The Ontario Securities Commission

OSC Bulletin

December 12, 2008

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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
Cadillac Fairview Tower
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

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One Corporate Plaza
2075 Kennedy Road
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Customer Relations
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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

DECEMBER 12, 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
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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

December 15, 2008 10:00 a.m.	**James Richard Elliott** S. 127 J. Feasby in attendance for Staff Panel: TBA
December 16, 2008 10:00 a.m.	**Sextant Capital Management Inc., Sextant Capital GP Inc., Sextant Strategic Opportunities Hedge Fund L.P., Otto Spork, Robert Levack and Natalie Spork** s. 127 S. Kushneryk in attendance for Staff Panel: WSW/ST
December 17, 2008 10:00 a.m.	**Lyndz Pharmaceuticals Inc., Lyndz Pharma Ltd., James Marketing Ltd., Michael Eatch and Rickey McKenzie** s.127(1) & (5) J. Feasby in attendance for Staff Panel: WSW/ST
December 17, 2008 10:00 a.m.	**Shane Suman and Monie Rahman** s. 127 & 127(1) C. Price in attendance for Staff Panel: JEAT/DLK/MCH
January 5, 2009 TBA	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun** s. 127 M. Mackewn in attendance for Staff Panel: TBA

January 5-16, 2009 10:00 a.m.	**Xi Biofuels Inc., Biomaxx Systems Inc., Ronald David Crowe and Vernon P. Smith** 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: TBA
January 6, 2009 3:00 p.m.	**Goldpoint Resources Corporation, Lino Novielli, Brian Moloney, Evanna Tomeli, Robert Black, Richard Wylie and Jack Anderson** s. 127(1) and 127(5) M. Boswell in attendance for Staff Panel: TBA
January 12-23, 2009 10:00 a.m.	**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** s. 127 C. Price in attendance for Staff Panel: PJL/KJK
January 19, 2009 10:00 a.m.	**Goldbridge Financial Inc., Wesley Wayne Weber and Shawn C. Lesperance** s. 127 J. Feasby in attendance for Staff Panel: JEAT/PLK
January 20, 2009 3:00 p.m.	**Irwin Boock, Stanton De Freitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiants, Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, 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: DLK/ST
January 26-30, 2009 10:00 a.m.	**Darren Delage** s. 127 M. Adams in attendance for Staff Panel: TBA
February 2, 2009 10:00 a.m.	**Biovail Corporation, Eugene N. Melnyk, Brian H. Crombie, John R. Miszuk and Kenneth G. Howling** s. 127(1) and 127.1 J. Superina/A. Clark in attendance for Staff Panel: JEAT/DLK/PLK
February 10, 2009 10:00 a.m.	**Gold-Quest International, Health and Harmoney, Iain Buchanan and Lisa Buchanan** s.127 H. Craig in attendance for Staff Panel: TBA
February 16, 2009 9:30 a.m.	**Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee and Peter Y. Atkinson** s.127 J. Superina in attendance for Staff Panel: LER/MCH

February 23 - March 13, 2009 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: TBA
March 3, 2009 2:30 p.m.	**Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York** s. 127 S. Horgan in attendance for Staff Panel: JEAT/PLK
March 3, 2009 3:30 p.m.	**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.** s. 127(5) K. Daniels in attendance for Staff Panel: TBA
March 23-April 3, 2009 10:00 a.m.	**Imagin Diagnostic Centres Inc., Patrick J. Rooney, Cynthia Jordan, Allan McCaffrey, Michael Shumacher, Christopher Smith, Melvyn Harris and Michael Zelyony** s. 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
April 6, 2009 10:00 a.m.	**Gregory Galanis** s. 127 P. Foy in attendance for Staff Panel: TBA
April 13-17, 2009 10:00 a.m.	**Matthew Scott Sinclair** s.127 P. Foy in attendance for Staff Panel: TBA
April 20-27, 2009 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 S. Horgan in attendance for Staff Panel: TBA
May 4-29, 2009 10:00 a.m.	**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** s. 127 and 127.1 Y. Chisholm in attendance for Staff Panel: TBA
May 7-15, 2009 10:00 a.m.	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric** s. 127 & 127(1) D. Ferris in attendance for Staff Panel: TBA
May 12, 2009 2:30 p.m.	**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** s. 127 M. Britton in attendance for Staff Panel: JEAT/ST

May 25 – June 2, 2009 10:00 a.m.	**Global Partners Capital, Asia Pacific Energy Inc., 1666475 Ontario Inc. operating as "Asian Pacific Energy", Alex Pidgeon, Kit Ching Pan also known as Christine Pan, Hau Wai Cheung, also known as Peter Cheung, Tony Cheung, Mike Davidson, or Peter McDonald, Gurdip Singh Gahunia also known as Michael Gahunia or Shawn Miller, Basis Marcellinius Toussaint also known as Peter Beckford, and Rafique Jiwani also known as Ralph Jay** s.127 M. Boswell in attendance for Staff Panel: TBA
June 1-3, 2009 10:00 a.m.	**Robert Kasner** s. 127 H. Craig in attendance for Staff Panel: TBA
June 4, 2009 10:00 a.m.	**Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman** s. 127(7) and 127(8) M. Boswell in attendance for Staff Panel: DLK/CSP/PLK
June 4, 2009 11:00 a.m.	**Abel Da Silva** s.127 M. Boswell in attendance for Staff Panel: TBA
June 10, 2009 10:00 a.m.	**Global Energy Group, Ltd. and New Gold Limited Partnerships** s. 127 H. Craig in attendance for Staff Panel: TBA
August 10, 2009 10:00 a.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: TBA
September 21-25, 2009 10:00 a.m.	**Swift Trade Inc. and Peter Beck** s. 127 S. Horgan in attendance for Staff Panel: TBA
November 16-December 11, 2009 10:00 a.m.	**Sulja Bros. Building Supplies, Ltd. (Nevada), Sulja Bros. Building Supplies Ltd., Kore International Management Inc., Petar Vucicevich and Andrew DeVries** s. 127 & 127.1 M. Britton in attendance for Staff Panel: TBA
January 11, 2010 10:00 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: TBA
TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA

TBA **Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell**

s. 127

J. Waechter in attendance for Staff

Panel: TBA

TBA **Frank Dunn, Douglas Beatty, Michael Gollogly**

s.127

K. Daniels in attendance for Staff

Panel: TBA

TBA **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 **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 **Roger D. Rowan, Watt Carmichael Inc., Harry J. Carmichael and G. Michael McKenney**

s. 127

J. Superina in attendance for Staff

Panel: PJL/ST/DLK

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

TBA **Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited**

s. 127

M. Britton in attendance for Staff

Panel: TBA

TBA **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: WSW/DLK/MCH

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

ADJOURNED SINE DIE

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

1.1.2 OSC Staff Notice 11-719 – Withdrawal of Staff Notice

ONTARIO SECURITIES COMMISSION
STAFF NOTICE 11-719

WITHDRAWAL OF STAFF NOTICE

Commission staff has reviewed OSC Staff Notice 11-719 – *A Risk-based Approach for More Effective Regulation* (25 O.S.C.B. 2410) and has determined that it does not reflect current practice. Accordingly, the notice is withdrawn effective immediately.

Questions regarding this notice may be directed to:

Wendy Dey
Director, Communications & Public Affairs
Ontario Securities Commission
416-593-8120
wdey@osc.gov.on.ca

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

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

December 12, 2008

1.1.3 Notice of Commission Approval – Housekeeping Amendments to MFDA Rule 2.3 – Power of Attorney/Limited Trading Authorization

MUTUAL FUND DEALERS ASSOCIATION OF CANADA (MFDA)

HOUSEKEEPING AMENDMENTS TO MFDA RULE 2.3 – POWER OF ATTORNEY/ LIMITED TRADING AUTHORIZATION

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission has approved amendments to MFDA Rule 2.3 – Power of Attorney/Limited Trading Authorization. In addition, the Alberta Securities Commission, Manitoba Securities Commission, New Brunswick Securities Commission, Nova Scotia Securities Commission and Saskatchewan Financial Services Commission approved, and the British Columbia Securities Commission did not object to the amendments.

The amendments clarify that discretionary trading is prohibited on the part of Members and their Approved Persons irrespective of whether they have a limited trading authorization.

The amendments are housekeeping in nature. A description and a copy of the amendments are contained in Chapter 13 of this OSC Bulletin.

1.2 Notices of Hearing

1.2.1 James Richard Elliott – s. 127

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

AND

IN THE MATTER OF JAMES RICHARD ELLIOTT

NOTICE OF HEARING (Section 127)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the Securities Act, R.S.O., c. S.5., as amended (the "Act") at the offices of the Commission, 20 Queen Street West, Toronto, Ontario, 17th Floor, Hearing Room "B", commencing on December 15, 2008, at 10:00 am or as soon thereafter as the hearing can be held,

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

a. to make an order pursuant to section 127(1) clause 2 of the Act that trading in securities by the Respondent cease for a period of five years, except that he may trade in one account in his own name through a registered representative if he provides a copy of the Commission's sanction order to the registered representative beforehand;

b. to make an order pursuant to section 127(1) clause 2.1 of the Act that acquisition of any securities by the Respondent be prohibited for a period of five years, except that he may acquire securities in one account in his own name through a registered representative if he provides a copy of the Commission's sanction order to the registered representative beforehand;

c. to make an order pursuant to subsection 127(1) clause 3 of the Act that any exemptions in Ontario securities law do not apply to the Respondent for a period of five years;

d. to make an order pursuant to section 127(1) clause 7 of the Act that the Respondent resign any position that the Respondent holds as director or officer of an issuer;

e. to make an order pursuant to section 127(1) clause 8 of the Act that the

respondent be prohibited from becoming or acting as an officer or director of any issuer for a period of five years; and,

f. to make such other order or orders as the Commission considers appropriate.

BY REASON of the allegations set out in the Statement of Allegations of Staff and such additional allegations as counsel may advise and the Commission may permit;

AND FURTHER TAKE NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

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

DATED at Toronto this 24th day of November, 2008.

"John Stevenson"
Secretary to the Commission

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

AND

IN THE MATTER OF
JAMES RICHARD ELLIOTT

STATEMENT OF ALLEGATIONS OF STAFF
OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission make the following allegations:

I. THE RESPONDENT

1. James Richard Elliott ("Elliott") is a resident of Ontario. From July 27, 1998, to November 25, 2005, while a resident of British Columbia, Elliott was a director, the president and the chief executive officer of MDMI Technologies Inc ("MDMI"). MDMI is a medical device company with its head office in Richmond, British Columbia.

II. OVERVIEW

2. Elliott has been sanctioned by the British Columbia Securities Commission ("BCSC"). The conduct for which he was sanctioned involved trading securities of MDMI when he was unregistered to trade securities and issuing securities of MDMI when no prospectus receipt had been received.

3. Elliott traded securities of MDMI in Ontario when he was not registered to do so and when no prospectus receipt had been issued in respect of MDMI securities and there were no registration or prospectus exemptions available in respect of the trades.

4. At the time he engaged in the conduct for which he was sanctioned in British Columbia, Elliott was a resident of British Columbia. He has now moved to Ontario.

III. ALLEGATIONS

British Columbia Conduct

5. On May 28, 2008, Elliott entered into a Settlement Agreement (the "Settlement Agreement") with the BCSC respecting his conduct as the principal of MDMI. As part of the Settlement Agreement, Elliott admitted that:

(a) He was a resident of British Columbia and a director, the president and the chief executive officer of MDMI from July 27, 1998 to November 25, 2005;

(b) Elliott held presentations, met with investors and marketed the shares of MDMI from April 1999 to March 2005,

raising approximately $2.3 million from 262 British Columbia investors;

(c) At the time, Elliott was not registered to trade securities in British Columbia, no prospectus receipt had issued in respect of MDMI's securities, and there were no registration or prospectus exemptions available in respect of the trades;

(d) All of the funds obtained from investors by MDMI went to research, development and marketing of its products.

6. Pursuant to the terms of the Settlement Agreement, Elliott consented to an Order that he, among other things:

(a) cease trading in and be prohibited from purchasing any securities for five years, except in one account, in his own name, through a registered representative, if he provides a copy of the Order to the registered representative beforehand;

(b) resign any officer or director position he may hold, be prohibited from becoming or acting as a director or officer of any issuer, be prohibited from acting in a managing or consultative capacity in connection with activities in the securities market and be prohibited from engaging in investor relations activities for the later of five years and the date he completes a course of study concerning the duties and responsibilities of directors and officers.

7. As a term of the Settlement Agreement, Elliott consented to the issuance of orders by other securities regulators based on the facts he admitted in the Settlement Agreement.

Ontario Conduct

8. Elliott also marketed, distributed and traded securities of MDMI in Ontario to Ontario investors when he was not registered to trade securities, when no prospectus receipt had issued in Ontario and when no registration or prospectus exemption was available.

9. Between November 2000 and April 2004, Elliott, as well as others employed by, instructed by or acting under the direction of MDMI, met with Ontario residents on behalf of MDMI, made presentations and actively solicited investment in MDMI in Ontario.

10. As a result of Elliott's and MDMI's marketing efforts and solicitation of investments in Ontario, over $5,000,000 was raised from more than 300 Ontario investors, an amount representing approximately half of all funds raised by MDMI through share sales.

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

11. By trading securities of MDMI in British Columbia while unregistered do so and distributing securities when no prospectus receipt had issued while there were no registration or prospectus exemptions available, Elliott contravened British Columbia securities law. He thereby acted contrary to the public interest.

12. By trading securities of MDMI in Ontario while unregistered to do so, Elliott contravened s. 25 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Act*") and by having distributed securities of MDMI when no prospectus receipt had issued to permit the trading of its securities, Elliott contravened s. 53(1) of the Act. He thereby acted contrary to Ontario securities law and contrary to the public interest.

13. Further, Elliott, as director and officer of MDMI, authorized, permitted or acquiesced in the commission of the violations of sections 25 and 53 of the *Act*, set out above, by MDMI and by persons employed by, instructed by or acting under the direction of MDMI and, accordingly, failed to comply with Ontario securities law pursuant to section 129.2 of the Act.

14. Staff allege that it is in the public interest to make orders against the Respondent.

15. Staff reserve the right to amend these allegations as they deem fit and the Commission may permit.

Dated at Toronto this 24th day of November, 2008.

1.2.2 Lyndz Pharmaceuticals Inc. et al. – s. 127

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

AND

IN THE MATTER OF
LYNDZ PHARMACEUTICALS INC.,
LYNDZ PHARMA LTD., JAMES MARKETING LTD.,
MICHAEL EATCH AND RICKEY MCKENZIE

NOTICE OF HEARING
(s. 127 of the Securities Act)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O., c. S.5., as amended (the "Act") at the offices of the Commission, 20 Queen Street West, Toronto, Ontario, 17th Floor, Hearing Room "B", commencing on December 17, 2008, at 10:00 a.m. or as soon thereafter as the hearing can be held;

TO CONSIDER whether, in the opinion of the Commission, it is in the public interest for the Commission to make an order:

(a) to extend the temporary order made December 4, 2008, pursuant to s. 127(7) of the Act, until the final disposition of this matter or until such time as the Commission considers appropriate; and

(b) to make such further Orders as the Commission considers appropriate;

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

AND TAKE FUTHER NOTICE THAT any party to the proceedings may be represented by counsel at the hearing;

AND TAKE FURTHER NOTICE THAT, upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this 8th day of December, 2008.

"John Stevenson"
Secretary to the Commission

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

AND

IN THE MATTER OF
LYNDZ PHARMACEUTICALS INC.,
LYNDZ PHARMA LTD., JAMES MARKETING LTD.,
MICHAEL EATCH AND RICKEY MCKENZIE

STATEMENT OF ALLEGATIONS OF STAFF
OF THE ONTARIO SECURITIES COMMISSION
(In Support of Temporary Cease Trade Order)

Staff of the Ontario Securities Commission ("Staff") make the following allegations in support of a Notice of Hearing to extend the Temporary Order dated December 4, 2008, pending completion of Staff's investigation:

I. THE RESPONDENTS

1. Lyndz Pharmaceuticals Inc. ("Lyndz") is a company incorporated in Ontario. The corporation's registered office is in Aurora, Ontario at the residential address of Michael Eatch ("Eatch"). Share certificates in Lyndz have been sold to investors both in Ontario and in the UK The business activity of Lyndz is purported to be the manufacture and distribution of pharmaceuticals. Lyndz is not a reporting issuer in Ontario and has not filed a prospectus. Its common shares are not known to be listed on any exchange.

2. Lyndz Pharma Ltd. ("Lyndz UK") is a company registered in the UK with a registered office in London, England. Lyndz UK operates out of the same "virtual office" location as James Marketing Ltd. ("James Marketing").

3. James Marketing is a company registered in the UK with a registered office in London, England, at the same "virtual office" as Lyndz UK. Shareholders in Lyndz purchased their shares through a payment to James Marketing. The sole director and shareholder of James Marketing is Rickey Blair McKenzie ("McKenzie"), a resident of Newmarket, Ontario.

4. Eatch is a resident of Ontario and lives at the registered business address of Lyndz. He is the president of Lyndz and the sole director and shareholder of Lyndz UK. Eatch has never been registered with the Ontario Securities Commission (the "Commission").

5. McKenzie is an Ontario resident and the sole director and shareholder of James Marketing. He has promoted and sold shares in Lyndz to investors. McKenzie has never been registered with the Commission.

II. OVERVIEW

6. The Respondents have diverted funds raised through the sale of shares in Lyndz to the personal benefit of Eatch and McKenzie via James Marketing and Lyndz UK, contrary to section 126.1(b) of the *Securities Act* (the "Act").

7. The Respondents have distributed securities in Lyndz in Ontario without being registered to do so under the Act, without having filed a prospectus and without the benefit of an applicable exemption contrary to section 53(1) of the Act.

8. The Respondents have made misleading or untrue statements in shareholder correspondence and marketing materials, in breach of sections 126.2(1)(a) of the Act.

9. The Respondents purported to issue shares in Lyndz and represented that the corporation was a going concern during a 26 month period when Lyndz was dissolved as an Ontario corporation, in breach of sections 126.1(b) and 126.2(1)(a) of the Act.

III. ALLEGATIONS

10. The Respondents have diverted funds raised from share distributions to the personal benefit of Eatch and McKenzie, via James Marketing and Lyndz Pharma.

11. Funds raised through the sale of shares in Lyndz were paid both to James Marketing and Lyndz UK. Monies paid to James Marketing were split between McKenzie and Eatch, with part of Eatch's share going to Lyndz UK and part being paid to him in cash. Eatch used the Lyndz UK account as if it were his own, purchasing personal items and covering his own living expenses.

12. In March 2006, Lyndz's Certificate of Incorporation was cancelled under section 240 of the Ontario *Business Corporations Act* (the "OBCA"), thereby dissolving the company. Lyndz remained dissolved until May 2008, when Articles of Revival were filed. During the 26 months that Lyndz was dissolved, the Respondents continued to represent that the company was a going concern. Eatch continued to solicit investment in Lyndz after acknowledging that the company was dissolved and before reviving the company.

13. Lyndz's shares were distributed to at least 40 Ontario investors. None of the Respondents is registered under the Act to trade securities in Ontario, no prospectus was filed for Lyndz and no exemption applied to the transactions.

14. Lyndz's shareholder correspondence and marketing materials contain misleading or untrue statements, including:

    a. That Lyndz was going to purchase a British Columbia pharmaceuticals manufacturing facility when the facility in question had already been sold to another purchaser;

    b. That Lyndz would be building a manufacturing facility and had an agreement in place with an engineering and design company when nothing more than a brief, initial conversation had taken place between Eatch and the engineering and design firm; and,

    c. That the company had received offers to purchase the outstanding shares of Lyndz at $2.00 per share, when at least one of the alleged purchaser corporations did not even exist.

IV. CONDUCT CONTRARY TO THE PUBLIC INTEREST

15. The Respondents have engaged in a fraud on the investors in Lyndz, contrary to s. 126.1(b) of the Act, by diverting funds raised from share distribution for their personal benefit and by representing that the corporation was an active legal entity and soliciting investment when they knew it had been dissolved.

16. The Respondents acted contrary to s. 126.2(1)(a) of the Act by making statements which, at the time and in light of the circumstances under which they were made, were misleading or untrue or failed to state facts that were required to be stated to make the statements not misleading.

17. The Respondents have represented, with the intention of effecting a trade in the securities of Lyndz, that a person or company will repurchase the outstanding securities of Lyndz, contrary to s. 38(1)(a) of the Act.

18. The Respondents have distributed shares in Ontario when no prospectus has been filed, without a receipt having been issued and without the benefit of an applicable exemption, contrary to s. 53(1) of the Act.

19. The Respondents' conduct is contrary to the public interest and harmful to the integrity of Ontario's capital markets.

20. Staff reserve the right to make such further and other allegations as Staff may advise and the Commission may permit.

DATED at Toronto this 8th day of December, 2008.

1.4 Notices from the Office of the Secretary

1.4.1 Global Energy Group, Ltd. and New Gold Limited Partnerships

FOR IMMEDIATE RELEASE
December 3, 2008

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

AND

IN THE MATTER OF
GLOBAL ENERGY GROUP, LTD. AND
NEW GOLD LIMITED PARTNERSHIPS

TORONTO – The Commission issued an Order extending the Temporary Order to June 11, 2009 in the above named matter.

This matter is set to return before the Commission on June 10, 2009 at 10:00 a.m.

A copy of the Order dated December 3, 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)

1.4.2 Shane Suman and Monie Rahman

FOR IMMEDIATE RELEASE
December 3, 2008

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

AND

IN THE MATTER OF
SHANE SUMAN AND MONIE RAHMAN

TORONTO – Following a pre-hearing conference in the above matter, the Hearing on the Merits is adjourned to December 17, 2008 at 10:00 a.m. before the hearing panel to set dates for the continuation of the Hearing on the Merits.

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)

1.4.3 New Life Capital Corp. et al.

FOR IMMEDIATE RELEASE
December 5, 2008

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

AND

IN THE MATTER OF
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

TORONTO – The Commission issued an Order today in the above named matter which provides that that the Temporary Order is continued until the conclusion of the hearing on the merits in this matter or until further order of the Commission and the hearing is adjourned to the weeks of August 10 and 17, 2009 but for August 18, 2009.

A copy of the Order dated December 5, 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)

1.4.4 James Richard Elliott

FOR IMMEDIATE RELEASE
December 5, 2008

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

AND

IN THE MATTER OF
JAMES RICHARD ELLIOTT

TORONTO – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on December 15, 2008, at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, Toronto, Ontario, 17th Floor, Hearing Room “B” or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated November 24, 2008 and Statement of Allegations of Staff of the Ontario Securities Commission dated November 24, 2008 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Laurie Gillett
Manager, Public Affairs
416-595-8913

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

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

1.4.5 Sextant Capital Management Inc. et al.

FOR IMMEDIATE RELEASE
December 8, 2008

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

AND

IN THE MATTER OF
SEXTANT CAPITAL MANAGEMENT INC.,
SEXTANT CAPITAL GP INC.,
SEXTANT STRATEGIC OPPORTUNITIES
HEDGE FUND L.P.,OTTO SPORK,
ROBERT LEVACK AND NATALIE SPORK

TORONTO – The Commission issued a Temporary Order today pursuant to subsection 127 of the Act in the above named matter.

A copy of the Temporary Order dated December 8, 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)

1.4.6 Lyndz Pharmaceuticals Inc. et al.

FOR IMMEDIATE RELEASE
December 8, 2008

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

AND

IN THE MATTER OF
LYNDZ PHARMACEUTICALS INC.,
LYNDZ PHARMA LTD., JAMES MARKETING LTD.,
MICHAEL EATCH AND RICKEY MCKENZIE

TORONTO – The Office of the Secretary issued a Notice of Hearing today setting the matter down to be heard on December 17, 2008 at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter to consider whether it is in the public interest to extend the Temporary Order made on December 4, 2008.

A copy of the Notice of Hearing dated December 8, 2008, Statement of Allegations of Staff of the Ontario Securities Commission dated December 8, 2008 and the Temporary Order dated December 4, 2008 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Laurie Gillett
Manager, Public Affairs
416-595-8913

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

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

1.4.7 Norshield Asset Management (Canada) Ltd. et al.

FOR IMMEDIATE RELEASE
December 9, 2008

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

AND

IN THE MATTER OF
NORSHIELD ASSET MANAGEMENT
(CANADA) LTD., OLYMPUS UNITED GROUP INC.,
JOHN XANTHOUDAKIS, DALE SMITH AND
PETER KEFALAS

TORONTO – Following a hearing held on December 8, 2008 in the above matter, the hearing was adjourned to Thursday, December 11, 2008 at 10:00 a.m. in the Large Hearing Room at 20 Queen Street West.

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)

1.4.8 Gold-Quest International et al.

FOR IMMEDIATE RELEASE
December 10, 2008

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

AND

IN THE MATTER OF
GOLD-QUEST INTERNATIONAL,
HEALTH AND HARMONEY,
IAIN BUCHANAN, AND LISA BUCHANAN

TORONTO – The Commission issued an Order extending the Amended Temporary Order to February 11, 2009 in the above named matter.

This matter is set to return before the Commission on February 10, 2009 at 2:30 p.m.

A copy of the Order dated December 9, 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)

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Mackenzie Financial Corporation et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from multi-layering prohibition in paragraph 2.5(2)(b) of NI 81-102 to permit Symmetry Top Funds to invest in Symmetry Equity Pool, which is more than 10% invested in Symmetry Equity Class – Three-tier fund structure no more complex than current multi-layering exception in NI 81-102 – Transparent investment portfolio and accountability for portfolio management – National Instrument 81-102 Mutual Funds.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.5(2)(b), 19.1.

November 11, 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
MACKENZIE FINANCIAL CORPORATION
(the "Filer")

AND

IN THE MATTER OF
SYMMETRY ONE CONSERVATIVE PORTFOLIO,
SYMMETRY ONE BALANCED PORTFOLIO,
SYMMETRY ONE MODERATE
GROWTH PORTFOLIO,
SYMMETRY ONE GROWTH PORTFOLIO
(the "New Symmetry Top Funds") and other
Symmetry mutual fund share classes of
Mackenzie Financial Capital Corporation to be
established by the Filer (together with the New
Symmetry Top Funds, the "Symmetry Top Funds")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Symmetry Top Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") exempting the Symmetry Top Funds from the restriction contained in clause 2.5(2)(b) of National Instrument 81-102 *Mutual Funds* ("NI 81-102") that a fund not invest in another fund if the other fund holds more than 10% of the market value of its net assets in securities of other mutual funds (the "**Exemption Sought**").

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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 British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Northwest Territories, Nunavut and Yukon.

Interpretation

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

Representations

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

1. The Filer is a corporation amalgamated under the laws of Ontario. Its head office is in Toronto. The Filer and any other relevant party are not in default of securities legislation in any jurisdiction.

2. The Filer is or will be the manager and portfolio manager of a group of Symmetry branded mutual funds including the Symmetry Top Funds.

3. Each Symmetry Top Fund will be a class of shares of Mackenzie Financial Capital Corporation ("**MFCC**"). Each Symmetry Top Fund will be a fund-of-funds that gains exposure to equity and fixed income investments by investing in certain underlying Symmetry mutual fund classes of shares of Multi-Class Investment Corp. ("**MCIC**"). To gain equity exposure, each Symmetry Top

Fund will invest a prescribed percentage of its assets in Symmetry Equity Pool.

4. Symmetry Equity Pool will be a fund-of-funds that seeks to achieve its investment objective by investing primarily in Symmetry Equity Class, a mutual fund class of shares of MFCC that invests primarily in a diversified portfolio of equity securities from around the world. The Filer anticipates that the performance of Symmetry Equity Pool and Symmetry Equity Class will be substantially similar.

5. The Symmetry Top Funds' investments in securities of Symmetry Equity Pool will therefore result in a three-tier fund structure, contrary to the multi-layering restriction in paragraph 2.5(2)(b) of NI 81-102.

6. The Filer wishes to keep the Symmetry Top Funds and Symmetry Equity Class in the same corporation (MFCC) to enable investors to switch between shares of the Symmetry Top Funds and Symmetry Equity Class on a tax-deferred basis. The Filer wishes to implement the three-tiered fund structure, with Symmetry Equity Pool (a class of shares of a different corporation, MCIC) inserted in between the Symmetry Top Funds and Symmetry Equity Class because the Symmetry Top Funds investing directly in Symmetry Equity Class would involve a corporation owning shares of itself, which is generally not permitted under applicable corporate law.

7. The Filer has filed a preliminary simplified prospectus and annual information form dated September 9, 2008 in all provinces and territories of Canada for the New Symmetry Top Funds and Symmetry Equity Pool.

8. Symmetry Equity Class is currently qualified for distribution in all provinces and territories of Canada pursuant to a simplified prospectus dated December 7, 2007.

9. Each Symmetry Top Fund, Symmetry Equity Pool and Symmetry Equity Class is, or will be, an open-end mutual fund established under the laws of Ontario and is, or will be, a reporting issuer under the securities laws of each of the provinces and territories of Canada.

10. An investment by the Symmetry Top Funds in securities of Symmetry Equity Pool will in each case be made in accordance with the provisions of section 2.5 of NI 81-102, except for the requirement in paragraph 2.5(2)(b). There will accordingly be no duplication of fees between each tier of the three-tier fund structure.

11. An investment by the Symmetry Top Funds in securities of Symmetry Equity Pool will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Symmetry Top Funds.

12. The three-tier fund structure that will result from a Symmetry Top Fund's investment in securities of Symmetry Equity Pool will be akin to, and no more complex than, the three-tier fund structure currently permitted under paragraph 2.5(4)(a) of NI 81-102.

13. The prospectus of each Symmetry Top Fund will disclose that its equity exposure will be obtained through an investment in Symmetry Equity Pool, which invests directly in securities of Symmetry Equity Class. It will therefore be clear to investors that accountability for portfolio management is at the level of Symmetry Equity Class. In addition, the Filer will comply with the requirement under National Instrument 81-106 *Investment Fund Continuous Disclosure* relating to top 25 disclosure in the Management Report of Fund Performance as if each Symmetry Top Fund were invested directly in Symmetry Equity Class. This will provide transparency to investors relating to the investment portfolio.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted to allow the Symmetry Top Funds to invest in securities of Symmetry Equity Pool, provided that such investments are made in compliance with each provision of section 2.5 of NI 81-102, except for paragraph 2.5(2)(b).

"Darren McKall"
Assistant Manager, Investment Funds Branch
Ontario Securities Commission

2.1.2 First Asset CanBanc Split Corp.

Headnote

National Policy 11-203 Process for Exemptive relief Applications in Multiple Jurisdictions – Exemptive relief granted to an exchange traded mutual fund from certain mutual fund requirements and restrictions on: borrowing, investments, organizational costs, calculation and payment of redemptions, preparation of compliance reports, and record date for payment of distributions – Since investors will generally buy and sell shares through the TSX, requirements intended principally for conventional mutual funds in continuous distribution are largely not applicable – requested relief would not be prejudicial to investors – National Instrument 81-102 – Mutual Funds.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.1(1), 2.6(a), 3.3, 10.3, 10.4(1), 12.1(1), 14.1, 19.1.

November 10, 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
FIRST ASSET CANBANC SPLIT CORP.
(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**) that the following provisions of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) will not apply to the Filer with respect to the Offering of the Preferred Shares and the Class A Shares (each as defined below) (the **Exemption Sought**):

1. section 2.1(1), which prohibits a mutual fund from investing more than 10% of its net assets in any one issuer;

2. section 2.6(a), which restricts a mutual fund in borrowing cash or providing a security interest over its portfolio assets;

3. section 3.3, which prohibits the costs of incorporation, formation or initial organization of a mutual fund or of the preparation and filing of any prospectus and annual information form from being borne by a mutual fund or its securityholders;

4. section 10.3, which requires the redemption price of a security of a mutual fund to which a redemption order pertains to be the net asset value (**NAV**) next determined after the receipt by the mutual fund of the redemption order;

5. section 10.4(1), which requires a mutual fund to pay the redemption price for securities that are the subject of a redemption order within three business days after the date of calculation of the NAV per security used in establishing the redemption price;

6. section 12.1(1), which requires a mutual fund that does not have a principal distributor to complete and file a compliance report, and accompanying letter of the auditor, in the form and within the time period mandated by section 12.1(1); and

7. section 14.1, which requires the record date for determining the right of securityholders of a mutual fund to receive a dividend or distribution by the mutual fund to be calculated in accordance with section 14.1.

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

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

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

Interpretation

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

Representations

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

The Filer

1. The Filer is a mutual fund corporation incorporated under the laws of Ontario on September 5, 2008 with its head office in Toronto, Ontario. First Asset Investment Management Inc.

(**Manager**) is the manager of the Filer with its head office in Toronto, Ontario.

2. The Filer and any other relevant party is not in default of securities legislation in any jurisdiction.

The Offering

3. The Filer will make an offering (**Offering**) to the public of preferred shares (**Preferred Shares**) and class A shares (**Class A Shares**) of the Filer (collectively, the Shares). A Unit will consist of one Preferred Share and one Class A share (a **Unit**).

4. The Filer has filed a long form final prospectus dated October 31, 2008 (**Prospectus**) in respect of the Offering and the Shares with the securities regulatory authorities in each of the provinces of Canada.

5. The Offering is a one-time offering and the Filer will not continuously distribute the Shares.

6. The proceeds of the Offering will be invested, on an approximately equally weighted basis, in a diversified portfolio consisting of common shares of the six largest Canadian banks (**Bank Shares**). The Bank Shares and any cash and cash equivalents held by the Filer will be the only assets of the Filer (**Portfolio**).

7. The Filer is authorized to borrow money required for working capital purposes and will pledge its assets for this money. The Filer will limit this borrowing to a maximum of 5% of the Filer's NAV. This borrowing is disclosed in the Prospectus.

8. The estimated costs of launching the Filer are disclosed in the Prospectus. The Manager has agreed to reimburse the Filer for expenses of the Offering in quarterly instalments equal to one quarter of 1% of the Filer's NAV per annum over a period of seven years. This obligation will be evidenced by a note issued at the closing of the Offering that will bear interest at the prime rate of interest reported by the Filer's primary lender from time to time.

9. All of the Shares will be redeemed by the Filer on or about January 15, 2016.

The Shares

10. The Filer's investment objectives with respect to the Preferred Shares are:

    (a) to provide holders of Preferred Shares (**Preferred Shareholders**) with fixed cumulative preferential quarterly cash distributions in the amount of $0.1625 per Preferred Share ($0.65 per annum representing an annual yield of 6.5% based on the original issue price of a Preferred Share); and

    (b) to return the original issue price to Preferred Shareholders at the time of redemption of such shares on or about January 15, 2016.

11. The Filer's investment objectives with respect to the Class A Shares are to provide holders of Class A Shares (**Class A Shareholders**, together with the Preferred Shareholders, the **Shareholders**) with the opportunity to participate in the performance of the Portfolio on a leveraged basis and to benefit from any increase in the dividends from the securities in the Portfolio.

12. The Shares are expected to be listed and posted for trading on the Toronto Stock Exchange (**TSX**).

13. The Shares will be redeemable at the option of the Shareholder on a monthly basis at a price computed with reference to the value of a proportionate interest in the net assets of the Filer. As a result, the Filer will qualify as a "mutual fund" under applicable securities legislation.

14. Shares may be surrendered at any time for retraction by the Filer and will be retracted on a monthly basis on the second last business day of a month at a retraction price determined on such date (the **Valuation Date**) provided they are surrendered at least 10 business days prior to the Valuation Date.

15. Shareholders may also concurrently surrender for retraction by the Filer an equal number of Preferred Shares and Class A Shares at a retraction price determined on the January Valuation Date of each year commencing in January 2010 provided the Shares are surrendered at least 10 business days prior to the January Valuation Date.

16. As retraction requests may be made at any time during the month and are subject to a cut-off date (10 business days prior to the Valuation Date), and as the NAV per Unit of the Filer will be calculated each business day, retractions may not be implemented at a price equal to the NAV per Unit next determined after receipt of the retraction request.

17. Book entry only certificates representing Shares will be issued in registered form to CDS Clearing and Depository Services Inc. (**CDS**). The mechanics of retraction of the Shares will follow the following process. Upon receipt of a retraction request from a Shareholder, the Shareholder's investment adviser must send a retraction request to CDS. CDS aggregates all retraction requests received during the month and must ensure the information is submitted to the registrar and

transfer agent for the Filer (the **Registrar and Transfer Agent**). The Registrar and Transfer Agent then informs the Manager of the amount owing under these retraction requests and this information is submitted to the Filer's custodian. The custodian then provides the appropriate funds to the Registrar and Transfer Agent (requiring a sale of a portion of the securities in the Portfolio) who provides it to CDS for distribution to CDS participants, who in turn distribute the retraction proceeds to their clients.

18. As described in the Prospectus, the Preferred Shareholders and the Class A Shareholders will receive payment pursuant to a retraction request on or before the 15th business day of the month that follows the Valuation Date (**Retraction Payment Date**).

19. The record date for Preferred Shareholders' quarterly distributions will be established in accordance with the requirements of the TSX from time to time.

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 on the following basis:

(a) section 2.1(1) - to enable the Filer to invest its assets in the Portfolio as described in paragraph 6 above;

(b) section 2.6(a) - to enable the Filer to borrow money for working capital purposes and provide a security interest over its assets, as described in paragraph 7 above, so long as the outstanding amount of any such borrowing by the Filer does not exceed 5% of the net assets of the Filer taken at market value at the time of the borrowing;

(c) section 3.3 - to permit the Filer to bear the expenses of its launch as described in paragraph 8 above;

(d) section 10.3 - to permit the Filer to calculate the retraction price for the Shares in the manner described in the Prospectus and on the applicable Valuation Date;

(e) section 10.4(1) - to permit the Filer to pay the retraction price for the Shares on the Retraction Payment Date;

(f) section 12.1(1) - to relieve the Filer from the requirement to file the prescribed compliance reports; and

(g) section 14.1 - to relieve the Filer from the requirement relating to the record date for payment of dividends or other distributions, provided that it complies with the applicable requirements of the TSX.

"Darren McKall"
Assistant Manager, Investment Funds Branch
Ontario Securities Commission

2.1.3 Barclays Global Investors Canada Limited et al.

Headnote

NP 11-203 – Exemptive relief granted to ETF offered in continuous distribution from certain mutual fund requirements and restrictions on: transmission of purchase or redemption orders, issuing units for cash or securities, calculation and payment of redemptions, date of record for payment of distributions and prohibited representations – National Instrument 81-102 Mutual Funds.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 9.1, 9.4(2), 10.2, 10.3, 14.1, 15.13(1), 19.1.

November 7, 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
BARCLAYS GLOBAL INVESTORS
CANADA LIMITED
(the Filer or Barclays Canada)

AND

iSHARES CONSERVATIVE CORE PORTFOLIO BUILDER FUND, iSHARES GROWTH CORE PORTFOLIO BUILDER FUND, iSHARES GLOBAL COMPLETION PORTFOLIO BUILDER FUND, iSHARES ALTERNATIVES COMPLETION PORTFOLIO BUILDER FUND
(the New iShares Funds) and such other actively managed exchange-traded funds, whether or not commodity pools, as the Filer may establish (together with the New iShares Funds, the Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for exemptive relief from the following sections of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) (the **Exemption Sought**):

1. Sections 9.1 and 10.2 to permit purchases and sales of units of the Funds (**Units**) on the Toronto Stock Exchange (**TSX**);

2. Section 9.4(2) to permit the Funds to accept a combination of cash and securities as subscription proceeds for Units;

3. Section 10.3 to permit the Funds to redeem less than the Prescribed Number of Units at a discount to their market price, as compared to their net asset value (**NAV**);

4. Section 14.1 to permit the Funds to establish a record date for distributions in accordance with TSX rules; and

5. Section 15.13(1) to permit the Funds to describe the Units issued by the Funds as iShares.

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in all of the provinces and territories of Canada other than Ontario.

Interpretation

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

Alternative Asset Classes means asset classes including, but not limited to, commodities, real estate investment trusts, income trusts, real return bonds, emerging market equity, emerging market bonds, high yield bonds, specialty equity, infrastructure and private equity.

Baskets means, in relation to a particular Fund, a group of securities of iShares ETFs (as defined below) and/or other securities determined by Barclays Canada from time to time for the purpose of subscription orders, exchanges, redemptions and/or for other purposes.

Designated Brokers means registered brokers and dealers that enter into agreements with the Funds to perform certain duties in relation to the Funds and **Designated Broker** means any one of them.

iShares ETFs means exchange-traded funds managed by Barclays Canada or an affiliate other than the New iShares Funds.

Prescribed Number of Units means, in relation to a Fund, the number of Units determined by Barclays Canada from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

Underwriters means registered brokers and dealers that have entered into underwriting agreements with the Funds and that subscribe for and purchase Units, and **Underwriter** means any one of them.

Unitholders means holders of Units.

Representations

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

1. The Filer's head office is located in Toronto, Ontario. The Filer, the iShares ETFs and the New iShares Funds are not in default of securities legislation in any jurisdiction.

2. Each Fund is, or will be, a mutual fund trust governed by the laws of the province of Ontario and a reporting issuer under the laws of all of the provinces and territories of Canada.

3. Each New iShares Fund is, and certain other Funds may be, a commodity pool as such term is defined in section 1.1 of National Instrument 81-104 – *Commodity Pools* (**NI 81-104**), in that each New iShares Fund and certain other Funds will adopt fundamental investment objectives that permit the New iShares Fund and certain other Funds to use or invest in specified derivatives in a manner that is not permitted under NI 81-102.

4. Each Fund is, or will be, subject to NI 81-102 and the *Securities Act (*Ontario), subject to any exemptions therefrom that may be granted by securities regulatory authorities including as described below and, if applicable, to the exemptions relating to commodity pools, as such exemptions are outlined in NI 81-104.

5. The New iShares Funds have applied separately to the securities regulatory authorities for relief from other requirements of NI 81-102 that would enable the New iShares Funds to invest in any exchange-traded fund that is primarily listed on the London Stock Exchange and managed by an affiliate of the Filer on the same basis as would be permitted under section 2.5(2) of NI 81-102 if the securities of such exchange-traded fund were "index participation units" within the meaning of NI 81-102.

6. Units will be listed on the TSX. Barclays Canada has applied to list the units of each New iShares Fund on the TSX. Units will not be sold to investors until the TSX has approved the listing of the Units.

7. The Funds will be actively managed. Units will not be index participation units within the meaning of NI 81-102. Each Fund will be, and will generally be described as, an exchange-traded fund.

8. The investment objective of each of the New iShares Funds, other than the iShares Alternatives Completion Portfolio Builder Fund, is to provide a specified investment result by optimizing the asset mix of its portfolio among multiple asset classes. The investment objective of the iShares Alternatives Completion Portfolio Builder Fund is to provide a specified investment result by optimizing the asset mix of its portfolio among one or more Alternative Asset Classes. It is expected that other Funds will have similar investment objectives.

9. In order to achieve its investment objective, each New iShares Fund may invest in securities issued by iShares ETFs and may also invest directly in issuers and in derivatives such as options, futures contracts, forward contracts, swaps, debt-like securities and index options. Each New iShares Fund may also use derivatives to hedge, or protect, against changes in asset class prices or foreign exchange risks. Each New iShares Fund may also invest in futures contracts in order to provide market exposure for cash held by the New iShares Funds and may hold money market instruments or cash to meet its current obligations. It is expected that other Funds will use similar investment strategies.

10. The investment objective of each New iShares Fund, as well as its investment strategy, is disclosed in the preliminary prospectus dated October 6, 2008 (the **Preliminary Prospectus**) and will be disclosed on an ongoing basis in the prospectus of the New iShares Funds.

11. Barclays Canada will act as trustee and manager of the Funds. Barclays Canada is registered in the categories of portfolio manager and investment counsel (or the equivalent categories of registration) in all of the provinces and territories of Canada. Barclays Canada is also registered as a Commodity Trading Manager and Limited Market Dealer in Ontario and as a Limited Market Dealer in Newfoundland and Labrador.

12. Units may only be subscribed for or purchased directly from the Funds by Underwriters or Designated Brokers and orders may only be placed for Units in the Prescribed Number of Units (or an integral multiple thereof) on any day when there is a trading session on the TSX and the primary market or exchange for the securities held by the Funds is open for trading. Under designated broker and underwriter agreements, the Designated Brokers and Underwriters agree to offer Units for sale to the public only as permitted by applicable Canadian securities legislation. Canadian securities legislation requires a prospectus to be delivered to purchasers buying Units as part of a distribution, including first purchasers of Units in the distribution on the TSX. Provided that the Designated Brokers and

Underwriters comply with applicable Canadian securities legislation, first purchasers of Units in the distribution on the TSX will receive a prospectus from the Designated Brokers and Underwriters.

13. The Funds will appoint Designated Brokers to perform certain functions, which include standing in the market with a bid and ask price for Units for the purpose of maintaining liquidity for the Units.

14. Each Underwriter or Designated Broker that subscribes for Units must deliver, in respect of each Prescribed Number of Units to be issued, a Basket and cash in an amount sufficient so that the value of the Basket and cash delivered is equal to the NAV of the Units next determined following the receipt of the subscription order. In the discretion of Barclays Canada, the Funds may also accept cash only subscriptions for Units in an amount equal to the NAV of the Units next determined following the receipt of the subscription order.

15. The NAV per Unit of each Fund will be calculated and published and the investment portfolio of each Fund will be made available on the www.ishares.ca website on any day when there is a trading session on the TSX.

16. Upon notice given by the Filer from time to time and, in any event, not more than once quarterly, a Designated Broker will subscribe for Units in cash in an amount established by the Filer.

17. Neither the Underwriters nor the Designated Brokers will receive any fees or commissions in connection with the issuance of Units to them. Barclays Canada may, at its discretion, charge an administration fee on the issuance of Units to the Designated Brokers or Underwriters.

18. Except as described in paragraphs 12 through 17 above, Units may not be purchased directly from the Funds. Investors are generally expected to purchase Units through the facilities of the TSX. However, Units may be issued directly to Unitholders upon the reinvestment of distributions of income or capital gains.

19. Unitholders that wish to dispose of their Units may generally do so by selling their Units on the TSX, through a registered broker or dealer, subject only to customary brokerage commissions. A Unitholder that holds a Prescribed Number of Units or an integral multiple thereof of a Fund may exchange such Units with the Fund for Baskets and cash; Unitholders may also redeem their Units directly from the Funds for cash at a redemption price equal to 95% of the closing price of the Units on the TSX on the date of redemption.

20. As trustee, Barclays Canada will be entitled to receive a fee from each New iShares Fund (the **Top Fund Fee**). In addition, Barclays Canada or an affiliate is entitled to receive a fee for acting as trustee or manager of each iShares ETF in which the New iShares Fund will invest (the **Bottom Fund Fee**, and together with the **Top Fund Fee**, the **Total Annual Fee**). The Total Annual Fee will not exceed the fixed annual percentage of the NAV of each New iShares Fund that is disclosed in the Preliminary Prospectus and will be disclosed on an ongoing basis in the prospectus for the New iShares Funds. Each New iShares Fund will also pay certain other fees and expenses that are disclosed in the Preliminary Prospectus and will be disclosed on an ongoing basis in the prospectus for the New iShares Funds. It is expected that the arrangements with respect to the payment of fees and expenses by other Funds will be similar.

21. Unitholders will have the right to vote at a meeting of Unitholders in respect of a Fund in certain circumstances including prior to any change in the fundamental investment objectives of the Fund, any change to their voting rights and prior to any increase in the amount of fees payable by the Fund.

22. The securities of the exchange-traded funds managed by Barclays Canada and its affiliates (collectively, **Barclays Global Investors**) are listed on exchanges in various countries, including Canada, the United States, the United Kingdom, Italy, France, Switzerland, Germany, Japan, Singapore and Hong Kong. In some cases, the exchange-traded funds are organized as trusts or other non-incorporated vehicles.

23. The securities issued by exchange-traded funds managed by Barclays Global Investors, including the iShares ETFs, are described as “iShares” regardless of the form of organization of the issuer.

24. Although the Funds are or will be organized as trusts, Barclays Canada intends to use the term “iShares” in connection with the Funds and the Units issued by the Funds as part of the global branding of exchange-traded funds managed by Barclays Global Investors.

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 as follows:

1. Sections 9.1 and 10.2 - to enable the purchase and sale of Units on the TSX, which precludes the

transmission of purchase or redemption orders to the order receipt offices of the Funds;

2. Section 9.4(2) - to permit payment for the issuance of Units to be made partially in cash and partially in securities, provided that the acceptance of securities as payment is made in accordance with Section 9.4(2)(b);

3. Section 10.3 - to permit the redemption of less than the Prescribed Number of Units at a price equal to 95% of the closing price of the Units on the TSX on the effective date of the redemption;

4. Section 14.1 - to relieve the Funds from the requirement relating to the record date for the payment of distributions, provided that the Funds comply with applicable TSX requirements;

5. Section 15.13(1) - to permit the Funds to describe the Units as "iShares" provided that:

   (a) the Units are offered under a prospectus in which it is clearly disclosed, including on the cover page, that the Funds are organized as trusts and that Unitholders of the Funds are not shareholders of a corporation;

   (b) the financial statements are prepared on a basis in which it is clearly disclosed that the Funds are organized as trusts and that Unitholders of the Funds are not shareholders of a corporation; and

   (c) the description of the securities issued by other exchange-traded funds (including those that are not corporations) managed by Barclays Global Investors continues to be "iShares".

"Rhonda Goldberg"
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.4 Barclays Global Investors Canada Limited et al.

Headnote

Mutual Reliance Review System – Relief granted from seed capital requirements for commodity pools in NI 81-104 – Manager permitted to redeem $50,000 seed capital investment in each Fund provided the Fund has received subscriptions from investors other than the Manager totalling at least $5.0 million and provided the Manager maintain $100,000 in excess working capital – Section 3.2(2)(a) of NI 81-104.

Applicable Legislative Provisions

National Instrument 81-104 Commodity Pools, ss. 3.2(2)(a), 10.1.

November 13, 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
BARCLAYS GLOBAL INVESTORS
CANADA LIMITED
(the Filer or Barclays Canada)

AND

iSHARES CONSERVATIVE CORE PORTFOLIO BUILDER FUND, iSHARES GROWTH CORE PORTFOLIO BUILDER FUND, iSHARES GLOBAL COMPLETION PORTFOLIO BUILDER FUND, iSHARES ALTERNATIVES COMPLETION PORTFOLIO BUILDER FUND
(the New iShares Funds) and such other actively managed exchange-traded funds, whether or not commodity pools, as the Filer may establish (together with the New iShares Funds, the Funds)

DECISION

Background

The principal regulator in the Jurisdiction (the **Decision Maker**) has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for exemptive relief from paragraph 3.2(2)(a) of National Instrument 81-104 – *Commodity Pools* (**NI 81-104**), which requires a commodity pool to have invested in

it, at all times, securities that were issued pursuant to paragraph 3.2(1)(a) of NI 81-104 and have an aggregate issue price of $50,000 (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 all of the provinces and territories of Canada other than Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, NI 81-104 and National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) have the same meaning if used in this decision unless otherwise defined.

Alternative Asset Classes means asset classes including, but not limited to, commodities, real estate investment trusts, income trusts, real return bonds, emerging market equity, emerging market bonds, high yield bonds, specialty equity, infrastructure and private equity.

Baskets means, in relation to a particular Fund, a group of securities of iShares ETFs (as defined below) and/or other securities determined by Barclays Canada from time to time for the purpose of subscription orders, exchanges or redemptions or for other purposes determined by Barclays Canada from time to time.

Designated Brokers means registered brokers and dealers that enter into agreements with the Funds to perform certain duties in relation to the Funds, and **Designated Broker** means any one of them.

iShares ETFs means exchange-traded funds managed by Barclays Canada or an affiliate other than the New iShares Funds.

Prescribed Number of Units means, in relation to a Fund, the number of units of the Fund (**Units**) determined by Barclays Canada from time to time for the purpose of subscription orders, exchanges or redemptions or for other purposes.

Underwriters means registered brokers and dealers that have entered into underwriting agreements with the Funds and that subscribe for and purchase Units, and **Underwriter** means any one of them.

Unitholders means holders of Units.

Representations

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

1. The Filer's head office is located in Toronto, Ontario. The Filer, the iShares ETFs and the New iShares Funds are not in default of securities legislation in any jurisdiction.

2. Each Fund is, or will be, a mutual fund trust governed by the laws of the province of Ontario and a reporting issuer under the laws of all of the provinces and territories of Canada.

3. The Funds are or will be commodity pools as such term is defined in section 1.1 of NI 81-104 in that each Fund has adopted or will adopt fundamental investment objectives that permit the Fund to use or invest in specified derivatives in a manner that is not permitted under NI 81-102.

4. Each Fund is, or will be, subject to NI 81-102 and the *Securities Act* (Ontario), subject to any exemptions therefrom that may be granted by securities regulatory authorities including as described below and to the exemptions relating to commodity pools, as such exemptions are outlined in NI 81-104.

5. The New iShares Funds have applied separately to the securities regulatory authorities for relief from certain requirements of NI 81-102, including relief that would enable the New iShares Funds to invest in any exchange-traded fund that is primarily listed on the London Stock Exchange and managed by an affiliate of the Filer on the same basis as would be permitted under section 2.5(2) of NI 81-102 if the securities of such exchange-traded fund were "index participation units" within the meaning of NI 81-102.

6. Units will be listed on the Toronto Stock Exchange (**TSX**). Barclays Canada has applied to list the units of each New iShares Fund on the TSX. Units will not be sold to investors until the TSX has approved the listing of the Units.

7. The Funds will be actively managed. Each Fund will be, and will generally be described as, an exchange-traded fund.

8. The investment objective of each of the New iShares Funds, other than the iShares Alternatives Completion Portfolio Builder Fund, is to provide a specified investment result by optimizing the asset mix of its portfolio among multiple asset classes. The investment objective of the iShares Alternatives Completion Portfolio Builder Fund is to provide a specified investment result by optimizing the asset mix of its portfolio among one or more Alternative Asset Classes. It is expected that other Funds will have similar investment objectives.

9. In order to achieve its investment objective, each New iShares Fund may invest in securities issued by iShares ETFs and may also invest directly in

issuers and in derivatives such as options, futures contracts, forward contracts, swaps, debt-like securities and index options. Each New iShares Fund may also use derivatives to hedge, or protect, against changes in asset class prices or foreign exchange risks. Each New iShares Fund may also invest in futures contracts in order to provide market exposure for cash held by the New iShares Fund and may hold money market instruments or cash to meet its current obligations. It is expected that other Funds will use similar investment strategies.

10. The investment objective of each New iShares Fund, as well as its investment strategy, is disclosed in the preliminary prospectus dated October 6, 2008 and will be disclosed on an ongoing basis in the prospectus of the New iShares Funds.

11. Barclays Canada will act as trustee and manager of the Funds. Barclays Canada is registered in the categories of portfolio manager and investment counsel (or the equivalent categories of registration) in all of the provinces and territories of Canada. Barclays Canada is also registered as a Commodity Trading Manager and Limited Market Dealer in Ontario and as a Limited Market Dealer in Newfoundland and Labrador.

12. Units may only be subscribed for or purchased directly from the Funds by Underwriters or Designated Brokers and orders may only be placed for Units in the Prescribed Number of Units (or an integral multiple thereof) on any day when there is a trading session on the TSX and the primary market or exchange for the securities held by the Funds is open for trading. Under designated broker and underwriter agreements, the Designated Brokers and Underwriters agree to offer Units for sale to the public only as permitted by applicable Canadian securities legislation. Canadian securities legislation requires a prospectus to be delivered to purchasers buying Units as part of a distribution, including first purchasers of Units in the distribution on the TSX. Provided that the Designated Brokers and Underwriters comply with applicable Canadian securities legislation, first purchasers of Units in the distribution on the TSX will receive a prospectus from the Designated Brokers and Underwriters.

13. The Funds will appoint Designated Brokers to perform certain functions, which include standing in the market with a bid and ask price for Units for the purpose of maintaining liquidity for the Units.

14. Each Underwriter or Designated Broker that subscribes for Units must deliver, in respect of each Prescribed Number of Units to be issued, a Basket and cash in an amount sufficient so that the value of the Basket and cash delivered is equal to the NAV of the Units next determined following the receipt of the subscription order. In the discretion of Barclays Canada, the Funds may also accept cash only subscriptions for Units in an amount equal to the NAV of the Units next determined following the receipt of the subscription order.

15. The NAV per Unit of each Fund will be calculated and published and the investment portfolio of each Fund will be made available on the www.ishares.ca website on any day when there is a trading session on the TSX.

16. Upon notice given by the Filer from time to time and, in any event, not more than once quarterly, a Designated Broker will subscribe for Units in cash in an amount established by the Filer.

17. Neither the Underwriters nor the Designated Brokers will receive any fees or commissions in connection with the issuance of Units to them. Barclays Canada may, at its discretion, charge an administration fee on the issuance of Units to the Designated Brokers or Underwriters.

18. Except as described in paragraphs 12 through 17 above, Units may not be purchased directly from the Funds. Investors are generally expected to purchase Units through the facilities of the TSX. However, Units may be issued directly to Unitholders upon the reinvestment of distributions of income or capital gains.

19. Unitholders that wish to dispose of their Units may generally do so by selling their Units on the TSX, through a registered broker or dealer, subject only to customary brokerage commissions. A Unitholder that holds a Prescribed Number of Units or an integral multiple thereof of a Fund may exchange such Units with the Fund for Baskets and cash; Unitholders may also redeem their Units directly from the Funds for cash at a redemption price equal to 95% of the closing price of the Units on the TSX on the date of redemption.

20. Paragraph 3.2(2)(a) of NI 81-104 states that a commodity pool may redeem, repurchase or return any amount invested in, securities issued upon the investment in the commodity pool referred to in paragraph 3.2(1)(a) of NI 81-104 only if securities issued under paragraph 3.2(1)(a) of NI 81-104 that had an aggregate issue price of $50,000 remain outstanding and at least $50,000 invested under paragraph 3.2(1)(a) remains invested in the commodity pool.

21. If the Funds were governed by the provisions of NI 81-102, Barclays Canada would be allowed to redeem its seed capital investment in each Fund upon the Fund having received subscriptions totalling not less than $500,000 from investors

other than the persons or companies referred to in paragraph 3.1(1)(a) of NI 81-102.

22. Barclays Canada wishes to redeem the seed capital invested in each Fund subject to the conditions set out in this decision.

23. Barclays Canada understands that the policy rationale behind the permanent seed capital requirement for commodity pools under NI 81-104 is to encourage promoters to ensure that the commodity pool is being properly run for the benefit of the investors by requiring that the promoter of a pool, or a related party, will itself be an investor in the pool at all times.

24. Barclays Canada is obliged: (i) in accordance with the Legislation, to at all times act honestly and in good faith, and in the best interests of the Fund, and exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and (ii) in accordance with the terms of the declaration of trust governing each Fund, to act as a reasonably prudent trustee.

25. Having regard to Barclays Canada's fiduciary obligation as set out in paragraph 24 above, not having $50,000 invested in each Fund at all times will not change how Barclays Canada manages each Fund. Barclays Canada will manage the Funds in accordance with all applicable legal and contractual requirements.

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:

1. (a) Barclays Canada may not redeem any of its initial investment of $50,000 in a Fund unless and until the value of the Units subscribed for by persons or companies other than the persons and companies referred to in paragraph 3.2(1)(a) of NI 81-104 reaches $5.0 million,

   (b) if, after Barclays Canada redeems its initial investment of $50,000 in a Fund in accordance with condition 1(a) above, the value of the Units subscribed for by investors other than the persons and companies referred to in paragraph 3.2(1)(a) of NI 81-104 drops below $5.0 million for more than 30 consecutive days, Barclays Canada will, unless the Fund is in the process of being dissolved or terminated, reinvest $50,000 in the Fund and maintain that investment until condition 1(a) is again satisfied, and

   (c) Barclays Canada will at all times maintain excess working capital of a minimum of $100,000;

2. the basis on which Barclays Canada may redeem any of its initial investment of $50,000 from a Fund will be disclosed in the prospectus of the Fund; and

3. condition 1(c) above will cease to apply upon the coming into force of any legislation or rule of the Decision Makers dealing with the maintenance of excess working capital for investment fund managers.

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

2.1.5 Titan Funds Incorporated and Titan Conservative Portfolio

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

NI 81-106 Investment Fund Continuous Disclosure, s. 17.1 - exemption from the requirements in items 3.1, 4.1 and 4.3 of Form 81-106F1, Part B to permit the Portfolio to present information in the Management Report of Fund Performance in a manner applicable to money market funds.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, s. 17.1, items 3.1, 4.1 and 4.3 of Form 81-106F1, Part B.

Citation: Titan Funds Incorporated, Re, 2008 ABASC 654

November 28, 2008

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA AND ONTARIO

AND

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

AND

IN THE MATTER OF
TITAN FUNDS INCORPORATED
(the Filer or Titan)

AND

TITAN CONSERVATIVE PORTFOLIO
(the Portfolio or the Fund)

DECISION

Background

The securities regulatory authority or regulator in each of Alberta and Ontario (**Decision Maker**) has received an application from the Filer on behalf of the Portfolio for a decision under the securities legislation of Alberta and Ontario (the **Legislation**) for exemptive relief from the following requirements of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) (the **Exemption Sought**) in order to permit the Portfolio to present disclosure in its interim and annual management reports of fund performance in a manner applicable to money market funds:

1. Item 3.1 of Form 81-106F1, Part B to enable the Fund to provide only that disclosure applicable to money market funds;

2. Item 4.1 of Form 81-106F1, Part B to exempt the Fund from having to comply with subsection 15.3(6) and section 15.10 of NI 81-102 *Mutual Funds* (**NI 81-102**) based on the relief sought above; and

3. Item 4.3 of Form 81-106F1, Part B to exempt the Fund from including data on the annual compound returns of the Fund.

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

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

(b) the Filer has provided notice that section 4.7 of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut (together with Alberta and Ontario, the **Jurisdictions**), and

(c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in NI 81-106, NI 81-102 and National Instrument 14-101 *Definitions* have the same meaning in this decision unless otherwise defined.

Representations

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

1. Titan is a corporation incorporated under the laws of Ontario and is the manager of the Portfolio. Titan's head office is in Calgary, Alberta.

2. The current investment objective of the Portfolio is to generate a high level of current income while preserving capital and providing the potential for growth in income over time by investing primarily in other mutual funds, fixed income securities or equity securities.

3. To achieve its investment objective, the Portfolio invests all of its assets, other than those required for management fees, operating expenses and redemptions, in units of the CC&L Conservative Portfolio (the **Underlying Fund**).

4. At a special meeting of unitholders of the Portfolio to be held on December 3, 2008, unitholders of the Portfolio will be asked to approve a proposed change to the investment objective of the Portfolio such that the Portfolio will become a money market fund (the **Proposed Change**).

5. The manager of the underlying fund is asking the unitholders of the underlying fund to approve, at a meeting to be held on December 11, 2008, a similar change to the investment objective of the underlying fund such that the underlying fund will also become a money market fund. The manager of the underlying fund is Connor, Clark & Lunn Managed Portfolios Inc. and is not an affiliate or associate of Titan.

6. Subject to receipt of unitholder approval, it is expected that the Proposed Change will be effective on or about December 15, 2008, or such other date as determined by Titan. In connection with the implementation of the Proposed Change, the Portfolio will change its name to "Titan Money Market Fund".

7. To achieve its investment objective, the Fund will, subject to the underlying fund's investment objective being changed to that of a money market fund, continue to invest all of its assets, other than those required for management fees, operating expenses and redemptions, in units of the underlying fund, or another money market fund selected by Titan. Any assets not invested in the underlying fund or another money market fund will be held in cash or instruments that are included in the definition of "money market fund" in section 1.1 of NI 81-102.

8. On October 10, 2008, Titan issued a press release announcing the Proposed Change and the meeting date and record date for the special meeting of unitholders of the Portfolio. On October 20, 2008, Titan filed, with respect to the Proposed Change, a material change report and amendments to the simplified prospectus and annual information form of the Portfolio in the Jurisdictions.

9. Following the approval and implementation of the proposed change to its investment objectives, the underlying fund will be a "money market fund" as defined in Section 1.1 of NI 81-102.

10. Because substantially all of the assets of the Fund will be invested in units of the underlying fund, the Fund will not be a "money market fund" as defined in Section 1.1 of NI 81-102.

11. The Fund and the underlying fund will be reporting issuers in all of the Jurisdictions.

Decision

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

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

"Blaine Young"
Associate Director, Corporate Finance

2.1.6 Titan Funds Incorporated and Titan Conservative Portfolio

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

NI 81-101 Mutual Fund Prospectus Disclosure, s. 6.1 – exemption from the requirement in items 5(a), 7(5), 9(2) of Form 81-101F, Part B and item 7 of Form 81-101F2 to describe the Portfolio in the simplified prospectus as a money market fund and provide disclosure in a manner applicable to money market funds – although the Portfolio does not meet the definition of a money market fund, it will invest substantially all of its assets in an underlying money market fund and this should be reflected in the disclosure provided in the simplified prospectus.

NI 81-102 Mutual Funds, s. 19.1 – exemption from the requirements in subsections 15.3(6), 15.4(3), 15.4(6), 15.8(2) and 15.10 to permit the Portfolio to present disclosure in sales communications in a manner applicable to money market funds.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, s. 6.1, items 5(a), 7(5) and 9(2) of Form 81-101F1 and item 7 of Form 81-101F2.
National Instrument 81-102 Mutual Funds, ss. 19.1, 15.3(6), 15.4(3), 15.4(6), 15.8(2), 15.10.

Citation: Titan Funds Incorporated, Re, 2008 ABASC 654

November 28, 2008

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA AND ONTARIO

AND

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

AND

IN THE MATTER OF
TITAN FUNDS INCORPORATED
(the Filer or Titan)

AND

TITAN CONSERVATIVE PORTFOLIO
(the Portfolio or the Fund)

DECISION

Background

The securities regulatory authority or regulator in each of Alberta and Ontario (**Decision Maker**) has received an application from the Filer on behalf of the Portfolio for a decision under the securities legislation of Alberta and Ontario (the **Legislation**) for exemptive relief from the following requirements of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) (the **Exemption Sought**) in order to permit the Portfolio to present disclosure in its interim and annual management reports of fund performance in a manner applicable to money market funds:

1. Item 3.1 of Form 81-106F1, Part B to enable the Fund to provide only that disclosure applicable to money market funds;

2. Item 4.1 of Form 81-106F1, Part B to exempt the Fund from having to comply with subsection 15.3(6) and section 15.10 of NI 81-102 *Mutual Funds* (**NI 81-102**) based on the relief sought above; and

3. Item 4.3 of Form 81-106F1, Part B to exempt the Fund from including data on the annual compound returns of the Fund.

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

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

(b) the Filer has provided notice that section 4.7 of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut (together with Alberta and Ontario, the **Jurisdictions**), and

(c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in NI 81-106, NI 81-102 and National Instrument 14-101 *Definitions* have the same meaning in this decision unless otherwise defined.

Representations

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

1. Titan is a corporation incorporated under the laws of Ontario and is the manager of the Portfolio. Titan's head office is in Calgary, Alberta.

2. The current investment objective of the Portfolio is to generate a high level of current income while preserving capital and providing the potential for growth in income over time by investing primarily in other mutual funds, fixed income securities or equity securities.

3. To achieve its investment objective, the Portfolio invests all of its assets, other than those required for management fees, operating expenses and redemptions, in units of the CC&L Conservative Portfolio (the Underlying Fund).

4. At a special meeting of unitholders of the Portfolio to be held on December 3, 2008, unitholders of the Portfolio will be asked to approve a proposed change to the investment objective of the Portfolio such that the Portfolio will become a money market fund (the Proposed Change).

5. The manager of the underlying fund is asking the unitholders of the underlying fund to approve, at a meeting to be held on December 11, 2008, a similar change to the investment objective of the underlying fund such that the underlying fund will also become a money market fund. The manager of the underlying fund is Connor, Clark & Lunn Managed Portfolios Inc. and is not an affiliate or associate of Titan.

6. Subject to receipt of unitholder approval, it is expected that the Proposed Change will be effective on or about December 15, 2008, or such other date as determined by Titan. In connection with the implementation of the Proposed Change, the Portfolio will change its name to “Titan Money Market Fund”.

7. To achieve its investment objective, the Fund will, subject to the underlying fund’s investment objective being changed to that of a money market fund, continue to invest all of its assets, other than those required for management fees, operating expenses and redemptions, in units of the underlying fund, or another money market fund selected by Titan. Any assets not invested in the underlying fund or another money market fund will be held in cash or instruments that are included in the definition of “money market fund” in section 1.1 of NI 81-102.

8. On October 10, 2008, Titan issued a press release announcing the Proposed Change and the meeting date and record date for the special meeting of unitholders of the Portfolio. On October 20, 2008, Titan filed, with respect to the Proposed Change, a material change report and amendments to the simplified prospectus and annual information form of the Portfolio in the Jurisdictions.

9. Following the approval and implementation of the proposed change to its investment objectives, the underlying fund will be a “money market fund” as defined in Section 1.1 of NI 81-102.

10. Because substantially all of the assets of the Fund will be invested in units of the underlying fund, the Fund will not be a “money market fund” as defined in Section 1.1 of NI 81-102.

11. The Fund and the underlying fund will be reporting issuers in all of the Jurisdictions.

Decision

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

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

“Blaine Young”
Associate Director, Corporate Finance

2.1.7 In the Matter of the Take-Over Bid for ATS Andlauer Income Fund by 2186940 Ontario Inc., a wholly-owned subsidiary of Andlauer Management Group Inc.

Headnote

NP 11-203 – MI 61-101 – take-over bid and subsequent business combination – MI 61-101 requires sending of information circular and holding of meeting in connection with second step business combination – target's declaration of trust provides that a resolution in writing executed by unitholders holding more than 66 2/3% of the outstanding units valid as if such voting rights had been exercised at a meeting of unitholders – relief granted from requirement that information circular be sent and meeting be held – minority approval to be obtained albeit in writing rather than at a meeting of unitholders.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System.
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.
Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions.

December 1, 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 TAKE-OVER BID FOR
ATS ANDLAUER INCOME FUND BY
2186940 ONTARIO INC.,
A WHOLLY-OWNED SUBSIDIARY OF
ANDLAUER MANAGEMENT GROUP INC.
(THE "FILER")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for relief from Section 4.2(2) of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") that would require the Filer proposing to carry out a business combination in connection with a take-over bid for all of the outstanding trust units of ATS Andlauer Income Fund (the "**Fund**"), to: (a) call a meeting of holders of units of the Fund (the "**Unitholders**") to approve any Compulsory Acquisition (as defined below) or any Subsequent Acquisition Transaction (as defined below), and (b) to send an information circular to Unitholders in connection with such a Compulsory Acquisition or Subsequent Acquisition Transaction (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 Quebec.

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the *Business Corporations Act* (Ontario) ("**OBCA**") as "2186940 Ontario Inc." on October 7, 2008 and is a wholly-owned subsidiary of AMG. The registered office of the Filer is located at Suite 3800, 200 Bay Street, Toronto, Ontario, M5J 2Z4.

2. Andlauer Management Group Inc. ("**AMG**") was incorporated under the OBCA on March 24, 1994. AMG's head and registered office is located at Suite 630, 190 Attwell Drive, Etobicoke, Ontario, M9W 6H8. AMG is a private holding company, all of the outstanding shares of which are held directly or indirectly by Michael Andlauer, a trustee of the Fund and the President and Chief Executive Officer of the GP (as defined below). As of October 17, 2008, AMG beneficially owns or controls an aggregate of 568,506 Units (as defined below) and 2,316,442 special voting trust units of the Fund (the "**Special Voting Units**"). The Special Voting Units have been issued in relation to the Exchangeable LP Units (as defined below) held by a subsidiary of AMG, which are exchangeable into 2,316,442 Units. On a fully-diluted basis, assuming the exchange of all of the Exchangeable LP Units into Units, the Filer and its affiliates currently own, directly or indirectly, 25.3% of the outstanding Units.

3. The Fund is an unincorporated, open-ended trust established under the laws of the Province of Ontario pursuant to an amended and restated declaration of trust dated August 22, 2005 (the "**Declaration of Trust**"). The Fund does not carry

on any active business but indirectly holds a 79.71% interest in the ATS Andlauer Transportation Services Limited Partnership (the "**Partnership**"), which is a full-service transportation solutions provider across Canada.

4. The Fund is authorized to issue an unlimited number of Units and Special Voting Units. Based on publicly available information, the Filer understands that as of October 17, 2008, 9,096,700 Units and 2,316,442 Special Voting Units were issued and outstanding. The Units are listed and posted for trading on the Toronto Stock Exchange under the symbol "ATS.UN". All of the issued and outstanding Units are held by CDS Clearing and Depository Services Inc. ("**CDS**") in book-entry only form.

5. The Fund is a reporting issuer or the equivalent in all of the provinces and territories of Canada.

6. The Partnership is a limited partnership established under the laws of the Province of Manitoba. The Partnership had issued as of October 17, 2008, 9,096,700 ordinary units of the Partnership (the "**Ordinary LP Units**") and 2,316,442 exchangeable units of the Partnership (the "**Exchangeable LP Units**"). All of the outstanding Ordinary LP Units are held by ATS Andlauer Operating Trust (the "**Operating Trust**"), all of the trust units of which are owned by the Fund. All of the outstanding Exchangeable LP Units (each of which is exchangeable into one Unit) are held by a subsidiary of AMG. The general partner of the Partnership is ATS Andlauer Transportation Services GP Inc. (the "**GP**"), a corporation incorporated under the laws of Canada. The GP also acts as administrator of the Fund and Operating Trust pursuant to the terms of an administration agreement.

7. The principal head office of the Fund and Partnership is Suite 600, 190 Attwell Drive, Etobicoke, Ontario, Canada, M9W 6H8.

8. On October 10, 2008, the Filer entered into lock-up agreements (the "**Lock-Up Agreements**") with certain institutional investors, certain members of management and other Unitholders (collectively, the "**Lock-Up Unitholders**") under which those holders have agreed to tender all Units owned by them, or over which they exercise control or direction, to the Offer, subject to certain conditions. The Lock-Up Unitholders own, or exercise control or direction over, an aggregate of 3,509,088 Units, representing approximately 30.7% of the outstanding Units, on a fully-diluted basis. The Lock-Up Agreements constitute "Permitted Lock-Up Agreements" within the meaning of the Unitholder Rights Plan.

9. The Filer has made an offer (the "**Offer**") to purchase all of the issued and outstanding trust units (other than the special voting trust units) of the Fund together with the rights associated therewith under the unitholder rights plan of the Fund (collectively, the "**Units**"), other than any Units owned, directly or indirectly, by the Applicant and its affiliates.

10. The Filer commenced the Offer on October 20, 2008 by delivering the Offer and the accompanying take-over bid circular (the "**Bid Circular**"), prepared in compliance with the applicable legislation, to the Unitholders, offering to acquire the Units at a price of $11.75 in cash until 10:00 a.m. (Toronto time) on November 25, 2008, unless extended or withdrawn.

11. On November 21, 2008, the Filer entered into two additional lock-up agreements (the "**Additional Lock-Up Agreements**") with certain holders of Units (the "**Additional Lock-Up Unitholders**") under which they agreed to tender all Units owned by them, or over which they exercise control or direction, to the Offer (as amended in paragraph 12 below). The Additional Lock-Up Unitholders own, or exercise control or direction over, an aggregate of 215,797 Units, representing approximately 1.9% of the Units on a fully-diluted basis. The Additional Lock-Up Agreements constitute "Permitted Lock-up Agreements" within the meaning of the Unitholder Rights Plan.

12. On November 24, 2008, the Filer amended the Offer pursuant to a notice of extension and variation by reducing the Offer price from $11.75 per Unit to $10.75 per Unit in cash and extending the Offer to 10:00 a.m. (Toronto time) on December 5, 2008, unless withdrawn or further extended by the Offeror. The Lock-Up Unitholders consented in writing to the reduction of the Offer price, in accordance with the terms of the Lock-Up Agreements.

13. The Offer includes the following conditions, among others:

    (a) there shall have been validly deposited under the Offer and not withdrawn: (i) together with Units and Exchangeable LP Units owned, directly or indirectly, by the Filer and its affiliates, more than 66?% of the Units outstanding at the time of take up (calculated on a fully-diluted basis); and (ii) at least a majority of the Units outstanding at the time of take up (calculated on a fully-diluted basis), the votes attached to which would be included in the minority approval of a second step business combination pursuant to MI 61-101 (collectively, the "**Minimum Tender Condition**"); and

    (b) the Filer shall have determined in its sole judgment that, on terms satisfactory to

the Filer, the unitholder rights plan of the Fund dated August 12, 2008 between the Fund and CIBC Melon Trust Company, as amended on October 17, 2008 (the "**Unitholder Rights Plan**") will not operate to adversely affect the Offer, the Filer or AMG, either before or on consummation of the Offer, the acquisition by the Filer of any Units under the Offer or any Compulsory Acquisition or Subsequent Acquisition.

14. Section 14.6 of the Declaration of Trust would permit the Filer to acquire the Units not tendered to the Offer (the "**Remaining Units**") for the same consideration per Unit as payable under the Offer if, within the time provided in the Offer for its acceptance or within 120 days after the date the Offer is made (whichever period is longer), the Offer is accepted by the holders of at least 90% of the Units (on a fully-diluted basis), other than the Units beneficially owned, or over which control or direction is exercised, at the date of the Offer by the Filer or any associate or affiliate of the Filer, and the Filer has taken up and paid for the Units deposited to the Offer (as amended as described in paragraph 13 below, a "**Compulsory Acquisition**").

15. In connection with a Compulsory Acquisition, if available and if the Filer elects to proceed thereunder, or a Subsequent Acquisition Transaction (as defined below), the Filer intends to amend Section 14.6 of the Declaration of Trust by the Written Resolution (as defined below) to provide that Units held by each Unitholder who did not accept the Offer (which includes a subsequent holder of a Unit that is the subject of the Offer) (in each case, a "**Non-Tendering Offeree**") will be deemed to have been transferred to the Filer immediately on the giving of the "Offeror's Notice", as defined in the Declaration of Trust, (as opposed to within 30 days after the sending of the Offeror's Notice as currently provided for in the Declaration of Trust) and that those Non-Tendering Offerees will cease to have any rights as Unitholders from and after that time, other than the right to be paid the same consideration that the Filer would have paid to the Non-Tendering Offerees if they had tendered those Units to the Offer.

16. If the Compulsory Acquisition is not available to the Filer or if the Filer elects not to proceed under those provisions, the Filer currently intends (a) to cause the provisions of the Declaration of Trust to be amended to permit the Filer to acquire the Remaining Units for the same consideration per Unit as payable under the Offer if the Minimum Tender Condition has been satisfied (as opposed to the 90% threshold referred to above in connection with a Compulsory Acquisition) (the acquisition following such amendment, a "**Subsequent Acquisition Transaction**"); and (b) to proceed with a Subsequent Acquisition Transaction to acquire the Remaining Units as permitted by the Declaration of Trust, as so amended.

17. Rather than seeking the approval of Voting Unitholders for a Compulsory Acquisition or a Subsequent Acquisition Transaction at a special meeting called for that purpose, the Filer intends to rely on Section 12.10 of the Declaration of Trust, which permits resolutions to be approved in writing by voting unitholders holding more than 66?% of the outstanding Units and Special Voting Units (the "**Written Resolution**").

18. A Compulsory Acquisition or a Subsequent Acquisition Transaction would constitute a "business combination" within the meaning of MI 61-101.

19. To effect either a Compulsory Acquisition or a Subsequent Acquisition Transaction, the Filer will comply with the provisions of MI 61-101 and will evidence minority approval (as the term is defined in MI 61-101) ("**Minority Approval**") calculated in accordance with the terms of Part 8 of MI 61-101, by the Written Resolution rather than at a meeting of Unitholders.

20. The Bid Circular contains the disclosure required by applicable securities laws, including, without limitation, the take-over bid provisions and form requirements of securities legislation including Ontario Securities Commission Rule 62-504 – Take-over Bids and Issuer Bids and the provisions of MI 61-101 relating to the disclosure required to be included in a bid circular for an insider bid and in respect of a second-step business combination such as a Compulsory Acquisition or a Subsequent Acquisition Transaction.

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 Minority Approval shall have been obtained by Written Resolution.

"Naizam Kanji"
Manager
Ontario Securities Commission

2.1.8 Fortis Global Equity Exposure Fund et al.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – approval granted for change of control of manager of a mutual fund – indirect change of control of manager as a result of acquisition of Belgian bank.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, s. 5.5(2).

December 3, 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
FORTIS GLOBAL EQUITY EXPOSURE FUND,
FORTIS INVESTMENT MANAGEMENT CANADA
LTD., SOCIÉTÉ FÉDÉRALE DE PARTICIPATIONS
ET D'INVESTISSEMENT, BNP PARIBAS S.A.
(the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from BNP Paribas S.A. (**BNP Paribas**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for approval of the change of control of Fortis Investment Management Canada Ltd. (the **Manager**), the manager, trustee and portfolio advisor of the Fortis Global Equity Exposure Fund (the **Fund**), in accordance with subsection 5.5(2) of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) (the **Approval Sought**).

Under Multilateral Instrument 11-102 ("**MI 11-102**") and National Policy 11-203 – *Process for Exemptive Relief Applications in Multiple Jurisdictions*:

(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 MI 11-102 is intended to be relied upon in all other nine provinces and three territories.

Interpretation

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

Representations

This decision is based on the following facts represented by BNP Paribas and Société Fédérale de Participations et d'Investissement (**SFPI**):

1. SFPI (Federal Participation and Investment Company) was formed under the laws of Belgium as a Belgian limited liability company of public interest wholly-owned by the Belgian federal State. The social purpose of SFPI is (i) to promote, in the interest of the Belgian economy, and taking into account the industrial policy of the Belgian State, the creation, restructuring or expansion of private companies, (ii) to promote the public economic initiative, (iii) to contribute to the industrial policy of the Belgian Sate by implementing all missions entrusted to it by specific Acts or Royal Decrees deliberated on in Counsel of Ministers (Mission Déléguée/Gedelegeerde Opdracht) and (iv) to render opinions at the request of the federal government.

   Within the framework of the rescue of the Fortis Group, as well as within the framework of the Transaction (as defined below), SFPI acted and will be acting pursuant to the mechanism of Mission Déléguée/Gedelegeerde Opdracht as referred to in 1. hereabove.

2. Faced with a mounting crisis and the need for immediate resolute action, Fortis Bank Belgium, the indirect parent of the Manager, agreed in late September 2008 to an investment by, and then, on beginning of October 2008, to a sale to the Belgian Sate, through SFPI.

3. SFPI held 99.93% of the capital and voting rights of Fortis Bank Belgium on October 10, 2008. On October 6, 2008, BNP Paribas announced the terms of a transaction with SFPI to take control of Fortis Bank Belgium (the **Transaction**).

4. The BNP Paribas Group (of which BNP Paribas is the parent company) is one of the top global players in financial services, with offices in 88 countries on six continents and over 155,000 employees.

5. BNP Paribas ranks among the top three largest banks in the world by asset size. As of June 30, 2008, BNP Paribas Group had consolidated assets of €1.817 billion.

6. It is expected that BNP Paribas will indirectly acquire control of the Manager on or about December 4, 2008.

7. The Fund is an open-end mutual fund trust established under the laws of Ontario pursuant to a declaration of trust dated February 4, 2005. Units of the Fund are currently offered to the public in each of the Jurisdictions pursuant to a simplified prospectus and annual information form each dated February 19, 2008, as amended.

8. The indirect acquisition of the Manager by SFPI did not result in any material changes to the management or administration of the Fund and none is expected before the indirect transfer of control to BNP Paribas.

9. It is not expected that the indirect acquisition of the Manager by BNP Paribas will initially result in any material changes to the management or administration of the Fund. The Manager will remain the manager, trustee and portfolio advisor of the Fund, and the fundamental investment objective of the Fund will remain the same.

10. The indirect acquisition of the Manager by SFPI did not result in any significant changes to the management structure of the Manager and none is expected before the transfer of indirect control to BNP Paribas.

11. It is not expected that the indirect acquisition of the Manager by BNP Paribas will immediately result in any significant changes to the management structure of the Manager. The Manager will initially continue to operate as a separate distinct business unit, substantially in the same manner as it is operated today with substantially the same personnel.

12. BNP Paribas has adequate depth and personnel to ensure that the Manager will initially continue to operate in substantially the same manner as it operates today, and that the Fund and the unitholders of the Fund will not be adversely affected as a result of the acquisition of the Manager by BNP Paribas.

13. Unitholders of the Fund were advised of the indirect acquisition of the Manager by BNP Paribas by notice dated October 6, 2008.

14. The Transaction requires prior authorization from the authorities regulating the banking, financial, and insurance industries in France and Belgium.

Decision

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

The decision of the principal regulator under the Legislation is that the Approval Sought is granted.

"Darren McKall"
Assistant Manager, Investment Funds

2.1.9 Canadian Natural Resources Limited

Headnote

MI 11-102 and NP 11-203 – Issuer exempt from certain disclosure requirements of NI 51-101 subject to conditions including the condition to provide a modified statement of reserves data and other oil and gas information containing the information contemplated by, and consistent with, US Disclosure Requirements – Issuer has already obtained the relief in a prior order and would be unduly disadvantaged in competing for investment capital if not exempted from certain disclosure requirements of NI 51-101– Modified annual oil and gas forms and reliance on US Disclosure Requirements.

Applicable Legislative Provisions

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

December 3, 2008

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

AND

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

AND

IN THE MATTER OF
CANADIAN NATURAL RESOURCES LIMITED
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer be exempted from the requirements contained in the Legislation to disclose information concerning oil and gas activities in accordance with the following sections of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**):

(i) section 2.1;

(ii) A. sections 5.2(a)(iii) and (iv),

B. sections 5.2(b) and (c), and

C. section 5.3,

but only in respect of reserves as disclosed in accordance with US Disclosure Requirements defined below; and

(iii) sections 5.8, 5.15(a), 5.15(b)(i) and 5.15(b)(iv);

including as those requirements pertain to prospectuses, annual information forms and other disclosure documents (collectively, the **Specified Canadian Disclosure Requirements**).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the provinces and territories of Canada other than Ontario; and

(c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*, MI 11-102 and CSA Staff Notice 51-324 Glossary to NI 51-101 *Standards of Disclosure for Oil and Gas Activities*.

Representations

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

1. The Filer is exempted from certain requirements of NI 51-101 pursuant to a decision document dated January 14, 2004 issued under the Mutual Reliance Review System for Exemptive Relief Applications (the **Original Decision)**.

2. As a result of the amendments that were made to NI 51-101 on December 28, 2007, the Original Decision will terminate on December 28, 2008. The Filer acknowledges that this decision will supercede and replace the Original Decision in its entirety as of the effective date of this decision.

3. The basic circumstances upon which the decision to grant the relief contained in the Original Decision was based continue to apply to the Filer and the relief requested by the Filer represents a grandfathering of the relief in the Original Decision, modified as required.

4. The head office of the Filer is located in Calgary, Alberta.

5. The Filer is a reporting issuer or equivalent in each of the provinces of Canada and is not in default of securities legislation in any of the provinces of Canada.

6. The Filer currently has registered securities under the 1934 Act.

7. The Filer is active in capital markets outside Canada where it competes for capital with foreign issuers, and has offered and intends to continue to offer securities in the US.

8. A significant portion of the Filer's securities are held, or its security holders are located, outside of Canada.

9. The disclosure requirements relating to reserves and oil and gas activities under US securities legislation (including disclosure requirements or guidelines issued or referenced by the SEC), as interpreted and applied by the SEC (**US Disclosure Requirements**) are different from the oil and gas disclosure requirements prescribed by the Legislation.

10. For purposes of making an investment decision or providing investment analysis or advice, a significant portion of the Filer's investors, lenders and investment analysts in both Canada and the US routinely compare the Filer to US and international oil and gas issuers and, accordingly, comparability of its disclosure to their disclosure is of primary relevance to market participants.

11. Compliance with the Specified Canadian Disclosure Requirements would disadvantage the Filer in competing for investment capital.

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:

1. the Filer is exempt from the Specified Canadian Disclosure Requirements for so long as:

    (a) **Annual Filings** – the Filer files with the securities regulatory authorities the following not later than the date on which it is required by the Legislation to file audited financial statements for its most recent financial year:

        (i) a modified statement of reserves data and other oil and gas information relating to its oil and gas activities containing the information contemplated by, and consistent with, US Disclosure Requirements;

        (ii) a modified report of qualified reserves evaluators in a form acceptable to the principal regulator; and

        (iii) a modified report of management and directors on reserves data and other information in a form acceptable to the principal regulator;

(b) **Use of COGE Handbook** – the Filer's estimates of reserves and related future net revenue (or, where applicable, related standardized measure of discounted future net cash flows (the standardized measure)) are prepared or audited in accordance with the standards of the COGE Handbook modified to the extent necessary to reflect the terminology and standards of the US Disclosure Requirements;

(c) **Consistent Disclosure** – subject to changes in the US Disclosure Requirements and NI 51-101 and related policies, the Filer is consistent in its application of standards relating to oil and gas information and its disclosure of such information, within and between reporting periods, and without limiting the generality of the foregoing, in any disclosure made to the public, the Filer's estimates of reserves and related future net revenue (or, where applicable, related standardized measure) must be consistent with the reserves and related future net revenue (or, where applicable, related standardized measure) reported in its most recent filing with the Decision Maker;

(d) **Disclosure of Reserves** – if the Filer discloses probable reserves (which must be categorized in accordance with the COGE Handbook) separately from proved reserves as mandated by the US Disclosure Requirements (**US Proved Reserves**) and a portion of the probable reserves includes US Proved Reserves, the Filer discloses that portion and explains the reason for the overlapping volume (which arises from the application of two different categorization systems);

(e) **Disclosure of this Decision and Effect** – the Filer

(i) at least annually, files on SEDAR (either as a separate document or in its annual information form) a statement:

A. of the Filer's reliance on this decision;

B. that explains generally the nature of the information that the Filer has disclosed or intends to disclose in the year in reliance on this decision and that identifies the standards and the source of the standards being applied (if not otherwise readily apparent); and

C. to the effect that the information that the Filer has disclosed or intends to disclose in the year in reliance on this decision may differ from the corresponding information prepared in accordance with NI 51-101 standards (if that is the case), and briefly describes the principal differences between the standards applied and the requirements of NI 51-101; and

(ii) includes, reasonably proximate to all other written disclosure that the Filer makes in reliance on this decision, a statement:

A. of the Filer's reliance on this decision;

B. that explains generally the nature of the information being disclosed and identifies the standards and the source of the standards being applied (if it is not otherwise readily apparent);

C. that the information disclosed may differ from the corresponding information prepared in accordance with NI 51-101 standards; and

D. that reiterates or incorporates by reference the disclosure referred to in paragraph 1(e)(i)(C).

This decision:

(a) will come into effect on December 28, 2008 and will supercede and replace the Original Decision in its entirety, effective that date; and

(b) will terminate one year after the effective date of any change to the Specified Canadian Disclosure Requirements or the US Disclosure Requirements, unless:

(i) the principal regulator otherwise agrees in writing; or

(ii) the change is a clerical or other minor amendment.

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

2.1.10 Bonterra Energy Corp. (formerly, Silverwing Energy Inc.) – 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.

Applicable Legislative Provisions

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

Citation: Bonterra Energy Corp. (formerly, Silverwing Energy Inc.), Re, 2008 ABASC 670

December 4, 2008

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

AND

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

AND

IN THE MATTER OF
BONTERRA ENERGY CORP.
(FORMERLY, SILVERWING ENERGY INC.)
(the Filer)

DECISION

Background

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

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

(a) the Alberta Securities Commission 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. Silverwing Energy Inc. (**Silverwing**) was incorporated under the *Business Corporations Act* (Alberta) (the **ABCA**) and subsisted pursuant to the laws of the Province of Alberta. Following completion of the Silverwing Arrangement (as defined herein) on November 12, 2008, Silverwing amalgamated with Bonterra Energy Corp. to form the Filer (the **Amalgamation**).

2. The head office of the Filer is located in Calgary, Alberta.

3. Prior to the Amalgamation, the authorized capital of Silverwing consisted of an unlimited number of common shares (**Silverwing Shares**) and an unlimited number of preferred shares of which 188,068,315 Silverwing Shares were issued and outstanding.

4. Pursuant to a plan of arrangement (the **Silverwing Arrangement**) under section 193 of the ABCA that was completed on November 12, 2008, Bonterra Energy Income Trust (the **Trust**) acquired all of the issued and outstanding Silverwing Shares.

5. The Silverwing Shares were delisted from the Toronto Stock Exchange on November 17, 2008 and the Filer does not have any securities listed on any stock exchange.

6. The Filer has no intention to seek public financing by way of an offering of its securities.

7. The outstanding securities of the Filer, 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.

8. No securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operations*.

9. The Filer 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.

10. 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 interim financial statements and related management's discussion and analysis for the interim period ended September 30, 2008 and the interim certificates under Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**MI 52-109**) in respect of its interim filings for the interim period ended September 30, 2008,

(collectively, the **Interim Filings**) which were due on November 14, 2008.

Decision

Each of the Decision Makers is satisfied that he 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 Relieve Sought is granted.

"Blaine Young"
Associate Director, Corporate Finance

2.1.11 Bank of Nova Scotia and Scotiabank Tier 1 Trust

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 the 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, s. 2.1.

September 3, 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 BANK OF NOVA SCOTIA (THE "BANK") AND
SCOTIABANK TIER 1 TRUST (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 Subordinated Notes (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.

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 that 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 1709 Hollis Street, Halifax, Nova Scotia B3J 1W1 and the Bank's corporate headquarters and executive offices are located at Scotia Plaza, 44 King Street West, Toronto, Ontario M5H 1H1.

2. The authorized share capital of the Bank consists of an unlimited number of: (i) common shares without nominal or par value ("Bank Common Shares"); and (ii) preferred shares without nominal or par value ("Bank Preferred Shares").

3. The Bank Common Shares are listed and posted for trading on the Toronto Stock Exchange and the New York 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 19, 2008, as may be amended, restated and supplemented from time to time.

7. The Trust proposes to conduct an initial public offering (the "Offering") of Subordinated Notes to be designated Scotiabank Tier 1 Securities Series 2008-1 Due 2107 (the "Scotia BaTS III Series 2008-1") in each of the provinces and territories of Canada and may, from time to time, issue further series of similar subordinated notes ("Subordinated Notes"). As a result of the Offering, the capital of the Trust will consist of Scotia BaTS III Series 2008-1 and voting trust units (the "Voting Trust Units" and, collectively with the Scotia BaTS III Series 2008-1, the "Trust Securities"). All of the Voting Trust Units will be held, directly or indirectly, by the Bank.

8. The Trust will be 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 will consist primarily of one or more senior deposit notes of the Bank (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.

Scotia BaTS III Series 2008-1

10. From the issue date of the Scotia BaTS III Series 2008-1 to a date to be described in the prospectus for the Offering (the "Prospectus"), the Trust will pay interest on the Scotia BaTS III Series 2008-1 in equal semi-annual instalments on dates to be described in the Prospectus ("Interest Payment Dates") at a fixed rate to be described in the Prospectus. Starting on a date to be described in the Prospectus and on every fifth anniversary thereafter (each, an "Interest Reset Date"), the interest rate on the Scotia BaTS III Series 2008-1 will be reset at an interest rate equal to the Government of Canada Yield (as defined in the Prospectus) plus a spread to be described in the Prospectus. The Scotia BaTS III Series 2008-1 will mature in 2107.

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 Scotia BaTS III Series 2008-1, that in the event that the Trust fails on any Interest Payment Date to pay the interest on the Scotia BaTS III Series 2008-1 in full, the Bank will not declare dividends of any kind on the Bank Preferred Shares or, if no Bank Preferred Shares are then outstanding, on the Bank Common Shares, until a period of time specified in the Prospectus has elapsed, unless the Trust first pays such interest (or the unpaid portion thereof) to holders of Scotia BaTS III Series 2008-1 (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 interest on the Scotia BaTS III Series 2008-1 on each Interest Payment Date so as to avoid triggering the Dividend Stopper Undertaking.

12. The Scotia BaTS III Series 2008-1 will be automatically exchanged (the "Automatic Exchange"), 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 Scotia BaTS III Series 2008-1, redeem the Scotia BaTS III Series 2008-1 without the consent of the holders thereof. The price payable per $1,000 principal amount of Scotia BaTS III Series 2008-1 in respect of any such redemption will be equal to: (i) the greater of par and a Canada Yield Price (to be described in the Prospectus), if redeemed on a date that is not an Interest Reset Date; and (ii) par, if redeemed on an Interest Reset Date together, in each case, with accrued and unpaid interest to, but excluding, the date fixed for redemption (in either case, 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 Scotia BaTS III Series 2008-1, the Trust may, at its option, without consent of the holders of the Scotia BaTS III Series 2008-1 but subject to regulatory approval, redeem all but not less than all of the Scotia BaTS III Series 2008-1 at a price per $1,000 principal amount of Scotia BaTS III Series 2008-1 equal to par plus accrued and unpaid interest to, but excluding, the date fixed for redemption.

15. The Bank will covenant that it will maintain direct or indirect ownership of 100% of the outstanding Voting Trust Units. Subject to regulatory approval, the Scotia BaTS III Series 2008-1 will constitute Tier 1 capital of the Bank.

16. As long as any Scotia BaTS III Series 2008-1 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 Voting Trust Units 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. As long as any Scotia BaTS III Series 2008-1 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 Redemption Price.

17. On each Interest Payment Date on which a Deferral Event, as defined in the Prospectus, has occurred, holders of Scotia BaTS III Series 2008-1 will be required to invest interest paid on the Scotia BaTS III Series 2008-1 in a new series of Bank Preferred Shares (the "Bank Deferral Preferred Shares"). A "Deferral Event" will occur in circumstances where either: (i) the Bank has failed to declare dividends on all of the outstanding Bank Preferred Shares or, if no Bank Preferred Shares are then outstanding, on the Bank Common Shares in accordance with ordinary dividend practice in the last 90 days preceding the commencement of the interest period for the Scotia BaTS III Series 2008-1 ending on the day preceding the relevant Interest Payment Date; or (ii) the Bank elects, prior to the commencement of the interest period for the Scotia BaTS III Series 2008-1 ending on the day preceding the relevant Interest Payment Date, to require holders of Scotia BaTS III Series 2008-1 to invest interest paid thereon on such Interest

Payment Date in such Bank Deferral Preferred Shares. All Bank Deferral Preferred Shares so issued will be held in escrow by a party to be named in the Prospectus on behalf of holders of Scotia BaTS III Series 2008-1 until the next following Interest Payment Date which is not subject to a Deferral Event, upon which such shares will be released from escrow to the holders of Scotia BaTS III Series 2008-1, unless an Automatic Exchange or maturity of the Scotia BaTS III Series 2008-1 shall have occurred prior thereto, in which case the shares will be released upon the Automatic Exchange or maturity, as the case may be.

18. The Scotia BaTS III Series 2008-1 will be non-voting and the Scotia BaTS III Series 2008-1 will be unsecured obligations of the Trust ranking at least equally with other subordinated indebtedness of the Trust from time to time issued and outstanding. On a liquidation or winding-up of the Trust, the indebtedness evidenced by the Scotia BaTS III Series 2008-1 will be subordinate in right of payment to the prior payment in full of all other liabilities of the Trust except liabilities which by their terms rank in right of payment equally with or subordinate to the indebtedness represented by the Scotia BaTS III Series 2008-1. Apart from rights to receive the interest described in paragraph 10, holders of Scotia BaTS III Series 2008-1, as such, have no further right in the income of the Trust.

19. Pursuant to an administration and advisory agreement entered into between the trustee of the Trust (the "Trustee") and the Bank, the Trustee has delegated 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 Subordinated Notes, the proceeds of which would be used to acquire additional Trust Assets.

21. Because of the terms of the Subordinated Notes, the Share Exchange Agreement and the various covenants of the Bank, information concerning the affairs and financial performance of the Bank, as opposed to that of the Trust, is meaningful to holders of Subordinated Notes.

22. It is expected that the Scotia BaTS III Series 2008-1 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 Subordinated Notes (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; 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 Voting Trust Units;

(iii) the Bank, as holder of the Voting Trust Units, will not propose changes to the terms and conditions of any outstanding Subordinated Notes offered and sold pursuant to a short form prospectus of the Trust filed under this decision that would result in such Subordinated Notes 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 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; and

(x) the Trust files a notice of intention pursuant to Section 2.8 of NI 44-101 prior to or concurrently with the filing of its first preliminary short form prospectus.

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 the Filers publicly announce the Offering; (ii) the date that a preliminary short form prospectus is filed in respect of the Offering; (iii) the date the Filers advise the Decision Makers that there is no longer any need for the application and decision to remain confidential; and (iv) November 30, 2008.

"Erez Blumberger"
Manager, Corporate Finance
Ontario Securities Commission

2.1.12 Accrete Energy 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: Accrete Energy Inc., 2008 ABASC 516

December 4, 2008

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, SASKATCHEWAN, ONTARIO, QUÉBEC
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
ACCRETE ENERGY INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulators in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer is deemed to have ceased to be a reporting issuer, and for the purposes of Québec, that the Autorité des Marchés Financiers revoke the issuer's status as a reporting issuer (the **Exemptive Relief Sought**).

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

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

(b) he decision is the decision of the principal regulator and evidences the decisions 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 company incorporated under the *Business Corporations Act* (Alberta) (the **ABCA**) and its head office is located in Calgary, Alberta.

2. The Filer is a reporting issuer in Alberta, Saskatchewan, Ontario and Québec.

3. The authorized share capital of the Filer consists of an unlimited number of common shares (the **Common Shares**) and an unlimited number of preferred shares, issuable in series (the **Preferred Shares**).

4. On September 30, 2008, Pengrowth Energy Trust (**Pengrowth**) acquired ownership and control of 17,978,647 Common Shares pursuant to an arrangement under section 193 of the ABCA involving the Filer, Pengrowth, Pengrowth Corporation, Pengrowth Energy Partnership, Argosy Energy Inc. and holders of Common Shares (the **Arrangement**).

5. Immediately prior to the Arrangement there were 17,978,647 Common Shares issued and outstanding and no Preferred Shares issued and outstanding.

6. As a result, Pengrowth now holds 100% of the issued and outstanding Common Shares and is the sole security holder of the Filer.

7. No securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

8. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer but for the requirement to file its interim financial statement, MD&A, and certifications for the period ended September 30, 2008.

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.

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

2.1.13 EnCana Corporation

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions - exemption granted from the requirement to include three years of audited financial statements for a business for which securities are being distributed in connection with a restructuring transaction and from the requirement to provide reserves data and other oil and gas information as of the date of the most recent audited balance sheet in the information circular - alternative disclosure to be provided.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations , s. 13.1.
Form 51-102F5 Information Circular , Item 14.2.

Citation: EnCana Corporation, 2008 ABASC 495

August 25, 2008

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

AND

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

AND

IN THE MATTER OF
ENCANA CORPORATION
(the Filer or EnCana)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Makers**) has received an application from the Filer (the **Application**) for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that EnCana be exempt, subject to certain conditions, from the requirement to provide, under National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**), and more specifically under Item 14.2 of Form 51-102F5 *Information Circular* (**Form 51-102F5**), in the information circular (the **Information Circular**) to be sent to certain securityholders of the Filer in connection with an Arrangement (as defined herein):

(a) certain financial disclosure in respect of the IOCo Assets (as defined herein), in accordance with Item 32 of Form 41-101F1 *Information Required in a Prospectus* (**Form 41-101F1**), for the financial year ended December 31, 2005 (the **Financial Statements Relief**); and

(b) certain reserves data and other oil and gas information in respect of the IOCo Assets, in accordance with Item 5.5 of Form 41-101F1 (the **Reserves Disclosure Relief** and collectively, with the Financial Statements Relief, the **Requested Relief)**; and

that this decision and the Application (collectively, the **Confidential Material**) be kept confidential and not be made public until the earlier of: (i) the date on which the Filer mails the Information Circular; (ii) the date that the Filer advises the Decision Makers that there is no longer any need for the Confidential Material to remain confidential; and (iii) the date that is 90 days after the date of this decision.

Application of Principal Regulator System

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

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

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

(c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

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

Representations

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

EnCana Corporation

1. EnCana is a reporting issuer (or the equivalent thereof) in each of the provinces and territories of Canada.

2. To its knowledge, EnCana is not in default of any of the requirements of the applicable securities legislation in any of the provinces or territories in which it is a reporting issuer.

3. On December 16, 2003, EnCana obtained, from the securities regulatory authorities of each of the provinces and territories of Canada under the terms of an MRRS Decision Document of even date (the **EnCana Order**), exemptive relief from certain disclosure requirements of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**) subject to certain conditions, including the condition to file, not later than the date on which it is required to file audited financial statements for its most recent financial year:

   (a) a modified statement of reserves data and other information relating to its oil and gas activities containing the information contemplated by, and consistent with, the disclosure requirements related to its oil and gas activities under United States securities legislation (the **U.S. Disclosure Requirements**) and the disclosure practices concerning oil and gas activities routinely provided by issuers in the United States (the **U.S. Disclosure Practices**), which include:

      (i) the information required by the FASB Standard;

      (ii) the information required by SEC Industry Guide 2 *Disclosure of Oil and Gas Operations*, as amended from time to time; and

      (iii) any other information concerning matters addressed in Form 51-101F1 that is required by FASB or the United States Securities and Exchange Commission;

   (b) a modified report of independent qualified reserves evaluators in a form acceptable to the regulator; and

   (c) except in British Columbia, a modified report of management and directors on reserves data and other information in a form acceptable to the regulator.

4. EnCana satisfies the basic qualification criteria as set out in Section 2.2 of National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**) and has a "current AIF" and "current annual financial statements" as such terms are defined in Section 1.1 of NI 44-101. In particular, EnCana filed on February 22, 2008 its annual information form for the year ended December 31, 2007, and filed on February 22, 2008 its annual audited financial statements for the year ended December 31, 2007 and related management's discussion and analysis.

The Arrangement

5. On May 11, 2008, EnCana issued a press release which described its intention to split EnCana into two focused energy companies - one a natural gas company and the other a fully integrated oil company.

6. The transaction would be implemented through a plan of arrangement under Section 192 of the *Canada Business Corporations Act* (the **Arrangement**). The working names of the two entities are GasCo and Integrated OilCo (**IOCo**).

GasCo will carry on business using the EnCana legal entity. It is anticipated that GasCo will retain the name EnCana Corporation as its permanent name while the permanent name of IOCo will be determined prior to the close of the Arrangement.

7. Pursuant to the Arrangement, among numerous other steps, EnCana's Integrated Oil and Canadian Plains divisions (the **IOCo Assets**), encompassing about one-third of EnCana's current production and proved reserves, will be transferred to IOCo. Upon completion of the Arrangement, EnCana's other major operating divisions, Canadian Foothills and USA, will be retained by EnCana and EnCana will be a pure-play natural gas company operating in Canada and the United States.

8. Other than in accordance with the steps of the Arrangement whereby the IOCo Assets are transferred to IOCo, the Arrangement does not contemplate the disposition of any operating assets of EnCana and no new or additional assets are being acquired pursuant to the Arrangement by any of the parties to the Arrangement other than those owned, directly or indirectly, by EnCana at the time of the Arrangement.

9. As a result of the Arrangement, holders of EnCana Shares (**Shareholders**) will receive, in exchange for each EnCana Share currently held, one common share of IOCo (the **IOCo Shares**) and one new common share in EnCana.

10. EnCana will be required to obtain approval for the Arrangement from the Shareholders. In order to obtain such approval, EnCana must prepare and send the Information Circular to all Shareholders and hold a meeting of Shareholders, which meeting is presently expected to be held in mid-December, 2008. It is presently expected that the Information Circular will be mailed to Shareholders in mid-November, 2008. The Arrangement is expected to be completed in January, 2009 (the **Effective Date**).

11. The Information Circular will contain a written opinion of CIBC World Markets, in its capacity as financial advisor to the board of directors of EnCana, that the consideration to be received pursuant to the transaction is fair, from a financial point of view, to Shareholders.

IOCo

12. IOCo will, prior to the mailing of the Information Circular, be incorporated as a corporation.

13. The head office of IOCo will be located in Calgary, Alberta.

14. Prior to the Effective Date, IOCo will not have any material assets and will not have conducted any active business activities, other than in respect of the Arrangement.

15. Prior to the filing of the Information Circular, IOCo will not be a reporting issuer (or the equivalent thereof) in any jurisdiction. Following completion of the Arrangement, IOCo anticipates that it will be a reporting issuer (or equivalent thereof) in each of the provinces and territories of Canada and will be an issuer engaged in oil and gas activities as defined in NI 51-101.

The Information Circular

16. Form 41-101F1 requires the Information Circular to contain, *inter alia*, three years of historical income statements, statements of retained earnings and cash flow statements for the IOCo Assets as well as certain reserves data and other oil and gas information prescribed by Form 51-101F1 in respect of the IOCo Assets as at the date of the most recent audited balance sheet of IOCo to be included in the Information Circular, which is expected to be September 30, 2008.

17. Audited statements of income, retained earnings and cash flows in respect of the IOCo Assets for the year ended December 31, 2005 do not exist. At that time, the IOCo Assets were held by EnCana in an organizational structure within which the IOCo Assets were intermingled with other assets of EnCana. As a result of significant divestitures in 2005 and divisional reorganizations subsequent to 2005, the financial information otherwise required for 2005 would not be relevant or assist in providing Shareholders with an accurate representation of the IOCo Assets that will be acquired by IOCo pursuant to the Arrangement.

18. IOCo will only be incorporated shortly before the date of the Information Circular. It is impracticable to prepare reserves data and other oil and gas information in respect of IOCo as at September 30, 2008 given the size and nature of the IOCo Assets and the quantity of information which would be required to be collected outside of the normal annual procedures of EnCana.

19. The Information Circular will contain the following disclosure regarding IOCo and EnCana:

IOCo Financial Statements

(a) IOCo audited balance sheet as at September 30, 2008 (being a date not more than 90 days prior to the date of the Information Circular);

(b) Audited statements of income, retained earnings and cash flows, if any, for the period from IOCo's formation to September 30, 2008;

Financial Statements in respect of the IOCo Assets

(c) Audited statements of income, retained earnings and cash flows for each of the years ended December 31, 2007 and 2006 and audited balance sheet as at December 31, 2007 and 2006 in respect of the IOCo Assets;

(d) Unaudited balance sheet as at September 30, 2008 and comparative statements of income, retained earnings and cash flows for the nine months ended September 30, 2008 in respect of the IOCo Assets;

IOCo Pro forma Financial Statements (giving effect to the Arrangement)

(e) IOCo Pro forma balance sheet as at September 30, 2008 and as at December 31, 2007 giving effect to the Arrangement;

(f) IOCo Pro forma statement of income for the nine months ended September 30, 2008 giving effect to the Arrangement, and including pro forma earnings per share information;

(g) IOCo Pro forma statement of income for the year ended December 31, 2007 giving effect to the Arrangement, and including pro forma earnings per share information;

Financial Statements of EnCana

(h) EnCana's audited comparative annual financial statements for the year ended December 31, 2007;

(i) EnCana's unaudited comparative interim financial statements for the nine months ended September 30, 2008;

EnCana (or GasCo) Pro forma Financial Statements (giving effect to the Arrangement)

(j) GasCo Pro forma balance sheet as at September 30, 2008 and as at December 31, 2007 giving effect to the Arrangement;

(k) GasCo Pro forma statement of income for the nine months ended September 30, 2008 giving effect to the Arrangement, and including pro forma earnings per share information; and

(l) GasCo Pro forma statement of income for the year ended December 31, 2007 giving effect to the Arrangement, and including pro forma earnings per share information;

(collectively, the **Proposed Financial Disclosure**)

IOCo Reserves Disclosure

(m) Reserves data and other oil and gas information in respect of the IOCo Assets presented in a manner that:

(i) provides reserves data and other oil and gas information in respect of all of the IOCo Assets, including the IOCo Assets located in each of the Borealis, Christina Lake and Foster Creek areas from which bitumen is extracted (the Bitumen Assets), in a form consistent with U.S. Disclosure Requirements and U.S. Disclosure Practices and with the form of disclosure permitted under the EnCana Order, as at December 31, 2007, together with comparative reserves data and other oil and gas information in respect thereof for 2006;

(ii) discloses probable reserves relating to the Bitumen Assets in accordance with the definitions and relevant categories set forth in the COGE Handbook and consistent with the terms of Section 7.1.6 of the EnCana Order as at December 31, 2007, together with comparative probable reserves information in respect thereof for 2006;

(iii) discloses contingent resources estimates relating to the Bitumen Assets in accordance with the definitions and relevant categories set forth in the COGE Handbook and consistent with the terms of Section 7.1.6 of the EnCana Order as at December 31, 2007;

(in each case presenting reserves and resources estimates prepared by independent qualified reserves evaluators and collectively, the **IOCo Reserves Disclosure**);

(n) the Report on Reserves Data by Independent Qualified Reserves Evaluators in respect of the IOCo Reserves Disclosure in substantially the same form (as amended to accurately reflect the form of IOCo Reserves Disclosure being the subject of such report) as provided by EnCana for its December 31, 2007 reserves in its February 22, 2008 AIF; and

(o) the Report of Management and Directors on Reserves Data and Other Information in respect of the IOCo Reserves Disclosure as executed by the appropriate officers and directors of EnCana, and in substantially the same form (as amended to accurately reflect the form of IOCo Reserves Disclosure being the subject of such report) as provided by EnCana for its December 31, 2007 reserves in its February 22, 2008 AIF;

EnCana Reserves Disclosure

(p) Reserves data and other oil and gas information in respect of EnCana as at December 31, 2007 presented in a form consistent with the terms of the EnCana Order (the **EnCana Reserves Disclosure**);

(q) the Report on Reserves Data by Independent Qualified Reserves Evaluators in respect of the EnCana Reserves Disclosure in a form consistent with the terms of the EnCana Order; and

(r) the Report of Management and Directors on Reserves Data and Other Information in respect of the EnCana Reserves Disclosure as executed by the appropriate officers and directors of EnCana and in a form consistent with the terms of the EnCana Order;

(collectively, the **Proposed Reserves Disclosure**).

20. In the event that subsequent to December 31, 2007 a material change occurs in respect of EnCana which, had such material change occurred on or before December 31, 2007, would have resulted in a significant change to the information contained in the Proposed Reserves Disclosure, the Proposed Reserves Disclosure will include the disclosure required under Part 6 of NI 51-101 in respect of such material change.

21. The Filer seeks a decision of the Decision Makers under section 13.1 of National Instrument 51-102 *Continuous Disclosure Obligations* granting the Requested Relief.

Decision

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

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that EnCana includes the Proposed Financial Disclosure and Proposed Reserves Disclosure in the Information Circular and that the Confidential Material will be kept confidential and not be made public until the earlier of: (i) the date on which the Filer mails the Information Circular; (ii) the date that the Filer advises the Decision Makers that there is no longer any need for the Confidential Material to remain confidential; and (iii) the date that is 90 days after the date of this decision.

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

2.1.14 T.E. Investment Counsel Inc. et al.

Headnote

NP 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption to allow a portfolio manager to provide performance information for the period preceding the date when funds became reporting issuers in a financial report to its private managed account holders who have purchased managed account units of the funds pursuant to a prospectus exemption – portfolio manager exempted from filing financial report to private managed account holders on SEDAR – the financial report will contain standard performance information that includes references to all elements of return and clearly identifies the periods for which the performance information is calculated – portfolio manager will continue to file annual and interim management reports of fund performance and financial statements for all series of securities issued by funds including managed account units.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 15.3(2), 15.3(4)(c), 15.6 and 15.8.
National Instrument 81-106 Investment Fund Continuous Disclosure, s. 16.2.

December 10, 2008

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

AND

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

AND

IN THE MATTER OF
T.E. INVESTMENT COUNSEL INC.
(the Filer)

AND

IN THE MATTER OF
JOV PROSPERITY CANADIAN FIXED INCOME FUND
JOV PROSPERITY CANADIAN EQUITY FUND
JOV PROSPERITY U.S. EQUITY FUND
JOV PROSPERITY INTERNATIONAL EQUITY FUND
(the Funds)

DECISION

Background

The principal regulator in the Ontario Jurisdiction has received an application from the Filer, on behalf of the Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption from the requirements in subsections 15.3(2), 15.3(4)(c), 15.6, and 15.8 of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) that prohibits the sending of past performance information to managed account clients of the Filer for periods commencing before the Funds were reporting issuers in a Jurisdiction, and from subsection 16.2 of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) that requires the filing of all documents that are sent to securityholders of an investment fund on SEDAR (collectively, 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 each of the provinces and territories of Canada (together with Ontario, the Jurisdictions).

Interpretation

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

Representations

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

1. The Funds are open-end mutual fund trusts created under the laws of Ontario pursuant to a Trust Agreement dated February 12, 2004, as amended, with the Filer, as manager of the Funds and The Royal Trust Company;

2. The Filer is the manager and portfolio manager of the Funds and is the portfolio manager of the accounts of clients that have entered into managed account agreements with the Filer (the **Clients**);

3. Since February 12, 2004, units of the Funds, currently designated as Series O, have been distributed to Clients of the Filer pursuant to managed account agreements each has with the Filer. Since March 1, 2005, units of the Funds currently designated as Series B, have been distributed to Clients of the Filer pursuant to managed account agreements each has with the Filer;

4. The distribution of Series B units and Series O units (the **Managed Account Units**) of the Funds to Clients is done on a private placement basis in accordance with National Instrument 45-106 *Prospectus and Registration Exemptions*, and its predecessors as applicable in each Jurisdiction (the **Private Placement Rule**);

5. All holders of Managed Account Units are Clients who have received Managed Account Units in accordance with the portfolio management agreement between the Filer and that Client;

6. Series A Units, Series F Units, and Series I Units of the Funds (the **Public Units**) are sold and distributed in all of the Jurisdictions pursuant to a prospectus dated January 14, 2008, amended and restated August 19, 2008 (the **Prospectus**);

7. Effective January 18, 2008, the Funds became reporting issuers in each of the Jurisdictions. Any purchaser may purchase Public Units in a Jurisdiction through their registered dealer. Managed Account Units continue to be only sold to Clients on a private placement basis pursuant to the Private Placement Rule;

8. Investment funds that are not reporting issuers are exempt from the requirement to prepare and file a MRFP pursuant to NI 81-106 and are exempt from the application of NI 81-102.

9. Since inception in January of 2004, on an annual and interim basis, Clients who hold Managed Account Units receive annual audited financial statements and interim unaudited financial statements (the **Financial Statements**), respectively, which include a financial report that includes performance data;

10. NI 81-102 does not permit the Funds to include performance data in sales communications for periods occurring before the Funds became reporting issuers, including in respect of the performance of the Managed Account Units;

11. NI 81-102 defines a sales communication as being any document that is sent to securityholders of the Funds, does not distinguish between the different distribution methods the Funds may employ for each class of securities and does not permit the inclusion of performance data in a sales communication that includes information for periods occurring before the Funds became reporting issuers, including in respect of the Managed Account Units;

12. NI 81-106 requires the filing of any disclosure document sent to securityholders of the Funds including communications from the Filer that are intended solely for the use of Clients who hold Managed Account Units;

13. Without the Exemption Sought, the Filer would be unable to continue to communicate with its Clients in respect of the Managed Account Units they hold in the manner that they expect and that the Filer has used since the inception of the Managed Account Units;

14. The Funds will distribute interim and annual Management Reports of Fund Performance and Financial Statements to all securityholders in accordance with Part 5 of NI 81-106 and file each on SEDAR;

15. The Filer will distribute with the annual and interim Financial Statements of the Funds, an annual and interim financial report (the **Financial Report**) to its Clients who hold Managed Account Units, and will not file the Financial Report on SEDAR;

16. The Financial Report will include performance information for the Managed Account Units that dates back to the inception of the Series O units in 2004 and the Series B units in 2005, rather than the date each Fund became a reporting issuer in 2008;

17. The Financial Report will include performance information that has been calculated as if it is "standard performance data" as that term is defined in NI 81-102 based on the Fund's total return during the measurement periods (the **Standard Performance Information**).

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) neither the Filer nor the Funds shall distribute the Financial Report to a person that is not, at the time of distribution, a Client of the Filer;

(b) the Financial Report:

(i) contains Standard Performance Information of the Funds that is presented in a type size that is equal to or larger than that used to present the other performance information;

(ii) discloses Standard Performance Information that reflects or includes references to all elements of return; and

(iii) clearly identifies the periods for which the performance information is calculated.

The Exemption Sought shall terminate upon the coming into force of any legislation or rule of the principal regulator dealing with the matters referred to in subsections 15.3(2), 15.3(4)(c), 15.6, and 15.8 of NI 81-102, and subsection 16.2 of NI 81-106

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

2.2 Orders

2.2.1 Global Energy Group, Ltd. and New Gold Limited Partnerships – s. 127

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

AND

IN THE MATTER OF
GLOBAL ENERGY GROUP, LTD. AND
NEW GOLD LIMITED PARTNERSHIPS

ORDER
(Section 127)

WHEREAS on July 10, 2008 the Ontario Securities Commission (the "Commission") issued a Temporary Order pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that all trading by Global Energy Group Ltd. ("Global Energy") and the New Gold Limited Partnerships (the "New Gold Partnerships") and their officers, directors, employees and/or agents in securities of the New Gold Partnerships shall cease (the "Temporary Order");

AND WHEREAS on July 10, 2008 the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on July 15, 2008 the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, such hearing to be held on July 23, 2008 at 11:00 a.m.;

AND WHEREAS the Notice of Hearing sets out that the Hearing is to consider, *inter alia*, whether, in the opinion of the Commission, it is in the public interest, pursuant to subsections 127(7) and (8) of the Act, to extend the Temporary Order until such time as considered necessary by the Commission;

AND WHEREAS a hearing was held on July 23, 2008 at 11:00 a.m. where Staff and counsel for Global Energy appeared but no counsel appeared for the New Gold Partnerships;

AND WHEREAS on July 23, 2008, the Temporary Order was continued until August 6, 2008 on consent of Staff and counsel for Global Energy;

AND WHEREAS on July 23, 2008, the hearing in this matter was adjourned until August 5, 2008 at 3:00 p.m. on consent of Staff and counsel for Global Energy;

AND WHEREAS a hearing was held on August 5, 2008 at 3:00 p.m. where Staff and counsel for Global Energy appeared but no counsel appeared for the New Gold Partnerships;

AND WHEREAS on August 5, 2008, the Temporary Order was continued until December 4, 2008 on consent of Staff and counsel for Global Energy;

AND WHEREAS on August 5, 2008, the hearing in this matter was adjourned until December 3, 2008 at 10:00 a.m. on consent of Staff and counsel for Global Energy;

AND WHEREAS on the basis of the record for the written hearing and on consent of Staff and counsel for Global Energy, a Panel of the Commission considered on December 3, 2008 whether to extend the Temporary Order;

AND WHEREAS counsel for Global Energy did not oppose Staff's request for the extension of the Temporary Order and no counsel has communicated with Staff on behalf of the New Gold Partnerships;

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

IT IS HEREBY ORDERED pursuant to subsection 127(8) of the Act that the Temporary Order is extended to June 11, 2009; and

IT IS FURTHER ORDERED that the hearing in this matter is adjourned to June 10, 2009, at 10:00 a.m.

DATED at Toronto this 3rd day of December, 2008

"James E. A. Turner"

"Paulette L. Kennedy"

2.2.2 New Life Capital Corp. et al. – s. 127

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

AND

**IN THE MATTER OF
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**

**ORDER
(Section 127)**

WHEREAS the Ontario Securities Commission (the "Commission") issued a temporary cease trade order on August 6, 2008 (the "Temporary Order") in respect of New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life Capital Strategies Inc., 1660690 Ontario Ltd. (all of the corporations together, “New Life”), L. Jeffrey Pogachar ("Pogachar"), Paola Lombardi ("Lombardi") and Alan S. Price ("Price") (collectively, the "Respondents");

AND WHEREAS the Temporary Order ordered that (1) pursuant to clause 2 of section 127(1) and section 127(5) of the Act, trading in securities of and by the Respondents shall cease; (2) pursuant to clause 3 of section 127(1) and section 127(5) of the Act, any exemptions contained in Ontario securities law not do not apply to any of the Respondents; and (3) the Order shall not prevent or prohibit any future payments in the way of premiums owing from time to time in respect of insurance policies which were purchased by the Respondents on or before the date of the Order;

AND WHEREAS the Commission further ordered that the Temporary Order is continued until the hearing scheduled for August 21, 2008;

AND WHEREAS the Commission issued a Direction on August 6, 2008 to TD Canada Trust, Branch 2492 in Grimsby, Ontario directing TD Canada Trust to retain all funds, securities or property on deposit in the names or under the control of New Life (the "Direction");

AND WHEREAS a Notice of Hearing was issued by the Commission and a Statement of Allegations was filed and delivered to the Respondents by Staff of the Commission (“Staff”) on August 7, 2008;

AND WHEREAS the Commission varied the Direction on August 11, 2008 to permit the release of $87,743.54 from the funds that are the subject of the Direction for the purpose of certain immediate and urgent expenses (the "Varied Direction");

AND WHEREAS on August 12, 2008 the Ontario Superior Court of Justice ordered that the Varied Direction, as varied or revoked by the Commission, is continued until final resolution of this matter by the Commission or further order of the Court;

AND WHEREAS on August 15, 2008, the Commission ordered the following exemptions to the Temporary Order: (1) Pogachar, Lombardi and Price may each hold one account to trade securities; (2) each account must be held with a registered dealer to whom this Order and any preceding Orders in this matter must be given at the time of opening the account or before any trading occurs in the account; and (3) the only securities that may be traded in each account are: (a) those listed and posted for trading on the TSX, TSX Venture Exchange, Bourse de Montreal or New York Stock Exchange; (b) those issued by a mutual fund which is a reporting issuer; or (c) a fixed income security;

AND WHEREAS the Respondents are represented by counsel and were served with the Temporary Order, the Notice of Hearing dated August 7, 2008, the Statement of Allegations dated August 7, 2008 and the Affidavit of Stephanie Collins sworn August 7, 2008 (the "Collins Affidavit");

AND WHEREAS Staff filed the Collins Affidavit in support of Staff's request to extend the Temporary Order;

AND WHEREAS Staff and the Respondents requested an adjournment to permit Staff to continue the investigation and to permit the Respondents to respond to the Statement of Allegations dated August 7, 2008;

AND WHEREAS on August 21, 2008, Staff and counsel for the Respondents appeared before the Commission, and the Commission ordered that the Temporary Order is continued until September 22, 2008 and that the hearing is adjourned to September 19, 2008, at 2:30 p.m.;

AND WHEREAS the Respondents requested a variance to the Direction to permit outstanding expenses to be paid and additional expenses to be paid going forward and Staff consented to the Respondents' request but only with respect to certain outstanding expenses and certain minimal expenses to be paid going forward (the "Consent Expenses");

AND WHEREAS the Respondents requested a variance to the Direction on September 19, 2008 with respect to the Consent Expenses only;

AND WHEREAS Staff delivered to counsel for the Respondents and filed a Supplementary Affidavit of Stephanie Collins sworn September 19, 2008 detailing the expenses included in the variance requested by the Respondents and consented to by Staff;

AND WHEREAS Staff and the Respondents requested a further adjournment to permit Staff to continue

the investigation and to permit the Respondents to respond to the Statement of Allegations dated August 7, 2008;

AND WHEREAS on September 19, 2008, Staff and counsel for the Respondents appeared before the Commission and the Commission ordered: (i) that the Varied Direction is further varied in order to permit the release of $46,891.35, and (ii) that the Temporary Order is continued until October 15, 2008 and the hearing is adjourned to October 14, 2008 p.m. or such other date as is agreed by Staff and the Respondents and determined by the Office of the Secretary;

AND WHEREAS Staff and counsel for the Respondents requested a brief adjournment to permit further discussions with respect to next steps and to permit the Respondents to file any required materials in a reasonable time prior to the hearing;

AND WHEREAS on October 10, 2008, the Commission ordered that the Temporary Order is continued until October 24, 2008, and the hearing is adjourned to October 23, 2008 at 10:00 a.m., or such other date as is agreed by Staff and the Respondents and determined by the Office of the Secretary;

AND WHEREAS a hearing was held on October 23, 2008, with Staff, counsel for New Life and counsel for Pogachar and Lombardi in attendance, at which New Life brought a motion to seek a variation to the Direction for certain purposes and submissions were heard from the parties in attendance;

AND WHEREAS on October 23, 2008 the Commission ordered that (1) the Temporary Order is continued until November 7, 2008 and the hearing in this matter is adjourned to November 6, 2008 at 9:00 a.m.; and (2) the Direction is varied to permit the release of $60,000.00 to pay Gowling Lafleur Henderson LLP to cover unpaid accounts;

AND WHEREAS a hearing was held on November 6, 2008 at which Staff, counsel for New Life and counsel for Pogachar and Lombardi appeared and the Commission ordered that the Temporary Order is continued until December 8, 2008 and the hearing in this matter is adjourned to December 5, 2008;

AND WHEREAS Staff and counsel for Pogachar and Lombardi are in attendance and Staff have advised the Commission as to the consent by counsel for New Life and counsel for Alan S. Price to the proposed hearing dates;

AND WHEREAS the parties consent to the hearing in this matter being adjourned to the weeks of August 10 and 17, 2009, but for August 18, 2009;

IT IS ORDERED that the Temporary Order is continued until the conclusion of the hearing on the merits in this matter or until further order of the Commission and the hearing is adjourned to the weeks of August 10 and 17, 2009 but for August 18, 2009.

DATED at Toronto this 5th day of December, 2008.

“Wendell S. Wigle”

“James E.A. Turner”

2.2.3 Kyoto Planet Asset Management Inc.

Headnote

Relief granted to Investment Counsel/Portfolio Manager of a privately offered investment fund from self-dealing provisions in paragraph 118(2)(b) of the Act and subsection 115(6) of the Regulation – relief in connection with a proposed in-kind distribution of shares held by the fund to the unitholders in exchange for the redemption of their units of the Fund – in-kind distribution part of a series of transactions considered by the IC/PM to be necessary to comply with terms and conditions placed on its registration by Commission staff, and to effect the wind-up of the fund – unitholders participating in the distribution are the only remaining unitholders of the fund.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., ss. 118(2)(b), 121(2)(a)(ii), 147.

Regulation Cited

Regulation 1015, R.R.O. 1990, as am., s. 115(6).

December 1, 2008

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

AND

IN THE MATTER OF
KYOTO PLANET ASSET MANAGEMENT INC.

ORDER

Background

The Ontario Securities Commission (the "**Commission**") has received an application from Kyoto Planet Asset Management Inc. ("**KPAM**") for an order pursuant to subparagraph 121(2)(a)(ii) and section 147 of the Act, exempting KPAM from

(a) the restriction in paragraph 118(2)(b) of the Act, which prohibits a portfolio manager from selling the securities of any issuer to the account of a responsible person, any associate of a responsible person or the portfolio manager, and

(b) the restriction in subsection 115(6) of Ontario Regulation 1015, R.R.O. 1990, as amended (the "Regulation"), which prohibits a purchase or sale of any security in which an investment counsel or any partner, officer or associate of an investment counsel has a direct or indirect beneficial interest from being made from any portfolio managed or supervised by the investment counsel,

in connection with a proposed in-kind distribution of shares by the Kyoto Planet Fund (the "Fund") to the Inside Unitholders in exchange for the redemption of their units of the Fund (the "Requested Relief"). The proposed in-kind distribution is part of a series of transactions considered by KPAM to be necessary to comply with terms and conditions that have been placed on KPAM's registration by Commission staff, and to effect the wind-up of the Fund.

Interpretation

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

Representations

This order is based on the following facts represented by KPAM:

1. KPAM is a corporation formed under the laws of British Columbia. KPAM is registered under the Act as an "investment counsel/portfolio manager" and as a "limited market dealer". KPAM is the trustee, manager and investment manager of the Fund.

2. The Fund is an open-ended mutual fund formed under the laws of Ontario pursuant to an Amended and Restated Declaration of Trust dated November 30, 2007 (the "Declaration of Trust"). The Fund is not a reporting issuer in Ontario or in any other jurisdiction, as units of the Fund were distributed in reliance on the "accredited investor" exemption in National Instrument 45-106 *Prospectus and Registration Exemptions* ("NI 45-106").

3. KPAM caused the Fund to purchase shares of Atlantic Hydrogen Inc. ("Company A") from Kyoto Planet Group Inc. ("KPG") on December 31, 2007. KPAM also caused the Fund to purchase shares of Pan Asia Biofuels Corporation ("Company B") from KPG on January 31, 2008 (these purchases are, collectively, the "Vend-Ins"). The shares of Company A and Company B purchased by the Fund are referred to as "the Shares".

4. At the time of the Vend-Ins,

   (a) Damien Reynolds, then a "responsible person" of KPAM, was also the beneficial owner of voting securities of KPG carrying more than 10 per cent of the voting rights attached to all of KPG's outstanding voting securities, such that KPG was an "associate of a responsible person".

   (b) KPG was a "substantial securityholder" of KPAM, and held a "significant interest" in Company A and Company B.

5. Pursuant to a letter dated August 13, 2008, as amended by a further letter dated August 15, 2008, Commission staff notified KPAM that the Vend-Ins were in violation of subparagraph 111(2)(c)(ii), subsection 111(3), and paragraph 118(2)(b) of the Act. Commission staff also imposed terms and conditions (the "Terms and Conditions") on KPAM's registration, effective August 27, 2008. The Terms and Conditions required KPAM to, among other things, sell the Shares at their fair market value, subject to compliance with relevant securities laws. Any gains from the sales were to be for the benefit of the Fund. If there was any loss from the sales, KPAM was responsible for compensating the Fund in cash for the loss. For the purposes of calculating any gain or loss to the Fund, the sales of the two investments were to be treated separately. Further, KPAM was to provide written notice to unitholders of the Fund which (1) stated that KPAM had made two investments for the Fund which were not in compliance with Ontario securities law and the investment restrictions in the Fund's offering memorandum, (2) outlined KPAM's action plan to bring the Fund's investments into compliance with Ontario securities law and the investment restrictions in the Fund's offering memorandum, and (3) included a copy of the Terms and Conditions.

6. Company A and Company B are non-public issuers. Accordingly, the Shares are highly illiquid and there is no market on which they can be readily sold.

7. In light of the current difficult market conditions and the fact that the Shares accounted for approximately 90% of the Fund's net asset value as of the date of this application, management of KPAM determined that it was in the best interests of the Fund and its unitholders to immediately cease distribution of further units of the Fund and to effect a mandatory redemption of all issued and outstanding units, other than those held by certain Inside Unitholders (as defined below).

8. On September 12, 2008, KPAM gave all unitholders, other than the Inside Unitholders, notice (the "Notice") under section 5.2 of the Fund's Declaration of Trust that their units would be redeemed (the "Mandatory Redemption") as of September 30, 2008 (the "Mandatory Redemption Date") at the greater of the net asset value per unit (the "NAV") on the Mandatory Redemption Date or the unitholder's NAV at purchase. In accordance with the Terms and Conditions, the Notice provided that:

   (a) the minimum amount that a redeeming unitholder would receive upon the Mandatory Redemption would be their original investment, less any commissions that may have been paid to their adviser;

   (b) if the Shares of Company A and Company B were valued at an amount on the Mandatory Redemption Date which was less than their original cost to the Fund, KPAM would compensate unitholders in cash for the difference; and

   (c) the Mandatory Redemption of units would not be subject to an early redemption penalty and no deduction would be made from the redemption proceeds for any accrued performance fees.

9. The Fund ceased distribution of its units immediately upon the Terms and Conditions becoming effective. Accordingly, the last date on which a new subscription was accepted was July 31, 2008.

10. The Mandatory Redemption was completed on October 9, 2008. All unitholders of the Fund, other than the Inside Unitholders, were paid redemption proceeds in cash equal to the unitholder's original investment, less any commissions paid to the unitholder's adviser, as described in the Notice. Subsequent to the Mandatory Redemption, the Inside Unitholders are the only remaining unitholders of the Fund.

11. KPAM wishes to sell the Shares by distributing them "in-kind" to KPG, Mr. Craig Basinger, Mr. Paul Guedes and Mr. David King (the "Inside Unitholders") in exchange for the redemption of all of the units of the Fund held by the Inside Unitholders (the "Proposed Transactions"). Once the Proposed Transactions are complete, KPAM intends to effect the dissolution of the Fund by terminating the Declaration of Trust.

12. KPG is an "affiliate" of KPAM because it owns approximately 89% of the issued and outstanding voting shares of KPAM and is a "responsible person" of KPAM for purposes of paragraph 118(2)(b) of the Act because it had access to KPAM's decision to sell the Shares prior to the implementation of that decision.

13. Craig Basinger is a director and officer of KPAM, and is therefore a "responsible person" of KPAM for purposes of paragraph 118(2)(b) of the Act. As an officer of KPAM, he is also an officer of an investment counsel for purposes of subsection 115(6) of the Regulation.

14. Paul Guedes is an employee of KPG who has access to investment decisions made by KPAM on behalf of the Fund prior to implementation, and is therefore a "responsible person" of KPAM for purposes of paragraph 118(2)(b) of the Act.

15. At the time the decision to effect the Proposed Transactions was made, David King was a director and officer of KPAM and, accordingly, was a "responsible person" of KPAM for purposes of paragraph 118(2)(b) of the Act. Mr. King resigned as a director, officer and employee of KPAM effective September 17, 2008.

16. Without the relief granted herein, the Proposed Transactions would be prohibited by paragraph 118(2)(b) of the Act, and the sale of Shares to Mr. Basinger would be additionally prohibited by subsection 115(6) of the Regulation.

17. The Proposed Transactions are permitted under the Declaration of Trust. In addition, since each of the Inside Unitholders is an "accredited investor" for the purposes of NI 45-106, the Shares can be sold by the Fund to each of them in reliance on section 2.3 of NI 45-106.

18. In the view of management of KPAM, the Proposed Transactions would be the most effective and expeditious way for KPAM to comply with the Terms and Conditions requiring it to sell the Shares.

19. The conflicts of interest that paragraph 118(2)(b) of the Act and subsection 115(6) of the Regulation were designed to prevent are not present in the Proposed Transactions.

20. Commission staff were processing this exemptive relief application when the Commission received notice that KPAM had failed to maintain adequate bonding or insurance coverage, as required by subsection 108(3) of the Regulation.

21. On November 12, 2008, with the consent of KPAM, Commission staff imposed further terms and conditions upon KPAM's registration, effective immediately. The further terms and conditions were intended to facilitate the orderly wind-up of KPAM's business and affairs, and restricted the duration of KPAM's registration as a dealer and as an adviser under the Act to a transition period ending on the earliest of (a) the termination of KPAM's engagement as an adviser to the Fund, (b) the dissolution of the Fund, and (c) December 31, 2008. During the transition period, KPAM's registration as a dealer and as an adviser is restricted to trading with or on behalf of, or acting as an adviser to, the Fund, provided that securityholders of the Fund only comprise one or more of the Inside Unitholders.

Order

Pursuant to subparagraph 121(2)(a)(ii) and section 147 of the Act, it is ordered that the Requested Relief is granted.

"Suresh Thakrar"
Commissioner
Ontario Securities Commission

"Margot Howard"
Commissioner
Ontario Securities Commission

2.2.4 Sextant Capital Management Inc. et al. – s. 127

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

AND

**IN THE MATTER OF
SEXTANT CAPITAL MANAGEMENT INC.,
SEXTANT CAPITAL GP INC.,
SEXTANT STRATEGIC OPPORTUNITIES
HEDGE FUND L.P., OTTO SPORK,
ROBERT LEVACK AND NATALIE SPORK**

**TEMPORARY ORDER
Section 127**

WHEREAS it appears to the Ontario Securities Commission that:

1. Sextant Capital Management Inc. ("SCMI") is a corporation incorporated in Ontario and is registered as an investment counsel, portfolio manager and limited market dealer pursuant to the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), and is registered as a commodity trading manager pursuant to the *Commodity Futures Act*, R.S.O. 1990, c. C.20;

2. Sextant Capital GP Inc. ("Sextant GP") is a corporation incorporated in Ontario and Sextant Strategic Opportunities Hedge Fund L.P. (the "Sextant Fund") is a limited partnership established under the laws of Ontario;

3. the Sextant Fund is a mutual fund in Ontario, Sextant GP is the general partner for the Sextant Fund and SCMI is the portfolio manager and principal distributor for the Sextant Fund (SCMI, Sextant GP and the Sextant Fund, together "Sextant");

4. the Sextant Fund holds accounts with Newedge Canada Inc. ("Newedge"), the Sextant Fund's custodian and prime broker, in which cash, securities and futures contracts are held;

5. Otto Spork is an individual with significant ownership interests in Sextant and is the founder and principal of SCMI;

6. Robert Levack is an individual who is registered under the Act as an advising and trading officer and is designated as SCMI's chief compliance officer. As portfolio manager, Levack approved the investments made by the Sextant Fund;

7. Natalie Spork is the daughter of Otto Spork and is the president, secretary and Ultimate Responsible Person ("URP") of SCMI, as well as its sole director, and works full time overseeing its operations generally, overseeing compliance and managing SCMI's marketing;

8. Staff of the Commission ("Staff") have been conducting a normal course compliance review into SCMI's role as portfolio manager of the Sextant Fund and its compliance with Ontario securities law;

9. in the course of its compliance review, Staff have identified apparent deficiencies in SCMI's registration, sales and governance practices and potential breaches of Ontario securities law by Sextant more generally. Most significantly, the investments in the Sextant Fund appear to have been made contrary to section 111 of the Act;

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

11. the Commission is of the opinion that the length of time required to conclude a hearing in this matter could be prejudicial to the public interest;

AND WHEREAS by Commission Order dated April 1, 2008 pursuant to section 3.5(3) of the *Securities Act*, R.S.O. 1990, c. S.5 as amended (the "Act"), any one of W. David Wilson, James E. A. Turner, Lawrence E. Ritchie, Paul K. Bates or David L. Knight, acting alone, is authorized to make orders pursuant to section 127 of the Act;

IT IS ORDERED that:

1. pursuant to clause 1 of section 127(1) and section 127(5) of the Act, SCMI's registration as investment counsel, portfolio manager and limited market dealer is subject to the terms and conditions that its advising and dealing activities may be applied exclusively to and in respect of the Sextant Fund and not to or in respect of any other entities;

2. pursuant to clause 2 of section 127(1) and section 127(5) of the Act, trading in securities of and by the Respondents shall cease with the sole exception that SCMI may place sell orders in respect of the securities and futures contracts held on deposit on behalf of the Sextant Fund in accounts at Newedge; and

3. pursuant to clause 3 of section 127(1) and section 127(5) of the Act, any exemptions contained in Ontario securities law not do not apply to any of the Respondents.

IT IS FURTHER ORDERED that pursuant to section 127(6) of the Act, this Order shall take effect immediately and shall expire on the 15th day after its making unless extended by the Commission.

DATED at Toronto this 8th day of December, 2008.

"David Wilson"

2.2.5 Lyndz Pharmaceuticals Inc. et al. – ss. 127(1), 127(5)

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

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

AND

**LYNDZ PHARMACEUTICALS INC.,
LYNDZ PHARMA LTD., JAMES MARKETING LTD.,
MICHAEL EATCH AND RICKEY MCKENZIE**

Respondents

**TEMPORARY ORDER
Section 127(1) & 127(5)**

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

1. Lyndz Pharamceuticals Inc. ("Lyndz") is an Ontario company registered under the *Business Corporations Act*;

2. Lyndz Pharma Ltd. ("Lyndz UK") is a company registered in the United Kingdom;

3. James Marketing Ltd. ("James Marketing") is a company registered in the United Kingdom;

4. Michael Eatch ("Eatch") is the President of Lyndz and a director of Lyndz UK;

5. Rickey McKenzie ("McKenzie") is the sole director and shareholder of James Marketing;

6. The Respondents may have made false or misleading statements to investors in marketing materials and correspondence;

7. The Respondents may have taken money raised from the sale of Lyndz shares to the public and diverted it to the personal benefit of Eatch and McKenzie;

8. The Respondents may have sold shares in Lyndz and represented that Lyndz was an operating company when they knew it was dissolved under the laws of Ontario;

9. The Respondents may have represented, with the intention of effecting trades in the securities of Lyndz, that a person or company will resell or repurchase securities of Lyndz;

10. The Respondents are not registered to trade securities under the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act");

11. The Respondents may have distributed shares in Ontario;

12. No prospectus for Lyndz has been filed with the Commission and no receipt has been issued by the Director;

13. No exemptions from the registration and prospectus requirements under the Act appear to apply to the Respondents; and,

14. Staff of the Commission are conducting an ongoing investigation into the activities of the Respondents.

AND WHEREAS the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest as set out in s. 127(5) of the Act;

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

IT IS ORDERED pursuant to clause 2 of subsection 127(1) of the Act that all trading in securities of Lyndz shall cease;

IT IS FURTHER ORDERED pursuant to clause 2 of subsection 127(1) of the Act that all trading in securities by the Respondents shall cease;

IT IS FURTHER ORDERED that pursuant to clause 3 of subsection 127(1) of the Act that the exemptions contained in Ontario securities law do not apply to the Respondents;

IT IS FURTHER ORDERED that pursuant to subsection 127(6) of the Act this order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission.

Dated at Toronto this 4th day of December, 2008

"David Wilson"

2.2.6 Gold-Quest International et al. – s. 127

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

AND

IN THE MATTER OF
GOLD-QUEST INTERNATIONAL,
HEALTH AND HARMONEY,
IAIN BUCHANAN, AND LISA BUCHANAN

ORDER
(Section 127 of the Securities Act)

WHEREAS on the 1st day of April, 2008, the Ontario Securities Commission (the "Commission") ordered, pursuant to clause 2 of subsection 127(1) and subsection 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that all trading in any securities of Gold-Quest International ("Gold-Quest") shall cease (the "Temporary Order");

AND WHEREAS the Commission further ordered as part of the Temporary Order that pursuant to clause 2 of subsection 127(1) and subsection 127(5) of the Act that all trading in any securities by Health and HarMONEY, Iain Buchanan and Lisa Buchanan (the "Ontario Respondents") shall cease;

AND WHEREAS the Commission further ordered as part of the Temporary Order that pursuant to clause 3 of subsection 127(1) and subsection 127(5) of the Act that any exemptions contained in Ontario securities law do not apply to Gold-Quest and the Ontario Respondents;

AND WHEREAS the Commission further ordered as part of the Temporary Order that pursuant to clause 3 of subsection 127(1) and subsection 127(5) of the Act that any exemptions contained in Ontario securities law do not apply to Gold-Quest's officers, directors, agents or employees;

AND WHEREAS on April 8, 2008, the Commission issued a Notice of Hearing in this matter (the "Notice of Hearing");

AND WHEREAS Gold-Quest and the Ontario Respondents were served with the Temporary Order, the Notice of Hearing and the Evidence Brief of Staff of the Commission ("Staff") as set out in the Affidavit of Service of Dale Grybauskas dated April 14, 2008;

AND WHEREAS no correspondence has ever been sent to Staff on behalf of Gold-Quest and no one has ever appeared for Gold-Quest;

AND WHEREAS upon hearing submissions from counsel for Staff and on written consent of counsel for the Ontario Respondents dated April 11, 2008, the Commission extended the Temporary Order until July 14, 2008 or until further order of the Commission, subject to a carve-out to permit Iain Buchanan to trade in securities listed on a recognized public exchange only in his own existing account(s), for his own benefit, and through a dealer registered with the Commission, and a carve-out to permit Lisa Buchanan to trade in securities listed on a recognized public exchange only in her own existing account(s), for her own benefit, and through a dealer registered with the Commission (the "Amended Temporary Order");

AND WHEREAS on May 6, 2008, the U.S. Securities and Exchange Commission (the "SEC") filed an emergency civil enforcement action against Gold-Quest, and U.S. District Court Judge Lloyd D. George issued numerous orders against Gold-Quest and persons related to Gold-Quest, including orders prohibiting the trading in securities of Gold-Quest, freezing assets related to the sale of Gold-Quest securities and appointing a permanent receiver for Gold-Quest;

AND WHEREAS on July 14, 2008, counsel for Staff attended before the Commission while counsel for the Ontario Respondents did not attend but provided correspondence with respect to the Temporary Order;

AND WHEREAS on July 14, 2008, upon hearing submissions from counsel for Staff and considering the correspondence from counsel for the Ontario Respondents, the Commission extended the Amended Temporary Order against Gold-Quest and the Ontario Respondents until October 7, 2008;

AND WHEREAS on October 7, 2008, counsel for Staff and counsel for the Ontario Respondents did not oppose the extension of the Amended Temporary Order;

AND WHEREAS on October 7, 2008, upon considering the correspondence from counsel for the Ontario Respondents, the Commission extended the Amended Temporary Order against Gold-Quest and the Ontario Respondents until December 9, 2008;

AND WHEREAS on December 9, 2008, counsel for Staff requested an extension of the Amended Temporary Order, counsel for the Ontario Respondents did not oppose the extension of the Amended Temporary Order, and counsel for Staff and counsel for the Ontario Respondents agree that the hearing to extend the Amended Temporary Order shall be scheduled for February 10, 2009;

AND WHEREAS on December 9, 2008, upon considering the correspondence from counsel for the Ontario Respondents, we conclude that it is in the public interest to extend the Amended Temporary Order;

IT IS ORDERED THAT:

1. The Amended Temporary Order against Gold-Quest and the Ontario Respondents is extended to February 11, 2009 on the terms and conditions set forth in the Amended Temporary Order; and

2. A hearing to extend the Amended Temporary Order shall be held on February 10, 2009 at 2:30 p.m., or such other date as is agreed by the parties and determined by the Office of the Secretary.

DATED at Toronto this 9th day of December, 2008

"James E. A. Turner"

"Margot C. Howard"

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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
ViRexx Medical Corp.	20 Nov 08	04 Dec 08	04 Dec 08	
Peace Arch Entertainment Group, Inc.	04 Dec 08	18 Dec 08		
Bioxel Pharma Inc.	05 Dec 08	19 Dec 08		
GSI Group Inc.	09 Dec 08	23 Dec 08		
Rage Energy Ltd.	09 Dec 08	23 Dec 08		
1608557 Ontario Inc.	10 Dec 08	24 Dec 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
Constellation Copper Corporation	20 Nov 08	04 Dec 08	04 Dec 08		
CPI Plastics Group Limited	24 Nov 08	08 Dec 08	08 Dec 08	11 Dec 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		
Toxin Alert Inc.	30 Oct 08	12 Nov 08	12 Nov 08		
Argenta Oil & Gas Inc.	05 Nov 08	18 Nov 08	18 Nov 08		
Cybersurf Corp.	11 Nov 08	24 Nov 08	25 Nov 08		
High River Gold Mines Ltd.	19 Nov 08	03 Dec 08	03 Dec 08		
Constellation Copper Corporation	20 Nov 08	04 Dec 08	04 Dec 08		
CPI Plastics Group Limited	24 Nov 08	08 Dec 08	08 Dec 08	11 Dec 08	
High River Gold Mines Ltd.	02 Dec 08	16 Dec 08			
Rutter Inc.	02 Dec 08	16 Dec 08			

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
11/19/2008	1	4198832 Canada Inc. - Common Shares	NA	400,000.00
11/25/2008 to 11/28/2008	3	473 Albert Street Office Limited Partnership - Limited Partnership Units	200,000.00	200,000.00
10/31/2008	11	ACM Commercial Mortgage Fund - Units	642,200.00	11.00
08/05/2008	11	Advanced Explorations Inc. - Common Shares	2,351,750.50	2,152,272.00
10/22/2008	1	American Insulock Inc. - Units	33,081.00	600,000.00
11/14/2008	1	Amorfix Life Sciences Ltd. - Common Shares	187,485.00	608,250.00
10/09/2008	10	Ascendancy #2 Limited Partnership - Units	898,000.00	898.00
11/13/2008	1	Athabasca Oil Sands Corp. - Common Shares	2,585,000.00	1,100,000.00
10/07/2008	26	Atikwa Minerals Corporation - Units	485,999.00	8,100,000.00
11/28/2008	12	AuEx Ventures, Inc. - Units	4,400,000.00	4,000,000.00
08/07/2008	10	BacTech Mining Corporation - Units	530,000.00	53.00
11/20/2008	3	Bayfield Ventures Corp. - Common Shares	22,400.00	40,000.00
06/25/2008	8	Bio-Extraction Inc. - Common Shares	3,500,000.00	10,000.00
12/03/2008	4	Bitterroot Resources Ltd. - Common Shares	420,000.00	3,500,000.00
08/26/2008	37	BlackBerry Partners Fund LP - Units	2,623,457.27	263.46
09/09/2008	1	BlackBerry Partners Fund LP - Units	63,640.00	63.64
08/26/2008	5	BlackBerry Partners Offshore Fund L.P. - Units	316,544.74	318.54
06/06/2008	86	Candente Resource Corp. - Units	11,910,000.00	7,940,000.00
11/28/2008	50	CanEra Resources Inc. - Common Shares	13,356,000.00	378,356,000.00
12/01/2008	2	Capital Direct Management Ltd. - Units	267,000.00	26,700.00
11/26/2008	14	CareVest Blended Mortgage Investment Corporation - Preferred Shares	282,190.00	282,190.00
11/25/2008	13	CareVest First Mortgage Investment Corporation - Preferred Shares	469,508.00	469,508.00
06/21/2007	2	Castle Rock Research Corp. - Preferred Shares	280,000.00	280.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
03/09/2008	42	Caza Gold Corp. - Units	1,155,000.00	4,620,000.00
11/28/2008	2	CDR Minerals Inc. - Units	700,000.00	1,272,726.00
11/22/2008 to 11/28/2008	16	CMC Markets UK plc - Contracts for Differences	127,000.00	16.00
09/29/2008	3	Colt Resources Inc. - Units	152,000.00	60,800.00
06/30/2008	17	Dianor Resources Inc. - Common Shares	838,875.00	3,355,500.00
12/01/2008	1	Dixie X-Ray Associates Limited - Common Shares	1,060,018.44	300.00
08/13/2008	12	Drift Lake Resources Inc. - Common Shares	430,000.00	4,300,000.00
11/18/2008 to 11/24/2008	16	Edgeworth Mortgage Investment Corporation - Preferred Shares	598,100.00	59,810.00
06/27/2008	27	Enchanced Oil Resources Inc. - Units	3,023,740.00	2,438,500.00
07/16/2008	12	Enhanced Oil Resources Inc. - Units	2,052,200.00	1,655,000.00
06/27/2008	33	Enhanced Oil Resources Inc. - Units	28,489,844.00	22,975,681.00
11/28/2008	4	Fancamp Exploration Ltd. - Flow-Through Units	1,000,000.00	4,000,000.00
09/09/2008	14	Farallon Resources Ltd. - Units	25,000,000.00	250.00
11/26/2008	3	First Leaside Elite Limited Partnership - Limited Partnership Interest	92,565.00	75,000.00
11/20/2008	2	First Leaside Fund - Trust Units	85,000.00	85,000.00
12/01/2008	5	First Leaside Fund - Trust Units	121,588.00	121,588.00
11/26/2008 to 12/02/2008	5	First Leaside Fund - Trust Units	237,346.00	237,346.00
12/02/2008	1	First Leaside Investors Limited Partnership - Limited Partnership Interest	25,000.00	25,000.00
11/26/2008 to 12/01/2008	5	First Leaside Wealth Management Inc. - Preferred Shares	378,470.00	378,470.00
06/27/2008	8	Forest Gate Resources Inc. - Units	183,530.08	NA
08/15/2008	3	Forests Pacific BioChemicals Corporation - Preferred Shares	27,000.00	18,000.00
10/16/2008	19	Fortune Minerals Limited - Flow-Through Shares	5,002,500.00	4,350,000.00
07/18/2008	6	Fortune Minerals Limited - Flow-Through Shares	3,080,000.00	1,100,000.00
07/02/2008	4	Freewest Resources Canada Inc. - Common Shares	53,000.00	200,000.00
06/27/2008	46	Gale Force petroleum Inc. - Common Share Purchase Warrant	1,700,000.00	5,100,000.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
11/20/2008	9	Garson Gold Corp. - Common Shares	1,282,858.00	25,657,160.00
11/24/2008 to 11/28/2008	9	General Motors Acceptance Corporation of Canada, Limited - Notes	4,166,525.98	41,665.25
07/16/2008	44	Gold Bullion Development Corp. - Common Shares	695,000.00	6,950,000.00
06/23/2008 to 06/26/2008	10	Goldstake Explorations Inc. - Units	840,000.00	11,200,000.00
06/23/2008 to 06/26/2008	10	Goldstake Explorations Inc. - Units	840,000.00	4,533,333.00
12/04/2008	2	Grandview Gold Inc. - Common Shares	416,666.65	8,333,333.00
07/08/2008	46	Greenscape Capital Group Inc. - Common Shares	2,104,500.00	6,012,857.00
11/20/2008	12	Hathor Exploration Limited - Common Shares	8,002,650.00	2,581,500.00
11/27/2008 to 11/28/2008	14	IGW Real Estate Investment Trust - Units	310,821.05	279,544.08
06/12/2008	21	Innovative Composites Incorporated - Common Share Purchase Warrant	1,350,000.00	10,125,000.00
08/29/2008	1	International Kirkland Minerals Inc. - Common Shares	80,000.00	1,000,000.00
07/18/2008	27	International Kirkland Minerals Inc. - Units	111,000.00	2,000,000.00
08/14/2008	1	Intrinsic Minerals Ltd. - Units	500,000.00	1,111,111.00
11/26/2008	5	iPerceptions Inc. - Debentures	3,650,000.00	3,650,000.00
11/15/2008	1	Kingwest Avenue Portfolio - Units	48,000.00	2,181.58
11/15/2008	1	Kingwest Canadian Equity Portfolio - Units	500.00	55.25
11/21/2008	2	Kodiak Exploration Limited - Common Shares	20,000.00	37,736.00
11/21/2008	2	Kodiak Exploration Limited - Common Shares	15,000.00	28,302.00
08/19/2008	3	KWG Resources Inc. - Common Shares	200,000.00	4,000,000.00
11/21/2008	1	Ladybug Teknologies Inc. - Debentures	400,000.00	400,000.00
11/19/2008	11	Live Current Media Inc. - Units	1,308,467.68	1,627,344.00
11/24/2008	1	Marksman Cellject Inc. - Preferred Shares	750,000.00	115,294.00
09/19/2008	4	Mayo Gold Explorations Ltd. - Common Shares	17,330.00	249,933.00
11/03/2008	1	MCAN Performance Strategies - Units	682,627.40	6,079.69
07/10/2008	3	Medworxx Solutions Inc. - Units	212,479.94	1,250,332.00
09/25/2008	232	Metal Mountain Resources Inc. - Common Shares	2,017,200.00	10,110,000.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
11/14/2008	13	Mooncor Oil & Gas Corp. - Flow-Through Units	314,520.12	3,494,668.00
11/25/2008 to 12/02/2008	22	Nelson Financial Group Ltd. - Note	1,055,677.93	1.00
11/26/2008	6	NetShelter Inc. - Preferred Shares	14,627,994.86	1,280,813.00
11/24/2008 to 11/25/2008	2	New Solutions Financial (II) Corporation - Debentures	266,280.25	2.00
11/19/2008 to 11/27/2008	20	Newport Canadian Equity Fund - Units	139,800.00	1,394.54
11/19/2008 to 11/27/2008	130	Newport Fixed Income Fund - Units	3,044,880.00	30,379.60
11/20/2008 to 11/27/2008	6	Newport Global Equity Fund - Units	50,000.00	923.94
11/19/2008 to 11/27/2008	82	Newport Yield Fund - Units	847,390.00	8,705.51
11/25/2008	7	Newstart Canada - Notes	294,000.00	7.00
11/21/2008	23	Nexstar Energy Ltd. - Units	2,660,000.00	2,660.00
07/11/2008	12	Northcore Technologies Inc. - Debentures	678,000.00	2.00
07/10/2008	1	Nuinsco Resources Limited - Common Shares	43,000.00	200,000.00
09/25/2008	2	Nuinsco Resources Limited - Flow-Through Shares	1,000,040.00	4,348,000.00
07/29/2008	30	Nuinsco Resources Limited - Flow-Through Shares	1,089,990.90	3,633,333.00
12/01/2008	7	PFC 2018 Pacific Financial Corp. - Bonds	442,000.00	59.00
09/25/2008	32	Pixman Media Nomade Inc. - Units	5,755,458.42	31,974,769.00
08/18/2008	12	Polaris Minerals Corporation - Warrants	NA	1,900,000.00
11/14/2008	10	Red Mile Resources Fund No. 5 Limited Partnership - Limited Partnership Units	3,712,605.00	3,113.00
11/26/2006 to 12/14/2007	18	Rhone 2007 Oil & Gas Strategic Limited Partnership - Limited Partnership Units	2,375,000.00	95,000.00
11/18/2008	51	Rubicon Minerals Corporation - Common Shares	10,200,929.50	8,166,670.00
06/10/2008	9	Rusoro Mining Ltd. - Loans	80,000,000.00	64,000,000.00
12/17/2007 to 11/30/2008	24	Rykala Resources Inc. - Common Shares	709,900.00	6,273,301.00
11/25/2008	9	Sabina Silver Corporation - Common Shares	4,233,000.20	6,512,308.00
11/24/2008	22	Shore Gold Inc. - Common Shares	12,502,500.00	16,670,000.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
11/26/2008	3	Sierra Geothermal Power Corp. - Common Shares	1,500,000.00	6,000,000.00
07/29/2008	3	Silverbirch Inc. - Common Shares	1,350,000.00	3,850,000.00
06/27/2008	1	Skye Resources Inc. - Common Shares	95,221,287.66	12,679,266.00
10/15/2007 to 11/14/2008	684	Skyline Apartment Real Estate Investment Trust - Units	81,914,062.94	7,920,397.64
11/27/2008	13	Skyline Gold Corporation - Units	153,000.00	3,060,000.00
11/24/2008	9	Solace Systems, Inc. - Preferred Shares	4,000,000.00	7,407,407.00
11/27/2008	4	Spider Resources Inc. - Flow-Through Units	235,000.00	4,700,000.00
11/03/2008 to 11/05/2008	8	Syntaris Power Corp. - Flow-Through Shares	89,500.00	89,500.00
11/03/2008 to 11/05/2008	6	Syntaris Power Corp. - Units	23,700.00	23,700.00
11/26/2008	1	Tissue Regeneration Therapeutics Inc. - Common Shares	150,000.00	150,000.00
07/04/2007	12	ValGold Resources Ltd. - Units	430,600.00	4,306,000.00
11/18/2008	1	Vennsa Technologies Inc. - Common Shares	100,000.00	52,045.00
07/08/2008	19	Ventana Gold Corp. - Units	11,000,000.00	6,875,000.00
11/26/2008	3	VFM Leonardo Inc. - Preferred Shares	6,125,199.07	18,452,582.00
07/29/2008	14	Victory Nickel Inc. - Flow-Through Shares	8,121,015.00	18,046,700.00
11/19/2008	1	Vintage Venture Partners IV (Cayman), L.P. - Limited Partnership Interest	15,000,000.00	150,000,000.00
11/21/2008	31	Walton AZ Sawtooth Investment Corporation - Common Shares	701,140.00	70,114.00
11/20/2008	35	Walton AZ Silver Reef 2 Investment Corporation - Common Shares	755,820.00	75,582.00
11/20/2008	33	Walton GA Arcade Meadows 1 Investment Corporation - Common Shares	1,142,640.00	114,264.00
11/20/2008	12	Walton GA Arcade Meadows Limited Partnership 1 - Limited Partnership Units	1,738,311.92	139,489.00
11/21/2008	12	Walton Income 1 Investment Corporation - Common Shares	6,500.00	1,300.00
11/21/2008	12	Walton Income 1 Investment Corporation - Notes	516,500.00	13.00
11/21/2008	1	Wescan Goldfields Inc. - Flow-Through Shares	506,000.00	2,200,000.00
11/21/2008	1	Wescan Goldfields Inc. - Units	73,252.80	366,264.00
11/28/2008	1	Zorzal Incorporated - Common Shares	100,100.00	286,000.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
11/28/2008	2	Zorzal Incorporated - Debentures	75,000.00	75,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Daylight Resources Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 5, 2008
NP 11-202 Receipt dated December 5, 2008
Offering Price and Description:
$75,000,000.00 - 0% Convertible Unsecured Subordinated Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
GMP Securities L.P.
Canaccord Capital Corporation
Dundee Securities Corporation
Promoter(s):
-
Project #1355163

Issuer Name:
Fortis Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 5, 2008
NP 11-202 Receipt dated December 5, 2008
Offering Price and Description:
$300,105,000.0011,700,000 Common Shares Price: $25.65 per Common Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
Beacon Securities Limited
Canaccord Capital Corporation
Promoter(s):
-
Project #1355077

Issuer Name:
FortisAlberta Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated December 8, 2008
NP 11-202 Receipt dated December 8, 2008
Offering Price and Description:
$350,000,000.00 - Medium Term Note Debentures (unsecured)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Casgrain & Company Limited
Promoter(s):
-
Project #1355537

Issuer Name:
Ravensden Resource Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 3, 2008
NP 11-202 Receipt dated December 3, 2008
Offering Price and Description:
$500,000,000.00 Maximum (50,000,000 Units); $ * Minimum (* Units) Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
GMP Securities L.P.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Blackmont Capital Inc.
Desjardins Securities Inc.
Raymond James Ltd.
Wellington West Capital Markets Inc.
Promoter(s):
Reavensden Asset Management Inc.
Ravensden Resource GP Inc.
Project #1354513

Issuer Name:
Toronto Hydro Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated December 5, 2008
NP 11-202 Receipt dated December 5, 2008
Offering Price and Description:
$1,000,000,000.00 DEBENTURES (unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1355101

Issuer Name:
WesternOne Equity Income Fund
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 9, 2008
NP 11-202 Receipt dated December 9, 2008
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Dundee Securities Corporation
Promoter(s):
-
Project #1355855

Issuer Name:
AIC Diversified Science & Technology Fund (Mutual Fund Units and Class F Units)
AIC Global Banks Fund (Mutual Fund Units, Class F Units, Class T5 Units and Class T8 Units)
AIC Global Insurance Fund (Mutual Fund Units, Class F Units, Class T5 Units and Class T8 Units)
AIC Diversified Income Portfolio Fund (Mutual Fund Units)
AIC Balanced Income Portfolio Fund (Mutual Fund Units)
AIC Balanced Growth Portfolio Fund (Mutual Fund Units)
AIC Core Growth Portfolio Fund (Mutual Fund Units)
AIC World Financial Infrastructure Income and Growth Fund (Mutual Fund Units and Class F Units)
AIC Global Balanced Fund (Mutual Fund Units and Class F Units)
Value Leaders Income Portfolio (Mutual Fund Units, Class F Units, Class G Units, Class T4 Units and Class W Units)
Value Leaders Balanced Income Portfolio (Mutual Fund Units, Class F Units, Class G Units, Class T5 Units and Class W Units)
Value Leaders Balanced Growth Portfolio (Mutual Fund Units, Class F Units, Class G Units, Class T6 Units and Class W Units)
Value Leaders Growth Portfolio (Mutual Fund Units, Class F Units, Class G Units, Class T6 Units and Class W Units)
Principal Regulator - Ontario
Type and Date:
Amendment #4 dated November 28, 2008 to the Simplified Prospectuses and Annual Information Forms dated April 21, 2008
NP 11-202 Receipt dated December 3, 2008
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
AIC Limited
Project #1227478

Issuer Name:
AIC Diversified Science & Technology Corporate Class
AIC Value Corporate Class
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated November 28, 2008 to the Simplified Prospectuses and Annual Information Forms dated April 1, 2008
NP 11-202 Receipt dated December 3, 2008
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
AIC Limited
Project #1218448

Issuer Name:
AIC PPC Balanced Income Portfolio Pool (Pool Units and Class T Units)
AIC PPC Balanced Growth Portfolio Pool (Pool Units and Class T Units)
AIC PPC Core Growth Portfolio Pool (Pool Units)
AIC Private Portfolio Counsel Global Pool (Pool Units, Class F Units and Class O Units)
AIC Private Portfolio Counsel Bond Pool (Pool Units, Class F Units and Class O Units)
AIC Private Portfolio Counsel Canadian Pool (Pool Units, Class F Units and Class O Units)
AIC Private Portfolio Counsel U.S. Small to Mid Cap Pool (Pool Units, Class F Units and Class O Units)
AIC Private Portfolio Counsel Global Fixed Income Pool (Pool Units, Class F Units and Class O Units)
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated November 28, 2008 to the Simplified Prospectuses and Annual Information Forms dated March 3, 2008
NP 11-202 Receipt dated December 3, 2008
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
AIC Limited
Project #1206969

Issuer Name:
Asian Resource Global Strategies Inc.
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated November 26, 2008 to the Prospectus dated September 8, 2008
NP 11-202 Receipt dated December 4, 2008
Offering Price and Description:
Minimum Offering - $300,000.00 or 1,000,000 Common Shares; Maximum Offering - $400,000.00 or !,333,333 Common Shares $0.30 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Allan Lam
Project #1285456

Issuer Name:
Bank of Nova Scotia, The
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 3, 2008 to the Short Form Base Shelf Prospectus dated April 16, 2008
NP 11-202 Receipt dated December 4, 2008
Offering Price and Description:
$8,000,000,000.00:
Debt Securities (subordinated indebtedness)
Preferred Shares
Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1245918

Issuer Name:
Big 8 Split Inc.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated December 5, 2008
NP 11-202 Receipt dated December 9, 2008
Offering Price and Description:
$14,459,760.00 - 1,204,980 Class B Preferred Shares, Series 1 Price: $12.00 per Class B Preferred Share, Series 1
Underwriter(s) or Distributor(s):
TD Securities Inc.
Promoter(s):
TD Sponsored Companies Inc.
Project #1337085

Issuer Name:
CanAsia Financial Inc.
Principal Regulator - Alberta
Type and Date:
Final Long Form Prospectus dated December 1, 2008
NP 11-202 Receipt dated December 3, 2008
Offering Price and Description:
$300,000.00 - 3,000,000 Class “A” Common Shares
PRICE: $0.10 per Class “A” Common Share
Underwriter(s) or Distributor(s):
Leede Financial Markets Inc.
Promoter(s):
Jay Leung
Project #1326878

Issuer Name:
FRONT STREET RESOURCE FUND
(formerly, Front Street Resource Fund Class)
FRONT STREET CANADIAN EQUITY FUND
(formerly, Front Street Canadian Equity Fund Class)
FRONT STREET DIVERSIFIED INCOME FUND
(formerly, Front Street Diversified Income Fund Class)
FRONT STREET SMALL CAP FUND
(formerly, Front Street Small Cap Canadian Fund Class)
FRONT STREET MONEY MARKET FUND
(formerly, Front Street Money Market Fund Class)
(Series A, B and F shares)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated December 3, 2008
NP 11-202 Receipt dated December 4, 2008
Offering Price and Description:
Series A, B and F shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Front Street Mutual Funds Limited
Project #1337859

Issuer Name:
National Bank of Canada
Principal Regulator - Quebec
Type and Date:
Final Base Shelf Prospectus dated December 5, 2008
NP 11-202 Receipt dated December 5, 2008
Offering Price and Description:
$4,500,000,000.00:
Debt Securities (subordinated indebtedness)
Common Shares
First Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1345265

Issuer Name:
Red Back Mining Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated December 5, 2008
NP 11-202 Receipt dated December 5, 2008
Offering Price and Description:
Cdn$60,025,000.00 - 17,150,000 Common Shares Price: Cdn$3.50 per Common Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
GMP Securities L.P.
Cormark Securities Inc.
Promoter(s):
-
Project #1348704

Issuer Name:
Thunderhill Exploration Ltd.
Principal Jurisdiction - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated September 24, 2008
Withdrawn on December 8, 2008
Offering Price and Description:
$1,265,000.00 - 25,300,000 Shares Price - $0.05 per Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Edward Farrauto
Project #1324959

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: BlueCrest Capital Management Limited To: BlueCrest Capital Management Services Limited	Non-Resident Limited Market Dealer	December 1, 2008
Name Change	From: Centurion Investment Advisors Inc. To: Lakeshore Securities Inc.	Investment Dealer	December 2, 2008
New Registration	Sentry Select Capital Inc.	Mutual Fund Dealer, Investment Counsel & Portfolio Manager and Commodity Trading Manager	December 8, 2008
New Registration	Twilight Capital Inc.	Limited Market Dealer	December 9, 2008

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 MFDA Sets Next Appearance Date for the Hearing regarding ASL Direct Inc. and Adrian Samuel Leemhuis

NEWS RELEASE
For immediate release

MFDA SETS NEXT APPEARANCE DATE FOR THE HEARING REGARDING ASL DIRECT INC. AND ADRIAN SAMUEL LEEMHUIS

December 4, 2008 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada ("MFDA") commenced a disciplinary proceeding in respect of ASL Direct Inc. and Adrian Samuel Leemhuis by Notice of Hearing dated October 17, 2008.

As specified in the Notice of Hearing, the first appearance in this proceeding took place today before a three-member Hearing Panel of the MFDA Central Regional Council.

Following submissions by the parties respecting scheduling and procedural matters, the Hearing Panel directed that the next appearance in this proceeding will take place on Tuesday, March 3, 2009. The purpose of this appearance will be to consider a pre-hearing motion to be brought by the Respondent, Adrian Leemhuis. This appearance will be open to the public, except as may be required for the protection of confidential matters.

The Hearing Panel also set May 4–6, 2009 for the hearing of the matter on its merits. These appearances will take place in the Hearing Room located at the offices of the MFDA at 121 King Street West, Suite 1000, Toronto, Ontario, commencing at 10:00 a.m. (Eastern) or as soon thereafter as the respective appearances can be held.

A copy of the Notice of Hearing is available on the MFDA website at www.mfda.ca.

The MFDA is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 154 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:
Yvette MacDougall
Hearings Coordinator
(416) 943-4606 or ymacdougall@mfda.ca

13.1.2 MFDA Hearing Panel Issues Decision and Reasons with Respect to Misconduct in the Gerard and Mavis Brake Disciplinary Hearing

NEWS RELEASE
For immediate release

MFDA HEARING PANEL ISSUES DECISION AND REASONS WITH RESPECT TO MISCONDUCT IN THE GERARD AND MAVIS BRAKE DISCIPLINARY HEARING

December 9, 2008 (Toronto, Ontario) – A Hearing Panel of the Prairie Regional Council of the Mutual Fund Dealers Association of Canada ("MFDA") has issued its Decision and Reasons with respect to misconduct in connection with the disciplinary hearing held in Winnipeg, Manitoba on October 27 and October 28, 2008 in respect of Gerard and Mavis Brake.

A copy of the Decision and Reasons regarding misconduct is available on the MFDA website at www.mfda.ca.

The MFDA is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 154 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:
Shaun Devlin
Vice-President, Enforcement
416-943-4672 or sdevlin@mfda.ca

13.1.3 Housekeeping Amendments to MFDA Rule 2.3 (Power of Attorney/Limited Trading Authorization)

THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA

HOUSEKEEPING AMENDMENTS TO MFDA RULE 2.3

(POWER OF ATTORNEY/LIMITED TRADING AUTHORIZATION)

Current Rules

Rule 2.3.1(a) currently prohibits Members and their Approved Persons from accepting or acting upon a general power of attorney or other similar authorization from a client in favour of the Member or Approved Person.

Rule 2.3.4 currently prohibits Members and their Approved Persons from using a limited trading authorization to engage in discretionary trading.

Reason for Amendment

Under securities legislation and MFDA Rules, Members and their Approved Persons are not permitted to accept discretionary trading authority from a client. Rule 2.3.4 currently links the prohibition on discretionary trading to having a limited trading authorization. However, the regulatory intent is to prohibit discretionary trading on the part of Members and their Approved Persons irrespective of whether they have a limited trading authorization.

Description of Amendment

Rule 2.3.4 will be deleted and the words “Discretionary Trading” will be added to the heading of Rule 2.3, following the words “Limited Trading Authorization”. The words “or engage in any discretionary trading” will be added to the end of Rule 2.3.1(a).

The proposed amendments are housekeeping in nature in that they are intended to clarify existing requirements and the current language of the Rule.

Effective Date

The amended Rule will be effective on a date to be subsequently determined by the MFDA.

THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA

POWER OF ATTORNEY/LIMITED TRADING AUTHORIZATION (Rule 2.3)

On September 24, 2008, the Board of Directors of Mutual Fund Dealers Association of Canada made the following housekeeping amendments to MFDA Rule 2.3:

2.3 POWER OF ATTORNEY/LIMITED TRADING AUTHORIZATION/DISCRETIONARY TRADING

2.3.1 (a) **Prohibition**. No Member or Approved Person shall accept or act upon a general power of attorney or other similar authorization from a client in favour of the Member or Approved Person or engage in any discretionary trading.

(b) **Exception**. Notwithstanding the provisions of paragraph (a), an Approved Person may accept or act upon a general power of attorney or similar authorization from a client in favour of the Approved Person where such client is a spouse, parent or child of the Approved Person and provided that:

(i) an Approved Person other than the Approved Person holding the general power of attorney must be the Approved Person of record on the account;

and

(ii) such other conditions as prescribed by the Corporation are met.

2.3.2 **Limited Trading Authorization.** A Member or Approved Person may accept a limited trading authorization from a client for the express purpose of facilitating trade execution. In such circumstances a form of limited trading authorization as prescribed by the Corporation must be completed and approved by the compliance officer or branch manager, and retained in the client's file.

2.3.3 **Designation**. Each trade made pursuant to a limited trading authorization and its corresponding account must be identified as such in the books and records of the Member and on any order documentation.

2.3.4 ~~No Discretionary Trading. A limited trading authorization shall not in any way confer general discretionary authority upon a Member, an Approved Person or any person acting on behalf of the Member.~~

13.1.4 Notice and Request for Comments – Material Amendments to CDS Rules Relating to FINet Function

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

MATERIAL AMENDMENTS TO CDS RULES

FINet Function

REQUEST FOR COMMENTS

A. DESCRIPTION OF THE PROPOSED AMENDMENTS

CDS proposes to replace its current fixed income netting and central counterparty ("CCP") Function, currently known as DetNet®, with a new Function named "FINet™" in response to various DetNet-specific and marketplace developments since DetNet's introduction in 2001.

The amendments to CDS Participant Rule 7.3 outline the operation of the FINet Function. They describe FINet as a Function for netting and novating fixed income eligible Trades and clarify that FINet will apply automatically to eligible Trades. They describe the daily mark-to-market calculations that will be applied to outstanding FINet obligations.

The new Rule 7.3.12 is a transitional provision that describes the notice period that will be given to Participants prior to the implementation of FINet and the manner in which eligible DetNet Participants will be automatically deemed to be FINet Participants.

The amendments to CDS Participant Rules 7.5.1 and 7.5.2 reflect the addition of FINet. The addition of new Rule 7.5.6 describes the new FINet Real Time Settlement Process.

The current DetNet Rules, being Rule 7.3 and the related provisions as noted above, will continue to be in effect until FINet is implemented upon on which date they will terminate. The transitional provision, Rule 7.3.12, will be in effect at least 30 days prior to the commencement of the FINet Function.

B. NATURE AND PURPOSE OF THE PROPOSED AMENDMENTS

In 2007, CDS undertook an effort to consult with market participants to determine how to improve efficiencies in the fixed income market. The opportunity that was identified was to make enhancements in to CDS's DetNet Function.

The growth and evolution of capital market activity since DetNet's introduction in 2001 is such that existing DetNet functionality is no longer dynamic enough to provide maximum efficiency to the Canadian marketplace. In light of these discussions, CDS has decided to move forward with the development of a new fixed income netting Function known as "FINet".

FINet's ability to net more fixed income trading obligations by CDS Participants will increase market efficiency in a number of ways. These efficiencies include better regulatory capital deployment, reduction of counterparty credit limits and risk, greater participation in the netting service and enhanced risk reduction in the fixed income trading markets.

Although FINet is proposed to replace the DetNet Function in CDS, the conceptual and legal structure of DetNet is preserved and enhanced as the basis for the FINet Function. The cornerstone of DetNet as a Function is the assumption by CDS of the role of a CCP and the legal principles of novation and netting which facilitate the assumption of that role on a prudent risk management basis. Accordingly, while some revisions are required to the CDS Rules, the primary changes of wider security eligibility and the introduction of intra-day novation and netting will be reflected in the procedures, user guides and CDS IT systems.

Key attributes of FINet include:

- Eligible securities under FINet would include Government of Canada guaranteed debt and provincial bonds, treasury bills and notes. Government of Canada bonds and treasury bills, which are currently eligible for netting under DetNet, will also be eligible for FINet.

- FINet will net eligible Trades regardless of their Value Dates in both intra-day and end-of-day ("EOD") netting cycles, whereas DetNet only nets eligible forward value-dated Trades EOD.

- FINet will enhance the current DetNet zero-net process allowing one-to-many Trade netting which will primarily benefit inter-dealer bond brokers by allowing more eligible Trades to be netted.

- A new settlement engine specifically for FINet netted Trades will be introduced which will facilitate full and "partial" settlements throughout the day.

- Participants, through their FINet profiles, will be able to have their netted Trades automatically placed on hold after BNS and/or after the intra-day netting process.

- Netting and reporting at the internal account level will be provided which will primarily benefit custodians whereas DetNet only provides netting at the internal account level (reporting is at the customer account identification “CUID” level).

- FINet will introduce a new intra-day Participant Fund Contribution requirement.

- The outstanding position component of the FINet participant fund will be calculated on a portfolio basis for those outstanding FINet trades that fall under the diversification eligible group and the outstanding position component of the FINet participant fund will be calculated on a stand alone basis (based on a table based haircut) for those outstanding FINet trades that fall under the non-diversification eligible group.

DetNet Participants will be notified when the DetNet Function will be terminated, on which date all DetNet Participants will be deemed to have subscribed for the FINet Function. At any time after the commencement of the FINet Function, a former DetNet Participant may withdraw from the Function. However, if the withdrawing Participant has outstanding netted Trades and/or original netted Trades that have not yet reached their Value Dates when DetNet is replaced with FINet, they will be deemed to be a FINet Participant until 10 business days after they no longer have outstanding netted Trades and they have paid the net amount owing in respect to their mark-to-market obligations related to the original netted Trades.

CDS would continue to act as CCP by providing mark-to-market, netting and novation Trade services between Participants. FINet would be built on a vendor supported mainframe platform, providing for CDSX® robustness and allowing for future development in a way that DetNet, as a non-modular architecture, is not able to sustain.

C. IMPACT OF THE PROPOSED AMENDMENTS

C.1 Competition

CDS is the only provider of a netting and novation service for fixed income trade-for-trade (“TFT”) Trades in Canada. As is the case with DetNet, participation in the fixed income netting service would be optional and open to any full CDS Participant. There will be no negative impact on competition through the provision of this Function.

C.2 Risks and Compliance Costs

Development of the FINet Function would be undertaken as a result of the consultative process completed with a cross-section of CDS Participants. It is intended to reduce both counterparty and market risks and improve general market efficiency.

There are payment risks, replacement costs risks, and liquidity risks associated with the FINet Function. CDS is exposed to payment risk primarily as a result of its position as a CCP due to the potential of default of the two counterparties to the original Trade. CDS protects itself by collateralizing existing payment risk exposure through three mechanisms: delivery versus payment, payment risk edits and haircut rates on Securities used to calculate aggregate collateral value.

In the normal course of FINet operations, CDS would not be subject to replacement cost risk. However, CDS would be exposed to replacement cost risk in the event of a Participant default. CDS would protect against the replacement cost risk of a defaulting Participant’s net position through the use of two mechanisms: a daily mark-to-market that addresses the portion of the market risk from the start of the transaction to the current market value, and a collateral requirement for the potential market value change from the latest mark-to-market value to the value at which the net position could be liquidated.

CDS is also subject to liquidity risk. In the event of a Participant default, CDS must transact in the marketplace to offset the market risk. The market must be sufficiently liquid for CDS to enter into offsetting transactions at current market prices. The collateral pledged must be highly liquid and must allow CDS access to sufficient funds to be able to transact in the market when required. CDS protects itself by limiting FINet to Government of Canada T-bills and bonds, Government of Canada guaranteed debt as well as provincial T-bills, notes and bonds. With regard to the collateral for the Participant Fund, CDS only permits the most liquid assets to act as collateral. CDS has established a standby line of credit with a commercial liquidity provider, which can be activated to obtain liquidity in an event of default of a Participant in CCP. Furthermore, CDS has the ability, under its banking arrangements and the Payments Clearing and Settlement Act, to obtain liquidity from the Bank of Canada.

CDS will manage the CCP risks by applying the FINet risk model. CDS will determine and FINet Participants will be required to post intra-day collateral twice a day. The FINet risk model is expected to retain the target confidence level of 97% that applies to DetNet.

There are no known compliance issues for Participants.

C.3 Comparison to International Standards – (a) Committee on Payment and Settlement Systems of the Bank for International Settlements, (b) Technical Committee of the International Organization of Securities Commissions, and (c) the Group of Thirty

FINet exceeds the standards in terms of credit exposures. Mark-to-market will occur twice a day using current prices. CDS also back-tests FINet participant fund collateral requirements to ensure that they are sufficient and potential losses are limited through documented default procedures and a loss allocation mechanism.

Furthermore, FINet will have its own participant fund designed to contain the losses resulting from the default of a participant (who subscribes to FINet) without spillover to other services. Participants who subscribe to FINet will provide collateral to the participant fund and each participant's collateral requirement will represent an estimate of the potential loss that their default could create.

D. DESCRIPTION OF THE RULE DRAFTING PROCESS

D.1 Development Context

Development would take place on a technology platform that is both vendor supported and consistent with CDS's architecture strategy. The application would be scalable, with key components and processes being designed as separate modules, thereby allowing future enhancements to be delivered in a more cost effective manner. Data and functions would be consolidated by reusing existing CDSX components where possible, and would meet existing CDS security and audit control standards. Components of the fixed income netting architecture would be placed on a mainframe platform and would take advantage of newer development technologies that are expected to accelerate the development process.

D.2 Rule Drafting Process

Each amendment to the CDS Participant Rules is reviewed by CDS's Legal Drafting Group ("LDG"). The LDG is a committee that includes members of Participants' legal and business groups. The LDG's mandate is to advise CDS management and its Board of Directors[1] on rule amendments and other legal matters relating to centralized securities depository and clearing services in order to ensure that they meet the needs of CDS, its Participants and the securities industry.

These amendments were reviewed and approved by the Board of Directors of CDS Ltd. on November 26, 2008.

D.3 Issues Considered

CDS presented a number of alternative enhancements for fixed income netting to the Participant working group. The following were considered but rejected:

Expanding CNS Security Eligibility

CDS proposed making fixed income securities eligible for the CNS service to increase market efficiency on the existing CCP platform. However, most working group members indicated that significant system development would be required by them and their service bureaus to accommodate the CNS CCP model, such as:

- the existing CNS model does not allow Participants to place their outstanding obligations on hold. While it is possible to activate the hold Function within CNS, it is not possible to hold a portion of the outstanding to deliver or receive positions. Changes to CNS would be needed to provide this functionality. The working group indicated that this functionality would be required to effectively manage their non-exchange settlement activity and lines of credit. The business case is based on using existing CNS functionality as much as possible for the development of the fixed income netting service.

- netting deletes the original Trade and sets up a new net obligation with CDS as the counterparty. This is problematic for custodians as they operate on a TFT basis with their clients.

[1] Pursuant to a unanimous shareholder agreement between The Canadian Depository for Securities Limited ("CDS Ltd.") and CDS, effective as of November 01, 2006, CDS Ltd., which acts under the supervision of its Board of Directors, assumed all rights, powers, and duties of the CDS Board of Directors.

Intraday Settlement Optimization

CDS proposed running a mandatory intraday settlement optimization process that would have included all non-exchange fixed income TFT Trades with a Value Date equal to the current business date. To allow Participants to manage their credit facilities, only Trades in a pending status would have been considered for settlement optimization. The working group initially supported a settlement optimization process that included only fixed income Trades in a pending status. They did not support other options because they need to determine the settlement priority of the Trades they have on hold. The biggest risk with the inclusion of Trades on hold is Participants' inability to control the available credit they have in the system. For example, if Trades on hold were included in the optimization process, then a situation could arise where a Participant's buy Trades on hold could settle during the optimization process without any of their sell Trades settling. This would result in a substantial draw on the Participant's line-of-credit, thereby potentially limiting their ability to settle other Trades. Another factor for consideration was that CDSX settlement might have had to be disabled during the optimization process, with the result that measures would have been required to minimize the impact of this interruption on other CDSX functionality.

CDS conducted an analysis of the expected efficiencies from various options involving debt, equity, pending and on-hold Trades. The settlement efficiency of including only pending fixed income/debt Trades and not on-hold Trades was minimal, ranging from 1.3 – 3.9%. If confirmed debt Trades were included, significantly more outstanding fixed income Trades would settle (between 18.3 – 32.3% in the sample). In the discussion that followed, the working group was not willing to support the inclusion of Trades on hold, as these Trades are on hold for specific reasons and are not to be settled until the hold is removed. The working group recognized that the settlement efficiency expected with only pending Trades included was not sufficient to proceed with development of an intraday optimization process.

Fixed Income Netting Options

CDS presented three options for intraday netting to the working group. The working group did not reach consensus on proceeding with any of these options, but a subsequent meeting with DetNet members determined that an intraday netting process was required. Two other intraday netting options were discussed but were not pursued:

- "To receive" or "to deliver" obligations with CDS: This intraday netting option would have resulted in a "to receive" or "to deliver" obligation, rather than a TFT Trade. Although Participants would be able to hold settlement, once the hold was released, up to the full amount of the obligation could settle. This would cause the "to receive" Participants to lose the ability to manage their credit within CDSX. Also, this option would require changes to Participants' in-house systems, which are based on a TFT environment.

- TFT Trade with a CDS netting service Participant as counterparty: This intraday netting option would have resulted in a TFT obligation with another Participant as the counterparty (rather than CDS). In the normal course of business, the Participant's internal counterparty risk management processes may not allow them to deal with the counterparty they are matched against. This model would not provide balance sheet relief for repo transactions, as the repo rollover would have a different counterparty.

CDS also considered a number of alternatives to the recommended solution, but did not pursue them for the following reasons:

Status Quo

The vendor has a supported version of the server application used by DetNet, and CDS could upgrade to the supported version. However:

- the DetNet design is not fully compatible with CDS's security and audit standards, as it is an application that is not modular in nature. Key components and processes (e.g. netting and risk) are all embedded in the same code.

- DetNet does not have the additional functionality requested by the user community, and the lack of modularity within DetNet's design is such that any enhancement in functionality would require major code changes and testing.

- synchronization between the primary and backup systems for all data is more difficult to maintain in the event that a hardware failure takes place.

- specialized client server applications support would continue to be required, as DetNet would not be covered under the mainframe support currently provided for CDSX.

Migration of DetNet to the Mainframe

The migration of existing functionality to the mainframe would not achieve a number of requirements. The working group had specific added functionality requirements (identified earlier in the business case) to sustain participation in CDS's fixed income netting service.

Develop FINet as a Client Server Application

Building FINet as a client server application is possible, but was not pursued because:

- CDS would not be able to leverage existing CDSX components/functionality on a client server platform.
- synchronization between CDSX and FINet would be required, as FINServ would remain a standalone application.
- specialized support would be required, as FINet would not be covered under the mainframe support currently provided for CDSX.

D.4 Consultation

In developing the FINet Function, CDS, in consultation with Participants; considered the nature of the new securities being made eligible, the associated risks and an applicable risk model, the development platform, and the ability of CDS to provide the information to Participants via the various communications and transmission facilities available.

Development of the FINet Function was based on consultation with a cross-section of Participants and the Investment Industry Association of Canada ("IIAC"). The application would be developed in a manner consistent with CDS's architecture strategy.

Enhancing DetNet, a continuous net settlement ("CNS") model and netting without novation (where CDS would not be the counterparty) were considered by the Participant working group and were rejected.

CDS's Risk Advisory Committee ("RAC") was provided with the FINet risk model for review on October 23, 2007. Additionally, risk issues concerning FINet were discussed at RAC meetings on June 26, 2007 and August 15, 2007; liquidity determination for FINet securities was discussed on January 16, 2008; and the FINet loss allocation was discussed on July 15, 2008. Membership in RAC is open to representatives from the following CDSX participant groups: Extenders of Credit, Settlement Agents, Federated Participant, and Receivers of Credit. Representatives of CDS's regulators (Ontario Securities Commission, Quebec Autorité des marchés financiers and the Bank of Canada) and of the Investment Industry Regulatory Organization of Canada are permitted to participate on RAC as observers. The RAC's terms of reference are to review and recommend to CDS enhancements to the CDSX risk model, risk controls for the cross-border services and any related measures required to mitigate financial risk to CDS and its participants. It also is responsible for reviewing the adequacy of the model's coverage of the risks related to CDSX and the relative costs to CDS and its participants, for recommendation to the Audit/Risk Committee of the CDS Ltd. Board of Directors. RAC may be called upon to provide input regarding operational risk issues from time-to-time.

D.5 Alternatives Considered

The DetNet application is not scalable, and key components and processes are not designed as separate modules. Enhancements would require a more costly development and testing process, and would not meet CDS's current architecture standard. Data and Functions also would not be consolidated because CDS could not reuse existing CDSX components.

Development of the fixed income netting architecture on a mainframe platform would take advantage of newer development technologies, address the issues found with the existing DetNet architecture, and are expected to help accelerate the development process. A CNS model would require significant system development for Participants and the option which did not incorporate novation could expose Participants to settlement risk from counterparties with which they would not normally have traded with.

D.6 Implementation Plan

FINet will be implemented in phases in order to reduce complexity and risk. The phases are as follows:

- Pricing Phase - CDSX debt pricing changes are expected to be implemented on February 16, 2009
    - Additional/enhanced (include security yields) price feeds will be received from vendors
    - CORRA and benchmark time-series yield feeds will be received from a vendor

- Security Phase 1 – Government of Canada bonds/T-bills – expected on April 6, 2009
- Security Phase 2 – Provincial bonds/notes/T-bills – expected on May 4, 2009
- Security Phase 3 – Federally guaranteed bonds – expected on May 25, 2009

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Ontario *Securities Act*. The Autorité des marchés financiers has authorized CDS to carry on clearing activities in Québec pursuant to sections 169 and 170 of the Québec *Securities Act*. In addition CDS is deemed to be the clearing house for CDSX, a clearing and settlement system designated by the Bank of Canada pursuant to section 4 of the *Payment Clearing and Settlement Act.* The Ontario Securities Commission, the Autorité des marchés financiers and the Bank of Canada will hereafter be collectively referred to as the "Recognizing Regulators".

The amendments to Participant Rules will become effective upon approval of the amendments by the Recognizing Regulators following public notice and comment.

E. TECHNOLOGICAL SYSTEMS CHANGES

E.1 CDS

CDS plans to develop this as an elective service to Participants. From a CDS perspective, FINet is a new service and changes to CDSX and other existing systems are required.

The FINet Function will replace the existing DetNet Function as DetNet's client server based technology platform. FINet will run on CDS's mainframe platform and will be closely integrated with CDSX, eliminating the need to synchronize data or to coordinate activities on two platforms. The Function will manage the risks that are related to the Function and provide the ability to schedule, as well as run, multiple netting processes throughout the day, with two (intraday and end-of-day) considered for initial implementation. A new settlement process is also being developed to settle FINet trades in real-time fully or partially, depending on the availability of funds, security and/or collateral.

CDSX pricing relative to debt securities is also undergoing considerable enhancement in concert with the implementation of FINet. These enhancements include the automation of previously manual processes, the receipt of additional price feeds throughout the day and the use of provincial yields to calculate prices for provincial instruments when necessary (CDSX pricing currently uses yields related to federal securities to determine prices for provincial instruments).

E.2 CDS Participants

From the Participant's perspective, those who currently subscribe to DetNet are already set up to received fixed income netting service related output (files/InterLink messages/reporting) from CDS but they will also need to make provisions to receive additional files and related data. Those electing to subscribe to the FINet Function will have to make provision to receive FINet related output (files/InterLink messages/reporting).

E.3 Other Market Participants

No new outbound files or types of Interlink messages will result from the implementation of FINet. However, a new record type will be added to an existing outbound file and some existing Interlink messages will contain new values within existing fields. In addition, FINet related output will be generated by the new intraday netting process. Participants and/or their service bureaus have been made aware of these changes and the existing DetNet Participants and/or their service bureaus have indicated that they will be able to accept this output. An exhaustive testing regimen will be followed by CDS and a dry-run exercise (involving Participants and their service bureaus) will be conducted prior to FINet being promoted to production. This testing is not expected to have any negative impact on CDSX.

Changes, resulting from the implementation of FINet, to outbound files or Interlink messages are documented within CDS's Batch and Interactive Services – Technical information document.

F. COMPARISON TO OTHER CLEARING AGENCIES

The Depository Trust Clearing Corporation, through its subsidiary, the Fixed Income Clearing Corporation ("FICC") has rules in place for its fixed income netting service. CDS's previous fixed income netting service (DetNet) was modeled after DTCC's Government Securities Clearing Corporation ("GSCC"), the predecessor of the FICC. CDS's new fixed income netting service (FINet) is an enhancement to DetNet and is similar to FICC's Government Securities Division (GSD). Similar FICC rules include Rule 4 (Clearing Fund & Loss Allocation), Rule 11 (Netting System) and Rule 11B (Guaranty of Settlement).

G. PUBLIC INTEREST ASSESSMENT

CDS has determined that the proposed amendments are not contrary to the public interest.

H. COMMENTS

Comments on the proposed amendments should be in writing and submitted within 30 calendar days following the date of publication of this notice in the Ontario Securities Commission Bulletin to:

Legal Department
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

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

Copies should also be provided to the Autorité des marchés financiers and the Ontario Securities Commission by forwarding a copy to each of the following individuals:

M^{e} Anne-Marie Beaudoin
Secrétaire del'Autorité
Autorité des marchés financiers
800, square Victoria, 22^{e} étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Télécopieur: (514) 864-6381
Courrier électronique: consultation-en-cours@lautorite.qc.ca

Manager, Market Regulation
Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55,
20 Queen Street West
Toronto, Ontario M5H 3S8

Fax: 416-595-8940
e-mail: marketregulation@osc.gov.on.ca

CDS will make available to the public, upon request, all comments received during the comment period.

I. PROPOSED RULE AMENDMENTS

Appendix "A" contains text of current CDS Participant Rules marked to reflect proposed amendments as well as text of these rules reflecting the adoption of the proposed amendments.

TOOMAS MARLEY
Chief Legal Officer

APPENDIX "A"
PROPOSED RULE AMENDMENT

Text of CDS Participant Rules marked to reflect proposed amendments	Text of CDS Participant Rules reflecting the adoption of proposed amendments
1.2.1 Definitions	**1.2.1 Definitions**
"CCP Function" means either the CNS or ~~DetNet~~FINet Functions for processing Trades by novation and netting prior to Settlement.	"CCP Function" means either the CNS or FINet Functions for processing Trades by novation and netting prior to Settlement.
. . .	. . .
"Central Counterparty Obligation" means the reciprocal obligations and rights between CDS and a Participant as the result of the processing of Trades, prior to Settlement, in the CNS or ~~DetNet~~FINet Function. Under a Central Counterparty Obligation, (i) either CDS or the Participant has an obligation to deliver Securities and a right to receive payment for such delivered Securities, and (ii) the other party has the corresponding right to receive Securities and the corresponding obligation to make payment. A Central Counterparty Obligation is a CNS Obligation or a ~~DetNet~~FINet Obligation.	"Central Counterparty Obligation" means the reciprocal obligations and rights between CDS and a Participant as the result of the processing of Trades, prior to Settlement, in the CNS or FINet Function. Under a Central Counterparty Obligation, (i) either CDS or the Participant has an obligation to deliver Securities and a right to receive payment for such delivered Securities, and (ii) the other party has the corresponding right to receive Securities and the corresponding obligation to make payment. A Central Counterparty Obligation is a CNS Obligation or a FINet Obligation.
. . .	. . .
"~~DetNet~~FINet" means the Function described in Rule 7.3 for processing certain Trades prior to Settlement.	"FINet" means the Function described in Rule 7.3 for processing certain Trades prior to Settlement.
"~~DetNet~~FINet Obligation" means a Central Counterparty Obligation between CDS and a Participant that is calculated as the result of the processing of Trades, prior to Settlement, in the ~~DetNet~~FINet Function.	"FINet Obligation" means a Central Counterparty Obligation between CDS and a Participant that is calculated as the result of the processing of Trades, prior to Settlement, in the FINet Function.
"FINet Real Time Settlement Process**"** means one of the Settlement processes described in Rule 7.5.	"FINet Real Time Settlement Process" means one of the Settlement processes described in Rule 7.5.
. . .	. . .
"Function" means a method of processing Trades in respect of a Service. CDS may make available more than one Function in respect of any given Service. Functions include the Functions described in the Procedures and the CNS and ~~DetNet~~FINet Functions for processing Trades by novation and netting prior to Settlement.	"Function" means a method of processing Trades in respect of a Service. CDS may make available more than one Function in respect of any given Service. Functions include the Functions described in the Procedures and the CNS and FINet Functions for processing Trades by novation and netting prior to Settlement.
. . .	. . .
"Real Time TFT Settlement Process" or "Real Time TFT Process" means one of the Settlement processes described in Rule 7.5.	"Real Time TFT Settlement Process" or "Real Time TFT Process" means one of the Settlement processes described in Rule 7.5.
. . .	. . .
"Value Date" means the date on which the parties to a Trade or a ~~DetNet~~FINet Obligation have agreed that the Trade or ~~DetNet~~FINet Obligation is to be Settled.	"Value Date" means the date on which the parties to a Trade or a FINet Obligation have agreed that the Trade or FINet Obligation is to be Settled.
. . .	. . .

Text of CDS Participant Rules marked to reflect proposed amendments	Text of CDS Participant Rules reflecting the adoption of proposed amendments
1.3.14 Finality	**1.3.14 Finality**
Entries are made in the Ledgers maintained for Participants and for CDS to record Transactions involving two Participants or CDS and a Participant, including the deposit, withdrawal and delivery of Securities, the novation and netting of Transactions through the CNS Function and the ~~DetNet~~FINet Function, and the making of payment. Such entries are final and irrevocable when made. The settlement of a payment obligation between CDS and a Participant is final and irrevocable once made, and however made, including by payment to or from an account of CDS at Bank of Canada, by a payment message through Fedwire, by payment to or from an account of CDS at its banker for any Cross-Border Service, or by payment to or from the Participant's Qualified Banker or Designated Payment Agent. Such final and irrevocable entries and payments cannot be deleted, adjusted, reversed, repaid or set aside. CDS and the Participants shall be entitled to an accounting with respect to any Transaction, but any errors may be corrected only by the making of new entries or payments in accordance with the Rules as the circumstances may require.	Entries are made in the Ledgers maintained for Participants and for CDS to record Transactions involving two Participants or CDS and a Participant, including the deposit, withdrawal and delivery of Securities, the novation and netting of Transactions through the CNS Function and the FINet Function, and the making of payment. Such entries are final and irrevocable when made. The settlement of a payment obligation between CDS and a Participant is final and irrevocable once made, and however made, including by payment to or from an account of CDS at Bank of Canada, by a payment message through Fedwire, by payment to or from an account of CDS at its banker for any Cross-Border Service, or by payment to or from the Participant's Qualified Banker or Designated Payment Agent. Such final and irrevocable entries and payments cannot be deleted, adjusted, reversed, repaid or set aside. CDS and the Participants shall be entitled to an accounting with respect to any Transaction, but any errors may be corrected only by the making of new entries or payments in accordance with the Rules as the circumstances may require.
1.6.5 Settlements	**1.6.5 Settlements**
Settlement is effected on a delivery versus payment basis. Trades are reported to CDS to be Settled by the delivery of Securities and the making of payment. A Trade may be Settled either (i) without pre-Settlement netting using the Trade-For-Trade method, or (ii) with pre-Settlement novation and netting using one of the CNS or ~~DetNet~~FINet Functions to process Central Counterparty Obligations. Trades are subject to various edits, including the Aggregate Collateral Value Edit to monitor the amount of collateral available to support the Participant's obligations.	Settlement is effected on a delivery versus payment basis. Trades are reported to CDS to be Settled by the delivery of Securities and the making of payment. A Trade may be Settled either (i) without pre-Settlement netting using the Trade-For-Trade method, or (ii) with pre-Settlement novation and netting using one of the CNS or FINet Functions to process Central Counterparty Obligations. Trades are subject to various edits, including the Aggregate Collateral Value Edit to monitor the amount of collateral available to support the Participant's obligations.
Settlement of a Trade is effected by CDS making entries to the Ledgers maintained by it for the Participants who are parties to the Trade, to debit and credit the appropriate Accounts so as to make payment and deliver Securities between the Participants. Securities may be delivered by the book delivery of Securities held in the Depository Service. If a Trade is Settled using Certificate Based Settlement, the Securities are delivered by the physical delivery of a Security Certificate evidencing the Securities. Upon Settlement of a Trade, the obligations between the Participants to deliver Securities and to make payment are extinguished and replaced by obligations between CDS and the Participants to deliver the Securities shown in the Participants' Securities Accounts and to make payment as recorded in the Participants' Funds Accounts.	Settlement of a Trade is effected by CDS making entries to the Ledgers maintained by it for the Participants who are parties to the Trade, to debit and credit the appropriate Accounts so as to make payment and deliver Securities between the Participants. Securities may be delivered by the book delivery of Securities held in the Depository Service. If a Trade is Settled using Certificate Based Settlement, the Securities are delivered by the physical delivery of a Security Certificate evidencing the Securities. Upon Settlement of a Trade, the obligations between the Participants to deliver Securities and to make payment are extinguished and replaced by obligations between CDS and the Participants to deliver the Securities shown in the Participants' Securities Accounts and to make payment as recorded in the Participants' Funds Accounts.
5.7.1 Establishment of Funds	**5.7.1 Establishment of Funds**
Each Participant who uses any of the following Functions must become a Member of the Fund established for that Function:	Each Participant who uses any of the following Functions must become a Member of the Fund established for that Function:
~~(a) DetNet~~	(a) FINet
	(b) CNS

Text of CDS Participant Rules marked to reflect proposed amendments	Text of CDS Participant Rules reflecting the adoption of proposed amendments
(a) FINet (b) CNS Each Member of a Fund is part of the Fund Credit Ring. Each Member of a Fund Credit Ring guarantees payment to CDS of certain obligations of a suspended Member pursuant to this Rule 5.7. Each Member of a Fund makes Contributions to that Fund pursuant to Rule 5.8. **5.7.4 Calculation of Proportionate Share** Any request by CDS for payment pursuant to Rule 5.7.2 shall specify the effective time on the effective date to be used to calculate the Member's proportionate share of the obligation and shall provide details of that calculation. The effective date and time shall be the date and time of the suspension of the Defaulter or subsequent Defaulter, unless the Board of Directors determines that another date and time shall be used for such calculation. The Board of Directors, acting reasonably in the best interest of CDS and of Participants generally, may fix the effective time on the effective date for the calculation of proportionate shares. A Member's proportionate share of an obligation shall be in the same proportion to the obligations of all other Members that the Member's Fund Contribution to the Fund established for the Function in respect of which the obligation has arisen is of the total of all Fund Contributions required to be made to that Fund by all Members (other than the Defaulter), except that the proportionate share of a Member of the ~~DetNet~~FINet Fund shall be determined in accordance with a formula set out in the Procedures that is based on that Member's recent Transactions with the Defaulter that have been processed in ~~DetNet~~FINet and deleted from the Settlement Service, as reflected in the archival records of such deleted Transactions. In calculating a Member's proportionate share of the obligation of a subsequent Defaulter, the Fund Contributions to the Fund of the Defaulter and of each subsequent Defaulter shall be excluded from the calculation. If a Member's Fund Contribution is denominated separately in Canadian dollars and in US dollars, then for the purposes of this Rule 5.7.4, the calculation of the proportionate share shall be made using the aggregate Contributions, converting the US dollar Contributions to a Canadian equivalent using an exchange rate determined by CDS. **7.1.1 Overview of Settlement Service** The Settlement Service is a Service established by CDS to provide for the Settlement of Trades in eligible Securities, through the delivery of Securities and the making of payment on the records of CDS. Securities become eligible for CDSX as described in Rule 6.2; the Procedures and User Guides describe the Securities that are eligible for a particular Function in the Settlement Service. The Settlement of a Trade involves several steps:… (c) A Trade may be Settled either (i) without pre-Settlement netting using the Trade-For-Trade method, or (ii)	Each Member of a Fund is part of the Fund Credit Ring. Each Member of a Fund Credit Ring guarantees payment to CDS of certain obligations of a suspended Member pursuant to this Rule 5.7. Each Member of a Fund makes Contributions to that Fund pursuant to Rule 5.8. **5.7.4 Calculation of Proportionate Share** Any request by CDS for payment pursuant to Rule 5.7.2 shall specify the effective time on the effective date to be used to calculate the Member's proportionate share of the obligation and shall provide details of that calculation. The effective date and time shall be the date and time of the suspension of the Defaulter or subsequent Defaulter, unless the Board of Directors determines that another date and time shall be used for such calculation. The Board of Directors, acting reasonably in the best interest of CDS and of Participants generally, may fix the effective time on the effective date for the calculation of proportionate shares. A Member's proportionate share of an obligation shall be in the same proportion to the obligations of all other Members that the Member's Fund Contribution to the Fund established for the Function in respect of which the obligation has arisen is of the total of all Fund Contributions required to be made to that Fund by all Members (other than the Defaulter), except that the proportionate share of a Member of the FINet Fund shall be determined in accordance with a formula set out in the Procedures that is based on that Member's recent Transactions with the Defaulter that have been processed in FINet and deleted from the Settlement Service, as reflected in the archival records of such deleted Transactions. In calculating a Member's proportionate share of the obligation of a subsequent Defaulter, the Fund Contributions to the Fund of the Defaulter and of each subsequent Defaulter shall be excluded from the calculation. If a Member's Fund Contribution is denominated separately in Canadian dollars and in US dollars, then for the purposes of this Rule 5.7.4, the calculation of the proportionate share shall be made using the aggregate Contributions, converting the US dollar Contributions to a Canadian equivalent using an exchange rate determined by CDS. **7.1.1 Overview of Settlement Service** The Settlement Service is a Service established by CDS to provide for the Settlement of Trades in eligible Securities, through the delivery of Securities and the making of payment on the records of CDS. Securities become eligible for CDSX as described in Rule 6.2; the Procedures and User Guides describe the Securities that are eligible for a particular Function in the Settlement Service. The Settlement of a Trade involves several steps:… (c) A Trade may be Settled either (i) without pre-Settlement netting using the Trade-For-Trade method, or (ii) with pre-Settlement novation and netting using one of the CNS or FINet Functions to process Central Counterparty Obligations…. . . .

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with pre-Settlement novation and netting using one of the CNS or ~~DetNet~~ FINet Functions to process Central Counterparty Obligations…. . . . (e) There are ~~three~~ four Settlement processes: the Intraday Continuous Net Settlement Process, the Real Time TFT Settlement Process ~~and~~, the Combined Batch Net Settlement/Continuous Net Settlement Process~~.~~ and the FINet Real Time Settlement Process. **7.1.2 Overview of Netting Prior to Settlement** A Trade may be Settled either (i) without pre-Settlement netting using the Trade-For-Trade method, or (ii) with pre-Settlement novation and netting using one of the CNS or ~~DetNet~~FINet Functions to create and revise Central Counterparty Obligations. When a Trade is Settled without netting using the Trade-for-Trade method, the Participants who are parties to the Trade retain their identity as deliverer and receiver, and as payee and payor, with respect to that Trade until Settlement between those Participants is completed. A Trade may be processed prior to Settlement through one of the CNS or ~~DetNet~~FINet Functions, if that Function applies automatically to that class of Trades or if the following conditions are met: (i) both Participants to the Trade use that Function; (ii) the Security with respect to which the Trade is made is eligible for that Function; and (iii) both Participants specify the use of that Function for the Settlement of that Trade. When a Trade is processed in the CNS Function or ~~DetNet~~FINet Function prior to Settlement, each of the obligations of the Participants who are the parties to the Trade is first novated to obligations between each Participant and CDS and the resulting novated obligation with CDS is then netted with each Participant's like obligations with CDS to calculate the Central Counterparty Obligation to be Settled between that Participant and CDS. Under a Central Counterparty Obligation, (i) either CDS or the Participant has an obligation to deliver Securities and a right to receive payment for such delivered Securities, and (ii) the other party has the corresponding right to receive Securities and the corresponding obligation to make payment. A Central Counterparty Obligation is a CNS Obligation or a ~~DetNet~~FINet Obligation, depending on which Function was used to process the original Trades. **7.3 ~~DETNET~~FINET FUNCTION** **7.3.1 Overview of ~~DetNet~~FINet Function** ~~DetNet~~FINet is a Function to net and novate fixed income eligible ~~future dated~~ Trades. ~~DetNet~~For eligible Trades, FINet calculates the ~~DetNet~~FINet Obligations owing from time to time between a Participant and CDS by novating, on or prior	(e) There are four Settlement processes: the Intraday Continuous Net Settlement Process, the Real Time TFT Settlement Process, the Combined Batch Net Settlement/Continuous Net Settlement Process and the FINet Real Time Settlement Process. **7.1.2 Overview of Netting Prior to Settlement** A Trade may be Settled either (i) without pre-Settlement netting using the Trade-For-Trade method, or (ii) with pre-Settlement novation and netting using one of the CNS or FINet Functions to create and revise Central Counterparty Obligations. When a Trade is Settled without netting using the Trade-for-Trade method, the Participants who are parties to the Trade retain their identity as deliverer and receiver, and as payee and payor, with respect to that Trade until Settlement between those Participants is completed. A Trade may be processed prior to Settlement through one of the CNS or FINet Functions, if that Function applies automatically to that class of Trades or if the following conditions are met: (i) both Participants to the Trade use that Function; (ii) the Security with respect to which the Trade is made is eligible for that Function; and (iii) both Participants specify the use of that Function for the Settlement of that Trade. When a Trade is processed in the CNS Function or FINet Function prior to Settlement, each of the obligations of the Participants who are the parties to the Trade is first novated to obligations between each Participant and CDS and the resulting novated obligation with CDS is then netted with each Participant's like obligations with CDS to calculate the Central Counterparty Obligation to be Settled between that Participant and CDS. Under a Central Counterparty Obligation, (i) either CDS or the Participant has an obligation to deliver Securities and a right to receive payment for such delivered Securities, and (ii) the other party has the corresponding right to receive Securities and the corresponding obligation to make payment. A Central Counterparty Obligation is a CNS Obligation or a FINet Obligation, depending on which Function was used to process the original Trades. **7.3 FINET FUNCTION** **7.3.1 Overview of FINet Function** FINet is a Function to net and novate fixed income eligible Trades. For eligible Trades, FINet calculates the FINet Obligations owing from time to time between a Participant and CDS by novating, on or prior to Value Date, the obligations between the Participants arising from an eligible Trade to obligations with CDS and by netting all of a Participant's like obligations with CDS. Each resulting FINet Obligation is a Central Counterparty Obligation that is eligible for Settlement on its Value Date through FINet real-time settlement or the Settlement Service.

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to Value Date, the obligations between the Participants arising from an eligible Trade to obligations with CDS and by netting all of a Participant's like obligations with CDS. Each resulting ~~DetNet~~FINet Obligation is a Central Counterparty Obligation that is ~~Settled~~ eligible for Settlement on its Value Date through FINet real-time settlement or the Settlement Service.	
7.3.2 Eligibility	**7.3.2 Eligibility**
Pursuant to Rule 2.2.8, the Board may impose such additional qualifications and standards for Participants eligible to use ~~DetNet~~FINet as the Board considers necessary or desirable for the protection of CDS and of other Participants using ~~DetNet~~FINet. CDS shall determine the Trades that are eligible for processing in ~~DetNet~~FINet, based on any characteristic that CDS determines is relevant, including the class of Securities to be delivered in such Trade and the ~~Value Date of the Trade.~~ trade source.	Pursuant to Rule 2.2.8, the Board may impose such additional qualifications and standards for Participants eligible to use FINet as the Board considers necessary or desirable for the protection of CDS and of other Participants using FINet. CDS shall determine the Trades that are eligible for processing in FINet, based on any characteristic that CDS determines is relevant, including the class of Securities to be delivered in such Trade and the trade source.
A ~~Trade~~current or past or future value-dated Trade may be processed prior to Settlement through ~~DetNet~~FINet, ~~if DetNet applies automatically to that class of Trades or if the following conditions are met: (i) both Participants to the Trade use DetNet; (ii) the Security with respect to which the Trade is made is eligible for DetNet; and (iii) both Participants specify the use of DetNet for the Settlement of that Trade~~ if FINet applies automatically to that class of Trades and if the Trade meets the eligibility criteria set out in the Procedures and the criteria set out in each Participant's service options.	A current or past or future value-dated Trade may be processed prior to Settlement through FINet, if FINet applies automatically to that class of Trades and if the Trade meets the eligibility criteria set out in the Procedures and the criteria set out in each Participant's service options.
7.3.3 Novation of Trades Prior to Settlement	**7.3.3 Novation of Trades Prior to Settlement**
When a Trade is processed in ~~DetNet~~FINet, the Settlement obligations and rights between the Participants arising from the Trade (to deliver Securities and to receive payment, or to receive Securities and to make payment) are extinguished and replaced by corresponding Settlement obligations and rights between each Participant and CDS, with the result that all such obligations of each Participant are owed to CDS and all such rights of each Participant are against CDS. The novated obligations and rights between CDS and each Participant shall be due as of the Value Date of the Trade. To the extent, if any, that the novation of the Settlement obligations and rights affects any of the terms and conditions of the underlying Trade between the Participants that was to be Settled by the Trade, such terms and conditions shall be deemed to be amended, required to be performed and to have effect in a manner consistent with Settlement by ~~DetNet~~FINet processing ~~(unless the Participants expressly agree otherwise)~~.	When a Trade is processed in FINet, the Settlement obligations and rights between the Participants arising from the Trade (to deliver Securities and to receive payment, or to receive Securities and to make payment) are extinguished and replaced by corresponding Settlement obligations and rights between each Participant and CDS, with the result that all such obligations of each Participant are owed to CDS and all such rights of each Participant are against CDS. The novated obligations and rights between CDS and each Participant shall be due as of the Value Date of the Trade. To the extent, if any, that the novation of the Settlement obligations and rights affects any of the terms and conditions of the underlying Trade between the Participants that was to be Settled by the Trade, such terms and conditions shall be deemed to be amended, required to be performed and to have effect in a manner consistent with Settlement by FINet processing.
7.3.4 Netting of Novated Trades	**7.3.4 Netting of Novated Trades**
Each time a Trade between Participants is processed in ~~DetNet~~FINet, the novated obligations and rights between each Participant and CDS are netted with their like novated obligations and rights in order to calculate the single ~~DetNet~~FINet Obligation with that Value Date, for that issue of Securities and in that currency then-outstanding between that	Each time a Trade between Participants is processed in FINet, the novated obligations and rights between each Participant and CDS are netted with their like novated obligations and rights in order to calculate the single FINet Obligation with that Value Date, for that issue of Securities and in that currency then-outstanding between that Participant and CDS. One FINet Obligation is a like obligation to another FINet Obligation if each is a FINet Obligation of that Participant to CDS, and of CDS to that Participant, with the same Value Date, denominated in the same currency, for the same issue of Securities, and resulting from other Trades of that Participant that has processed through FINet. A Participant's FINet Obligations are like obligations and may be netted even if under one FINet Obligation, CDS has the obligation to deliver Securities to the Participant and the right to receive payment from the Participant, while under the other FINet Obligation, CDS has the right to receive Securities from the Participant and the obligation to make payment to the Participant, and *vice versa*. CDS maintains a record of the FINet Obligations of each Participant outstanding from time to time, to record by Value

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Participant and CDS. One ~~DetNet~~FINet Obligation is a like obligation to another ~~DetNet~~FINet Obligation if each is a ~~DetNet~~FINet Obligation of that Participant to CDS, and of CDS to that Participant, with the same Value Date, denominated in the same currency, for the same issue of Securities, and resulting from other Trades of that Participant ~~previously~~that has processed through ~~DetNet~~FINet. A Participant's ~~DetNet~~FINet Obligations are like obligations and may be netted even if under one ~~DetNet~~FINet Obligation, CDS has the obligation to deliver Securities to the Participant and the right to receive payment from the Participant, while under the other ~~DetNet~~FINet Obligation, CDS has the right to receive Securities from the Participant and the obligation to make payment to the Participant, and *vice versa*. CDS maintains a record of the ~~DetNet~~FINet Obligations of each Participant outstanding from time to time, to record by Value Date for each issue of Securities (i) the obligation of the Participant to deliver Securities to CDS and the right of the Participant to receive payment from CDS, or (ii) the obligation of the Participant to receive Securities from CDS and the right of the Participant to make payment to CDS. **7.3.5 ~~DetNet~~FINet Process** The netting of the obligations and rights arising from a novated Trade occurs simultaneously with the novation of that Trade, to calculate a single ~~DetNet~~FINet Obligation due on each Value Date for each issue of Securities~~,~~ ~~and~~ denominated in the same currency and for the same client account (if applicable). Such novation and netting occur when entries are made in the records maintained by CDS, deleting the Trade between the Participants and recording new or recalculated ~~DetNet~~FINet Obligations between each of the Participants and CDS. The entries for each Trade are processed concurrently on a committed basis, with the result that (i) either all of the entries are made to delete the Trade and record the ~~DetNet~~FINet Obligations or none of the entries is made, and (ii) the deletion and the recording occur simultaneously. CDS shall provide Participants with information showing each of the Trades that has been deleted upon being processed in ~~DetNet~~FINet, to assist Participants in reconciling their records. For greater certainty, the fact that CDS provides archival records of the deleted Trades shall not detract from the finality of the novation of any Trade once processed in ~~DetNet~~FINet, and such records shall not constitute evidence of any obligation owing between the Participants to a deleted Trade. **7.3.6 Marks** (a) Daily Mark-to-Market Calculations For each Business Day that a ~~DetNet~~FINet Obligation is outstanding, CDS shall calculate at the times and in accordance with the Procedures ~~the~~a daily Mark in respect of that ~~DetNet~~FINet Obligation. ~~The~~ A daily Mark reflects the financing element of the ~~DetNet~~FINet Obligation and the then-current market price of the Securities based on the daily price feeds that are to be ~~delivered or~~ received ~~on Value Date~~	Date for each issue of Securities (i) the obligation of the Participant to deliver Securities to CDS and the right of the Participant to receive payment from CDS, or (ii) the obligation of the Participant to receive Securities from CDS and the right of the Participant to make payment to CDS. **7.3.5 FINet Process** The netting of the obligations and rights arising from a novated Trade occurs simultaneously with the novation of that Trade, to calculate a single FINet Obligation due on each Value Date for each issue of Securities, denominated in the same currency and for the same client account (if applicable). Such novation and netting occur when entries are made in the records maintained by CDS, deleting the Trade between the Participants and recording new or recalculated FINet Obligations between each of the Participants and CDS. The entries for each Trade are processed concurrently on a committed basis, with the result that (i) either all of the entries are made to delete the Trade and record the FINet Obligations or none of the entries is made, and (ii) the deletion and the recording occur simultaneously. CDS shall provide Participants with information showing each of the Trades that has been deleted upon being processed in FINet, to assist Participants in reconciling their records. For greater certainty, the fact that CDS provides archival records of the deleted Trades shall not detract from the finality of the novation of any Trade once processed in FINet, and such records shall not constitute evidence of any obligation owing between the Participants to a deleted Trade. **7.3.6 Marks** (a) Daily Mark-to-Market Calculations For each Business Day that a FINet Obligation is outstanding, CDS shall calculate at the times and in accordance with the Procedures a daily Mark in respect of that FINet Obligation. A daily Mark reflects the financing element of the FINet Obligation and the then-current market price of the Securities based on the daily price feeds that are to be received by CDS and may be calculated one or more times on a Business Day. A daily Mark is an amount that shall be paid on that Business Day (intraday mark) or the next Business Day (end-of-day mark) either to CDS by the Participant owing the FINet Obligation, or by CDS to that Participant. In addition, on that Business Day the payment component of the FINet Obligation is adjusted by the amount of the daily Mark. (b) Fail Mark In addition, to encourage the timely Settlement of FINet Obligations, CDS may impose a fail Mark in respect of any delayed or partial delivery of the Securities to be delivered pursuant to a FINet Obligation or in respect of any delayed or partial payment to be made pursuant to a FINet Obligation. CDS shall calculate in accordance with the Procedures the fail Mark, which will reflect the financing cost of the delayed or partial Settlement. If imposed, the fail Mark shall be paid to CDS by participants who failed to deliver Securities or to make

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by ~~the Participant in respect of that DetNet Obligation. The~~CDS and may be calculated one or more times on a Business Day. A daily Mark is an amount that shall be paid on that Business Day (intraday mark) or the next Business Day (end-of-day mark) either to CDS by the Participant owing the ~~DetNet~~FINet Obligation, or by CDS to that Participant. In addition, on that Business Day the payment component of the ~~DetNet~~FINet Obligation is adjusted by the amount of the daily Mark. (b) Fail Mark In addition, to encourage the timely Settlement of ~~DetNet~~FINet Obligations, CDS may impose a fail Mark in respect of any delayed or partial delivery of the Securities to be delivered pursuant to a ~~DetNet~~FINet Obligation or in respect of any delayed or partial payment to be made pursuant to a ~~DetNet~~FINet Obligation. CDS shall calculate in accordance with the Procedures the fail Mark, which will reflect the financing cost of the delayed or partial Settlement. If imposed, the fail Mark shall be paid to CDS by participants who failed to deliver Securities or to make payment to CDS, and shall be paid by CDS to participants to whom CDS failed to deliver Securities or to make payment. The payment component of the ~~DetNet~~FINet Obligation is not adjusted by the amount of the fail Mark. (c) Payment of Net Mark CDS calculates a net amount owing to or by each Participant in respect of Marks for ~~DetNet~~FINet by netting all ~~DetNet~~FINet Marks to be paid or received by that Participant and the net ~~DetNet~~FINet Mark is credited to or debited from the Funds Account of the Participant. No amount shall be drawn under a Line of Credit or a System-Operating Cap in respect of a ~~DetNet~~FINet Mark. **7.3.7 Settlement of ~~DetNet~~FINet Obligations** Each ~~DetNet~~FINet Obligation shall be Settled on its Value Date by a Trade between the Participant and CDS, effected by appropriate debits and credits to the Securities Account and Funds Account of CDS and of the Participant, subject to the same edits and restrictions as any other Trade of that Participant. **7.3.8 Partial Settlement and Delayed Settlement** (a) Effect of Partial or Delayed Settlement CDS may delay the receipt of, or take partial receipt of, Securities that it is due to receive under the securities component of a ~~DetNet~~FINet Obligation if it is unable to re-deliver all such Securities under the securities component of another of its ~~DetNet~~FINet Obligations with another ~~participant~~Participant, and may delay the delivery of, or make partial delivery of, Securities that it is due to deliver under the securities component of a ~~DetNet~~FINet Obligation if it has not received the delivery of all such Securities under the securities component of another of its ~~DetNet~~FINet	payment to CDS, and shall be paid by CDS to participants to whom CDS failed to deliver Securities or to make payment. The payment component of the FINet Obligation is not adjusted by the amount of the fail Mark. (c) Payment of Net Mark CDS calculates a net amount owing to or by each Participant in respect of Marks for FINet by netting all FINet Marks to be paid or received by that Participant and the net FINet Mark is credited to or debited from the Funds Account of the Participant. No amount shall be drawn under a Line of Credit or a System-Operating Cap in respect of a FINet Mark. **7.3.7 Settlement of FINet Obligations** Each FINet Obligation shall be Settled on its Value Date by a Trade between the Participant and CDS, effected by appropriate debits and credits to the Securities Account and Funds Account of CDS and of the Participant, subject to the same edits and restrictions as any other Trade of that Participant. **7.3.8 Partial Settlement and Delayed Settlement** (a) Effect of Partial or Delayed Settlement CDS may delay the receipt of, or take partial receipt of, Securities that it is due to receive under the securities component of a FINet Obligation if it is unable to re-deliver all such Securities under the securities component of another of its FINet Obligations with another Participant, and may delay the delivery of, or make partial delivery of, Securities that it is due to deliver under the securities component of a FINet Obligation if it has not received the delivery of all such Securities under the securities component of another of its FINet Obligations with another Participant. When a partial delivery of Securities is made by a Participant or by CDS in Settlement of the securities component of its FINet Obligation, the payment component of that FINet Obligation shall be adjusted accordingly; when a partial payment is made by a Participant or by CDS in Settlement of the payment component of its FINet Obligation, the securities component of that FINet Obligation shall be adjusted accordingly. If a FINet Obligation of a Participant or of CDS is not Settled in full on its Value Date because any or all of the Securities due to be delivered in respect of the FINet Obligation are not delivered or because any or all of the payments due to be made in respect of the FINet Obligation are not made, then the Value Date of the outstanding FINet Obligation will be changed to the next Business Day, and will be netted with the like FINet Obligations of CDS and of that Participant for the new Value Date (if they exist). The revision and recalculation of the FINet Obligation will continue until it is Settled in full. To encourage the timely Settlement of FINet Obligations, CDS may impose a fee in respect of any delayed or partial delivery or receipt of the Securities pursuant to a FINet Obligation or in respect of any delayed or partial payment to be made pursuant to a FINet Obligation.

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Obligations with another ~~participant~~Participant. When a partial delivery of Securities is made by a ~~participant~~Participant or by CDS in Settlement of the securities component of its ~~DetNet~~FINet Obligation, the payment component of that ~~DetNet~~FINet Obligation shall be adjusted accordingly; when a partial payment is made by a ~~participant~~Participant or by CDS in Settlement of the payment component of its ~~DetNet~~FINet Obligation, the securities component of that ~~DetNet~~FINet Obligation shall be adjusted accordingly. If a ~~DetNet~~FINet Obligation of a ~~participant~~Participant or of CDS is not Settled in full on its Value Date because any or all of the Securities due to be delivered in respect of the ~~DetNet~~FINet Obligation are not delivered or because any or all of the payments due to be made in respect of the ~~DetNet~~FINet Obligation are not made, then the Value Date of the outstanding ~~DetNet~~FINet Obligation will be changed to the next Business Day, and will be netted with the like ~~DetNet~~FINet Obligations of CDS and of that ~~participant~~Participant for the new Value Date (if they exist). The revision and recalculation of the ~~DetNet~~FINet Obligation will continue until it is Settled in full. To encourage the timely Settlement of ~~DetNet~~FINet Obligations, CDS may impose a fee in respect of any delayed or partial ~~delivery~~ delivery or receipt of the Securities ~~to be delivered~~ pursuant to a ~~DetNet~~FINet Obligation or in respect of any delayed or partial payment to be made pursuant to a ~~DetNet~~FINet Obligation. (b) Buy-In Procedure If CDS has not delivered all of the Securities owing to a Participant under a ~~DetNet~~FINet Obligation, then that Participant may request CDS to Settle the then-outstanding ~~DetNet~~FINet Obligation on its ~~then current~~ original Value Date. If CDS receives such a request to Settle a partial or delayed delivery, CDS may require any Participant who has a ~~DetNet~~FINet Obligation to deliver Securities of that issue to CDS ~~on that Value Date~~ to make such delivery. Upon such request by CDS, that Participant shall be required to Settle in full the forced-on ~~DetNet~~FINet Obligation by the time prescribed and shall not be permitted to make a partial delivery or to delay delivery. If the Participant fails to Settle a forced-on ~~DetNet~~FINet Obligation in full, then CDS may at any time execute a buy-in of the Participant's delayed or partial delivery. When CDS executes a buy-in, the forced-on ~~DetNet~~FINet Obligation shall be terminated. CDS may appoint an agent to purchase the Securities required for the buy-in, and the purchase shall be made on such terms as CDS deems commercially reasonable taking into consideration the need of CDS to receive prompt delivery of such Securities. If CDS makes such a purchase, the purchase price of such Securities, and all costs and expenses incurred by CDS in connection with the purchase, shall be an amount immediately due and owing to CDS by the Participant who failed to Settle the forced-on ~~DetNet~~FINet Obligation. **7.3.9 Default after Settlement** Once a ~~DetNet~~FINet Obligation has been Settled, the ~~DetNet~~FINet Obligation shall no longer be distinguished from any other Trades Settled for the Participant. If the Participant	(b) Buy-In Procedure If CDS has not delivered all of the Securities owing to a Participant under a FINet Obligation, then that Participant may request CDS to Settle the then-outstanding FINet Obligation on its original Value Date. If CDS receives such a request to Settle a partial or delayed delivery, CDS may require any Participant who has a FINet Obligation to deliver Securities of that issue to CDS to make such delivery. Upon such request by CDS, that Participant shall be required to Settle in full the forced-on FINet Obligation by the time prescribed and shall not be permitted to make a partial delivery or to delay delivery. If the Participant fails to Settle a forced-on FINet Obligation in full, then CDS may at any time execute a buy-in of the Participant's delayed or partial delivery. When CDS executes a buy-in, the forced-on FINet Obligation shall be terminated. CDS may appoint an agent to purchase the Securities required for the buy-in, and the purchase shall be made on such terms as CDS deems commercially reasonable taking into consideration the need of CDS to receive prompt delivery of such Securities. If CDS makes such a purchase, the purchase price of such Securities, and all costs and expenses incurred by CDS in connection with the purchase, shall be an amount immediately due and owing to CDS by the Participant who failed to Settle the forced-on FINet Obligation. **7.3.9 Default after Settlement** Once a FINet Obligation has been Settled, the FINet Obligation shall no longer be distinguished from any other Trades Settled for the Participant. If the Participant is suspended after Settlement of the FINet Obligation, CDS shall take steps with respect to that suspension without regard for the fact that the obligation in respect of which the Participant has defaulted included debits or credits arising from the Settlement of the FINet Obligation. Without limiting the generality of the foregoing, CDS may take the steps set out in Rule 9.2 to collect payment from any Surety and from the other Members of any Credit Ring of which the Defaulter is a Member, and the steps set out in Rule 9 generally. **7.3.10 Close-Out Process** (a) Actions by CDS Upon the termination or suspension of a FINet Participant, CDS shall: (i) Settle FINet Obligations due on that Value Date with each Participant other than the Defaulter, but such Settlement may be delayed until after completion of the close-out process for the Defaulter in accordance with this Rule; (ii) terminate all outstanding FINet Obligations of that Defaulter (including FINet Obligations that were due to Settle on the date of suspension and FINet Obligations with future Value Dates); (iii) determine the close-out amount for each

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is suspended after Settlement of the ~~DetNet~~FINet Obligation, CDS shall take steps with respect to that suspension without regard for the fact that the obligation in respect of which the Participant has defaulted included debits or credits arising from the Settlement of the ~~DetNet~~FINet Obligation. Without limiting the generality of the foregoing, CDS may take the steps set out in Rule 9.2 to collect payment from any Surety and from the other Members of any Credit Ring of which the Defaulter is a Member, and the steps set out in Rule 9 generally.	terminated FINet Obligation;
	(iv) determine the net termination value for all of FINet Obligations of that Defaulter, by netting or setting off all close-out amounts that are losses to CDS against all close-out amounts that are gains to CDS; and
	(v) take any steps under Rule 9.
	CDS may decide not to take all or any such steps in respect of a suspended Participant, in which event the notice of suspension will indicate which steps are to be taken.
7.3.10 Close-Out Process	
(a) Actions by CDS	(b) Calculation of Close-Out Amounts
Upon the termination or suspension of a ~~DetNet~~FINet Participant, CDS shall:	The close-out amount for each FINet Obligation shall be the amount determined by CDS in good faith to be its total loss or gain arising from the failure of that FINet Obligation, including any cost of funding. CDS may enter into a Trade that has the effect of replacing for CDS (to the extent feasible) the economic equivalent of the Defaulter's obligation pursuant to that FINet Obligation to deliver Securities for the corresponding payment or to receive Securities on making the corresponding payment. CDS may in its discretion determine that the replacement Trade shall be a buy/sell, a purchase/repurchase, a repo, a securities loan, or a Trade otherwise structured. If the replacement Trade is to be Settled by a Trade, that Trade may itself be processed in FINet. The cost or gain to CDS of such replacement Trade, including the Marks paid or received on FINet Obligation resulting from the processing of the replacement Trade through FINet, shall be used to calculate the close-out amount of that replaced FINet Obligation. If CDS determines that it is not feasible to enter into a replacement trade, the loss or gain constituting the close-out amount may be determined by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant market.
(i) Settle ~~DetNet~~FINet Obligations due on that Value Date with each Participant other than the Defaulter, but such Settlement may be delayed until after completion of the close-out process for the Defaulter in accordance with this Rule;	
(ii) terminate all outstanding ~~DetNet~~FINet Obligations of that Defaulter (including ~~DetNet~~FINet Obligations that were due to Settle on the date of suspension and ~~DetNet~~FINet Obligations with future Value Dates);	
(iii) determine the close-out amount for each terminated ~~DetNet~~FINet Obligation;	
(iv) determine the net termination value for all of ~~DetNet~~FINet Obligations of that Defaulter, by netting or setting off all close-out amounts that are losses to CDS against all close-out amounts that are gains to CDS; and	
(~~vi~~iv) take any steps under Rule 9.	(c) Calculation of the Net Termination Value
CDS may decide not to take all or any such steps in respect of a suspended Participant, in which event the notice of suspension will indicate which steps are to be taken.	CDS shall calculate the net termination value for all of the Defaulter's FINet Obligations terminated upon the suspension of the Participant, which shall be the net of all losses or gains arising from the close-out amount of all FINet Obligations. The net termination value shall be an amount that is immediately due and payable by the Defaulter to CDS.
(b) Calculation of Close-Out Amounts	(d) Release of Liability
The close-out amount for each ~~DetNet~~FINet Obligation shall be the amount determined by CDS in good faith to be its total loss or gain arising from the failure of that ~~DetNet~~FINet Obligation, including any cost of funding. CDS may enter into a Trade that has the effect of replacing for CDS (to the extent feasible) the economic equivalent of the Defaulter's obligation pursuant to that ~~DetNet~~FINet Obligation to deliver Securities for the corresponding payment or to receive Securities on making the corresponding payment. CDS may in its discretion determine that the replacement Trade shall be a buy/sell, a purchase/repurchase, a repo, a securities loan, or a Trade otherwise structured. If the replacement Trade is to be Settled by a Trade, that Trade may itself be processed in	Each FINet Participant releases and discharges CDS from any liability or claim arising from the exercise of the powers granted pursuant to this Rule 7.3, other than liabilities or claims arising from gross negligence or wilful default.
	7.3.11 Withdrawal from FINet
	A Participant may withdraw from FINet by giving notice to CDS of its intention to withdraw. CDS shall inform all of the other Participants making use of FINet that it has received a notice

Text of CDS Participant Rules marked to reflect proposed amendments	Text of CDS Participant Rules reflecting the adoption of proposed amendments
~~DetNet~~FINet. The cost or gain to CDS of such replacement Trade, including the Marks paid or received on ~~DetNet~~FINet Obligation resulting from the processing of the replacement Trade through ~~DetNet~~FINet, shall be used to calculate the close-out amount of that replaced ~~DetNet~~FINet Obligation. If CDS determines that it is not feasible to enter into a replacement trade, the loss or gain constituting the close-out amount may be determined by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant market. (c) Calculation of the Net Termination Value CDS shall calculate the net termination value for all of the Defaulter's ~~DetNet~~FINet Obligations terminated upon the suspension of the Participant, which shall be the net of all losses or gains arising from the close-out amount of all ~~DetNet~~FINet Obligations. The net termination value shall be an amount that is immediately due and payable by the Defaulter to CDS. (d) Release of Liability Each ~~DetNet~~FINet Participant releases and discharges CDS from any liability or claim arising from the exercise of the powers granted pursuant to this Rule 7.3, other than liabilities or claims arising from gross negligence or wilful default. **7.3.11 Withdrawal from ~~DetNet~~FINet** A Participant may withdraw from ~~DetNet~~FINet by giving notice to CDS of its intention to withdraw. CDS shall inform all of the other Participants making use of ~~DetNet~~FINet that it has received a notice of intention to withdraw from that Participant, and shall give particulars of the withdrawal. The notice shall be effective as of the end of the tenth Business Day following the later of (i) the Business Day on which the Participant gives such notice or (ii) the Business Day on which the Participant, having given such notice, has no outstanding ~~DetNet~~FINet Obligations and has paid the net amount owing by it in respect of ~~DetNet~~FINet Marks. A Participant who has withdrawn from ~~DetNet~~FINet has no obligations pursuant to Rule 5.8 with respect to the obligation of a Defaulter who is suspended after the time at which the Participant's notice of intention to withdraw is effective. Unless the Participant has exercised the CCP Withdrawal Option pursuant to Rule 9.4, a Participant who has given a notice of intention to withdraw continues to be subject to all of its obligations pursuant to Rule 5.8 with respect to the obligation of a Defaulter who is suspended before the time at which the Participant's notice of intention to withdraw is effective. **7.3.12 Transition Provision** Pursuant to Rule 3.3.10, CDS shall give notice to DetNet Participants that the DetNet Function will be terminated at least 30 days prior to the effective date of the termination of the DetNet Function on [Monday, April 6, 2009].	of intention to withdraw from that Participant, and shall give particulars of the withdrawal. The notice shall be effective as of the end of the tenth Business Day following the later of (i) the Business Day on which the Participant gives such notice or (ii) the Business Day on which the Participant, having given such notice, has no outstanding FINet Obligations and has paid the net amount owing by it in respect of FINet Marks. A Participant who has withdrawn from FINet has no obligations pursuant to Rule 5.8 with respect to the obligation of a Defaulter who is suspended after the time at which the Participant's notice of intention to withdraw is effective. Unless the Participant has exercised the CCP Withdrawal Option pursuant to Rule 9.4, a Participant who has given a notice of intention to withdraw continues to be subject to all of its obligations pursuant to Rule 5.8 with respect to the obligation of a Defaulter who is suspended before the time at which the Participant's notice of intention to withdraw is effective. **7.3.12 Transition Provision** Pursuant to Rule 3.3.10, CDS shall give notice to DetNet Participants that the DetNet Function will be terminated at least 30 days prior to the effective date of the termination of the DetNet Function on [Monday, April 6, 2009]. Pursuant to Rules 2.2.2, 2.2.7 and 2.2.8, all eligible DetNet Participants shall be deemed to be eligible for and have applied and been approved to use the FINet Function, and are deemed to be FINet Participants upon the commencement of the FINet Function. At any time after the commencement of the FINet Function, a FINet Participant may withdraw from participation in the FINet Function pursuant to Rule 7.3.11. However, if the withdrawing FINet Participant has outstanding netted Trades and/or original netted Trades that have not yet reached their Value Dates when the DetNet Function is terminated, the FINet Participant shall not withdraw from participation in the FINet Function pursuant to Rule 7.3.11 until 10 Business Days after the FINet Participant no longer has outstanding netted Trades and has paid the net amount owing in respect to their mark-to-the-market obligations related to the original netted Trades. **7.5.1 Settlement Processes** A pending Trade or outstanding Central Counterparty Obligation is considered for Settlement on its Value Date. There are four Settlement processes: the Real Time TFT Settlement Process (the Real Time TFT Process), the Intraday Continuous Net Settlement Process (the Intraday CNS Process), the Combined Batch Net Settlement/Continuous Net Settlement Process (the Combined Batch/CNS Process) and the FINet Real Time Settlement Process. **7.5.2 Real Time TFT Settlement Process** The Real Time TFT Settlement Process: (a) is run throughout the time the system is operating; (b) processes Settlement of pending Trades that have a

Text of CDS Participant Rules marked to reflect proposed amendments	Text of CDS Participant Rules reflecting the adoption of proposed amendments
Pursuant to Rules 2.2.1, 2.2.2, 2.2.7 and 2.2.8, all eligible DetNet Participants shall be deemed to be eligible for and have applied and been approved to use the FINet Function, and are deemed to be FINet Participants upon the commencement of the FINet Function. At any time after the commencement of the FINet Function, a FINet Participant may withdraw from participation in the FINet Function pursuant to Rule 7.3.11. However, if the withdrawing FINet Participant has outstanding netted Trades and/or original netted Trades that have not yet reached their Value Dates when the DetNet Function is terminated, the FINet Participant shall not withdraw from participation in the FINet Function pursuant to Rule 7.3.11 until 10 Business Days after the FINet Participant no longer has outstanding netted Trades and has paid the net amount owing in respect to their mark-to-the-market obligations related to the original netted Trades.	Trade-for-Trade or CBS mode of settlement indicator (including Pledges.);
7.5.1 Settlement Processes	(c) does not novate or net newly reported Trades to create new Central Counterparty Obligations; and
A pending Trade or outstanding Central Counterparty Obligation is considered for Settlement on its Value Date. There are four Settlement processes: the Real Time TFT Settlement Process (the Real Time TFT Process), the Intraday Continuous Net Settlement Process (the Intraday CNS Process), ~~and~~ the Combined Batch Net Settlement/Continuous Net Settlement Process (the Combined Batch/CNS Process) and the FINet Real Time Settlement Process.	(d) Settles a Trade only if the entire Trade can be Settled.
7.5.2 Real Time TFT Process	If a Trade does not pass the pre-settlement edits in its entirety, it is not partially Settled and remains a pending Trade that will be reconsidered for Settlement.
The Real Time TFT Settlement Process:	When the Real Time TFT Process effects the Settlement of a Trade, amounts are used under the System-Operating Cap and Lines of Credit (if required) at the same time that Securities are delivered pursuant to Rule 7.6.2 or Rule 7.6.4 and payment is made pursuant to Rule 7.6.5. All of the entries required for each Settlement are processed on a committed basis, with the result that either all of the entries (including all entries to Funds Accounts and Securities Accounts and all entries using amounts under System-Operating Caps and Lines of Credit in respect of negative Funds Account balances) required to complete that Settlement are made, or, if for any reason any of the entries cannot be made, then none of the entries are made and the Trade is not Settled.
(a) is run throughout the time the system is operating;	**7.5.4 Combined Batch/CNS Process**
(b) processes Settlement of pending Trades that have a Trade-for-Trade or CBS mode of settlement indicator (including Pledges.);	The Combined Batch Net Settlement/Continuous Net Settlement Process:
~~(c) processes Settlement of outstanding DetNet Obligations ;~~	(a) is run once each day as a discrete process before the Real Time TFT Process or the Intraday CNS Process is run, and may be run at additional times if CDS considers such action desirable to optimize Service functionality;
~~(d)~~(c) does not novate or net newly reported Trades to create new Central Counterparty Obligations; and	. . .
~~(e)~~(d) Settles a Trade only if the entire Trade can be Settled~~;~~.	The Combined Batch/CNS Process Settles a pending Trade or outstanding Central Counterparty Obligations only if all of the resulting Account balances pass the pre-settlement edits. If not, the pending Trade is removed from the batch (and not considered for partial Settlement), and the outstanding Central Counterparty Obligation is considered for partial Settlement in accordance with Rule 7.5.7, until those remaining can be Settled within the limitations set by the pre-settlement edits. Trades removed from the batch remain pending Trades to be reconsidered for Settlement. After such removals, the Trades and Central Counterparty Obligations then remaining are Settled in a batch.
~~(f) Settles an outstanding DetNet Obligation either in its entirety or partially; and~~	. . .
~~(g) applies the pre-settlement system edits described in Rule 5.13 to the Securities and Funds Account balances resulting from the Settlement of each Trade and DetNet Obligation individually.~~	**7.5.6 FINet Real Time Settlement Process**
If a Trade does not pass the pre-settlement edits in its entirety, it is not partially Settled and remains a pending Trade that will be reconsidered for Settlement.	The FINet Real Time Settlement Process:
When the Real Time TFT Process effects the Settlement of a	(a) is run from system start-up Payment Exchange in Canadian dollars and during the overnight on-line period;

Text of CDS Participant Rules marked to reflect proposed amendments	Text of CDS Participant Rules reflecting the adoption of proposed amendments
Trade, amounts are used under the System-Operating Cap and Lines of Credit (if required) at the same time that Securities are delivered pursuant to Rule 7.6.2 or Rule 7.6.4 and payment is made pursuant to Rule 7.6.5. All of the entries required for each Settlement are processed on a committed basis, with the result that either all of the entries (including all entries to Funds Accounts and Securities Accounts and all entries using amounts under System-Operating Caps and Lines of Credit in respect of negative Funds Account balances) required to complete that Settlement are made, or, if for any reason any of the entries cannot be made, then none of the entries are made and the Trade is not Settled. **7.5.4 Combined Batch/CNS Process** The Combined Batch Net Settlement/Continuous Net Settlement Process: (a) is run once each day as a discrete process before the Real Time TFT Process or the Intraday CNS Process is run, and may be run at additional times if CDS considers such action desirable to optimize Service functionality; . . . The Combined Batch/CNS Process Settles a pending Trade or outstanding Central Counterparty Obligations only if all of the resulting Account balances pass the pre-settlement edits. If not, the pending Trade is removed from the batch (and not considered for partial Settlement), and the outstanding Central Counterparty Obligation is considered for partial Settlement in accordance with Rule 7.5.7, until those remaining can be Settled within the limitations set by the pre-settlement edits. Trades removed from the batch remain pending Trades to be reconsidered for Settlement. After such removals, the Trades and Central Counterparty Obligations then remaining are Settled in a batch. . . . **7.5.6 FINet Real Time Settlement Process** The FINet Real Time Settlement Process: (a) is run from system start-up Payment Exchange in Canadian dollars and during the overnight on-line period; (b) processes Settlement of FINet Trades that have reached Value Date and are not on hold; (c) Settles an outstanding FINet Trade either in its entirety or partially; and (d) applies the pre-settlement system edits described in Rule 5.13 to the Securities and Funds Account balances resulting from the Settlement of each Trade and FINet Obligation individually. **7.5.~~6~~7 Processing of Settlement of Central**	(b) processes Settlement of FINet Trades that have reached Value Date and are not on hold; (c) Settles an outstanding FINet Trade either in its entirety or partially; and (d) applies the pre-settlement system edits described in Rule 5.13 to the Securities and Funds Account balances resulting from the Settlement of each Trade and FINet Obligation individually. **7.5.7 Processing of Settlement of Central Counterparty Obligations** … **9.2.2 Central Counterparty Functions** If a Participant using any Central Counterparty Function is suspended, then the following steps shall be taken in addition to the other steps described in this Rule 9. . . . (b) Unprocessed Trades Any of its Trades that have not yet been processed through FINet or CNS shall be ineligible for such Functions. **9.4.12 Credit Ring Obligation for Other Defaulters** . . . … In respect of such Defaulters who use FINet: (a) the proportionate share of the Withdrawing CCP Participant shall be calculated as set out in the Procedures; (b) the Final Contribution of the Withdrawing CCP Participant shall be applied first in respect of the Suspended CCP Participant and then any excess shall be applied in respect of the first successive Defaulter and any excess remaining thereafter shall be applied in respect of any other Defaulter in the order in which such Defaulters are suspended; and (c) the proportionate share of each Fund Member other than the Withdrawing CCP Participant for the obligations of any such Defaulter shall be calculated in accordance with the Procedures after taking into consideration the amount paid by the Withdrawing CCP Participant in respect of that Defaulter. **9.4.14 Discretion re Selective Processing in CNS and FINet** (a) Discretion re Selective Processing in CNS and FINet A Withdrawing CCP Participant shall Settle all of its outstanding Central Counterparty Obligations for the CCP

Text of CDS Participant Rules marked to reflect proposed amendments	Text of CDS Participant Rules reflecting the adoption of proposed amendments
Counterparty Obligations … **9.2.2 Central Counterparty Functions** If a Participant using any Central Counterparty Function is suspended, then the following steps shall be taken in addition to the other steps described in this Rule 9. . . . (b) Unprocessed Trades Any of its Trades that have not yet been processed through ~~DetNet~~FINet or CNS shall be ineligible for such Functions. **9.4.12 Credit Ring Obligation for Other Defaulters** . . . ~~. . .~~**...** In respect of such Defaulters who use ~~DetNet~~FINet: (a) the proportionate share of the Withdrawing CCP Participant shall be calculated as set out in the Procedures; (b) the Final Contribution of the Withdrawing CCP Participant shall be applied first in respect of the Suspended CCP Participant and then any excess shall be applied in respect of the first successive Defaulter and any excess remaining thereafter shall be applied in respect of any other Defaulter in the order in which such Defaulters are suspended; and (c) the proportionate share of each Fund Member other than the Withdrawing CCP Participant for the obligations of any such Defaulter shall be calculated in accordance with the Procedures after taking into consideration the amount paid by the Withdrawing CCP Participant in respect of that Defaulter. **9.4.14 Discretion re Selective Processing in CNS and ~~DetNet~~FINet** (a) Discretion re Selective Processing in CNS and ~~DetNet~~FINet A Withdrawing CCP Participant shall Settle all of its outstanding Central Counterparty Obligations for the CCP Function from which it is withdrawing as soon as possible after it has exercised the CCP Withdrawal Option. Notwithstanding the restriction of the Withdrawing CCP Participant's right to use the CCP Function, CDS may at the request of the Withdrawing Participant permit particular eligible Transactions of that Withdrawing CCP Participant to be processed through CNS or ~~DetNet~~FINet, provided that CDS determines such processing is likely to reduce the Withdrawing CCP Participant's outstanding Central Counterparty Obligations for that CCP Function. The selection of Transactions to be so processed shall be made on the basis of criteria set out in the Procedures.	Function from which it is withdrawing as soon as possible after it has exercised the CCP Withdrawal Option. Notwithstanding the restriction of the Withdrawing CCP Participant's right to use the CCP Function, CDS may at the request of the Withdrawing Participant permit particular eligible Transactions of that Withdrawing CCP Participant to be processed through CNS or FINet, provided that CDS determines such processing is likely to reduce the Withdrawing CCP Participant's outstanding Central Counterparty Obligations for that CCP Function. The selection of Transactions to be so processed shall be made on the basis of criteria set out in the Procedures. (b) Exercise of Discretion In exercising its discretion under this Rule 9.4.14, CDS shall take reasonable care in what it, in good faith, considers to be in the best interests of CDS and of all Participants. CDS shall not be liable to any Participant including the Withdrawing CCP Participant for any loss, damage, cost, expense, liability or claim arising from the exercise of its discretion to select particular eligible Transactions of a Withdrawing CCP Participant for processing through CNS or FINet. **11.2.4 Role of TA Participant** A TA Participant: … (f) may not use the CNS or FINet Functions;

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(b) Exercise of Discretion In exercising its discretion under this Rule 9.4.14, CDS shall take reasonable care in what it, in good faith, considers to be in the best interests of CDS and of all Participants. CDS shall not be liable to any Participant including the Withdrawing CCP Participant for any loss, damage, cost, expense, liability or claim arising from the exercise of its discretion to select particular eligible Transactions of a Withdrawing CCP Participant for processing through CNS or ~~DetNet~~FINet. **11.2.4 Role of TA Participant** A TA Participant: … (f) may not use the CNS or ~~DetNet~~FINet Functions;	

13.1.5 Notice and Request for Comments – Material Amendments to CDS Rules Relating to Issuer Electronic Payments

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

MATERIAL AMENDMENTS TO CDS RULES

ISSUER ELECTRONIC PAYMENTS

REQUEST FOR COMMENTS

A. DESCRIPTION OF THE PROPOSED CDS RULE AMENDMENTS

Since the implementations of CDSX® and the Large Value Transfer System ("LVTS"), considerable progress has been made in having entitlement payments for CDSX eligible securities made in electronic form. As long as there are still some entitlement payments which are made by cheque, however, inefficient manual processes will continue to be necessary. CDS has decided to require all entitlement payments made by issuers of CDSX eligible securities or their agents to be made by an electronic means that meets the definition of an Acceptable Payment (as defined in the Rules and required for all settlement payments) or Funds Transfer in CDSX. Acceptable Payments are made by LVTS for Canadian funds, Fedwire for U.S. funds or by another transaction which results in immediate, final and irrevocable credit to CDS's account at the Bank of Canada.

B. NATURE AND PURPOSE OF THE PROPOSED CDS RULE AMENDMENTS

Currently, CDS receives entitlement payments via the LVTS for Canadian dollar entitlements,[1] Fedwire for US dollar entitlements, and cheques. In terms of value of the entitlement payments, the large majority are made in acceptable electronic form. In terms of the volume of the payment items, however, most of the payments are in the form of cheques. Processing cheques is manually intensive, time consuming, and does not provide an immediate, final and irrevocable credit to CDS's account with Bank of Canada, or, in the case of US dollar entitlement payments, CDS's account with a financial institution that CDS has designated as its banker. LVTS and Fedwire payments are Acceptable Payments and as such are preferred to the receipt of cheques. Notwithstanding such preference, LVTS and Fedwire payments also cause logistical issues for CDS because of the lack of event information received on the related payment message. Another acceptable method of electronic entitlement payment is a Funds Transfer made in CDSX.

Commencing on November 1, 2011, CDS will require all CDSX eligible securities issuers and their agents to make entitlement payments in electronic format. Entitlement payments include dividends, interest, payments upon redemption or maturity of Securities and other events involving payments or distributions to holders of Securities, as outlined in CDS Participant Rule 6.6.1. Many payments are already required to be made electronically: The LVTS Rules require payments in excess of $25 million to be made by LVTS; the future Book Entry Only Securities Services Agreement will require all BEO securities entitlements to be paid electronically.

This initiative will provide greater efficiency and cost reduction to the investment community by eliminating the use of cheques for entitlement payments.

C. IMPACT OF THE PROPOSED CDS RULE AMENDMENTS

Failure to make an Acceptable Payment (CDS Participant Rule 8.2.5) or Funds Transfer in CDSX (CDS Participant Rule 1.2.1) for entitlements will render the Securities with which the payment is associated ineligible for the CDS Depository Service. Acceptable Payments for entitlements denominated in Canadian dollars include LVTS payments, or transactions resulting in immediate, final and irrevocable credit to CDS's account with Bank of Canada. Payments for entitlements denominated in US dollars include Fedwire payments or transactions resulting in immediate, final and irrevocable credit in CDS's account with a financial institution that CDS has designated as its banker.

The proposed solution will reduce the collection and handling of cheques by CDS staff and will promote the straight-through processing of entitlement payments. CDS is expected to save approximately $500,000 per year from not having to process cheques. CDS also expects to save approximately $240,000 per year in collateral costs that will no longer be required to collateralize the conversion of cheques to LVTS, which is a service that CDS's banker currently provides. It is expected that the number of events requiring reconciliation with transfer agents will be reduced and that the resulting ledger adjustments to balance events will also be reduced.

[1] See http://www.osc.gov.on.ca/Regulation/Rulemaking/Current/Part2/csa_20060303_24-302_not-entitlement-pay.pdf.

Although the Rules are scheduled to be implemented following regulatory approvals, by their terms the Rules will not become effective until November 1, 2011. Participants, issuers and their agents are being given a long lead time to make any arrangements which they find necessary to enable all entitlement payments to be made electronically.

C.1 Competition

There is expected to be no impact on competition. Financial institutions will no longer have to convert cheques into LVTS funds. Issuers and their agents will have the flexibility to make an entitlement payment by LVTS or by Funds Transfer in CDSX. All CDSX eligible securities will be subject to the same entitlement payments requirements.

C.2 Risks and Compliance Costs

Issuers and their agents will no longer issue cheques to CDS for entitlement payments. Lost and missing cheques, and operational risk associated with cheque handling will no longer be a risk.

C.3 Comparison to International Standards – (a) Committee on Payment and Settlement Systems of the Bank for International Settlements, (b) Technical Committee of the International Organization of Securities Commissions, and (c) the Group of Thirty

The Committee on Payment and Settlement Systems of the Bank of International Settlements, the Technical Committee of the International Organization of Securities Commissions and the Group of Thirty all advocate moving to a dematerialized or at a minimum, an immobilized environment. Although these groups do not refer to entitlement payments specifically, the elimination of cheques is in-line with a move to a dematerialized environment. One of the main recommendations from these groups is to also have finality of payment, which also fits in well with the elimination of cheques.

In the most recent review of CDS by Thomas Murray, under the Asset Servicing section, Thomas Murray highlights that CDS does receive the majority of entitlement payments by cheque; however they note that those payments make up only 10% of the value, but 70% of the volume. They did not identify this as a major risk but a factor that reduced CDS's overall rating on asset servicing risk.

D. DESCRIPTION OF THE RULE DRAFTING PROCESS

D.1 Development Context

Over a period of years, efforts have been undertaken by a broad cross-section of the financial community to increase the efficiency of payment of entitlements. Unfortunately, none of the efforts have been successful in eliminating cheques to pay entitlements. The proposed amendments will bring desired efficiency to the Canadian capital markets.

D.2 Rule Drafting Process

Each amendment to the CDS Participant Rules is reviewed by CDS's Legal Drafting Group ("LDG"). The LDG is a committee that includes members of Participants' legal and business groups. The LDG's mandate is to advise CDS management and its Board of Directors[2] on rule amendments and other legal matters relating to centralized securities depository and clearing services in order to ensure that they meet the needs of CDS, its Participants and the securities industry.

These amendments were reviewed and approved by the Board of Directors of CDS Ltd. on November 26, 2008.

D.3 Issues Considered

When this change was first proposed there were a number of issues that were reviewed. One issue, mentioned earlier in section B of this report, related to LVTS payments not having the event information required to readily identify the payments. Although this is an issue, the savings associated with the elimination of cheques outweighs any negative impact from LVTS payments.

CDS will not pay a fee to the issuers or their agents for submitting entitlement payments to CDS. Any costs associated with preparing and submitting entitlement payments in electronic form to CDS should be borne by the issuer in negotiations with their agent as part of supporting their public issues and making their issues eligible at CDS.

[2] Pursuant to a unanimous shareholder agreement between The Canadian Depository for Securities Limited ("CDS Ltd.") and CDS, effective as of November 01, 2006, CDS Ltd., which acts under the supervision of its Board of Directors, assumed all rights, powers, and duties of the CDS Board of Directors.

D.4 Consultation

Various proposals for mandating electronic entitlement payments have been considered by CDS, the securities industry and regulatory authorities for a number of years.[3]

The Governance Committee/Human Resources of the Board of Directors of CDS Ltd. directed CDS at its meeting on September 23, 2008 to prepare Rule amendments to give effect to the proposal requiring all entitlement payments to be made to CDS electronically, failing which the Securities will be made ineligible for CDSX.

CDS's Risk Advisory Committee ("RAC") was presented with the proposal for informational purposes on October 28, 2008. Membership in RAC is open to representatives from the following CDSX participant groups: Extenders of Credit, Settlement Agents, Federated Participant, and Receivers of Credit. Representatives of CDS's regulators (Ontario Securities Commission, Quebec Autorité des marchés financiers and the Bank of Canada) and of the Investment Industry Regulatory Organization of Canada are permitted to participate on RAC as observers. The RAC's terms of reference are to review and recommend to CDS enhancements to the CDSX risk model, risk controls for the cross-border services and any related measures required to mitigate financial risk to CDS and its participants. It also is responsible for reviewing the adequacy of the model's coverage of the risks related to CDSX and the relative costs to CDS and its participants, for recommendation to the Audit/Risk Committee of the CDS Ltd. Board of Directors. RAC may be called upon to provide input regarding operational risk issues from time-to-time.

D.5 Alternatives Considered

The current proposed rule amendments are the result of several efforts by CDS and other regulatory bodies (including the CSA) over many years to consider various options (the streamlining entitlements proposal being the most recent) to have issuers and their agents make electronic entitlement payments. These efforts are even more relevant since Canadian financial markets are behind the best practices of other financial markets in this regard. Throughout these efforts, working groups involving representatives from the banks, transfer agents, the Bank of Canada and the Ontario Securities Commission have been involved.

D.6 Implementation Plan

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Ontario *Securities Act*. The Autorité des marchés financiers has authorized CDS to carry on clearing activities in Québec pursuant to sections 169 and 170 of the Québec *Securities Act*. In addition CDS is deemed to be the clearing house for CDSX, a clearing and settlement system designated by the Bank of Canada pursuant to section 4 of the *Payment Clearing and Settlement Act.* The Ontario Securities Commission, the Autorité des marchés financiers and the Bank of Canada will hereafter be collectively referred to as the "Recognizing Regulators".

The amendments to Participant Rules will become effective upon approval of the amendments by the Recognizing Regulators following public notice and comment.

E. TECHNOLOGICAL SYSTEMS CHANGES

E.1 CDS

There will be no changes required for CDS's systems.

E.2 CDS Participants

The majority of CDS's participants will not require any development to accommodate this change; however, some of the paying agents who are participants may require some changes within their systems. This is because it is the paying agents that receive the funds from issuers and then direct the funds to CDS.

E.3 Other Market Participants

Some transfer agents may need to modify their internal systems, such as automated cheque production routines, in order to shift to electronic payments. Additionally, depending on the transfer agent, this may mean amending procedures for manually based processes.

[3] See footnote 1.

F. COMPARISON TO OTHER CLEARING AGENCIES

In support of the recommendations made in 1988 by the Group of Thirty ("G-30") and as part of the U.S. Working Committee's G-30 Clearance and Settlement Project, U.S. financial industry guidelines were published in 1993 requiring, as of January 1995, that all new issues be made depository eligible and structured so that all associated payments of principal and income to depositories (consisting of dividends, interest, reorganization and redemption payments) be paid in same day funds on payment date. Implementation of this recommendation was delayed until February 22, 1996 due to the industry shift from five to three day settlement.[4]

To facilitate these changes The Depository Trust Company ("DTC") has implemented cut-off times for the receipt of payments on payable date and has also required paying agents or transfer agents to provide DTC with the details of the payments, also on payable date. In this way DTC is able to determine what the funds were for. The payments must be received by DTC by no later than 2:30 p.m. on payable date.

In addition to the above, DTC also arranged for a line of credit ("LoC") that they are able to draw on if funds are not received for an expected payment by the prescribed cut-off time. If the LoC is used the participants who have been allocated the entitlement payment are debited for the cost of the LoC.

DTC also has a "claw back" arrangement which enables them to reverse payments if a paying agent does not receive the expected funds from the issuer. DTC has advised CDS that they are currently receiving "good funds" 99.9% of the time.

G. PUBLIC INTEREST ASSESSMENT

CDS has determined that the proposed amendments are not contrary to the public interest.

H. COMMENTS

Comments on the proposed amendments should be in writing and submitted within 60 calendar days following the date of publication of this notice in the Ontario Securities Commission Bulletin to:

Legal Department
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

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

Copies should also be provided to the Autorité des marchés financiers and the Ontario Securities Commission by forwarding a copy to each of the following individuals:

M^e^ Anne-Marie Beaudoin
Secrétaire del'Autorité
Autorité des marchés financiers
800, square Victoria, 22^e^ étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Télécopieur: (514) 864-6381
Courrier électronique: consultation-en-cours@lautorite.qc.ca

Manager, Market Regulation
Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55,
20 Queen Street West
Toronto, Ontario M5H 3S8

Fax: 416-595-8940
e-mail: marketregulation@osc.gov.on.ca

CDS will make available to the public, upon request, all comments received during the comment period.

I. PROPOSED CDS RULE AMENDMENTS

Appendix "A" contains text of current CDS Participant Rules marked to reflect proposed amendments as well as text of these rules reflecting the adoption of the proposed amendments.

[4] http://findarticles.com/p/articles/mi_hb6642/is_/ai_n28709180

APPENDIX "A"
PROPOSED RULE AMENDMENT

Text of CDS Participant Rules marked to reflect proposed amendments	Text of CDS Participant Rules reflecting the adoption of proposed amendments
1.6.2 Eligibility of Securities and Currencies The Board of Directors (but not the executive committee of the Board of Directors) shall determine from time to time the classes of Securities that may be made eligible for the Depository Service, the currencies in which Funds Accounts of Ledgers may be denominated and the classes of Securities for which Transactions may be processed in particular Services or Functions. Securities may be made eligible for the Depository Service only if there is competent legislation providing that transactions in Securities of that class may be effected by entries made on the records of CDS. Notwithstanding the foregoing, the fact that no such legislation is found to be applicable to a Security shall not limit the effect and finality of the transfer of such Security to CDS on deposit into the Depository Service, nor of any Transaction or Settlement effected through the Services in respect of such Security. On November 1, 2011, those Securities in respect of which entitlement payments are not made by Acceptable Payments or Funds Transfer will be made ineligible for the Depository Service.	**1.6.2 Eligibility of Securities and Currencies** The Board of Directors (but not the executive committee of the Board of Directors) shall determine from time to time the classes of Securities that may be made eligible for the Depository Service, the currencies in which Funds Accounts of Ledgers may be denominated and the classes of Securities for which Transactions may be processed in particular Services or Functions. Securities may be made eligible for the Depository Service only if there is competent legislation providing that transactions in Securities of that class may be effected by entries made on the records of CDS. Notwithstanding the foregoing, the fact that no such legislation is found to be applicable to a Security shall not limit the effect and finality of the transfer of such Security to CDS on deposit into the Depository Service, nor of any Transaction or Settlement effected through the Services in respect of such Security. On November 1, 2011, those Securities in respect of which entitlement payments are not made by Acceptable Payments or Funds Transfer will be made ineligible for the Depository Service.
6.2 DEPOSIT OF SECURITIES **6.2.1 Eligibility** Only eligible Securities may be deposited into or held in the Depository Service. The Board of Directors (but not the executive committee of the Board of Directors) shall determine from time to time the classes of Securities that may be made eligible for the Depository Service and the classes of Securities for which Transactions may be processed in particular Services or Functions. The Procedures and User Guides describe the types of Securities that are eligible for the Depository Service. For each eligible Security, facilities for deposit (and, if applicable, withdrawal) are provided by one of CDS, Bank of Canada, the Transfer Agent for the Issuer, the Issuer acting as its own registrar, a Security Validator or a Custodian. On November 1, 2011, those Securities in respect of which entitlement payments are not made by Acceptable Payments or Funds Transfer will be made ineligible for the Depository Service.	**6.2 DEPOSIT OF SECURITIES** **6.2.1 Eligibility** Only eligible Securities may be deposited into or held in the Depository Service. The Board of Directors (but not the executive committee of the Board of Directors) shall determine from time to time the classes of Securities that may be made eligible for the Depository Service and the classes of Securities for which Transactions may be processed in particular Services or Functions. The Procedures and User Guides describe the types of Securities that are eligible for the Depository Service. For each eligible Security, facilities for deposit (and, if applicable, withdrawal) are provided by one of CDS, Bank of Canada, the Transfer Agent for the Issuer, the Issuer acting as its own registrar, a Security Validator or a Custodian. On November 1, 2011, those Securities in respect of which entitlement payments are not made by Acceptable Payments or Funds Transfer will be made ineligible for the Depository Service.
6.6.3 Eligible Entitlement Payment A Participant, acting in its capacity as the Issuer of the Security, the agent of the Issuer or the Entitlements Processor, may distribute an entitlement to CDS in the form of a payment of money. A Participant other than a TA Participant who distributes such an entitlement to CDS shall pay the entitlement by means of an Acceptable Payment or by debiting the amount of the entitlement from the Funds Account of the Participant. A TA Participant is required to pay an entitlement ~~by such means only if it is acting as an Entitlements Processor pursuant to~~in accordance with Rule 11.6.	**6.6.3 Eligible Entitlement Payment** A Participant, acting in its capacity as the Issuer of the Security, the agent of the Issuer or the Entitlements Processor, may distribute an entitlement to CDS in the form of a payment of money. A Participant other than a TA Participant who distributes such an entitlement to CDS shall pay the entitlement by means of an Acceptable Payment or by debiting the amount of the entitlement from the Funds Account of the Participant. A TA Participant is required to pay an entitlement in accordance with Rule 11.6.

Text of CDS Participant Rules marked to reflect proposed amendments	Text of CDS Participant Rules reflecting the adoption of proposed amendments
11.3.1 Eligibility of Securities In accordance with Rule 1.6.2, the Board of Directors determines from time to time the classes of Securities that may be made eligible for the Depository Service and the classes of Securities for which Transactions may be processed in particular Services or Functions. The Procedures and User Guides describe the types of Securities that are eligible for the Depository Service. Not all Securities for which a Participant is the Transfer Agent of the Issuer may be eligible. A TA Participant that is the Transfer Agent for a Security that has been made eligible for CDSX shall confirm or reject the Deposit and Withdrawal of such Securities and provide a Closing Balance Report to CDS for that Security. A TA Participant is not obliged to assume the role of a CDSX Depositary Agent or Entitlements Processor with respect to a particular Security by reason only that it is the agent of the offeror or the Issuer with respect to that Security. On November 1, 2011, those Securities in respect of which entitlement payments are not made by Acceptable Payments or Funds Transfer will be made ineligible for the Depository Service. **11.6.1 Payment of Entitlements** An entitlement payment received by CDS with respect to Securities held for a Participant in the Depository Service is distributed to the Participant by CDS pursuant to Rule 7. ~~The~~ (a) Transition Period Subject to Rule 11.6.1(b) below, the TA Participant and CDS will co-operate and use their best efforts to arrange for an entitlement to be paid either (i) by an Entitlements Processor acting on behalf of the Issuer, by means of a credit to the CDS Entitlements Ledger from its Funds Account, or (ii) by the Issuer or its Entitlements Processor, by means of an LVTS or Fedwire payment to the bank account specified by CDS. ~~This Rule 11.6 shall not be interpreted so as to require a TA Participant to make payment of an entitlement to CDS in any of the manners specified nor in a form or manner other than that in which the TA Participant receives funds from the Issuer.~~ (b) Future Payment of Entitlements On November 1, 2011, the TA Participant will arrange for all entitlements to be paid by means of Acceptable Payments (as defined in Rule 8.2.5) or Funds Transfer.	**11.3.1 Eligibility of Securities** In accordance with Rule 1.6.2, the Board of Directors determines from time to time the classes of Securities that may be made eligible for the Depository Service and the classes of Securities for which Transactions may be processed in particular Services or Functions. The Procedures and User Guides describe the types of Securities that are eligible for the Depository Service. Not all Securities for which a Participant is the Transfer Agent of the Issuer may be eligible. A TA Participant that is the Transfer Agent for a Security that has been made eligible for CDSX shall confirm or reject the Deposit and Withdrawal of such Securities and provide a Closing Balance Report to CDS for that Security. A TA Participant is not obliged to assume the role of a CDSX Depositary Agent or Entitlements Processor with respect to a particular Security by reason only that it is the agent of the offeror or the Issuer with respect to that Security. On November 1, 2011, those Securities in respect of which entitlement payments are not made by Acceptable Payments become ineligible for the Depository Service. **11.6.1 Payment of Entitlements** An entitlement payment received by CDS with respect to Securities held for a Participant in the Depository Service is distributed to the Participant by CDS pursuant to Rule 7. (a) Transition Period Subject to Rule 11.6.1(b) below, the TA Participant and CDS will co-operate and use their best efforts to arrange for an entitlement to be paid either (i) by an Entitlements Processor acting on behalf of the Issuer, by means of a credit to the CDS Entitlements Ledger from its Funds Account, or (ii) by the Issuer or its Entitlements Processor, by means of an LVTS or Fedwire payment to the bank account specified by CDS. (b) Future Payment of Entitlements On November 1, 2011, the TA Participant will arrange for all entitlements to be paid by means of Acceptable Payments (as defined in Rule 8.2.5) or Funds Transfer.

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