The Ontario Securities Commission

OSC Bulletin

April 17, 2009

Volume 32, Issue 16

(2009), 32 OSCB

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

Published under the authority of the Commission by:
Carswell, a Thomson Reuters business
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

416-609-3800 or 1-800-387-5164

Contact Centre - Inquiries, Complaints:	Fax: 416-593-8122
Market Regulation Branch:	Fax: 416-595-8940
Compliance and Registrant Regulation Branch	
- Compliance:	Fax: 416-593-8240
- Registrant Regulation:	Fax: 416-593-8283
Corporate Finance Branch	
- Team 1:	Fax: 416-593-8244
- Team 2:	Fax: 416-593-3683
- Team 3:	Fax: 416-593-8252
- Insider Reporting:	Fax: 416-593-3666
- Mergers and Acquisitions:	Fax: 416-593-8177
Enforcement Branch:	Fax: 416-593-8321
Executive Offices:	Fax: 416-593-8241
General Counsel's Office:	Fax: 416-593-3681
Office of the Secretary:	Fax: 416-593-2318

THOMSON REUTERS

The OSC Bulletin is published weekly by Carswell, a Thomson Reuters business, under the authority of the Ontario Securities Commission.

Subscriptions are available from Carswell at the price of $649 per year.

Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

U.S.	$175
Outside North America	$400

Single issues of the printed Bulletin are available at $20 per copy as long as supplies are available.

Carswell also offers every issue of the Bulletin, from 1994 onwards, fully searchable on S*ecuritiesSource*™, Canada's pre-eminent web-based securities resource. *SecuritiesSource*™ also features comprehensive securities legislation, expert analysis, precedents and a weekly Newsletter. For more information on *SecuritiesSource*™, as well as ordering information, please go to:

http://www.westlawecarswell.com/SecuritiesSource/News/default.htm

or call Carswell Customer Relations at 1-800-387-5164 (416-609-3800 Toronto & Outside of Canada).

Claims from *bona fide* subscribers for missing issues will be honoured by Carswell up to one month from publication date.

Space is available in the Ontario Securities Commission Bulletin for advertisements. The publisher will accept advertising aimed at the securities industry or financial community in Canada. Advertisements are limited to tombstone announcements and professional business card announcements by members of, and suppliers to, the financial services industry.

ISSN 0226-9325
Except Chapter 7 ©CDS INC.

THOMSON REUTERS

One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

Customer Relations
Toronto 1-416-609-3800
Elsewhere in Canada/U.S. 1-800-387-5164
Fax 1-416-298-5082
www.carswell.com
Email www.carswell.com/email

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

APRIL 17, 2009

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
Suite 1700, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

Telephone: 416-597-0681 Telecopier: 416-593-8348

CDS **TDX 76**

Late Mail depository on the 19th Floor until 6:00 p.m.

- -

THE COMMISSIONERS

W. David Wilson, Chair	—	WDW
James E. A. Turner, Vice Chair	—	JEAT
Lawrence E. Ritchie, Vice Chair	—	LER
Paul K. Bates	—	PKB
Mary G. Condon	—	MGC
Margot C. Howard	—	MCH
Kevin J. Kelly	—	KJK
Paulette L. Kennedy	—	PLK
David L. Knight, FCA	—	DLK
Patrick J. LeSage	—	PJL
Carol S. Perry	—	CSP
Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

April 20-23 and 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: ST/CSP
April 20-23; April 27, 29 – May 1, 2009 10:00 a.m.	**Shane Suman and Monie Rahman** s. 127 and 127(1) C. Price in attendance for Staff Panel: TBA
April 21, 2009 9:00 a.m.	**Lyndz Pharmaceuticals Inc., Lyndz Pharma Ltd., James Marketing Ltd., Michael Eatch and Rickey McKenzie** s. 127(1) and (5) J. Feasby in attendance for Staff Panel: WSW/ST
April 28, 2009 2:30 p.m.	**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
April 29-30, 2009 10:00 a.m.	
May 1, 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

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 5, 2009 10:00 a.m.	**Berkshire Capital Limited, GP Berkshire Capital Limited, Panama Opportunity Fund and Ernest Anderson** s. 127 E. Cole in attendance for Staff Panel: WSW/ST
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 and 127(1) D. Ferris in attendance for Staff Panel: TBA
May 11, 2009 10:00 a.m.	**Rex Diamond Mining Corporation, Serge Muller and Benoit Holemans** s. 127 J. Waechter in attendance for Staff Panel: WSW/DLK/KJK
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 15, 2009 2:00 p.m.	**Rajeev Thakur** s. 127 M. Britton in attendance for Staff Panel: TBA
May 19-22; June 17-19, 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
May 25, 27 – 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

May 26, 2009 2:30 p.m.	**Gold-Quest International, Health and Harmoney, Iain Buchanan and Lisa Buchanan** s. 127 H. Craig in attendance for Staff Panel: TBA
May 26, 2009 2:30 p.m.	**Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmoney, Harmoney Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale** s. 127 H. Craig in attendance for Staff Panel: TBA
May 26, 2009 2:30 p.m.	**Paul Iannicca** s. 127 H. Craig 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 3, 2009 10:00 a.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
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
June 15, 2009	**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
June 16, 2009 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: TBA

July 23, 2009 10:00 a.m.	**W.J.N. Holdings Inc., MSI Canada Inc., 360 Degree Financial Services Inc., Dominion Investments Club Inc., Leveragepro Inc., Prosporex Investment Club Inc., Prosporex Investments Inc., Prosporex ltd., Prosporex Inc., Networth Financial Group Inc., Networth Marketing Solutions, Dominion Royal Credit Union, Dominion Royal Financial Inc., Wilton John Neale, Ezra Douse, Albert James, Elnonieth "Noni" James, David Whitely, Carlton Ivanhoe Lewis, Mark Anthony Scott, Sedwick Hill, Trudy Huynh, Dorlan Francis, Vincent Arthur, Christian Yeboah, Azucena Garcia and Angela Curry** s. 127 H. Daley in attendance for Staff Panel: TBA
August 10-17; 19-21, 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 3, 2009 10:00 a.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: TBA
September 7-11, 2009; and September 30 – October 23, 2009 10:00a.m.	**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
September 9, 2009 10:00 a.m.	**Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang** s. 127 and 127.1 M. Britton in attendance for Staff Panel: LER
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 and 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

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

TBA

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) and (5)

P. Foy in attendance for Staff

Panel: TBA

TBA

Xi Biofuels Inc., Biomaxx Systems Inc., Xiiva Holdings Inc. carrying on Business as Xiiva Holdings Inc., Xi Energy Company, Xi Energy and Xi Biofuels, Ronald Crowe and Vernon Smith

s. 127

M. Vaillancourt in attendance for Staff

Panel: WSW/DLK

TBA

Gregory Galanis

s. 127

P. Foy in attendance for Staff

Panel: TBA

TBA

Uranium308 Resources Inc., Uranium308 Resources PLC., Michael Friedman, George Schwartz, Peter Robinson, Alan Marsh Shuman and Innovative Gifting Inc.

s. 127

M. Boswell in attendance for Staff

Panel: TBA

TBA

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/ST

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

Andrew Keith Lech

S. B. McLaughlin

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

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

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

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

Global Petroleum Strategies, LLC, Petroleum Unlimited, LLC, Aurora Escrow Services, LLC, John Andrew, Vincent Cataldi, Charlotte Chambers, Carl Dylan, James Eulo, Richard Garcia, Troy Gray, Jim Kaufman, Timothy Kaufman, Chris Harris, Morgan Kimmel, Roger A. Kimmel, Jr., Erik Luna, Mitch Malizio, Adam Mills, Jenna Pelusio, Rosemary Salveggi, Stephen J. Shore and Chris Spinler

1.1.2 IIROC Rules Notice – Notice of Approval – UMIR – Provisions Respecting the "Best Price" Obligation

IIROC RULES NOTICE

NOTICE OF APPROVAL - UMIR

PROVISIONS RESPECTING THE "BEST PRICE" OBLIGATION

The applicable securities regulatory authorities (Recognizing Regulators) of the Investment Industry Regulatory Organization of Canada (IIROC) have approved certain amendments (Amendments) to the Universal Market Integrity Rules respecting the "best price" obligation.

The Amendments were immediately implemented on May 16, 2008 and are currently in force, however the approval of the Recognizing Regulators is required under the Joint Rule Review Protocol for IIROC.

The IIROC rules notice may be found in Chapter 13 of this Bulletin.

1.3 News Releases

1.3.1 CSA Increases Financial Literacy Among Youth with "Financial Fitness Challenge"

FOR IMMEDIATE RELEASE
April 14, 2009

CSA INCREASES FINANCIAL LITERACY AMONG YOUTH WITH "FINANCIAL FITNESS CHALLENGE"

Montréal – Twelve young Canadians have demonstrated their financial savvy and won scholarships of $750 after participating in the Canadian Securities Administrator (CSA) "Financial Fitness Challenge".

"As securities regulators, we appreciate the importance of financial literacy and are committed to improving that particular skill in young Canadians" said CSA Chair Jean St-Gelais. "It is encouraging that youth are interested in enhancing their money management, savings and investment skills, especially at an age when many start earning and handling their own money".

From February 2 to 28, 2009, the CSA invited Canadians aged 15 to 21 to take part in an interactive on-line challenge in order to learn more about the importance of saving and investing money for the future. The website, www.FinancialFitnessChallenge.ca, received 37,970 visits from youth who used the educational games, tips and interactive activities. The on-line quiz was successfully answered by 13,702 youth who entered for a chance to win a scholarship.

While only 30 per cent of participants surveyed were very interested in personal finance before completing the CSA's online challenge, 62 per cent said they were very interested in personal finance after completing the challenge. More than 90 per cent of participants indicated that they now know more about how to budget, save and invest and 95 per cent indicated that they now have some ideas on how to be financially healthy.

The winners, listed below, hail from each of the Canadian provinces and two of the territories. They have each won a $750 scholarship for demonstrating their financial fitness savvy:

- Michael Stannard (British Columbia)
- Brenna Lyanne Toth (Alberta)
- Amanda Abbott (Saskatchewan)
- Jennifer Froese (Manitoba)
- Shelby Davies (Ontario)
- Karen Benzaquen (Québec)
- Rosalinda Kan (New Brunswick)
- Jasmine Emily Hare (Nova Scotia)
- Isaac Williams (Prince Edward Island)
- Amanda Hewlett (Newfoundland and Labrador)
- Rosalind Skinner (Northwest Territories)
- Denis Godin (Yukon)

Although the Financial Fitness Challenge for 2009 is over, the site is accessible year-round, at www.FinancialFitnessChallenge.ca. Youth who didn't win or missed the contest can look forward to another edition of the CSA contest next year.

The CSA, the council of the securities regulators of Canada's provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

For more information:

Mark Dickey
Alberta Securities Commission
403-297-4481

Sylvain Théberge
Autorité des marchés financiers
514-940-2176

Andy Poon
British Columbia Securities Commission
604-899-6880

Ainsley Cunningham
Manitoba Securities Commission
204-945-4733

Wendy Connors-Beckett
New Brunswick Securities Commission
506 643-7745

Doug Connolly
Financial Services Regulation Div.
Newfoundland and Labrador
709-729-2594

Donn MacDougall
Securities Office
Northwest Territories
867-920-8984

Natalie MacLellan
Nova Scotia Securities Commission
902-424-8586

Louis Arki
Nunavut Securities Office
867-975-6587

Perry Quinton
Ontario Securities Commission
416-593-2348

Marc Gallant
Office of the Attorney General
Prince Edward Island
902-368-4552

Barbara Shourounis
Saskatchewan Financial Services Commission
306-787-5842

Fred Pretorius
Yukon Securities Office
867-667-5225

1.4 Notices from the Office of the Secretary

1.4.1 Borealis International Inc. et al.

FOR IMMEDIATE RELEASE
April 8, 2009

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

AND

IN THE MATTER OF
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,
EARL SWITENKY, MICHELLE DICKERSON,
DEREK DUPONT, BARTOSZ EKIERT,
ROSS MACFARLANE, BRIAN NERDAHL,
HUGO PITTOORS AND LARRY TRAVIS

TORONTO – Following a hearing held on April 6, 2009, the Commission issued an Order which provides that: (1) the hearing on the merits shall commence on May 26, 2009 at 2:30 p.m. at the offices of the Commission, 20 Queen Street West, 17th floor, Toronto; and (2) the Temporary Order is continued until the completion of the hearing on the merits or until further order of the Commission.

A copy of the Order dated April 8, 2009 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 Teodosio Vincent Pangia and Transdermal Corp.

FOR IMMEDIATE RELEASE
April 8, 2009

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

AND

IN THE MATTER OF
TEODOSIO VINCENT PANGIA
AND TRANSDERMAL CORP.

TORONTO – Following a hearing held yesterday, the Commission issued an Order which provides that the Temporary Order is continued until May 11, 2009 or until further order of the Commission and the matter is adjourned until May 8, 2009 at 8:30 a.m.

A copy of the Order dated April 8, 2009 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)

1.4.3 Borealis International Inc. et al.

FOR IMMEDIATE RELEASE
April 8, 2009

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

AND

IN THE MATTER OF
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,
EARL SWITENKY, MICHELLE DICKERSON,
DEREK DUPONT, BARTOSZ EKIERT,
ROSS MACFARLANE, BRIAN NERDAHL,
HUGO PITTOORS AND LARRY TRAVIS

TORONTO – Following a Pre-Hearing Conference held on March 27, 2009, the Commission issued an Order which provides that Staff shall not be required to serve nor otherwise notify the Respondent Zielke of any further steps in this proceeding.

A copy of the Order dated March 27, 2009 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 FactorCorp Inc. et al.

FOR IMMEDIATE RELEASE
April 8, 2009

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

AND

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

TORONTO – The Commission issued an Order today which provides that: (1) the Temporary Order, as varied on October 26, 2007, be continued for the period expiring on May 13, 2009, unless further extended by the Commission; and (2) this matter is adjourned until May 12, 2009 at 2:30 p.m.

A copy of the Order dated April 8, 2009, 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)

1.4.5 Nest Acquisitions and Mergers and Caroline Frayssignes

FOR IMMEDIATE RELEASE
April 14, 2009

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

AND

IN THE MATTER OF
NEST ACQUISITIONS AND MERGERS
AND CAROLINE FRAYSSIGNES

TORONTO – The Commission issued a Temporary Order on April 8, 2009 in the above named matter.

A copy of the Temporary Order dated April 8, 2009 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)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Jefferies Asset Management, LLC – s. 6.1(1) of NI 31-102 National Registration Database and s. 6.1 of OSC Rule 13-502 Fees

Applicant seeking registration as an international adviser in the category of commodity trading manager is exempted from the electronic funds transfer requirement pursuant to subsection 6.1(1) of National Instrument 31-102 – National Registration Database and activity fee contemplated under section 4.1 of Ontario Securities Commission Rule 13-502 – Fees is waived in respect of this discretionary relief, subject to certain conditions.

Rules Cited

National Instrument 31-102 National Registration Database (2007) 30 OSCB 5430, s. 6.1.
Ontario Securities Commission Rule 13-502 Fees (2003) 26 OSCB 867, ss. 4.1, 6.1.

April 6, 2009

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
AS AMENDED
(the Act)

AND

IN THE MATTER OF
JEFFERIES ASSET MANAGEMENT, LLC

DECISION
(Subsection 6.1(1) of National Instrument 31-102 – National Registration Database and Section 6.1 of Ontario Securities Commission Rule 13-502 – Fees)

UPON the Director having received the application of Jefferies Asset Management, LLC (the **Applicant**) for an order pursuant to subsection 6.1(1) of National Instrument 31-102 – *National Registration Database* (**NI 31-102**) granting the Applicant relief from the electronic funds transfer requirement contemplated under NI 31-102 and for relief from the activity fee requirement contemplated under section 4.1 of Ontario Securities Commission Rule 13-502 – *Fees* (**Rule 13-502**) in respect of this discretionary relief;

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

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

1. The Applicant is incorporated under the laws of the State of Delaware in the United States of America. The head office of the Applicant is located in Stamford, Connecticut, United States of America.

2. The Applicant is currently registered with the U.S. Securities and Exchange Commission as an investment adviser and with the Commodity Futures Trading Commission as a commodity trading adviser, and is a National Futures Association member and an International Swaps and Derivatives Association, Inc. member.

3. The Applicant is not registered in any capacity under the Act and is not a reporting issuer in any province or territory of Canada. However, the Applicant is in the process of applying to the Commission for registration under the Act as an adviser in the category of commodity trading manager.

4. NI 31-102 requires that all registrants in Canada enrol with CDS Inc. (**CDS**) and use the national registration database (**NRD**) to complete certain registration filings. As part of the enrolment process, registrants are required to open an account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit (the **electronic funds transfer requirement** or **EFT Requirement**).

5. The Applicant anticipates encountering difficulties in setting up a Canadian based bank account for purposes of fulfilling the EFT Requirement.

6. The Applicant confirms that it is not registered in, and does not intend to register in, another category to which the EFT Requirement applies and that Ontario is the only jurisdiction in which it is seeking registration.

7. Staff of the Canadian Securities Administrators has indicated that, with respect to applications from international dealers and international advisers (or applicants in equivalent categories of registration) for relief from the EFT Requirement, it is prepared to recommend waiving the fee normally required to accompany applications for discretionary relief (the **Application Fee**).

8. For Ontario registrants, the requirement for payment of the Application Fee is set out in section 4.1 of Rule 13-502.

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

IT IS THE DECISION of the Director, pursuant to subsection 6.1(1) of NI 31-102 that the Applicant is granted an exemption from the EFT Requirement for so long as the Applicant:

A. makes acceptable alternative arrangements with CDS for the payment of NRD fees and makes such payment within ten (10) business days of the date of the NRD filing or payment due date;

B. pays its participation fee under the Act to the Commission by cheque, draft, money order or other acceptable means at the time of filing its Form 13-503F1, which shall be no later than the first day of December in each year;

C. pays any applicable activity fees, or other fees that the Act requires it to pay to the Commission, by cheque, draft, money order or other acceptable means at the appropriate time; and

D. is not registered in any other Canadian jurisdiction in another category to which the EFT Requirement applies, or has received an exemption from the EFT Requirement in each jurisdiction to which the EFT Requirement applies;

PROVIDED THAT the Applicant submits a similar application in any other Canadian jurisdiction where it becomes registered as a commodity trading manager or in an equivalent registration category;

AND IT IS THE FURTHER DECISION of the Director, pursuant to section 6.1 of Rule 13-502, that the Application Fee will be waived in respect of the application for this Decision.

"Donna Leitch"
Assistant Manager, Registrant Regulation
Ontario Securities Commission

2.1.2 Trident Performance Corp. II

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from National Instrument 81-106 Investment Fund Continuous Disclosure to permit investment fund that uses specified derivatives to calculate its NAV twice monthly and not on a daily basis, subject to certain conditions.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 14.2(3)(b), 17.1.

April 6, 2009

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
TRIDENT PERFORMANCE CORP. II
(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**) exempting the Filer from the requirement contained in section 14.2(3)(b) of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) for an investment fund that uses specified derivatives to calculate its net asset value (**NAV**) at least once every business day (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

(ii) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces of Canada.

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 corporation incorporated under the laws of the province of Ontario and is a non-redeemable investment fund. The Filer is a reporting issuer in each of the provinces of Canada. The head office of the Filer is located in Toronto, Ontario. The Filer is not in default of the securities legislation in any of the provinces of Canada.

2. The Filer's manager is CI Investments Inc. (the **Manager**). The head office of the Manager is located in Toronto, Ontario.

The Offering

3. The Filer will make an offering (the **Offering**) on a best efforts basis to the public of Class A shares (the **Shares**) in each of the provinces of Canada.

4. The Filer has filed a long form final prospectus dated March 31, 2009 (the **Prospectus**) in respect of the Offering and the Shares with the securities regulatory authorities in each of the provinces of Canada and received a receipt for the Prospectus dated March 31, 2009. The Offering is a one-time offering and the Filer will not continuously distribute the Shares.

5. The Shares are expected to be listed and posted for trading on the Toronto Stock Exchange (the **TSX**). The TSX has conditionally approved the listing of the Shares. Listing is subject to the Filer fulfilling all of the requirements of the TSX on or before June 18, 2009, including distribution of the Shares to a minimum number of public securityholders.

6. The Filer's investment objective is to provide tax-efficient risk-adjusted long term rates of return by obtaining exposure to an investment portfolio which may consist of equity and fixed income securities, commodities, currencies and derivative instruments which provide exposure to any or all of the foregoing or to general or specific market indices (the **Global Macroeconomic Portfolio**).

7. The Global Macroeconomic Portfolio is held by Trident Performance Trust (the **Trust**). The Trust is an investment trust established under the laws of the province of Ontario by the Manager as trustee.

8. The net proceeds of the Offering will be invested in a portfolio of common shares of Canadian public companies (the **Common Share Portfolio**). The Filer also will enter into one or more forward purchase and sale agreements (collectively, the **Forward Agreements**) with counterparties (the **Counterparties**). Each Counterparty will be a Canadian chartered bank or an affiliate thereof whose obligations under its Forward Agreement are guaranteed by a Canadian chartered bank.

9. The Forward Agreements will provide the Filer with exposure to the returns of the Global Macroeconomic Portfolio. Each Counterparty, pursuant to its Forward Agreement, will agree to pay to the Filer on or about February 28, 2018 (the **Forward Date**), as the purchase price for a portion of the Common Share Portfolio, an amount equal to 100% of the redemption proceeds that would be paid by the Trust to holders of an applicable number of units of the Trust.

10. The Filer will partially settle the Forward Agreements, from time to time, prior to the Forward Date in order to fund redemptions of Shares and to fund the payment of expenses of the Filer.

11. Shares will be redeemable on the last day of each month (each a **Monthly Redemption Date**). A holder of Shares of the Filer (a **Shareholder**) who properly surrenders a Share for redemption at least 20 business days prior to a Monthly Redemption Date will receive on or before the 15th business day following such Monthly Redemption Date payment of the Monthly Redemption Price per Share (as defined below) for such Share calculated by reference to the price at which Shares are trading on the TSX (subject to the Filer's right to suspend redemptions in certain circumstances).

12. The **Monthly Redemption Price per Share** will be equal to the lesser of:

    (a) 94% of the weighted average trading price of the Shares on the TSX during the 15 trading days preceding the applicable Monthly Redemption Date, and

    (b) the closing market price of the Shares on the TSX on the applicable Monthly Redemption Date,

    less any costs associated with the redemption including, without limitation, if the Manager determines that it is not practicable or necessary for the Filer to partially settle the Forward Agreements to fund such redemption, the aggregate of all brokerage fees, commissions and other transaction costs that the Manager estimates would have resulted from such a partial settlement (**Redemption Costs**).

13. Commencing in 2010, Shares also may be surrendered for redemption on December 31 in each year (a **December Redemption Date**). A Shareholder who properly surrenders a Share for redemption at least 20 business days prior to a December Redemption Date will receive on or before the 15th business day following such December Redemption Date payment of the Redemption Price per Share (as defined below) for such Share calculated by reference to the NAV of the Share (subject to the Filer's right to suspend redemptions in certain circumstances).

14. The **Redemption Price per Share** generally will be equal to:

    (a) the NAV per Share as at the December Redemption Date, less

    (b) any applicable Redemption Costs

    provided that, at the sole option of the Manager for the purposes of calculating the Redemption Price per Share, the Manager may value any security in the Common Share Portfolio and, for purposes of valuing the Forward Agreements, any security to which the Filer has direct or indirect exposure by reason of the Forward Agreements, in either case which is listed or traded on a stock exchange (or if more than one, on the stock exchange where the security primarily trades, as determined by the Manager) by taking the volume weighted average trading price of the security on such exchange during the three most recent trading days of such exchange ending on and including such December Redemption Date or, lacking any sales during such period or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the fair value as determined by the Manager shall be used), all as reported by any means in common use.

15. Holders of Shares will have the opportunity to trade their Shares on a daily basis on the TSX. As such, Shareholders do not need to rely on the redemption features attached to the Shares in order to provide liquidity for their Shares.

NAV Calculation

16. Under clause 14.2(3)(b) of NI 81-106, an investment fund that is a reporting issuer and that uses specified derivatives, such as the Filer intends to do, must calculate its NAV on a daily basis.

17. The Filer intends to calculate its NAV and NAV per Share twice per month, namely on each Valuation Date, a Valuation Date being the second Friday of each month and each Monthly Redemption Date and December Redemption Date.

Decision

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

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

(a) the Prospectus discloses that the net asset value per Share will be provided by the Manager to the public on request and further discloses that the net asset value per Share is accessible to the public on the internet at www.ci.com;

(b) the Shares remain listed on the TSX; and

(c) the Filer calculates its net asset value per Share at least twice a month.

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

2.1.3 Mackenzie Financial Corporation et al.

Headnote

NP 11-203 – Coordinated Review – Lapse date of mutual fund prospectus extended for merger of the funds – Extension of lapse date will not affect the currency or accuracy of the information contained in the prospectus – Securities Act (Ontario).

Applicable Legislative Provisions

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

April 6, 2009

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

AND

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

AND

IN THE MATTER OF
MACKENZIE FINANCIAL CORPORATION
("Mackenzie" or the "Filer")

AND

KEYSTONE SCEPTRE CANADIAN LARGE CAP FUND
KEYSTONE SCEPTRE CANADIAN SMALL CAP FUND
(the "Funds")

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions ("**Decision Maker**") has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that the time limit pertaining to the distribution of securities of the Funds under their simplified prospectuses dated April 8, 2008 (the "**Prospectus**") be extended to permit the continued distribution of securities of the Funds until June 5, 2009 (the "**Exemption Sought**").

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

(a) the Ontario 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. Mackenzie is a corporation amalgamated under the laws of Ontario. Mackenzie is the manager, trustee and the portfolio advisor to the Funds. Each of the Funds is an open-ended mutual fund trust established under the laws of Ontario pursuant to a declaration of trust.

2. The Funds are reporting issuers under the Legislation and are not in default of any of the requirements of the Legislation.

3. The Funds are currently qualified for distribution in all Jurisdictions under the Prospectus, as amended.

4. Pursuant to the Legislation, the lapse date (the "**Lapse Date**") for the distribution of securities of the Funds is April 8, 2009.

5. Pursuant to the Legislation, provided a pro forma simplified prospectus is filed 30 days prior to April 8, 2009, a final version is filed by April 18, 2009, and a receipt for the simplified prospectus is issued by the securities regulatory authorities by April 28, 2009, the securities of the Funds may continue to be distributed after the Lapse Date.

6. Subject to obtaining all applicable approvals of the securities regulatory authorities, together with the requisite investor approvals by way of a special meeting of investors to be held before June 5, 2009 (the "**Special Meeting**"), Mackenzie intends to merge the Funds into other mutual funds managed by Mackenzie by June 5, 2009. Prior to the Special Meeting, all investors will be provided with the necessary disclosure documents, including but not limited to, an information circular.

7. As the Funds are proposed to be terminated by way of mergers, a renewal prospectus of the Funds will not be filed. Therefore, securities of the Funds will not be qualified for distribution in the period that follows the Lapse Date and that leads up to the effective date of the mergers unless an extension is granted to permit the continued distribution of securities of the Funds during that period. An extension of the Lapse Date is therefore requested until June 5, 2009.

8. The purchases the Filer expects to see of the Funds' securities after the Lapse Date are principally those made pursuant to pre-authorized purchases ("**PAP**") from existing investors. These scheduled PAPs will continue until the effective date of the mergers.

9. If the Exemption Sought is not granted, a pro forma prospectus and a final prospectus for the Funds would have to have been filed by March 9, 2009 and April 8, 2009 respectively in accordance with the existing time limits for the renewal of the Prospectus, notwithstanding that the Funds will be terminated on or about the effective date of the mergers. The financial costs and time involved in preparing, filing and printing a revised prospectus for the Funds would be unduly costly.

10. Mackenzie is in the process of amending the Prospectus to reflect the proposed mergers such that, since April 8, 2008, no material changes will have occurred that have not been disclosed by way of an amendment to the Prospectus. Accordingly, as amended, the Prospectus will present up-to-date information regarding the Funds. The extension requested will not affect the currency or accuracy of the information contained in the Prospectus, as amended, and as may be further amended in accordance with NI 81-106, and, accordingly, will not be prejudicial to the public interest.

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 Maker under the Legislation is that the Exemption Sought is granted.

"David L. Knight"
Commissioner
Ontario Securities Commission

"Margo Howard"
Commissioner
Ontario Securities Commission

2.1.4 Income & Equity Index Participation Fund – s. 1(10)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to have ceased to be a reporting issuer.

Applicable Legislative Provisions

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

Citation: Income & Equity Index Participation Fund, Re, 2009 ABASC 134

March 30, 2009

Stikeman Elliott LLP
4300 Bankers Hall West
888-3rd Street SW
Calgary, AB T2P 5C5

Attention: Kyle Brunner

Dear Sir:

Re: Income & Equity Index Participation Fund (the Applicant) - Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;

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

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

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

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

"Agnes Lau"
Associate Director, Corporate Finance

2.1.5 Deutsche Telekom AG

Headnote

National Policy 11-203 Process for Exemptive Relief in Multiple Jurisdictions – subsection 1(10) of the Securities Act – Application by German issuer for a decision that it is not a reporting issuer – Canadian resident shareholders beneficially own less than 2% of the issuer's outstanding shares and represent less than 2% of the total number of shareholders – in the last 12 months, the issuer has not conducted an offering of its securities in Canada nor taken any steps that indicate that there is a market for its securities in Canada – issuer has no plans to seek a public offering or private placement of its securities in Canada – No securities of the issuer trade on any market or exchange in Canada – issuer's securities are listed on the NYSE and Frankfurt stock exchange, among others – issuer is subject to reporting requirements under U.S. securities law – issuer has issued a press release announcing that it has undertaken to continue to concurrently deliver to its securityholders resident in Canada, all disclosure material it is required to deliver under U.S. securities law or exchange requirements – requested relief granted.

Applicable Legislative Provisions

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

April 8, 2009

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

AND

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

AND

IN THE MATTER OF
DEUTSCHE TELEKOM AG
(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, for Jurisdictions other than Québec, the Filer is not a reporting

issuer in such Jurisdictions and, for Québec, the Filer's status as a reporting issuer is revoked (the Exemptive Relief Sought);

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

(a) the Ontario 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 entitled *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 private stock corporation organized under the laws of the Federal Republic of Germany (the Federal Republic).

2. The Filer's registered and principal offices are located at Friedrich-Ebert-Allee 140, 53113 Bonn, Germany.

3. Prior to 1989, and in accordance with the constitution of the Federal Republic as it then existed, the provision of public telecommunications services in Germany was a state monopoly. In 1989, the Federal Republic began to transform the postal, telephone and telegraph services administered by the former monopoly provider into market-oriented businesses, and divided the former monopoly into three distinct entities along their lines of business, one of which was the Filer's predecessor, Deutsche Bundespost Telekom. At the same time, the Federal Republic also began the liberalization of the German telecommunications market. The Filer was transformed into a private stock corporation effective January 1, 1995.

4. The Filer, together with its subsidiaries, is one of the largest integrated telecommunications companies in the world, offering its clients a comprehensive portfolio of mobile, broadband and fixed network telecommunications services, as well as information and communications technology services.

5. The Filer conducts business operations in approximately 50 countries worldwide, with principal markets in the United States, Germany, the United Kingdom, Poland, Hungary, The Netherlands, the Czech Republic, Austria, Croatia, Slovakia, Macedonia and Montenegro.

6. Although the Filer conducts business operations in Canada, these operations are insignificant in comparison to the Filer's overall global operations.

7. The Filer's total assets, as of December 31, 2007, amounted to €120,664 million on a consolidated basis.

8. The Filer is a "reporting issuer" or has equivalent status in each Jurisdiction and, except as set out in paragraph 15, is not in default of its obligations as a reporting issuer in any of the Jurisdictions.

9. The Filer was privatized by the Federal Republic through the global initial public offering (the GPO) of the Filer's ordinary shares (the Shares) on November 18, 1996.

10. As part of the GPO, the Shares were also offered in the United States and in Canada in the form of American Depositary Shares (ADSs) issued by Citibank N.A. (since replaced by Deutsche Bank Trust Company Americas) as Depositary, each ADS representing one Share.

11. As a result of the offering by certain qualified underwriters to investors in Canada (the Canadian Offering) of Shares and ADSs, the Filer has been a reporting issuer in each Jurisdiction since its privatization.

12. The Canadian Offering was made in compliance with procedures contemplated by the Canadian Securities Administrators' (the CSA) August 1993 proposed Draft National Policy Statement No. 53 (as amended in April 1995) entitled *Foreign Issuer Prospectus and Continuous Disclosure System* (DNP53), under which offerings of securities of foreign issuers that meet specified eligibility requirements could be made in Canada on the basis of disclosure documents prepared in accordance with United States securities laws, with certain additional Canadian disclosure.

13. Pursuant to DNP53, the Filer obtained orders of the securities regulatory authorities in each of the Jurisdictions (the DNP53 Orders), to permit the Filer to make the Canadian Offering by way of a prospectus prepared under United States securities laws. Each prospectus used in the Canadian Offering included Canadian wrap pages containing additional information, legends and certificates contemplated by DNP53 and set out in the DNP53 Orders.

14. The DNP53 Orders provide, inter alia,

    a. exemptions for the Filer from applicable Canadian continuous disclosure requirements, provided that the Filer:

i. complies with applicable United States securities laws relating to current reports and annual reports,

ii. files two copies of any material filed with the United States Securities and Exchange Commission (the SEC) with the Commission,

1. in the case of current reports, forthwith after the earlier of the date the report is filed with the SEC and the date it is required to be filed with the SEC, and

2. in the case of other documents, within 24 hours after they are filed with the SEC,

iii. provides any such documents to security holders whose last address as shown on the book of the Filer is in Canada, to the extent, in the manner and at the time required by United States securities laws,

iv. complies with the requirements of the New York Stock Exchange (the NYSE) relating to public disclosure of material information on a timely basis and forthwith issuing in Canada, and

v. files with the Commission any press release that discloses a material change in the affairs of the Filer; and

b. exemptions for the Filer from applicable Canadian proxy solicitation requirements, provided that any proxies and proxy solicitation material provided to United States security holders are provided to security holders of the same class whose last address as shown on the books of the Filer is in Canada.

15. The Filer has, since the Canadian Offering and in reliance on the DNP53 Orders, filed in the Jurisdictions the continuous disclosure documents filed with the SEC under United States securities laws, and has otherwise complied with the continuous disclosure obligations set out in the DNP53 Orders, except that the Filer has not filed in Canada (i) its annual report on Form 20-F, including financial statements and related information for the year ended December 31, 2008, that was filed with the SEC on February 27, 2009 (or paid related filing and participation fees) or (ii) current reports on Form 6-K filed with the SEC on March 3, 2009, in each case in view of the fact that the final form of this decision document was pending on those dates.

16. In the absence of the DNP53 Orders, the Filer would have qualified for substantially the same relief provided to SEC Foreign Issuers under National Instrument 71-102 entitled *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* from the time of its adoption in March 2004.

17. Concurrently with the Canadian Offering, The Toronto-Dominion Bank (TD Bank) made a public offering in Canada of TD Bank notes (the TD Bank / DT Equity-Linked Notes) whose value was derived from the economic performance of the ADSs. The TD Bank / DT Equity-Linked Notes matured on August 31, 2003 and are no longer outstanding.

18. In June 2000, as part of a global secondary offering of the Filer's Shares by Kreditanstalt für Wiederaufbau (KfW), a development bank owned by the Federal Republic, retail investors in Canada were offered Shares (in the form of Shares and ADSs) by qualified underwriters by way of a short form prospectus prepared in accordance with United States securities laws, in reliance upon orders of the securities regulatory authorities in each of the Canadian provinces, including the Jurisdictions, similar to the DNP53 Orders.

19. The principal trading market for the Filer's Shares is the Frankfurt Stock Exchange. The Filer's Shares also trade on the Berlin-Bremen, Düsseldorf, Hamburg, Hannover, München and Stuttgart stock exchanges in Germany, and on the Tokyo Stock Exchange. The Filer is not in default of any of the requirements of those exchanges.

20. The ADSs are listed and trade on the NYSE and the Frankfurt Stock Exchange. The Filer is not in default of any of the requirements of those exchanges.

21. As of December 31, 2008, the Filer's issued and outstanding share capital consists of 4,361,319,993 Shares (including the 154,392,758 Shares deposited with the Depositary underlying the 154,392,758 ADSs outstanding on that date).

22. In connection with this its application for the Exemptive Relief Sought, the Filer sought and obtained from a number of sources, information about the number of, the holdings of, the identity of and the geographic location of, the beneficial holders of the outstanding Shares and ADSs. The

sources of information included the Filer's own registrar for Shares (ADEUS Aktienregister-Service-GmbH), the Depositary for the ADSs, the depositaries of the book-entry systems in which its Shares and ADSs are held (including the Depositary Trust Company (DTC) in the United States and the Canadian Depositary for Securities (CDS), to the extent that CDS is a participant in DTC), and Thomson Reuters, a third-party information provider recognized within the securities industry as having the expertise and information resources to assist with such analyses.

23. As of December 31, 2008:

    a. there are a total of 7,816 direct and indirect beneficial owners of Shares (including Shares held in the form of ADSs) in Canada – 4,409 of whom were identified as residing in Ontario, 904 in British Columbia, 733 in Alberta, 92 in Saskatchewan, 114 in Manitoba, 1,153 in Quebec, 43 in New Brunswick, 139 in Nova Scotia, 18 in Prince Edward Island, 28 in Newfoundland and Labrador, and 1 in each of the Canadian Territories – together holding approximately 84.45 million Shares, representing approximately 1.94% of all Shares that are issued and outstanding;

    b. of the 84.45 million Shares so held, approximately 79.72 million are held in the form of Shares and 4.73 million in the form of ADSs;

    c. of the 84.45 million Shares and ADSs held by Canadian resident beneficial owners, more than 55% are held by a single Ontario-based Canadian pension fund, and more than 89% are held by 4 pension funds and an asset manager for a single family of mutual funds; and

    d. the 7,816 Canadian beneficial owners together represent approximately 0.41% of the Filer's total shareholder base.

24. The Filer has issued two series of Japanese Yen denominated bonds (the Samurai Bonds), in an aggregate principal amount of 47.5 billion Yen (approximately €300 million at the time of issuance), that remain outstanding.

25. The Samurai Bonds were issued in February 2008 and mature 5 years after their respective dates of issuance, the first series with a fixed coupon rate of 2.47% per annum, the other carrying interest at a floating rate of 1.3 percentage points above the London Interbank Offered Rate (LIBOR) for six-month Euroyen.

26. The Samurai Bonds were offered in Japan through a Japanese language prospectus, and are listed on the Tokyo Stock Exchange. None of the Samurai bonds were offered, publicly or on a private placement basis, to Canadian investors or other investors outside of Japan.

27. Based upon enquiries to underwriters participating in the original Samurai Bond distribution, broker dealers in the Japanese market and the paying agent for the Samurai Bonds, as of November 3, 2008, there are no Canadian resident beneficial holders of the Samurai Bonds.

28. Based on the diligent enquiries described above, the Filer has concluded that residents of Canada do not:

    i. directly or indirectly beneficially own more than 2% of each class or series of outstanding securities of the Filer worldwide; and

    ii. directly or indirectly comprise more than 2% of the total number of security holders of each class or series of outstanding securities of the Filer worldwide.

29. There is not a marketplace (as that term is defined in National Instrument 21-101 entitled *Marketplace Operation* (NI 21-101)) in Canada for any securities of the Filer.

30. Neither the Shares nor the ADSs were listed for trading on a marketplace in Canada (as defined in NI 21-101), no securities of the Filer are listed, traded or quoted on a marketplace in Canada and the Filer does not intend to have any of its securities posted for trading on such a marketplace in Canada.

31. Following the completion of the GPO, the Filer became and continues to be subject to the informational requirements of the United States Securities Exchange Act of 1934, as amended (the 1934 Act).

32. The Filer is not in default of any of the requirements of the 1934 Act, and will, as an issuer with a class of securities registered under section 12 of the 1934 Act, continue to file and furnish reports and other information with the SEC pursuant to the 1934 Act on an ongoing basis.

33. As a result of the listing of the ADSs on the NYSE at the time of the GPO, the Filer became and continues to be subject to the requirements of the NYSE relating to public disclosure of material information on a timely basis.

34. The Filer is not in default of any of the requirements of the NYSE and will continue, as a listed issuer, to comply with such requirements.

35. The Filer is unable to rely on the simplified procedure set out in CSA 12-307 in order to apply for the Exemptive Relief Sought because the information obtained about securities holdings referred to in paragraph 23(a) indicates that there are more than 15 beneficial owners in each of the Jurisdictions (other than the Territories).

36. The Filer does not intend to issue any securities in Canada, either by way of public offering or an offering pursuant to an exemption from the registration and prospectus requirements in the Legislation.

37. In the last 12 months the Filer has not conducted an offering of its securities in Canada nor taken any steps that indicate there is a market for its securities in Canada.

38. On December 19, 2008, the Filer provided notice by way of press release to Canadian resident security holders that it is applying to the securities regulatory authorities in the Jurisdictions for a decision that the Filer is not a reporting issuer in Canada and that if the Exemptive Relief Sought is granted, the Filer will no longer be a reporting issuer in any jurisdiction in Canada.

39. The Filer currently delivers to Canadian resident security holders all disclosure material it is required under United States federal securities laws and stock exchange requirements to deliver to United States resident security holders.

40. The Filer has undertaken in favour of each of the Decision Makers that it will continue to concurrently deliver to its security holders resident in Canada, all disclosure material it is required under United States federal securities laws and stock exchange requirements to deliver to United States resident security holders.

41. Should the Exemptive Relief Sought be granted, all of the Filer's security holders resident in each of the Jurisdictions will continue to have immediate access to the same continuous disclosure documents through "EDGAR", the filings section of the SEC website, that are currently being provided to the securities regulatory authorities in each 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 Exemptive Relief Sought is granted.

DATED this 8th day of April, 2009.

"Kevin J. Kelly"

"Margot C. Howard"

2.1.6 National Bank Securities Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Coordinated Review – Extension of the lapse date of simplified prospectus for 20 days to permit completion of mergers and inclusion of changes to the funds in renewal prospectus.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 62(5).
National Instrument 81-101 Mutual Fund Prospectus Disclosure, s. 2.5(7).

April 9, 2009

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

AND

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

AND

IN THE MATTER OF
NATIONAL BANK SECURITIES INC.
(the "Manager") AND
NATIONAL BANK MUTUAL FUNDS
SET OUT IN APPENDIX "A"
(the "Funds")
(collectively, the "Filers")

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the "**Decision Maker**") has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that the time limits for the renewal of the simplified prospectus and annual information form of the Funds be extended to those time limits that would be applicable if the lapse date of the simplified prospectus and annual information form was June 5, 2009 (the "**Exemptive Relief Sought**").

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

(a) the Autorité des marchés financiers 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 below:

"Act" means the *Securities Act* (Ontario);

"NBSI" means National Bank Securities Inc.;

"NI 81-101" means National Instrument 81-101 *Mutual Fund Prospectus Disclosure*; and

"NI 81-102" means National Instrument 81-102 *Mutual Funds*.

Representations

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

a) The Manager is a corporation governed by the *Canada Business Corporations Act*, with its head office in Montreal, Quebec. The Manager is the manager of the Funds.

b) The Funds are either open-ended mutual fund trusts established under the laws of Ontario or a class of a mutual fund corporation governed under the laws of Canada.

c) Securities of the Funds are currently qualified for distribution in each of the provinces and territories of Canada under a simplified prospectus and annual information form dated May 16, 2008.

d) The Funds are reporting issuers under the laws of each of the provinces and territories of Canada. None of the Funds is in default of any of the requirements of the Legislation.

e) In each Jurisdiction, provided a pro forma simplified prospectus is filed 30 days prior to May 16, 2009, a final version of the simplified prospectus is filed by May 26, 2009, and a receipt for the simplified prospectus is issued by the securities regulatory authorities by June 5, 2009, securities of the Funds may be distributed without interruption throughout this prospectus renewal period.

f) The Manager is the manager of both the Funds and the Altamira Funds, as a result of an amalgamation of Altamira Investment Services Inc. (the former manager of the Altamira Funds) and National Bank Securities Inc. (the manager of the Funds) in November 2008.

g) Securities of the Altamira Funds are currently qualified for distribution in each of the provinces and territories of Canada under a simplified prospectus and annual information form dated November 3, 2008.

h) As a result of the amalgamation of Altamira Investment Services Inc. and National Bank Securities Inc., the Manager is now in the process of streamlining and integrating the Altamira Funds with the Funds.

i) The Manager proposes to renew the simplified prospectus and annual information form of the Altamira Funds early to include these mutual funds in the simplified prospectus and annual information form of the Funds.

j) In addition, the Manager is contemplating fund mergers and mandate changes that may affect the Funds, and which, should they occur, will take effect by June 12, 2009. Any fund mergers and mandate changes that occur will be effected in accordance with the requirements of NI 81-102 including, without limitation, filing appropriate amendments to the simplified prospectus and annual information form of the Funds and Altamira Funds and seeking Independent Review Committee, unitholder and regulatory approval where necessary.

k) In order to reduce the cost of renewing the simplified prospectus and annual information form of the Funds in May and then subsequently amending and restating the simplified prospectus and annual information form in June following the proposed mergers and mandate changes, the Manager wishes to extend the lapse date for the Funds to June 5, 2009 so that the renewal simplified prospectus and annual information form can be filed on June 15, 2009, following completion of the proposed mergers and mandate changes.

l) Because the Manager does not know whether it will obtain securityholder approval for all of its proposed changes, the Manager proposes to file a proforma simplified prospectus and annual information form in respect of all the Funds and then a final simplified prospectus and annual information form in respect of those Funds which will continue after the mergers.

m) In the absence of this order, NI 81-101 and section 62(2) of the Act require that the Funds file a final simplified prospectus and annual information form by May 26, 2009 and receive a final receipt by June 5, 2009.

n) Since May 16, 2008, the date of the simplified prospectus and annual information form, no undisclosed material change has occurred in respect of the Funds. Accordingly, the simplified prospectus and annual information form present up to date information regarding the Funds. The extension requested will not affect the currency or accuracy of the information contained in the simplified prospectus and annual information form and, accordingly, will not be prejudicial to the public interest.

o) Unless the current lapse date of the Funds is extended, the simplified prospectus and annual information form must be filed 17 days before the date of the proposed mergers and mandate changes. Requiring the Funds to file a simplified prospectus and annual information form and then amend the simplified prospectus and annual information form, within such a short period of time, would lead to increased costs borne by the Funds (and ultimately by investors in the Funds) and potentially lead to investor confusion.

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.

"Josée Deslauriers"
Director, Investment Funds and Continuous Disclosure

Appendix "A"

National Bank Money Market Fund
National Bank Treasury Bill Plus Fund
National Bank U.S. Money Market Fund
National Bank Corporate Cash Management Fund
National Bank Treasury Management Fund
National Bank Mortgage Fund
National Bank Bond Fund
National Bank Dividend Fund
National Bank Global Bond Fund
National Bank High Yield Bond Fund
National Bank Monthly Secure Income Fund
National Bank Monthly Conservative Income Fund
National Bank Monthly Moderate Income Fund
National Bank Monthly Income Fund
National Bank Monthly High Income Fund
National Bank Monthly Equity Income Fund
National Bank Retirement Balanced Fund
National Bank Secure Diversified Fund
National Bank Conservative Diversified Fund
National Bank Moderate Diversified Fund
National Bank Balanced Diversified Fund
National Bank Growth Diversified Fund
National Bank Canadian Equity Fund
National Bank Canadian Opportunities Fund
National Bank Canadian Index Fund
National Bank Canadian Index Plus Fund
National Bank Small Capitalization Fund
National Bank Global Equity Fund
National Bank International Index Fund
National Bank American Index Fund
National Bank American Index Plus Fund
National Bank European Equity Fund
National Bank European Small Capitalization Fund
National Bank Asia-Pacific Fund
National Bank Emerging Markets Fund
National Bank Quebec Growth Fund
National Bank Natural Resources Fund
National Bank Future Economy Fund
National Bank Global Technologies Fund
National Bank Strategic Yield Class
National Bank/Fidelity Canadian Asset Allocation Fund
National Bank/Fidelity True North® Fund
National Bank/Fidelity Global Fund
Omega Preferred Equity Fund
Omega High Dividend Fund
Omega Consensus American Equity Fund
Omega Consensus International Equity Fund

2.1.7 North American Shopping Centres I Limited Partnership – 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).

April 15, 2009

Fraser Milner Casgrain LLP
1 First Canadian Place
39th Floor, 100 King Street West
Toronto, Ontario M5X 1B2

Attention: David Coultice

Re: North American Shopping Centres I Limited Partnership (the Applicant) - application for a decision under the securities legislation of Saskatchewan, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;

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

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

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

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

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

2.2 Orders

2.2.1 Pyrford International Limited – s. 218 of the Regulation

Headnote

Application for an order, pursuant to section 218 of the Regulation, exempting the Applicant from the requirement in section 213 of the Regulation that the Applicant be incorporated, or otherwise formed or created, under the laws of Canada or a province or territory of Canada, for the Applicant to be registered under the Act as a dealer in the category of limited market dealer.

Regulation Cited

R.R.O. 1990, Regulation 1015, am. to O. Reg. 500/06, ss. 213, 218.

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

AND

IN THE MATTER OF
R.R.O. 1990, REGULATION 1015,
AS AMENDED
(the Regulation)

AND

IN THE MATTER OF
PYRFORD INTERNATIONAL LIMITED

ORDER
(Section 218 of the Regulation)

UPON the application (the **Application**) of Pyrford International Limited (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 218 of the Regulation, exempting the Applicant from the requirement in section 213 of the Regulation that the Applicant be incorporated, or otherwise formed or created, under the laws of Canada or a province or territory of Canada, in order for the Applicant to be registered under the Act as a dealer in the category of limited market dealer (**LMD**);

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a company governed by the laws of England and Wales. The head office of the Applicant is located at 79 Grovesnor Street, London, W1K 3JU, United Kingdom.

2. The Applicant is authorized and registered as an adviser by the Financial Services Authority in the United Kingdom. The Applicant is registered under the Act as an international adviser and intends to maintain adviser registration. The Applicant is also registered as a securities adviser with the Manitoba Securities Commission, a portfolio manager and investment counsel (securities) with the British Columbia Securities Commission, a portfolio manager and investment counsel (foreign) with Alberta Securities Commission, and an investment adviser with the United States Securities and Exchange Commission.

3. The Applicant carries on business as an adviser in the United Kingdom, providing investment advice through managed accounts and investment funds.

4. The Applicant intends to apply to the Commission for registration under the Act as a dealer in the category of LMD, primarily for the purpose of engaging in the distribution of units of one or more pooled funds managed by the Applicant.

5. Section 213 of the Regulation provides that a registered dealer that is not an individual must be a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada.

6. The Applicant is not resident in Canada and will not maintain an office in Canada. The Applicant does not require a separate Canadian company in order to carry out its proposed LMD activities in Ontario. It is more efficient and cost-effective to carry out those activities through the existing company.

7. Without the relief requested, the Applicant would not meet the requirements of the Regulation for registration as a dealer in the category of LMD as it is not a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada.

AND UPON being satisfied that to make this order would not be prejudicial to the public interest;

IT IS ORDERED, pursuant to section 218 of the Regulation, and in connection with the registration of the Applicant as a dealer under the Act in the category of an LMD, section 213 of the Regulation shall not apply to the Applicant, provided that:

1. The Applicant appoints an agent for service of process in Ontario.

2. The Applicant shall provide to each client resident in Ontario a statement in writing disclosing the non-resident status of the Applicant, the Applicant's jurisdiction of residence, the name and address of the agent for service of process of the Applicant in Ontario, and the nature of risks to clients that legal rights may not be enforceable.

3. The Applicant will not change its agent for service of process in Ontario without giving the Commission 30 days' prior notice of such change by filing a new Submission to Jurisdiction and Appointment of Agent for Service of Process.

4. The Applicant and each of its registered directors, officers, or partners irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial, and administrative tribunals of Ontario and any administrative proceedings in Ontario, in any proceedings arising out of or related to or concerning its registration under the Act or its activities in Ontario as a registrant.

5. Securities, funds, and other assets of the Applicant's clients in Ontario will be held as follows:

   (a) by the client; or

   (b) by a custodian or sub-custodian:

      (i) that meets the guidelines prescribed for acting as a sub-custodian of the portfolio securities of a mutual fund in Part 6 of National Instrument 81-102 - Mutual Funds;

      (ii) that is:

         (1) subject to the agreement announced by the Bank for International Settlements (BIS) on July 1, 1988 concerning international convergence of capital measurement and capital standards; or

         (2) exempt from the requirements of paragraph 3.7(1)(b)(ii) of OSC Rule 35-502 - Non Resident Advisers; and

      (iii) if such securities, funds and other assets are held by a custodian or sub-custodian that is the Applicant or an affiliate of the Applicant, that custodian holds such securities, funds and other assets in compliance with the requirements of the Regulation.

6. Securities of the Applicant's clients in Ontario may be deposited with or delivered to a recognized depository or clearing agency.

7. The Applicant will inform the Director immediately upon the Applicant becoming aware:

   (a) that it has ceased to be authorized and registered by the Financial Services Authority in the United Kingdom; or

   (b) of its registration in any other jurisdiction not being renewed or being suspended or revoked;

   (c) that it is the subject of a regulatory proceeding, investigation or disciplinary action by any financial services or securities regulatory authority or self-regulatory authority; or

(d) that the registration of its salespersons or officers who are registered in Ontario have not been renewed or have been suspended or revoked in any Canadian or foreign jurisdiction; or

(e) that any of its salespersons or officers who are registered in Ontario are the subject of a regulatory proceeding, investigation or disciplinary action by any financial services or securities regulatory authority or self-regulatory authority in any Canadian or foreign jurisdiction.

8. The Applicant will pay the increased compliance and case assessment costs of the Commission due to the Applicant's location outside Ontario, including the cost of hiring a third party to perform a compliance review on behalf of the Commission.

9. The Applicant will make its books and records outside Ontario, including electronic records, readily accessible in Ontario, and will produce physical records for the Commission within a reasonable time if requested.

10. If the laws of the jurisdiction in which the Applicant's books and records are located prohibit production of the books and records in Ontario without the consent of the relevant client the Applicant shall, upon a request by the Commission:

(a) so advise the Commission; and

(b) use its best efforts to obtain the client's consent to the production of the books and records.

11. The Applicant will, upon the Commission's request, provide a representative to assist the Commission in compliance and enforcement matters.

12. The Applicant and each of its registered directors, officers, or partners will comply, at the Applicant's expense, with requests under the Commission's investigation powers and orders under the Act in relation to the Applicant's dealings with Ontario clients, including producing documents and witnesses in Ontario, submitting to audit or search and seizure process or consenting to an asset freeze, to the extent such powers would be enforceable against the Applicant if the Applicant were resident in Ontario.

13. If the laws of the Applicant's jurisdiction of residence that are otherwise applicable to the giving of evidence or production of documents prohibit the Applicant or the witnesses from giving the evidence without the consent or leave of the relevant client or any third party, including a court of competent jurisdiction, the Applicant shall:

(a) so advise the Commission; and

(b) use its best efforts to obtain the client's consent to the giving of the evidence.

14. The Applicant will maintain appropriate registration and regulatory organization membership, in the jurisdiction of its principal operations, and if required, in its jurisdiction of residence.

April 7, 2009

“Wendell S. Wigle”
Commissioner
Ontario Securities Commission

“Margot C. Howard”
Commissioner
Ontario Securities Commission

2.2.2 Borealis International Inc. et al. – s. 127(1)

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

AND

IN THE MATTER OF
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,
EARL SWITENKY, MICHELLE DICKERSON,
DEREK DUPONT, BARTOSZ EKIERT,
ROSS MACFARLANE, BRIAN NERDAHL,
HUGO PITTOORS AND LARRY TRAVIS

ORDER
(Section 127(1))

WHEREAS on November 15, 2007, the Ontario Securities Commission (the "Commission") made an order pursuant to sections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5., as amended, in respect of Borealis International Inc. ("Borealis"), Synergy Group (2000) Inc. ("Synergy"), Integrated Business Concepts Inc. ("IBC"), Canavista Corporate Services Inc. ("Canavista Corporate"), Canavista Financial Center Inc. ("Canavista Financial"), Shane Smith ("Smith"), Andrew Lloyd, Paul Lloyd, Vince Villanti ("Villanti"), Larry Haliday ("Haliday"), Jean Breau ("Breau"), Joy Statham ("Statham"), David Prentice ("Prentice"), Len Zielke ("Zielke"), John Stephan ("Stephan"), Ray Murphy ("Murphy"), Derek Grigor ("Grigor"), Earl Switenky ("Switenky") and Alexander Poole ("Poole") (the "Original Respondents") that all trading in securities by and of the Original Respondents, with the exception of Poole, cease, and that any exemptions contained in Ontario securities law do not apply to the Original Respondents, with the exception of Poole (the "Temporary Order");

AND WHEREAS the Temporary Order also provided that pursuant to clause 1 of section 127(1), the following terms and conditions were imposed on Poole's registration: Poole shall be subject to monthly supervision by his sponsoring firm which, commencing November 30, 2007, will submit monthly supervision reports to the Commission (attention: Manager, Registrant Regulation) in a form specified by the Manager, Registrant Regulation, reporting details of Poole's sales activities and dealings with clients;

AND WHEREAS on November 15, 2007, the Commission issued a Notice of Hearing and Statement of Allegations in this matter;

AND WHEREAS on November 28, 2007, the Commission ordered that the Temporary Order be continued in respect of the Original Respondents, except Borealis, Synergy, IBC, Canavista Financial, Smith, Villanti, Haliday, Breau, Paul Lloyd, Zielke, Grigor and Switenky, until May 27, 2008;

AND WHEREAS on November 28, 2007, the Commission ordered that in respect of Borealis, Synergy, IBC, Canavista Financial, Smith, Villanti, Haliday, Breau, Paul Lloyd, Zielke, Grigor and Switenky, the Temporary Order be continued until January 11, 2008;

AND WHEREAS on January 11, 2008, the Commission ordered that in respect of the Original Respondents, the Temporary Order be continued until May 27, 2008;

AND WHEREAS on May 22, 2008, the Commission issued an Amended Notice of Hearing and an Amended Statement of Allegations by which, *inter alia*, the following individuals were added as respondents: Michelle Dickerson ("Dickerson"), Derek Dupont ("Dupont"), Bartosz Ekiert ("Ekiert"), Ross Macfarlane ("Macfarlane"), Brian Nerdahl ("Nerdahl"), Hugo Pittoors ("Pitoors"), and Larry Travis ("Travis") (collectively the "New Respondents");

AND WHEREAS on May 27, 2008, the Commission ordered that all trading in securities by Dickerson, Dupont, Ekiert, Macfarlane, Nerdahl, Pittoors and Travis cease and that any exemptions contained in Ontario securities law not apply to them and that the Order be continued until June 18, 2008 or until further order of the Commission;

AND WHEREAS on May 27, 2008, the Commission ordered that in respect of the Original Respondents, including Poole, the Temporary Order be continued until June 18, 2008;

AND WHEREAS on June 17, 2008, the Commission ordered that the hearing on the merits commence on May 4, 2009 and that the Temporary Order be continued until the completion of the hearing on the merits;

AND WHEREAS on April 1, 2009, counsel for the respondents Synergy Group (2000) Inc., Shane Smith, Andrew Lloyd and David Prentice (the "Moving Parties") brought a motion before the Commission requesting an adjournment of the hearing on the merits;

AND UPON REVIEWING the Motion Record dated April 1, 2009;

AND UPON HEARING submissions of Staff of the Commission and counsel to the Moving Parties, and counsel to Jean Breau, Borealis International Inc., Integrated Business Concepts, Vince Villanti, and Larry Haliday on April 6, 2009;

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

IT IS ORDERED THAT:

1. the hearing on the merits shall commence on May 26, 2009 at 2:30 p.m. at the offices of the Commission, 20 Queen Street West, 17th floor, Toronto; and

2. the Temporary Order is continued until the completion of the hearing on the merits or until further order of the Commission.

DATED at Toronto this 8th day of April, 2009.

"Lawrence E. Ritchie"
Vice-Chair

2.2.3 Teodosio Vincent Pangia and Transdermal Corp. – s. 127(7)

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

AND

IN THE MATTER OF
TEODOSIO VINCENT PANGIA
AND TRANSDERMAL CORP.

TEMPORARY ORDER
Section 127(7)

WHEREAS on February 23, 2009, the Ontario Securities Commission (the "Commission") ordered pursuant to sections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that immediately for a period of 15 days from the date thereof: (a) all trading in securities by Transdermal Corp. ("Transdermal") shall cease and that all trading in securities of Transdermal shall cease; and (b) all trading in securities by Teodosio Vincent Pangia ("Pangia") shall cease (the "Temporary Order");

AND WHEREAS on February 25, 2009, the Commission issued a Notice of Hearing and Statement of Allegations in this matter;

AND WHEREAS on March 9, 2009, the Temporary Order was continued until April 8, 2009, or until further order of the Commission;

AND WHEREAS Transdermal does not oppose the continuation of the Temporary Order until May 8, 2009;

AND WHEREAS Pangia does not oppose the continuation of the Temporary Order, with the qualification that he takes the position that the Temporary Order is unnecessary because it duplicates the Commission's December 16, 2003, Order against Pangia;

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

AND UPON HEARING submissions from counsel for Staff of the Commission, counsel for Transdermal, and counsel for Pangia;

IT IS ORDERED THAT the Temporary Order is continued until May 11, 2009, or until further order of the Commission;

AND IT IS FURTHER ORDERED THAT any party to this proceeding may bring a motion to vary the terms of the Temporary Order on four days notice;

AND IT IS FURTHER ORDERED THAT this matter is adjourned until May 8, 2009 at 8:30 am.

DATED at Toronto this 8th day of April, 2009.

"Lawrence E. Ritchie"

"Carol S. Perry"

2.2.4 Borealis International Inc. et al. – Rule 1.5.3 of the OSC Rules of Procedure (2009), 32 OSCB 10

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

AND

IN THE MATTER OF
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,
EARL SWITENKY, MICHELLE DICKERSON,
DEREK DUPONT, BARTOSZ EKIERT,
ROSS MACFARLANE, BRIAN NERDAHL,
HUGO PITTOORS AND LARRY TRAVIS

ORDER
(Rule 1.5.3 of the Ontario Securities Commission Rules of Procedure (2009), 32 O.S.C.B. 10)

WHEREAS on November 15, 2007, the Ontario Securities Commission (the "Commission") made an order pursuant to sections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5., as amended, in respect of Borealis International Inc. ("Borealis"), Synergy Group (2000) Inc. ("Synergy"), Integrated Business Concepts Inc. ("IBC"), Canavista Corporate Services Inc. ("Canavista Corporate"), Canavista Financial Center Inc. ("Canavista Financial"), Shane Smith ("Smith"), Andrew Lloyd, Paul Lloyd, Vince Villanti ("Villanti"), Larry Haliday ("Haliday"), Jean Breau ("Breau"), Joy Statham ("Statham"), David Prentice ("Prentice"), Len Zielke ("Zielke"), John Stephan ("Stephan"), Ray Murphy ("Murphy"), Derek Grigor ("Grigor"), Earl Switenky ("Switenky") and Alexander Poole ("Poole") (the "Original Respondents") that all trading in securities by and of the Original Respondents, with the exception of Poole, cease, and that any exemptions contained in Ontario securities law do not apply to the Original Respondents, with the exception of Poole (the "Temporary Order");

AND WHEREAS the Temporary Order also provided that pursuant to clause 1 of section 127(1), the following terms and conditions were imposed on Poole's registration: Poole shall be subject to monthly supervision by his sponsoring firm which, commencing November 30, 2007, will submit monthly supervision reports to the Commission (attention: Manager, Registrant Regulation) in a form specified by the Manager, Registrant Regulation, reporting details of Poole's sales activities and dealings with clients;

AND WHEREAS on November 15, 2007, the Commission issued a Notice of Hearing and Statement of Allegations in this matter;

AND WHEREAS on November 28, 2007, the Commission ordered that the Temporary Order be continued in respect of the Original Respondents, except Borealis, Synergy, IBC, Canavista Financial, Smith, Villanti, Haliday, Breau, Paul Lloyd, Zielke, Grigor and Switenky, until May 27, 2008;

AND WHEREAS on November 28, 2007, the Commission ordered that in respect of Borealis, Synergy, IBC, Canavista Financial, Smith, Villanti, Haliday, Breau, Paul Lloyd, Zielke, Grigor and Switenky, the Temporary Order be continued until January 11, 2008;

AND WHEREAS on January 11, 2008, the Commission ordered that in respect of the Original Respondents, the Temporary Order be continued until May 27, 2008;

AND WHEREAS on May 22, 2008, the Commission issued an Amended Notice of Hearing and an Amended Statement of Allegations by which, *inter alia*, the following individuals were added as respondents: Michelle Dickerson ("Dickerson"), Derek Dupont ("Dupont"), Bartosz Ekiert ("Ekiert"), Ross Macfarlane ("Macfarlane"), Brian Nerdahl ("Nerdahl"), Hugo Pittoors ("Pitoors"), and Larry Travis ("Travis") (collectively the "New Respondents");

AND WHEREAS on May 27, 2008, the Commission ordered that all trading in securities by Dickerson, Dupont, Ekiert, Macfarlane, Nerdahl, Pittoors and Travis cease and that any exemptions contained in Ontario securities law not apply to them and that the Order be continued until June 18, 2008 or until further order of the Commission;

AND WHEREAS on May 27, 2008, the Commission ordered that in respect of the Original Respondents, including Poole, the Temporary Order be continued until June 18, 2008;

AND WHEREAS on June 17, 2008, the Commission ordered, amongst other things, that the hearing on the merits shall commence on May 4, 2009 and that the Temporary Order shall be continued until the completion of the hearing on the merits or until further order of the Commission;

AND WHEREAS Staff of the Commission ("Staff") has been unable to effect service or had difficulty effecting service on Zielke, as detailed in the Affidavit of Lee Crann, dated March 25, 2009 (the "Crann Affidavit");

AND WHEREAS on March 27, 2009, a pre-hearing conference was held before the Commission;

AND UPON HEARING the submissions of Staff at the pre-hearing conference on March 27, 2009, Zielke not appearing;

AND UPON REVIEWING the Crann Affidavit;

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

IT IS ORDERED THAT:

1. Staff shall not be required to serve nor otherwise notify the Respondent Zielke of any further steps in this proceeding.

DATED at Toronto this 27th day of March, 2009.

"Paul K. Bates"

2.2.5 FactorCorp Inc. et al. – ss. 127, 144

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

AND

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

TEMPORARY ORDER
(Sections 127 and 144 of the Act)

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

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

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

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

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

(a) pursuant to paragraph 127(1)2, all trading in any securities by and of the respondents cease except that Twerdun is permitted to trade, in his name only, in securities that have not been issued by FactorCorp or FactorCorp Financial, for his own account or for the account of a registered retirement savings plan or registered retirement income fund (as defined in the *Income Tax Act* (Canada)) in which he has legal and beneficial ownership and interest;

(b) pursuant to paragraph 127(1)3 of the Act, but subject to paragraph (a) above, all exemptions contained in Ontario securities law do not apply to the respondents; and

(c) pursuant to paragraph 127(1)1 of the Act, the following terms and conditions are imposed on the registration of FactorCorp and Twerdun, effective immediately:

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

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

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

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

AND WHEREAS, the Temporary Order, as varied, was extended by Orders of the Commission dated: August 27, 2007, September 26, 2007, October 26, 2007, December 6, 2007, February 13, 2008, April 15, 2008, June 16, 2008, August 29, 2008, January 5, 2009 and March 5, 2009. Pursuant to the March 5, 2009 Order, the Temporary Order, as varied, was extended to expire on April 8, 2009, unless further extended by the Commission;

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

AND WHEREAS by Order of the Superior Court of Justice dated October 17, 2007, KPMG was appointed Receiver and Manager (the “Receiver”) over the assets, undertakings and properties of FactorCorp and FactorCorp Financial and by Order of the Superior Court of Justice dated October 30, 2007, the appointment of the Receiver was confirmed and extended until further Order of the Court;

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

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

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

AND WHEREAS the Commission is of the opinion that it is in the public interest to continue the Temporary Order, as previously varied, for the period expiring on May 13, 2009, unless further extended by the Commission;

AND WHEREAS by Authorization Order made April 1, 2008, pursuant to subsection 3.5(3) of 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 exercise the powers of the Commission under the Act, subject to subsection 3.5(4) of the Act, to make orders under section 17 of the Act;

IT IS ORDERED that the Temporary Order, as varied on October 26, 2007, be continued for the period expiring on May 13, 2009, unless further extended by the Commission, as follows:

(a) pursuant to paragraph 127(1)2, all trading in any securities by Twerdun cease except that Twerdun is permitted to trade, in his name only, in securities that have not been issued by FactorCorp or FactorCorp Financial, for his own account or for the account of a registered retirement savings plan or registered retirement income fund (as defined in the *Income Tax Act* (Canada)) in which he has legal and beneficial ownership and interest; and

(b) pursuant to paragraph 127(1)3 of the Act, but subject to paragraph (a) above, all exemptions contained in Ontario securities law do not apply to Twerdun; and

(c) pursuant to paragraph 127(1)1 of the Act, the following terms and conditions are

imposed on the registration of Twerdun, effective immediately:

(i) Twerdun, and any company controlled, directly or indirectly, by him, are prohibited from making repayments and participating in or acquiescing to any act, directly or indirectly, in furtherance of a redemption of securities of FactorCorp and FactorCorp Financial without the prior written consent of the Receiver and/or Trustee; and

(ii) Twerdun is prohibited from transferring his controlling interest in any company including but not limited to FactorCorp and FactorCorp Financial.

AND IT IS FURTHER ORDERED that this matter is adjourned until May 12, 2009 at 2:30 p.m.

DATED at Toronto, this 8th day of April, 2009.

"Lawrence E. Ritchie"
Vice-Chair

2.2.6 Nest Acquisitions and Mergers and Caroline Frayssignes – ss. 127(1), 127(5)

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

AND

IN THE MATTER OF
NEST ACQUISITIONS AND MERGERS
AND CAROLINE FRAYSSIGNES

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

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

1. Nest Acquisitions and Mergers ("Nest") appears to be a company operating out of the Ontario;

2. Nest appears to be involved in the trading of securities in Ontario;

3. Nest is not registered with the Commission in any capacity;

4. Nest has a bank account at the Royal Bank of Canada (the "Nest RBC Account"). Caroline Frayssignes ("Frayssignes") set up the Nest RBC Account and had signing authority on the account;

5. Funds from the Nest RBC Account were transferred to a brokerage account held by Frayssignes with Wellington West Capital Inc.("WWCI") in Oakville, Ontario, (the "Frayssignes WWCI Account"); and,

6. Between February 23, 2009 and April 7, 2009, the Frayssignes WWCI Account may have been involved in the manipulation of the share price of a security listed on the OTC Pink Sheets in the United States.

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 *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act");

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

AND WHEREAS by Commission order made April 1, 2008, pursuant to section 3.5(3) of the Act, any one of David Wilson, James E.A. Turner, Lawrence E. Ritchie, Paul K. Bates, and David L. Knight, acting alone is authorized to exercise the powers of the Commission under the Act, subject to subsection 3.5(4) of the Act, to make orders under section 127 of the Act;

IT IS ORDERED pursuant to clause 2 of subsection 127(1) of the Act that all trading in securities by Nest Acquisitions and Mergers and Caroline Frayssignes shall cease; and,

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 8th day of April, 2009

"David Wilson"

2.2.7 SWEF Terrawinds Resources Corp. – s. 1(11)(b)

Headnote

Application by former wholly owned subsidiary of public limited partnership for an order designating applicant to be a reporting issuer – application filed in conjunction with related application by public limited partnership for an order that the limited partnership is not a reporting issuer – applicant is resulting public entity that emerged from a securities exchange transaction whereby unitholders of the limited partnership exchanged their units for non-voting common shares of the applicant – exchange transaction approved at special meeting of unitholders – following the exchange, all of the issued and outstanding non-voting common shares of the applicant are held by the former unitholders of the partnership – requested order harmonizes regulatory treatment of applicant across Canada.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(11).

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

AND

IN THE MATTER OF
SWEF TERRAWINDS RESOURCES CORP.

ORDER
(Clause 1(11)(b))

UPON the application of SWEF TERRAWINDS RESOURCES CORP. (the Applicant) for an order pursuant to clause 1(11)(b) of the Act that, for the purposes of Ontario securities law, the Applicant is a reporting issuer in Ontario;

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

AND UPON the Applicant representing to the Commission as follows:

The Parties

SWEF LP

1. SWEF LP (the Partnership) is a limited partnership formed under the laws of the Province of Ontario on December 30, 2004. On September 21, 2005 the Partnership filed the requisite documentation in accordance with the *Limited Partnerships Act* (Ontario) in order to change its name from "SkyPower I Limited Partnership" to "SkyPower Wind Energy Fund LP" and on December 28,

2007 the Partnership filed the requisite documentation in accordance with the *Limited Partnerships Act* (Ontario) in order to change its name from "SkyPower Wind Energy Fund LP" to its current name.

2. SWEF GP Inc. is a corporation existing under the laws of Ontario and is the general partner of the Partnership.

3. The Partnership's head office is located at 86 Scollard Avenue, Toronto, ON M5R 1G2.

4. The Partnership became a reporting issuer or reporting issuer equivalent on December 19, 2005 in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut (the Jurisdictions) by the issuance of receipts by the Jurisdictions for a final prospectus dated December 16, 2005.

5. The Partnership has given notice to the British Columbia Securities Commission of its voluntary surrender of reporting issuer status in British Columbia and has made application to each of the Jurisdictions other than British Columbia to cease to be a reporting issuer.

The Applicant

6. The Applicant is corporation incorporated under the federal laws of Canada on December 8, 2003 and prior to December 19, 2008 was a wholly owned subsidiary of SWEF LP.

7. The authorized capital of the Applicant consists of an unlimited number of non-voting common shares and an unlimited number of class A voting preferred shares, of which 7,724,084 non-voting common shares and 71,900,901 class A voting preferred shares are issued and outstanding.

The Facts

8. At a duly called meeting of the holders (the Unitholders) of limited partnership units (Units) of the Partnership on December 28, 2007 (the Meeting), the Unitholders approved, by special resolution, the sale of substantially all of the assets of the Applicant to SkyPower Corp. for approximately $77.2 million in cash and the assumption of certain liabilities of the Applicant of approximately $211 million (the Asset Sale).

9. At the Meeting, the Unitholders also approved, by special resolution, certain amendments to the limited partnership agreement of the Partnership to permit the Exchange (as described below).

10. Neither the Applicant nor the Partnership has carried on active business since the Asset Sale and neither has any intention to carry on active business in the future. Both the Applicant and the Partnership will ultimately be dissolved or wound-down once the remainder of the cash portion of the purchase price from the Asset Sale is distributed to the Unitholders in the manner disclosed in the Partnership's Management Information Circular dated November 29, 2007.

11. On December 19, 2008 all of the Units were purchased for cancellation by the Partnership in exchange for an equal number of non-voting common shares of the Applicant (the Exchange) as part of the process to begin the wind-down of the Partnership.

12. Following the Exchange, all of the issued and outstanding non-voting common shares of the Applicant are held by the former Unitholders of the Partnership. The Partnership continues to be the beneficial and registered holder of all of the issued and outstanding class A voting preferred shares in the capital of the Applicant. The only securityholders of the Partnership are its general partner, SWEF GP Inc. and 2171264 Ontario Inc., a wholly-owned subsidiary of SWEF GP Inc.

13. As a result of the varying definitions of "reporting issuer" contained in Canadian securities legislation, upon the completion of the Exchange, the Applicant automatically became a reporting issuer in each of the other Jurisdictions but did not become a reporting issuer in the province of Ontario.

AND UPON the Commission being satisfied that to do so is in the public interest;

IT IS ORDERED pursuant to clause 1(11)(b) of the Act that the Applicant is a reporting issuer for the purposes of Ontario securities law.

Dated this 14th day of April, 2009.

"Mary Condon"
Commissioner

"Carol S. Perry"
Commissioner

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
Augustine Ventures Inc.	02 Apr 09	14 Apr 09		16 Apr 09
Nearctic Nickel Mines Inc.	02 Apr 09	14 Apr 09	14 Apr 09	
Jumbo Petroleum Corporation	02 Apr 09	14 Apr 09	14 Apr 09	
Pine Valley Mining Corporation	03 Apr 09	15 Apr 09	15 Apr 09	
Central Industries Corporation Inc.	08 Apr 09	20 Apr 09		
PreMD Inc.	08 Apr 09	20 Apr 09		
Divcom Lighting Inc.	08 Apr 09	20 Apr 09		
MonoGen, Inc.	09 Apr 09	21 Apr 09		
Copper Mesa Mining Corporation	13 Apr 09	24 Apr 09		
QSound Labs Inc.	13 Apr 09	24 Apr 09		
Chemokine Therapeutics Corp.	13 Apr 09	24 Apr 09		
Liberty Mines Inc.	13 Apr 09	24 Apr 09		
Genesis Land Development Corp.	14 Apr 09	27 Apr 09		
Minco Gold Corporation	14 Apr 09	27 Apr 09		
GLR Resources Inc.	14 Apr 09	27 Apr 09		
Storm Cat Energy Corporation	14 Apr 09	27 Apr 09		
Energem Resources Inc.	15 Apr 09	27 Apr 09		

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
Synergex Corporation	02 Apr 09	14 Apr 09	14 Apr 09		
Victhom Human Bionics Inc.	02 Apr 09	14 Apr 09	14 Apr 09		
High River Gold Mines Ltd.	03 Apr 09	15 Apr 09	15 Apr 09		
Outlook Resources Inc.	31 Mar 09	13 Apr 09	13 Apr 09		
Orsu Metals Corporation	01 Apr 09	14 Apr 09	14 Apr 09		
TriNorth Capital Inc.	01 Apr 09	14 Apr 09	14 Apr 09		

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Goldstake Explorations Inc.	08 Apr 09	20 Apr 09			

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
Coalcorp Mining Inc.	18 Feb 09	03 Mar 09	03 Mar 09		
Outlook Resources Inc.	31 Mar 09	13 Apr 09	13 Apr 09		
TriNorth Capital Inc.	01 Apr 09	14 Apr 09	14 Apr 09		
Orsu Metals Corporation	01 Apr 09	14 Apr 09	14 Apr 09		
Synergex Corporation	02 Apr 09	14 Apr 09	14 Apr 09		
Victhom Human Bionics Inc.	02 Apr 09	14 Apr 09	14 Apr 09		
High River Gold Mines Ltd.	03 Apr 09	15 Apr 09	15 Apr 09		
AbitibiBowater Inc.	06 Apr 09	17 Apr 09			
Goldstake Explorations Inc.	08 Apr 09	20 Apr 09			

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
03/25/2009	6	Accentus Holdings Inc. - Common Shares	8,999,900.00	89,999.00
01/04/2008 to 12/23/2008	106	Acker Finley Select Canada Focus Fund - Units	21,990,754.11	2,904,592.53
04/01/2009	15	Annidis Health Systems Corp. - Debentures	2,005,000.00	N/A
03/30/2009	2	Aquarius Platinum Limited - Common Shares	142,752.60	N/A
04/01/2009	11	Arizona Acquisition Fund Inc. - Common Shares	145.50	1,455.00
03/31/2009 to 04/03/2009	24	ATW Gold Corp. - Units	4,929,800.00	N/A
03/26/2009	1	Banro Corporation - Options	0.00	100,000.00
08/21/2008	1	Baskin Balanced Fund - Units	100,000.00	10,052.58
02/23/2009	1	Bering Media Incorporated - Debentures	300,000.00	1.00
02/01/2008 to 07/01/2008	66	Bloombergson Partners Fund - Limited Partnership Units	133,354,684.00	N/A
03/26/2009 to 03/27/2009	4	Bri-Gill Development Corporation Ltd. - Preferred Shares	78,100.00	781.00
03/31/2009	1	Cadiscor Resources Inc. - Debenture	7,500,000.00	1.00
04/01/2009	5	Capital Direct I Income Trust - Trust Units	347,500.00	34,750.00
03/31/2009	16	Central European Petroleum Ltd. - Units	11,609,724.00	3,869,908.00
04/07/2009	1	Changyou.com Limited - American Depository Shares	345,625.00	8,625,000.00
12/31/2007	6	CI Global Opportunities Fund - Units	3,477.72	132.24
03/30/2009 to 04/08/2009	25	CMC Markets UK plc - Contracts for Differences	166,610.00	25.00
03/19/2009	16	Consolidated Spire Ventures Ltd. - Units	159,000.00	5,300,000.00
03/31/2009	11	Dumont Nickel Inc. - Units	188,000.00	N/A
04/01/2009 to 04/08/2009	24	First Gold Exploration Inc. - Common Shares	300,000.00	N/A
04/06/2009	2	First Leaside Fund - Trust Units	10,000.00	10,000.00
04/01/2009	1	First Leaside Progressive Limited Partnership - Trust Units	45,174.00	45,174.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
04/02/2009	12	Forterra Environmental Corp. - Common Shares	600,000.00	51,000.00
03/26/2009	11	FT Capital Investment Fund - Units	195,500.00	391.00
07/31/2008 to 08/31/2008	2	Full Cycle Energy Concentrated Limited Partnership - Units	750,000.00	7,500.00
07/31/2008 to 08/31/2008	2	Full Cycle Energy Limited Partnership I - Units	1,250,000.00	12,500.00
06/30/2008 to 12/31/2008	17	Greenrock Global Cleantech L.P. - Limited Partnership Units	6,846,884.00	N/A
03/31/2009	1	Harry Winston Diamond Corporation - Common Shares	212,387,215.47	N/A
03/25/2009 to 04/01/2009	34	IGW Real Estate Investment Trust - Trust Units	1,178,284.72	1,129,030.45
04/03/2009	2	Ingersoll-Rand Global Holding Company Limited - Notes	1,881,900.00	N/A
10/02/2008 to 12/31/2008	1	JHIC Small Cap Fund - Units	3,556,311.61	731,111.97
03/26/2009	24	Klondex Mines Ltd. - Units	900,000.00	1,500,000.00
04/03/2009	21	La Camera Mining Inc. - Common Shares	1,265,500.00	3,163,750.00
03/25/2009	1	Magenta II Mortgage Investment Corporation - Common Shares	45,000.00	45,000.00
02/01/2008 to 11/01/2008	8	Marret High Yield Hedge Limited Partnership - Limited Partnership Units	2,175,000.00	239,349.00
01/01/2008 to 12/31/2008	4627	McLean & Partners Private Global Balanced Pool - Trust Units	46,109,995.40	4,903,469.25
01/01/2008 to 12/31/2008	1733	McLean & Partners Private Global Dividend Growth Pool - Trust Units	77,839,304.64	8,631,648.55
01/01/2008 to 12/31/2008	934	McLean & Partners Private International Equity Pool - Units	36,947,582.69	4,156,030.50
03/25/2009 to 04/02/2009	42	Nelson Financial Group Ltd. - Notes	2,165,045.02	N/A
04/01/2009	1	New Solutions Financial (II) Corporation - Debentures	57,000.00	1.00
01/01/2008 to 12/31/2008	1	NexGen American Growth Tax Managed Fund - Debt	124,299.98	N/A
01/01/2008 to 12/31/2008	1	NexGen Canadian Balanced Growth Tax Managed Fund - Debt	1,350,099.93	N/A
01/01/2008 to 12/31/2008	1	NexGen Canadian Dividend and Income Tax Managed Fund - Debt	615,299.97	N/A
01/01/2008 to 12/31/2008	1	NexGen Canadian Growth Tax Managed Fund - Debt	3,448,239.80	N/A
01/01/2008 to 12/31/2008	1	NexGen Canadian Growth & Income Tax Managed Fund - Debt	9,505,379.67	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2008 to 12/31/2008	1	NexGen Canadian Large Cap Tax Managed Fund - Debt	467,099.97	N/A
01/01/2008 to 12/31/2008	1	NexGen Global Dividend Tax Managed Fund - Debt	151,900.00	N/A
01/01/2008 to 12/31/2008	1	NexGen Global Resource Tax Managed Fund - Debt	159,099.99	N/A
01/01/2008 to 12/31/2008	1	NexGen Global Value Tax Managed Fund - Debt	170,979.97	N/A
01/01/2008 to 12/31/2008	1	NexGen North American Dividend and Income Tax Managed Fund - Debt	186,259.99	N/A
01/01/2008 to 12/31/2008	1	NexGen North American Growth Tax Managed Fund - Debt	19,659.99	N/A
01/01/2008 to 12/31/2008	1	NexGen North American Large Cap Tax Managed Fund - Debt	30,440.01	N/A
01/01/2008 to 12/31/2008	1	NexGen North American Small/Mid Cap Tax Managed Fund - Debt	2,157,219.93	N/A
01/01/2008 to 12/31/2008	1	NexGen North American Value Tax Managed Fund - Debt	205,779.99	N/A
09/01/2008 to 10/01/2008	2	Pegasus Conservative Market Neutral Fund Limited Partnership - Units	2,150,000.00	N/A
01/23/2009	1	Platinex Inc. - Common Shares	20,000.00	235,294.00
01/01/2008 to 12/31/2008	96	RBC $CA ARC Fund - Units	9,230,055.00	72,816.12
01/01/2008 to 12/31/2008	25	RBC $US ARC Fund - Units	15,467,908.48	81,947.42
03/31/2009	380	Regal Energy Ltd. - Units	13,875,000.00	N/A
03/01/2009	2	Rimfire Minerals Corporation - Options	40,500.00	150,000.00
04/03/2009	7	Sierra Minerals Inc. - Units	130,000.00	N/A
03/30/2009	1	Silver Creek Low Vol CO Cayman L.P. - Limited Partnership Interest	70,401,734.00	55,918,772.00
03/23/2009	22	Silver Fields Resources Inc. - Flow-Through Units	265,500.00	N/A
03/01/2009	1	Spartan Arbitrage Fund Limited Partnership - Units	100,000.00	100.00
02/01/2009	1	Spartan Arbitrage Fund Limited Partnership - Units	300,000.00	300.00
01/31/2008 to 12/31/2008	834	Sprott Bull/Bear RSP Fund - Units	52,110,773.76	N/A
01/31/2008 to 12/31/2008	158	Sprott Global Market Neutral Fund - Units	14,974,300.33	N/A
01/31/2008 to 12/31/2008	4	Sprott Hedge Fund LP - Units	5,116,973.85	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/31/2008 to 12/31/2008	930	Sprott Hedge Fund LP II - Units	179,460,533.73	N/A
01/31/2008 to 12/31/2008	482	Sprott Opportunities Hedge Fund Limited Partnership - Units	168,416,955.80	N/A
01/31/2008 to 12/31/2008	304	Sprott Opportunities RSP Fund - Units	35,431,089.96	N/A
01/31/2008 to 12/31/2008	105	Sprott Small Cap Hedge Fund - Units	9,111,195.01	N/A
02/01/2008 to 08/01/2008	8	Stanton Diversified Strategies LP - Units	1,061,816.00	N/A
03/20/2009	1	Timmins Gold Corp. - Units	2,500,000.00	6,250,000.00
01/31/2009	5	Transmed Petroleum Ltd. - Special Warrants	120,000.00	600,000.00
02/04/2009	3	Trez Capital Corporation - Mortgage	707,000.30	2.00
02/02/2007 to 12/31/2007	127	Trident Global Opportunities Fund - Units	34,854,898.64	251,601.00
03/31/2009	75	Twoco Petroleums Ltd. - Debentures	8,300,000.00	N/A
03/27/2009 to 04/03/2009	3	UBS AG - Certificate	1,391,889.47	1,868.00
04/07/2009	1	Ventas, Inc. - Common Shares	2,949,499.00	100,000.00
03/17/2009	61	Walton GA Arcade Meadows 2 Investment Corporation - Common Shares	911,100.00	91,110.00
01/01/2008 to 12/31/2008	3	West Face Capital Long Term Opportunities Limited Partnerhsip - Units	490,000.00	N/A
01/01/2008 to 12/31/2008	3	West Face Capital Long Term Opportunities Limited Partnership - Units	490,000.00	N/A
01/01/2008 to 12/31/2008	196	WFC Opportunities Trust - Units	12,039,758.00	N/A
01/01/2008 to 12/31/2008	196	WFC Opportunities Trust - Units	12,039,758.00	N/A
04/01/2009	1	Xtra-Gold Resources Corp. - Units	308,091.00	350,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
AHL Investment Strategies SPC
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Non-Offering Prospectus dated April 14, 2009
NP 11-202 Receipt dated April 14, 2009
Offering Price and Description:
Class C AHL Alpha CAD Notes
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1404289

Issuer Name:
Biotanika Health Group Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Long Form Prospectus dated April 7, 2009
NP 11-202 Receipt dated April 8, 2009
Offering Price and Description:
Minimum Offering: $1,850,000.00 (the “Minimum Offering”); Maximum Offering: $4,000,000.00 (the “Maximum Offering”) A minimum of 3,083,334 Units A maximum of 6,666,667 Units at a price of $0.60 per Unit
Underwriter(s) or Distributor(s):
Industrial Alliance Securities Inc.
Promoter(s):
Benoit Cote
Project #1402568

Issuer Name:
Canfe Ventures Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated April 7, 2009
NP 11-202 Receipt dated April 7, 2009
Offering Price and Description:
Up to $3,000,000.00 - Offering of up to 10,000,000 Units at a price of $0.30 per Unit (each unit consisting of one Class “A” Common Share and one half of one Warrant)
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Robert Bick
Project #1402430

Issuer Name:
Celtic Exploration Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated April 8, 2009
NP 11-202 Receipt dated April 8, 2009
Offering Price and Description:
$31,800,000.00 -2,400,000 Common Shares Price: $13.25 per Firm Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
FirstEnergy Capital Corp.
National Bank Financial Inc.
Peters & Co. Limited
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Genuity Capital Markets Limited
RBC Dominion Securities Inc.
Thomas Weisel Partners Canada Inc.
Macquarie Capital Markets Canada Ltd.
Tristone Capital Inc.
Promoter(s):
-
Project #1402909

Issuer Name:
Claymore Advantaged Canadian Bond ETF
Claymore Advantaged High Yield Bond ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 9, 2009
NP 11-202 Receipt dated April 13, 2009
Offering Price and Description:
Common Units and Advisor Class Units
Underwriter(s) or Distributor(s):
Claymore Investments, Inc.
Promoter(s):
Claymore Investments Inc.
Project #1403730

Issuer Name:
Consolidated Thompson Iron Mines Limited (formerly Consolidated Thompson-Lundmark Gold Mines Limited)
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated April 8, 2009
NP 11-202 Receipt dated April 8, 2009
Offering Price and Description:
$80,600,000.00 - 31,000,000 Common Shares Price: $2.60 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
Canaccord Capital Corporation
GMP Securities L.P.
BMO Nesbitt Burns Inc.
Clarus Securities Inc.
Dundee Securities Corporation
Promoter(s):
-
Project #1402813

Issuer Name:
Empire Company Limited
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Short Form Prospectus dated April 8, 2009
NP 11-202 Receipt dated April 8, 2009
Offering Price and Description:
$125,021,750.00 - 2,513,000 Non-Voting Class A Shares Price: $49.75 per Class A Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
Beacon Securities Limited
Jennings Capital Inc.
Promoter(s):
-
Project #1402828

Issuer Name:
Equinox Minerals Limited
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated April 7, 2009
NP 11-202 Receipt dated April 7, 2009
Offering Price and Description:
$160,020,000.00 - 88,900,000 Common Shares Price:$1.80 per Common Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Goldman Sachs Canada Inc.
Cormark Securities Inc.
GMP Securities L.P.
Paradigm Capital Inc.
Raymond James Ltd.
Macquarie Capital Markets Canada Ltd.
UBS Securities Canada Inc.
Promoter(s):
-
Project #1401771

Issuer Name:
Friedberg Asset Allocation Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 7, 2009
NP 11-202 Receipt dated April 7, 2009
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
Friedberg Mercantile Group Ltd.
Promoter(s):
Friedberg Mercantile Group Ltd.
Project #1402240

Issuer Name:
Intermap Technologies Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated April 13, 2009
NP 11-202 Receipt dated April 13, 2009
Offering Price and Description:
$10,000,000.00 - 5,000,000 Units Price: $2.00 per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #1403905

Issuer Name:
Lundin Mining Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated April 9, 2009
NP 11-202 Receipt dated April 9, 2009
Offering Price and Description:
$164,000,000.00 - 80,000,000 Common Shares Price: $2.05 per Common Shares
Underwriter(s) or Distributor(s):
GMP Securities L.P.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Canaccord Capital Corporation
Cormark Securities Inc.
Dundee Securities Corporation
Haywood Securities Inc.
Macquarie Capital Markets Canada Ltd.
Promoter(s):
-
Project #1403347

Issuer Name:
Moto Goldmines Limited
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated April 9, 2009
NP 11-202 Receipt dated April 9, 2009
Offering Price and Description:
$50,008,000.00 - 17,860,000 Common Shares Price: $2.80 per Common Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
BMO Nesbitt Burns Inc.
Haywood Securities Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #1403314

Issuer Name:
Navina/Lazard U.S. High Yield Bond Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 7, 2009
NP 11-202 Receipt dated April 7, 2009
Offering Price and Description:
$ * - * Units - Price: $10.00 per Class A Unit and $10.00 per Class F Unit Minimum Purchase: 200 Class A Units and 200 Class F Units
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Blackmont Capital Inc.
Richardson Partners Financial Limited
Wellington West Capital Markets Inc.
Desjardins Securities Inc.
Manulife Securities Incorporated
Research Capital Corporation
Rothenberg Capital Management Inc.
Promoter(s):
Navina Capital Corp.
Project #1402288

Issuer Name:
O'Leary Canadian Income Opportunities Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Long Form Prospectus dated April 3, 2009
NP 11-202 Receipt dated April 7, 2009
Offering Price and Description:
$ * - * Units - Price: $12.00 per Unit - Minimum Purchase: 100 Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Blackmont Capital Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Canaccord Capital Corporation
Dundee Securities Corporation
Wellington West Capital Markets Inc.
Promoter(s):
O'Leary Funds Management LP
Project #1402155

Issuer Name:
Sentry Select Canadian Income Exchange Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 9, 2009
NP 11-202 Receipt dated April 9, 2009
Offering Price and Description:
$ * - * Units - Price: $10.00 per Class A Unit and $10.00 per Class F Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
Sentry Select Capital Inc.
Project #1403334

Issuer Name:
TransCanada PipeLines Limited
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated April 14, 2009
NP 11-202 Receipt dated April 14, 2009
Offering Price and Description:
$2,000,000,000.00 - Medium Term Note Debentures (Unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #1404301

Issuer Name:
Worldwide Promotional Management Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated April 8, 2009
NP 11-202 Receipt dated April 8, 2009
Offering Price and Description:
$450,000.00 - 1,500,000 Common Share - Price $0.30 Common Share
Underwriter(s) or Distributor(s):
Leede Financial Markets Inc.
Promoter(s):
Mike Marrandino
Project #1402837

Issuer Name:
AIC Advantage Fund (Mutual Fund Units and Class F Units)
AIC Advantage Fund II (Mutual Fund Units and Class F Units)
AIC American Advantage Fund (Mutual Fund Units and Class F Units)
AIC Global Advantage Fund (Mutual Fund Units and Class F Units)
AIC Diversified Canada Fund (Mutual Fund Units and Class F Units)
AIC Canadian Equity Fund (formerly AIC Private Portfolio Counsel Canadian Pool) (Mutual Fund Units and Class F Units)
AIC Value Fund (Mutual Fund Units and Class F Units)
AIC American Small to Mid Cap Fund (formerly AIC Private Portfolio Counsel U.S. Small to Mid Cap Pool) (Mutual Fund Units and Class F Units)
AIC Canadian Focused Fund (Mutual Fund Units and Class F Units)
AIC American Focused Fund (Mutual Fund Units and Class F Units)
AIC Global Focused Fund (Mutual Fund Units and Class F Units)
AIC Global Real Estate Fund (Mutual Fund Units and Class F Units)
AIC Global Wealth Management Fund (Mutual Fund Units, Class F Units, Class T5 Units and Class T8 Units)
Brookfield Redding Global Infrastructure Fund (Mutual Fund Units and Class F Units)
AIC Canadian Balanced Fund (Mutual Fund Units and Class F Units)
AIC Global Balanced Fund (Mutual Fund Units and Class F Units)
AIC Dividend Income Fund (Mutual Fund Units and Class F Units)
AIC Preferred Income Fund (formerly AIC Premium Income Fund) (Mutual Fund Units and Class F Units)
AIC Global Premium Dividend Income Fund (formerly AIC Global Diversified Fund) (Mutual Fund Units, Class F Units, Class T6 Units and Class F-T6 Units)
AIC Global Fixed Income Fund (formerly AIC Private Portfolio Counsel Global Fixed Income Pool) (Mutual Fund Units and Class F Units)
AIC Bond Fund (Mutual Fund Units and Class F Units)
AIC Global Bond Fund (Mutual Fund Units and Class F Units)
AIC Money Market Fund (Mutual Fund Units and Class F Units)
AIC U.S. Money Market Fund (Mutual Fund Units and Class F Units)
Value Leaders Income Portfolio (Mutual Fund Units, Class F Units, Class G Units, Class W Units and Class T4 Units)
Value Leaders Balanced Income Portfolio (Mutual Fund Units, Class F Units, Class G Units, Class W Units and Class T5 Units)
Value Leaders Balanced Growth Portfolio (Mutual Fund Units, Class F Units, Class G Units, Class W Units and Class T6 Units)

Value Leaders Growth Portfolio (Mutual Fund Units, Class F Units, Class G Units, Class W Units and Class T6 Units)
Value Leaders Maximum Growth Portfolio (Mutual Fund Units, Class F Units, Class G Units, Class W Units and Class T7 Units)
Copernican International Dividend Income Fund (Mutual Fund Units, Class F Units, Class T6 Units and Class F-T6 Units)
Principal Regulator - Ontario

Type and Date:
Final Simplified Prospectuses dated April 6, 2009
NP 11-202 Receipt dated April 8, 2009

Offering Price and Description:
-

Underwriter(s) or Distributor(s):
-

Promoter(s):
Copernican Capital Corp.

Project #1377391

Issuer Name:
Class A, E, F, I and W Units of:
Cash Management Pool
Short Term Income Pool
Canadian Fixed Income Pool
Global Fixed Income Pool
Enhanced Income Pool
Canadian Equity Value Pool
Canadian Equity Diversified Pool
Canadian Equity Growth Pool
Canadian Equity Small Cap Pool
US Equity Value Pool
US Equity Diversified Pool
US Equity Growth Pool
US Equity Small Cap Pool
International Equity Value Pool
International Equity Diversified Pool
International Equity Growth Pool
Emerging Markets Equity Pool
Real Estate Investment Pool
and
Class A, AT5, AT8, E, ET5, ET8, F, W, WT5, WT8, I, IT5 and IT8 Shares of:
Short Term Income Corporate Class of CI Corporate Class Limited
Canadian Fixed Income Corporate Class of CI Corporate Class Limited
Global Fixed Income Corporate Class of CI Corporate Class Limited
Enhanced Income Corporate Class of CI Corporate Class Limited
Canadian Equity Value Corporate Class of CI Corporate Class Limited
Canadian Equity Diversified Corporate Class of CI Corporate Class Limited
Canadian Equity Growth Corporate Class of CI Corporate Class Limited
Canadian Equity Alpha Corporate Class of CI Corporate Class Limited
Canadian Equity Small Cap Corporate Class of CI Corporate Class Limited
US Equity Value Corporate Class of CI Corporate Class Limited
US Equity Value Currency Hedged Corporate Class of CI Corporate Class Limited
US Equity Diversified Corporate Class of CI Corporate Class Limited
US Equity Growth Corporate Class of CI Corporate Class Limited
US Equity Alpha Corporate Class of CI Corporate Class Limited
US Equity Small Cap Corporate Class of CI Corporate Class Limited
International Equity Value Corporate Class of CI Corporate Class Limited
International Equity Value Currency Hedged Corporate Class of CI Corporate Class Limited
International Equity Diversified Corporate Class of CI Corporate Class Limited
International Equity Growth Corporate Class of CI Corporate Class Limited
International Equity Alpha Corporate Class of CI Corporate Class Limited

Emerging Markets Equity Corporate Class of CI Corporate Class Limited
Real Estate Investment Corporate Class of CI Corporate Class Limited
Principal Regulator - Ontario
Type and Date:
Part A of the Amended and Restated Simplified Prospectuses (the amended prospectus) amending and restating Part A of the Simplified Prospectuses dated July 25, 2008 and for Amendment No. 2 dated April 1, 2009 (amendment no. 2) to the Annual Information Forms dated July 25, 2008
NP 11-202 Receipt dated April 14, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
United Financial Corporation
Assante Capital Management Ltd.
Promoter(s):
United Financial Corporation
Project #1286786

Issuer Name:
Canadian Tire Corporation, Limited
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated April 8, 2009
NP 11-202 Receipt dated April 8, 2009
Offering Price and Description:
$750,000,000.00 - Medium Term Notes (unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #1376663

Issuer Name:
Cardiome Pharma Corp.
Principal Regulator - British Columbia
Type and Date:
Amendment #1 dated April 2, 2009 to the Short Form Base Shelf Prospectus dated November 5, 2008
NP 11-202 Receipt dated April 7, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1333512

Issuer Name:
Churchill VII Debenture Corp.
Churchill VII Real Estate Limited Partnership
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated April 8, 2009
NP 11-202 Receipt dated April 9, 2009
Offering Price and Description:
Minimum: $2,500,000.00 (2,000 Units) Maximum: $30,000,000.00 (24,000 Units) $1,250 per Unit Minimum Subscription: $5,000
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
RBC Dominion Securities Inc.
Raymond James Ltd.
Scotia Capital Inc.
Promoter(s):
Churchill International Securities Corporation
Project #1386639/1386633

Issuer Name:
Cineplex Galaxy Income Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated April 14, 2009
NP 11-202 Receipt dated April 14, 2009
Offering Price and Description:
$184,635,611.00 - 12,956,885 Units Price: $14.25 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Thomas Weisel Partners Canada Inc.
GMP Securities L.P.
UBS Securities Canada Inc.
Promoter(s):
-
Project #1401324

Issuer Name:
IMAX Corporation
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated April 8, 2009
NP 11-202 Receipt dated April 9, 2009
Offering Price and Description:
U.S.$250,000,000.00:
Debt Securities
Preferred Shares
Common Shares
Warrants
Stock Purchase Contracts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1374955

Issuer Name:
Quadra Mining Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated April 8, 2009
NP 11-202 Receipt dated April 8, 2009
Offering Price and Description:
Cdn$75,330,000.00 - 16,200,000 Common Shares Price:
Cdn$4.65 per Offered Share
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
Raymond James Ltd.
BMO Nesbitt Burns Inc.
GMP Securities L.P.
Paradigm Capital Inc.
Promoter(s):
-
Project #1392643

Issuer Name:
TIS Preservation & Growth Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated April 9, 2009
NP 11-202 Receipt dated April 13, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1384453

Issuer Name:
Yamana Gold Inc.
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated April 7, 2009
NP 11-202 Receipt dated April 8, 2009
Offering Price and Description:
Cdn$500,000,000.00:
Debt Securities
Common Shares
Warrants
Subscription Receipts

Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1399775

This page intentionally left blank

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Greenwich Capital Markets, Inc. To: RBS Securities Inc.	International Dealer	April 1, 2009
New Registration	Linell Capital Inc.	Limited Market Dealer	April 8, 2009
New Registration	HORIZON 360° ET ASSOCIÉS INC.	Investment Counsel & Portfolio Manager	April 8, 2009
New Registration	Gillford Capital Inc.	Limited Market Dealer	April 8, 2009
New Registration	SRE Securities Canada Inc.	Limited Market Dealer, Investment Counsel and Portfolio Manager	April 9, 2009
Consent to Suspension (Rule 33-501 Surrender of Registration)	Target Investment Planners Inc.	Mutual Fund Dealer	April 13, 2009
New Registration	Axemen Resource Capital Ltd.	Limited Market Dealer	April 13, 2009
New Registration	KingTrade Markets Inc.	Limited Market Dealer	April 13, 2009
Change in Category	ITG Canada Corp	From: Broker & Investment Dealer To: Investment Dealer & Futures Commission Merchant	April 14, 2009
Change in Category	Barret Capital Management Inc.	From: Futures Commission Merchant To: Investment Dealer & Futures Commission Merchant	April 14, 2009

This page intentionally left blank

Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 MFDA to Reschedule Hearing on the Merits in the Matter of Michele and Jeffrey Longchamps

NEWS RELEASE
For immediate release

MFDA TO RESCHEDULE HEARING ON THE MERITS
IN THE MATTER OF
MICHELE & JEFFREY LONGCHAMPS

April 7, 2009 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada ("MFDA") commenced a disciplinary proceeding in respect of Michele Longchamps and Jeffrey Longchamps by Notice of Hearing dated October 22, 2008.

The April 8, 2009 appearance in this matter, which had previously been reserved for the hearing on the merits, will now take place via teleconference for the purpose of scheduling a new date for the hearing on the merits and to address any other procedural matters.

This appearance is open to the public, except as may be required for the protection of confidential matters. Members of the public attending this scheduling appearance will be able to listen to the proceeding by teleconference.

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, regulating operations, standards of practice and business conduct of its 150 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 Sets Date for ASL Direct Inc. and Adrian S. Leemhuis Hearing on the Merits

NEWS RELEASE
For immediate release

MFDA SETS DATE FOR ASL DIRECT INC. AND ADRIAN S. LEEMHUIS HEARING ON THE MERITS

April 7, 2009 (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.

An appearance in this matter took place today by teleconference to set a revised schedule for the continuation of this proceeding and to address any other procedural matters. The Hearing Panel reserved September 8-11, 2009 and September 14-15, 2009 for the hearing of this matter on its merits. The hearing will commence each day at 10:00 a.m. (Eastern), or as soon thereafter as the hearing can be held, with the exception of September 10, 2009 when the hearing will commence at 12:30 p.m. (Eastern).

The pre-hearing motion to be brought by the Respondent, Adrian Leemhuis, remains scheduled for May 5, 2009 at 10:00 a.m. (Eastern), or as soon thereafter as the motion can be heard.

These appearances will take place in the Hearing Room located at the Toronto offices of the MFDA at 121 King Street West, Suite 1000, Toronto, Ontario and are open to the public, except as may be required for the protection of confidential matters.

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, regulating the operations, standards of practice and business conduct of its 150 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

13.1.3 MFDA Sets Date for Michele and Jeffrey Longchamps Hearing in Toronto, Ontario

NEWS RELEASE
For immediate release

MFDA SETS DATE FOR
MICHELE & JEFFREY LONGCHAMPS HEARING
IN TORONTO, ONTARIO

April 8, 2009 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada ("MFDA") commenced a disciplinary proceeding in respect of Michele & Jeffrey Longchamps by Notice of Hearing dated October 22, 2008.

As specified in a News Release dated April 7, 2009, an appearance by teleconference took place today to set a date for the hearing of this matter on its merits. The hearing has been scheduled for August 17-19, 2009 commencing at 10:00 a.m. (Eastern), or as soon thereafter as the hearing can be held, in the Hearing Room located at the offices of the MFDA, 121 King Street West, Suite 1000, Toronto, Ontario.

The hearing on the merits will be open to the public, except as may be required for the protection of confidential matters.

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, regulating the operations, standards of practice and business conduct of its 150 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

13.1.4 MFDA Issues Notice of Settlement Hearing Regarding Melvin R. Penney

NEWS RELEASE
For immediate release

MFDA ISSUES NOTICE OF SETTLEMENT HEARING
REGARDING MELVIN R. PENNEY

April 9, 2009 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada ("MFDA") today announced that it has issued a Notice of Settlement Hearing regarding the presentation, review and consideration of a proposed settlement agreement by a Hearing Panel of the MFDA's Atlantic Regional Council.

The settlement agreement will be between staff of the MFDA and Melvin Robert Penney (the "Respondent") and involves matters for which the Respondent may be disciplined by a Hearing Panel pursuant to MFDA By-laws.

The subject matter of the proposed settlement agreement concerns allegations that the Respondent engaged in securities related business that was not carried on for the account of the Member or through the facilities of the Member.

The settlement hearing is scheduled to commence at 10:00 a.m. (Atlantic) on April 15, 2009 in the Hearing Room located at the Crowne Plaza Hotel, Executive Room, 1005 Main Street, Moncton, New Brunswick. The hearing is open to the public, except as may be required for the protection of confidential matters. A copy of the Notice of Settlement Hearing is available on the MFDA website at www.mfda.ca.

The MFDA is the self-regulatory organization for Canadian mutual fund dealers, regulating the operations, standards of practice and business conduct of its 150 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

13.1.5 MFDA Hearing Panel Issues Reasons for Decision with Respect to Peter B. Lamarche Settlement Hearing

NEWS RELEASE
For immediate release

MFDA HEARING PANEL ISSUES REASONS FOR DECISION
WITH RESPECT TO PETER B. LAMARCHE SETTLEMENT HEARING

April 13, 2009 (Toronto, Ontario) – A Hearing Panel of the Central Regional Council of the Mutual Fund Dealers Association of Canada ("MFDA") has issued its Reasons for Decision in connection with the settlement hearing held in Toronto, Ontario on February 2, 2009 in the matter of Peter Bruno Lamarche.

A copy of the Reasons for Decision is available on the MFDA website at www.mfda.ca.

The MFDA is the self-regulatory organization for Canadian mutual fund dealers, regulating the operations, standards of practice and business conduct of its 150 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

13.1.6 MFDA Hearing Panel Cancels Next Appearance in Matter of Barry J. Raymer

NEWS RELEASE
For immediate release

MFDA HEARING PANEL CANCELS NEXT APPEARANCE
IN MATTER OF BARRY J. RAYMER

April 14, 2009 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada ("MFDA") commenced a disciplinary proceeding in respect of Barry James Raymer by Notice of Hearing dated December 30, 2008.

The appearance scheduled for April 21, 2009 in this matter, for the purpose of hearing any procedural or other matters prior to the hearing on the merits, has been cancelled on the consent of the parties.

As previously announced, the hearing of this matter on its merits will take place on July 20-24, 2009 commencing at 10:00 a.m. (Eastern) in the Hearing Room located at the offices of the MFDA at 121 King Street West, Suite 1000, Toronto, Ontario, or as soon thereafter as the hearing can be held.

The hearing on the merits will be open to the public, except as may be required for the protection of confidential matters.

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, regulating the operations, standards of practice and business conduct of its 150 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

13.1.7 IIROC Rules Notice – Notice of Approval – UMIR – Provisions Respecting the "Best Price" Obligation

IIROC RULES NOTICE

NOTICE OF APPROVAL - UMIR

PROVISIONS RESPECTING THE "BEST PRICE" OBLIGATION

Summary

This IIROC Rules Notice provides notice of the approval by the applicable securities regulatory authorities (the "Recognizing Regulators") of amendments to the Universal Market Integrity Rules ("UMIR") respecting various aspects of the "best price" obligation ("Interim Amendments"). ***The Interim Amendments became effective on May 16, 2008***, the date the proposals related to the Interim Amendments were published.[1]

The "best price" obligation requires a Participant to make "reasonable efforts" to fill better-priced orders displayed on a protected marketplace at the time the Participant executes at an inferior price on another marketplace or foreign organized regulated market. In particular, the Interim Amendments provide that the Market Regulator will accept that a Participant has made "reasonable efforts" to comply with the "best price" obligation if the Participant has:

- entered the order on a marketplace that will ensure compliance with the "best price" obligation;
- used an acceptable order router; or
- provided the order to another Participant for entry on a marketplace.

If a Participant uses another means to enter an order on a marketplace, the Interim Amendments expand the factors that may be taken into account by IIROC in determining whether a Participant has made "reasonable efforts" to obtain the best available prices on a "protected marketplace"[2]. The factors have been expanded to include whether:

- the protected marketplace recently launched operations;
- order information from the protected marketplace is available through a data vendor used by the Participant;
- the protected marketplace has recently had a material malfunction or interruption of services; and
- the protected marketplace has demonstrated an inordinate proportion of "inferior fills" with respect to tradeable orders routed to it.

The Interim Amendments also remove transaction costs as a factor in determining the "best price" obligation and clarify that "reasonable efforts" do not require a Participant to maintain a connection to each protected marketplace.

Each Participant must adopt policies and procedures to ensure compliance with its "best price" obligation, which will include the relevant factors upon which it is relying in making trading decisions. Each Participant must review its policies and procedures on an ongoing basis to reflect changes to the trading environment and market structure.

With the approval of the Interim Amendments, IIROC will continue to monitor the steps which each Participant has taken to be in a position to comply with the "best price" obligation. Since the introduction of multiple protected marketplaces in 2007, IIROC (including its predecessor, Market Regulation Services Inc.) has been understanding of the difficulties faced by Participants (as a result of issues with systems, service providers, data vendors and marketplaces) and has worked with Participants to identify their problems and has encouraged the development and implementation of appropriate plans to address the problems. If a Participant continues to account for a disproportionately greater share of the instances where "better-priced" orders have not been protected in comparison

---

1 Market Integrity Notice 2008-009 – *Request for Comments – Provisions Respecting the "Best Price" Obligation* (May 16, 2008).

2 Market Integrity Notice 2008-008 – *Amendment Approval – Provisions Respecting "Off-Marketplace" Trades* (May 16, 2008) provided notice of the approval by the Recognizing Regulators of various amendments to UMIR including the adoption of a definition of "protected marketplace" as a marketplace that:
- disseminates order data in real-time and electronically through one or more information vendors in accordance with the Marketplace Operation Instrument;
- permits dealers to have access to trading in the capacity as agent;
- provides fully-automated electronic order entry; and
- provides fully-automated order matching and trade execution.

to the overall share of trading by the Participant and IIROC concludes that the imbalance is due to the fact that the Participant has not made reasonable efforts to develop and implement a plan, IIROC will initiate appropriate disciplinary proceedings.

Proposed CSA Trade-through Protection Rule

The Canadian Securities Administrators ("CSA") have proposed changes to National Instrument 21-101 – *Marketplace Operation* ("Marketplace Operation Instrument") and National Instrument 23-101 – *Trading Rules* ("Trading Rules") regarding trade-through protection ("Proposed CSA Trade-through Protection Rule")[3]. Depending upon the final form of this trade-through regime, conforming changes may be required to UMIR, in particular to the "best price" obligation under Rule 5.2 as modified by the Interim Amendments.[4]

On October 27, 2008, IIROC published for comment proposed amendments to UMIR that would be consequential to the implementation of the Proposed CSA Trade-through Protection Rule. If the Proposed CSA Trade-through Protection Rule is adopted in substantially the published form, IIROC would expect UMIR to be amended to:

- repeal the rule and policies respecting the "best price" obligation of Participants; and
- make a number of consequential changes to UMIR including:
    - the repeal of the provisions regarding the "best price" obligation from the rules and policies dealing with trading supervision and gatekeeper reports, and
    - confirmation that the "best execution" obligation is subject to the "trade-through protection" obligation (in the same manner that it had been subject to the "best price" obligation).

Until the Marketplace Operation Instrument and Trading Rules are amended to provide for trade-through protection and amendments have been made to UMIR respecting the implementation of trade-through protection, Participants remain subject to the "best price" obligation under Rule 5.2 of UMIR as modified by the Interim Amendments.

Background to the Interim Amendments

Impact of the Amendments Respecting "Off-Marketplace" Trades

Concurrent with the original publication for comment of the Interim Amendments, IIROC published Market Integrity Notice 2008-008 - *Amendment Approval – Provisions Respecting "Off-Marketplace" Trades* (May 16, 2008) which provided notice that various amendments to UMIR ("Off-Marketplace" Amendments) became effective May 16, 2008 that, among other changes:

- adopted the definition of a "protected marketplace" as a marketplace that:
    - disseminates order data in real-time and electronically through one or more information vendors in accordance with the Marketplace Operation Instrument,
    - permits dealers to have access to trading in the capacity as agent,
    - provides fully-automated electronic order entry, and
    - provides fully-automated order matching and trade execution;
- incorporated into Rule 5.2, the guidance of IIROC that the "best price" obligation arises at the time of the execution of an order;[5]
- eliminated the distinction between "active" and "passive" orders when determining which orders owe a "best price" obligation;

---

[3] Canadian Securities Administrators Notice, Notice of Proposed Amendments to National Instrument 21-101 *Marketplace Operation* and National Instrument 23-101 *Trading Rules*, (2008) 31 OSCB 10033. Those proposed amendments build upon proposals contained in a joint notice by the CSA and Market Regulation Services Inc. See Market Integrity Notice 2007-007 – *Request for Comments – Joint Canadian Securities Administrators/Market Regulation Services Inc. Notice on Trade-Through Protection, Best Execution and Access to Marketplaces* (April 20, 2007).

[4] IIROC Notice 08-0163 – Rules Notice – Request for Comments – UMIR – *Provisions Respecting Implementation of Trade-through Protection* (October 27, 2008.)

[5] Rule 5.2 previously provided that the Participant was to make reasonable efforts "prior to" the execution of an order but IIROC had issued guidance on the interpretation of this requirement. See Market Integrity Notice 2006-017 – *Guidance – Securities Trading on Multiple Marketplaces* (September 1, 2006).

- confirmed that the obligation of a Participant to fill better-priced orders is not limited by the size of the trade executed by the Participant; and

- specifically provided that a Participant will be considered to have taken "reasonable efforts" to obtain the best price if, at the time of the execution of the order on a particular marketplace or foreign organized regulated market, the Participant enters orders on behalf of the client, non-client or principal account on each other protected marketplace and such orders have a sufficient volume and are at a price to fill the then disclosed volume[6] on that protected marketplace.

Status of Current Marketplaces as Protected Marketplaces

Of the current marketplaces, only Alpha, Chi-X, CNSX (including Pure Trading), Omega, TSX and TSXV meet all four conditions to qualify as a protected marketplace. None of Bloomberg, Liquidnet and MATCH Now qualify as a "protected marketplace".

A Participant has an obligation to execute against better-priced orders on Alpha, Chi-X, CNSX, Omega, Pure Trading, TSX and TSXV before executing at an inferior price on any marketplace or foreign organized regulated market. For a description of the basic features of each these marketplaces, see "Summary Comparison of Current Equity Marketplaces" available on the IIROC website: www.iiroc.ca.

A Participant owes a "best price" obligation to only the "visible" portion of a "better-priced" order on a protected marketplace. If a marketplace permits the entry of an "iceberg" order for which only a portion of the volume is disclosed, no "best price obligation" is owed to the portion of the order that is not visible at the time the Participant is determining its obligation under Rule 5.2. At the present time, iceberg orders are permitted on Alpha, CNSX, Pure Trading, TSX and TSXV.

If a protected marketplace has visible orders but the marketplace is not open for trading at that time, the "best price" obligation does not apply to such orders. A Participant may trade at any time taking into account all visible orders on marketplaces then open for trading. The "best price" obligation does apply to a special trading facility of a marketplace that conducts trading before or after "regular" trading hours if orders in such special facility are visible.

Description of the Interim Amendments

The "best price" obligation requires a Participant to make "reasonable efforts" to fill better-priced orders displayed on a protected marketplace at the time the Participant executes at an inferior price on another marketplace or foreign organized regulated market. The Interim Amendments:

- set out certain order handling methods which will be considered to be "reasonable efforts";

- expand on the factors that IIROC will take into account in determining whether "reasonable efforts" have been made if a Participant is using an order handling method other than one which is automatically considered "reasonable efforts";

- provide specific requirements for each Participant to adopt policies and procedures to ensure compliance with the "best price" obligation;

- clarify that "reasonable efforts" does not require a Participant to maintain a connection to each protected marketplace; and

- remove transaction costs as a factor to be taken into consideration in determining compliance with the "best price" obligation.

The Interim Amendments were effective as of May 16, 2008 and the Interim Amendments have been approved by the Recognizing Regulators without any revisions to the text published for comment on May 16, 2008.

---

[6] The term "disclosed volume" is defined as including the volume of orders on a protected marketplace at a price better than the price of the intended trade but excludes:
- the undisclosed portion of any iceberg order;
- a Basis Order;
- a Call Market Order;
- a Market-on-Close Order;
- an Opening Order;
- a Special Terms Order; or
- a Volume-Weighted Average Price Order.

The following is a summary of the principal components of the Interim Amendments:

Order Handling Methods That Are Automatically Considered "Reasonable Efforts"

The Interim Amendments provide that the Market Regulator will accept that a Participant has made "reasonable efforts" to comply with the "best price" obligation if the Participant has:

- entered the order on a marketplace that will ensure compliance with the "best price" obligation;
- used an acceptable order router; or
- provided the order to another Participant for entry on a marketplace.

Reliance on Marketplace Router or Functionality

A Participant will be considered to have taken "reasonable efforts" to satisfy its "best price" obligation in respect of a particular order if the Participant has entered the order on a marketplace that has taken reasonable efforts to obtain order information from each protected marketplace and that will, upon receipt of the order:

- route all or any part of the order required to comply with Rule 5.2 to a protected marketplace;
- execute the order at a price that will comply with Rule 5.2; or
- automatically vary the price of the order to a price that will comply with Rule 5.2.

IIROC expects that the Participant will monitor and document the performance of any marketplace order router or marketplace trading system functionality. If the Participant becomes aware that the marketplace is failing to handle orders in a manner that will comply with Rule 5.2, the Participant can no longer rely on the arrangements with that marketplace to demonstrate "reasonable efforts" to obtain the "best price".

IIROC expects that a marketplace which makes a router or functionality available to Participants to comply with their "best price" obligation will devote sufficient resources to the upgrade and maintenance of the router or functionality to be able to incorporate new protected marketplaces as they become available. In particular, IIROC expects that the marketplace will have taken reasonable efforts to obtain order information from each protected marketplace. IIROC expects that a marketplace offering these routers or functionality will obtain the order information either directly from the protected marketplace or from an information vendor. A marketplace would not be required to take into account a particular protected marketplace if order information from that particular protected marketplace is not available in a form and format that readily permits the use of such order information in the trading system of the marketplace. IIROC does not expect that each marketplace offering these routers or functionality will be in a position to integrate information from any new protected marketplace on its launch date. In the ordinary course, IIROC would expect that a marketplace should have integrated the new protected marketplace into its router or functionality within 90 days of the launch of the new marketplace. Unless IIROC has granted an exemption to a marketplace, if the marketplace has not integrated the new protected marketplace into its router or functionality within 90 days of launch of the new marketplace, a Participant would no longer be able to rely on its arrangements with the marketplace to demonstrate "reasonable efforts" to obtain the "best price".

IIROC recognizes that, in certain circumstances, a marketplace may on a temporary basis cease taking into account orders on a particular protected marketplace as a result of interruption of service or the unavailability of quotes on the particular protected marketplace. For a discussion of IIROC's expectations in these circumstances, see "Interruption of Marketplace Service" on pages 9 and 10 and "Unavailability of Quotes" on pages 11 and 12.

Reliance on Smart Order Router Technology

A Participant will be considered to have taken "reasonable efforts" to satisfy its "best price" obligation in respect of a particular order if the Participant has entered the order on a marketplace using an order router developed and operated by the Participant or a service provider if:

- the order router has demonstrated an ability to access any order on a protected marketplace required to comply with Rule 5.2; and
- the Participant or service provider has taken reasonable efforts to obtain order information from each protected marketplace.

IIROC expects that the Participant or service provider will monitor the performance of their order router to ensure that the router is performing adequately. In particular, IIROC expects that with the launch of a new marketplace which qualifies as a protected marketplace the performance of the order router will be re-evaluated.

If a Participant proposes to rely on the use of an order router developed and operated by the Participant or a service provider, IIROC expects that the Participant or service provider will make reasonable efforts to obtain order information from each protected marketplace. For a discussion of IIROC's expectations of "reasonable efforts" in this context, see "Availability of Marketplace Data" on pages 10 and 11.

IIROC recognizes that, in certain circumstances, an order router may on a temporary basis cease taking into account orders on a particular protected marketplace as a result of interruption of service or the unavailability of quotes on the particular protected marketplace. For a discussion of IIROC's expectations in these circumstances, see "Interruption of Marketplace Service" on pages 9 and 10 and "Unavailability of Quotes" on pages 11 and 12.

Reliance on Another Participant

If a Participant routes orders to another Participant for entry on a marketplace, IIROC will consider the first Participant to have complied with their best price obligations and will look to the second Participant to ensure that "reasonable efforts" are undertaken to obtain "best price". The Participant that receives an order from another Participant as part of an introducing/carrying broker arrangement or as an individual jitney order takes on the obligation to undertake "reasonable efforts" to obtain the best price on the execution of the order in accordance with the other requirements of Rule 5.2.

Additional Factors to be Considered When Using Other Order Handling Methods

If a Participant uses a means to enter an order on a marketplace other than one of the methods which will be automatically considered to comply with the "best price" obligation, the Interim Amendments expand the factors that may be taken into account by IIROC in determining whether a Participant has made "reasonable efforts" to obtain the best available prices on a "protected marketplace". For example, these additional factors will be relevant if a Participant uses an order router that does not meet the requirements described above under the heading "Reliance on Smart Order Router Technology" or if the Participant has decided to manually route a particular order or a particular component of its order flow.

Under the Interim Amendments, the additional factors that IIROC may take into account include the following:

Launch of a New Marketplace

IIROC acknowledges that a significant lead time is required for Participants, information vendors, service providers and other marketplaces to be able to adapt all of their systems to accommodate the introduction of a new protected marketplace. The lead time that is required reflects the need for co-ordination and the reality that all parties have other priorities and commitments with respect to their systems and technology initiatives. Section 12.3 of the Marketplace Operation Instrument provides that a new marketplace must provide at least two months public notice of technology requirements regarding interfacing with or access to the marketplace and that they must make testing facilities available to the public at least one month prior to the launch of trading operations. The longer the period of time that such technology specifications and testing facilities are available to the public prior to the launch of operations the easier for all market participants to adapt their systems to accommodate the launch of the new protected marketplace.

IIROC also recognizes there is a degree of uncertainty regarding whether new marketplaces are able to meet announced launch timeframes and there is some reluctance to make the required investments and commitments to systems and technology until the commencement of trading operations is either certain or in fact a reality. In connection with the launch of a new marketplace, if no or minimal testing is performed by the marketplace prior to launch, there will be a period after launch during which Participants may wish to assess the capacity, integrity and security of marketplace systems before directing order flow to such marketplace.

The Interim Amendments include as a relevant factor whether the protected marketplace provided testing facilities to the public for a sufficient period of time prior to launch in accordance with section 12.3 of the Marketplace Operation Instrument. If a new protected marketplace made testing facilities available for a sufficient period of time prior to launch, the Participant would be expected to take orders from the new protected marketplace into account and to obtain the best available price on that marketplace.

In the view of IIROC, a reasonable period of time during which to accommodate the launch of a new protected marketplace would be the longer of:

- three months following the launch of the new protected marketplace; and

- six months following the date that testing facilities were available to the public in accordance with section 12.3 of the Marketplace Operation Instrument.

As such, if a new protected marketplace provided only the minimum of one month for the availability of testing facilities as required by section 12.3 of the Marketplace Operation Instrument, IIROC would consider a reasonable period to be five months from the launch of the new protected marketplace before a Participant would be expected to fill better-priced orders on the new protected marketplace.

Interruption of Marketplace Service

IIROC will take into account as a relevant factor whether the protected marketplace has recently had a material malfunction or interruption of services. This factor may be taken into account in a decision by a Participant to initially connect to the protected marketplace or to continue to direct order flow to that particular protected marketplace.

If, in the course of ongoing marketplace operations, a Participant experiences an interruption of service with a particular protected marketplace, IIROC would expect that the Participant would document the nature of the interruption and the provision of notice of the interruption to the protected marketplace, any relevant service provider used by the Participant and the technology staff of the Participant so that the causes of the interruption could be identified and the responsible party could take remedial action. If a protected marketplace has experienced a material malfunction or interruption of service on any trading day, IIROC would not expect the Participant, depending upon the circumstances, to take that marketplace into account for the balance of the trading day should trading resume on that marketplace. For example, if the interruption was "momentary" as the marketplace moved trading to its back-up systems or if the nature and duration of the interruption of service are known at the outset of the interruption of service and the marketplace resumes trading as scheduled, the Participant would be expected to take that marketplace into account on the resumption of trading.

If the Participant has experienced persistent or prolonged material malfunctions or interruptions of service, including delays in:

- the processing of orders;
- the execution of trades;
- the communication of the status of orders or trades; or
- the dissemination to the applicable data vendor of order or trade information,

the Participant would not be expected to route orders to such marketplace until such time as the protected marketplace had demonstrated that its systems are reliable and fully-functioning. Participants are required to continue to monitor the system performance of the marketplace and to once again take into account best available prices on that marketplace once it has returned to normal operations.

As a general guideline, IIROC would view malfunctions or interruptions of service which affects the ability of a Participant to conduct trading on a marketplace on three days in any thirty day period to constitute a material malfunction or interruption of service that is "persistent or prolonged". In these circumstances, IIROC would accept that a Participant was acting reasonably if the Participant did not route further orders to that protected marketplace until such time as the protected marketplace had demonstrated that its systems are reliable and fully-functioning. Once a Participant has determined that a particular protected marketplace was having persistent or prolonged material malfunctions or interruptions of service, IIROC would expect that the Participant would continue to monitor and document the system performance of that marketplace and, as a general guideline, IIROC would expect that a Participant would consider orders on that marketplace if there has not been a material malfunction or interruption of service for a period of at least thirty days and consideration of that marketplace is not otherwise excluded by the application of one of the other factors. IIROC acknowledges that information on the reliability and status of a marketplace system may not be readily available[7] and that a Participant may have to rely on representations made by the marketplace.

Availability of Marketplace Data

IIROC will take into account as a relevant factor whether order information from the protected marketplace is available through an information vendor used by the Participant in a form and format that readily permits the use of such order information in the trading systems of the Participant. In the absence of an information processor and a single official consolidated market display, IIROC acknowledges that each Participant must rely on one or more information vendors to provide order and trade information

[7] Marketplace information may become available if the CSA proceeds with amendments to the Marketplace Operation Instrument to require periodic reports of market quality information. See proposed Part 11.1 of the Marketplace Operation Instrument in Canadian Securities Administrators Notice, Notice of Proposed Amendments to National Instrument 21-101 *Marketplace Operation* and National Instrument 23-101 *Trading Rules*, (2008) 31 OSCB 10033, 10078.

from the various marketplaces trading a particular security. IIROC is aware that not all information vendors make information available from all marketplaces, or even all protected marketplaces. IIROC expects that a Participant will request their information vendors to access the data of all protected marketplaces. IIROC recognizes that a reasonable period of time is required to permit a Participant to integrate additional data feeds (whether from an existing information vendor or an additional information vendor) into the trading system of the Participant. If an information vendor used by the Participant makes order and trade information available from a particular protected marketplace, IIROC would expect, in the ordinary course, that the Participant would take steps to be able to integrate that data into the trading systems of the Participant within 90 days following the date that the information vendor is first able to make the data available. If the Participant is not able to integrate the data within that time period, IIROC would expect that the Participant would document the steps which the Participant and the information vendor had taken prior to the expiry of the 90-day period in order to be able to demonstrate that they had diligently pursued the integration of the data as part of the reasonable efforts to comply with the "best price" obligation of the Participant.

If the information vendor used by a Participant does not make available order information from a particular protected marketplace in a format that can be readily integrated into the Participant's systems and the Participant determines that the trading activity on that particular marketplace is such that the Participant must consider that particular marketplace in accordance with its "best execution" obligations under Rule 5.1[8], IIROC would expect that the Participant would make alternate arrangements with information vendors in order to obtain information on orders and trades on that protected marketplace. In the ordinary course, IIROC would expect that the Participant would implement these arrangements within 90 days following the date the Participant determined that the protected marketplace must be considered in accordance with the Participant's "best execution" obligations. Once again, if the Participant is not able to enter a new arrangement and integrate the data within that time period, IIROC would expect that the Participant would document the steps which the Participant and the information vendor had taken prior to the expiry of the 90-day period in order to be able to demonstrate that they had diligently pursued the integration of the data from the particular protected marketplace.

Unavailability of Quotes

Compliance with the "best price" obligation is measured by reference to the information which was available to the Participant at the time of the entry of an order. Given the speed at which trades occur and at which orders are entered, changed or cancelled, a Participant cannot necessarily execute with every order that appeared to be "available" at the time the Participant decided which marketplace to access. However, if a protected marketplace has demonstrated that, of the immediately tradeable orders sent to that particular protected marketplace, an inordinate proportion of:

- market orders are executed at a worse price than indicated on that marketplace at the time the decision was made to route the order to that particular protected marketplace; and
- limit orders fail to execute for the price and volume indicated on that marketplace at the time the decision was made to route the order to that particular protected marketplace,

a Participant may take this factor into account when determining whether to connect to or otherwise obtain access to that marketplace. IIROC acknowledges that information on the "fill" rates of a particular marketplace may not be readily available and that a Participant may have to rely on representations made by the marketplace.

Adverse results for immediately tradeable orders would be expected to occur on a marketplace that does not have sufficient "depth of book" to support the trading of average or above-average sized orders of liquid securities. Participants who intend to rely on this factor when making order routing decisions must monitor their "fill" rates for orders entered on the various protected marketplaces. A Participant would be expected to continue to monitor and document the trading activity on a protected marketplace which it had stopped utilizing due to the unavailability of quotes. If the monitoring discloses that trading activity on a particular marketplace has "matured" to the level that the marketplace has a demonstrated capacity to handle small or average size orders for a specific security, the Participant must consider order information from such marketplace in making "reasonable efforts" to comply with the "best price" obligation.

Adherence to Policies and Procedures

In determining if a Participant has undertaken "reasonable efforts" in obtaining best price, regardless of the method chosen by the Participant to enter orders on a marketplace, IIROC will consider whether the Participant has followed the policies and procedures regarding the "best price" obligation which the Participant has adopted in accordance with Rule 7.1 of UMIR. (See "Adoption of Policies and Procedures" on page 13 and 14.) In conducting a trade desk review or other inquiry to determine

[8] Reference is made to "Rule 5.1 – Best Execution Obligation" on pages 8 and 9 of Market Integrity Notice 2006-017 – *Guidance – Securities Trading on Multiple Marketplaces* (September 1, 2006). IIROC expects that each Participant will monitor of trading activity on each marketplace for the purpose of determining whether the marketplace should be considered for compliance with the "best execution" obligation. IIROC also expects each Participant to document their analysis of trading activity on each marketplace that supports their decisions. See "Adoption of Policies and Procedures" on pages 13 and 14.

whether the Participant has undertaken "reasonable efforts" to obtain the best price, IIROC will first ascertain whether the Participant's policies and procedures are adequate to ensure compliance with the "best price" obligation and then whether the Participant has followed those policies and procedures. In particular, the trade desk review will be looking to determine whether a Participant has monitored and documented:

- trading activity levels on each marketplace (including any marketplace which the Participant has stopped utilizing due to the unavailability of quotes);
- the performance of any marketplace router or functionality which the Participant has relied on to satisfy "best price" obligations;
- the performance of any smart order router or functionality developed and operated by the Participant or a service provider and on which the Participant has relied on to satisfy "best price" obligations; and
- the system performance of any protected marketplace that the Participant has determined has had a material malfunction or interruption of service.

Additional Unspecified Factors

The Interim Amendments provide that IIROC may consider additional factors beyond those specifically listed in Policy 5.2. Such additional factors may be a response to a number of developments including the emergence of new marketplaces, the introduction of new functionality by marketplaces or the recognition of a single consolidated market display produced by an information processor. If IIROC proposes to take into consideration a factor which is not specifically listed in Policy 5.2, IIROC will provide guidance on the application of such new factor through the issuance of a Rules Notice at least 90 days prior to the date that IIROC proposes to take such new factor into account.

Adoption of Policies and Procedures

Rule 7.1 requires each Participant to adopt written policies and procedures to be followed by directors, officers, partners and employees of the Participant that are adequate, taking into account the business and affairs of the Participant, to ensure compliance with the requirements of UMIR, including the "best price" obligation under Rule 5.2. IIROC expects that each Participant will have adopted policies and procedures which set out the steps or process to constitute the "reasonable efforts" that the Participant will take to ensure that orders receive the "best price" when executed on a marketplace. These policies and procedures must address the factors which the Participant will take into account:

- initially in determining whether orders on a protected marketplace need to be considered; and
- on an on-going basis once the Participant has determined that orders on a particular protected marketplace should be considered.

The policies and procedures adopted by the Participant must take into account the relevant factors and other requirements set out in Policy 5.2 giving effect to the Interim Amendments.

IIROC acknowledges that each Participant may also take into account additional factors which are reasonable and of particular importance to the type of business conducted by the Participant. However, any additional factors identified by a Participant must not be inconsistent with the requirements set out in Policy 5.2 or the provisions of the Marketplace Operation Instrument. For example, section 12.3 of the Marketplace Operation Instrument establishes minimum standards to be met by new marketplaces with respect to the availability of technical information and testing facilities. In addition, section 12.1 of the Marketplace Operation Instrument sets out requirements regarding the capacity of the trading system of a marketplace. Finally, the relevant factors enumerated in Part 1 of Policy 5.2 as provided by the Interim Amendments allow a Participant to take into account the actual operational performance of a protected marketplace. In these circumstances, IIROC would consider it unreasonable for a Participant to adopt as part of its policies and procedures a provision which would allow the Participant to disregard order information from a marketplace that did not have a minimum number of successful "industry wide" tests prior to launch or did not have certain redundancies or back-up capacity.

IIROC expects that each Participant will re-evaluate the appropriateness of its policies and procedures with the launch of each new marketplace, particularly a marketplace that qualifies as a protected marketplace. IIROC also expects that each Participant will monitor and document the levels of trading activity on each marketplace taken into account by the Participant in determining whether to establish or to maintain access to a particular marketplace (either for compliance with the "best price" obligation or the "best execution" obligation). In particular, if a Participant has ceased to take into account orders from a particular protected marketplace as a result of an interruption of marketplace services or the unavailability of quotes, the policies and procedures should indicate how the Participant will monitor and document developments on that particular protected marketplace that would be relevant to determining when orders on that particular protected marketplace should once again be taken into consideration

for the purposes of complying with the "best price" obligation.

On a monthly and quarterly basis, IIROC makes publicly available summary data on trading activity on each marketplace related to the percentage of trades, volume and value of each of the marketplaces regulated by IIROC. The summary is available on the IIROC website (at www.iiroc.ca) and may be accessed on the homepage under the heading "Marketplaces We Regulate".

Connectivity to Marketplaces

Rule 5.2 requires Participants to make reasonable efforts to fill better-priced orders on a protected marketplace before executing a trade at an inferior price on another marketplace or foreign market. IIROC has indicated in previous guidance that UMIR does not require that a Participant maintain trading access to every Canadian marketplace on which a security may trade. The Interim Amendments have amended the provisions of Part 1 of Policy 5.2 to specifically confirm that making "reasonable efforts" to obtain best price does not require that a Participant become a member, user or subscriber of each protected marketplace.

If a Participant directs its order flow to a marketplace that offers a smart order router that will route, upon receipt, all or any part of an order entered by the Participant to a protected marketplace with "better-priced" orders to comply with the Rule 5.2, IIROC will consider the Participant to have complied with their best price obligations. In order to access the marketplace router, the marketplace may require that the Participant be a member, user or subscriber of each protected marketplace to which orders may be routed. Alternatively, the marketplace (or a Participant acting on its behalf) may itself be a member, user or subscriber of each protected marketplace and the marketplace may take on the responsibility for the order in a manner comparable to that of a "jitney". In this latter case, since the particular marketplace has taken on the responsibility to consider prices on protected marketplaces and to access those protected marketplaces, the Participant would not be required to determine whether to directly connect to any new protected marketplace or to indirectly access any new protected marketplace through a Participant that had access to that marketplace.

Transaction Costs

On July 18, 2008, IIROC published notice of the approval by the Recognizing Regulators of various amendments to UMIR regarding the "best execution" obligation that became effective on September 12, 2008. Under the amendments, one of the general factors to be taken into account under the "best execution" obligation is the overall cost of the transaction.[9]

In setting out the Proposed CSA Trade-through Protection Rule, the CSA requested comment on whether there should be a maximum amount that a marketplace would be able to charge for access to a quote for trade-through purposes.[10]

In contemplation of the change to the "best execution" requirements and the proposed cap on trading fees under the Proposed CSA Trade-through Protection Rule, the Interim Amendments repealed the factor under Part 1 of Policy 5.2 that allows the consideration of the transaction costs and other costs that would be associated with executing the trade on a marketplace. With the repeal of this factor, each Participant when following its policies and procedures to obtain the "best price" will take account of the price of the orders displayed by each of the protected marketplaces without regard to any transaction fee that would be payable or any rebate or fee that may be earned if the order was executed on a particular marketplace. The repeal of this factor simplifies the logic for determining which marketplace an order should be routed to as the decision will now be made by comparing only the displayed prices on each of the protected marketplaces subject to the application of the factors identified in the Policy to Rule 5.2.

Summary of the Impact of the Interim Amendments

The most significant impacts of the adoption of the Interim Amendments are:

- confirmation that "reasonable efforts" does not automatically require a Participant to have a direct connection to each protected marketplace;
- providing that each Participant must adopt policies and procedures for obtaining "best price" which must take into account the factors set out in Policy 5.2 together with other factors that are relevant to the business conducted by the Participant;
- providing that a Participant will be considered to have made "reasonable efforts" if the Participant has entered the order using an acceptable order router or similar facility operated by the Participant, a service provider, marketplace or other Participant;

[9] IIROC Notice 08-0039 – Rules Notice – Notice of Approval – UMIR – *Provisions Respecting Best Execution* (July 18, 2008)

[10] Canadian Securities Administrators Notice, Notice of Proposed Amendments to National Instrument 21-101 *Marketplace Operation* and National Instrument 23-101 *Trading Rules*, (2008) 31 OSCB 10033, 10039. In particular, Question 5 asked: Should the CSA set an upper limit on fees that can be charged to access an order for trade-through purposes?

- expanding the factors taken into account in determining whether a Participant has made "reasonable efforts" to obtain the best available prices to include whether:
    - order information from the protected marketplace is available through a data vendor used by the Participant,
    - the protected marketplace has recently launched operations or had any material malfunction or interruption of services,
    - the protected marketplace has demonstrated an inordinate proportion of "inferior fills" with respect tradeable orders routed to it; and
- removing differences in transaction costs between protected marketplaces as a factor that may be taken into account in determining whether a Participant has made "reasonable efforts" .

Appendices

- Appendix "A" sets out the text of the Interim Amendments to the Rules and Policies respecting the "best price" obligation; and
- Appendix "B" sets out a summary of the comment letters received in response to the Request for Comments on the Interim Amendments as set out in Market Integrity Notice 2008-009 - *Request for Comments – Provisions Respecting the "Best Price" Obligation* (May 16, 2008). Appendix "B" also sets out the response of IIROC to the comments received and provides additional commentary on the Amendments. The Interim Amendments as approved by the Recognizing Regulators did not make any revisions to the text published in the Request for Comments. Appendix "B" also contains the text of the relevant provisions of the Rules and Policies as they read following the adoption of the Interim Amendments.

Appendix "A"

Provisions Respecting the "Best Price" Obligations

The Universal Market Integrity Rules are hereby amended as follows:

1. Subsection (3) of Rule 5.3 is repealed.

The Policies to the Universal Market Integrity Rules are hereby amended as follows:

1. Part 1 of Policy 5.2 is deleted and the following substituted:

Part 1 – Qualification of Obligation

The "best price obligation" imposed by Rule 5.2 is subject to the qualification that a Participant make "reasonable efforts" to ensure that an order receives the best price. "Reasonable efforts" does not require that a Participant become a member, user or subscriber of each protected marketplace.

The Market Regulator will accept that a Participant has made "reasonable efforts" to obtain the "best price" if the Participant:

- enters the order on a marketplace by means of an order router developed and operated by the Participant or a service provider if:
    - the order router has demonstrated an ability to access orders on a protected marketplace, and
    - the Participant or service provider has taken reasonable efforts to obtain order information from each protected marketplace,
- enters the order on a marketplace that has taken reasonable efforts to obtain order information from each protected marketplace and that, in accordance with the arrangements between the Participant and the marketplace, will, upon receipt of the order:
    - route all or any part of the order required to comply with Rule 5.2 to a protected marketplace,
    - execute the order at a price that will comply with Rule 5.2, or
    - automatically vary the price of the order to a price that will comply with Rule 5.2; or
- provides the order to another Participant for entry on a marketplace.

In determining whether a Participant has made "reasonable efforts" in other circumstances, the Market Regulator will consider, among other factors:

Factors Related to Initial Consideration of a Particular Marketplace

- whether the marketplace qualifies as a "protected marketplace";
- whether the protected marketplace has recently:
    - commenced operations, or
    - had any material malfunction or interruption of service;
- whether, in the absence of an information processor, a data vendor used by the Participant has made order information from the protected marketplace available in a form and format that readily permits the use of such order information in the trading systems of the Participant; and
- whether the Participant has followed the policies and procedures adopted by the Participant for determining whether orders on a protected marketplace need to be initially considered.

Factors Related to On-going Compliance

- whether a "better-priced" order is on a protected marketplace which the Participant has determined to consider in accordance with the policies and procedures adopted by the Participant for determining whether orders on a protected marketplace need to be initially considered;

- whether the Participant has experienced:

    - disruptions in trading activity as a result of any material malfunction or interruption of service of a particular protected marketplace, or

    - an inordinate proportion of immediately tradeable orders entered on a particular protected marketplace being executed at an inferior price to that displayed at the time the order was entered by the Participant or not being executed or being executed only in part for a volume less than that displayed at the time the order was entered by the Participant; and

- whether the Participant has followed the policies and procedures adopted by the Participant for determining whether orders on a protected marketplace need to be considered on an on-going basis.

2. Policy 7.1 is amended by adding the following as Part 6:

Part 6 – Specific Provisions Respecting the Best Price Obligation

Each Participant must adopt written policies and procedures that are adequate, taking into account the business and affairs of the Participant, to ensure compliance with the "best price obligation". The policies and procedures must set out the steps or process to be followed by the Participant that constitute the "reasonable efforts" that the Participant will take to ensure that orders receive the "best price" when executed on a marketplace. These policies and procedures must address the factors which the Participant will take into account:

- initially in determining whether order on a protected marketplace need to be considered; and

- on an on-going basis once the Participant has determined that orders on a particular protected marketplace should be considered.

The policies and procedures adopted by the Participant:

- must take into account the factors and other requirements enumerated in Policy 5.2; and

- may take into account other additional factors which are reasonable and of particular importance to the type of business conducted by the Participant provided any additional factors identified by a Participant must not be inconsistent with the requirements set out in Policy 5.2 or the provisions of the Marketplace Operation Instrument.

Appendix "B"

Comments Received in Response to
Market Integrity Notice 2008-009 – *Request for Comments –*
Provisions Respecting the "Best Price" Obligation

On May 16, 2008, Market Regulation Services Inc. ("RS") issued Market Integrity Notice 2008-009 requesting comments on proposed amendments to UMIR respecting the "best price" obligation ("Best Price Amendments"). While the Best Price Amendments were effective on the publication of Market Integrity Notice 2008-009, the Best Price Amendments were subject to public comment and review and approval by the applicable Recognizing Regulators.

Effective June 1, 2008, RS merged with the Investment Dealers Association of Canada to form the Investment Industry Regulatory Organization of Canada ("IIROC"). References to "IIROC" include RS prior to June 1, 2008. IIROC received comments on the Best Price Amendments from:

Alpha Trading Systems ("Alpha")

BMO Financial Group ("BMO")

Canadian Security Traders Association, Inc. ("CSTA")

CIBC World Markets ("CIBC")

ITG Canada Corp ("ITG")

Omega ATS ("Omega")

RBC Dominion Securities Inc. ("RBC")

A copy of each comment letter submitted in response to the Best Price Amendments is publicly available on the IIROC website (www.iiroc.ca under the heading "Policy" and sub-heading "Market Proposals/Comments"). The following table presents a summary of the comments received on the Best Price Amendments together with the response of IIROC to those comments. Column 1 of the table highlights the revisions to the Best Price Amendments made by IIROC in response to these comments and the comments of the Recognizing Regulators.

Text of Provisions Following Adoption of Amendments	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
5.2 Best Price Obligation (1) A Participant shall make reasonable efforts at the time of the execution of an order to ensure that: (a) in the case of an offer, the order is executed at the best bid price; and (b) in the case of a bid, the order is executed at the best ask price. (2) Subsection (1) does not apply to the execution of an order which is: (a) required or permitted by a Market Regulator pursuant to clause (b) of Rule 6.4 to be executed other than on a marketplace in order to	**Alpha** – Supports U.S. approach; limited application of order protection rule to regular trading hours. Recommends that IIROC confirm current practice; allow Participants to make determination not to enter orders to trade on marketplaces outside of standard trading hours where they believe that such a practice would be in best interests of clients.	The Marketplace Operation Instrument does not establish "standard" trading hours (and in fact the CSA specifically rejected this suggestion on the introduction of the Marketplace Operation Instrument). If marketplaces are able to compete on the basis of their hours of operation, then IIROC does not see any reason not to continue to protect orders on protected marketplaces if two or more protected marketplaces operate outside of "regular" hours.
	Alpha, BMO and **RBC** – The "best price" obligation should apply at time of entry. Do not agree that best price obligation arises at time of execution. Currently available smart routers determine "best price" at time of routing. In the alternative, UMIR should include an active-passive distinction with respect to the best-price obligation to allow Participants to enter orders on a marketplace with	The "best price" obligation applies to trades executed on both transparent and non-transparent marketplaces. The change in the rule simply incorporates the guidance on the application of the "best price" obligation that has been in place since 2005 with the launch of operations by BlockBook. If an order is entered at a price which would not immediately be executable against orders displayed on a transparent market then such order is

Text of Provisions Following Adoption of Amendments	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
maintain a fair or orderly market; (b) a Special Terms Order unless: (i) the security is a listed security or quoted security and the Marketplace Rules of the Exchange or QTRS governing the trading of a Special Terms Order provide otherwise, or (ii) the order could be executed in whole, according to the terms of the order, on a marketplace or with a market maker displayed in a consolidated market display; (c) directed or consented to by the holder of the account to be entered on a marketplace as: (i) a Call Market Order, (ii) a Volume-Weighted Average Price Order, (iii) a Market-on-Close Order, (iv) an Opening Order, (v) a Basis Order, or (vi) a Closing Price Order; or (d) a client order on behalf of a non-Canadian account executed other than on a marketplace pursuant to clause (d) or (e) of Rule 6.4 provided such client order does not execute with a principal order or non-client order of the Participant.	a transparent continuous limit order book without having to check other marketplaces.	compliant with the best price obligation and the Participant entering the order does not have to monitor other marketplaces. If orders are entered on other marketplaces which could have executed with the order entered by the Participant at a better price that what is achieved on the other marketplace, it is the Participant that entered the other order that is in breach of the requirements of the best price obligation.
	BMO – In the absence of including transaction costs, recommended that the CSA consider capping trading fees (as in the U.S.) to avoid the emergence of a predatory pricing regime.	The question of limiting fees to access better-priced orders was asked by the CSA as part of the *Joint Notice of the Canadian Securities Administrators and Market Regulation Services Inc. on Trade-Through Protection, Best Execution and Access to Marketplaces* (April 20, 2007). IIROC therefore anticipates that the matter will be addressed in the next round of proposals that will be issued by the CSA on trade-through protection.
	BMO and CIBC – Transaction costs and other costs associated with executing a trade should be taken into consideration.	As noted in the Market Integrity Notice, changes to the "best execution" requirements will specifically add the overall cost of the transaction as a factor. Reference should be made to IIROC Notice 2008-0039 – Rule Notice – Notice of Approval – UMIR – *Provisions Respecting Best Execution.*
	CSTA – Under the "time of execution" scenario a Participant would be required to constantly monitor all existing order flow and if necessary, route an order to another marketplace. Participant should be able to enter an order on a marketplace and establish a best bid/offer and not be required to check on other marketplaces, post time of order entry.	A Participant can rely on the fact that an order entered on a protected market will not be traded-through as every other Participant has a similar best price obligation. The order does not have to be the "best" price at the time of entry in order for the Participant to be able to rely on the expected compliance of others.
	RBC – Who will confirm that a marketplace meets the criteria for a "protected marketplace" and will that be tested on an ongoing basis?	The criteria for a "protected marketplace" are set out in UMIR. IIROC has provided guidance on which marketplaces presently qualify as a "protected marketplace" (Chi-X, CNSX, Pure Trading, Omega, TSX and TSXV). IIROC intends to continue the practice of RS of providing guidance on the qualification of each new marketplace prior to its launch.

Text of Provisions Following Adoption of Amendments	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
Policy 5.2 – Best Price Obligation **Part 1 – Qualification of Obligation** The "best price obligation" imposed by Rule 5.2 is subject to the qualification that a Participant make "reasonable efforts" to ensure that an order receives the best price. "Reasonable efforts" does not require that a Participant become a member, user or subscriber of each protected marketplace. The Market Regulator will accept that a Participant has made "reasonable efforts" to obtain the "best price" if the Participant: • enters the order on a marketplace by means of an order router developed and operated by the Participant or a service provider if: o the order router has demonstrated an ability to access orders on a protected marketplace, and o the Participant or service provider has taken reasonable efforts to obtain order information from each protected marketplace, • enters the order on a marketplace that has taken reasonable efforts to obtain order information from each protected marketplace and that, in accordance with the arrangements between the Participant and the marketplace, will, upon receipt of the order: o route all or any part of the order required to comply with Rule 5.2 to a protected marketplace, o execute the order at a price that will comply with Rule 5.2, or o automatically vary the price of the order to a price that will comply with	**Alpha** – Uncertain of the implications of a Participant relying on another party to fulfil the best price obligation. Should be clear that the obligation remains with the Participant.	While the obligation remains with the Participant, the Participant is required to undertake "reasonable efforts". IIROC is of the opinion that a Participant will be considered to have undertaken reasonable efforts if the Participant relies on a third party (another Participant, a marketplace or a service provider) but the Participant must monitor the performance of the third party on a periodic basis.
	Alpha – Testing should be left to a new marketplace and its customers. By imposing specific testing period of 6 months, IIROC will encourage marketplaces to conduct meaningless early testing. Suggest more principle based regulation, providing for a "reasonable period." The amount of time to integrate new marketplace should depend on the circumstances.	The testing requirements are established in National Instrument 21-101 and not in UMIR. The guidance which accompanied the amendment simply references the requirements under the National Instrument and recognize that the longer testing has been available prior to the launch of the marketplace the less the period of time that may be required to integrate that marketplace after launch.
	Alpha – With respect to monitoring and enforcing requirements, some of the obligations imposed on a party to monitor are not feasible because the data is outside the control or is not available to such party.	IIROC has not attempted to prescribe the level of "monitoring" that is required. The guidance that IIROC has provided acknowledges that the obligation is measured in accordance with the information and data that is reasonably available. Simply because the "ideal" data is not available, does not mean that a Participant should be relieved of the obligation.
	BMO – Requests clarification of what is an acceptable "form and format" for the integration of order information.	IIROC has previously issued guidance on the availability of marketplace data. With the launch of each new marketplace, IIROC will continue the practice of RS and issue additional guidance on the data dissemination arrangements of the marketplace prior to the launch of the marketplace.
	BMO, CIBC, ITG and **RBC** – More time is required to integrate a new marketplace. Any time period should be determined from the point when the marketplace systems code is final. In light of the myriad interdependencies and the inherent complexities of integration, at both the Participant and vendor levels, a "one-size fits all" approach to defining a timeline is neither realistic nor advisable. A 6 month timeframe to accommodate launch of new	The Policy does not set a specific time frame for a Participant to integrate a new marketplace. Rather the guidance indicates that IIROC will consider a "reasonable period" to be the longer of six months after the new marketplace makes testing facilities available and three months following the launch of the marketplace. Longer periods may be acceptable but the burden will be on the Participant to establish that it has been taking "reasonable efforts" to integrate the new marketplace.

Text of Provisions Following Adoption of Amendments	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
Rule 5.2; or • provides the order to another Participant for entry on a marketplace. In determining whether a Participant has made "reasonable efforts" in other circumstances, the Market Regulator will consider, among other factors: ***Factors Related to Initial Consideration of a Particular Marketplace*** • whether the marketplace quali-fies as a "protected market-place"; • whether the protected market-place has recently: o commenced operations, or o had any material malfunc-tion or interruption of service; • whether, in the absence of an information processor, a data vendor used by the Participant has made order information from the protected market-place available in a form and format that readily permits the use of such order information in the trading systems of the Participant; and • whether the Participant has followed the policies and procedures adopted by the Participant for determining whether orders on a protected marketplace needs to be initially considered. ***Factors Related to On-going Compliance*** • whether a "better-priced" order is on a protected marketplace which the Participant has determined to consider in accordance with the policies and procedures adopted by the Participant for determining whether orders on a protected marketplace needs to be initially considered;	marketplace does not take into consideration that marketplaces require signed legal agreements before providing access for testing or market data.	
	BMO, CSTA and **RBC** – The market regulator will accept that a Participant has made "reasonable efforts" if, upon receipt of the order, the marketplace will automatically "vary the price" .Will the marketplace router be expected to monitor other markets after the order has been booked? Will IIROC monitor the ongoing perfor-mance of marketplace routers? Can the marketplace fill the order at the better price instead of rerouting it?	Certain marketplaces have proposed to preclude the entry of orders which would otherwise have constituted a "bid-through" or an "offer-through". Limit orders at a price which would not be in compliance with the "best price obligation" could either be rejected on entry or "re-priced" by the marketplace to a level which is in compliance with the best price obligation. (Certain marketplaces already offer this type of functionality with respect to entry of short sales.) Once an order has been "booked" there is no expectation that the router will monitor other marketplaces as those other marketplaces can not trade-through the price of the booked order. The marketplace will provide notice to the Participant or Access Person that entered the order that the order has been "varied" and it will be the obligation of the person that entered the order to monitor.
	CIBC – For most Participants, providing jitney orders to another Participant for entry on a marketplace is not a viable option as the Participant would be required to deal with this portion of its order flow on a fully-manual basis.	IIROC recognizes that the options available to each Participant to fulfil their best price obligations will vary depending upon a number of factors including: the volume of order flow, the sophistication of the systems of the Participant and its service providers, the marketplaces to which the Participant has direct trading access and the functionality offered by those marketplaces. The Participant is given the latitude and the responsibility to devise a solution that fits its circumstances.
	CIBC – Given differences between Participants in terms of size and scope of operations, consistent application of single "test" would be difficult, if not impossible.	The regulatory approach is sufficiently flexible to accommodate Participants of varying size and scope. The standard imposed on all Participants is "reasonable efforts" and Participants are afforded significant discretion as to how they meet the standard.
	CSTA and **RBC** – Regulators and not Participants should decide whether or not to continue to direct order flow to a particular "protected marketplace" that is experiencing a material malfunction or interruption of services. IIROC should adopt U.S. practices which ensure that	If a marketplace is experiencing a "general" malfunction or interruption of service that affects substantially all persons with access to that marketplace, IIROC would expect that the marketplace would voluntarily halt trading operations or be directed to do so by IIROC. However, the provisions also recognize that the effect of

Text of Provisions Following Adoption of Amendments	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
• whether the Participant has experienced: o disruptions in trading activity as a result of any material malfunction or interruption of service of a particular protected marketplace, or o an inordinate proportion of immediately tradeable orders entered on a particular protected marketplace being executed at an inferior price to that displayed at the time the order was entered by the Participant or not being executed or being executed only in part for a volume less than that displayed at the time the order was entered by the Participant; and • whether the Participant has followed the policies and procedures adopted by the Participant for determining whether orders on a protected marketplace needs to be considered on an on-going basis.	marketplaces, not Participants, manage this process. What is the obligation of the Participant to notify IIROC of these occurrences? A marketplace should provide industry-wide notification of material malfunction or interruption of services.	the malfunction or interruption could be isolated to particular Participants and the problem originates with service or communication providers or even the systems of the Participant. The provision is drafted to allow the Participant greater flexibility when the problems are not actually with the marketplace itself.
	ITG – Marketplaces should prevent the entry of orders which at the time of entry bid-through a better offer (or offer-through a better bid) on another protected marketplace. If there is a legitimate reason for a bid- or offer-through, a Participant should be able to use a special order marker such as "bypass" order marker.	IIROC has issued guidance that a Participant can not, when entering an order on a protected marketplace, "offer-through" or "bid-through" a better-priced order on another protected marketplace. If the CSA proceeds with the implementation of a trade-through protection regime based on the proposal published in April of 2007, marketplaces would have an obligation to have appropriate policies and procedures to prevent the execution of an order that would be an "offer-through" and "bid-through".
	ITG and **RBC** – 90-day timeframe for integration of new protected marketplaces into marketplace router or functionality appears to be a short timeframe. 90 days does not provide adequate time to develop, implement and test functionality. Less prescriptive timeline recommended requirements should be mandated on marketplace not participants. Where data is not integrated within time period, this would be an industry-wide issue or at a minimum, would affect more than one firm.	The Policy does not set a specific time frame for a marketplace that is offering an order router or functionality for "best price" compliance to integrate data from a new "protected" marketplace. The guidance indicates that IIROC will consider a "reasonable period" for the integration of data to be 90 days after the launch of the new protected marketplace. Longer periods may be acceptable but the burden will be on the marketplace to establish that it has been taking "reasonable efforts" to integrate the data from the new marketplace.
	RBC – Unavailability of quotes is an industry-wide issue. Why has onus been placed on Participants to monitor and document availability of quote on a given marketplace?	A limited "communications" problem that affects just one or a few dealers is far more common than the general "market outage". The guidance has been drafted to be as flexible as possible to take into account problems with the systems of a marketplace, information vendor, service provider or the dealer.
	RBC – Seeks guidance on the effects of routing orders to other Participants as the latency inherent in re-routing an order, particularly one that is manually handled, to another dealer may cause the order to miss a better price. What is the obligation for jitney dealers to re-sweep for best price?	A Participant that receives an order as an individual jitney order takes on the obligation to undertake "reasonable efforts" in order to comply with the best price obligation under Rule 5.2. A Participant which wishes to reduce the possible "latency" problems associated with jitney orders would consider establishing direct trading access to each "protected marketplace".

Text of Provisions Following Adoption of Amendments	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
	RBC – What recourse would be available to Participants in event that order information from particular protected marketplace is not available in a form and format that readily permits the use of such order information in the trading system of the Participant?	IIROC would not expect a Participant to take into account information from a protected marketplace that is not available in a form and format that is readily incorporated into the systems of the Participant.
	RBC – What is an "acceptable order router"? Responsibility to monitor and document performance of marketplace order router or marketplace trading system functionality should not be placed on Participants but on independent regulatory body.	The performance of an order router is dependent in part on how that router interacts with other features of the systems of the Participant and the trading system of the marketplace. What is "acceptable" performance for one Participant may not be replicated by another Participant. It is the expectation of IIROC that the Participant or service provider will monitor the performance of their router.
Policy 7.1 – Trading Supervision Obligation **Part 6 – Specific Provisions Respecting the Best Price Obligation** Each Participant must adopt written policies and procedures that are adequate, taking into account the business and affairs of the Participant, to ensure compliance with the "best price obligation". The policies and procedures must set out the steps or process to be followed by the Participant that constitute the "reasonable efforts" that the Participant will take to ensure that orders receive the "best price" when executed on a marketplace. These policies and procedures must address the factors which the Participant will take into account: • initially in determining whether orders on a protected marketplace needs to be considered; and • on an on-going basis once the Participant has determined that orders on a particular protected marketplace should be considered. The policies and procedures adopted by the Participant: • must take into account the	**Alpha** – Regulatory policy should focus on requiring a Participant to establish policies and procedures that identify criteria for access and best price obligation; processes for decision-making or routing; processes for monitoring and documenting the effect of such procedures and responses to the findings.	Rule 7.1 requires each Participant to adopt written policies and procedures to be followed by directors, officers, partners and employees of the Participant that are adequate, taking into account the business and affairs of the Participant, to ensure compliance with the requirements of UMIR, including the best price obligation under Rule 5.2. The Rule is not prescriptive in that it is left to each Participant to develop policies and procedures in order to demonstrate that the Participant is undertaking "reasonable efforts" to comply with the "best price" obligation. However, the Participant can not adopt policies and procedures that are inconsistent with the requirements of Policy 5.2 or the provisions of the Marketplace Operation Instrument.
	RBC – Data not being available or insufficient granularity of data cause problems with developing monitoring program. If data is only available to the whole second, false positives will increase. If multiple data sources are used, there are time synchronization problems. What are the expectations for monitoring: real time to aid in remedy of potential trade-through or T+1?	IIROC recognizes that time synchronization is a significant problem and for this reason provides that marketplaces undertake "continual" synchronization throughout a trading day. IIROC has issued guidance that each Participant should also consider "continual" synchronization in order to minimize discrepancies with times for entry and execution provided by a marketplace. IIROC expects that each Participant will periodically test any automated solution to verify that the "solution" remains effective. The results of these tests must be retained by the Participant and IIROC expects to be in a position to review the results of these tests during regularly scheduled trade desk reviews.

Text of Provisions Following Adoption of Amendments	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
factors and other requirements enumerated in Policy 5.2; and • may take into account other additional factors which are reasonable and of particular importance to the type of business conducted by the Participant provided any additional factors identified by a Participant must not be inconsistent with the requirements set out in Policy 5.2 or the provisions of the Marketplace Operation Instrument.		
General Comments: *Deferral for "Trade-Through Protection"*	**CIBC** and **CSTA** – Reliance on a marketplace router or functionality represents the most cost effective and practical path to complying with "best price" obligation. This functionality will be provided by several "protected marketplaces" in very near future. IIROC's expectation that Participants will commit resources to address issue that will eventually be addressed by marketplaces is wasteful and unnecessary.	Smart routers and marketplace functionality that will be considered compliance with the "best price" obligation presently exist. Additional alternatives are also expected to emerge. However, a Participant must recognize that the rule can not be simply enforced at the marketplace level. Based on data for June of 2008, more than 62% of the value of trading on marketplaces is in securities which are inter-listed with markets outside of Canada. Before a Participant trades such securities on a foreign organized regulated marketplace, over-the-counter or by some other "off-marketplace" transaction at an inferior price to that displayed on a protected marketplace, the Participant must ensure that any "better-priced" orders on the protected marketplace are filled.
	RBC – Only appropriate solution is for CSA to finalize and implement an effective trade-through rule that requires orders to be routed to the marketplace or marketplaces with the best prevailing prices. CSA must implement minimum conditions for approval for every new marketplace.	See response to CIBC comment above.
"foreign organized regulated market"	**BMO, CSTA** and **RBC** – Definition of "foreign organized regulated market." Are Participants required to access such markets as part of "best price" obligation?	UMIR was amended to add a definition of "foreign organized regulated market". Reference should be made to Market Integrity Notice 2008-008 – *Notice of Approval – Provisions Respecting "Off-Marketplace" Trades* (May 16, 2008). The "best price" obligation applies to orders entered on a marketplace. The term "marketplace" applies only to an exchange, QTRS or ATS that operates in Canada.

Text of Provisions Following Adoption of Amendments	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
		The "best price" obligation does not apply to an order on a "foreign organized regulated market". A Participant may have an obligation to consider orders on a foreign organized regulated market as part of its "best execution" obligation.
"inferior fills" and "recently launched operations"	**CSTA** and **RBC** – In determining whether a Participant has made "reasonable" efforts, definitions for "recently launched operations" and "inferior fills" sought.	The term "inferior fill" is not used in the Amendments but is part of the commentary which explains the Amendments. Reference should be made to the second bullet under the heading "Factors Related to On-going Compliance" under Part 1 of Policy 5.2. The time periods which IIROC would accept for a "recently launched operations" are part of the guidance set out in Market Integrity Notice 2008-009.
Locked Markets	**RBC** – "Locked markets" may affect how the router of a Participant treats an order and Participant may end up being charged a fee on active orders when it was the intention of the Participant to post a bid or offer.	Presently, if markets are locked, it is permissible for the order to be entered on any marketplace and, as such, the Participant could determine whether the order was to be "booked" or executed. The CSA has proposed amendments to the Trading Rules to preclude the intentional locking of markets.
	ITG – IIROC should clearly state that it is a violation of UMIR when a Participant intentionally and repeatedly enters orders designed to "lock" consolidated best bid and offer for protected markets.	In the view of IIROC, it is not acceptable for a particular marketplace to "lock" itself. However, if marketplaces "lock", there has been no violation of the "best price" requirements and Participants simply have a choice whether any order at the "locked" price is executed or "booked" depending upon the marketplace on which any order at the same price is entered. . The CSA has proposed amendments to the Trading Rules to preclude the intentional locking of markets.
Market Maker Obligations	**RBC** – How do the requirements affect registered traders and participation on orders within the minimum guaranteed fill facility?	Each exchange may establish its own market making system and impose obligations on the market makers. A market maker can not purchase at a price above the "best ask price" or below the "best bid price" as displayed on any protected marketplace either intentionally or automatically in accordance with the operation of the trading system of the marketplace or requirements of the market making system.
Marketplace "Best Price" Functionality	**Alpha** – Guidance limits how the marketplace can comply and is prescriptive as compared to the U.S. principle-based approach. Moreover,	The Amendments are flexible. The guidance which accompanies the Amendments sets out that if a Participant is relying on the functionality of the

Text of Provisions Following Adoption of Amendments	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
	it changes the nature of what a limit order is or what a marketplace should do, by empowering the marketplace to change the price of a limit order.	marketplace to provide compliance with the "best price" obligation then the marketplace must handle the order in one of the ways listed. The list given in the guidance is based on the current functionality offered by marketplaces. If a marketplace develops a new functionality which provides an acceptable method of complying, IIROC will issue supplemental guidance.
Marketplace Data Requirements	**BMO** – Believes that a marketplace must ensure that its data is integrated into data feeds that are widely used by Participants.	The view of the Industry Committee was that an "industry solution" would emerge. In the near term, the Amendments recognize the problems faced by a Participant if the data from a marketplace is not made available in a form and format which is readily integrated into the systems of the Participant.
Marketplace Policies	**ITG** – Protected marketplaces should have robust policies and procedures for handling "outages" during the trading day. Recommends the establishment of standard procedures for the cancellation of "booked" orders during a malfunction or before executions resume on that marketplace (in order to reduce risks associated with duplicate fills).	The securities regulatory authorities may impose obligations on marketplaces pursuant to the Marketplace Operation Instrument. In the absence of regulatory requirements, Participants should consider the risks of encountering these problems when determining the particular marketplace on which limit orders that are not immediately executable will be booked.
Marketplace Systems Requirements	**ITG** – IIROC should require that all protected marketplaces implement filters designed to protect market integrity. Filters would cover issues like "fat finger" errors and malfunctioning order routers or automated trading systems. Filters that freeze price movement of an individual stock that are currently employed by TSX and TSXV should be uniformly implemented across all protected markets. The next step would be to implement other filters to address multiple order price movements from the same trader. Participants that provide DMA to clients are required to implement order parameters or filters. To ensure market integrity, the marketplace filters need to be consistent to ensure that if one marketplace rejects an order because it exceeds specific parameters, that same order would not simply reroute to another	Generally, the obligations of marketplaces are imposed by the securities regulatory authorities pursuant to the Marketplace Operation Instrument and not through UMIR as adopted by IIROC. IIROC has an "unreasonable trades" policy which sets out when IIROC will intervene to vary or cancel orders or trades for regulatory purposes. Those requirements may be augmented by requirements of each marketplace. "Price freezes" which are used by the TSX and TSXV are "business" rather than "regulatory" halts and the provision for such halts are within the purview of each marketplace. Each of the marketplaces that permits "direct market access" have requirements that are the same or similar to those established by the TSX. While a Participant must set parameters for orders from the DMA client, the level of the parameters is not prescribed by the marketplace and is set by the Participant.

Text of Provisions Following Adoption of Amendments	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
	marketplace with more liberal parameters.	
Marketplace Testing Requirements	**BMO** – Recommends enhancing these proposed changes with the requirement for adequate testing when there is a material technology change/migration undertaken by a marketplace.	The imposition of technology testing requirements is within the purview of the CSA under the Marketplace Operation Instrument.
	CSTA – Recommends minimum of 60 days plus 30 additional days of stress testing for every new marketplace.	The imposition of technology testing requirements is within the purview of the CSA under the Marketplace Operation Instrument.
National Best Bid / Offer System	**BMO** – Given the lack of a consolidated national best bid and offer (NBBO) in Canada, recommends a minimum one-second grace period be provided to Participants consistent with Reg NMS.	Whether or not an information processor emerges to create a "consolidated feed", the obligation under UMIR to use "best efforts" is based on the information which is available to the Participant at the time the Participant is making the routing decision.
	CSTA – Until the industry has a NBBO or a smart router that can sweep all protected marketplaces, traders should be exempted from any type of trade-through violations.	Following the introduction of the Marketplace Operation Instrument in 2001, the Industry Committee recommended that the data integration requirements be deleted in favour of an "industry solution" that would take shape with the introduction of additional marketplaces. While a "consolidated feed" has not emerged, new marketplaces have emerged and order routers are presently available through both marketplaces and service providers. In any event, the current rule recognizes the difficulties and requires only "reasonable efforts" rather than strict adherence to best price.
Normal Course Issuer Bids	**RBC** – What is the impact for normal course issuer bids?	Whether the normal course issuer bid is made through a bid approved by an exchange or as filed with a securities regulatory authority, the notice of the bid must indicate where purchases will be made. If purchases are limited to the exchange which approved the bid, purchases may only be made when that exchange has the "best ask price". If the notice does not limit the place where purchases may be made, purchases should be made on the marketplace with the "best ask price".

Text of Provisions Following Adoption of Amendments	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
Order Router Criteria and Certification	**BMO** – IIROC should consider (i) establishing minimum criteria for marketplaces and smart order routers, (ii) certifying marketplaces and vendor smart order routers and (iii) requiring marketplaces to supply auditable performance data to be published on a regular basis. Implementation of uniform criteria would ensure consistency across all marketplaces, vendors and Participants. The costs to meet this proposed certification and ongoing monitoring should be borne by the marketplaces and vendors and then passed on to Participants.	In the view of IIROC, monitoring the performance of an order router offered by a marketplace, service provider or Participant falls to the Participant. Since the performance of an order router is dependent on external factors including the systems of the Participant and its service providers and information vendors, the certification of the system would not guarantee its "performance". IIROC is aware that one marketplace is offering at least three distinct forms of order routing capability. IIROC does not wish to limit innovation and does not see any material benefit in prescribing a particular functionality for order routers.
Potential Violation Alert Notifications	**CSTA** – Potential Violation Alert Notifications" replacing Notifications of Trade-Through Alerts. Will a "PVAN" be issued to a trader's employer or be kept on RS records?	The purpose of the notices was to assist Participant in evaluating whether the policies and procedures adopted by the Participant were adequate. Reference should be made to Question 4 in Market Integrity Notice 2008-010 - Guidance – Complying with "Best Price" Obligations.
Protected Marketplace	**Alpha** and **CSTA** – Consideration should be given to introducing a *de minimis* exemption similar to 5% threshold in U.S. Order Protection Rule. U.S. Rule only applies to one pricing level. "Best price" obligation should only apply to limited level of prices; suggestion: maximum of five levels of prices.	Historically, equity marketplaces in Canada have enforced trade-through protection for all orders at a better price. In contrast, in the United States no such protection historically existed. In an environment like the United States with securities trading on multiple marketplaces and fragmentation of order flow, applying protection to depth-of-book is much more complicated. Not all marketplaces in the United States are automated and some exchanges had adopted a specialist system where orders could be filled manually. As a result, in the United States, trade-through protection has focused on an approach that only requires the execution of the level of the national best bid and offer (NBBO), or "top-of-book", and not full depth-of-book. The implementation of a threshold test has been considered and rejected by both IIROC and the CSA given the state of the development of multiple marketplaces in Canada.
"Self-help"	**Alpha** – A Participant or other entity providing functionality to satisfy "best price" obligation should have ability to ignore a marketplace if there is an interruption of service or a problem with its data provided that parties should adopt policies and procedures reasonably designed to deal with the	If a protected marketplace has recently had a material malfunction or interruption of services, this factor may be taken into account in a decision by a Participant whether to continue to direct order flow to that particular protected marketplace. The expectation is that a Participant would provide notice to the protected

Text of Provisions Following Adoption of Amendments	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
	failure of a marketplace to respond.	marketplace, any relevant service provider and the Participant's technology staff in order that the causes of the interruption could be identified and the responsible party could take remedial action. If a protected marketplace has experienced a material malfunction or interruption of service on any trading day, IIROC would not expect the Participant, depending upon the circumstances, to take that marketplace into account for the balance of the trading day should trading resume on that marketplace.
	BMO, ITG and **RBC** – Three days of malfunctions / interruptions of service in any thirty day period is an unacceptably high threshold.	Every marketplace, just like every Participant, will experience occasional systems problems. Guidance is provided to Participants as to their obligations on the day that a marketplace experiences a material malfunction or interruption of services. Additional guidance is provided if those problems are continuing or persistent which allows a Participant to ignore that marketplace until it has been problem-free for a period of 30 days.
	Omega – IIROC should provide further guidance regarding "self – help" procedures. The "self help exception" under U.S. Reg. NMS allows trading centers and market participants to bypass otherwise protected quotations of automated market centers that are inaccessible for whatever reason – usually system failure.	IIROC has proposed a more flexible framework for "self-help" than that which is contained in Regulation NMS which can take into account problems with the systems of a marketplace, information vendor, service provider or the dealer. The cornerstone of this approach relies on the Participants informing both the marketplace and IIROC of any problems which lead to the use of "self-help". If the problem affects the "market" generally, IIROC may pursue a regulatory halt in respect of the trading operations of the affected marketplace. If the problem affects only a limited number of Participants, IIROC will be in a position to monitor the steps taken by each affected Participant to use "reasonable efforts" to comply with the best price obligation.

13.1.8 IIROC Rules Notice – Request for Comments – Proposed over-the-counter securities fair pricing rule and confirmation disclosure requirements

PROPOSED OVER-THE-COUNTER SECURITIES FAIR PRICING RULE AND CONFIRMATION DISCLOSURE REQUIREMENTS

Summary of nature and purpose of proposed Rule

On March 25, 2009, the Board of Directors (the Board) of the Investment Industry Regulatory Organization of Canada (IIROC) approved the publication for comment of proposed amendments to the Dealer Member Rules (the Rules) addressing the fair pricing of over-the-counter (OTC) traded securities, and amending existing trade confirmation requirements to mandate yield disclosure for fixed income securities and remuneration disclosure on confirmations sent to retail clients for OTC transactions.

Specifically, the proposed amendments will:

- Require Dealer Members to fairly and reasonably price securities traded in OTC markets;
- Require Dealer Members to disclose yield to maturity on trade confirmations for fixed-income securities and notations for callable and variable rate securities; and
- Require Dealer Members to include on trade confirmations sent to retail clients in respect of OTC transactions a statement indicating that they have earned remuneration on those transactions unless the amount of any mark-up or mark-down, commissions and other service charges is disclosed on the confirmation.

The general purpose of these proposed amendments is to enhance the fairness of pricing and transparency of OTC market transactions.

Issues and specific proposed amendments

The over-the-counter markets differ significantly in structure and operation from markets for listed securities. These differences generally result in less trade price transparency to clients. Retail investors in particular have less access to OTC security pricing (and yield) information than they do in the listed security markets.

In addition, the pricing mechanisms used for fixed income securities are less understood by retail clients. Specifically, retail clients may not understand the inverse relationship between price and yield or the various factors that can affect yield calculations and the relative risk of a particular fixed income security. All these factors contribute to the difficulty retail investors are faced with when determining whether a particular fixed income security is fairly priced (and therefore offers an appropriate yield) and of appropriate risk. IIROC therefore wishes to underscore the responsibility of Dealer Member firms to use their professional judgment and market expertise to diligently ascertain and provide fair prices to clients in all circumstances, particularly in situations where the Dealer Member must determine inferred market price because the most recent market price does not accurately reflect market value of that security.

Although most institutional clients have the ability to contact multiple institutional bond desks or use electronic trading systems to verify whether a price is fair, retail investors may not have this ability. In addition, although there are varying fixed income business structures at Dealer Member firms, at some firms registered representatives may only offer his/her clients fixed income securities currently carried in the firm's inventory. This may make it difficult for the registered representative and the end-client to evaluate whether the current bid and offer prices (or yield) listed for the inventory position(s) are fair. Since in many cases it will be difficult for a retail client to confirm at a specific point in time the fairness of a price, the client must have confidence that the system itself, including the Dealer Member and its regulators, and all applicable laws, rules regulations and procedures, ensures that the client will receive a fair price.

Market regulators' surveillance of fixed income market activity will provide the tools to monitor for patterns and trends in prices and will allow regulators to more effectively identify price outliers. IIROC is currently considering how best to implement such a system to monitor our Dealer Members' OTC security (both fixed income and equity) trading, which would allow IIROC to identify circumstances where trade prices do not correspond with the prevailing market at that time.

The proposed rules are therefore intended to achieve the following objectives:

(1) to ensure that clients, in particular retail clients, are being provided bid and offer prices for OTC securities (both fixed income and equity) that are fair and reasonable in relation to prevailing market conditions;

(2) to ensure that clients are provided sufficient disclosure regarding the security at issue that will enable them, as well as the clients' registered representative, to confirm through other market sources that the price being offered is a reasonable one in relation to prevailing market conditions;

(3) to underscore the principle that compliance activities are as important for OTC securities transactions as they are for listed securities transactions;

(4) to ensure that Dealer Members focus policies, procedures, supervisory and compliance efforts towards the OTC markets, in addition to the current focus on securities traded in organized markets, and provide Dealer Members' compliance departments with regulatory support for their compliance activities with respect to OTC business; and

(5) to acknowledge and highlight that the OTC markets differ in form and structure from the more formalized nature of the markets for listed securities, and to regulate the OTC markets taking these idiosyncrasies into account.

By placing an obligation for fair pricing of OTC traded securities squarely on the Dealer Member, IIROC is ensuring that the Dealer Member has in place, and supervises and enforces, policies and procedures that ensure that the price paid or received by the end client is a fair and reasonable one, taking into account the surrounding contextual factors, including the price prevailing in the market at that time for that security and similar or comparable securities.

Investors should also have enough information to enable them to determine if they are in fact paying, or receiving, a fair price for that product. The proposed yield disclosure requirement is intended to provide investors with that information. Investors will be able to compare the yield disclosure to published yields of the security at issue and other comparable securities to assist that investor in determining whether a certain price is fair and reasonable, given all the surrounding contextual factors.

Current rules

Currently, rules that regulate Dealer Member activity in the debt markets in Canada are spread throughout the IIROC Dealer Member rulebook. Although some of these rules directly regulate debt, such as Dealer Member Rule 2800 (wholesale debt markets) and Dealer Member Rule 2800B (retail debt markets), most of the rules regulating Dealer Member activity in the debt markets are general rules not specifically aimed at the debt markets.

Of the general rules that regulate market activity, Dealer Member Rule 29.1 is the Rule which most relates to a fair pricing requirement. This broad, principles-based rule requires that all Dealer Members and their employees observe high standards of ethics and conduct in the transaction of their business and do not engage in any business conduct or practice which is unbecoming or detrimental to the public interest.

Dealer Member Rules 2800 and 2800B lay out, in detail, requirements for resources, systems, policies and procedures with respect to Canadian debt markets. These Rules also include a Duty to Deal Fairly, which requires that Members act fairly, honestly and in good faith when marketing, entering into, executing and administering trades in the domestic debt market, and requires that Dealer Members observe high standards of ethics and conduct and prohibit any business conduct or practice which is unbecoming or detrimental to the public interest.

Furthermore, Rule 2800B requires that Dealer Members have written procedures or guidelines issued to its registered representatives regarding mark-ups or commissions on debt or fixed income securities sold to retail customers, and have monitoring procedures to detect commissions or mark-ups which exceed those specified in the procedures or guidelines. Rules 2800 and 2800B also prohibit a Dealer Member from consummating a trade which is clearly outside the context of the prevailing market and has been proposed or agreed to as a result of a manifest error.

Proposed rules

The proposed rules encompass the following interrelated proposals:

1. Over-the-counter traded security fair pricing rule

A principles-based rule is proposed that will require Dealer Members to provide or procure fair and reasonable prices for OTC securities (both fixed income and equity) transactions where such securities are purchased from or sold to clients. The proposed rule will cover transactions for both retail and institutional clients.

The first part of the proposed rule establishes a general duty to use "reasonable efforts" to obtain a price that is fair and reasonable in relation to prevailing market conditions. As an example, this provision will be particularly relevant in the context of an illiquid market for a specific OTC security where a Dealer Member may be required to canvass various parties to source the availability and the price of the specific security.

Mark-ups and mark-downs in the case of principal transactions, and commissions or service charges in the case of agency transactions, are an important factor in arriving at an aggregate fair price for a client. The second part of the proposed rule addresses these issues. The fair pricing requirement will apply to all types of transactions in which a Member firm undertakes a purchase or sale of a relevant security for a client, whether the Member is engaging in the transaction as an agent or as a principal to the trade.

There is no specific requirement in the proposed rule for documenting the considerations that went into the pricing of a transaction. IIROC is issuing a Draft Guidance Note for public comment that is intended to assist Dealer Members in determining fair and reasonable prices, and which transactions may require specific pricing documentation. A copy of the Draft Guidance Note is enclosed as "Attachment C".

The proposed OTC fair pricing rule is enclosed as part of "Attachment A".

2. Fixed income security yield disclosure to clients

This rule will require the disclosure on trade confirmations of the yield to maturity for fixed income securities. The yield will be calculated based on the aggregate price to the client, according to market conventions for that particular security. Future guidance as to appropriate market conventions may be issued, if necessary. It may become necessary to issue such guidance if IIROC determines that there are significant discrepancies from market conventions in the calculation of yields, or if yield calculations are unreasonable.

The rule will also require confirmations to include notations for callable and variable rate securities. In the case of debt securities that are callable prior to maturity through any means, a notation of "callable" must be included on the confirmation. For debt securities carrying a variable rate coupon, a notation must be included on the confirmation as follows: "The coupon rate may vary".

IIROC is proposing the yield disclosure rule as an amendment to Dealer Member Rule 200.1(h) regarding confirmation requirements. The yield disclosure requirements relating to stripped coupons and residual debt instruments already contained in Dealer Member Rule 200.1(h) will remain in place.

A black-lined copy of Dealer Member Rule 200.1(h) reflecting the proposed amendments is enclosed as "Attachment B".

3. Remuneration disclosure statement to retail clients

IIROC is proposing a rule requiring Dealer Members to disclose on confirmations for all OTC transactions for retail clients the following statement: "The investment dealer's remuneration on this transaction has been added to the price in the case of a purchase or deducted from the price in the case of a sale." This statement is similar to the text mandated on trade confirmations by FINRA in the United States in its current proposals awaiting SEC approval. The rule will apply to all OTC securities transactions where the amount of any mark-up or mark-down, commissions and other service charges is not disclosed on the trade confirmation sent to retail clients.

Where fee-based accounts are concerned, the proposed statement will be required on confirmations for OTC transactions if in fact there is a mark-up or mark-down, commission or other service charge relating to the transaction specifically.

In the case of introducing brokers, the proposed remuneration statement will have to be disclosed unless the amount of any and all mark-ups or mark-downs, commissions and other service charges associated with a transaction are disclosed on the confirmation, including any such form of remuneration with respect to a transaction on the part of the carrying broker.

IIROC is proposing the requirements relating to a remuneration disclosure statement as an amendment to Dealer Member Rule 200.1(h) regarding confirmation requirements. A black-lined copy of Dealer Member Rule 200.1(h) reflecting the proposed amendments is enclosed as "Attachment B".

4. Corollary amendments to IIROC Dealer Member Rule 29

As a result of the proposed rule regarding the fair pricing of OTC securities, some corollary amendments must be made. Dealer Member Rule 29 currently includes Rules 29.9 and 29.10 concerning valuation of debt securities taken in trade. In light of the proposed OTC fair pricing rule, Rules 29.9 and 29.10 will be repealed to avoid redundancy or conflict with the new proposed rule.

Alternatives considered

The proposed amendments were developed in consultation with IIROC advisory committees. With the exception of one of the committees consulted, the consultation process revealed a fair degree of consensus in support of the proposed fair pricing rule and the yield disclosure requirements. However, IIROC's rule development relating to remuneration disclosure to retail clients has proved to be a more contentious proposal. Concerns were expressed by some members of one of the committees consulted, namely the Compliance and Legal Section, regarding possible operational issues associated with the disclosure requirements, particularly the remuneration disclosure statement.

In the course of consultations with IIROC advisory committees, IIROC staff has considered the possibility of requiring the disclosure to retail clients of the gross amount of mark-up or mark-downs, commissions and other service charges applied by Dealer Members to OTC fixed income security transactions.

Dealer Members expressed concerns about such a requirement, including:

- The difficulty of establishing an actual or inferred wholesale market price at the time of the transaction on a consistent basis across the Membership as a base on which to calculate mark-ups or mark-downs.

- The multiple pathways through which trades get executed. For example, a Dealer Member that has its own wholesale trading would include its full mark-up and any commission, while a Dealer Member who sources fixed income securities for its clients through another dealer's trading desk would disclose only its own mark-up or commission from the marked-up price at which it purchased the security from a wholesale firm. In addition, at firms where the fixed income security pricing provided to the retail desk is not exactly the same as the institutional desk pricing, the calculation of the mark-up may pose operational challenges.

- Disclosure would need to apply to all forms of fixed income instruments, including all types of fixed income securities (including money market and bond mutual funds) and fixed income deposit instruments, to equip the client to compare commissions paid across like instruments. If not, there would also be an inappropriate incentive to sell instruments such as fixed income mutual funds or guaranteed investment certificates that would not be subject to a confirmation commission disclosure requirement.

IIROC staff has also given consideration to mandating disclosure of the retail (investment advisor) portion only of the mark-up or commission applied to over-the-counter fixed income securities. As the retail mark-up or commission amount should be a more readily available figure existing in the systems of Dealer Members now, it was thought that disclosure of the retail figure alone would avoid the operational challenges associated with disclosure of gross mark-up and commission amounts. In addition, commission disclosure may be useful information to retail investors, even if they are unable to use the information to compare gross commissions by product or across firms. Retail investors may simply want to understand how much their firm made on the transaction. Nevertheless, the concerns relating to inappropriate incentives to sell other fixed income products not subject to a confirmation commission disclosure regime may still be applicable. There may also be the added concern that some compensation methodologies could diminish the retail mark-up or commission amount that is disclosed. Furthermore, disclosure of the retail portion only will not provide comprehensive disclosure, as any mark-up at the wholesale level would not be included.

Comparison with similar provisions in other jurisdictions

1. Fair pricing provisions

U.S. - Municipal Securities Rulemaking Board

The Municipal Securities Rulemaking Board (MSRB) is the American self-regulatory body responsible for oversight of the trading of municipal securities in the U.S. markets. The MSRB has enacted several rules with respect to the fair pricing of securities. MSRB's Rule G-17 is an encompassing, principles-based rule which requires that brokers/dealers deal fairly with all persons. MSRB Rule G-18 is a fair pricing rule which requires that the dealer, when executing an agency transaction, make a reasonable effort to obtain a price that is "fair and reasonable in relation to prevailing market conditions".

The MSRB has a second pricing rule, Rule G-30, which has two components: one regulates pricing in principal transactions and the other regulates pricing in agency transactions. Rule G-30(a) regulates pricing in principal transactions and can be considered a "mark-up" rule. It requires that the aggregate price to a customer, including any mark-up or mark-down, is fair and reasonable, taking into account all relevant factors. These factors include:

- the best judgment of the dealer as to the fair market value of the securities at the time of the transaction,

- the expense involved in effecting the transaction,

- the fact that the broker/dealer is entitled to a profit, and
- the total dollar amount of the transaction.

Rule G-30(b) regulates the commission or service charge charged by a dealer in agency transactions. It states that the commission or service charge shall not be in excess of a fair and reasonable amount, taking into consideration all relevant factors, which in the case of an agency transaction include:

- the availability of the securities involved in the transaction,
- the expense of executing or filling the customer's order,
- the value of the services rendered by the broker/dealer, and
- the amount of any other compensation received or to be received by the broker/dealer in connection with the transaction.

The MSRB has identified and highlighted various factors which may be relevant in making price determinations. In addition to those listed above, these include:

- the price or yield of the security;
- the maturity of the security;
- the nature of the broker/dealer's business;
- the credit rating(s) of the security;
- the call and other specific features and terms of the security;
- the existence of a sinking fund;
- any issuer plans to call the issue;
- defaults; and
- trading history of security, including degree of market activity and existence of market makers.

U.S. – FINRA (NASD) Rules

FINRA (formerly NASD) has in place NASD Rule 2440 to regulate fair pricing with respect to all over the counter transactions, whether of listed or unlisted securities.

The mandatory portion of the NASD rule is a principles-based rule, which requires that the price is fair, taking into account all relevant circumstances. These circumstances include, but are not limited to, market conditions with respect to such security at the time of the transaction, the expense involved, and the fact that the firm is entitled to a profit. The NASD rule requires that a dealer provide a fair price to the customer in transactions where the dealer is buying or selling for its own account. With respect to agency transactions, it requires that the investor be charged a fair commission or service charge.

The NASD rule, like the MSRB rule, is also supported by guidance. This guidance includes the "5% Policy". The 5% policy suggests (but does not require) 5% as the maximum reasonable mark-up. NASD's *IM 2440-1 Mark-up Policy* lists relevant factors that should be taken into account when determining whether a mark-up is reasonable. These include the type of security involved, the availability of the security in the market, the price of the security, the amount of money involved in a transaction, disclosure to the customer, the pattern of mark-ups of a member, the nature of the dealer's business.

NASD has also issued *IM 2440-2 Additional Mark-Up Policy for Transactions in Debt Securities, Except Municipal Securities*. This policy describes the process, in some detail, of determining whether the mark-up for a security is fair. According to this policy, the point from which the mark-up or mark-down of a transaction should be measured is the prevailing market price of the transaction. It further states that the prevailing market price for a debt security is established by referring to the dealer's contemporaneous cost for the security.

2. Mark-up and mark-down, and commission confirmation disclosure requirements

U.S. – Securities and Exchange Commission (SEC)

Under SEC Rule 10b-10 relating to confirmation of transactions, commission on agency transactions are required to be disclosed, but a principal's mark-up or mark-down is not.

U.S. – FINRA Rules

FINRA has filed with the SEC proposed Rule 2231 that would require its members, subject to specific exemptions, to provide clients in debt securities transactions with transaction specific disclosures relating to applicable charges and fees, credit ratings, the availability of last-sale transaction information, and certain interest, yield and call provisions. With respect to disclosure of charges, the proposed rule requires FINRA members acting as principal, if applicable, to include the following statement on confirmation of transactions:

> "The broker dealer's remuneration on this transaction has been added to the price in the case of a purchase or deducted from the price in the case of a sale."

This standard disclosure statement is intended to clarify for investors, especially those dealing with a FINRA member acting as principal, whether a member has obtained any remuneration in connection with the customer's debt securities transaction, since under SEC Rule 10b-10 agency commission are required to be disclosed, but a principal's mark-up or mark-down is not. FINRA is not proposing that the amount of a FINRA member's mark-up or mark-down be disclosed, and FINRA members would not be required to make any disclosures that would be duplicative of a disclosure already required under SEC Rule 10b-10 for a transaction.

The proposed rule would also require FINRA members to notify their clients of the availability of a disclosure document authored by FINRA discussing debt securities generally.

Proposed Rule classification

Statements have been made elsewhere as to the nature and effects of the proposed rule, as well as analysis. The purposes of the proposed rule are to:

- ensure compliance with securities laws;
- prevent fraudulent and manipulative acts and practices;
- promote just and equitable principles of trade and the duty to act fairly, honestly and in good faith;
- foster fair, equitable and ethical business standards and practices; and
- promote the protection of investors.

It is believed that the proposed rule and amendments will address fairness of pricing and enhance transparency of OTC market transactions. The benefits of the proposals will primarily accrue to investors. Fairer prices will clearly be advantageous to investors, and increased disclosure will enable investors to more accurately assess the returns and costs associated with their investments. Dealer Members will also benefit from increased investor confidence in their services and the integrity of the OTC markets.

The Board therefore has determined that the proposed amendments are not contrary to the public interest.

Due to the extent and substantive nature of the proposed amendments, they have been classified as Public Comment Rule proposals.

Effects of the proposed Rule on market structure, Dealer Members, non-Dealer Members, competition and costs of compliance

The main costs associated with the proposals are associated with operational issues within Dealer Members. Dealer Members will not incur significant additional operational costs because of the fair pricing rule or yield disclosure rules. Dealer Members will however be required to take steps to amend their operations in order to comply with the yield disclosure and remuneration disclosure requirements, although some Dealer Members may already provide yield disclosure that complies with the proposed amendments.

IIROC staff believe that the benefits to investors accruing from these proposals outweigh the associated costs. The proposed amendments do not impose any burden or constraint on competition or innovation that is not necessary or appropriate in furtherance of IIROC's regulatory objectives. They do not impose costs or restrictions on the activities of market participants (including Dealer Members and non-Dealer Members) that are disproportionate to the goals of the regulatory objectives sought to be realized.

Technological implications and implementation plan

The proposed amendments will require Dealer Members to update their systems in order to include the required information on trade confirmations. IIROC understands that one of the service bureaus has already reviewed the proposed trade confirmation disclosure requirements and indicated that it was not regarded as a significant project. Similar proposals are being passed in the United States.

The proposed amendments will be made effective on a date determined by IIROC staff that allows for a reasonable rule implementation period after approval is received from IIROC's recognizing regulators. IIROC staff invites comments regarding the appropriate length of such implementation period.

Request for public comment

Comments are sought on the proposed amendments. Comments should be made in writing. Two copies of each comment letter should be delivered by July 16, 2009 (90 days from the publication date of this notice).

One copy should be addressed to the attention of:

Jamie Bulnes
Director, Member Regulation Policy
Investment Industry Regulatory Organization of Canada
Suite 1600, 121 King Street West
Toronto, ON M5H 3T9

The second copy should be addressed to the attention of:
Manager of Market Regulation
Ontario Securities Commission
19th Floor, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
marketregulation@osc.gov.on.ca

Those submitting comment letters should be aware that a copy of their comment letter will be made publicly available on the IIROC website (www.iiroc.ca under the heading "IIROC Rulebook – Dealer Member Rules – Policy Proposals and Comment Letters Received").

Questions may be referred to:

Jamie Bulnes
Director, Member Regulation Policy
Investment Industry Regulatory Organization of Canada
416-943-6928
jbulnes@iiroc.ca

Attachments

Attachment A – Proposed Amendments enacting a new Dealer Member Rule regarding the fair pricing of OTC securities and amending IIROC Dealer Member Rules 29 and 200.1(h)

Attachment B – Black line copy of IIROC Dealer Member Rule 200.1(h) reflecting amendments

Attachment C – Draft Guidance Note – Over-the-Counter Securities Fair Pricing

Attachment A

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

OVER-THE-COUNTER SECURITIES FAIR PRICING RULE AND CONFIRMATION DISCLOSURE REQUIREMENTS

PROPOSED AMENDMENTS

1. A new Dealer Member Rule regarding the fair pricing of over-the-counter securities is enacted as follows:

"RULE XXXX

Fair Pricing of Over-the-Counter Securities

1. Every Dealer Member, when executing an over-the-counter transaction in securities for or on behalf of a customer as agent, shall make a reasonable effort to obtain a price for the customer that is fair and reasonable in relation to prevailing market conditions.

2. A Dealer Member must not:

(a) purchase over-the-counter securities for its own account from a customer or sell over-the-counter securities for its own account to a customer except at an aggregate price (including any mark-up or mark-down) that is fair and reasonable, taking into consideration all relevant factors, including the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the Dealer Member is entitled to a profit, and the total dollar amount of the transaction; and

(b) purchase or sell over-the-counter securities as agent for a customer for a commission or service charge in excess of a fair and reasonable amount, taking into consideration all relevant factors, including the availability of the securities involved in the transaction, the expense of executing or filling the customer's order, the value of the services rendered by the Dealer Member, and the amount of any other compensation received or to be received by the Dealer Member in connection with the transaction."

2. Dealer Member Rule 29 is amended by repealing sections 29.9 and 29.10 as follows:

"29.9. A Dealer Member which purchases debt securities taken in trade shall purchase the securities at a fair market price at the time of purchase.

A Dealer Member, in the course of a distribution of a fixed price offering of debt securities, shall ensure that any purchase of other debt securities taken in trade in relation to that offering is done at fair market price.

29.10. For the purpose of Rule 29.9, unless the subject matter or context otherwise requires, the expression:

"**Taken in Trade**" means the purchase by a Dealer Member as principal, or as agent, of a debt security from a customer pursuant to an agreement or understanding that the customer purchase other debt securities from or through the Dealer Member;

"**Fair market Price**" means a price not higher than the price at which the securities would be purchased from the customer or from a similarly situated customer in the ordinary course of business by a dealer in such securities in transactions of similar size and having similar characteristics but not involving a security taken in trade."

3. Dealer Member Rule 200.1(h) is repealed and replaced as follows:

"(h) Copies of confirmations of all purchases and sales of securities and of all trades in commodity futures contracts and commodity futures contract options and copies of notices of all other debits and credits of money, securities, property, proceeds of loans and other items for the account of customers. Such written confirmations are required to be sent promptly to customers and shall set forth at least the day and the stock exchange or commodity futures exchange upon which the trade took place; the commission, if any, charged in respect of the trade; the fee or other charge, if any, levied by any securities regulatory authority in connection with the trade; the name of the salesman, if any, in the transaction; the name of the dealer, if any, used by the Dealer Member as its agent to effect the trade; and,

In the case of a trade in securities:

(1) The quantity and description of the security,

(2) The consideration,

(3) Whether or not the person or company registered for trading acted as principal or agent,

(4) If acting as agent in a trade upon a stock exchange the name of the person or company from or to or through whom the security was bought or sold,

In the case of trades in commodity futures contracts:

(5) The commodity and quantity bought or sold,

(6) The price at which the contract was entered into,

(7) The delivery month and year,

In the case of trades in commodity futures contract options:

(8) The type and number of commodity futures contract options,

(9) The premium,

(10) The delivery month and year of the commodity futures contract that is the subject of the commodity futures contract option,

(11) The declaration date,

(12) The striking price;

And in the case of trades in mortgage-backed securities and subject to the proviso below:

(13) The original principal amount of the trade,

(14) The description of the security (including interest rate and maturity date),

(15) The remaining principal amount (RPA) factor,

(16) The purchase/sale price per $100 of original principal amount,

(17) The accrued interest,

(18) The total settlement amount,

(19) The settlement date,

Provided that in the case of trades entered into from the third clearing day before month end to the fourth clearing day of the following month, inclusive, a preliminary confirmation shall be issued showing the trade date and the information in clauses (13), (14), (16) and (19) and indicating that the information in clauses (15), (17) and (18) cannot yet be determined and that a final confirmation will be issued as soon as such information is available. After the remaining principal amount factor for the security is available from the central payor and transfer agent, a final confirmation shall be issued including all of the information required above;

And in the case of stripped coupons and residual debt instruments:

(20) The yield thereon calculated on a semi-annual basis in a manner consistent with the yield calculation for the debt instrument which has been stripped,

(21) The yield thereon calculated on an annual basis in a manner consistent with the yield calculation for other debt securities which are commonly regarded as being competitive in the market with such

coupons or residuals such as guaranteed investment certificates, bank deposit receipts and other indebtedness for which the term and interest rate is fixed.

And in the case of all other debt instruments, other than stripped coupons and residual debt instruments:

(22) The yield to maturity calculated in a manner consistent with market conventions for the security traded. Where the debt security is subject to call prior to maturity through any means, a notation of "callable" shall be included; and for debt securities carrying a variable coupon rate, the following notation must be included: "The coupon rate may vary."

And in the case of all over-the-counter traded securities where the amount of the mark-up or mark-down, commissions and other service charges applied by the Dealer Member has not been disclosed on the confirmation sent to retail clients, a statement as follows:

(23) "The investment dealer's remuneration on this transaction has been added to the price in the case of a purchase or deducted from the price in the case of a sale."

Each such confirmation shall, in respect of transactions involving securities of the Dealer Member or a related issuer of the Dealer Member, or in the course of a distribution to the public, securities of a connected issuer of the Dealer Member, state that the securities are securities of the Dealer Member, a related issuer of the Dealer Member or a connected issuer of the Dealer Member, as the case may be. For the purposes of this paragraph, the terms "related issuer" and "connected issuer" shall have the same meaning as ascribed to them in the Regulation made under the *Securities Act* (Ontario).

In the case of a Dealer Member controlled by or affiliated with a financial institution, the relationship between the Dealer Member and the financial institution shall be disclosed on each confirmation slip in connection with a trade in securities of a mutual fund sponsored by the financial institution or a corporation controlled by or affiliated with the financial institution.

The Corporation's policies with respect to electronic delivery of documents are set out in the applicable guideline.

Notwithstanding the provisions of this Rule 200.1(h), a Dealer Member shall not be required to provide a confirmation to a client in respect of a trade in a managed account, provided that:

(i) Prior to the trade, the client has consented in writing to waive the trade confirmation requirement;

(ii) The client may terminate a waiver by notice in writing. The termination notice shall be effective upon receipt of the written notice by the Dealer Member, for trades following the date of receipt;

(iii) The provision of a confirmation is not required under any applicable securities law, regulation or policy of the jurisdiction in which the client resides or the Dealer Member has obtained an exemption from any such law, regulation or policy by the responsible securities regulatory authority; and

(iv)

(a) where a person other than the Dealer Member manages the account

(A) a trade confirmation has been sent to the manager of the account, and

(B) the Dealer Member complies with the requirements of Rule 200.1(c); or

(b) where the Dealer Member manages the account:

(A) the account is not charged any commissions or fees based on the volume or value of transactions in the account;

(B) the Dealer Member sends to the client a monthly statement that is in compliance with Rule 200.1(c) and contains all of the information required to be contained in a confirmation under this Rule 200.1(h) except:

(1) the day and the stock exchange or commodity futures exchange upon which the trade took place;

(2) the fee or other charge, if any, levied by any securities regulatory authority in connection with the trade;

(3) the name of the salesman, if any, in the transaction;

(4) the name of the dealer, if any, used by the Dealer Member as its agent to effect the trade; and,

(5) if acting as agent in a trade upon a stock exchange the name of the person or company from or to or through whom the security was bought or sold,

(C) the Dealer Member maintains the information not required to be in the monthly statement pursuant to paragraph (B) and discloses to the client on the monthly statement that such information will be provided to the client on request."

Attachment B

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

AMENDMENTS TO CONFIRMATION REQUIREMENTS FOR OVER-THE-COUNTER SECURITIES TRANSACTIONS

BLACK-LINE COPY

Dealer Member Rule subsection 200.1(h)

(h) Copies of confirmations of all purchases and sales of securities and of all trades in commodity futures contracts and commodity futures contract options and copies of notices of all other debits and credits of money, securities, property, proceeds of loans and other items for the account of customers. Such written confirmations are required to be sent promptly to customers and shall set forth at least the day and the stock exchange or commodity futures exchange upon which the trade took place; the commission, if any, charged in respect of the trade; the fee or other charge, if any, levied by any securities regulatory authority in connection with the trade; the name of the salesman, if any, in the transaction; the name of the dealer, if any, used by the Dealer Member as its agent to effect the trade; and,

In the case of a trade in securities:

(1) The quantity and description of the security,

(2) The consideration,

(3) Whether or not the person or company registered for trading acted as principal or agent,

(4) If acting as agent in a trade upon a stock exchange the name of the person or company from or to or through whom the security was bought or sold,

In the case of trades in commodity futures contracts:

(5) The commodity and quantity bought or sold,

(6) The price at which the contract was entered into,

(7) The delivery month and year,

In the case of trades in commodity futures contract options:

(8) The type and number of commodity futures contract options,

(9) The premium,

(10) The delivery month and year of the commodity futures contract that is the subject of the commodity futures contract option,

(11) The declaration date,

(12) The striking price;

And in the case of trades in mortgage-backed securities and subject to the proviso below:

(13) The original principal amount of the trade,

(14) The description of the security (including interest rate and maturity date),

(15) The remaining principal amount (RPA) factor,

(16) The purchase/sale price per $100 of original principal amount,

(17) The accrued interest,

(18) The total settlement amount,

(19) The settlement date,

Provided that in the case of trades entered into from the third clearing day before month end to the fourth clearing day of the following month, inclusive, a preliminary confirmation shall be issued showing the trade date and the information in clauses (13), (14), (16) and (19) and indicating that the information in clauses (15), (17) and (18) cannot yet be determined and that a final confirmation will be issued as soon as such information is available. After the remaining principal amount factor for the security is available from the central payor and transfer agent, a final confirmation shall be issued including all of the information required above;

And in the case of stripped coupons and residual debt instruments:

(20) The yield thereon calculated on a semi-annual basis in a manner consistent with the yield calculation for the debt instrument which has been stripped,

(21) The yield thereon calculated on an annual basis in a manner consistent with the yield calculation for other debt securities which are commonly regarded as being competitive in the market with such coupons or residuals such as guaranteed investment certificates, bank deposit receipts and other indebtedness for which the term and interest rate is fixed.

And in the case of all other debt instruments, other than stripped coupons and residual debt instruments:

(22) The yield to maturity calculated in a manner consistent with market conventions for the security traded. Where the debt security is subject to call prior to maturity through any means, a notation of “callable” shall be included; and for debt securities carrying a variable coupon rate, the following notation must be included: “The coupon rate may vary.”

And in the case of all over-the-counter traded securities where the amount of the mark-up or mark-down, commissions and other service charges applied by the Dealer Member has not been disclosed on the confirmation sent to retail clients, a statement as follows:

(23) “The investment dealer’s remuneration on this transaction has been added to the price in the case of a purchase or deducted from the price in the case of a sale."

In the case of a Dealer Member controlled by or affiliated with a financial institution, the relationship between the Dealer Member and the financial institution shall be disclosed on each confirmation slip in connection with a trade in securities of a mutual fund sponsored by the financial institution or a corporation controlled by or affiliated with the financial institution.

The Corporation’s policies with respect to electronic delivery of documents are set out in the applicable guideline.

Notwithstanding the provisions of this Rule 200.1(h), a Dealer Member shall not be required to provide a confirmation to a client in respect of a trade in a managed account, provided that:

(i) Prior to the trade, the client has consented in writing to waive the trade confirmation requirement;

(ii) The client may terminate a waiver by notice in writing. The termination notice shall be effective upon receipt of the written notice by the Dealer Member, for trades following the date of receipt;

(iii) The provision of a confirmation is not required under any applicable securities law, regulation or policy of the jurisdiction in which the client resides or the Dealer Member has obtained an exemption from any such law, regulation or policy by the responsible securities regulatory authority; and

(iv)

(a) where a person other than the Dealer Member manages the account

(A) a trade confirmation has been sent to the manager of the account, and

(B) the Dealer Member complies with the requirements of Rule 200.1(c); or

(b) where the Dealer Member manages the account:

(A) the account is not charged any commissions or fees based on the volume or value of transactions in the account;

(B) the Dealer Member sends to the client a monthly statement that is in compliance with Rule 200.1(c) and contains all of the information required to be contained in a confirmation under this Rule 200.1(h) except:

(1) the day and the stock exchange or commodity futures exchange upon which the trade took place;

(2) the fee or other charge, if any, levied by any securities regulatory authority in connection with the trade;

(3) the name of the salesman, if any, in the transaction;

(4) the name of the dealer, if any, used by the Dealer Member as its agent to effect the trade; and,

(5) if acting as agent in a trade upon a stock exchange the name of the person or company from or to or through whom the security was bought or sold,

(C) the Dealer Member maintains the information not required to be in the monthly statement pursuant to paragraph (B) and discloses to the client on the monthly statement that such information will be provided to the client on request.

Attachment C

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

DRAFT Guidance Note XXXX

Over-the-Counter Securities Fair Pricing

I. INTRODUCTION

Section 1 of Dealer Member Rule XXXX regarding the fair pricing of over-the-counter (OTC) traded securities (the Rule) establishes a general duty to use "reasonable efforts" to obtain a price that is fair and reasonable in relation to prevailing market conditions. Section 2 of the rule addresses the fairness and reasonableness of mark-ups and mark-downs in the case of principal transactions, and commissions or service charges in the case of agency transactions, in arriving at an aggregate fair price for customers.

This Guidance Note discusses pricing considerations by Dealer Members in arriving at a fair price for both principal and agency transactions in OTC-traded securities, including IIROC's expectations regarding the "reasonable efforts" required of Dealer Members under section 1 of the Rule. The Guidance Note also outlines instances where supporting documentation may need to be maintained by Dealer Members for certain transactions.

II. OTC SECURITIES FAIR PRICING CONSIDERATIONS

Principal transactions

In the case of principal transactions, section 2(a) of the Rule states that the aggregate transaction price to the customer, including any mark-up or mark-down, must be fair and reasonable taking into consideration all relevant factors. The Rule itself states that relevant factors for consideration include the following:

- the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction;
- the expense involved in effecting the transaction;
- the fact that the Dealer Member is entitled to a profit; and
- the total dollar amount of the transaction.

Determining a "fair and reasonable" price includes the concept that the price must bear a reasonable relationship to the prevailing market price of the security. Dealer Member compensation on a principal transaction is considered to be a mark-up or mark-down that is computed from the inter-dealer market price prevailing at the time of the customer transaction. As part of the aggregate price to the customer, a mark-up or mark-down also must be a fair and reasonable amount, taking into account all relevant factors.

Agency transactions

Dealer Member compensation in agency transactions is usually taken in the form of a commission charged by the Dealer Member. For agency transactions, section 2(b) of the Rule states that a Dealer Member's commissions or service charges must not be in excess of a fair and reasonable amount, taking into consideration all relevant factors. The Rule indicates factors for consideration in determining fair and reasonable commissions or service charges, including the following:

- the availability of the securities involved in the transaction;
- the expense of executing or filling the customer's order;
- the value of the services rendered by the Dealer Member; and
- the amount of any other compensation received or to be received by the Dealer Member in connection with the transaction.

"Reasonable efforts" requirement

Aside from the compensation component of agency transactions, section 1 of the Rule establishes a duty for Dealer Members, when executing transactions in OTC securities for or on behalf of customers as agents, to use "reasonable efforts" to obtain a price for the customer that is fair and reasonable in relation to prevailing market conditions. In carrying out this duty, a Dealer Member will be held to the standard of exercising the same level of care and diligence that it would if undertaking an OTC transaction for its own account. When executing an OTC trade as agent for a customer, a Dealer Member will have to use diligence to ascertain a fair price. For example, in the context of an illiquid security this "reasonable efforts" requirement may require the Dealer Member to canvass various parties to source the availability and the price of the specific security. Passive acceptance of the first price quoted to a Dealer Member executing an agency transaction will not be sufficient.

It should be noted that carrying brokers executing trades on behalf of an introducing broker are also subject to the "reasonable efforts" requirement. This means that carrying brokers must make a "reasonable effort" to procure a price that is fair and reasonable in light of prevailing market conditions for the security and must employ the same care and diligence in doing so as if the transaction were being done for its own account. The carrying broker will need to know the current market value of the security, or use requisite diligence in the attempt to ascertain it.

Other pricing factors

The foregoing identifies a number of factors that may be relevant to the determination of whether the aggregate transaction price is fair and reasonable, including any commission, mark-up or mark-down. For both principal and agency transactions, additional factors that may be relevant to the determination of whether the aggregate transaction price is fair and reasonable include the following:

- the service provided and expense involved in effecting the transaction;
- the availability of the securities in the market;
- the fact that the dealer is entitled to a profit;
- the total dollar amount and price of the transaction;
- the duration;
- the size of issue and market saturation from both the issuer and the industry/sector;
- the rating and call features of the security; and
- the fair market value at time of transaction and of any securities exchanged or traded in connection with the transaction.

A few of these factors have been mentioned in the discussion relating to either principal or agency transactions, but may be applicable to both types of transactions. Some of these factors relate primarily to the dealer compensation component of the transaction (e.g., the services provided by the dealer); others relate primarily to the question of market value (e.g., call features or the rating of the security). Both the compensation component and the market value/price component are relevant in arriving at an aggregate transaction price which is fair and reasonable.

Aside from the factors mentioned above, IIROC believes that one of the most important factors in determining whether the aggregate price to the customer is fair and reasonable is that the yield should be comparable to the yield on other securities of comparable quality, maturity, coupon rate, and block size then available in the market.

Similar securities

Where pricing information cannot be obtained on the basis of the above factors, perhaps because there are no comparable trades for the security in question, pricing consideration may be based on comparable or "similar" securities. Generally, a "similar" security should be sufficiently equivalent to the subject security that it would serve as a reasonably fungible alternative investment. For purposes of pricing considerations based on "similar" securities, factors that Dealer Members should take into account include the following:

- credit quality of both securities;

- ratings;
- collateralization;
- spreads (over Canadian securities of similar duration) at which the securities are usually traded;
- general structural similarities (such as calls, maturity, embedded options);
- the size of the issue or float;
- recent turnover; and
- transferability.

The pricing factors incorporating "similar" securities are not hierarchal; that is, they may be considered in any order.

Economic models

In situations where neither the pricing factors above nor similar securities can be used to establish the prevailing market price, the Dealer Member may use pricing information derived from an economic model to determine the prevailing market price of an OTC security for purposes of determining a fair and reasonable price. An economic model used to identify prevailing market price must take into account issues such as credit quality, interest rates, industry sector, time to maturity, call provisions and other embedded options, coupon rate and face value, and all applicable pricing terms and conventions (e.g., coupon frequency and accrual methods).

Reasonable compensation is not the same as fair pricing

It is important to note that the fair pricing responsibility of Dealer Members requires attention both to the market value of the security as well as to the reasonableness of compensation. Excessive commissions, mark-ups or mark-downs obviously may cause a violation of the fair pricing standards described above. However, it is also possible for a Dealer Member to restrict its profit on transactions to reasonable levels and still violate the Rule because of inattention to market value. For example, a Dealer Member may fail to assess the market value of a security when acquiring it from another dealer or customer and in consequence may pay a price well above market value. It would be a violation of fair pricing responsibilities for the Dealer Member to pass on this misjudgment to another customer, as either principal or agent, even if the Dealer Member makes little or no profit on the trade.

III. DOCUMENTATION REQUIREMENTS

IIROC expects Dealer Members to maintain adequate documentation to support the pricing of OTC securities transactions. In most instances, existing transactions records, including audio recordings, will allow Dealer Members to reconstruct the basis on which an OTC transaction price was determined to be fair, and will therefore suffice for purposes of supporting the fairness of a transaction. IIROC anticipates that hard-to-value transactions, are likely to require additional supporting documentation. Proper documentation of such transactions may be the subject of IIROC trading reviews, and the failure to maintain documentation to support the fairness of pricing of hard-to-value transactions will be a consideration in any potential enforcement actions.

IIROC has identified some instances where Dealer Members will likely need to maintain supporting documentation beyond existing transaction records. These situations include hard-to-value securities, bid-wanted procedures, structured products, and introducing broker/carrying broker arrangements. In arriving at a fair price for transactions, Dealer Members should document some of the information, processes and/or considerations discussed below with respect to each of these situations. Supporting documentation should be maintained to the extent necessary to establish the basis on which a customer transaction has received a fair and reasonable price.

Hard-to-value securities

Many debt securities issues are small in size and infrequently traded. For some of these issues, it may be difficult to obtain timely and reliable information on the features of the issue or its credit quality. These factors may make it difficult for a Dealer Member to determine market value with precision and may require that the assessment of market value be in the form of a wider range of values than would be possible for well-known, more liquid issues. Although it is expected that the intra-day price differentials for obscure and illiquid issues might generally be larger than for more well-known and liquid issues, Dealer Members nevertheless should be cognizant of their duty to establish market value as accurately as possible using reasonable diligence.

The specific degree of accuracy to which that market value can be determined will depend on the facts and circumstances of the particular issue and transaction, including such factors as the nature of the security, available information on the issue, etc. The specific actions that a Dealer Member may need to take to assess market value may also vary with the facts and circumstances. When a Dealer Member is unfamiliar with a security, the efforts necessary to establish its value may be greater than if the dealer is familiar with the security. The lack of a well-defined and active market for an issue does not negate the need for diligence in determining the market value as accurately as reasonably possible when fair pricing obligations apply. A Dealer Member may need to review recent transaction prices for the issue, and/or transaction prices for issues with similar credit quality and features as part of the duty to use diligence to determine the market value of the securities. If the features and credit quality of the issue are not known, it also may be necessary to obtain information on these factors directly or indirectly from "an established industry source." For example, the current rating or other information on credit quality, the specific features and terms of the security, and any material information about the security such as issuer plans to call the issue, defaults, etc., all may affect the market value of securities.

Dealer Members should document their efforts in relation to hard-to-value securities.

The use of bid-wanted procedures

A widely disseminated and properly run bid-wanted procedure will offer important and valuable information on the market value of an issue. The effectiveness of this process in obtaining the true market value of a security, however, may vary depending on the nature of the security and how the procedure is conducted. A bid-wanted procedure is not always a conclusive determination of market value. Therefore, particularly when the market value of an issue is not known, a Dealer Member subject to the requirements of the fair pricing rule may need to check the results of the bid-wanted process against other objective data to fulfill its fair pricing obligations. Nonetheless, any reliance by Dealer Members on bid-wanted procedures to establish fair pricing should be documented.

Structured products

IIROC understands that the industry standard in regards to secondary trading in structured products is for a Dealer Member to obtain a bid from the institution that originated the product and pass on that price to its client. Structured products that have been sold to retail or institutional clients will be subject to the same standards as any other OTC transaction under the Rule and a Dealer Member may not simply pass on an unreasonable bid to a customer. This will require that the Dealer Member make a determination on whether or not the bid is reasonable given the circumstances (both client and market) and inform the client of their determination. As with hard-to-value securities, Dealer Members should document their considerations in determining fair pricing for structured products.

Introducing broker/carrying broker arrangements

Dealer Members have the responsibility of ensuring that the end prices it is offering to clients are reasonable even when the Dealer Member acts as an introducing broker and utilizes the systems, personnel or inventory of a carrying broker to execute OTC trades.

There may be situations where a carrying broker has added its mark-up and offered a security to an introducing broker at a reasonable price, however the addition of another commission at the introducer level may push the final client transaction to a price level that no longer appears to be fair and reasonable. In order to avoid this type of situation, introducing brokers must be diligent and ensure that they are receiving as competitive a price as possible. A review of the carrying brokers' prices against other possible sources on a frequent basis (at least semi-annually) is one way in which this may be accomplished. Any such review should be documented by the introducing broker.

Carrying brokers, in turn, as discussed in the section above relating to the "reasonable efforts" requirement, are also subject to the fair pricing requirement when executing trades on behalf of an introducing broker, and must document transactions where warranted.

Index

This page intentionally left blank