and records, KYC and suitability information. Larger portfolio managers generally have adequate processes in place to document and collect KYC information, but they tend to have issues with not updating their policies and procedures manual and/or using a trade name instead of the legal registered name in their marketing brochures. These differences explain why the ranking for deficiencies relating to policies and procedures and registration issues moved up in 2008 and the ranking for deficiencies relating to KYC and suitability information moved down.

Suggested practices

We have not included a detailed discussion about the 10 most common deficiencies because they were substantially the same as previous years. You can find more information about these deficiencies and suggested practices for addressing them in our previous annual reports. They are available on the OSC website at www.osc.gov.on.ca.

We are also planning to post on the OSC website a separate summary of the 10 most common deficiencies of portfolio managers and suggested practices in the near future. We encourage portfolio managers to use this as a self-assessment tool to strengthen their compliance with Ontario securities law.

7. Significant deficiencies among market participants

If we find significant deficiencies in a market participant's operations, we identify them in the deficiency report to enable senior management to focus on the key issues identified. The identification of significant deficiencies also helps to highlight areas of regulatory concern so that appropriate action can be taken to improve compliance.

We have established various criteria to assess whether a deficiency is significant, including:

- risk to client assets

⁵ The results for the 2005 and 2006 fiscal years are combined.

⁶ BCP is a new top 10 common deficiency this year. It was added to our review program in 2007.

- conflicts of interest
- misleading information to clients
- ineffective compliance structure

We also take into account other factors, including:

- current issues, such as best execution and referral arrangements
- the frequency of findings
- the impact of the deficiency on the market participant's operations

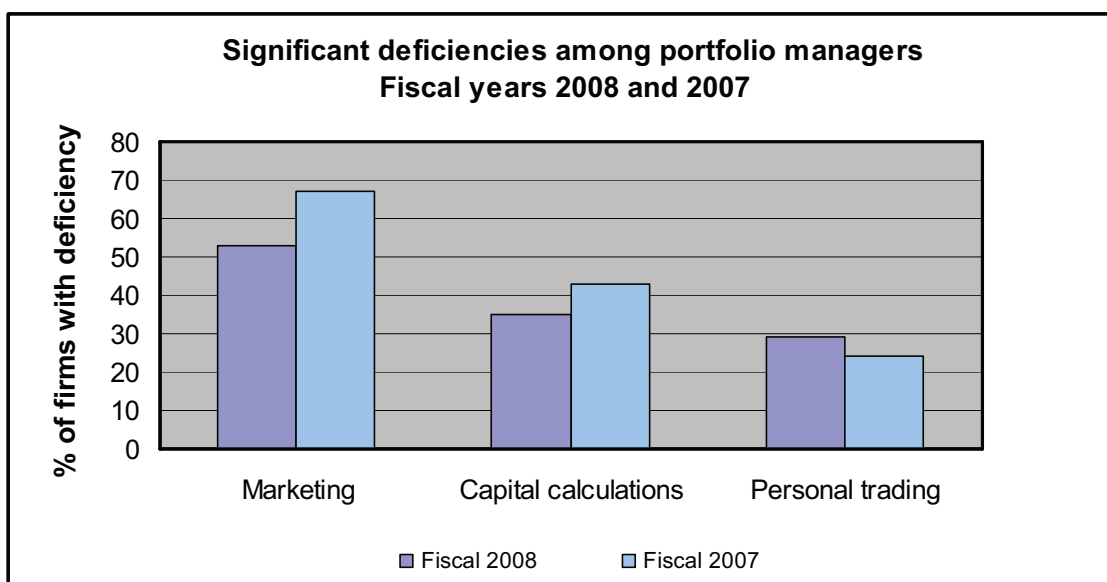
The following sections summarize the top three significant deficiencies for fiscal 2008 of portfolio managers, investment fund managers and LMDs.

Significant deficiencies – portfolio managers

Our normal field reviews of portfolio managers in the 2008 fiscal year resulted in an average of 14 deficiencies per firm reviewed. An average of four or 29% of these deficiencies were significant.

The chart below shows the top three significant deficiencies that we found among portfolio managers, compared with the 2007 fiscal year. Please note that the top three significant deficiencies in fiscal 2008 are not the same as those in the previous fiscal year.⁷

We will continue to monitor and focus on these areas in our normal field reviews.



Note: The percentage of deficiencies is calculated based on the portfolio manager reviews performed in the 2008 fiscal year and does not represent the whole population of portfolio managers.

1. **Marketing**

Marketing remains the top significant deficiency. About 53% of the portfolio managers reviewed had significant deficiencies in this area. However, the percentage of deficiencies in this area improved by 14% in the 2008 fiscal year. We believe this improvement may be at least partly due to the publication of OSC Staff Notice 33-729 – *Marketing Practices of Investment*

⁷ The top three significant deficiencies in the 2007 fiscal year were marketing, KYC and suitability information, and capital calculations.

Counsel/Portfolio Managers (OSC Staff Notice 33-729), which provides guidance to market participants on complying with applicable legislation and best practices in the preparation and use of marketing materials. OSC Staff Notice 33-729 is available on the OSC website at www.osc.gov.on.ca.

Section 2.1 of OSC Rule 31-505 – *Conditions of Registration* (OSC Rule 31-505) requires registrants to deal fairly, honestly and in good faith with their clients. This provision is a broad principle that applies to registrants generally. We expect registrants to apply it to all areas of their activities, including market practices and marketing materials.

We found the following marketing-related issues:

Improperly constructed performance composites

Some portfolio managers did not have adequate procedures and controls to ensure that performance composites were properly constructed. For example, they did not include all fee-paying, discretionary accounts with similar investment objectives and strategies in the composite.

Suggested practices

- Establish policies and procedures for constructing composites appropriately and consistently. This includes how to treat terminated portfolios, new portfolios, and portfolios that have changed strategies and switched composites.
- Include in the composite all portfolios that meet the criteria.
- Calculate composite returns by asset weighting the returns of individual portfolios.

Inadequate disclosure relating to performance data

Some portfolio managers provided inadequate disclosure relating to performance data. For example, they did not disclose whether performance returns were gross or net of fees, or the names of the composites or pooled funds that the performance returns related to. Others provided inadequate disclosure of the differences between client account returns and the benchmarks to which they are compared.

Suggested practices

- Provide clear and adequate disclosure in marketing materials to ensure that performance data is meaningful and comparisons are fair and not misleading. This includes providing:
 - a description of the investment strategy that is reflected in the performance data
 - a statement about whether returns are net or gross of portfolio management fees and/or other expenses
 - key information about client portfolios in the composite, such as minimum asset level
 - benchmarks that are relevant to the investment strategy, including the full name of the benchmark and the components of any blended benchmarks.
- Update marketing materials regularly to ensure all information is complete, accurate and not misleading to clients.
- Establish and enforce procedures for preparing, reviewing and approving marketing materials.
- Establish guidelines for preparing performance data, using benchmarks and constructing composites.
- Have someone independent of the preparer review and approve marketing materials for accuracy and compliance with securities law.

Hypothetical performance data

Some portfolio managers presented hypothetical performance data that may be misleading to clients. For example, they calculated hypothetical performance data based on benchmark returns or returns of the portfolio managers' model portfolios, not on the actual performance of client accounts. In addition, hypothetical performance data was presented for a fund before its initial distribution and was presented as if it was the fund's return.

Suggested practices

- Present actual—not model—performance data for an investment strategy.
- Disclose the methodology and assumptions used to calculate hypothetical performance data.
- Use back-tested performance data only 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 only under certain conditions as disclosed in OSC staff notice 33-729.

Exaggerated claims

Some portfolio managers made exaggerated claims about their skills, performance or services. For example, they included statements such as “proven performance, superior to index returns” and “our superior performance” in marketing materials. They did not provide adequate information to support the claim and to ensure that clients were not misled.

Suggested practices

- Substantiate all claims made in marketing materials. Information supporting the claim should be referenced to where the claim is made in the marketing material so that it is easily accessible by clients.
- Ensure that all claims accurately reflect the portfolio manager’s performance, skills, education, portfolio management experience and services.

2. Capital calculations

About 35% of the portfolio managers reviewed had significant deficiencies in this area. Overall deficiencies in capital calculations improved by 8% in the 2008 fiscal year. This was because our 2008 review included a mix of large and small firms, compared to 2007 review, which focused on smaller portfolio managers. Larger portfolio managers tend to have adequate processes and procedures for calculating monthly capital. Approximately 43% of the portfolio managers reviewed in 2007 had issues with capital calculations.

We found the following issues relating to capital calculations:

- Capital calculations were prepared using:
 - financial statements that were not in accordance with Canadian GAAP
 - an incorrect working capital base
- Capital calculations were not prepared on a monthly basis or were not prepared at all.
- There was a lack of evidence that someone independent of the preparer reviewed the capital calculations.

Portfolio managers are required to prepare monthly capital calculations within a reasonable period of time after each month end (Regulation 113(3)). Capital calculations must be based on monthly financial statements prepared in accordance with Canadian GAAP. If a portfolio manager becomes capital deficient, it is required to inform the OSC immediately and to correct the capital deficiency within 48 hours.

We impose terms and conditions on all registrants that are identified as capital deficient. The terms and conditions include providing us with unaudited financial statements and capital calculations each month for a six-month period.

Suggested practices

- Calculate the capital position on a monthly basis and prepare it using financial statements prepared in accordance with Canadian GAAP.
- Maintain copies of the capital calculations.
- Have someone independent of the preparer review the calculations for accuracy.
- Keep a record of the review.

- Inform the OSC immediately if the capital position becomes deficient.

3. *Personal trading*

Personal trading deficiencies increased slightly in the 2008 fiscal year to 29% from 24% in the 2007 fiscal year.

We found the following issues related to personal trading:

- Personal trading policies and procedures were not established.
- Personal trading policies were not adequately enforced. For example, portfolio managers did not have complete lists of employees' personal trading accounts, they did not always review personal trading statements of employees to ensure compliance with the personal trading policy, and employees did not always obtain pre-approval to trade.
- There was a lack of evidence that the personal trading of employees had been reviewed.

It is prudent business practice for portfolio managers to establish and enforce a personal trading policy for all employees. This helps to ensure compliance with Part XXI - *Insider Trading and Self-Dealing* of the Act, and prevent and detect conflicts of interest and abusive practices.

Suggested practices

- Develop and implement personal trading policies and procedures and distribute them to all employees and access persons. Include things, such as blackout periods, requirement for pre-approval of access persons' personal trades, and timely review of brokerage statements.
- Require all access persons to acknowledge in writing each year that they understand and will follow the personal trading policies.
- Require all access persons to direct their brokers to send their account statements directly to the officer responsible for monitoring the personal trading policy.
- Keep a record of personal trade pre-approvals and brokerage statements of access persons.
- Have the compliance officer review all personal trading records.

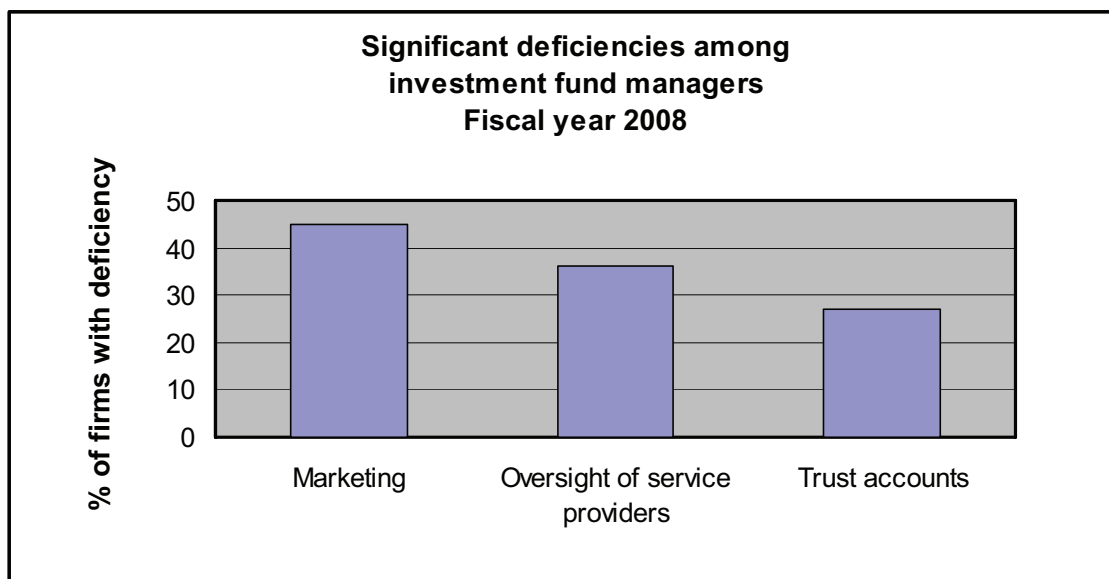
Significant deficiencies – investment fund managers

The field reviews of investment fund managers that we conducted in the 2008 fiscal year resulted in an average of seven deficiencies per firm reviewed. An average of two or 29% of these deficiencies were significant.

The following chart shows the top three significant deficiencies of investment fund managers for the 2008 fiscal year⁸.

We will continue to monitor and to focus on these areas in our normal field reviews.

⁸ Comparative figures are not available as we started to track significant deficiencies of investment fund managers in Fiscal 2008.



Note: The percentage of deficiencies is calculated based on the investment fund manager reviews performed and does not represent the whole population of investment fund managers.

1. **Marketing**

Marketing was the top significant deficiency among the investment fund managers that we reviewed in the 2008 fiscal year. About 45% of the investment fund managers reviewed had significant deficiencies in this area. The issues were similar to those of portfolio managers. They included:

- **Inappropriate use of benchmarks.** Some investment fund managers compared the returns of their funds to benchmarks that were inappropriate or not relevant. For example, they used benchmarks that differed significantly from the composition and investment strategy of the funds. They did not provide adequate disclosure to ensure that the comparison was fair and not misleading. They presented fund returns in a different currency than the benchmark, and did not disclose the composition of blended benchmarks.
- **Inappropriate or incorrect performance data.** Some investment fund managers did not calculate performance data properly or presented performance data inappropriately. For example, performance data was not presented with all the required warning disclosures and/or all the required time periods. Hypothetical performance data was presented for periods before the fund's initial distribution.
- **Exaggerated claims.** Some investment fund managers made exaggerated claims about their performance, skills or services. For example, they made statements such as "superior results over the long term", "outstanding performance", and "[use of] superior portfolio managers" in marketing materials. They did not provide adequate information to support these claims and to ensure that clients were not misled.

Subsection 116(1) of the Act requires investment fund managers to exercise their duties honestly, in good faith and in the best interests of the investment fund. In doing so, investment fund managers must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. Investment fund managers must prepare marketing materials in accordance with the standard of care under subsection 116(1) of the Act. In addition, subsection 15.2(1) of National Instrument 81-102 – *Mutual Fund Distributions* (NI 81-102) provides that no sales communication shall be untrue or misleading, or include a statement that conflicts with information that is contained in the simplified prospectus or annual information form of a mutual fund.

Suggested practices

- Marketing materials must include information that is accurate, complete and not misleading.
- Include the warning disclosures required by NI 81-102 in mutual fund sales communications.

- Performance ratings or rankings for a mutual fund must be presented for all periods where standard performance data is required.
- Establish and enforce procedures for preparing, reviewing and approving marketing materials. This includes having marketing materials reviewed by someone independent of the preparer.

Oversight of service providers

About 36% of investment fund managers reviewed had significant deficiencies in this area. Investment fund managers are ultimately responsible for the services provided by the service providers. However, some investment fund managers that outsourced the fund accounting, trust accounting and/or transfer agency functions did not have adequate oversight procedures.

We found the following issues relating to oversight of service providers:

- There was inadequate procedures to ensure that service providers were performing the outsourced functions properly.
- Investment fund managers had limited communication with service providers. For example, they communicated with service providers on an ad-hoc basis.
- There was a lack of evidence that investment fund managers were reviewing outsourced functions to ensure that service providers were fulfilling their duties.

In accordance with the standard of care under subsection 116(1) of the Act, investment fund managers should have appropriate procedures in place to monitor the functions that they outsource and to ensure that these functions are performed properly.

Suggested practices

- Establish guidelines on monitoring each outsourced function, including:
 - how often the investment fund manager and service provider will communicate
 - types of reports the service provider will provide, and
 - how often the investment fund manager will review the reports
- Establish guidelines with service providers on the types of issues that should be escalated and when they should be escalated.
- Maintain evidence of reviews of outsourced functions.

Trust accounts

About 27% of investment fund managers reviewed had significant deficiencies in this area. We found the following issues relating to trust accounts:

- Accounts were not labelled as a "trust account".
- Accounts were non-interest bearing.
- Interest earned in the account was not allocated to funds pro-rata based on cash flow.
- Accounts were in an overdraft position.
- Commingling of operating monies in the accounts.

Part 11 of NI 81-102 outlines the requirements for trust accounts. It requires the monies received for investment in, or on the redemption of, securities of a mutual fund to be accounted for separately and deposited in a trust account established and maintained in accordance with section 11.3 of NI 81-102. Section 11.3 of NI 81-102 lists the requirements for these trust accounts.

Suggested practices

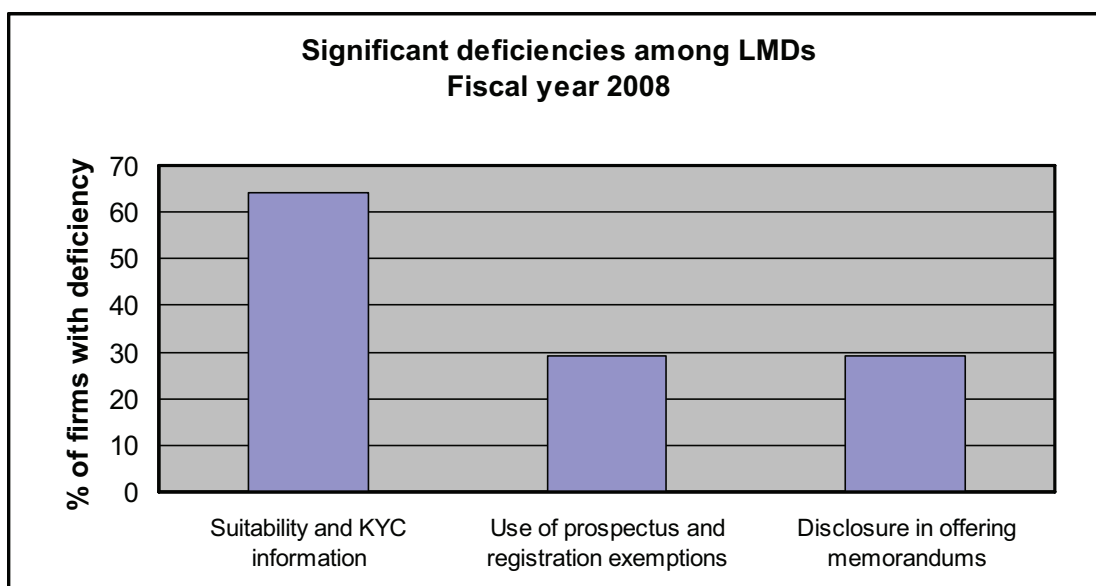
- Establish an account for holding client funds in trust.
- Have the financial institution label the account as a “trust account”.
- Ensure that the account earns interest at rates equivalent to comparable accounts of the financial institution.
- Interest earned on cash held in the trust account should be paid to security holders or to the funds pro-rata based on cash flow at least annually.
- Trust accounts should not be in an overdraft position.

Significant deficiencies – LMDs

The field reviews of LMDs we conducted in the 2008 fiscal year resulted in an average of nine deficiencies per firm reviewed. An average of three or 33% of these deficiencies were significant.

The following chart shows the top three significant deficiencies among LMDs⁹.

We will continue to monitor and focus on these areas in our normal field reviews.



Note: The percentage of deficiencies is calculated based on the LMD reviews performed in the 2008 fiscal year and does not represent the whole population of LMDs.

Suitability: Know your client (KYC) and know your product (KYP)

The top significant deficiency for LMDs was in the area of collecting the KYC information necessary to make suitability determinations. About 64% of the LMDs reviewed had significant deficiencies in this area. Dealers are required under section 1.5 of OSC Rule 31-505 to collect and document sufficient and appropriate KYC information to ensure that trades are suitable for clients. This requirement applies both to trades in securities under a prospectus exemption and to trades in prospectus-qualified securities.

To ensure that trades are suitable for their clients, LMDs must have a sufficient understanding of the investment products they are recommending and their clients' circumstances. LMDs may not contract out of their duty to ensure that trades are suitable for clients.

⁹ Comparative figures are not available as we started to track significant deficiencies of LMDs in Fiscal 2008.

We found the following issues relating to KYC information and the suitability determination:

- LMDs did not collect or document KYC information necessary for the suitability determination.
- KYC information was inadequate or incomplete.
- LMDs tried to contract out of their duty to ensure that trades are suitable for their clients.

Suggested practices

- LMDs should collect and document KYC information for their clients. This includes the client's investment needs and objectives, risk tolerance, investment knowledge, and financial circumstances (such as annual income and net worth).
- Clients should sign and date their KYC information.
- The salesperson and the compliance officer should review and approve the client's KYC documentation to ensure that the KYC information collected from the client is sufficient for the LMD to make the suitability determination and is appropriate for the types of securities being traded.
- LMDs should understand the pertinent characteristics of the securities being traded or recommended in order to make an appropriate suitability determination. This includes understanding the structure, features, risk and return profile, liquidity restrictions and full costs and any eligibility requirements of each product.

Use of prospectus and registration exemptions

About 29% of the LMDs reviewed had significant deficiencies in this area. LMDs are responsible for determining whether a registration and/or prospectus exemption is available for a particular trade.

Section 1.10 of the Companion Policy to NI 45-106 *Prospectus and Registration Exemptions* (45-106CP) states that a person trading securities is required to determine whether an exemption is available for a particular trade. Commonly used exemptions are the accredited investor (AI) exemption and the minimum amount investment exemption (where the purchaser, purchasing as principal, makes a cash purchase of a security for an acquisition cost of not less than \$150,000).

Many LMDs rely on the AI exemption. Section 1.10 of 45-106CP states that, before discussing the particulars of the investment with the purchaser, the LMD should discuss with the purchaser the various criteria necessary to qualify as an AI and determine whether the purchaser meets any of the criteria. It is not appropriate for the LMD to assume that the AI exemption is available based only on a form of subscription agreement that states that the purchaser is an AI. The LMD should ensure that the purchaser specifies how he or she fits within the AI exemption.

45-106CP also requires the dealer trading securities under an exemption to retain all necessary documents to evidence that the dealer properly relied upon the exemption.

Some LMDs did not adequately determine, or maintain evidence, that an appropriate exemption was available for their clients' trades. Examples included:

- Clients indicated they were an AI without specifying what category of the AI definition they met.
- Clients indicated they were an AI but specified an incorrect category of the AI definition.
- Clients did not sign the exemption certificates.
- The exemption used was not consistent with that client's KYC information.

Suggested practices

- LMDs should ensure that the exemption category is appropriate for the client and the trade. They should maintain the documents necessary to show that they properly relied upon the exemption.
- If the LMD is relying on an AI exemption, the LMD should ensure that:
 - the client has completed, signed and dated an exemption certificate
 - the exemption certificate shows the category of the AI definition the client qualifies for, and

- the AI category is appropriate for the client and is consistent with the client's KYC and suitability information
- The salesperson and the compliance officer should review the completed client documentation, including the KYC form and exemption certificate, to ensure that the LMD is relying on an appropriate exemption category. They should also ensure that all necessary documents are retained.
- LMDs should establish and enforce policies and procedures on determining whether an exemption is available and on maintaining supporting documentation.

Disclosure in offering memorandums (OMs)

About 29% of the LMDs reviewed had significant deficiencies in this area. Subsection 2.1(1) of OSC Rule 31-505 requires dealers to deal fairly, honestly and in good faith with their clients. LMDs should ensure that all OMs provided to clients have adequate and balanced disclosure about the securities being sold, including risk factors, fees and conflicts of interest. LMDs should also ensure that all statements and facts in OMs are accurate.

Under section 6.3 of OSC Rule 45-501 – *Ontario Prospectus and Registration Exemptions*, the selling security holder must describe the rights under section 130.1 of the Act in an OM. These rights include the right of action for damages against the issuer and selling security holder, and the right of rescission.

We found the following issues relating to disclosure in OMs:

- Fee arrangements were not disclosed. These included compensation arrangements between the issuer and the dealer.
- Risk factors were not disclosed or were inadequately disclosed. Risk factors will vary depending on the type of security offered and may include the risk of whole or partial loss of the investment, the risk of fluctuations in the value of the investment, the liquidity of the investment (including any resale restrictions), credit risk, interest rate risk and currency risk.
- Disclosure of conflicts of interest was inadequate. For example, OMs did not adequately describe all the relationships between the issuer and the dealer, such as having common officers and/or directors.
- OMs contained inaccurate statements and facts. For example, OMs contained inaccurate descriptions of the proficiencies and employment history of the officers and directors.
- OMs did not disclose the statutory right of action for damages against the issuer and selling security holder and the right of rescission.

Suggested practices

LMDs should ensure that all relevant information relating to the securities they recommend to prospective purchasers is disclosed in the OM. This includes, but is not limited to, fee arrangements, risk factors, conflicts of interest, and rights of action for damages or rescission.

8. Outcomes of our reviews

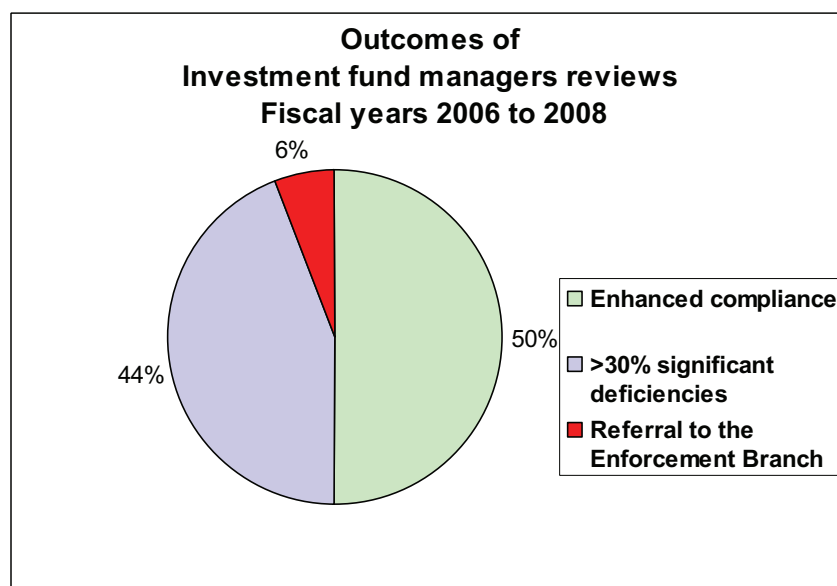
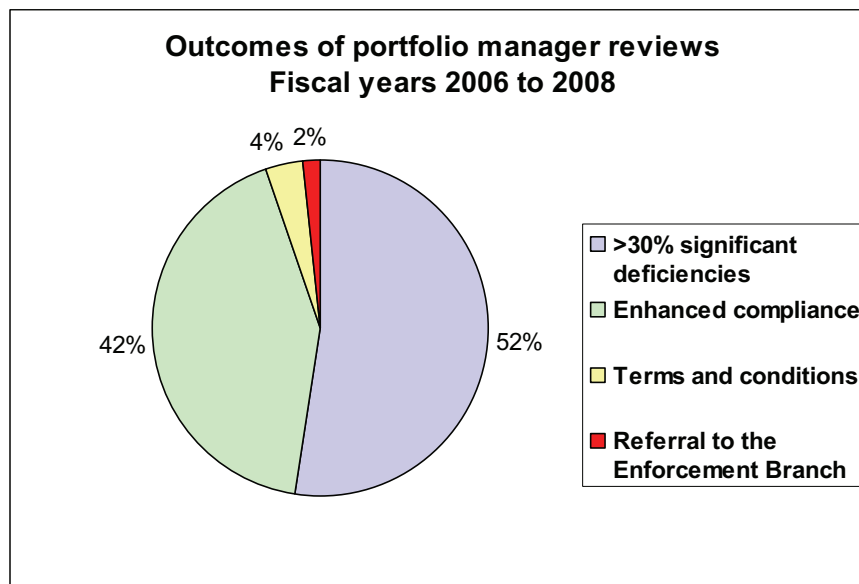
After we complete a review, we send a report to the market participant outlining the deficiencies that we found. A market participant generally has 30 days to respond in writing to the report. The response should set out the steps that the market participant will take, or has taken, to address the deficiencies.

Listed below are the possible outcomes from our reviews. In most cases, the report is sufficient to address the deficiencies. In the other cases, we may have to take further action to ensure that market participants comply.

- **Enhanced compliance.** At the end of each review, we issue deficiency reports to the market participants identifying areas of non-compliance with securities law. The majority of our reviews result in limited follow up work as all deficiencies are resolved to our satisfaction. Our compliance reviews enhance the overall compliance of these market participants.
- **Terms and conditions.** We may impose terms and conditions to ensure a registrant complies with Ontario securities law. Registrants have the opportunity to be heard before terms and conditions are imposed by the Director. Terms and conditions are posted on the OSC website.

- **Monitoring of market participants with greater than 30% significant deficiencies.** We track and monitor a market participant when 30% or more of the deficiencies found in its review are significant. We may conduct a follow-up review, if necessary.
- **Referral to the Enforcement Branch.** If we identify a serious breach of Ontario securities law, we will immediately discuss our findings with the Enforcement Branch of the OSC. The Enforcement Branch will assess the case and determine an appropriate course of action.

The following charts show the various outcomes of our reviews of portfolio managers and investment fund managers during the last three fiscal years:



For more information

If you have questions or comments about this report, please contact one of the following people:

Carlin Fung, CA
Senior Accountant, Compliance
E-mail: cfung@osc.gov.on.ca
Phone: 416-593-8226

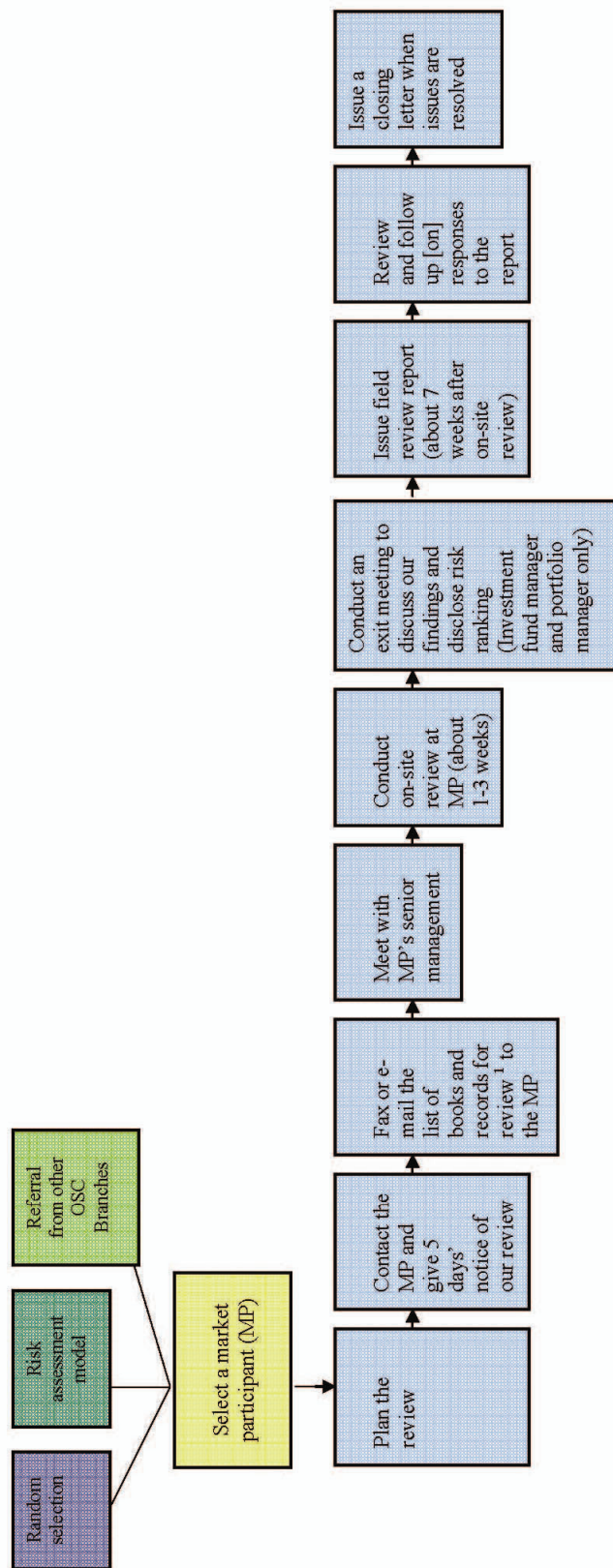
Jennifer Li, CA
Accountant, Compliance
E-mail: jli@osc.gov.on.ca
Phone: 416-593-3658

Marrianne Bridge, CA
Manager, Compliance
E-mail: mbridge@osc.gov.on.ca
Phone: 416-595-8907

September 5, 2008

Appendix 1

Compliance Field Review Process



¹ The list of books and records for investment fund managers, portfolio managers and LMDs is available on the OSC website at www.osc.gov.on.ca

1.1.3 Notice of Commission Approval – Amendments to Remove Imbedded Opening and Closing Times from the TSX Rules

TSX INC.

**AMENDMENTS TO REMOVE IMBEDDED OPENING AND CLOSING TIMES
FROM THE RULES OF THE TORONTO STOCK
EXCHANGE**

NOTICE OF COMMISSION APPROVAL

On August 26, 2008, the Ontario Securities Commission approved amendments to the rules of the Toronto Stock Exchange (Exchange) regarding the removal of the imbedded opening and closing times of the Exchange's trading sessions from the Exchange's rules. The amendments remove from the rules the fixed opening and closing times of the Exchange's trading sessions and instead authorize the Board of Directors of TSX Inc. to determine the opening and closing times of the trading sessions. The amendments were published for comment on September 7, 2007 at (2007) 30 OSCB 7842. Certain minor changes to the amendments were made following publication for comment; a black-lined text of the amendments, showing changes made to the relevant sections of the rules since publication for comment, is published in Chapter 13 of this Bulletin. The amendments take effect on September 12, 2008.

1.1.4 Notice of Ministerial Approval of Amendments to NI 21-101 Marketplace Operation and NI 23-101 Trading Rules

**NOTICE OF MINISTERIAL APPROVAL OF
AMENDMENTS TO
NATIONAL INSTRUMENT 21-101 MARKETPLACE
OPERATION
AND
NATIONAL INSTRUMENT 23-101 TRADING RULES**

On August 12, 2008, the Minister of Finance approved amendments to National Instrument 21-101 *Marketplace Operation* and National Instrument 23-101 *Trading Rules* (together the "ATS Rules"). The Commission adopted amendments to Companion Policy 21-101CP and Companion Policy 23-101CP (the "Companion Policies") on May 13, 2008.

The amendments to the ATS Rules and the Companion Policies, previously published in the Bulletin on June 20, 2008, will come into force in Ontario on September 12, 2008. They are published in Chapter 5 of the Bulletin. As well, an unofficial consolidated version of the ATS Rules and Companion Policies may be found online at www.osc.gov.on.ca.

- 1.1.5 Notice of Ministerial Approval of Amendments to NI 81-106 Investment Fund Continuous Disclosure, Form 81-106F1 Contents of Annual and Interim Management Report of Fund Performance, Companion Policy 81-106CP, Form 81-101F2 Contents of Annual Information Form, NI 81-102 Mutual Funds, Companion Policy 81-102CP, and Form 41-101F2 Information Required in an Investment Fund Prospectus

**NOTICE OF MINISTERIAL APPROVAL OF AMENDMENTS TO
NATIONAL INSTRUMENT 81-106 INVESTMENT FUND CONTINUOUS DISCLOSURE,
FORM 81-106F1 CONTENTS OF ANNUAL AND INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE,
FORM 81-101F2 CONTENTS OF ANNUAL INFORMATION FORM,
NATIONAL INSTRUMENT 81-102 MUTUAL FUNDS, AND
FORM 41-101F2 INFORMATION REQUIRED IN AN INVESTMENT FUND PROSPECTUS**

On August 12, 2008, the Minister of Finance approved, pursuant to section 143.3 of the *Securities Act* (Ontario), amendments to the following rules and forms:

- National Instrument 81-106 *Investment Fund Continuous Disclosure*
- Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance*
- Form 81-101F2 *Contents of Annual Information Form*
- National Instrument 81-102 *Mutual Funds*
- Form 41-101F2 *Information Required in an Investment Fund Prospectus*

Materials related to these amendments as well as amendments to Companion Policy 81-106CP *Investment Fund Continuous Disclosure* and Companion Policy 81-102CP *Mutual Funds* were previously published in the Bulletin on June 20, 2008, and are republished in Chapter 5 of this Bulletin. The amendments to the rules, forms and companion policies will come into force on September 8, 2008.

September 5, 2008

1.4 Notices from the Office of the Secretary

1.4.2 Daniel Duic

1.4.1 FactorCorp Inc. et al.

**FOR IMMEDIATE RELEASE
September 3, 2008**

**FOR IMMEDIATE RELEASE
September 2, 2008**

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

AND

**IN THE MATTER OF
FACTORCORP INC.,
FACTORCORP FINANCIAL INC.,
AND MARK IVAN TWERDUN**

TORONTO –The Commission issued an Order today pursuant to section 127 and 144 of the Act, that the Temporary Order, as varied, shall continue for the period expiring on January 5, 2009, unless further extended by the Commission.

A copy of the Order dated August 29, 2008, 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

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)

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

AND

**IN THE MATTER OF
DANIEL DUIC**

TORONTO – The Commission issued an Order in the above named matter.

A copy of the Order dated September 3, 2008 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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1-877-785-1555 (Toll Free)

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Creststreet Resource Class

Headnote

Passport System for Exemptive Relief Applications – a mutual fund is granted exemptions from National Instrument 81-102 Mutual Funds to allow additional time to reduce proportion of net assets comprising of illiquid assets to 15% or less, subject to certain conditions and requirements.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, s. 2.4(2).

August 27, 2008

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

AND

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

AND

**IN THE MATTER OF
CRESTSTREET RESOURCE CLASS
(the “Filer”)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the “**Legislation**”) for an exemption from section 2.4(2) of National Instrument 81-102 – Mutual Funds (NI 81-102) to permit the Filer an additional 90 days until November 18, 2008 to reduce the percentage of its net assets made up of illiquid assets to 15% or less (the Exemption Sought).

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

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

- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (“**MI 11-102**”) is intended to be relied upon in the provinces of Alberta, British Columbia, Manitoba, Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Saskatchewan and Quebec.

Interpretation

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

Representations

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

1. The Filer is a class of shares of Creststreet Mutual Filers Limited, a mutual fund corporation established under the *Canada Business Corporations Act*. Creststreet Asset Management Limited is the manager of the Filer (the Manager).
2. The Filer is a reporting issuer, or the equivalent, in each of the provinces of Canada pursuant to a simplified prospectus and annual information form dated November 19, 2007.
3. As at August 15, 2008, the Filer had 6,898,718.4657 Series A shares and 4,021,691.9203 2008 Series shares issued and outstanding. The outstanding shares of the 2008 Series will be converted on a one-to-one basis into Series A shares as at September 30, 2008.
4. The relief requested herein is necessary primarily as a result of the success of the investment made by the Filer in one issuer, Athabasca Oil Sands Corp. (Athabasca), a privately owned oil and gas company. The Filer holds 1,000,000 warrants and 330,000 common shares of Athabasca.
5. On May 23, 2008, the percentage of net assets of the Filer made up of illiquid assets exceeded 15%. This was as a result of an increase in the mark-to-market valuation of the securities of Athabasca, consistent with Filer’s policy on valuing private securities, based on verified arm’s length third party transactions. The value of each warrant of Athabasca increased from \$7.44 to \$9.75 and the value of each common share of Athabasca increased from \$8.69 to \$11.00 on May 23, 2008. Prior to such increased valuation of the securities of Athabasca, the percentage of net assets of the

Filer made up of illiquid assets was 13.3%. Immediately after such increased valuation of the securities of Athabasca, the percentage of net assets of the Filer made up of illiquid assets was 16.0%.

6. Pursuant to section 2.4(2) of NI 81-102, the Filer had until August 20, 2008 to reduce the percentage of net assets of the Filer made up of illiquid assets to 15% or less. The decision of the Manager was to sell one-half of the Filer's position in the common shares of Athabasca. The Manager was aware that Athabasca was in the process of obtaining a reserve report from an independent third party engineering firm and believed that it was in the best interests of the shareholders of the Filer to wait until receipt of the reserve report to execute the sale transaction.
7. The reserve report was issued on July 30, 2008 and indicated a potential net asset value between \$55 and \$108 per common share of Athabasca. Following receipt of the reserve report, the Manager instructed a broker for the Filer to participate in the next private sale transaction of common shares of Athabasca. Although the Manager was optimistic that a sale transaction could be completed prior to August 20, 2008 and that the relief requested hereby would not be necessary, given the difference between the last trade price of \$13.50 per share and the potential net asset value per share indicated in the reserve report, the common shares of Athabasca have not traded since the release of the reserve report.
8. As of August 15, 2008, the percentage of net assets of the Filer made up of illiquid assets was 23.7%, of which the securities of Athabasca constituted 18.9% of the net assets of the Filer.
9. Other than section 2.4(2) of NI 81-102, the Filer is not in default of any of the requirements of the securities legislation in any Jurisdiction.
10. The Filer issued a press release and filed a material change report dated August 20, 2008 disclosing that the Filer had exceeded the 15% restriction and had filed the application for the Exemption Sought.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted so long as the Filer reduces the percentage of its net assets made up of illiquid assets to 15% or less by November 18, 2008.

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

2.1.2 C.F.G. Heward Investment Management Ltd. - s. 3.3(4) of OSC Rule 31-502 Proficiency Requirements for Registrants

Headnote

Application for exemption from subsection 3.3(4), whereby the designated registered representative, partner or officer shall be employed at the same location as the associate representative, associate partner or associate officer whose advice must be approved.

Rules Cited

Ontario Securities Commission Rule 31-502 Proficiency Requirements for Registrants, ss. 3.3(4), 4.1.

August 27, 2008

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

AND

IN THE MATTER OF C.F.G. HEWARD INVESTMENT MANAGEMENT LTD.

DECISION (Subsection 3.3(4) of Ontario Securities Commission Rule 31-502 – Proficiency Requirements for Registrants)

UPON the Director having received the application of C.F.G. Heward Investment Management Ltd. (the "**Applicant**") for a decision pursuant to subsection 3.3(4) of Ontario Securities Commission Rule 31-502 – *Proficiency Requirements for Registrants* (Rule 31-502) granting the Applicant relief from the provision requiring an associate representative to be supervised by an advising officer, partner or representative who is employed at the same location as the associate representative;

AND UPON considering the application and the recommendation of the staff of the Ontario Securities Commission (the "**Commission**");

AND UPON the Applicant having represented to the Director as follows:

1. The Applicant is registered as an investment counsel, portfolio manager and extra provincial limited market dealer pursuant to subsection 26(1) of the *Ontario Securities Act* (the "Act"). The Applicant's head office is located in Montréal, Québec and it has an office in Toronto, Ontario.
2. Mr. Geoffrey Heward is seeking registration as an associate advising officer & director with the Applicant. Mr. Heward is currently employed with the Applicant at its Toronto office.

3. The Applicant currently has no registered advising officers, partners or representatives located in Toronto and therefore proposes that Mr. Heward be supervised by Maurice Conti, a registered advising officer who is located at the Applicant's Montreal office.
4. Rule 31-502 requires that the registered advising officer, partner or representative be employed at the same location as the associate advising representative, partner or officer whose advice must be approved. (the "requirement for supervision from the same location")
5. The Applicant has provided a description of its policy and procedures which combine the use of telephone, order routing, e-mail and frequent in person visits to the Toronto office to facilitate adequate supervision of Mr. Heward despite the physical distance between the primary working locations of Mr. Heward and Mr. Conti.

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

IT IS THE DECISION of the Director, pursuant to subsections 3.3(4) and 4.1 of Rule 31-502 that the Applicant is granted an exemption from the requirement for supervision from the same location for so long as:

- A. The Applicant continues to be registered in the categories of investment counsel, portfolio manager and extra provincial limited market dealer in the province of Ontario; and
- B. Mr. Heward continues to be employed by the Applicant.

"David M. Gilkes"

2.1.3 Raymond James Ltd.

Process for Exemptive Relief Applications in Multiple Jurisdictions – Registered dealer exempted from the requirement in section 36 of the Securities Act (Ontario) to provide a written confirmation of any trade in securities to clients who receive discretionary managed services pursuant to the dealer's discretionary managed account and model portfolio account programs – subject to certain conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 36, 147.

August 28, 2008

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC,
NEW BRUNSWICK, NOVA SCOTIA, AND
NEWFOUNDLAND AND LABRADOR
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
RAYMOND JAMES LTD.
(The Filer)

DECISION

Background

- 1 The local securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption from the requirements of the Legislation that a registered dealer send a written confirmation of any trade in securities (the **Trade Confirmation Requirement**) to clients of the Filer (**Participating Clients**) who receive discretionary managed services pursuant to the Filer's discretionary managed account and model portfolio account programs (collectively, the **Programs**) with respect to trades in securities in the accounts of Participating Clients under the Programs (the **Exemptive Relief Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

- (a) the British Columbia Securities Commission is the principal regulator for the application; and
- (b) the decision document is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

- 2 Defined terms contained in National Instrument 14-101 Definitions have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is currently registered under the Legislation as an investment dealer, or equivalent thereof, in the Jurisdictions, is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**) and has a head office in British Columbia;
2. the Filer is not, to its knowledge, in default of the Legislation of any Jurisdiction;
3. the Filer is authorized to act as portfolio manager, pursuant to an exemption from the adviser registration requirement that is made available under the Legislation to dealers who are members of IIROC;
4. the Filer provides investment dealer and portfolio management services to individuals and corporate clients resident in the Jurisdictions and other jurisdictions where it is qualified to provide such services;
5. to participate in a Program:
 - (a) a Participating Client will enter into a written account agreement (an **Account Agreement**) with the Filer setting out the terms and conditions, and the respective rights, duties and obligations of the parties, regarding the respective Programs which Account Agreement is in a form acceptable to IIROC; and
 - (b) based upon inquiries made by the Filer to determine the general investment needs, objectives and risk tolerance of the Participating Client, the Filer will assist the Participating Client to complete a statement of investment policy that outlines the Participating Client's investment objectives and level of risk tolerance;
6. the Filer will comply with the "know your client" and suitability obligations under the Legislation;
7. the Filer may engage external portfolio managers (the **External Advisers**) to create and manage model portfolios for the Programs. Any such External Advisers will be appropriately registered as an adviser under the Legislation of the applicable Jurisdictions;
8. the Programs offered to Participating Clients will generally be comprised of three different types of managed accounts:
 - (a) accounts that will be fully managed on a discretionary basis by a portfolio manager of the Filer;
 - (b) accounts that will be invested by the Filer in securities based on a model portfolio(s) of an External Adviser (the **Model Portfolio Program**); and
 - (c) accounts that will be invested by an External Adviser in accordance with the Model Portfolio Program of that External Adviser;
9. for each Participating Client, the Filer will open an account under the Program (the **Program Account**) which is separate and distinct from any other accounts the Participating Client may have with the Filer;
10. the Program Accounts will be "managed accounts" as defined under IIROC Rule 1300 and the Filer will comply with applicable IIROC requirements with respect to managed accounts;
11. under the Account Agreement for the Program Accounts:
 - (a) the Participating Client will (i) grant full discretionary authority to the Filer to make investment decisions and to trade in securities on behalf of the Participating Client without obtaining the specific consent of the Participating Client to individual trades, and depending on the Program may (ii) authorize the Filer to select and retain External Advisers;
 - (b) the Filer or another recognized securities custodian will act as custodian of the securities and other assets in each Program Account;
 - (c) the Participating Client will acknowledge and agree that securities transactions in such Participating Client's Program Account will generally be executed through the Filer;
 - (d) unless the Participating Client requests otherwise, the Participating Client will waive receipt of all trade confirmations in respect of securities transactions conducted by the Filer for a Program Account; and

- (e) the Participating Client will agree to pay a periodic fee (the **Fee**) to the Filer based on the assets of the Participating Client's Program Account, which Fee includes all custodial, transaction and brokerage fees and commissions and is not based on the volume or value of the transactions effected in the Participating Client's Program Account;
- 12. the Fee paid is for investment management services and annual registered plan fees, and does not cover charges for administrative services of the Filer such as wire transfer requests, account transfers, and other administrative services (**Administrative Charges**) payable by clients of the Filer whether or not participating in one of the Programs. The Filer provides a list of the Filer's Administrative Charges to a person at the time the person becomes a client of the Filer;
- 13. the Filer will enter into a written agreement (the **External Advisory Agreement**) with each External Adviser that sets out the obligations and duties of each party in connection with the investment management services or model portfolio services to be provided by the External Adviser;
- 14. for a Participating Client that participates in the Model Portfolio Program, the Filer will recommend to the Participating Client a suitable Model Portfolio Program(s) for the Participating Client's account (the **Model Portfolio Account**) based upon the investment objectives and risk tolerance of the Participating Client and based on the investment mandate of the Model Portfolios;
- 15. each model portfolio of an External Adviser has its own investment mandate and will be comprised of a portfolio of securities selected and monitored by an External Advisor. The Participating Client's Model Portfolio Account is invested by the Filer following the securities and weightings used in that External Adviser's model portfolio and is reviewed by the Filer for suitability of investment for the Participating Client;
- 16. a portfolio manager employed by the Filer conducts a quarterly review of the External Adviser's model portfolios to ensure that securities selections and weightings are in conformity with the model portfolio's investment mandate;
- 17. the Filer will provide to each Participating Client a monthly statement of account with respect to such Participating Client's Program Account as required under the Legislation, including a list of all transactions undertaken in the Program Account during the period covered by that statement and a statement of portfolio at the end of such period;
- 18. the monthly statement of account will identify the assets being managed on behalf of the Participating Client including for each trade made during that month the information that the Filer would otherwise have been required to provide to that Participating Client in a trade confirmation in accordance with the Legislation, except for the following information (collectively, the **Omitted Information**):
 - (a) the stock exchange or commodity futures exchange upon which the trade took place;
 - (b) the fee or other charge, if any, levied by any securities regulatory authority in connection with the trade;
 - (c) the name of the salesperson, if any, in the transaction;
 - (d) the name of the dealer, if any, used by the Filer as its agent to effect the trade; and
 - (e) if acting as agent in a trade upon a stock exchange, the name of the person or company from or to or through whom the security was bought or sold;
- 19. the Filer will maintain the Omitted Information with respect to a Participating Client in its books and records and will make the Omitted Information available to the Participating Client upon request;
- 20. the Filer cannot rely on any Trade Confirmation Requirement exemption in the Legislation and, in the absence of the requested relief, would be subject to the Trade Confirmation Requirement in the Jurisdictions;
- 21. IIROC Rule 200.1(h) prescribes circumstances in which IIROC permits the suppression of trade confirmations in respect of managed accounts, which circumstances are satisfied in respect of the Programs.

Decision

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

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

1. the Participating Client has previously informed the Filer in writing that the Participating Client does not wish to receive trade confirmations for the Participating Client's Program Account; and
2. in the case of each trade for a Program Account, the Filer sends to the Participating Client the corresponding statement of account that includes the information referred to in representation 18.

"Mark Wang"
Acting Director, Capital Markets Regulation
British Columbia Securities Commission

2.1.4 Nova Growth Corp. - s. 1(10)

Headnote

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

Ontario Statutes

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

August 27, 2008

Wildeboer Dellelce LLP
365 Bay Street, Suite 800
Toronto, ON M5H 2V1

Attention: Irene Kim

Dear Sirs/Mesdames:

Re: Nova Growth Corp. (the Applicant) – application for a decision under the securities legislation of Ontario and Alberta (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

- (a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;
- (b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation;
- (c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
- (d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

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

“Erez Blumberger”
Manager, Corporate Finance
Ontario Securities Commission

2.1.5 G2 Resources Inc. - s. 1(10)

Headnote

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

Applicable Legislative Provisions

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

Citation: G2 Resources Inc., 2008 ABASC 481

August 11, 2008

Macleod Dixon LLP
3700 Canterra Tower
400 Third Avenue SW
Calgary, AB T2P 4H2

Attention: Anjali Coyle

Dear Madam:

Re: G2 Resources Inc. (the Applicant) - Application for a decision under the securities legislation of Alberta, Ontario and Québec (the Jurisdictions) that the Applicant is not a reporting issuer

The Applicant has applied to the local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions for a decision under the securities legislation (the **Legislation**) of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

- (a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;
- (b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
- (c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
- (d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

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

"Blaine Young"

Associate Director, Corporate Finance

2.1.6 Creststreet Kettles Hill Windpower LP - s. 1(10)

Headnote

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

Applicable Legislative Provisions

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

Citation: Creststreet Kettles Hill Windpower LP, 2008 ABASC 513

August 28, 2008

McCarthy Tétrault

Box 48, Suite 5300
Toronto Dominion Bank Tower
Toronto, ON M5K 1E6

Attention: Shea T. Small

Dear Mr. Small:

Re: Creststreet Kettles Hill Windpower LP (the Applicant) - Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer

The Applicant has applied to the local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions for a decision under the securities legislation (the Legislation) of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

- (a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;
- (b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
- (c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

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

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

"Blaine Young"
Associate Director, Corporate Finance

2.1.7 Global Copper Corp. - s. 1(10)

Headnote

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

Applicable Legislative Provisions

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

August 29, 2008

Lang Michener LLP

Brookfield Place, P.O. Box 747
181 Bay Street, Suite 2500
Toronto, Ontario
M5J 2T7

Attention: Hellen Siwanowicz

Dear Sirs:

Re: Global Copper Corp. (the "Applicant") - application for a decision under the securities legislation of Ontario and Alberta (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

- (a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;
- (b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
- (c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
- (d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

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

“Jo-Anne Matear”
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.8 Great Western Diamonds Corp.

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions -Application for an order that the issuer is not a reporting issuer - Filer has no publicly held securities - Requested relief granted.

Applicable Legislative Provisions

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

July 8, 2008

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, MANITOBA, SASKATCHEWAN,
AND ALBERTA
(the “Jurisdictions”)**

AND

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

AND

**IN THE MATTER OF
GREAT WESTERN DIAMONDS CORP.
(the “Filer”)**

DECISION

Background

The securities regulatory authority or regulator of the Jurisdiction (the “Decision Maker”) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the Filer is not a reporting issuer in each of the Jurisdictions (the “Exemptive Relief Sought”).

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

- (a) the Saskatchewan Financial Securities Commission (the “SFSC”) is the principal regulator for this application, and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under *The Business Corporations Act* (Saskatchewan) with its head office in Regina, Saskatchewan.
2. The Filer has been a reporting issuer in each of the Jurisdictions since 2005. Currently, the Filer is not in default of any of its obligations under the Legislation as a reporting issuer, other than its obligation to file its annual financial statements for the year ended December 31, 2007, its interim financial statements for the period ended March 31, 2008 and its Management Discussion and Analysis in respect of such financial statements, all as required under the National Instrument 51-102, *Continuous Disclosure Obligations* and the related certification of such financial statements as required under Multilateral Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*.
3. The Filer has one security holder.
4. The Filer is a resource exploration company.
5. No securities of the Filer are traded on a marketplace as defined in National Instrument 21-101, *Marketplace Operation*.
6. The Filer has no current intention to seek public financing by way of an offering of securities.
7. The Filer has applied for relief in order to cease to be a reporting issuer in all of the jurisdictions in which it is currently a reporting issuer.
8. The Filer, upon the grant of the Exemptive Relief Sought, will not be a reporting issuer or the equivalent in any jurisdiction in Canada.

Decision

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

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

"Dave Wild"

Chair

Saskatchewan Financial Securities Commission

2.1.9 Return on Innovation Management Ltd. and ROI Global Supercycle Fund

Headnote

Passport System for Exemptive Relief Applications – a mutual fund is granted exemptions from National Instrument 81-102 Mutual Funds to engage in short selling of securities up to 20% of net assets, subject to certain conditions and requirements.

Applicable Legislative Provisions

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

August 28, 2008

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the “Jurisdiction”)

AND

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

AND

IN THE MATTER OF
RETURN ON INNOVATION MANAGEMENT LTD.
(the “Filer”)

AND

IN THE MATTER OF
ROI GLOBAL SUPERCYCLE FUND
(the “Fund”)

DECISION

Background

The principal regulator (the “**Decision Maker**”) in the Jurisdiction has received an application from the Filer, on behalf of the Fund, for a decision under the securities legislation of the Jurisdiction (the “**Legislation**”) pursuant to section 19.1 of National Instrument 81-102 – *Mutual Funds* (“**NI 81-102**”) to exempt the Fund from the following requirements of the Legislation, subject to certain terms and conditions:

- i) the requirements of sections 2.6(a) and 2.6(c) of NI 81-102 relating to the ability of the Fund to sell portfolio securities short; and
- ii) the requirement of section 6.1(1) of NI 81-102 relating to the deposit of a portion of a Fund’s assets with an entity other than such Fund’s custodian (collectively, the “**Requested Relief**”).

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

- (i) the Ontario Securities Commission is the principal regulator for this application; and
- (ii) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (“**MI 11-102**”) is to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut.

Interpretation

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

Representations

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

1. The Fund will be an open-end mutual fund trust established under the laws of Ontario.
2. The Filer is the manager of the Fund. The Fund will be a reporting issuer in all of the provinces and territories of Canada. The Fund has filed a Preliminary Simplified Prospectus and Annual Information Form dated August 6, 2008 under SEDAR Project No. 01300450.
3. The investment practices of the Fund will comply in all respects with the requirements of Part 2 of NI 81-102, except to the extent that the Funds have received permission from the Principal Regulator to deviate therefrom.
4. Any short sales made by the Fund will be subject to compliance with the investment objectives of the Fund.
5. In order to effect a short sale, the Fund will borrow securities from either its custodian or a dealer (a "**Borrowing Agent**"), which Borrowing Agent may be acting either as principal for its own account or as agent for other lenders of securities.
6. The 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 sale is effected;
 - (d) the securities sold short will be liquid securities that:
 - (i) are listed and posted for trading on a stock exchange, and
 - (1) the issuer of the security has a market capitalization of not less than CDN\$100 million, or the equivalent thereof, at the time the short sale is effected; or
 - (2) 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 issue 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 total 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 120% (or such lesser percentage as the Filer or a portfolio adviser acting on behalf of the Fund 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 simplified prospectus and annual information form of the short selling strategies and the details of this exemptive relief prior to implementing the short selling strategy.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that:

- a) 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;
- b) the Fund holds "cash cover" (as defined in NI 81-102) in an amount, including the Fund assets deposited with the 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;
- c) no proceeds from short sales by the Fund are used by the Fund to purchase long positions in securities other than cash cover;
- d) the Fund maintains appropriate internal controls regarding its short sales including written policies and procedures, risk management controls and proper books and records;
- e) any short sales made by the Fund will be subject to compliance with the investment objectives of the Fund;
- f) for short sale transactions in Canada, every dealer that holds Fund assets as a 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;
- g) for short sale transactions outside Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund shall:
 - (i) be a member of a stock exchange and, as a result, be subject to a regulatory audit; and
 - (ii) 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;
- h) 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;
- i) 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 related only to obligations arising under such short sale transactions;
- j) prior to conducting any short sales, the Fund discloses in its simplified 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 simplified prospectus, the Fund's strategy and this exemptive relief;
- k) prior to conducting any short sales, the Fund discloses in its annual information form or an amendment thereto the following information:
 - (i) 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;
 - (ii) 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;
 - (iii) the 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;
 - (iv) whether there are individuals or groups that monitor the risks independent of those who trade; and

- (v) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions;
and
- l) prior to conducting any short sales, the Fund has provided to its securityholders not less than 60 days' written notice that discloses the Fund's intent to begin short selling transactions and made the disclosure required in the Fund's simplified prospectus and annual information form as outlined in paragraphs (j) and (k) of this decision, or the Fund's initial simplified prospectus and annual information form and each renewal thereof has included such disclosure.

The Exemption Sought 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 Branch
Ontario Securities Commission

2.1.10 Toronto-Dominion Bank and TD Capital Trust III

Headnote

MI 11-102 and NP 11-203 as applicable – capital trust established by bank to issue capital trust securities as cost-effective means of raising capital for Canadian bank regulatory purposes exempted from eligibility requirements to file a short form prospectus, certain form requirements and 10-day notice requirement – trust is not currently a reporting issuer – relief granted as disclosure regarding the bank is more relevant and bank has been reporting issuer for many years – relief subject to conditions – National Instrument 44-101 Short Form Prospectus Distributions – relief also granted for temporary confidentiality of decision.

Applicable Legislative Provisions

National Instrument 44-101 Short Form Prospectus Distributions, ss. 2.3, 2.8.
Form 44-101F1 Short Form Prospectus, items 6 and 11.

August 22, 2008

IN THE MATTER OF THE SECURITIES LEGISLATION OF ONTARIO (THE “JURISDICTION”)

AND

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

AND

IN THE MATTER OF THE TORONTO-DOMINION BANK (THE “BANK”) AND TD CAPITAL TRUST III (THE “TRUST” AND, TOGETHER WITH THE BANK, THE “FILERS”)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision (the “Requested Relief”) under the securities legislation of the Jurisdiction of the principal regulator (the “Legislation”) that:

- A. the Trust be exempted from the following short form prospectus distribution requirements in connection with offerings by the Trust from time to time of Trust Capital Securities (as defined herein):
 - (i) the requirements of Part 2 of National Instrument 44-101 *Short Form Prospectus Distributions* (“NI 44-101”), which set forth the eligibility requirements

to enable an issuer to file a prospectus in the form of a short form prospectus;

- (ii) the disclosure requirements in Item 6 (Earnings Coverage Ratios) and Item 11 (Documents Incorporated by Reference), with the exception of Item 11.1(1)(5), of Form 44-101F1 of NI 44-101 (“Form 44-101F1”) in respect of the Trust, as applicable; and
- (iii) the requirement in Section 2.8 of NI 44-101 to file a notice of intention to file a short form prospectus no fewer than 10 business days prior to the filing of the Trust’s first preliminary short form prospectus (the “Preliminary Prospectus”);

- B. the Trust is qualified to file a prospectus in the form of a short form prospectus in accordance with NI 44-101; and
- C. the application of the Filers and this decision document be held in confidence by the principal regulator, subject to certain conditions.

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

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (“MI 11-102”) is intended to be relied upon in each of the provinces and territories of Canada other than Ontario.

Interpretation

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

“Bank Act” means the Bank Act (Canada);

“Tax Act” means the Income Tax Act (Canada);

Representations

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

The Bank

1. The Bank is a Schedule 1 chartered bank subject to the provisions of the Bank Act (Canada). The head office of the Bank is located at P.O. Box 1, Toronto-Dominion Centre, Toronto, Ontario M5K 1A2.

2. The authorized share capital of the Bank consists of an unlimited number of: (i) common shares ("Bank Common Shares"); and (ii) Class A First Preferred Shares ("Bank Preferred Shares"), issuable in series.
3. The Bank Common Shares are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange and the Tokyo Stock Exchange.
4. The Bank is a reporting issuer, or the equivalent, in each province and territory of Canada that provides for a reporting issuer regime and is not, to the best of its knowledge, in default of any requirement of the securities legislation in such jurisdictions.
5. The Bank is qualified to use the short form prospectus system provided under NI 44-101.

The Trust

6. The Trust is a trust established under the laws of the Province of Ontario, pursuant to a declaration of trust dated August 20, 2008, as may be amended, restated and supplemented from time to time.
7. The Trust is proposing to do an initial public offering (the "Offering") of trust capital securities ("Trust Capital Securities") in each of the provinces and territories of Canada and may, from time to time, issue further series of Trust Capital Securities. It is currently anticipated that the first series of Trust Capital Securities will be designated as TD Capital Trust III Securities – Series 2008 ("TD CaTS III – Series 2008"). As a result of the Offering, the capital of the Trust will consist of TD CaTS III – Series 2008 and special trust securities, issuable in series (the "Special Trust Securities"; and, collectively with the TD CaTS III – Series 2008, the "Trust Securities"). All of the Special Trust Securities will be held, directly or indirectly, by the Bank.
8. The Trust has been established for the purpose of effecting offerings of Trust Securities in order to provide the Bank with a cost-effective means of raising capital for Canadian bank regulatory purposes by means of: (i) creating and selling the Trust Securities; and (ii) acquiring and holding assets, which may consist of (a) residential mortgages (which may include CMHC insured or conventional first mortgages on residential property situated in Canada or such other first mortgages (or interests therein whether on a pooled basis or otherwise) on residential property situated in Canada, including, without limitation, privately insured residential mortgages or lines of credit secured by first mortgages on residential property situated in Canada, the debtor of which in each case is an individual resident in Canada for

purposes of the Tax Act and so long as, in all cases, they are Eligible Investments (as defined below)), (b) undivided co-ownership interests in one or more pools of residential mortgages situated in Canada, (c) certain mortgage-backed securities in respect of residential property situated in Canada; and (d) to the extent that the assets of the Trust are not invested in the assets referred to above in (a), (b) or (c), money and certain debt obligations that are qualified investments under the *Income Tax Act* (Canada) for trusts governed by certain deferred income plans ("Eligible Investments" and collectively with items (a), (b) and (c), the "Trust Assets"). The Trust Assets will generate income for distribution to holders of Trust Securities. The Trust will not carry on any operating activity other than in connection with offerings of Trust Securities and in connection with the Trust Assets.

9. The Trust is not currently a reporting issuer in any province or territory of Canada. As a result of the Offering, it is anticipated that the Trust will become a reporting issuer, or the equivalent, in each of the provinces and territories of Canada that provide for a reporting issuer regime.

TD CaTS III – Series 2008

10. Holders of TD CaTS III – Series 2008 will be entitled to receive fixed, non-cumulative, indicated cash distributions (each, an "Indicated Distribution") on such date(s) as may be described in the prospectus for the Offering (the "Prospectus"). Each payment date for the Indicated Distribution in respect of the TD CaTS III – Series 2008 (a "Distribution Date") will be either a "Regular Distribution Date" or a "Distribution Diversion Date". A Distribution Date will be a "Distribution Diversion Date" with the result that the Indicated Distribution will not be paid in respect of the TD CaTS III – Series 2008 but, instead, the Trust will pay the net distributable funds of the Trust to the Bank as holder of the Special Trust Securities if: (i) the Bank has failed in the period to be described in the Prospectus to declare regular dividends on the Bank Preferred Shares of any series; or (ii) if no Bank Preferred Shares are then outstanding, the Bank has failed in the period to be described in the Prospectus to declare regular dividends on the Bank Common Shares. In all other cases, a Distribution Date will be a Regular Distribution Date, in which case holders of TD CaTS III – Series 2008 will be entitled to receive the Indicated Distribution and the holder of the Special Trust Securities will be entitled to receive the net distributable income, if any, of the Trust remaining after payment of the Indicated Distribution.
11. Under a share exchange agreement ("Share Exchange Agreement") to be entered into among the Bank, the Trust and a party acting as

exchange trustee, the Bank will agree, for the benefit of holders of TD CaTS III – Series 2008, that in the event that the Trust fails on any Regular Distribution Date to pay the Indicated Distribution on the TD CaTS III – Series 2008 in full, the Bank will not declare dividends of any kind on the Bank Preferred Shares or the Bank Common Shares until a period of time specified in the Prospectus has elapsed, unless the Trust first pays such Indicated Distribution (or the unpaid portion thereof) to holders of TD CaTS III – Series 2008 (the “Dividend Stopper Undertaking”). Accordingly, it is in the interest of the Bank to ensure, to the extent within its control, that the Trust complies with its obligation to pay the Indicated Distribution on each Regular Distribution Date so as to avoid triggering the Dividend Stopper Undertaking.

12. The TD CaTS III – Series 2008 will be automatically exchanged, without the consent of the holder, for a new series of newly issued Bank Preferred Shares upon the occurrence of certain stated events relating to the solvency of the Bank or actions taken by the Superintendent of Financial Institutions (the “Superintendent”) in respect of the Bank.
13. The Trust may, subject to regulatory approval, at its option, on a date to be described in the Prospectus not prior to five years after the issue date for the TD CaTS III – Series 2008 and on any Distribution Date thereafter, redeem the TD CaTS III – Series 2008 without the consent of the holders thereof. The price payable in respect of any such redemption will include an early redemption compensation component (such price being the “Early Redemption Price”) in the event of a redemption prior to a date to be specified in the Prospectus. The price payable in all other cases will be an amount equal to the original issue price per TD CaTS III – Series 2008 together with any unpaid Indicated Distribution thereon (the “Redemption Price”).
14. Upon the occurrence of certain regulatory or tax events affecting the Bank or the Trust (each a “Special Event”) within five years of the date of issuance of the TD CaTS III – Series 2008, the Trust may, at its option, without consent of the holders of the TD CaTS III – Series 2008 but subject to regulatory approval, redeem all but not less than all of the TD CaTS III – Series 2008 at the Early Redemption Price.
15. The Bank will covenant that it will maintain direct or indirect ownership of 100% of the outstanding Special Trust Securities. Subject to regulatory approval, the TD CaTS III – Series 2008 will constitute Tier 1 capital of the Bank.
16. As long as any TD CaTS III – Series 2008 are outstanding and are held by any person other than

the Bank, or an affiliate of the Bank, the Trust may only be terminated with the approval of the Bank as holder, directly or indirectly, of the Special Trust Securities and with the approval of the Superintendent: (i) upon the occurrence of a Special Event prior to a date to be specified in the Prospectus; or (ii) for any reason on a date to be specified in the Prospectus or any other Distribution Date thereafter. Holders of TD CaTS III – Series 2008 and the Bank and/or its affiliates, as holders of the Special Trust Securities, will rank *pari passu* in the distribution of the property of the Trust in the event of a termination of the Trust after the discharge of any creditor claims. As long as any TD CaTS III – Series 2008 are outstanding and held by any person other than the Bank, or an affiliate thereof, the Bank will not approve the termination of the Trust unless the Trust has sufficient funds to pay the Early Redemption Price or the Redemption Price, as applicable.

17. The TD CaTS III – Series 2008 will be non-voting except in limited circumstances, and Special Trust Securities will entitle the holder thereof to vote in all circumstances.
18. Except to the extent that the Indicated Distribution is payable to holders of TD CaTS III – Series 2008, and other than in the event of a termination of the Trust, holders of TD CaTS III – Series 2008 will have no claim or entitlement to the income of the Trust or its assets.
19. Pursuant to an administration and advisory agreement to be entered into between the trustee of the Trust (the “Trustee”) and the Bank, the Trustee will delegate to the Bank certain of its duties in relation to the administration of the Trust. The Bank, as administrative agent, will provide advice and counsel with respect to management of the assets of the Trust and other matters as may be requested by the Trustee from time to time and will administer the day-to-day operations of the Trust.
20. The Trust may, from time to time, issue further series of Trust Capital Securities, the proceeds of which would be used to acquire additional Trust Assets.
21. Because of the terms of the Trust Capital Securities, the Share Exchange Agreement and the various covenants of the Bank, information about the affairs and financial performance of the Bank, as opposed to that of the Trust, is meaningful to holders of Trust Capital Securities.
22. It is expected that the TD CaTS III – Series 2008 will receive an approved rating from an approved rating organization, as defined in NI 44-101.

23. At the time of the filing of any prospectus in connection with offerings of Trust Capital Securities (including the Offering):

- (i) the prospectus will be prepared in accordance with the short form prospectus requirements of NI 44-101, except as varied by this decision or as permitted by the Legislation;
- (ii) the Trust will comply with all of the filing requirements and procedures set out in NI 44-101 except as varied by this decision or as permitted by the Legislation;
- (iii) the prospectus will incorporate by reference the documents that would be required to be incorporated by reference under Item 11 of Form 44-101F1 if the Bank were the issuer of such securities;
- (iv) the prospectus disclosure required by Item 11 (other than Item 11.1(1)(5)) of Form 44-101F1 in respect of the Trust) will be addressed by incorporating by reference the Bank's public disclosure documents referred to in paragraph 23(iii) above; and
- (v) the Bank will satisfy the criteria in section 2.2 of NI 44-101 if the word "issuer" is replaced with "Bank".

Decision

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

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

- (i) the Trust and the Bank, as applicable, comply with paragraph 23 above;
- (ii) the Bank remains the direct or indirect beneficial owner of all of the outstanding Special Trust Securities;
- (iii) the Bank, as holder of the Special Trust Securities, will not propose changes to the terms and conditions of any outstanding Trust Capital Securities offered and sold pursuant to a short form prospectus of the Trust filed under this decision that would result in such Trust Capital Securities being exchangeable for securities other than Bank Preferred Shares;

- (iv) the Trust has minimal assets, operations, revenues or cash flows other than those related to the issuance, administration and repayment of the Trust Securities;
- (v) the Trust issues a news release and files a material change report in accordance with Part 7 of NI 51-102, as amended, supplemented or replaced from time to time, in respect of any material change in the affairs of the Trust that is not also a material change in the affairs of the Bank;
- (vi) the Trust becomes, on or before the filing of a preliminary prospectus in connection with the Offering, and thereafter remains, an electronic filer under NI 13-101;
- (vii) following the Offering, the Trust is a reporting issuer in at least one jurisdiction of Canada;
- (viii) following the Offering, the Trust files with the securities regulatory authority in each jurisdiction in which it becomes a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction: (a) under all applicable securities legislation; (b) pursuant to an order issued by the securities regulatory authority; or (c) pursuant to an undertaking to the securities regulatory authority;
- (ix) the Preliminary Prospectus is in respect of the Offering as described in paragraph 7 above; and
- (x) the securities to be distributed (a) have received an approved rating on a provisional basis; (b) are not the subject of an announcement by an approved rating organization, of which the issuer is or ought reasonably to be aware, that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and (c) have not received a provisional or final rating lower than an approved rating from any approved rating organization.

The further decision of the principal regulator is that the application of the Filers and this decision shall be held in confidence by the principal regulator until the earlier of (i) the date that a preliminary short form prospectus is filed in respect of the Offering, and (ii) October 31, 2008.

"Erez Blumberger"
Manager, Corporate Finance
Ontario Securities Commission

2.2 Orders

2.2.1 FactorCorp Inc. et al. - ss. 127, 144

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

AND

**IN THE MATTER OF
FACTORCORP INC.,
FACTORCORP FINANCIAL INC.,
AND MARK IVAN TWERDUN**

**TEMPORARY ORDER
(Sections 127 and 144 of the Act)**

WHEREAS FactorCorp Inc. ("FactorCorp") was an Ontario corporation registered under Ontario securities law as a Limited Market Dealer ("LMD");

AND WHEREAS, FactorCorp Financial Inc. ("FactorCorp Financial") was an Ontario corporation that was not a reporting issuer and was not registered with the Commission;

AND WHEREAS Mark Twerdun ("Twerdun") was the controlling shareholder and sole director and officer of both FactorCorp and FactorCorp Financial;

AND WHEREAS the Commission issued an order on July 6, 2007 (the "Temporary Order");

AND WHEREAS on July 27, 2007 the Commission varied the Temporary Order and ordered pursuant to subsection 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (as amended) (the "Act") that:

- (a) pursuant to paragraph 127(1)2, all trading in any securities by and of the respondents cease except that Twerdun is permitted to trade, in his name only, in securities that have not been issued by FactorCorp or FactorCorp Financial, for his own account or for the account of a registered retirement savings plan or registered retirement income fund (as defined in the *Income Tax Act* (Canada)) in which he has legal and beneficial ownership and interest;
- (b) pursuant to paragraph 127(1)3 of the Act, but subject to paragraph (a) above, all exemptions contained in Ontario securities law do not apply to the respondents; and
- (c) pursuant to paragraph 127(1)1 of the Act, the following terms and conditions are imposed on the registration of FactorCorp and Twerdun, effective immediately:

(i) Twerdun, FactorCorp and any company controlled, directly or indirectly, by Twerdun, and FactorCorp including but not limited to FactorCorp Financial, are prohibited from making repayments and participating in or acquiescing to any act, directly or indirectly, in furtherance of a redemption of securities of FactorCorp and FactorCorp Financial;

(ii) Twerdun and FactorCorp are prohibited from transferring their controlling interest in any company including but not limited to FactorCorp Financial; and

(iii) Twerdun and FactorCorp shall cause FactorCorp and FactorCorp Financial to retain a monitor (the "Monitor"), selected by Staff, by 5:00 p.m. Eastern Time on August 1, 2007. The Monitor's primary objective will be to review the business, operations and affairs of FactorCorp Financial, FactorCorp and any company controlled, directly or indirectly, by Twerdun, FactorCorp and FactorCorp Financial involved with the issuance of securities and related proceeds. The Monitor shall be retained on terms to be established by Staff.

AND WHEREAS, the Temporary Order, as varied on July 27, 2007, was further varied on October 26, 2007 to apply to Twerdun only;

AND WHEREAS, the Temporary Order, as varied, was extended by Orders of the Commission dated: August 27, 2007, September 26, 2007, October 26, 2007, December 6, 2007, February 13, 2008, April 15, 2008 and June 16, 2008. Pursuant to the June 16, 2008 Order the Temporary Order, as varied, was extended to expire on September 2, 2008, unless further extended by the Commission;

AND WHEREAS on August 1, 2007 KPMG Inc. ("KPMG") was appointed Monitor by FactorCorp and FactorCorp Financial pursuant to the Temporary Order, as varied;

AND WHEREAS by Order of the Superior Court of Justice dated October 17, 2007, KPMG was appointed Receiver and Manager (the "Receiver") over the assets, undertakings and properties of FactorCorp and FactorCorp Financial and by Order of the Superior Court of Justice dated October 30, 2007, the appointment of the Receiver

was confirmed and extended until further Order of the Court;

AND WHEREAS by Order of the Superior Court of Justice dated March 25, 2008, FactorCorp and FactorCorp Financial were adjudged bankrupt, a Bankruptcy Order was made against FactorCorp and FactorCorp Financial and KPMG Inc. was appointed Trustee of the Estates of FactorCorp and FactorCorp Financial (the "Trustee");

AND WHEREAS the Commission has previously considered various Reports of the Receiver acting as Monitor and in its capacity as Receiver, pleadings and the endorsements of the Honourable Justice Mossip, dated September 21, 2007, in Court File No. CV-06-00227-00, and the endorsement of the Honourable Justice Morawetz, dated March 25, 2008, in Court File No. 31-OR-207506 T, as previously filed, and the submissions of the parties;

AND WHEREAS the Commission has previously considered the Report of the Trustee's Preliminary Administration of the Estates of FactorCorp and FactorCorp Financial dated April 24, 2008;

AND WHEREAS Staff of the Commission consent to, and Twerdun, through counsel, does not oppose, the making of this Order;

AND WHEREAS the Commission is of the opinion that it is in the public interest to continue the Temporary Order, as previously varied, for the period expiring on January 5, 2009, unless further extended by the Commission;

IT IS ORDERED that the Temporary Order, as varied on October 26, 2007, be continued for the period expiring on January 5, 2009, unless further extended by the Commission, as follows:

- (a) pursuant to paragraph 127(1)2, all trading in any securities by Twerdun cease except that Twerdun is permitted to trade, in his name only, in securities that have not been issued by FactorCorp or FactorCorp Financial, for his own account or for the account of a registered retirement savings plan or registered retirement income fund (as defined in the Income Tax Act (Canada)) in which he has legal and beneficial ownership and interest; and
- (b) pursuant to paragraph 127(1)3 of the Act, but subject to paragraph (a) above, all exemptions contained in Ontario securities law do not apply to Twerdun; and
- (c) pursuant to paragraph 127(1)1 of the Act, the following terms and conditions are imposed on the registration of Twerdun, effective immediately:

- (i) Twerdun, and any company controlled, directly or indirectly, by him, are prohibited from making repayments and participating in or acquiescing to any act, directly or indirectly, in furtherance of a redemption of securities of FactorCorp and FactorCorp Financial without the prior written consent of the Receiver and/or Trustee; and
- (ii) Twerdun is prohibited from transferring his controlling interest in any company including but not limited to FactorCorp and FactorCorp Financial.

DATED AT TORONTO this 29th day of August, 2008.

"Suresh Thakrar"

"Mary Condon"

2.2.2 Potash Corporation of Saskatchewan - s. 104(2)(c)

Headnote

Clause 104(2)(c) - Issuer bid - relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act - Issuer proposes to purchase, at a discounted purchase price, approximately 1,100,000 of its common shares from two shareholders - due to discounted purchase price, proposed purchases cannot be made through TSX trading system - but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Act and in accordance with the TSX rules governing normal course issuer bid purchases - no adverse economic impact on or prejudice to issuer or public shareholders - proposed purchases exempt from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 94 to 94.8, 97 to 98.7, 104(2)(c).

August 29, 2008

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

AND

**IN THE MATTER OF
POTASH CORPORATION OF SASKATCHEWAN**

**ORDER
(Section 104(2)(c))**

UPON the application (the **Application**) of Potash Corporation of Saskatchewan Inc. (the **Issuer**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to Section 104(2)(c) of the *Securities Act* (Ontario) (the "**Act**") exempting the Issuer from the formal issuer bid requirements of Sections 94 to 94.8 and 97 to 98.7 of the Act (the **Formal Issuer Bid Requirements**) in connection with the proposed purchases by the Issuer of approximately (and in no event greater than) 1,100,000 of its common shares (the **Subject Shares**) of its common shares (the **Common Shares**) from Bank of Montreal and/or The Toronto-Dominion Bank, and/or such shareholder's affiliates (collectively, the **Selling Shareholders**);

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

AND UPON the Issuer having represented to the Commission that:

1. The Issuer is a corporation governed by the *Canada Business Corporations Act*.
2. The head office and registered office of the Issuer are located at Suite 500, 122 - 1st Avenue South, Saskatoon, Saskatchewan S7K 7G3
3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and the Common Shares are listed for trading on the Toronto Stock Exchange (the **TSX**) and the New York Stock Exchange. The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.
4. The authorized share capital of the Issuer consists of an unlimited number of Common Shares, of which approximately 302,991,208 Common Shares are issued and outstanding as of August 26, 2008 and an unlimited number of first preferred shares, of which no first preferred shares have been issued.
5. Pursuant to a Notice of Intention to make a Normal Course Issuer Bid dated and filed with the TSX on January 25, 2008 (the **Notice**), the Issuer is permitted to make normal course issuer bid (the **Bid**) purchases for the period starting January 31, 2008 and ending on January 30, 2009 and for a maximum of 15,800,000 Common Shares. As at August 26, 2008, 14,647,600 Common Shares have been purchased under the Bid.
6. The Notice of Intention, as amended, filed with the TSX contemplates that purchases made under the Bid may be made by way of exempt offer or as otherwise permitted by the TSX.
7. The Issuer and the Selling Shareholders intend to enter into one or more agreements of purchase and sale (each, an **Agreement**), pursuant to which the Issuer will agree to acquire the Subject Shares from the Selling Shareholders by one or more purchases occurring prior to November 30, 2008 (each such purchase, a **Proposed Purchase**), for a purchase price (the **Purchase Price**) that will be negotiated at arm's length between the Issuer and each Selling Shareholder. The Purchase Price will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares at the time of each Proposed Purchase.
8. The purchase of Subject Shares by the Issuer pursuant to each Agreement will constitute an "issuer bid" for purposes of the Act, to which the Formal Issuer Bid Requirements would otherwise apply.
9. Because the Purchase Price will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares at the time of each Proposed Purchase, each trade

cannot be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire the Subject Shares from the Selling Shareholders in reliance upon the exemption from the Formal Issuer Bid Requirements that is available pursuant to Section 101.2(1) of the Act.

10. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares at the time of each trade, the Issuer could otherwise acquire the Subject Shares as a "block purchase" (a **Block Purchase**) in accordance with Section 629(l)7 of Part VI of the TSX Company Manual (the **TSX Rules**) and Section 101.2(1) of the Act.
11. Each of the Selling Shareholders is at arm's length to the Issuer and is not an "insider" of the Issuer or "associate" of an "insider" of the Issuer, an "associate" or "affiliate" of the Issuer, as such terms are defined in the Act. In addition, each Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**).
12. For each Proposed Purchase, the Issuer will be able to acquire the Subject Shares from the Selling Shareholders in reliance upon the exemption from the dealer registration requirements of the Act that is available as a result of the combined effect of Section 2.16 of NI 45-106 and Section 4.1(a) of Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions*.
13. The Issuer is of the view that the purchase of the Subject Shares at a lower price than the price at which the Issuer would be able to purchase the Common Shares under the Bid is an appropriate use of the Issuer's funds.
14. The purchase of the Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's securityholders and it will not materially affect control of the Issuer. The Proposed Purchases will be carried out with a minimum of cost to the Issuer.
15. The market for the Common Shares is a "liquid market" within the meaning of Section 1.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*. The purchase of the Subject Shares would not have any effect on the ability of other shareholders of the Issuer to sell their Common Shares in the market.
16. Other than the Purchase Price, no additional fee or other consideration will be paid in connection with the Proposed Purchases.

17. At the time that each Agreement is entered into by the Issuer and a Selling Shareholder, neither the Issuer nor the Selling Shareholder will be aware of any undisclosed "material change" or any undisclosed "material fact" (each as defined in the Act) in respect of the Issuer.

18. As at the date hereof, to the knowledge of the Issuer after reasonable inquiry, the Selling Shareholders own the Subject Shares and the Subject Shares were not acquired in anticipation of resale pursuant to the Proposed Purchases.

AND UPON the Commission being satisfied that it would not be prejudicial to the public interest for the Commission to grant the requested exemption;

IT IS ORDERED pursuant to Section 104(2)(c) of the Act that the Issuer be exempt from the Formal Issuer Bid Requirements in connection with each Proposed Purchase, provided that:

- (a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit for the Bid Purchases in accordance with the TSX Rules;
- (b) the Issuer will refrain from conducting a Block Purchase in accordance with the TSX Rules during the calendar week it completes each Proposed Purchase and may not make any further purchases under the Bid for the remainder of that calendar day;
- (c) the Purchase Price is not higher than the last "independent trade" (as that term is used in paragraph 629(l)1 of the TSX Rules) of a board lot of Common Shares immediately prior to the execution of each Proposed Purchase;
- (d) the Issuer will otherwise acquire any additional Common Shares pursuant to the Bid and in accordance with the TSX Rules;
- (e) immediately following each its purchase of Subject Shares from the Selling Shareholders, the Issuer will report the purchase of such Subject Shares to the TSX;
- (f) at the time that each Agreement is entered into by the Issuer and the Selling Shareholders, neither the Issuer nor the Selling Shareholders will be aware of any undisclosed "material change" or any undisclosed "material fact" (each as defined in the Act) in respect of the Issuer; and

- (g) the Issuer will issue a press release in connection with the Proposed Purchases.

"Mary Condon"
Commissioner
Ontario Securities Commission

"Paulette L. Kennedy"
Commissioner
Ontario Securities Commission

2.2.3 Daniel Duic - ss. 127, 127.1

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

AND

**IN THE MATTER OF
DANIEL DUIC**

**ORDER
(Section 127 and 127.1)**

WHEREAS on August 14, 2008, the Ontario Securities Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Securities Act (the "Act"), accompanied by Staff's Statement of Allegations, in respect of the Respondent, Daniel Duic ("Duic");

AND WHEREAS on August 19, 2008, Staff of the Commission ("Staff") and Duic filed an Agreed Statement of Facts (the "Agreed Facts") with the Commission;

AND WHEREAS in the Agreed Facts Duic admits to breaching the terms of an order made by the Commission on March 3, 2004 ("March 3, 2004 Order") and admits that his contravention of Ontario securities law was conduct contrary to the public interest;

AND UPON reviewing the Agreed Facts and Staff's Statement of Allegations, and upon hearing submissions from counsel for Staff and the Respondent;

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

IT IS ORDERED THAT:

- (a) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Duic shall cease permanently, with the following two exceptions:
 - i. Duic is permitted to buy and sell securities in mutual funds, including index funds and exchange traded funds, through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada)); and,
 - ii. Duic shall sell all securities held in his TD Waterhouse accounts (the "Toronto Accounts") as of the date of this Order within twenty-one days from the date of this Order and shall close the Toronto Accounts immediately thereafter. If Duic realizes a profit as a result of his divesture

of all securities in the Toronto Accounts (determined after taking into account: (a) the profit of \$40,848.76 (USD) Duic realized on or about August 8, 2007 through the sale of 7,500 shares of Cerner Corporation; and (b) the loss Duic sustained of \$22,734.40 (USD) on March 27, 2008, as a result of the sale of 890 shares of Boeing), he will pay this realized profit to the Commission forthwith, to be allocated by the Commission to or for the benefit of third parties under section 3.4(2)(b) of the Act;

Commission to or for the benefit of third parties under section 3.4(2)(b) of the Act;

- (j) pursuant to subsection 127.1 of the Act, Duic shall immediately pay the costs of the investigation in this matter in the amount of \$15,000; and,
- (k) except as modified by the above, Duic continues to be subject to the terms of the March 3, 2004 Order made by the Commission against him.

DATED at Toronto this 3rd day of September, 2008.

“James E. A. Turner”

“Suresh Thakrar”

- (b) pursuant to clause 2.1 of subsection 127(1) of the Act, acquisition of any securities by Duic shall be prohibited permanently, with the exception that Duic is permitted to buy and sell securities in mutual funds, including index funds and exchange traded funds, through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada));
- (c) pursuant to clause 6 of subsection 127(1) of the Act, Duic is hereby reprimanded;
- (d) pursuant to clause 8.1 of subsection 127(1) of the Act, Duic shall resign any positions that he holds as a director or officer of a registrant;
- (e) pursuant to clause 8.2 of subsection 127(1) of the Act, Duic shall be prohibited permanently from becoming or acting as a director or officer of a registrant;
- (f) pursuant to clause 8.3 of subsection 127(1) of the Act, Duic shall resign any positions that he holds as a director or officer of an investment fund manager;
- (g) pursuant to clause 8.4 of subsection 127(1) of the Act, Duic shall be prohibited permanently from becoming or acting as a director or officer of an investment fund manager;
- (h) pursuant to clause 8.5 of subsection 127(1) of the Act, Duic shall be prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter;
- (i) pursuant to clause 9 of subsection 127(1) of the Act, Duic shall immediately pay an administrative penalty in the amount of \$25,000, to be allocated by the

2.3 Rulings

2.3.1 UBS Securities LLC - s. 38 of the CFA and s. 6.1 of OSC Rule 91-502 Trades in Recognized Options

The Applicant will offer to certain of its clients in Ontario (Institutional Clients) the ability to trade in futures contracts and options that trade on exchanges located outside Canada through the Applicant. The Institutional Clients are the same as "designated institutions" as that term is defined in section 204(1) of Ont. Reg. 1015 – General Regulation made under the Securities Act (Ontario) (OSA).

Relief granted to permit the Applicant to execute trades in exchange-traded futures and options for its own account as well as those placed by its Institutional Clients in Ontario on a basis that it is exempt from registration, except that the Applicant is, and will continue to be, registered as an international dealer under the OSA.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., s. 38.
Rule 91-502 Trades in Recognized Options, as am., ss. 3.1, 6.1.

**IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, c. C.20
(the Act)**

AND

**IN THE MATTER OF
ONTARIO SECURITIES COMMISSION
RULE 91-502 TRADES IN RECOGNIZED OPTIONS
(the Rule)**

AND

**IN THE MATTER OF
UBS SECURITIES LLC**

**ORDER AND RULING
(Section 38 of the Act and Section 6.1 of the Rule)**

UPON the application (the **Application**) of UBS Securities LLC (the **Applicant**) to the Ontario Securities Commission (the **Commission**), in connection with trades (**Futures Trades**) in commodity futures contracts and options on commodity futures contracts (**Options Trades**) (collectively, **Futures Contracts**) that trade on certain exchanges located outside Canada (**Exchange Traded Futures**), and options on securities and options on securities indices (collectively, **Options**) by certain of its clients that fall within the category of investors listed in Appendix I to this Order (**Institutional Clients**), for an order pursuant to section 38 of the Act; and to the Director for an order pursuant to section 6.1 of the Rule for relief from section 3.1 of the Rule for certain trades in options.

AND UPON the Applicant having represented to the Commission as follows:

1. The Applicant is a limited liability company under the laws of the state of Delaware in the United States of America. The Applicant's head office is located at 677 Washington Boulevard, Stamford, Connecticut, USA 06901.
2. The Applicant is an integrated investment bank whose clients include financial institutions, corporations, governments and individuals. The Applicant provides its clients with a broad range of financial products and services. UBS Securities Canada Inc., an Ontario corporation, is registered as an investment dealer and broker under the *Securities Act* (Ontario) (the **OSA**) and as a dealer under the Act, but does not act as a broker for Futures Trades or Options Trades.
3. The Applicant is a broker-dealer registered with the U.S. Securities and Exchange Commission (**U.S. SEC**), a member of The Financial Industry Regulatory Authority (**FINRA**), a registered futures commission merchant with the U.S. Commodity Futures Trading Commission (**U.S. CFTC**), and a member of the U.S. National Futures Association (**U.S. NFA**).
4. The Applicant is one of 23 firms registered with the Federal Reserve Bank of New York as a primary dealer in U.S. Government securities. It is a market maker for U.S. agency securities and acts as broker for customers buying and selling equity and/or debt securities, and as a broker for futures and options on futures contracts. Its clients include financial institutions, corporations and hedge funds.
5. The Applicant is a member of all major securities and futures exchanges in the United States.
6. The Applicant is registered under the OSA as an international dealer and has attorned to the jurisdiction of the courts of Ontario and appointed an agent for service in Ontario.
7. The Applicant proposes to offer certain of its Institutional Clients in Ontario the ability to trade in Exchange-Traded Futures and Options through the Applicant. The Applicant will offer Ontario clients execution and, unless the client has directed otherwise, clearing broker services for trades in Futures Trades and Options Trades, in each case listed on exchanges located outside Canada (the **Recognized Exchanges**) and cleared through clearing corporations outside of Canada.
8. The Ontario clients that place orders with the Applicant will qualify as Institutional Clients.

9. The Exchange-Traded Futures to be traded by Institutional Clients will include, but will not be limited to, Futures Contracts for equity index, interest rate, energy, agricultural and other commodity products.
10. Institutional Clients will be able to execute trades in Exchange-Traded Futures through the Applicant by contacting the Applicant's exchange floor staff or global execution desk. Institutional Clients may also be able to self execute trades electronically in Exchange Traded Futures via an independent service vendor and/or other electronic trading routing.
11. The Applicant may perform both execution and clearing functions. If it is a member of the exchange on which the trade will be made, the Applicant executes the client order on the exchange in accordance with the rules and customary practice of the exchange. If it is not a member of the exchange on which the trade will be made, the Applicant will engage a local broker, which may be an affiliate of the Applicant, to assist in the execution and clearance of trades. The Applicant remains responsible for the execution and, unless the client has directed otherwise, clearance of each Futures Trade or Options Trade.
12. Alternatively, the client will be able to direct that trades executed by the Applicant be cleared through clearing brokers not affiliated with the Applicant in any way (each a **Non-UBS Clearing Broker**). If the Applicant performs only the execution of a client's Futures Contract order and "gives-up" the transaction for clearance to a Non-UBS Clearing Broker, such clearing broker will also be required to comply with the rules of the exchanges of which it is a member and any relevant regulatory requirements, including requirements under the Act as applicable, which may include know-your-customer obligations, account opening, suitability, anti-money laundering checks, credit checks, delivery of confirmation statements, clearing deposits, initial and maintenance margins, custody of clients' funds and interaction with the relevant clearing corporation, among other things. Each such Non-UBS Clearing Broker will represent to the Applicant in a give-up agreement that it will perform its obligations in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange and clearing house rules and the customs and usages of the exchange or clearing house on which the relevant client's Futures Contract orders will be executed and cleared. The Applicant will not enter into a give-up agreement with any Non-UBS Clearing Broker located in the United States unless such clearing broker is registered with the U.S. CFTC and/or U.S. SEC, as applicable.
13. As is customary for all trading in Exchange-Traded Futures, a clearing corporation appointed by the exchange or clearing division of the exchange is substituted as a universal counterparty on all trades in Futures Contracts and client orders are submitted to the exchange in the name of the Non-UBS Clearing Broker or the Applicant or, on exchanges where the Applicant is not a member, in the name of another carrying broker. The client is responsible to the Applicant for payment of daily mark-to-market variation margin and/or proper margin to carry open positions and the Applicant, the carrying broker or the Non-UBS Clearing Broker is in turn responsible to the clearing corporation/division for payment.
14. Clients that direct the Applicant to give up transactions in Exchange-Traded Futures for clearance and settlement by Non-UBS Clearing Brokers will execute the give-up agreements described above.
15. Clients will pay commissions for trades to the Applicant or the Non-UBS Clearing Broker or such commissions may be shared with the Non-UBS Clearing Broker.

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

AND UPON the Commission and Director being satisfied that it would not be prejudicial to the public interest to grant the order requested;

IT IS ORDERED pursuant to section 38 of the Act that the Applicant be exempted from the dealer registration requirements set out in the Act in connection with Exchange-Traded Futures with its clients in Ontario that fall within the category of Institutional Clients, provided that:

- (a) at the time trading activity is engaged in:
 - (i) the Applicant is registered with the U.S. SEC as a broker-dealer and with the U.S. CFTC as a futures commission merchant and is a member of FINRA and the U.S. NFA in good standing; and
 - (ii) the Applicant is registered as an international dealer under the *Securities Act* (Ontario);
- (b) each client in Ontario effecting Futures Trades is an Institutional Client and, if using a Non-UBS Clearing Broker, has represented and covenanted that the broker is or will be appropriately registered or exempt from registration under the Act;

- (c) the Applicant only executes Futures Trades for Ontario clients on exchanges located outside Canada, unless such Futures Trades are routed through an agent that is a dealer registered in Ontario under the Act; and
- (d) each client in Ontario effecting Futures Trades receives disclosure upon entering into the agreement by which it establishes an account with the Applicant that includes:
 - (i) a statement that there may be difficulty in enforcing any legal rights against the Applicant or any of its directors, officers or employees because they are resident outside of Canada and all or substantially all of their assets are situated outside of Canada; and
 - (ii) a statement that the Applicant is not registered under Ontario commodities futures legislation and, accordingly, the protection available to clients of a dealer registered under such commodities futures legislation will not be available to clients of the Applicant.

August 22, 2008

"Suresh Thakrar"
Commissioner
Ontario Securities Commission

"Mary G. Condon"
Commissioner
Ontario Securities Commission

AND IT IS ORDERED pursuant to Section 6.1 of the Rule that Section 3.1 of the Rule does not apply to the Applicant in respect of Options Trades, provided that the Applicant continues to be permitted to trade options in the United States.

August 22, 2008

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

Appendix 1

INSTITUTIONAL CLIENTS

In this Order, "Institutional Client" means:

- a) a financial intermediary;
- b) the Federal Business Development Bank;
- c) a subsidiary of any company referred to in clause (a) or (b), where the company beneficially owns all of the voting securities of the subsidiary;
- d) the Government of Canada or any province or territory of Canada;
- e) any municipal corporation or public board or commission in Canada;
- f) a mutual fund, other than a private mutual fund, having net assets of at least \$5,000,000;
- g) a trustee pension plan or fund sponsored by an employer for the benefit of its employees and having net assets of at least \$5,000,000;
- h) a registered dealer;
- i) a company or person, other than an individual, that is an accredited investor as defined in section 1.1 of National Instrument 45-106 *Prospectus and Registration Exemptions*; and
- j) a person or company deemed to be a "designated institution" under subsection 204(2) of Ont. Reg. 1015 – General Regulation made under the *Securities Act* (Ontario).

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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
Piper Resources Ltd.	29 Aug 08	10 Sept 08		

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
EnGlobe Corp.	18 Aug 08	29 Aug 08	29 Aug 08		

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
CoolBrands International Inc.	30 Nov 06	13 Dec 06	13 Dec 06		
Hip Interactive Corp.	04 July 05	15 July 05	15 July 05		
T S Telecom Ltd.	31 July 08	13 Aug 08	13 Aug 08		
OceanLake Commerce Inc.	01 Aug 08	14 Aug 08	14 Aug 08		
EnGlobe Corp.	18 Aug 08	29 Aug 08	29 Aug 08		

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Chapter 5

Rules and Policies

5.1.1 Amendments to NI 81-106 Investment Fund Continuous Disclosure, Form 81-106F1 Contents of Annual and Interim Management Report of Fund Performance, Companion Policy 81-106CP, and Related Amendments to Form 81-101F2 Contents of Annual Information Form, NI 81-102 Mutual Funds, Companion Policy 81-102CP, and Form 41-101F2 Information Required in an Investment Fund Prospectus

**NATIONAL INSTRUMENT 81-106
INVESTMENT FUND CONTINUOUS DISCLOSURE
AMENDMENT INSTRUMENT**

1. Section 1.1 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by repealing the definition of “net asset value” and substituting the following:

““net asset value” means the value of the total assets of the investment fund less the value of the total liabilities of the investment fund, as at a specific date, determined in accordance with Part 14;”
2. Section 2.9 of NI 81-106 *Investment Fund Continuous Disclosure* is amended
 - (a) in subparagraph (4)(a)(i) by striking out “and a statement of investment portfolio”; and
 - (b) in subparagraph (4)(b)(i) by striking out “and a statement of investment portfolio”.
3. Section 2.10 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by
 - (a) repealing paragraph (a) and substituting the following:

“(a) the investment fund terminating or ceasing to be a reporting issuer;” and
 - (b) repealing paragraph (h) and substituting the following:

“(h) if applicable, the names of each party that terminated or ceased to be a reporting issuer following the transaction and of each continuing entity;”.
4. Section 3.1 of NI 81-106 *Investment Fund Continuous Disclosure* is amended in item 15 by striking out “net asset value” and substituting “net assets”.
5. Section 3.2 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by adding the following after item 10:

“10.1 commissions and other portfolio transaction costs.”.
6. Section 3.6 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by
 - (a) repealing subparagraph 3.6(1)3. and substituting the following:

“3. to the extent the amount is ascertainable, the soft dollar portion of the total commissions and other portfolio transaction costs paid or payable to dealers by the investment fund, where the soft dollar portion is the amount paid or payable for goods and services other than order execution.”; and
 - (b) adding the following after subparagraph 3.6(1)4.:

“5. the net asset value per security as at the date of the financial statements compared to the net assets per security as shown on the statement of net assets, and an explanation of each of the differences between these amounts.”.
7. Subsection 3.11(2) of NI 81-106 *Investment Fund Continuous Disclosure* is amended by striking out “ “net asset value per security” ” and substituting “ “net assets per security” ”.

8. Subsection 8.2(c) of NI 81-106 *Investment Fund Continuous Disclosure* is amended by striking out “net asset value” and substituting “net assets”.
9. Section 8.4 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by striking out “net asset value” and substituting “net assets”.
10. Section 9.2 of NI 81-106 *Investment Fund Continuous Disclosure* is repealed and the following is substituted:

“9.2 Requirement to File Annual Information Form – An investment fund must file an annual information form if the investment fund has not obtained a receipt for a prospectus during the last 12 months preceding its financial year end.”
11. Section 10.3 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by striking out “reporting issuer” and substituting “reporting issuer or the equivalent of a reporting issuer in a foreign jurisdiction”.
12. Section 14.2 of NI 81-106 *Investment Fund Continuous Disclosure* is amended
 - (a) by repealing subsection (1) and substituting the following:

“(1) The net asset value of an investment fund must be calculated using the fair value of the investment fund’s assets and liabilities.”;
 - (b) by adding the following after subsection (1):

“(1.1) The net asset value of an investment fund must include the income and expenses of the investment fund accrued up to the date of calculation of the net asset value.

(1.2) For the purposes of subsection (1), fair value means

 - (a) the market value based on reported prices and quotations in an active market, or
 - (b) if the market value is not available, or the manager of the investment fund believes that it is unreliable, a value that is fair and reasonable in all the relevant circumstances.

(1.3) The manager of an investment fund must

 - (a) establish and maintain appropriate written policies and procedures for determining the fair value of the investment fund’s assets and liabilities; and
 - (b) consistently follow those policies and procedures.

(1.4) The manager of an investment fund must maintain a record of the determination of fair value and the reasons supporting that determination.”;
 - (c) in subsection (2) by striking out “Despite subsection (1), for” and substituting “For”; and
 - (d) in subsection (5) by striking out “Despite subsection (3)” and substituting “Despite paragraph (3)(a)”.
13. Section 15.1 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by repealing clause (1)(a)(i)(A) and substituting the following:

“(A) total expenses of the investment fund, excluding commissions and other portfolio transaction costs, before income taxes, for the financial year or interim period, as shown on its statement of operations; and”.
14. Section 15.2 of NI 81-106 *Investment Fund Continuous Disclosure* is amended by
 - (a) repealing subparagraph (1)(a)(i) and substituting the following:

“(i) multiplying the total expenses of each underlying investment fund, excluding commissions and other portfolio transaction costs, before income taxes, for the financial year or interim period, by”; and

(b) repealing paragraph (1)(b) and substituting the following:

“(b) the total expenses of the investment fund, excluding commissions and other portfolio transaction costs, before income taxes, for the period.”.

15. Sections 18.2, 18.3, 18.4 and 18.5 of NI 81-106 *Investment Fund Continuous Disclosure* are repealed.

16. This Instrument comes into force on September 8, 2008.

**FORM 81-106F1 CONTENTS OF ANNUAL AND INTERIM
MANAGEMENT REPORT OF FUND PERFORMANCE
AMENDMENT INSTRUMENT**

1. Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance* is amended in Item 1 of Part A by adding the following after subsection (e):

“(f) Terminology

All references to “net assets” or “net assets per security” in this Form are references to net assets determined in accordance with Canadian GAAP as presented in the financial statements of the investment fund. All references to “net asset value” or “net asset value per security” in this Form are references to net asset value determined in accordance with Part 14 of the Instrument.

Investment funds must use net assets as shown on the financial statements in the “The Fund’s Net Assets per [Unit/Share]” table. All other calculations for the purposes of the MRFP must be made using net asset value.”.

2. Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance* is amended in Item 3 of Part B by
- (a) striking out the sentence “This information is derived from the Fund’s audited annual financial statements.” at the end of the introduction in subsection 3.1(1);
 - (b) repealing the “*The Fund’s Net Asset Value (NAV) per [Unit/Share]*” table in subsection 3.1(1) and substituting the following:

The Fund’s Net Assets per [Unit/Share] ⁽¹⁾

	[insert year]	[insert year]	[insert year]	[insert year]	[insert year]
Net Assets, beginning of year	\$	\$	\$	\$	\$
Increase (decrease) from operations:					
total revenue	\$	\$	\$	\$	\$
total expenses	\$	\$	\$	\$	\$
realized gains (losses) for the period	\$	\$	\$	\$	\$
unrealized gains (losses) for the period	\$	\$	\$	\$	\$
Total increase (decrease) from operations ⁽²⁾	\$	\$	\$	\$	\$
Distributions:					
From income (excluding dividends)	\$	\$	\$	\$	\$
From dividends	\$	\$	\$	\$	\$
From capital gains	\$	\$	\$	\$	\$
Return of capital	\$	\$	\$	\$	\$
Total Annual Distributions ⁽³⁾	\$	\$	\$	\$	\$
Net assets at [insert last day of financial year] of year shown	\$	\$	\$	\$	\$

- (1) *This information is derived from the Fund’s audited annual financial statements. The net assets per security presented in the financial statements differs from the net asset value calculated for fund pricing purposes. [An explanation of these differences can be found in the notes to the financial statements./This difference is due to [explain].]*
- (2) *Net assets and distributions are based on the actual number of [units/shares] outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of [units/shares] outstanding over the financial period.*
- (3) *Distributions were [paid in cash/reinvested in additional [units/shares] of the Fund, or both].*

- (c) repealing the “Ratios and Supplemental Data” table in subsection 3.1(1) and substituting the following:

Ratios and Supplemental Data

	[insert year]	[insert year]	[insert year]	[insert year]	[insert year]
Total net asset value (000's) ⁽¹⁾	\$	\$	\$	\$	\$
Number of [units/shares] outstanding ⁽¹⁾					
Management expense ratio ⁽²⁾	%	%	%	%	%
Management expense ratio before waivers or absorptions	%	%	%	%	%
Trading expense ratio ⁽³⁾	%	%	%	%	%
Portfolio turnover rate ⁽⁴⁾	%	%	%	%	%
Net asset value per [unit/share]	\$	\$	\$	\$	\$
Closing market price [if applicable]	\$	\$	\$	\$	\$

- (1) *This information is provided as at [insert date of end of financial year] of the year shown.*
- (2) *Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.*
- (3) *The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.*
- (4) *The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.*
- (d) repealing subsection 3.1(2);
- (e) repealing subsection 3.1(6) and substituting the following:
- “(6) Except for net assets, net asset value and distributions, calculate per unit/share values on the basis of the weighted average number of unit/shares outstanding over the financial period.”;
- (f) repealing subsection 3.1(12) and substituting the following:
- “(12) (a) Calculate the trading expense ratio by dividing
- (i) the total commissions and other portfolio transaction costs disclosed in the statement of operations, by
- (ii) the same denominator used to calculate the management expense ratio.
- (b) If an investment fund invests in securities of other investment funds, calculate the trading expense ratio using the methodology required for the calculation of the management expense ratio in section 15.2 of the Instrument, making reasonable assumptions or estimates when necessary.”;
- (g) repealing subsection 3.1(13) and substituting the following:
- “(13) Provide the closing market price only if the investment fund is traded on an exchange.”;
- (h) repealing the introduction to the “Financial & Operating Highlights (with comparative figures)” table in section 3.2 and substituting the following:

"An investment fund that is a scholarship plan must comply with Item 3.1, except that the following table must replace "The Fund's Net Assets per [Unit/Share]" table and the "Ratios and Supplemental Data" table."; and

- (i) repealing the Instruction in section 3.3 and substituting the following:

"The disclosure must list the major services paid for out of the management fees, including portfolio adviser compensation, waived or absorbed expenses, trailing commissions and sales commissions, if applicable. Services may be grouped together so that commercially sensitive information, such as the specific compensation paid to a portfolio adviser or the manager's profit, is not determinable."

- 3. Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance* is amended in Item 4 of Part B by

- (a) repealing subsection 4.1(3) and substituting the following:

"(3) Set out in the footnotes to the chart or table required by this Item the assumptions relevant to the calculation of the performance information, including any assumptions or estimates made in order to calculate the return on the short portfolio, if applicable. Include a statement of the significance of the assumption that distributions are reinvested for taxable investments."; and

- (b) striking out "or" in paragraph 4.3(1)(a) and substituting "and".

- 4. Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance* is amended in Item 5 of Part B by

- (a) striking out "net assets" and substituting "net asset value" in paragraph (2)(b);

- (b) striking out "net assets" and substituting "net asset value" in paragraph (2)(d);

- (c) striking out "*another*" and substituting "*one other*" in Instruction (8);

- (d) striking out "*net assets*" and substituting "*net asset value*" in Instruction (8); and

- (e) adding the following after Instruction (9):

"(10) A labour sponsored or venture capital fund must disclose its top 25 positions, but is not required to express any of its venture investments as a percentage of the fund's net asset value if it complies with the conditions in Part 8 of the Instrument to be exempt from disclosing the individual current values of venture investments in its statement of investment portfolio."

- 5. This Instrument comes into force on September 8, 2008.

**COMPANION POLICY 81-106CP-
TO NATIONAL INSTRUMENT 81-106
INVESTMENT FUND CONTINUOUS DISCLOSURE
AMENDMENT INSTRUMENT**

1. Section 2.1 of Companion Policy 81-106CP *Investment Fund Continuous Disclosure* is amended by repealing subsection (1).
2. Part 2 of Companion Policy 81-106CP *Investment Fund Continuous Disclosure* is amended by adding the following after section 2.5:

“2.5.1 Disclosure of Investment Portfolio – If an investment fund invests substantially all of its assets directly, or indirectly through the use of derivatives, in securities of one other investment fund, the investment fund should provide in the statement of investment portfolio, or the notes to that statement, additional disclosure concerning the holdings of the other investment fund, as available, in order to assist investors in understanding the actual portfolio to which the investment fund is exposed. The CSA is of the view that such disclosure is consistent with the requirements in the Handbook relating to financial instrument disclosure.”.
3. Section 2.9 of Companion Policy 81-106CP *Investment Fund Continuous Disclosure* is repealed.
4. Section 4.1 of Companion Policy 81-106CP *Investment Fund Continuous Disclosure* is amended by repealing the last paragraph of subsection (1) and substituting the following:

“The choices are intended to provide some flexibility concerning the delivery of continuous disclosure documents to securityholders. An investment fund can use any combination of the delivery options for its securityholders. However, the Instrument specifies that once an investment fund chooses option (b) for a securityholder, it cannot switch back to option (c) for that securityholder at a later date. The purpose of this requirement is to encourage investment funds to obtain standing instructions and to ensure that if a securityholder provides standing instructions, the investment fund will abide by those instructions unless the securityholder specifically changes them.”.
5. Section 4.2 of Companion Policy 81-106CP *Investment Fund Continuous Disclosure* is amended by repealing the second paragraph and substituting the following:

“We recognize that different types of investment funds have different access to beneficial owner information (for example, mutual funds are more likely to have beneficial owner information than exchange-traded funds) and that the procedures in National Instrument 54-101 may not be efficient for every investment fund. We intend the provisions in Part 5 of the Instrument to provide investment funds with flexibility to communicate directly with the beneficial owners of their securities. If an investment fund has the necessary information to communicate directly with one or more beneficial owners of its securities, it can do so, even though it may need to rely on National Instrument 54-101 to communicate with other beneficial owners of its securities.”.
6. Part 4 of Companion Policy 81-106CP *Investment Fund Continuous Disclosure* is amended by adding the following after section 4.4:

“4.5 Website Disclosure – The Instrument does not specify the length of time that continuous disclosure documents must remain on an investment fund’s website. In the CSA’s view, the documents should stay on the website for a reasonable length of time, and at least until they are replaced by more current versions.”.
7. Part 9 of Companion Policy 81-106CP *Investment Fund Continuous Disclosure* is amended by
 - (a) striking out the heading “PUBLICATION OF NET ASSET VALUE PER SECURITY” and substituting the heading “NET ASSET VALUE”; and
 - (b) by adding the following after section 9.1:

“9.2 Fair Value Guidance – Section 14.2 of the Instrument requires an investment fund to calculate its net asset value based on the fair value of the investment fund’s assets and liabilities. While investment funds are required to comply with the definition of “fair value” in the Instrument when calculating net asset value, they may also look to the Handbook for guidance on the measurement of

fair value. The fair value principles articulated in the Handbook can be applied by investment funds when valuing assets and liabilities.

9.3 Meaning of Fair Value – The Handbook defines fair value as being the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Accordingly, fair value should not reflect the amount that would be received or paid in a forced transaction, involuntary liquidation or distress sale.

9.4 Determination of Fair Value

- (1) A market is generally considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices reflect actual and regularly occurring market transactions on an arm's length basis.
- (2) A market is not considered to be active, and prices derived from it may be unreliable for valuation purposes, if, at the time the investment fund begins to calculate its net asset value, any of the following circumstances are present:
 - markets on which portfolio securities are principally traded closed several hours earlier (e.g. some foreign markets may close as much as 15 hours before the time the investment fund begins to calculate its net asset value)
 - trading is halted
 - events occur that unexpectedly close entire markets (e.g. natural disasters, power blackouts, public disturbances, or similar major events)
 - markets are closed due to scheduled holidays
 - the security is illiquid and trades infrequently.

If an investment fund manager determines that an active market does not exist for a security, the manager should consider whether the last available quoted market price is representative of fair value. If a significant event (i.e. one that may impact the value of the portfolio security) has occurred between the time the last quoted market price was established and the time the investment fund begins to calculate its net asset value, the last quoted market price may not be representative of fair value.

- (3) Whether a particular event is a significant event for a security depends on whether the event may affect the value of the security. Generally, significant events fall into one of three categories: (i) issuer specific events – e.g. the resignation of the CEO or an after-hours earnings announcement, (ii) market events – e.g. a natural disaster, a political event, or a significant governmental action like raising interest rates, and (iii) volatility events – e.g. a significant movement in North American equity markets that may directly impact the market prices of securities traded on overseas exchanges.

Whether a market movement is significant is a matter to be determined by the manager through the establishment of tolerance levels which it may choose to base on, for example, a specified intraday and/or interday percentage movement of a specific index, security or basket of securities. In all cases, the appropriate triggers should be determined based on the manager's own due diligence and understanding of the correlations relevant to each investment fund's portfolio.

9.5 Fair Value Techniques – The CSA do not endorse any particular fair value technique as we recognize that this is a constantly evolving process. However, whichever technique is used, it should be applied consistently for a portfolio security throughout the fund complex and reviewed for reasonableness on a regular basis.

9.6 Valuation Policies and Procedures – An investment fund's valuation policy should be approved by the manager's board of directors. The policies and procedures should describe the process for monitoring significant events or other situations that could call into question whether a quoted market price is representative of fair value. They should also describe the methods by which the manager

will review and test valuations to evaluate the quality of the prices obtained as well as the general functioning of the valuation process. The manager should also consider whether its valuation process is a conflict of interest matter as defined in NI 81-107.”.

8. Section 10.1 of Companion Policy 81-106CP *Investment Fund Continuous Disclosure* is amended by
 - (a) striking out “of all types” in subsection (2); and
 - (b) repealing subsection (4) and substituting the following:

“While brokerage commissions and other portfolio transaction costs are expenses of an investment fund for accounting purposes, they are not included in the MER. These costs are reflected in the trading expense ratio.”.
9. Appendix B of Companion Policy 81-106CP *Investment Fund Continuous Disclosure* is amended by
 - (a) striking out the title “CONTACT ADDRESSES FOR FILING OF NOTICES” and substituting the title “CONTACT ADDRESSES”;
 - (b) in the address for the Alberta Securities Commission, striking out “Attention: Director, Capital Markets” and substituting “Attention: Corporate Finance”;
 - (c) striking out the address for the Manitoba Securities Commission and substituting the following:

“Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba
R3C 4K5
Attention: Corporate Finance”; and
 - (d) striking out “Securities Commission of Newfoundland and Labrador” and substituting “Newfoundland and Labrador Securities Commission”.
10. This Instrument comes into force on September 8, 2008.

**NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE
FORM 81-101F2 CONTENTS OF ANNUAL INFORMATION FORM
AMENDMENT INSTRUMENT**

1. Form 81-101F2 *Contents of Annual Information Form* is amended in Item 6 by adding the following after subsection (1):

“(1.1) If the valuation principles and practices established by the manager differ from Canadian GAAP, describe the differences.”.
2. This Instrument comes into force on September 8, 2008.

**NATIONAL INSTRUMENT 81-102
MUTUAL FUNDS
AMENDMENT INSTRUMENT**

1. Section 1.1 of NI 81-102 *Mutual Funds* is amended by adding the following after the definition of “mutual fund conflict of interest reporting requirements”:

““net asset value” means the value of the total assets of the investment fund less the value of the total liabilities of the investment fund, as at a specific date, determined in accordance with Part 14 of National Instrument 81-106 *Investment Fund Continuous Disclosure*”.
2. Section 9.4 of NI 81-102 *Mutual Funds* is amended by repealing subsection (3).
3. Section 10.4 of NI 81-102 *Mutual Funds* is amended by repealing subsection (4).
4. This Instrument comes into force on September 8, 2008.

**COMPANION POLICY 81-102CP-
TO NATIONAL INSTRUMENT 81-102 MUTUAL FUNDS
AMENDMENT INSTRUMENT**

1. Section 2.15 of Companion Policy 81-102CP *Mutual Funds* is amended by striking out “(which include a statement of portfolio transactions)” in subsection (4).
2. This Instrument comes into force on September 8, 2008.

**NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS
FORM 41-101F2 INFORMATION REQUIRED IN AN INVESTMENT FUND PROSPECTUS
AMENDMENT INSTRUMENT**

1. Form 41-101F2 *Information Required in an Investment Fund Prospectus* is amended in Item 20.2 by
 - (a) striking out “and” at the end of subsection (a); and
 - (b) adding the following after subsection (a):
 - “(a.1) If the valuation principles and practices established by the manager differ from Canadian GAAP, describe the differences, and”.
2. This Instrument comes into force on September 8, 2008.

5.1.2 Amendments to NI 21-101 Marketplace Operation, Companion Policy 21-101CP, NI 23-101 Trading Rules and Companion Policy 23-101CP

**AMENDMENTS TO NATIONAL INSTRUMENT 21-101
MARKETPLACE OPERATION**

PART 1 AMENDMENT

1.1 Amendment

- (1) This Instrument amends National Instrument 21-101 *Marketplace Operation*.
- (2) Section 1.1 is amended:
 - (a) in the definition of “foreign exchange-traded security”:
 - (i) by striking out “only” wherever it appears; and
 - (ii) by adding “and is not listed on an exchange or quoted on a quotation and trade reporting system in Canada” after “International Organization of Securities Commissions”;
 - (b) by repealing the definition of “member” and substituting the following:

““member” means, for a recognized exchange, a person or company

 - (a) holding at least one seat on the exchange, or
 - (b) that has been granted direct trading access rights by the exchange and is subject to regulatory oversight by the exchange,

and the person or company’s representatives;”;
 - (c) in paragraph (b) of the definition of “recognized exchange” by adding “or authorized by the securities regulatory authority” after “as a self-regulatory organization”;
 - (d) in the definition of “subscriber” by adding “, and the person or company’s representatives” after “orders on the ATS”;
 - (e) in the definition of “transaction fee” by striking out “transaction” and substituting “trading”; and
 - (f) in the definition of “user” by adding “, and the person or company’s representatives” after “on the recognized quotation and trade reporting system”.
- (3) Section 7.5 is amended by striking out “and timely” and by adding “in real-time” after “consolidated feed”.
- (4) Part 8 is amended:
 - (a) in section 8.3 by striking out “a” after “produce” and substituting “an accurate”; and
 - (b) by repealing section 8.5 and substituting:

“8.5 Filing Requirements for the Information Processor

 - (1) The information processor shall file, within 30 days after the end of each calendar quarter, the process and criteria for the selection of government debt securities, as applicable, and designated corporate debt securities and the list of government debt securities, as applicable, and designated corporate debt securities.
 - (2) The information processor shall file, within 30 days after the end of each calendar year, the process to communicate the designated securities to the marketplaces, inter-dealer bond brokers and dealers providing the information as required by the Instrument, including where the list of designated securities can be found.”

- (5) Part 10 is amended:
- (a) in the title by striking out “Transaction Fees” and substituting “Trading Fees”, and
 - (b) by repealing section 10.1 and substituting the following:

10.1 Disclosure of Trading Fees by Marketplaces – A marketplace shall make its schedule of trading fees publicly available.
- (6) Part 11 is amended:
- (a) in section 11.1 by adding “in electronic form” after “business”;
 - (b) in subsection 11.2(1),
 - (i) by striking out “In addition to” and substituting “As part of”;
 - (ii) by striking out “keep” and substituting “include”; and
 - (iii) by adding “in electronic form” after “information”;
 - (c) in paragraph 11.2(1)(b) by striking out “, in electronic form,”;
 - (d) by repealing subsections 11.2(2) and 11.2(3); and
 - (e) by adding the following section after section 11.2:

“11.2.1 Transmission in Electronic Form – A marketplace shall transmit

 - (a) to a regulation services provider, if it has entered into an agreement with a regulation services provider in accordance with NI 23-101, the information required by the regulation services provider, within ten business days, in electronic form; and
 - (b) to the securities regulatory authority the information required by the securities regulatory authority under securities legislation, within ten business days, in electronic form.”.
- (7) Section 12.2 is amended by striking out “Paragraphs 12.1(b) and 12.1(c) do” and substituting “Paragraph 12.1(b) does”.
- 1.2 Effective Date – This Instrument comes into effect on September 12, 2008.

**AMENDMENTS TO COMPANION POLICY 21-101CP – TO NATIONAL INSTRUMENT 21-101
MARKETPLACE OPERATION**

PART 1 AMENDMENT

1.1 Amendment

- (1) This amends Companion Policy 21-101CP – to National Instrument 21-101 *Marketplace Operation*.
 - (2) Section 1.2 is amended by striking out the last sentence and substituting “A security that is listed on a foreign exchange or quoted on a foreign quotation and trade reporting system, and is not listed or quoted on a domestic exchange or quotation and trade reporting system, falls within the definition of “foreign exchange-traded security”.”.
 - (3) Subsection 5.1(3) is amended by striking out the last sentence and substituting the following:

“For the purpose of sections 7.1, 7.3, 8.1 and 8.2 of the Instrument, the Canadian securities regulatory authorities do not consider special terms orders that are not immediately executable or that trade in special terms books, such as all-or-none, minimum fill or cash or delayed delivery, to be orders that must be provided to an information processor or, if there is no information processor, to an information vendor for consolidation.”.
 - (4) Part 9 is amended by repealing subsections 9.1(3) and 9.1(4).
 - (5) Section 12.1 is amended by:
 - (a) striking out all references to “transaction fees” and substituting “trading fees”; and
 - (b) adding after the first sentence “The schedule should include all trading fees and provide the minimum and maximum fees payable for certain representative transactions.”.
- 1.2 Effective Date – This policy comes into effect on September 12, 2008.
- .

**AMENDMENTS TO NATIONAL INSTRUMENT 23-101
TRADING RULES**

PART 1 AMENDMENT

1.1 Amendment

(1) This Instrument amends National Instrument 23-101 *Trading Rules*.

(2) Section 1.1 is amended by adding the following definition:

““best execution” means the most advantageous execution terms reasonably available under the circumstances;”.

(3) Section 4.2 is repealed and the following is substituted:

“4.2 Best Execution – A dealer and an adviser must make reasonable efforts to achieve best execution when acting for a client.

4.3 Order and Trade Information – To satisfy the requirements in section 4.2, a dealer or adviser shall make reasonable efforts to use facilities providing information regarding orders and trades.”.

(4) Section 5.1 is amended by adding “for a regulatory purpose” after “trading in a particular security”.

(5) Part 11 is amended by:

(a) repealing subsections 11.2(5) and (6); and

(b) adding the following after section 11.2:

“11.3 Transmission in Electronic Form – A dealer and inter-dealer bond broker shall transmit

(a) to a regulation services provider the information required by the regulation services provider, within ten business days, in electronic form; and

(b) to the securities regulatory authority the information required by the securities regulatory authority under securities legislation, within ten business days, in electronic form.”.

1.2 Effective Date – This Instrument comes into effect on September 12, 2008.

**AMENDMENTS TO COMPANION POLICY 23-101CP – TO NATIONAL INSTRUMENT 23-101
TRADING RULES**

PART 1 AMENDMENT

1.1 Amendment

- (1) This amends Companion Policy 23-101CP – to National Instrument 23-101 *Trading Rules*.
- (2) The Policy is amended by adding the following Part after Part 1:

“Part 1.1 – Definitions

1.1.1 Definition of best execution – (1) In the Instrument, best execution is defined as the “most advantageous execution terms reasonably available under the circumstances”. In seeking best execution, a dealer or adviser may consider a number of elements, including:

- a. price;
- b. speed of execution;
- c. certainty of execution; and
- d. the overall cost of the transaction.

These four broad elements encompass more specific considerations, such as order size, reliability of quotes, liquidity, market impact (i.e. the price movement that occurs when executing an order) and opportunity cost (i.e. the missed opportunity to obtain a better price when an order is not completed at the most advantageous time). The overall cost of the transaction is meant to include, where appropriate, all costs associated with accessing an order and/or executing a trade that are passed on to a client, including fees arising from trading on a particular marketplace, jitney fees (i.e. any fees charged by one dealer to another for providing trading access) and settlement costs. The commission fees charged by a dealer would also be a cost of the transaction.

(2) The elements to be considered in determining “the most advantageous execution terms reasonably available” (i.e. best execution) and the weight given to each will vary depending on the instructions and needs of the client, the particular security, the prevailing market conditions and whether the dealer or adviser is responsible for best execution under the circumstances. Please see a detailed discussion below in Part 4.”.

- (3) Part 4 is amended by repealing subsections 4.1(1) to 4.1(8) and substituting the following:

“4.1 Best Execution – (1) The best execution obligation in Part 4 of the Instrument does not apply to an ATS that is registered as a dealer provided that it is carrying on business as a marketplace and is not handling any client orders other than accepting them to allow them to execute on the system. However, the best execution obligation does otherwise apply to an ATS acting as an agent for a client.

(2) Section 4.2 of the Instrument requires a dealer or adviser to make reasonable efforts to achieve best execution (the most advantageous execution terms reasonably available under the circumstances) when acting for a client. The obligation applies to all securities.

(3) Although what constitutes “best execution” varies depending on the particular circumstances, to meet the “reasonable efforts” test, a dealer or adviser should be able to demonstrate that it has, and has abided by, its policies and procedures that (i) require it to follow the client’s instructions and the objectives set, and (ii) outline a process designed to achieve best execution. The policies and procedures should describe how the dealer or adviser evaluates whether best execution was obtained and should be regularly and rigorously reviewed. The policies outlining the obligations of the dealer or adviser will be dependent on the role it is playing in an execution. For example, in making reasonable efforts to achieve best execution, the dealer should consider the client’s instructions and a number of factors, including the client’s investment objectives and the dealer’s knowledge of markets and trading patterns. An adviser should consider a number of factors, including assessing a particular client’s requirements or portfolio objectives, selecting appropriate dealers and marketplaces and monitoring the results on a regular basis. In addition, if an adviser is directly accessing a marketplace, the factors to be considered by dealers may also be applicable.

(4) Where securities listed on a Canadian exchange or quoted on a Canadian quotation and trade reporting system are inter-listed either within Canada or on a foreign exchange or quotation and trade reporting system, in making

reasonable efforts to achieve best execution, the dealer should assess whether it is appropriate to consider all marketplaces upon which the security is listed or quoted and where the security is traded, both within and outside of Canada.

(5) In order to meet best execution obligations where securities trade on multiple marketplaces in Canada, a dealer should consider information from all appropriate marketplaces (not just marketplaces where the dealer is a participant). This does not mean that a dealer must have access to real-time data feeds from each marketplace. However, its policies and procedures for seeking best execution should include the process for taking into account order and/or trade information from all appropriate marketplaces and the requirement to evaluate whether taking steps to access orders is appropriate under the circumstances. The steps to access orders may include making arrangements with another dealer who is a participant of a particular marketplace or routing an order to a particular marketplace.

(6) For foreign exchange-traded securities, if they are traded on an ATS in Canada, dealers should include in their best execution policies and procedures a regular assessment of whether it is appropriate to consider the ATS as well as the foreign markets upon which the securities trade.

(7) Section 4.2 of the Instrument applies to registered advisers as well as registered dealers that carry out advisory functions but are exempt from registration as advisers.

(8) Section 4.3 of the Instrument requires that a dealer or adviser make reasonable efforts to use facilities providing information regarding orders and trades. These reasonable efforts refer to the use of the information displayed by the information processor or, if there is no information processor, an information vendor.”.

(4) Section 5.1 is amended by adding the following sentences before the first sentence:

“Section 5.1 of the Instrument applies when a regulatory halt has been imposed by a regulation services provider, a recognized exchange, recognized quotation and trade reporting system or an exchange or quotation and trade reporting system that has been recognized for the purposes of the Instrument and NI 21-101. A regulatory halt, as referred to in section 5.1 of the Instrument, is one that is imposed to maintain a fair and orderly market, including halts related to a timely disclosure policy, or because there has been a violation of regulatory requirements.”.

(5) Part 8 is amended by:

(a) repealing section 8.2 and substituting the following:

“8.2 Transmission of Information to a Regulation Services Provider – Section 11.3 of the Instrument requires that a dealer and an inter-dealer bond broker provide to the regulation services provider information required by the regulation services provider, within ten business days, in electronic form. This requirement is triggered only when the regulation services provider sets requirements to transmit information.”; and

(b) repealing section 8.3 and substituting the following:

“8.3 Electronic Form – Subsection 11.3 of the Instrument requires any information required to be transmitted to the regulation services provider and securities regulatory authority in electronic form. Dealers and inter-dealer bond brokers are required to provide information in a form that is accessible to the securities regulatory authorities and the regulation services provider (for example, in SELECTR format).”.

1.2 Effective Date – This Policy comes into effect on September 12, 2008.

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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 SecuritiesSource (see www.carswell.com).

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

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

Chapter 8

Notice of Exempt Financings

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
08/07/2008	23	Alberta Oilsands Inc. - Common Shares	3,658,725.00	4,878,300.00
08/07/2008	67	Alberta Oilsands Inc. - Flow-Through Shares	11,818,285.00	12,440,300.00
08/21/2008	1	Altor Fund III (No. 2) Limited Partnership - Limited Partnership Interest	46,800,000.00	NA
08/14/2008	3	Blackdog Resources Ltd. - Common Shares	43,500.00	1,000,000.00
08/14/2008	39	Blackdog Resources Ltd. - Flow-Through Shares	841,050.00	3,000,000.00
05/27/2008 to 06/24/2008	3	BMG Bullion Fund - Common Shares	113,579.48	10,866.36
08/20/2008	10	Bridge Resources Corp. - Common Shares	20,000,000.00	13,333,333.00
08/25/2008	14	Bullfrog Power Inc. - Common Shares	3,046,002.00	1,515,423.00
06/02/2008	1	Bullion Management Group Inc. – Common Shares	10,000.00	10,000.00
06/02/2008 to 06/24/2008	8	Bullion Management Group Inc. – Common Shares	145,500.00	99,500.00
08/14/2008 to 08/15/2008	39	Canadian Horizons First Mortgage Investment Corporation - Preferred Shares	2,239,855.00	2,239,855.00
07/10/2008 to 07/20/2008	3	Canadian Rockport Homes International, Inc - Units	75,000.00	15,000.00
08/14/2008	36	CareVest Blended Mortgage Investment Corporation - Preferred Shares	1,733,266.00	1,733,266.00
08/14/2008	33	CareVest First Mortgage Investment Corporation - Preferred Shares	2,038,708.00	2,065,708.00
07/15/2008	3	Chesapeake Energy Corporation – Units	1,521,297.08	26,250.00
08/18/2008 to 08/20/2008	258	Emergo Energy Inc. - Common Shares	30,000,000.00	30,000,000.00
08/19/2008	1	Ferro Corporation – Notes	5,303,500.00	5,000,000.00
08/19/2008	1	First Leaside Fund - Trust Units	20,000.00	20,000.00
08/14/2008 to 08/19/2008	2	First Leaside Fund - Trust Units	195,000.00	195,000.00
08/18/2008	1	First Leaside Investors Limited Partnership - Limited Partnership Interest	108,350.00	108,350.00

Notice of Exempt Financings

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price (\$)	No of Securities Distributed
08/14/2008	1	First Leaside Wealth Management Inc. - Notes	65,527.00	65.53
08/12/2008	1	Illumina Inc. – Units	37,523.50	400.00
08/12/2008	2	Imperial Capital Equity Partners Ltd. - Capital Commitment	800,000.00	800,000.00
08/11/2008 to 08/14/2008	89	Lariat Energy Ltd. - Special Warrants	5,307,000.00	5,307,000.00
08/08/2008	15	Malbex Resources Inc. - Common Shares	1,087,500.00	25,006,250.00
08/07/2008	40	MBAC Opportunities and Financing Inc. - Receipts	105,865,000.00	10,586,500.00
04/16/2007	11	Monster Uranium Corp. – Units	130,400.00	1,875,000.00
08/14/2008	49	Nortec Ventures Corp. – Units	2,660,899.95	9,855,185.00
07/30/2008	49	OptiSolar Inc. - Preferred Shares	17,326,288.92	2,724,542.00
07/31/2008	6	Prestigious Investment & Management (PRISM) A - Limited Partnership - Limited Partnership Units	453,850.00	1,151.00
08/18/2008	13	Prize Mining Corporation - Common Shares	205,500.00	1,955,000.00
08/07/2008	121	Pure Energy Visions Corporation - Common Shares	5,000,050.00	14,343,109.00
08/13/2008	1	Rackspace Hosting, Inc. - Common Shares	982,628.69	73,764.00
04/07/2008	1	Redev Properties Investment Pool Inc. - Common Shares	10.00	100.00
07/16/2008	87	Reservoir Capital Corp. - Units	3,250,000.00	5,000,000.00
08/19/2008	1	South Boulder Mines Ltd. - Units	623,500.00	2,150,000.00
06/20/2008 to 06/25/2008	8	StrataVest Capital Inc. - Common Shares	72,500.00	362,500.00
07/11/2008	4	Tamerlane Ventures Inc. - Flow-Through Units	300,000.00	500,000.00
09/19/2006 to 01/03/2007	31	Thermal Energy International Inc. - Common Shares	622,745.92	2,030,000.00
03/31/2007	6	Thermal Energy International Inc. - Common Shares	189,000.00	1,350,000.00
04/27/2007	30	Thermal Energy International Inc. - Common Shares	656,000.00	4,100,000.00
12/07/2007 to 12/31/2007	18	Thermal Energy International Inc. - Common Shares	1,017,750.00	3,392,500.00
05/16/2007	2	Thermal Energy International Inc. - Units	1,000,000.00	4,166,667.00
07/04/2008 to 07/08/2008	6	Trueclaim Resources Inc. - Units	125,000.00	1,250,000.00

Notice of Exempt Financings

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price (\$)	No of Securities Distributed
08/15/2008	20	Walton AZ Picacho View 3 Investment Corporation - Common Shares	345,760.00	34,576.00
08/06/2008	15	Walton AZ Silver Reef 2 Investment Corporation - Common Shares	462,230.00	46,223.00
08/06/2008	6	Walton AZ Sunland View Investment Corporation - Common Shares	151,720.00	15,172.00
08/06/2008	7	Walton AZ Sunland View Limited Partnership - Units	552,035.49	52,791.00
08/15/2008	38	Walton TX South Grayson Investment Corporation - Common Shares	668,970.00	66,897.00
08/26/2008	4	Wescorp Energy Inc. - Common Shares	1,037,400.00	2,470,000.00
07/22/2008	85	WestCan Uranium Corp. - Units	800,000.00	9,000,000.00
07/29/2008	8	Western Pacific Trust Company - Common Shares	1,135,000.00	11,350,000.00
08/15/2008	6	XDM Resources Inc. - Units	5,775,000.00	5,775,000.00
08/05/2008	3	XL Capital Ltd. - Common Shares	3,903,494.40	234,000.00
08/05/2008	1	XL Capital Ltd. - Units	651,625.00	25,000.00
04/25/2006	34	York Rio Resources Inc. - Common Shares	848,750.00	473,334.00
01/23/2006	28	York Rio Resources Inc. - Common Shares	209,500.00	104,750.00
08/19/2008	11	Zinccorp Resources Inc. - Flow-Through Units	290,500.00	1,162,000.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

Banro Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated September 2, 2008

NP 11-202 Receipt dated September 2, 2008

Offering Price and Description:

US \$35,000,000.00 - * Units Price: \$ * per Unit

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
UBS Securities Canada Inc.
Raymond James Ltd.

Promoter(s):

-

Project #1317794

Issuer Name:

Breaking Point Developments Inc.
Principal Regulator - Alberta

Type and Date:

Preliminary CPC Prospectus dated August 25, 2008

NP 11-202 Receipt dated August 27, 2008

Offering Price and Description:

MINIMUM OFFERING: \$800,000.10 or 5,333,334 Class "A" Common Shares
MAXIMUM OFFERING: \$1,825,000.05 or 12,166,667 Class "A" Common Shares
Price: \$0.15 per Class "A" Common Share

Underwriter(s) or Distributor(s):

PI Financial Corp.

Promoter(s):

Michael Windle

Project #1254493

Issuer Name:

CGF Resource 2008 Flow Through Limited Partnership
Principal Regulator - Alberta

Type and Date:

Amended and Restated Preliminary Prospectus dated August 29, 2008 to Preliminary Prospectus dated July 23, 2008

NP 11-202 Receipt dated September 2, 2008

Offering Price and Description:

\$5,000,000.00 to \$20,000,000.00 - 200,000 to 800,000 Limited Partnership Units
Price: \$25 per Unit Minimum
Subscription: \$2,500 (100 Units)

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
BMO Nesbit Burns Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.

Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Blackmont Capital Inc.
Desjardins Securities Inc.
Dundee Securities Corporation
Research Capital Corporation
Wellington West Capital Inc.
GMP Securities L.P.
MGI Securities Inc.
Richardson Partners Financial Limited

Promoter(s):

CGF 2008 FT Management Ltd.
CGF Resource FT Funds Management Ltd.

Project #1295584

Issuer Name:

Hartford International Equity Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated August 29, 2008

NP 11-202 Receipt dated September 2, 2008

Offering Price and Description:

Class A, B, F, I, T(A) and T(B) Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

Hartford Investments Canada Corp.

Project #1315909

Issuer Name:

Jov Diversified Flow-Through 2008-II Limited Partnership
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated August 25, 2008
NP 11-202 Receipt dated August 27, 2008

Offering Price and Description:

\$20,000,000.00 (Maximum) - 800,000 Limited Partnership
Units Price per Unit - \$25.00 Minimum Purchases - \$5,000
(200 Units)

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Manulife Securities Incorporated
Wellington West Capital Inc.
Blackmont Capital Inc.
M Partners Inc.
Richardson Partners Financial Limited
GMP Securities L.P.
MGI Securities Inc.

Promoter(s):

JOV Flow-Through Holdings Corp.

Project #1311995

Issuer Name:

26 Broadway Capital Corp.
Principal Regulator - British Columbia

Type and Date:

Final CPC Prospectus dated August 28, 2008
NP 11-202 Receipt dated August 29, 2008

Offering Price and Description:

\$200,000.00 - 2,000,000 common shares PRICE: \$0.10
PER COMMON SHARE

Underwriter(s) or Distributor(s):

Wolverton Securities Ltd.

Promoter(s):

P. Bradley Kitchen

Project #1254075

Issuer Name:

TD Capital Trust III
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated August 29, 2008
NP 11-202 Receipt dated August 29, 2008

Offering Price and Description:

\$* - * TD Capital Trust III Securities - Series 2008 (TD
CaTS III)

Underwriter(s) or Distributor(s):

TD Securities Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
Merrill Lynch Canada Inc
Desjardins Securities Inc.

Promoter(s):

-

Project #1315079

Issuer Name:

Class A and Class F Units of :
Acuity Canadian Equity Fund
Acuity All Cap 30 Canadian Equity Fund
Acuity Canadian Small Cap Fund
Acuity Natural Resource Fund
Acuity Pure Canadian Equity Fund
Acuity Global Equity Fund
Acuity Global Equity (Currency Neutral) Fund
Acuity EAFE Equity Fund
Acuity Canadian Balanced Fund
Acuity Conservative Asset Allocation Fund
Acuity Income Trust Fund
Acuity Growth & Income Fund
Acuity High Income Fund
Acuity Dividend Fund
Acuity Fixed Income Fund
Acuity Global High Income Fund
Acuity Global High Income (Currency Neutral) Fund
Acuity Global Dividend Fund
Acuity Global Dividend (Currency Neutral) Fund
Acuity Money Market Fund
Acuity Social Values Canadian Equity Fund
Acuity Social Values Global Equity Fund
Acuity Social Values Balanced Fund
Acuity Clean Environment Equity Fund
Alpha Global Portfolio
Alpha Growth Portfolio
Alpha Balanced Portfolio
Alpha Social Values Portfolio
Alpha Income Portfolio
and
Series A and Series F Shares of :
Acuity Canadian Small Cap Class
Acuity All Cap 30 Canadian Equity Class
Acuity Natural Resource Class
Acuity High Income Class
Acuity Canadian Equity Class
Acuity Global Dividend Class
Acuity Short Term Income Class
of
Acuity Corporate Class Ltd .
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated August 22, 2008
NP 11-202 Receipt dated August 27, 2008

Offering Price and Description:

Mutual fund securities at net asset value

Underwriter(s) or Distributor(s):

-

Promoter(s):

Acuity Funds Ltd.
Project #1308139

Issuer Name:

Aurion Resources Ltd.
Principal Regulator - British Columbia

Type and Date:

Final Prospectus dated August 27, 2008
NP 11-202 Receipt dated August 29, 2008

Offering Price and Description:

\$800,000.00 - 2,500,000 Common Shares 500,000 Flow-Through Shares Price: \$0.25 per Common Share \$0.35 per Flow-Through Share

Underwriter(s) or Distributor(s):

Leed Financial Markets Inc.

Promoter(s):

Richard Graham
Project #1295022

Issuer Name:

Chudleigh Ventures Inc.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated August 29, 2008
NP 11-202 Receipt dated September 2, 2008

Offering Price and Description:

Minimum of \$1,000,000.00 - 5,000,000 Common Shares;
Maximum of \$1,500,000.00 - 7,500,000 Common Shares
Price: \$0.20 per Common Share

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

-

Project #1287693

Issuer Name:

Columbus Silver Corporation
Principal Regulator - British Columbia

Type and Date:

Amended and Restated Prospectus dated August 22, 2008
amended and restating the Prospectus dated May 29, 2008
NP 11-202 Receipt dated August 27, 2008

Offering Price and Description:

Maximum Public Offering: \$5,250,000.00; Minimum Public Offering: \$1,600,000.00 - up to: 21,000,000 Units Price: \$0.25 per Unit Each Unit consisting of one Common Share and one Common Share Purchase Warrant

Underwriter(s) or Distributor(s):

Union Securities Ltd.

Promoter(s):

Columbus Gold Corporation
Project #1231726

Issuer Name:

C.A. Bancorp Canadian Realty Finance Corporation
(Units, each Unit consisting of one Class A Share and one
full Preferred Share , Series 1 Purchase Warrant)
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated August 27, 2008
NP 11-202 Receipt dated August 28, 2008

Offering Price and Description:

Maximum Offering: 10,000,000 Units (\$100,000,000.00);
Minimum Offering: 2,000,000 Units (\$20,000,000.00)
Price: \$10 per Unit Each Unit consists of one Class A
Share and one full Preferred Share, Series 1 Purchase
Warrant

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation
CIBC World Markets Inc.
National Bank Financial Inc.
TD Securities Inc.
Blackmont Capital Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Wellington West Capital Inc.
Dundee Securities Corporation
GMP Securities L.P.
Industrial Alliance Securities Inc.
Jory Capital Inc.
Laurentian Bank Securities Inc.
Manulife Securities Incorporated
Desjardins Securities Inc.
Research Capital Corporation
Richardson Partners Financial Limited

Promoter(s):

C.A. Bancorp Inc.
Project #1294834

Issuer Name:

Discovery 2008 Flow-Through Limited Partnership
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated August 28, 2008
NP 11-202 Receipt dated August 29, 2008

Offering Price and Description:

Maximum Offering: 1,000,000 Units (\$25,000,000.00);
Minimum Offering: 1600,000 Units (\$4,000,000.00) Price
per Unit: \$25 Minimum Subscription: 100 Units (\$2,500)

Underwriter(s) or Distributor(s):

Canacordd Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Blackmont Capital Inc.
Wellington West Capital Inc.
Burgeonvest Securities Ltd.
GMP Securities L.P.
Haywood Securities Inc.
Middlefield Capital Corporation
Research Capital Corporation
Desjardins Securities Inc.
Industrial Alliance Securities Inc.
Laurentian Bank Securities Inc.

Promoter(s):

Middlefield Fund Management Limited
Middlefield Group Limited
Project #1294701

Issuer Name:

Green Swan Capital Corp.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated August 28, 2008
NP 11-202 Receipt dated September 2, 2008

Offering Price and Description:

\$400,000.00 or 4,000,000 Common Shares PRICE: \$0.10
per Common Share Agent's Option (as defined herein)
Incentive Stock Options (as defined herein)

Underwriter(s) or Distributor(s):

Investpro Securities Inc.

Promoter(s):

Benoit Robitaille
Project #1292645

Issuer Name:

HSIF Technologies Corporation
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated August 28, 2008
NP 11-202 Receipt dated August 29, 2008

Offering Price and Description:

\$1,500,000.00 - (15,000,000 Common Shares) Price: \$0.10 per Common Share

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

-

Project #1293199

Issuer Name:

Jov Talisman Fund
Jov North American Momentum Fund
Jov Leon Frazer Dividend Fund
Jov Bond Fund (formerly Jov Betapro Short -Term Income Fund)
Jov Winslow Global Green Growth Fund
(Series A, F and I Units)
Principal Regulator - Ontario

Type and Date:

Amended and Restated Simplified Prospectuses and Annual Information Form dated August 20, 2008 amending and restating the Simplified Prospectuses and Annual Information Forms dated April 25, 2008
NP 11-202 Receipt dated August 29, 2008

Offering Price and Description:

Series A, F and I Units

Underwriter(s) or Distributor(s):

MGI Securities Inc.

Promoter(s):

JovFunds Management Inc.

Project #1231719

Issuer Name:

Jov Prosperity Canadian Equity Fund
Jov Prosperity Canadian Fixed Income Fund
Jov Prosperity International Equity Fund
Jov Prosperity U.S. Equity Fund
Principal Regulator - Ontario

Type and Date:

Amended and Restated Simplified Prospectuses and Annual Information Forms dated August 19, 2008 amending and restating the Simplified Prospectuses and Annual Information Forms dated January 14, 2008
NP 11-202 Receipt dated August 29, 2008

Offering Price and Description:

Series A, F and I Units

Underwriter(s) or Distributor(s):

T.E. Investment Counsel Inc.

Promoter(s):

-

Project #1169293

Issuer Name:

Laja Capital Corporation
Principal Regulator - Alberta

Type and Date:

Amended and Restated Prospectus dated September 2, 2008 amending and restating the Prospectus dated May 29, 2008

NP 11-202 Receipt dated September 2, 2008

Offering Price and Description:

\$200,000.00 to \$300,000.00 - 2,000,000 to 3,000,000 Common Shares Price: \$0.10 per Common Share

Underwriter(s) or Distributor(s):

Blackmont Capital Inc.

Promoter(s):

Eduardo Rodriguez

Project #1252570

Issuer Name:

MAJOR GOLD LTD.
Principal Regulator - British Columbia

Type and Date:

Final Prospectus dated August 28, 2008
Mutual Reliance Review System Receipt dated August 29, 2008

Offering Price and Description:

Maximum Public Offering: \$1,200,000.00; Minimum Public Offering: \$1,000,000.00 - Up to 4,800,000 Common Shares Price: \$0.25 per Share

Underwriter(s) or Distributor(s):

GLOBAL SECURITIES CORPORATION

Promoter(s):

Robert Anderson

Peter Hughes

Project #1203277

Issuer Name:

Advisor Series, Series F, Series I and Series O Securities (except as noted) of:
Manulife Simplicity Conservative Portfolio
Manulife Simplicity Moderate Portfolio
Manulife Simplicity Income Portfolio (also available in Series IT and Series T Securities)
Manulife Simplicity Balanced Portfolio (also available in Series IT and Series T Securities)
Manulife Simplicity Global Balanced Portfolio (also available in Series IT and Series T Securities)
Manulife Simplicity Growth Portfolio (also available in Series IT and Series T Securities)
Manulife Simplicity Aggressive Portfolio
Manulife Mawer Canadian Bond Fund
Manulife Mawer Canadian Equity Class
Manulife Mawer Diversified Investment Fund (also available in Series IT and Series T Securities)
Manulife Mawer Global Small Cap Fund
Manulife Mawer Tax-Managed Growth Fund (formerly Manulife Tax-Managed Growth Fund)
Manulife Mawer U.S. Equity Fund
Manulife Mawer World Investment Class (formerly Manulife World Investment Class)
Manulife AIM Canadian First Class (not available in Series I or Series O Securities)
Manulife Canadian Core Class
Manulife Canadian Core Fund (also available in Series IT and Series T Securities)
Manulife Canadian Equity Class
Manulife Canadian Equity Fund (also available in Series IT and Series T Securities)
Manulife Canadian Equity Value Fund (available in Series O Securities only)
Manulife Canadian Growth Fund (available in Series I and Series O Securities only)
Manulife Canadian Large Cap Growth Fund (available in Series O Securities only)
Manulife Canadian Large Cap Value Class
Manulife Canadian Value Class
Manulife Canadian Value Fund (also available in Series IT and Series T Securities)
Manulife Dividend Fund (also available in Series IT and Series T Securities)
Manulife F.I. Canadian Disciplined Equity Class (not available in Series I or Series O Securities)
Manulife Growth Opportunities Class
Manulife Growth Opportunities Fund
Manulife Sector Rotation Fund (not available in Series I or Series O Securities)
Manulife Small Cap Value Fund (available in Series I and Series O Securities only)
Manulife U.S. Core Fund
Manulife U.S. Diversified Growth Fund (available in Series O Securities only)
Manulife U.S. Large Cap Value Class
Manulife U.S. Mid-Cap Fund
Manulife U.S. Mid-Cap Value Class
Manulife U.S. Small Cap Fund (available in Series I and Series O Securities only)
Manulife U.S. Value Fund
Manulife China Opportunities Class
Manulife Emerging Markets Fund

Manulife European Opportunities Fund
Manulife Global Core Class
Manulife Global Dividend Fund (also available in Series IT and Series T Securities)
Manulife Global Leaders Class
Manulife Global Opportunities Class
Manulife Global Tactical Fund
Manulife Global Value Class
Manulife International Large Cap Fund (available in Series I and Series O Securities only)
Manulife International Value Class
Manulife Japan Opportunities Class
Manulife SEAMARK Total Global Equity Class
Manulife Trimark Global Class
Manulife Core Balanced Fund (also available in Series IT and Series T Securities)
Manulife Global Monthly Income Fund (also available in Series IT and Series T Securities)
Manulife Global Opportunities Balanced Fund
Manulife Growth & Income Fund
Manulife Monthly High Income Fund (also available in Series B Securities)
Manulife Real Return Strategy Fund (also available in Series IT and Series T Securities)
Manulife Canadian Bond Plus Fund
Manulife Canadian Fixed Income Fund (available in Series O Securities only)
Manulife Canadian Universe Bond Fund (not available in Advisor Series Securities)
Manulife Corporate Bond Fund
Manulife Money Fund (also available in Series D Securities - not available in Series F Securities)
Manulife Short Term Yield Class
Manulife Strategic Income Fund
Manulife Structured Bond Class (not available in Series I or Series O Securities)
Manulife Global Natural Resources Fund
Manulife Global Real Estate Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated August 26, 2008
NP 11-202 Receipt dated August 29, 2008

Offering Price and Description:

Advisor Series, B Series, D Series, Series F, Series I, Series O, Series IT and Series T Securities @ Net Asset Value

Underwriter(s) or Distributor(s):

Elliott & Page Limited
MFC Global Investment Management, a division of Elliott & Page Limited

Promoter(s):

Elliott & Page Limited

Project #1293806

Issuer Name:

Northern Rivers Conservative Growth Fund (Series A, F and P Units)
Northern Rivers Evolution Fund (Series A, F and P Units)
Northern Rivers Monthly Income and Capital Appreciation Fund (Series A and F Units)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated August 25, 2008
NP 11-202 Receipt dated August 27, 2008

Offering Price and Description:

Mutual fund trust units at net asset value

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1294307

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Ridgewood Capital Asset Management Inc.	Limited Market Dealer and Investment Counsel & Portfolio Manager	August 29, 2008

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures – Buy-in Cease Trade

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

BUY-IN CEASE TRADE

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE AMENDMENTS

Background

When a Continuous Net Settlement ("CNS") eligible security is in a "cease trade" status, the current CDSX® Buy-In function will still accept Buy-In Intent requests and charge participants at all stages of the Buy-In process, even though the Buy-In trade cannot be executed on the floor of the TSX Venture Exchange.

The CDS Strategic Development Review Committee ("SDRC") Equity subcommittee has requested that Intent to Buy-In trades associated with securities in a "cease trade" status be suppressed from going to an execution status in the Buy-In function. The enhancement would block these trades at the entry stage by receiving Listing Changes files from the TSX Venture Exchange, and introducing a "cease trade" indicator in CDSX Security Master File ("SMF") function. Once flagged, the indicator would prevent entry of Intent to Buy-In trades on the specified security, and eliminate unnecessary associated fee invoicing.

The Procedures marked for the amendments may be accessed at the CDS website at:

<http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-blacklined?Open>

Description of Proposed Amendments

The following procedures will be impacted by this initiative:

CDSX Reporting Procedures:

- Chapter 7 Buy-in Reports, Section 7.2

CDSX Procedures and User Guide:

- Chapter 3 Issue Activities, Section 3.6.5

Trade and Settlement Procedures:

- Chapter 9 Buying in Outstanding CNS Positions, Section 9.1

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments as they are matters of a technical nature in routine operating procedures and administrative practices relating to the settlement services.

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 Recognition and Designation Order, as amended on November 1, 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 November 1, 2006, CDS has determined that these amendments will be effective on **September 15, 2008**.

These amendments were reviewed and approved by the SDRC on **July 31, 2008**.

D. QUESTIONS

Questions regarding this notice may be directed to:

Eduarda Matos
Legal Counsel
The Canadian Depository for Securities Limited
85 Richmond Street West
Toronto, Ontario M5H 2C9

Telephone: 416-365-3567
Fax: 416-365-1984
e-mail: attention@cds.ca

JAMIE ANDERSON
Managing Director, Legal

13.1.2 TSX Notice of Approval – Housekeeping Amendments to the TSX Company Manual and to the TSX Rules

TORONTO STOCK EXCHANGE

NOTICE OF APPROVAL

**HOUSEKEEPING AMENDMENTS TO THE
TORONTO STOCK EXCHANGE COMPANY MANUAL AND TO THE
RULES OF THE TORONTO STOCK EXCHANGE**

Introduction

In accordance with the Protocol for Commission Oversight of Toronto Stock Exchange Rule Proposals between the Ontario Securities Commission (the “OSC”) and Toronto Stock Exchange (“TSX”), TSX has adopted and the OSC has approved, various amendments (the “Amendments”) to the TSX Company Manual (the “Manual”) and to the Rules of the Toronto Stock Exchange (the “Trading Rules”).

Reasons for the Amendments

The Amendments are housekeeping in nature and therefore are considered non-public interest amendments. The Amendments provide for changes in the Manual and the Trading Rules required as a result of the recent consolidation of the Investment Dealers Association of Canada and Market Regulation Services Inc. (“RS”) into the Investment Industry Regulatory Organization of Canada (“IIROC”).

Summary of the Amendments

The Amendments are required to change references in the Manual and the Trading Rules from RS to IIROC.

Text of Amendments

The Amendments are attached as Appendix A and B.

Effective Date

The Amendments will become effective on September 12, 2008.

APPENDIX A

NON-PUBLIC INTEREST AMENDMENTS TO THE TSX COMPANY MANUAL

Sec. 423.12

5. *Rumours on the Internet* —

Rumours about the issuer may appear on chat rooms and newsgroups. Rumours may spread more quickly and more widely on the Internet than by other media. ~~RS IIROC~~ Market Surveillance monitors chat rooms and news groups on the Internet to identify rumours about TSX listed issuers that may influence the trading activity of their stocks. TSX Timely Disclosure Policy addresses how an issuer should respond to rumours. An issuer is not expected to monitor chat rooms or news groups for rumours about itself. Nevertheless, TSX recommends that the issuer's standard policy for addressing rumours apply to those on the Internet.

Whether an issuer should respond to a rumour depends on the circumstances. TSX suggests that the issuer should consider the market impact of the rumour and the degree of accuracy and significance to the issuer. In general, TSX recommends against an issuer participating on a chat room or newsgroup to dispel or clarify a rumour as such action may give rise to selective disclosure concerns and may create the expectation that the issuer will always respond. Instead, the issuer should issue a news release to ensure widespread dissemination of its statement.

If an issuer becomes aware of a rumour on a chat room, newsgroup or any other source that may have a material impact on the price of its stock, it should immediately contact Market Surveillance. If the information is false and is materially influencing the trading activity of the issuer's securities, it may consider issuing a clarifying news release. The issuer should contact Market Surveillance so that they can monitor trading in the issuer's securities. If Market Surveillance determines that trading is being affected by the rumour, it may require the issuer to issue a news release stating that there are no corporate developments to explain the market activity.

APPENDIX B**NON-PUBLIC INTEREST AMENDMENTS TO THE RULES OF THE TORONTO STOCK EXCHANGE**

RULES (AS AT DECEMBER 14, 2007, 2008)	POLICIES
<p><u>"IIROC" means the Investment Industry Regulatory Organization of Canada.</u></p> <p>****</p>	
<p>"Market Surveillance Official" means:</p> <p>(a) a Market Integrity Official where the administration of any Rule or Policy is undertaken by RS<u>IIROC</u> on behalf of the Exchange; and</p> <p>(b) an employee of the Exchange designated by the Exchange to perform such functions and exercise such power.</p> <p>Amended (April 1, 2002, 2008)</p>	
<p>****</p>	
<p>"RS" means Market Regulation Services Inc.</p> <p>Added (April 1, 2002)</p>	
<p>****</p>	
<p>"UMIR" means the Universal Market Integrity Rules as adopted by RS<u>IIROC or a predecessor or successor organization</u> and approved by the applicable securities regulatory authorities and in effect from time to time.</p> <p>Added<u>Amended</u> (April 1, 2002, 2008)</p>	
<p>****</p> <p>4-107 Specialty Price Crosses</p> <p>(1) Execution</p> <p>Specialty Price Crosses may be executed in the Regular Session and the Special Trading Session.</p> <p>(2) Restriction on Setting Last Sale or Closing Price</p> <p>Specialty Price Crosses shall not be used in the calculation of either a last sale price or closing price for a stock for the Regular Session or the Special Trading Session.</p> <p>Added (May 30, 2003)</p>	<p>4-107 Specialty Price Crosses</p> <p>(1) <u>Qualifying Basis Trades</u></p> <p>A Basis Trade shall comprise of at least 80 percent of the component share weighting of the basket of securities or index participation unit that is the subject of the Basis Trade.</p> <p>(2) <u>Reporting of Basis Trades</u></p> <p>Participating Organizations executing Basis Trades on the Exchange shall report details of the transaction to a Market Surveillance Official at the Exchange and RS<u>IIROC</u> in the format and at the time required by the Exchange and RS<u>IIROC</u>. Such information shall include complete details relating to the calculation of the price of the Basis Trade</p>

RULES (AS AT DECEMBER 14, 2007 , 2008)	POLICIES
	<p>and all relevant supporting documentation.</p> <p>(3) <u>Qualifying Volume-Weighted Average Price Trades</u></p> <p>A Volume-Weighted Average Price Trade that is not calculated based on all trades during the Regular Session on a Trading Day shall be determined in such a manner that the time period for calculating the volume-weighted average price must commence after the receipt of the order by the Participating Organization. In addition, the types of trades to be excluded from the calculation must be determined prior to the commencement of the calculation period.</p> <p>(4) <u>Reporting of Volume-Weighted Average Price Trades</u></p> <p>Participating Organizations executing Volume-Weighted Average Price Trades on the Exchange shall report details of the transaction to a Market Surveillance Official at the Exchange and RSIIROC in the format and at the time required by the Exchange and RSIIROC. Such information shall include details of the time period used to calculate the volume-weighted average price, a description of any types of trades excluded from the volume-weighted average price calculation and all relevant supporting documentation.</p> <p>Added<u>Amended (May 30, 2003)</u>, 2008)</p>
<p>4-108 ATX Facility</p> <p>(1) Intent Entry</p> <p>Intents may be entered, by an ATX Subscriber, into the CIB at any time on a Trading Day. Intents entered in the CIB will not interact with the Book.</p> <p>(2) Intent Size Increment</p> <p>The ATX facility operates in a minimum size increment of one security for each Intent.</p> <p>(3) Order Entry</p> <p>Orders from an ATX Subscriber may be routed to ATX at any time on a Trading Day. Orders that an ATX Subscriber routes to ATX will not be held in the CIB but will match with Intents held in the CIB in accordance this Rule 4-108.</p> <p>(4) Eligible Orders</p> <p>Orders which are at least one security in volume are eligible for matching in ATX.</p> <p>(5) Matching of Intents and Orders</p> <p>(a) All Intents entered by an ATX Subscriber must have a Minimum Quote Spread and a Minimum Quote Volume specified. Both of these conditions must be satisfied in order for an Intent to be eligible to match in ATX. A</p>	

RULES (AS AT DECEMBER 14, 2007 , 2008)	POLICIES
<p>Minimum Quote Spread is satisfied, if, at the time of the match, the spread value of the CBBO is greater than or equal to the Intent's Minimum Quote Spread. A Minimum Quote Volume is satisfied if, at the time of the match, the aggregate volume of the CBBO, on the same side as the Intent, is greater than or equal to the Intent's Minimum Quote Volume.</p> <p>(b) Orders will be immediately matched with Intents in the CIB that are on the contra side of the order, subject to Rule 4-108(5)(a). A buy order will be matched with a sell Intent at the Canadian Best Offer, at such time, plus price improvement as determined from time to time by the Exchange. A sell order will be matched with a buy Intent at the Canadian Best Bid, at such time, plus price improvement as determined from time to time by the Exchange.</p> <p>(c) Subject to Rule 4-108(5)(a), active Intents will be immediately matched with other Intents in the CIB that are on the contra side of the active Intent. An active buy Intent will be matched with a sell Intent at the Canadian Best Offer, at such time, plus price improvement as determined from time to time by the Exchange. An active sell Intent will be matched with a buy Intent at the Canadian Best Bid, at such time, plus price improvement as determined from time to time by the Exchange.</p> <p>(d) All matching in ATX will occur during the Regular Session but will not occur if the security is halted or delayed by the Exchange or RSIIROC.</p> <p>(e) Matches will not execute if at the time the match is reported to the Exchange it is outside the bid price and ask price quoted on the Exchange. Notwithstanding Rules 4-801 and 4-802, matches will execute if at the time the match is reported to the Exchange it is at the bid price or ask price quoted on the Exchange.</p> <p>****</p> <p>Added<u>Amended</u> (June 13, 2007), 2008</p>	

13.1.3 TSX Inc. – Amendments to Remove Imbedded Opening and Closing Times from TSX Rules

TSX INC.

AMENDMENTS TO REMOVE IMBEDDED OPENING and CLOSING TIMES
FROM THE RULES OF THE TORONTO STOCK EXCHANGE

RULES (AS AT JULY, 2007)	POLICIES
<p><u>PART 1 - INTERPRETATION</u></p> <p>1-101 Definitions (Amended)</p> <p>(1) In all Exchange Requirements, unless the subject matter or context otherwise requires:</p> <p>(a) defined or interpreted in section 1 of the <i>Securities Act</i> has the meaning ascribed to it in that section;</p> <p>(b) defined in subsection 1(2) of the Regulation has the meaning ascribed to it in that subsection;</p> <p>(c) defined in subsection 1.1(3) of National Instrument 14-101 Definitions has the meaning ascribed to it in that subsection;</p> <p>(d) defined in subsection 1.1(2) of Ontario Securities Commission Rule 14-501 has the meaning ascribed to it in that subsection; and</p> <p>(e) defined or interpreted in UMIR has the meaning ascribed to it in that document.</p> <p>Amended (April 1, 2002)</p> <p>(2) In all Exchange Requirements, unless the subject matter or context otherwise requires:</p> <p>*****</p> <p>“closing time” means the time fixed by the Board for the end of a Session.</p> <p>Added [•]</p> <p>*****</p> <p>“MOC Book” means the electronic file that holds MOC Orders.</p> <p>Amended [•]</p> <p>*****</p>	

RULES (AS AT JULY, 2007)	POLICIES
<p><u>PART 3 – GOVERNANCE OF TRADING SESSIONS</u></p> <p>DIVISION 1 – SESSIONS</p> <p>3-101 Date and Time of Sessions</p> <p>(1) The Exchange shall be open for Sessions on each Business Day.</p> <p>(2) The Board shall determine the opening time and closing time of Sessions.</p> <p>Amended [•]</p>	
*****	*****
<p><u>PART 4 – TRADING OF LISTED SECURITIES</u></p>	
<p>DIVISION 7 – OPENING</p> <p>4-701 Execution of Trades at the Opening</p> <p>(1) Subject to Rule 4-702, listed securities shall open for trading at the opening time, and any opening trades shall be at the calculated opening price.</p> <p>(2) The following orders shall be completely filled at the opening:</p> <p>(a) market orders and better-priced limit orders for client accounts;</p> <p>(b) MBF orders;</p> <p>(c) market orders and better-priced limit orders for non-client accounts that were entered prior to the two minutes immediately preceding the opening time; and</p> <p>(d) market orders and better-priced limit orders for non-client accounts that were entered during the two minutes immediately preceding the opening time where the opening of the security is delayed pursuant to Rule 4-702, or where the order affected the Calculated Opening Price.</p> <p>Amended [•]</p> <p>(3) The following orders are eligible to participate in the opening but are not guaranteed to be filled:</p> <p>(a) Repealed (August 7, 2001)</p> <p>(b) limit orders at the opening price; and</p> <p>(c) market orders and better-priced limit orders for non-client accounts that were entered</p>	

RULES (AS AT JULY, 2007)	POLICIES
<p>during the two minutes immediately preceding the opening time and that did not affect the Calculated Opening Price, where the security opens at the opening time.</p> <p>Amended [•]</p> <p>*****</p>	
<p>DIVISION 9 – SPECIAL TRADING SESSION</p> <p>*****</p>	
<p>4-902 Market-On-Close</p> <p>(1) Eligible Securities</p> <p>MOC Orders may only be entered for MOC Securities.</p> <p>(2) Board Lots</p> <p>A MOC Order must be for a board lot or an integral multiple of a board lot of a MOC Security.</p> <p>(3) MOC Order Entry</p> <p>(a) MOC Market Orders may be entered, cancelled and modified in the MOC Book on each Trading Day beginning at a time determined by the Exchange and ending at from 7:00 a.m. until the time the MOC Imbalance is broadcast. MOC Market Orders may not be cancelled or modified after the MOC Imbalance is broadcast.</p> <p>(b) The MOC Imbalance is calculated and broadcast on each Trading Day at a time determined by twenty minutes before the Exchange closing time.</p> <p>(c) The indicative calculated closing price for each MOC Security is broadcast on each Trading Day at a time determined by ten minutes before the Exchange closing time.</p> <p>(d) Following the broadcast of the MOC Imbalance, until the closing time on each Trading Day, MOC Limit Orders may be entered in the MOC Book on the contra side of the MOC Imbalance. MOC Limit Orders may be cancelled until the closing time.</p> <p>(e) In the event of a delay of the Closing Call for a MOC Security, MOC Limit Orders may be entered in the MOC Book for such security on the contra side of the MOC Imbalance for a period of time determined by ten minutes after the Exchange closing time. MOC Limit Orders may not be cancelled during this time period.</p>	

RULES (AS AT JULY, 2007)	POLICIES
<p>Amended [•]</p> <p>(4) Closing Call</p> <p>(a) The Closing Call shall occur on each Trading Day at the closing time. The Closing Call in a MOC Security shall be delayed for a period of time determined by the Exchange <u>ten minutes</u> in the event that the price that would be the calculated closing price for the MOC Security exceeds the volatility parameters determined by the Exchange. The Exchange will forthwith broadcast a message identifying the MOC Security that is subject to the delay.</p> <p>(b) In the event that the price that would be the calculated closing price for a MOC Security exceeds the closing price acceptance parameters determined by the Exchange at the end of the delay period set out in Rule 4-902(4)(a), the calculated closing price for the MOC Security will be the price at which most shares will trade, leaving the least imbalance, where the price does not exceed the closing price acceptance parameters determined by the Exchange for such security.</p> <p>Amended [•]</p> <p>*****</p>	
<p>DIVISION 10 – PROGRAM TRADING</p> <p>*****</p>	
<p>4-1003 Offsetting Orders on Expiry</p> <p>Orders in listed securities that offset an expiring Index derivatives position, or that substitute an equities position for an expiring Index derivatives position, shall be entered as prescribed by the Exchange.</p>	<p>4-1003 Offsetting Orders on Expiry</p> <p>(1) Definition of Program Trading for Must-Be-Filled Orders</p> <p>For purposes of Rule 4-1003, a program trade is a simultaneous trade undertaken on the expiry date of an option or future in listed securities comprising at least 70 percent of the component share weighting of an Index where such trade offsets a per-existing position in a future or an option the underlying interest of which is the Index.</p> <p>(2) Must-Be-Filled Order Reporting Requirements</p> <p>The following requirements apply to Must-Be-Filled Orders:</p> <p>(a) <i>Entry of Orders</i> – A Must-Be-Filled Order shall be entered on the day prior to the expiry date (normally a Thursday) during the Special Trading Session or at such other times as may</p>

RULES (AS AT JULY, 2007)	POLICIES
	<p>be required or permitted by the Exchange (the "reporting time"). An order for a program trade may be entered at a time other than the reporting time only with the consent of the Exchange.</p> <p>A Must-Be-Filled Order may be cancelled prior to the end of the reporting time through normal cancellation and correction procedures. After the end of the reporting time, each Must-Be-Filled Order is committed and may be withdrawn from the trading system only with the consent of the Exchange.</p> <p>The Exchange may release a ticker notice regarding material imbalances in orders for a particular listed security after the end of the reporting time.</p> <p>(b) <i>Prearranged Trades</i> – A Participating Organization with both sides of a program trade arranged may enter the orders at a time other than during the reporting time. The trading system will seek out such orders and will cross them automatically where possible.</p> <p>(c) <i>Automatic matching</i> – The trading system will automatically match all program trades, market orders and better-priced limit orders where possible. Any imbalance after matching of these orders will be included in the regular opening following the normal allocation rules and receive the calculated opening price. Market orders and better-priced limit orders will be filled first against an imbalance of large program trades.</p>
<p>DIVISION 11 — SPECIAL TERMS</p> <p>*****</p>	
<p>4-1103 Exchange for Physicals and Contingent Option Trades</p> <p>Orders which are conditional upon a simultaneous trade in a derivative on another exchange shall be special terms trades and shall be traded in accordance with the prescribed procedures and conditions.</p>	<p>4-1103 Exchange for Physicals and Contingent Option Trades</p> <p>(1) Application</p> <p>This Policy applies to each person who has been granted trading access to the Exchange and who seeks to enter an order on the Exchange for a listed security which is contingent upon the execution of one or more trades in an option on the Montreal Exchange or who seeks to exchange an index futures contract that is listed for trading on the Exchange for the equivalent number of listed securities underlying the futures contract (including an equivalent number of index participation units) on a contingent basis.</p>

RULES (AS AT JULY, 2007)	POLICIES
	<p>(2) Procedure for Contingent Option Trade</p> <p>If a person to whom this Policy applies seeks to enter an order on the Exchange for a listed security which is contingent upon the execution of one or more trades in an options market, the following rules shall apply:</p> <ul style="list-style-type: none"> (a) the trade in the listed security and the offsetting option trades must be for the same account; (b) the option portion of the trade must be approved by a floor governor or other exchange official of the stock exchange on which the option is listed and such approval shall be evidenced by the initials of the governor or official on the options trade ticket; (c) the options trade ticket shall be time stamped; (d) the person shall telephone Trading and Client Services of the Exchange at (416) 947-4440 and provide the details of the contingent trade including the name of the person with trading access to the Exchange with whom the contingent trade has been made; (e) the trade in the listed security must be within the existing market for the listed security on the Exchange at the time of the telephone call to Trading and Client Services; (f) a copy of the options trade ticket as initialled by a floor governor or exchange official and time stamped shall be provided by facsimile transmission to Trading and Client Services at (416) 947-4280 within ten minutes following the time stamp on the ticket; and (g) provided the trade has been made and reported in accordance with the above rules, the Exchange shall manually execute the trade in the listed security as a special terms trade with the marker "MS" effective as of the time stamped on the option trade ticket. <p>(3) Procedure for Exchange for Physicals</p> <p>If a person to whom this Policy applies seeks to exchange a futures contract for the equivalent number of listed securities underlying the futures contract (including an equivalent number of units of the applicable Index Participation Fund or mutual fund), the following provisions shall apply:</p>

RULES (AS AT JULY, 2007)	POLICIES
	<p>(a) the trade in the listed security and the trade in the futures contract must be for the same account;</p> <p>(b) the equities component may be made as a cross or as a trade between persons with trading access on the Exchange;</p> <p>(c) the futures portion of the trade must be approved by a floor governor or other exchange official of the stock exchange on which the future is listed and such approval shall be evidenced by the initials of the governor or official on the futures trade ticket;</p> <p>(d) the futures trade ticket shall be time stamped;</p> <p>(e) the person shall telephone Trading and Client Services of the Exchange at (416) 947-4440 and provide the details of the exchange including the name of the person with trading access to the Exchange with whom the exchange has been made;</p> <p>(f) the trade in the listed securities made during the Regular Session will be at the bid price of the listed securities on the Exchange at the time of the telephone call to Trading and Client Services and the trade in listed securities made after the end of the Regular Session will be at the last sale price of the listed securities on the Exchange provided that where the last sale price is outside of the closing quotes for any listed security the price for that listed security shall be the bid or offer which is closest to the last sale price;</p> <p>Amended [•]</p> <p>*****</p>
<p><u>PART 5 – CLEARING AND SETTLEMENT OF TRADES IN LISTED SECURITIES</u></p>	
<p>*****</p>	

RULES (AS AT JULY, 2007)	POLICIES
DIVISION 3 – CLOSING OUT CONTRACTS *****	
5-303 Failed Trade in Rights, Warrants and Instalment Receipts (1) Notwithstanding Rule 5-301, should fail positions in rights, warrants or installment receipts exist on the expiry or payment date, purchasing Participating Organizations have the option of demanding delivery of the securities into which the rights, warrants or installment receipts are exercisable, any additional subscription privilege, and any subscription fee payable to a Participating Organization, that may be available, such demand shall be made before the closing time on the expiry date. Amended [•] *****	

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